



## FIRST ITEM ON THE AGENDA

**Follow-up on and promotion of the  
Tripartite Declaration of Principles  
concerning Multinational Enterprises  
and Social Policy****(b) Seventh Survey on the effect given to  
the Tripartite Declaration of Principles  
concerning Multinational Enterprises  
and Social Policy: Summary of reports  
submitted by governments and by  
employers' and workers' organizations  
(Part II)****Contents**

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## Abbreviations <sup>1</sup>

CEECs	Central and Eastern European countries
EPZ(s)	export processing zone(s)
EU	European Union
FDI	foreign direct investment
FTZ	free trade zone
GB	Governing Body
GDP	gross domestic product
HRD	human resources development
ILO	International Labour Office (or Organization)
ISO	International Organization for Standardization
MAI	Multilateral Agreement on Investment
MNE(s)	multinational enterprise(s)
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
SEZ(s)	special economic zone(s)
SME(s)	small and medium-sized enterprise(s)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
US	United States
WHO	World Health Organization
WTO	World Trade Organization

<sup>1</sup> Abbreviations not listed here are placed in brackets in the text after the terms to which they refer.

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# Summary of reports submitted by governments and by employers' and workers' organizations for the Seventh Survey on the Effect Given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

## Introduction

1. On the basis of the recommendations of the Subcommittee on Multinational Enterprises,<sup>1</sup> the Governing Body decided that there should be a seventh full-scale report on the application given to the Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy covering the years 1996, 1997, 1998 and 1999.<sup>2</sup>
2. This document summarizes the replies of governments and employers' and workers' organizations to the Seventh Survey, as well as joint replies submitted by national tripartite partners. As in the case of documents prepared for the six previous Surveys,<sup>3</sup> this summary is intended to facilitate the work of: (a) the Governing Body Subcommittee on Multinational Enterprises which is called upon to examine these reports; and (b) the Working Group, constituted by its Officers, which has been entrusted with the task of analysing the replies before they are submitted to the Subcommittee.<sup>4</sup>
3. At its 205th (February-March 1978) Session, the Governing Body invited governments to report periodically on the effect given to the Declaration after full consultation with the national employers' and workers' organizations.<sup>5</sup> The action taken by the Governing Body was confirmed and reinforced in a resolution adopted at the 65th Session of the International Labour Conference in June 1979.<sup>6</sup>
4. Consequently, the first such reports, for the years 1978 and 1979, were examined in September 1980 by an ad hoc committee of the Governing Body. The Committee recommended, in particular, a second round of government reports covering the years 1980, 1981 and 1982, the creation of a standing Governing Body Committee on Multinational Enterprises entrusted with the follow-up, a procedure for the examination of disputes concerning the application of the Tripartite Declaration (also referred to as the

<sup>1</sup> GB.268/9, para. 203 (recommending the Seventh Survey); GB.275/6, para. 6 (approving questionnaire and recommending dispatch).

<sup>2</sup> GB.268/5, para. 38(a); GB.275/205, para. 8.

<sup>3</sup> GB/MNE/1980/D.1; GB.224/MNE/1/1/D.1 (1983); GB.234/MNE/1/1 (1986); GB.244/MNE/1/2 (1989); TDME/REP.5(Rev.); GB.268/MNE/1/1 (1997).

<sup>4</sup> GB.229/13/13, para. 5; GB.229/PV(Rev.), p. VII/2.

<sup>5</sup> GB.205/10/2, para. 9; GB.205/PV(Rev.), p. VI/4.

<sup>6</sup> "Resolution concerning follow-up to the World Employment Conference", International Labour Conference, 65th Session, *Record of Proceedings* (Geneva, International Labour Office, 1979), section on multinational enterprises, pp. XCV-XCVI.

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interpretation procedure) and a series of studies which the Office would undertake in areas specifically relevant to it. The Governing Body endorsed the above proposals at its 214th (November 1980) Session.<sup>7</sup>

5. The second government reports on the Declaration were examined by the Committee on Multinational Enterprises and its report was approved by the Governing Body during its 224th (November 1983) Session.<sup>8</sup> In 1984, the Governing Body, on the recommendation of the Committee,<sup>9</sup> decided that the third round of government reports should cover 1983, 1984 and 1985 and that the next full-scale report (Fourth Survey) on the Declaration should be undertaken for 1986, 1987 and 1988.
6. At its meeting in February 1985, the Committee proposed that the Governing Body establish a working group composed of the Committee's Officers to analyse government reports on the Declaration prior to their examination by the Committee itself. Furthermore, the Committee, at the same session and in a private meeting, undertook the first interpretation of the Declaration (paragraph 26), following a request for such interpretation by a trade union organization subsequent to a collective dismissal.<sup>10</sup> The Committee's interpretation was endorsed by the Governing Body at its 229th Session.<sup>11</sup>
7. The Governing Body at its 231st (November 1985) Session endorsed a recommendation of the Committee calling on the Office to give priority to the updating of the list of Conventions and Recommendations to be referred to in the Declaration and to prepare and submit to the Committee a paper on measures to avoid undesirable overlap and conflict with activities of other intergovernmental organizations in the area of multinationals.<sup>12</sup>
8. At its 232nd (March 1986) Session, the Governing Body approved the revised procedure for the examination of disputes concerning the application of the Declaration, as agreed by the Committee on the basis of proposals made by its Officers who had earlier been entrusted with the task of elaborating more precise criteria for determining the receivability of requests for interpretation.<sup>13</sup>
9. Subsequent to the Governing Body's approval of the recommendation for the establishment of a working group (paragraph 6 above), the Officers met for the first time in November 1986 in connection with the Committee's examination of the third government reports on the effect given to the Declaration during the years 1983, 1984 and 1985.<sup>14</sup>

<sup>7</sup> GB.214/5/3, para. 85; GB.214/PV(Rev.), p. IV/11.

<sup>8</sup> GB.224/17/30.

<sup>9</sup> GB.228/19/24, paras. 12 and 14.

<sup>10</sup> GB.229/13/13, para. 8.

<sup>11</sup> GB.229/PV(Rev.), p. VII/3.

<sup>12</sup> GB.231/18/20, para. 35(b) and (d); GB.231/205, para. 107.

<sup>13</sup> GB.232/12/15, appendix.

<sup>14</sup> GB.229/13/13, para. 5.

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10. In November 1987, the Committee considered and approved an addendum which updated the list of international labour Conventions (22) and Recommendations (23) referred to in the Tripartite Declaration.<sup>15</sup>
  11. In February 1988, the Committee, sitting in private, undertook its second interpretation of the Declaration on the basis of a request submitted by a government and involving the abrupt closure of a branch of a multinational enterprise and the resulting collective dismissal of its workers (paragraphs 1-7). At the same session the Governing Body endorsed this interpretation made by the Committee.<sup>16</sup>
  12. In November 1989, the Working Group, as constituted by the Officers of the Committee, met for the second time and in connection with the 244th Session of the Governing Body to analyse government reports on the effect given to the Declaration in 1986, 1987 and 1988. The Group's report and analysis were examined by the Committee and endorsed by the Governing Body at its 245th (February-March 1990) Session. At that session the Governing Body decided, inter alia, that the fifth full-scale Survey on the Declaration should cover the years 1989, 1990 and 1991 and that the summaries should be examined by the Committee in November 1992.
  13. At its 248th (November 1990) Session the Governing Body approved the draft questionnaire for the Fifth Survey and decided that, in addition to being forwarded to governments, it should also be sent direct to the employers' and workers' organizations.<sup>17</sup>
  14. The reports from the Fifth Survey on the effect given to the Tripartite Declaration in 1989, 1990 and 1991 were examined by the Committee and its report approved by the Governing Body during the 254th (November 1992) Session. At its 258th (November 1993) Session, the Governing Body approved the draft questionnaire for the Sixth Survey and its dispatch to governments as well as to employers' and workers' organizations.<sup>18</sup>
  15. On the basis of the recommendation of the Governing Body Working Party on Improvements in the Functioning of the Governing Body, the Committee on Multinational Enterprises was replaced by the Subcommittee on Multinational Enterprises which was established within the framework of the newly created Committee on Legal Issues and International Labour Standards.<sup>19</sup> In consequence, the Governing Body decided, on the basis of the Subcommittee's recommendations, to substitute the word "Committee" with the word "Subcommittee" in paragraphs 3, 4, 7 and 8 of the *Procedure for the examination of disputes concerning the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by means of interpretation of its provisions*.<sup>20</sup>
  16. At the 254th (November 1992), 261st (November 1994) and 264th (November 1995) Sessions of the Governing Body, the Subcommittee on Multinational Enterprises

<sup>15</sup> GB.238/205, para. 7.

<sup>16</sup> GB.239/PV(Rev.), p. II/8.

<sup>17</sup> GB.248/15/26, para. 11; GB.248/205, para. 84.

<sup>18</sup> GB.258/10/21, para. 25(a) and (c).

<sup>19</sup> GB.256/13/24, para. 6(b)(i).

<sup>20</sup> GB.261/MNE/5/2; GB.262/9/30, paras. 20-22; GB.262/205.

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considered two requests for interpretation submitted in accordance with the procedure for the examination of disputes concerning the application of the Tripartite Declaration. On the basis of majority decisions, both requests were declared not receivable.<sup>21</sup>

17. At its 264th (November 1995) Session, and in line with paragraphs 7 and 10 above concerning the updating of the list of Conventions and Recommendations referred to in the Declaration, the Governing Body decided that a further six Conventions and six Recommendations should constitute a new Addendum (appended to Appendix 4 of this document).<sup>22</sup>
18. The reports from the Sixth Survey, together with the Working Group's analysis, were examined by the Subcommittee and endorsed by the Governing Body at its 268th (March 1997) Session.<sup>23</sup>
19. At the 270th (November 1997) and 272nd (June 1998) Sessions of the Governing Body, the Subcommittee on Multinational Enterprises considered a request for interpretation submitted in accordance with the procedure for examination of disputes concerning the application of the Tripartite Declaration. On the basis of majority decisions, the request was declared receivable<sup>24</sup> and a decision was issued on the merits.<sup>25</sup>
20. At its 277th (March 2000) Session, the Governing Body endorsed an addendum which provided that the interpretation and application of the Tripartite Declaration should take fully into account the objectives of the ILO Declaration on Fundamental Principles and Rights at Work.<sup>26</sup> At its 279th (November 2000) Session, the Governing Body endorsed amendments to the text of the MNE Declaration relating to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, and Conventions No. 138 and 182 and Recommendations Nos. 156 and 190, addressing minimum age in employment.
21. In the light of the foregoing, the Subcommittee is invited by the Governing Body to examine the seventh report on the effect given to the Tripartite Declaration in 1996, 1997, 1998 and 1999, taking into account the Working Group's analysis contained in GB.280/MNE/1.

## Replies received

22. In preparing this document, the Office has taken into account all replies received up to 1 August 2000 – well beyond the deadline of 29 February 2000. The original reports, observations and annexes used for the preparation of this document are, as in previous

<sup>21</sup> GB.254/MNE/4/6; GB.254/MNE/4/6(Rev.); GB.254/14/23; GB.255/MNE/1/1; GB.255/10/12; GB.261/9/30, paras. 23-50; GB.262/MNE/4/1; GB.264/MNE/2; GB.264/13, paras. 16-44.

<sup>22</sup> GB.264/MNE/3; GB.264/205, para. 52.

<sup>23</sup> GB.268/MNE/1/1 (Summary of reports); GB.268/MNE/1/2 (Analysis of reports); GB.268/205, para. 38.

<sup>24</sup> GB.270/18, endorsed by GB.270/205, para. 85.

<sup>25</sup> GB.272/6, endorsed by GB.272/205, para. 6.

<sup>26</sup> GB.277/12, para. 61, endorsed by GB.277/PV.

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years, at the disposal of the members of the Subcommittee should they wish to consult them.

23. For the current (Seventh) Survey, the Office received reports from 169 respondents in 100 countries: tripartite partners in ten countries,<sup>27</sup> 65 governments, employers' organizations in 29 countries, and workers' organizations in 45 countries. The countries consisted of the following: Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, Cape Verde, China, Colombia, Costa Rica, Cote d'Ivoire, Croatia, Cyprus, Democratic Republic of the Congo, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Finland, France, Gabon, Germany, Ghana, Greece, Guatemala, Guyana, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kenya, Republic of Korea, Kuwait, Latvia, Lebanon, Lithuania, Madagascar, Malaysia, Malta, Mauritius, Mexico, Republic of Moldova, Morocco, Mozambique, Myanmar, Nepal, Netherlands, New Zealand, Nicaragua, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saint Vincent and the Grenadines, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, United Republic of Tanzania, Thailand, Togo, Trinidad and Tobago, Turkey, Uganda, Ukraine, United Kingdom, United States, Venezuela, Viet Nam, Zambia, Zimbabwe.
24. Tripartite partners replied from ten countries: Denmark, Estonia, Finland, Hungary, Kuwait, Malaysia, Saint Vincent and the Grenadines, Slovakia, Sweden, Uganda.
25. Governments replied from 65 countries: Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Brazil, Bulgaria, Cape Verde, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cyprus, Ecuador, Egypt, El Salvador, Eritrea, Germany, Greece, Guatemala, Guyana, India, Indonesia, Italy, Japan, Jordan, Kenya, Republic of Korea, Lebanon, Lithuania, Mauritius, Mexico, Republic of Moldova, Myanmar, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Senegal, Singapore, Slovenia, Spain, Sri Lanka, Switzerland, Thailand, Togo, Turkey, Ukraine, United Kingdom, Zimbabwe.
26. It will be recalled that the Governing Body approved the direct distribution of the questionnaire to employers' and workers' organizations with the aim of encouraging a greater response rate from them.<sup>28</sup> The following employers' and workers' organizations took advantage of this possibility and sent their replies direct to ILO, Geneva, through the ILO's field offices or through international employers' or workers' organizations:

**Employers' organizations:**

*Antigua and Barbuda:* Antigua Employers' Federation; *Bangladesh:* Bangladesh Employers' Federation (BEF); *Barbados:* Barbados Employers' Confederation (BEC);

<sup>27</sup> These refer to replies to all or part of the questionnaire. Replies may have been submitted either by the government, or by the representative employers' and/or workers' organization(s) of a country, or in a tripartite reply. The names of those respondents which informed the Office of the reasons for which they did not prepare replies to the questionnaire are contained in Annex 1. If they were the only respondents from the countries concerned, the names of the countries do not appear in this list.

<sup>28</sup> GB.248/205, para. 84(c).



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*Belgium*: National Labour Council (CNT);<sup>29</sup> *Brazil*: National Confederation of Industry (CNI); *Burkina Faso*: National Council of Employers of Burkina Faso (CNPB); *Canada*: Canadian Employers' Council (CEC); *Democratic Republic of the Congo*: Federation of Employers of Congo (FEC); *Egypt*: Federation of Egyptian Industries (FEI); *Gabon*: Confederation of Gabonese Employers (CPG); *Germany*: Confederation of German Employers' Associations (BDA); *Greece*: Federation of Greek Industries (FIG); *Guatemala*: Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF); *Japan*: Japan Federation of Employers' Associations (NIKKEIREN); *Jordan*: Amman Chamber of Industry (ACI); *Lithuania*: Confederation of Lithuanian Industrialists (LPK); *New Zealand*: New Zealand Employers' Federation (NZEf); *Oman*: Chamber of Commerce and Industry of Oman; *South Africa*: Business South Africa (BSA); *Spain*: Spanish Employers' Confederation (CEOE); *Sri Lanka*: Employers' Federation of Ceylon (EFC); *Switzerland*: Confederation of Swiss Employers (UPS); *Togo*: National Employers' Council (CNP); *Trinidad and Tobago*: Employers' Consultative Association of Trinidad and Tobago (ECA); *Turkey*: Turkish Confederation of Employers' Associations (TISK); *Ukraine*: Confederation of Employers of Ukraine; *Ukraine League of Industrialists and Entrepreneurs* (ULIE); *Venezuela*: Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS); *Viet Nam*: Viet Nam Chamber of Commerce and Industry (VCCI); *Zambia*: Zambia Federation of Employers.

#### **Workers' organizations:**

*Angola*: National Confederation of Free Trade Unions of Angola; *Australia*: Australian Council of Trade Unions (ACTU); *Austria*: Austrian Confederation of Trade Unions (ÖGB); *Bangladesh*: Bangladesh Workers' Federation (BWF); *Barbados*: Barbados Workers' Union (BWU); *Belgium*: National Labour Council (CNT);<sup>30</sup> *Brazil*: General Confederation of Workers (CGT); *Cameroon*: Cameroon Confederation of Free Trade Unions; *Colombia*: Single Confederation of Workers of Colombia (CUT) (transmitting comments of the Colombian Association of Flight Attendants); *Croatia*: Confederation of Independent Trade Unions of Croatia (KNSH); *Cyprus*: Pan-Cyprian Federation of Labour (PEO); *Democratic Republic of the Congo*: National Workers' Union of Congo (UNTC); *Dominican Republic*: National Confederation of Dominican Workers (CNTD); *Ethiopia*: Federation of Ethiopian Trade Unions; *France*: French Confederation of Executive Staff (CFE-CGC); General Confederation of Labour (CGT); *Germany*: German Confederation of Trade Unions (DGB); *Ghana*: Trades Union Congress (TUC); *Ireland*: Irish Congress of Trade Unions (ICTU); *Israel*: Histadrut-General Federation of Labour of Israel; *Italy*: Italian Confederation of Workers' Unions (CISL); Italian General Confederation of Labour (CGIL); Italian Labour Union (UIL); *Japan*: Japanese Trade Union Confederation (JTUC-RENGO); *Republic of Korea*: Federation of Korean Trade Unions (FKTU); *Latvia*: Free Trade Union Federation of Latvia (LBAS); *Lithuania*: Unification of Lithuanian Trade Unions (LPSS); Centre of Lithuanian Trade Unions (LTUC); *Madagascar*: Independent Trade Union of Madagascar (USAM); *Malta*: General Workers' Union (GWU); *Mexico*: Confederation of Mexican Workers (CTM); *Morocco*: Democratic Labour Federation of Morocco (CDT); *Mozambique*: Workers' Organization of Mozambique (OTM); *Nepal*: General Federation of Nepalese Trade Unions (GEFONT); *New Zealand*: New Zealand Council of Trade Unions (NZCTU); *Pakistan*: National Labour Federation of Pakistan (NLF); *Panama*: Convergencia Sindical; *Peru*: General Confederation of Workers of Peru

<sup>29</sup> "A body composed of the most representative organizations [in Belgium] of employers and workers" (see Report V(2), International Labour Conference, 78th Session, Geneva, 1990, p. 4).

<sup>30</sup> "A body composed of the most representative organizations [in Belgium] of employers and workers" (see Report V(2), International Labour Conference, 78th Session, Geneva, 1990, p. 4).

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(CGTP); *Poland*: All-Poland Trade Union Alliance (OPZZ); Independent Self-governing Trade Union “Solidarność” (NSZZ Solidarność); *Portugal*: General Union of Workers (UGT); *Rwanda*: Confederation of Trade Unions of Rwanda (CESTRAR); *South Africa*: Congress of South Africa Trade Unions (COSATU); Federation of Unions of South Africa (FEDUSA); *Spain*: General Union of Workers (UGT); *Sri Lanka*: Ceylon Workers Congress (CWC); Lanka Jathika Estate Workers’ Union (LJEWU); *Switzerland*: Swiss Federation of Trade Unions (USS/SGB); *United Republic of Tanzania*: Organization of Tanzania Trade Unions (OTTU/TFTU); *Togo*: Workers’ Trade Union Confederation of Togo (CSTT); Group of Autonomous Trade Unions (GSA); *Turkey*: Confederation of Turkish Trade Unions (TÜRK-İS); *United States*: American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).

27. In keeping with past practice, copies of replies from employers’ and workers’ organizations which were sent direct to the Office were forwarded to governments for their information and comments. Comments from the governments in response to replies sent to them are found in Appendix 2.
28. Details with respect to consultations held by governments with the most representative employers’ and workers’ organizations of their respective countries can be found in Part II of this document. The names of all employers’ and workers’ organizations which were given copies of governments’ reports are also specified.
29. The Director-General expresses his gratitude to governments and to employers’ and workers’ organizations for their cooperation in providing the Office with information, sometimes quite detailed, as well as relevant documents and publications dealing with foreign direct investment and/or the activities of multinational enterprises. Although the information has had to be summarized due to the limitations on length of this document, the Director-General would like to assure all those that provided contributions that the information submitted will be used throughout the Office in its course of work and to update information on the labour and social situation in ILO member States.
30. For the convenience of the Subcommittee, as well as the Governing Body, and in line with past practice, the summaries of all the reports received from governments, employers’ and workers’ organizations have been grouped together in alphabetical order. Each section of the summary is preceded by the relevant paragraph(s) of the Declaration in chronological order and the question(s) pertinent thereto as they appear in the report form. For a full copy of the report form for the Seventh Survey, see Appendix 3 to this document.

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## I. Principles contained in the Declaration

### Background and aim (Paragraphs 1-7)

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments and to employers and workers and their respective organizations. Through international direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.

2. The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the United Nations resolutions advocating the Establishment of a New International Economic Order.

3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments and by cooperation among the governments and the employers' and workers' organizations of all countries.

4. The principles set out in this Declaration are commended to the governments, the employers' and workers' organizations of home and host countries and to the multinational enterprises themselves.

5. These principles are intended to guide the governments, the employers' and workers' organizations and the multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress.

6. To serve its purpose this Declaration does not require a precise legal definition of multinational enterprises; this paragraph is designed to facilitate the understanding of the Declaration and not to provide such a definition. Multinational enterprises include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise" is used in this Declaration to designate the various entities (parent companies or local entities or both or the organization as

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a whole) according to the distribution of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in the Declaration.

7. This Declaration sets out principles in the fields of employment, training, conditions of work and life and industrial relations which governments, employers' and workers' organizations and multinational enterprises are recommended to observe on a voluntary basis; its provisions shall not limit or otherwise affect obligations arising out of ratification of any ILO Convention.

- (1) *Within the framework of development policies established by governments, MNEs can make an important contribution to the promotion of economic and social welfare, the improvement of living standards, satisfaction of basic needs, creation of employment opportunities and the enjoyment of basic human rights. In the above context, what has been the experience in your country?*
- (2) *Has the way that MNEs organized their operations led to a concentration of economic power? If so, has this led to any abuse and to conflicts with national policy objectives and with the interests of workers in your country?*
- (3) *Have any new laws, policies, measures and actions with regard to MNEs' activities been adopted by your government since 1996, to further the aim of the Declaration? If so, please explain briefly and specify if this was done in consultation with the employers' and workers' organizations.*

## Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which provides information submitted by MNEs operating in the petrochemical sector (names of MNEs given). One of the oil companies believes MNEs in this sector are a good example of "corporate citizens". The other company considers that it contributes to increased employment in the country, consistent with the law.

The *National Confederation of Free Trade Unions of Angola* states that it has no information on either the existence or the activities of MNEs operating in the country, although it has made inquiries to the Ministry of Labour on the matter. Therefore, it is difficult to respond to those aspects of the Survey that require direct information. It also queries what is meant by the term "multinational enterprises". In addition, the Confederation states that basic human rights are not recognized in Angola, Convention No. 87 has not been ratified and Convention No. 98, although ratified, is not respected or applied. National policy has led to a dramatic rise in the cost of living and a lack of recognition of workers' rights and trade unionism. The Confederation accuses the policy-makers of talking about democracy but not abiding by it.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* states that its experience with MNEs, to date, is positive. MNEs can contribute to the promotion of economic and social welfare of the country, improve living standards and create employment, while operating within the framework of the development policies of the country. MNEs' own agenda may conflict with national policy objectives, but the interests of workers are guaranteed by statute and by strong organizations of employees and employers, and are arbitrated by the competent government institution, the Labour Department or the Industrial Court. Since 1996, no new laws, policies or measures concerning MNE activities have been adopted by the Government to further the aims of the MNE Declaration.

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The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Argentina

The Government of *Argentina* reports that activities of MNEs have traditionally been a source of new employment. However, recently, the number of jobs created has been less than hoped for due to technological changes and increasing competition. Owing to the globalization of the economy and markets, the inflows of FDI in the form of installation of production centres has been irregular during the reporting period. In recent years, a significant portion of assets has been lost from the manufacturing sector to another country in Latin America (name given) that has devalued its currency and significant job losses have resulted. The Government also notes that, generally, there has been a growing concentration of economic power of MNEs.

## Australia

The Government of *Australia*<sup>1</sup> welcomes foreign investment by MNEs, recognizing the contribution it makes to the development of the country by providing scope for higher rates of economic activity and employment than can be achieved from domestic levels of savings. MNEs provide access to new technology, management skills and overseas markets, according to the Government. The operations of MNEs are subject to the same workplace relations legislation as domestic firms and, to the Government's knowledge, MNEs operate in accordance with these laws. However, some MNEs (name of mining sector MNE given as an example) have sought to use workplace relations legislation "to pursue reforms aimed at improving their competitive position", but, generally, this has not conflicted with national policy objectives. During the period under review, industrial legislation has been substantially amended by the Workplace Relations and Other Legislation Amendment Act, 1996 (the WROLA Act), and the Workplace Relations and Other Legislation Amendment Act (No. 2), 1996. The amendments include changing the name of the Act from the Industrial Relations Act, 1988, to the Workplace Relations Act, 1996 (the WR Act). The WR Act continues to give effect to certain international standards based on ILO Conventions. The Act provides a framework for cooperative workplace relations, emphasizing economic prosperity and welfare of the people. (Full text copies of all federal legislation are available via the Australasian Legal Information Institute's Internet site.) For measures promoting human rights and anti-discrimination, see *infra* "Employment: Equality of opportunity and treatment". The Government established Invest Australia, the national investment promotion agency, in December 1997. The Government also announced a number of liberalizations to foreign investment policy in September 1999 (Treasurer's Press Release No. 55), which have reduced notification obligations on business and streamlined the administration of foreign investment policy. The state government of New South Wales (NSW) agrees that MNEs have a positive impact on the state economy. Various Acts and Amendment Acts relevant to the MNE Declaration have been passed by the NSW Parliament, including the following (copies of which were submitted): the NSW Industrial Relations Act, 1996, which was the subject of consultation with employer and union organizations; the Anti-Discrimination Amendment Act, 1997, No. 9, which prohibits sexual harassment in various areas of public life, including employment; the Transgender (Anti-Discrimination and Other Acts Amendment) Act, 1996, which prohibits discrimination on the grounds of transgender and resulted from consultation with employer and union groups; the Privacy and Personal Information

<sup>1</sup> The Government explains that its response incorporates information relating to the following jurisdictions: Commonwealth, New South Wales (NSW) and Victoria (Vic); the remaining six jurisdictions had not contributed at the time the response was forwarded to the ILO.

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Protection Act, 1998, which provides for the protection of the privacy of individuals; the Workplace Video Surveillance Act, 1998, No. 52, which regulates the covert video surveillance of employees in the workplace; and the Workplace Injury Management and Workers Compensation Act, 1998, which places obligations on insurers, employers and workers to cooperate with proactive injury management measures.

The *Australian Council of Trade Unions (ACTU)* states that MNEs operate within a well-developed regulatory structure which serves to moderate the excesses of any enterprise operating in Australia. MNEs have made a significant contribution to economic development and employment opportunities, the ACTU adds. With regard to human rights, some sectors (fast food, mining, information technology and finance) have “actively opposed” workers’ ability to organize in trade unions and bargain collectively. In the context of legislation which encourages competition and prevents market domination, concentration of economic power by MNEs has not been a significant problem, except with regard to media ownership where two owners (one an MNE) exercise significant economic and political power. The ACTU considers that no new laws, policies, measures or actions with regard to MNEs have been adopted during the reporting period.

## Austria

According to the Government of *Austria*, MNEs promote economic growth and employment, implement technology transfer, provide valuable management strategies and facilitate the promotion of the parent company’s market potential. They are more productive than local enterprises and use technology more intensively. They practise traditional, institutionalized employer-worker relations. The EU Monopolies Commission has been involved in a few cases of competition (one example given, name of MNE given). In individual areas (e.g. food) foreign takeovers have led to concentration of market power, and this trend is likely to continue. The amendment to the Works Constitution Act, BGBl. No. 601/1996 makes provision for the implementation of the European Works Council Directive 94/45/EC, which serves to inform and consult workers’ organizations on the activities of MNEs and other enterprises operating in the EU and EEA. The amendment to the Act concerning the Employment Contract Law-Adjustment Act, the Act concerning Transfer of Labour and BGBl. No. 120/1999, brought about the implementation of European Works Council Directive 96/71/EC concerning the posting of workers. This amendment was discussed with employers’ and workers’ organizations prior to parliamentary debate.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses with reference to their respective sectors. GMBE states that MNEs create jobs but, in many cases, for only a few years. In extreme cases, when sales are in decline, MNEs reduce wages, demand further subsidies or transfer their production to low-wage countries. MNEs seek to circumvent official regulations, such as prohibiting work councils, which contravenes provisions set out in the Works Constitution Act. GBH indicates that no new jobs have been created in its sector; rather there have been employment cutbacks resulting from MNEs’ market concentration and rationalization measures (names of MNEs given). This has also led to production transfers to low-wage countries. ANG reports that its experience with MNEs has been generally positive, but the concentration of economic power has been used to the disadvantage of the workers.

## Bahamas

The Government of *Bahamas* reports that MNEs have always impacted the economic and social welfare of the country by improving living standards through payment of improved wages and by introducing new technologies. In some instances, MNEs have

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concentrated their investments which has stimulated massive migration from other islands of the country to places of employment, resulting in a high population concentration on two or three islands. MNEs do not abuse national policies since the policies are monitored by relevant agencies. No new policies, laws, measures or actions to further the aim of the MNE Declaration have been adopted since 1996.

## Bahrain

The Government of *Bahrain* indicates that the activities of MNEs in the country are very limited. The country pursues an economic policy that welcomes foreign capital in order to achieve its development plans and to diversify its income sources in various economic sectors, such as the petroleum, aluminium, petrochemicals, construction and shipbuilding industries as well as financial services, including foreign exchange, insurance and tourism services. For example, financial services, including insurance, contribute 18.2 per cent of GDP and crude oil and gas activities contribute 15.8 per cent. As far as basic human rights are concerned, the Constitution recognizes and the Labour Code (1976) addresses equal employment rights. In order to avoid concentration of economic power by MNEs, the country has been keen to diversify, including foreign investors with local or regional partners. For instance, this diversification is exemplified in the financial sector in which some 200 financial services enterprises from a wide range of countries are operating. Moreover, the Government participates in projects which cannot be afforded by the private sector. In explaining the underlying context for new laws concerning MNE activities during the period of review, the Government refers to the Commercial Companies Act (Decree No. 28 of 1975). That Act provides that all companies founded in the country, in accordance with its regulations, are national companies (although by law some shareholders in those companies may not be of Bahraini nationality) if it is deemed necessary to invest foreign capital or foreign expertise. Although there are no free economic areas in the strict sense, a Decree concerning the establishment of industrial areas (Decree No. 28 of 1999) provides that investors are granted contracts for land on the understanding that those companies invest in industrial projects on the land, and the investors – regardless of nationality – are granted preferential terms for land rent. The country has also ratified several investment treaties and is encouraging arrangements with other countries that feature reciprocal investment privileges, tax exemptions, and liberty of capital transfer and exportation without taxation. The country issued a law to implement the Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159), which it had ratified. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Worst Forms of Child Labour Convention, 1999 (No. 182), are currently being examined with a view to ratification. In addition, the country has ratified many Arab labour Conventions, including those concerning occupational safety and health (Convention No. 7-1977); the working environment (Convention No. 13-1981), the determination and protection of wages (Convention No. 15-1983), the rehabilitation and employment of disabled persons (Convention No. 17-1993), and the employment of young persons (Convention No. 18-1996).

## Bangladesh

The Government of *Bangladesh* submits views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* reports that MNEs play a leading role in the promotion of economic development, introduction of technology and job creation, promotion of social welfare and living standards. MNEs do not have an overwhelming market share in any sector of the economy but do have a major market share in one or two sectors (e.g. cigarette manufacturing). But even in these sectors, MNE policies and operations have been transparent and in conformity with national policy objectives. Since the last Survey, no specific law or policy has been introduced to promote the aims of the

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MNE Declaration. However, employers' and workers' organizations are consulted through the tripartite consultative committee when new laws become necessary; MNEs are represented through employers' organizations.

The *Bangladesh Workers' Federation (BWF)* notes that MNEs, in comparison with national enterprises, have performed better in all the listed contexts, except the creation of employment opportunities. MNE operations have led to a concentration of economic power in the attempts by MNEs present locally to "concentrate their business" through mergers and acquisitions in response to the "continuous" M&As occurring on a global scale. However, local law and policy is strictly followed by the MNEs who are not abusing their power and do not conflict with national policy objectives. In some areas, national policy hampers workers' interests and the unions have been critical of this. According to the Federation, the Government has been able to encourage MNE activities without the enactment of new laws and policies with regard to MNEs since 1996.

## Barbados

The Government of *Barbados* reports that over the years its policies have been aimed at promoting the establishment of companies with financial means and suitable technologies, in order to stimulate the economic growth of the country. In this context, MNEs have contributed significantly by creating employment opportunities and, thereby, improving the living standard of nationals. The way in which MNEs organize their operations has not led to a concentration of economic power but at times investment priorities may fail to coincide with national policy objectives. During the period under review no new laws regarding MNEs were implemented. Based on its employment analysis of selected economic sectors, the Barbados Investment and Development Corporation (BIDC) concludes that MNEs contribute significantly to employment in the manufacturing and service (information and electronics) sectors. In the second quarter of 1999, MNEs, which constituted fewer than 10 per cent of the BIDC-surveyed companies, contributed at least 20 per cent to the overall employment level.

The *Barbados Employers' Confederation (BEC)* notes that the country's experience with MNEs is positive. MNEs operate mainly in the manufacturing, information processing and financial services sectors. There is one large MNE in the telecommunications field; it maintains positive industrial relations as well as a good corporate image. Few MNEs are present in tourism, the main "foreign exchange earning sector" of the economy. MNEs' operations do not cause a concentration of economic power. Several MNEs have transferred their manufacturing enterprises outside of the country due to cost factors. The Government is presently drafting legislation on occupational safety and health (OSH), sexual harassment, unfair dismissal and amendments to the Trade Union Act to allow for compulsory recognition. Employers' and workers' organizations are providing input on all legislation listed.

The *Barbados Workers' Union (BWU)* states that multinationals have contributed to the development of the economy and improved the standard of living by providing employment opportunities and developing services such as telecommunications, banking and finance. They have supported sports, cultural and other national events through sponsorship. However, some have not recognized basic human rights of workers such as freedom of association and the right to join the preferred union. In 1999 one MNE joined forces with another company (names given), causing a monopolistic concentration of economic power in the animal feed industry. Many small farmers and a fast food outlet have experienced difficulties, and there is a concern about prices. Since 1996 no new laws have been adopted but the social partners have signed a landmark document in which they denounce the actions of a multinational (name given) that refused to recognize the culture and traditions of the country and, in particular, the rules governing industrial relations by



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introducing restrictive rules to ban sympathy strikes and secondary picketing, and to impose arbitration and restrictive rules concerning proof of membership.

## Belarus

The Government of *Belarus* reports that operations by multinational enterprises (MNEs) in the country are limited. At present, two MNEs are fully operational in Belarus (names of two MNEs given). Other companies are becoming established in Belarus in connection with MNE operations, including joint enterprises with low starting capital, or through distribution and dealership concessions. According to data supplied by the Ministry of Statistics, the number of workers employed by foreign companies (that is, enterprises with 100 per cent foreign capital) and by companies with some foreign capital is less than 80,000 (1.8 per cent of the total workforce). The Government further indicates that Belarus has no specific legislation governing the activities of MNEs. MNEs operate within the statutory environment established for enterprises based on foreign investment in accordance with the *Act respecting foreign investments in the Republic of Belarus*. This Act offers foreign investors extensive opportunities for investing in the national economy and provides a number of legal guarantees, such as protection from requisitions, confiscation and other similar measures. Section 34 of the Act suspends the effect of newly enacted laws if they adversely affect conditions for foreign investors. For foreign investors, laws in force at the time they were registered remain in force for a period of five years. Foreign business activity in Belarus is also governed by the Acts *respecting investment activity, respecting enterprises and respecting joint stock companies*. Under the terms of section 320 of the Labour Code, the labour relations of Belarus citizens who are employed in organizations funded with the aid of foreign investment are governed by the Labour Code and other labour laws. Other provisions may be established under international agreements which have been ratified by Belarus, under the terms of the constituent documents and by-laws of those organizations and their subsidiaries and agencies, or under employment contracts, *unless* they are detrimental to the situation of workers under the terms of laws on safety and health, the prohibition of employment of women and young people in certain types of work, the minimum age for employment, social insurance contributions, pensions and employment promotion.

## Belgium

The Government of *Belgium* states that the positive perception of MNEs as dynamic providers of good employment opportunities with favourable wages and working conditions, which prevailed 30 years ago, has evolved into a negative one. Currently, these enterprises give rise to distrust, as a lack of transparency, harsh decisions that undermine worker motivation, particularly young workers, and the “speculative uncertainties of globalization” prevail. Moreover, employment and efforts to acquire skills are presently devaluated within large multinational groups. Devotion to a company is perceived as naive. Nowadays, even the term “multinational” has a pejorative connotation. The alarming assessment set out in the current report (except in the cases of two well-known MNEs (names of MNEs given)), does not focus on the immoral behaviour of MNE executives but rather on the system of competition and speculation prevailing worldwide, where responsibility and human values are being wiped out. The Government notes nonetheless that MNEs bring positive effects; for instance, they are in a better position than public authorities – bound by European competition rules prohibiting certain direct state aid – to rescue enterprises from bankruptcy, hence to save jobs. In this respect, the Government points to a successful takeover of a local enterprise (names of enterprise and home country given) by a European Union MNE in the iron and steel industry which happened despite the difficult trade union climate that prevailed. With regard to concentration of economic power, the Government reports that it is worried by the new emerging relationship between the State and multinational enterprises, as a large number of these enterprises have a turnover that exceed many times the budget of most European

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States. Faced with such structures, political authorities have little power as MNEs can avoid complying with legislation by implementing disinvestment decisions, avoiding consultations with workers' organizations, and proceeding to collective dismissals and closure of enterprises. Moreover, values arising from the Belgian social consultation system, such as consensus, appear not to be understood at MNE headquarters despite the efforts undertaken in that direction. Due to cultural factors, MNEs tend to maintain the perception of trade unions that exists in their home country, and apply it to collective industrial relations in Belgium. The misunderstandings that consequently arise complicate the work of social conciliators. Integration of MNEs in employers' organizations would call for their adherence to the social consultation process, as well as to the collective agreements system (two examples of illegal closures of MNE operations discussed *infra* "Industrial relations: Transfer of operations and other issues involving MNEs"). The Government emphasizes that new laws, policies and measures passed during the period of review need to be accompanied by appropriate means of enforcement. The illegal closure by an MNE (name of MNE given) in the automotive industry, discussed in detail *infra* "Industrial relations", called into question the effectiveness of the European Works Council Directive, which the European Commission plans to review. Past experience in relation to dismissals (names of two MNEs given) required the Government to strengthen legislation on collective redundancies. The Act of 1999 establishing the criminal liability of legal entities also opens up new prospects for strengthening the law. However, MNEs can bypass international law due to their mobility; this situation may lead to the erosion of international labour standards as "rigid" standards are replaced by "flexible" minimal ones, as exemplified by the largely outmoded Hours of Work (Industry) Convention, 1919 (No. 1), and the recently adopted minimal Worst Forms of Child Labour Convention, 1999 (No. 182).

The *National Labour Council (NLC)*, composed of the most representative employers' and workers' organizations, indicates, in line with its previous reports of 1989, 1992 and 1996, that MNEs support the economy of the country through their positive contributions to investments and to the employment level. Given the increasing internationalization and globalization of the economy with increasingly keen conditions of competition, regular studies of MNEs should be carried out. As these enterprises play a major role in this context, better control is needed at national, European and international levels. During the period under review, many EU Directives relating to labour law and OSH have been adopted and are referred to in the replies to the different questions. The legislation applies throughout the country and to all enterprises, whether national or multinational, in accordance with OECD requirements on non-discrimination. NLC reiterates in its reply the importance of social dialogue, in which employers and workers are major players, and refers to, for instance, the progress achieved at the European level since agreement was reached in 1991, and included in the Social Protocol appended to the EU Treaty.

## Brazil

The Government of *Brazil* states that MNEs established in Brazil do serve the country's economic and social well-being, to a certain extent, because they directly and indirectly create jobs. As for employment openings and wages opportunities generated by MNEs, these have not been apparent in any quantity since existing employment and unemployment surveys do not take the nationality of the enterprise into consideration. MNEs, like national enterprises operating on a similar scale, constitute a threat of having concentrated (and abused) economic power. Unquestionably, belonging to a more extensive production structure with international scope gives MNEs certain advantages when it comes to strategies for cornering markets. This, in turn, may lead to market power being concentrated in their hands and to subsequent abuse which is harmful to the economy as a whole. For example, one major drain on the balance of payments is the sending of money abroad, and it would be preferable in this light for MNEs to get into

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tradables – export or import substitutes – rather than into non-tradables in the services sector. Overall, the pros and cons with regard to MNEs relate more to the size than to the origin (national versus international) or nature (public versus private) of the enterprises concerned or to the location of the decision-making centre. The Government indicates that no public employment policies were drawn up specifically for MNEs; such policies do not take into account the nationality of the enterprises operating in the various sectors of the economy. However, it refers to specific OSH regulations setting up a tripartite body for regulating safety and health at work, specifically Order No. 393 (9 April 1996), Order No. 02 (10 April 1996) and Order No. 14 (17 June 1997), copies of which are annexed to the Government's reply.

The *National Confederation of Industry (CNI)* reports that today there is a greater consensus of opinion in the country about the positive contribution of MNEs to the country's economic welfare. In a recent study on the impact of companies with foreign shareholders for the period 1995-97 published by the National Development Bank (BNDES), a positive association was formed between labour productivity growth and the presence of foreign companies in the majority of industrial sectors and particularly in capital-intensive sectors. In the same study, there were no indications of an increase in the degree of concentration in the national economy as a whole, despite the increase in MNE participation in domestic production. This could be explained by the simultaneous increase in imports which has helped to increase supply and reduce concentration. Nevertheless, an increase in MNE concentration of the market has been observed in capital-intensive sectors where there is a higher proportion of foreign enterprises. In general, the country's recent experience reinforces the idea that the economic policy framework is a determinant of the behaviour of enterprises in general and MNEs in particular. In contrast to the inefficient scales of operation, low productivity and obsolete products and processes of a closed economy, the opening up and stabilization of the economy is viewed as radically changing the behaviour of enterprises, both national and multinational, increasing productivity and a higher level of product and process innovation in response to international competition. The Confederation further reports that no policies, laws, measures or actions have been adopted during the reporting period specifically with regard to MNEs' activities.

The *General Confederation of Workers (CGT)* reports that, from the standpoint of human rights, generally speaking, MNEs observe domestic legislation. As for employment generation, however, MNEs have recently been dismissing workers. It further states that it has no information on the issue of MNEs and concentration and/or abuse of economic power.

## Bulgaria

The Government of *Bulgaria* states that, in the context of the transitional period that the country is experiencing, it places great hopes on FDI which it sees as a catalyst for change and for support of structural reforms. In general, the Government hopes that FDI will contribute to: job creation, including a better use of national intellectual potential and a limit on the emigration of young executives; productivity increase and quality improvement of goods and services; greater economic efficiency through modernization of the economy and restructuring on the basis of imported capital and technology; and improvement of the country's position in international trade through development of export-oriented industries. The restructuring and privatization of the Bulgarian economy and the creation of the Finance Board have led to a limited domestic production as foreign products of better quality and at competitive prices have "invaded" the market. The largest FDI share originates from Belgium, Germany, the Netherlands and the United States, and between 1992 and 1996 MNEs were mainly active in industry (49.73 per cent), commerce (16.5 per cent) and finance (11.13 per cent). In principle, MNEs are in the position to make a major contribution to the promotion of economic and social welfare, improvement of living standards, satisfaction of essential needs, job creation and enjoyment of basic human

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rights, and a guarantee for a better functioning of the country's economy. Although MNEs operating in the country are relatively few, they constitute the largest private investors in the country and bear a positive influence on the economy. They instil a new industrial relations culture including a new morale and work ethic representing a benchmark for national enterprises. They also introduce high OSH and environmental standards. Some foreign investors bring resources, attempt to improve wages and conditions and organization of work, contribute to the upskilling of workers and job creation, and introduce new technologies. However, other MNEs only seek quick profits, use skilled but cheap labour, infringe the labour legislation and are opposed to workers' rights. In addition to economic activities, MNEs also implement programmes to assist social activities, a priority in the country. In certain sectors of the economy, especially the brewing industry, MNEs own two-thirds of production and two-thirds of "the domestic market" and some of them have invested to improve workers' living standards, introduced more efficient technologies, and ensured freedom of association; however, results have been reached at regional rather than at national level. Concentration of economic power by MNEs is impossible in the current difficult transition context influenced by external and internal factors. Moreover, the recent law on the protection of free competition rules out such a possibility. However, one can observe a process of economic concentration of activities with MNE participation in the privatization of enterprises in the field of raw material imports and the distribution of subsidiary products. Other MNEs have sought to expand their activities into the supply of raw materials and electricity. Cement production, for example, is entirely in the hands of MNEs who tend to purchase different enterprises and acquire quarrying concessions. While problems in relation to MNEs dominate the newspaper market, their activities do not counter national policy objectives. During the last two and half years, the Government has witnessed positive changes related to, in particular, the perception of the role of foreign investors, which has, consequently, encouraged MNE activities. Legislation passed during the period of review includes: a 1997 law on foreign investment, applicable to both national and multinational enterprises, concerning work and insurance, as well as the establishment of the Foreign Investments Agency and an advisory committee where important matters can be brought to the attention of the Government; a 1998 Act on the protection of competition, coupled by the establishment of a committee to ensure its application and protection against monopolies; a law on protection in the event of unemployment and promotion of employment which came into force on 1 January 2000; a law on health insurance; a law on supplementary voluntary pension insurance; and a law on compulsory public insurance which came into effect on 1 January 2000. Moreover, changes in the labour legislation are to take place due to the transition to a democratic system and to the need to bring the legislation in line with that prevailing in the EU Member States, the recently ratified ILO Conventions (unspecified) and the signed Revised European Social Charter. A bill on the Economic and Social Council is planned to be adopted at a later stage. The referred laws were adopted unanimously after all social partners were consulted, and the current national tripartite cooperation system allows for tripartite dialogue when defining the Government's basic priorities.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that actions by MNEs promote economic and social welfare, create jobs and improve living standards, although only a few MNEs operate in the country. The country has little attraction for MNEs due to its few natural resources and, like all promoters, MNEs seek financial profits that Burkina Faso cannot offer. During the last ten years MNEs have been involved in mining and, in particular, gold mining. Unfortunately, the fall in gold prices has led to the closure of the only modern goldmine and mass redundancies by the mining companies; this uncertain situation has aggravated unemployment and poverty. Because of their small number, MNEs have not given rise to any particular concentration of economic power. The CNPB notes that, in a country like Burkina Faso where the economic fabric is weak, any

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enterprise employing labour has real economic power, if only on a small scale. Even at micro-enterprise level there are sometimes abuses that are reported in the newspapers. There is no special legislation regarding MNEs given their low profile in the country. Like all other private sector employers, they are governed by labour laws and implementing orders, and by the Interprofessional Collective Agreement.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* reports that, before the economic crisis began in 1986, MNEs made a major contribution to economic and social development by promoting job creation and participating in the attainment of government policy objectives. However, most of these MNEs closed down or cut back activities after the crisis started. Furthermore, beyond the pursuit of profits, MNEs have sought to maintain political systems favourable to their hegemonic ambitions. With the advent of structural adjustment in 1989, privatization and economic liberalization have replaced government plans; MNEs have not been very involved in government policies and they have taken over remaining state-run companies. Some strategic sectors (import-export) have been under the control of multinationals for a long time. With governmental protection, MNEs have often infringed national provisions, especially those relating to social protection. Many cases of abuse have been recorded in the cutbacks and redundancies that have followed liberalization. The measures, laws and policies adopted by the Government since 1996 have served to regulate the country's economic activities, taking account of the State's withdrawal from the production sector. As far as the Cameroon Confederation of Free Trade Unions is aware, these regulations were not directed at MNEs and the workers' organizations were not consulted on these matters.

## Canada

The *Canadian Employers' Council (CEC)* reports that MNEs play an important role in Canada's economy. International trade accounts for 43 per cent of the economy, up from 30 per cent in 1994, and there has been a significant increase in the number of employment opportunities created. Foreign investment in Canada has contributed to the economic and social well-being of Canadians, as exemplified by the Automotive Product Trade Agreement, which has created many well-paying employment opportunities over several decades. MNEs have fostered training of their employees and others who are not in a position to do so independently. In Canada, there is no distinction between MNEs and other organizations; all are subject to legislative and regulatory regimes. MNEs have the same responsibilities towards the workers as do any other enterprises. There is no evidence of actions taken by MNEs headquartered outside Canada, which would indicate that workers are unfairly treated by MNEs because of decisions made elsewhere. There is a rapidly increasing blurring of national and international enterprises. For example, in the software industry well over 50 per cent of the revenue of small software enterprises comes from outside of Canada. This phenomenon is spreading to other sectors of the economy primarily because the small Canadian market compels industries to seek global markets for their products in order to remain competitive. The Government of Canada supports business growth through deregulation in order to assist business to be competitive. It has also established foreign investment review boards which have allowed the purchase of Canadian enterprises. This has been beneficial to the Canadian economy and the workers as foreign investment has, on many occasions, prevented plant closures, such as in the paper and pulp industry in British Columbia.

## Colombia

The Government of *Colombia* reports that MNEs have made a contribution to the promotion of social and economic welfare, the improvement of standards of living, creation of employment opportunities and guaranteeing of the basic rights of employment

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and freedom of association. In view of the high rate of unemployment in the country, incentives are being sought for both foreign and national investors in order to promote positive effects on the creation of new sources of employment. The normal activities of MNEs have not generated any conflicts with workers' interests due to the fact that, generally, regulations governing social and industrial relations are the same for multinational and local companies, including laws on social policy and monopoly. No new laws that affect MNEs have been passed during the reporting period.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which considers that, with regard to the observance of labour standards, promotion of economic and social affairs and improvement of living standards, the experience with MNEs has been negative, citing the example of an MNE in the airline industry since its takeover (name given). It notes that although MNEs have contributed to the generation of job opportunities, the benefits have largely been neutralized due to the devaluation of the Colombian peso. With regard to concentration and abuse of economic power, the forwarded reply notes the competitive edge which the MNE in the airline industry has as a result of surplus income from paying lower wages to local workers. It is of the view that no laws protect basic labour rights so no legal mechanisms exist for redress of violations.

## Costa Rica

The Government of *Costa Rica* states that, as far as its development policies are concerned, the contribution by MNEs has been satisfactory; they have operated in the country for more than 100 years, beginning with banana growing and marketing and recently coming in a sudden influx to manufacture products for global markets in free trade zones. They are important contributors to employment and offer economic benefits in terms of transfer of technology and other advantages for enterprises and society in general. For increased employment figures in free zones, see Part IV *infra*. The Government has no evidence that the organization of MNE operations has led to a concentration of economic power.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that MNEs concentrated in the secondary and tertiary sectors contribute to the promotion of economic and social welfare, the improvement of living standards and the satisfaction of basic needs by creating about 30 per cent of the volume of employment. The national labour legislation, establishing a Labour Code and subsequent decrees, applies to both national and multinational enterprises on national territory (Act No. 95-15 of 12 January 1995). As MNEs are subject to the national laws and regulations, their activities cannot be contrary to national policy objectives or workers' interests.

## Croatia

In its reply, the Government of *Croatia* focused on only one MNE in the telecommunications sector (name of the MNE and the home country given) which accounts for less than 5 per cent of the FDI in Croatia. It states that, within the Independent Trades Unions of Croatia, there is only one trade union whose members are employed by an MNE and thus concludes that this is the only MNE to which the MNE Declaration would apply.

The *Confederation of Independent Trade Unions of Croatia (KNSH)* also focused its reply on the one MNE in the telecommunications sector referred to by the Government. In 1995, this MNE became a major shareholder in one of the local enterprises owning 49.07 per cent of the total shares. The President of the Management Board, Chairperson of the

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Supervisory Board, as well as the majority of board members come from the home country. At the time of the acquisition of a major share in the local enterprise in 1995, there were 3,000 workers, but this has been significantly reduced over the years to 1,500. The main reasons for such decline are the increasing use of outsourcing and lay-offs of workers whose work was no longer needed due to the application of new technologies. Some 250 young engineers were hired during the same period. The wages in this MNE are about 40 per cent higher than the average wage in the country (both in general and in the industrial sector). The Confederation indicates that, at this point in time, employees do not have the opportunity to satisfy their housing needs as part of their basic living needs. Human rights are respected and there are no violations. It is noted that the MNE has not organized its operations in a way that would lead to a concentration of economic power. The Government has not, so far, given approval to arrange joint meetings between the representatives of the Government, the MNE and the representatives of the workers to discuss issues related to the operation of the MNE, and the Confederation intends to request such joint consultation (the representatives of the MNE have already given approval). It is of the view that the Government could adopt some measures on the conduct of MNEs when the joint meetings are held and the Government is acquainted with the operations of the MNEs. The Confederation questions the underlying reasoning for awarding business contracts to MNEs that create a small number of jobs as opposed to those MNEs that could create relatively bigger employment opportunities. In this connection, it has suggested that it is necessary to adopt some kind of code of conduct for MNEs regulating the awarding of business contracts in relation to the number of employees. It is also recommended that, recognizing the significant effect of MNEs on employment creation, governments, especially in developing countries, should pay more attention to issues that involve MNEs.

## Cyprus

The Government of *Cyprus* states that MNEs contribute to the economic development of the country and that their number, even though limited, has increased since 1995. The way in which they organize their operations has not led to a concentration of economic power, and relevant measures applicable to all enterprises, relating in particular to employment, have been adopted to enhance the objectives of the MNE Declaration. With respect to legislative measures undertaken during the period of review, the Government refers further to its reply to question 8 discussed *infra* at “Employment: Equality of opportunity and treatment”.

The *Pan-Cyprian Federation of Labour (PEO)* reports that MNEs must comply with national legislation and the development policies elaborated by the Government. In those cases where collective agreements have been reached, MNEs contribute significantly to improving workers’ living standards and to achieving basic human rights. Moreover, since MNEs effectively use their resources, such as capital resources, they are in a position to create better job opportunities and hence, to reduce the level of unemployment of the country. Even though they organize their operations in a way that leads to a concentration of economic power, the Federation has not noted any abuse thereof, nor have these enterprises’ activities given rise to conflicts with the interests of their workers. On the contrary, MNEs that conclude collective agreements and operate within the existing industrial relations system have not shown any “repugnance” in cooperating with workers’ representatives in order to solve industrial relations problems. The Federation states that, during the period of review, legislative measures have been undertaken in consultation with the social partners, as follows: the adoption in 1999 of laws related to the control of concentrations between undertakings, in order to enhance competitive conditions and to harmonize with the EC Acquired Rights Directive No. 4064/89; and the preparation of legislation so as to comply with relevant EC directives due to the country’s forthcoming accession to the European Union (Transfer of Undertakings Directive 77/187/EEC, Insolvency of the Employer Directive 80/987/EEC and the Contract of Employment

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Relationship Directive 91/533/EEC). Moreover, legislation on the European Works Council (Directive 94/45/EC) that aims at providing workers with the right to be informed and consulted in decisions by MNEs on issues affecting them directly, as well as decisions affecting the enterprise as a whole, is currently pending in Parliament. The Federation further refers to ratified Conventions Nos. 87, 98, 111 and 122 which are applied through national legislation, policies and practices; moreover, the country reports regularly to the ILO on the measures adopted to comply with ratified Conventions.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that, within the framework of the development policies defined by the Government of the Democratic Republic of the Congo, MNEs have made an effective contribution to the creation of wealth and employment, and to the immediate development of the country. Some MNEs have built health centres and schools and maintain road infrastructures for the benefit of the population as a whole. In some economic sectors, such as the distribution of petroleum products, MNEs have a concentration of economic power. However, as the strategic sectors are controlled by the State, no abuse has been observed as regards either national policy objectives or workers' interests. The Government has not promulgated any laws or specific measures concerning the activities of MNEs since 1996.

The *National Workers' Union of Congo (UNTC)* reports that, following the recent crisis and wars in the Democratic Republic of the Congo, there have been no development policies established by the Government. Intentions have been expressed to do so, but conditions of life and work have deteriorated, and such intentions have not been followed through. Until 1990, MNEs had contributed a lot toward the creation of health and jobs, improvement of standards of living in urban as well as in rural areas, but thereafter suspended or stopped their economic and social activities in the country. In the brewing and oil industry, the organization of MNEs has led to a concentration of economic power. There is no reliable information to substantiate any abuse or conflicts with national policy objectives. However, with respect to workers' interests, in cases such as the recruitment of temporary staff indefinitely and subtle mass redundancies, conflicts have arisen as a result of a concentration of economic power. The UNTC responds that no relevant laws or policies have been initiated during the reporting period.

## Denmark

The tripartite partners of *Denmark* indicate that MNEs create employment opportunities and promote economic growth in the same way as other enterprises and have not created a concentration of economic power through the organization of their operations. In 1996, the Parliament (Folketing) adopted the Act on European Works Councils which foresees procedures in European Community (EC) enterprises and groups to establish means for information and consultation with workers' representatives. The Act supplements national rules on cooperation committees. As a transnational instrument, it applies to Danish parent companies and their EU and EEA subsidiaries.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* reports that, in its experience, the contributions made by MNEs in the country have been both positive and negative. For instance, employment has fallen among MNEs active in areas such as tourism/hotels, telecommunications and mining but has increased in sectors such as fast food and supermarkets and in export free zones. From this point of view MNEs provide the population with financial resources allowing access to goods and services and they have advanced telecommunication technology, although not with sufficient geographic coverage. As for fundamental human rights in labour relations, MNEs' contributions have



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always been to oppose workers' unionization and/or destroy existing unions. Environmental pollution has also resulted from the operation of MNEs in all the sectors noted above except telecommunications. With reference to a concentration of economic power, CNTD reports that an oligopoly has been established in the telecommunications and energy sectors and the Executive and the Congress of the Republic have rewarded the enterprises concerned with the right to impose prices for their services, in legal or illegal ways, and to operate as a private monopoly. Recent cases have seen an increase in electricity prices, with the de facto approval of the Electricity Board; and an increase in telephone charges. Energy distribution companies have been assigned exclusive areas and given pricing freedom, measures which are counterproductive to the policies to combat poverty. As regards promotion of the objectives of the MNE Declaration, as far as CNTD knows, the Executive, via the competent ministry, has not adopted any measures in this respect except in the export free zones, where it has set up a committee.

## Ecuador

The Government of *Ecuador* advises that MNEs have made a positive contribution towards the development of the country's various production sectors, which has allowed access to international markets. The resulting job creation always helps in confronting the country's level of unemployment. However, there are questions about the extent to which MNEs share their profits with the workers, something which consistently gives rise to a sense of disparity as to both the natural and human resources employed. Concentration of economic power is seen as an inevitable effect of the way in which MNEs operate and, when problems arise concerning workers' interests, the Ministry of Labour and Human Resources has machinery through which to seek solutions to disputes and help maintain harmony in worker-employer relations. The Ministry of Trade, Industrialization and Fisheries reports that there have been various instances of the MNE modus operandi conflicting with national policy objectives, although this has not been a cause for concern in recent years. The Ministry indicates that, due to the difficult decade that the country has just gone through from the social and economic point of view, the degree of foreign investment has not been representative. The Constitution of the Republic of Ecuador, adopted in 1998, lays down an obligation to promulgate laws in accordance with the provisions of the Magna Carta. One of the principal results was RO No. 149 (16 March 1999), which provided for the Reform Law on Free Zones discussed *infra* at "The Tripartite Declaration and various economic zones and industrial sectors".

## Egypt

The Government of *Egypt* reports that the country is witnessing major economic transformation, characterized by, inter alia, a process of privatization, the promotion of foreign investment, and the involvement of MNEs in the execution of investment projects in coordination with national enterprises. MNEs benefit the country as they contribute to the transfer of modern technology, improved products intended for export, create employment opportunities, increase per capita income through higher salaries and incentives, and provide modern training facilities with advanced machinery. To facilitate MNEs' operations, the Government provides an appropriate environment through rules and regulations that facilitate MNE operations, with time-limited exemptions for projects that promote development and protect workers' rights. According to the Government, MNEs aim to concentrate economic power without any abuse, obstacles or injustices to workers' rights. MNEs apply national labour laws and Conventions ratified by Egypt. The Government further indicates that a uniform labour law is in the process of being enacted, which will comply with all fundamental rights and international labour standards.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt (after seeking replies from a representative sample of MNEs, including the petroleum, pharmaceuticals, food, travel, chemicals, information technology, and

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banking sectors, originating in the United States, United Kingdom, Netherlands and Switzerland). One MNE in the food sector reports that MNEs have contributed to the creation of many employment opportunities by opening new factories and branches throughout the country. MNEs help boost the economy by favouring local manufacturing of a large number of products, some of which are exported to neighbouring countries. They provide the latest technical expertise to the workforce, while meeting Egyptian consumers' expectations. The other MNE (name given) in the energy sector that holds 50 per cent of the shares in the national petroleum company offers training and development opportunities to its employees, who also receive a competitive package compared to the local market. In addition, it supports the country's economic and social welfare by subsidizing educational, environmental, technical and cultural events. The employers note that no new legislation or measures have been adopted during the period of review.

## El Salvador

The Government of *El Salvador* states that the experience with MNEs has been positive and that, overall, MNEs make a considerable contribution towards economic and social well-being, improvement in standards of living, satisfaction of the basic needs of a large proportion of the population, creation of employment opportunities, and respect for basic human rights. According to data provided by the Trade and Investment Directorate of the Ministry of Economic Affairs, over the last decade MNEs have helped to increase the gross domestic product by improving the performance of employment indicators in the country's labour sectors. MNE activities have not given rise to a concentration of economic power. On the contrary, those activities have contributed to employment growth (in both unskilled and skilled labour), benefiting large numbers of families in urban and rural areas alike, who would otherwise rank among the unemployed. The Government further indicates that MNEs are governed by the provisions of the Constitution and the Labour Code, the latter of which provides administrative procedures for arbitration and mediation in cases of collective disputes, as well as inspection procedures administered by the General Directorate of Labour Inspection. Various laws have been passed in the context of economic liberalization to help exporting companies make use of resources in which the country has advantages over other markets, including: the law on the export recovery programme, together with its amending acts and regulations, the law on industrial and marketing free zones, and the decree on the creation of the inter-institutional committee for the settlement and prevention of disputes involving enterprises in free zones and special tax areas.

## Eritrea

The Government of *Eritrea* indicates that its "macropolicy", revised investment policy, and Investment Proclamation No. 59/1994 and Labour Proclamation No. 8/91 are in line with the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

## Estonia

The tripartite partners of *Estonia* report that MNEs play a significant role in the economy of the country. In general, all three partners view MNE performance as beneficial in that FDI, and MNEs, are seen to promote technological development, improve skills of workers, increase average wages, set a good example of work culture (figures and names of MNEs given). There is no information that their operations have led to a concentration of economic power, nor to any abuse or conflict with national policy objectives. Social and labour legislation are worked out in tripartite cooperation. Legislation treats multinationals the same as national enterprises.

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## Ethiopia

The *Confederation of Ethiopian Trade Unions* states that there are very few MNEs in the country and their contribution to the promotion of economic and social welfare, the improvement of living standards, satisfaction of basic needs and creation of employment opportunities are not significant. These MNEs do not enjoy the same kind of concentration of economic power which they do in other parts of the world.

## Finland

The tripartite partners of *Finland* point out that, according to Finnish legislation, all enterprises, whether multinational or not, are in the same position. MNEs have no special rights or obligations. The operation of multinational enterprises, especially the growth of Finnish MNEs, has generally benefited Finland, promoting economic growth, employment and welfare. Yet the transfer of the operations to countries with a lower cost structure has, at the same time, perhaps hampered employment in Finland. The traditional situation in Finland has been one where direct investments in foreign countries have been bigger than direct investments from foreign countries. A report of the Bank of Finland (copy attached to the reply) reveals that there have been net outflows of capital from Finland during the reporting period. In 1996 while the total Finnish direct investment abroad amounts to FIM16.5 billion, MNEs, having their residents abroad, invested FIM5.1 billion representing a net outflow of FIM11.4 billion. This amount increased to FIM16.4 billion and FIM34.7 billion in 1997 and 1998 respectively. According to statistics of the Bank of Finland (copy attached to the reply) the total stock of Finnish investments abroad amounted to FIM82 billion, FIM110 billion and FIM149.9 billion for 1996, 1997 and 1998 respectively. Of these amounts, the share of the manufacturing sector (forest, metal and engineering and other) accounted for about 75 per cent to 85 per cent. The major host countries in terms of investment and employment are Sweden, United States, Germany, Netherlands, United Kingdom and France. The total stock of foreign direct investments in Finland are FIM40.8 billion, FIM51.7 billion and FIM83.9 billion in 1996, 1997 and 1998 respectively. Of these amounts the shares of the EU countries ranges from 71 per cent to 76 per cent while investments from the United States alone account for about 14 per cent. Investments in the stock market, on the other hand, have been considerably bigger from abroad to Finland than in the opposite direction. The elimination of the limitations concerning foreign ownership from the Agreement on the European Economic Areas (EEA), adopted in 1993, has led to a significant increase in the level of investments in Finnish public enterprises. But foreign direct investment in new production units increased at a smaller rate as the majority of investments focused on already existing enterprises. As a consequence, the foreign ownership of Finnish public enterprises has increased sharply. As regards the issue of concentration of economic power, the Government notes that the increased foreign ownership in the already existing companies has also led to a transfer of the management, partly or wholly, to foreign countries. This has also created uncertainty concerning the permanence of workplaces. The mergers implemented and planned in the banking and insurance sector between Finland and Sweden have involved a reduction in the number of workplaces. The opening of trade in the food industry due to European Economic Area Agreement (EEA) and the EU Treaty has increased competition and fear of the market being seized by foreign enterprises. As concerns new laws and policies adopted during the reporting period, the Government provides detailed information: Finland has enforced Council Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees. The Act entered into force on 22 September 1996. Additionally, Council Directive 97/74/EC has been enforced. The amendments to the Act have been prepared jointly with the social partners on a tripartite basis. Until the membership of the EEA-EU, an Act on Foreigners' and Certain Organizations' Right to Own and Control Real Property and Shares in Finland was in force. On the basis of the Act, a foreign company was to receive a concession from

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the Ministry of Trade and Industry for acquiring real property or shares in Finland. A government proposal, prepared by the Ministry of the Environment, on the abolition of the concession for secondary real property is before Parliament. An Act on provisions under Finnish law applicable to the employment relationship of workers temporarily posted in Finland (1146/1999) entered into force on 16 December 1999. The EC Directive (96/71/EC) concerning posted workers, adopted in 1996, is applied in Finland. The Act covers posted workers from the EU Member States and also from States outside the EU. If the employment contract of a worker posted to Finland applies the law of a foreign State, certain provisions of the Finnish law are applied. The Committee on the Contracts of Employment Act, set up by the Ministry of Labour, was due to finish its work on 31 January 2000; the work of the Committee aims at clarifying the provisions on generally binding Conventions. As regards the operations of the MNEs in Finland, the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals in Finland (AKAVA) state that enterprises do not generally know the MNE Declaration, and no Finnish enterprise seems to have any direct reference to the MNE Declaration in its annual reports or corporate ethics rules. The three workers' organizations (SAK, STTK and AKAVA) do not know of any Finnish MNEs involved in "community development" projects in the country or in developing countries of operation. There are cases where employees of subsidiaries of Finnish MNEs are non-organized. In some cases, there is reason to assume that the attitude of management has affected the organization of workers, and it is likely that subsidiaries of Finnish MNEs do not always join in the employers' organization in foreign countries of operation. In some sectors, such as the banking, insurance and forest sectors, economic power has been concentrated in MNEs. The internal market of the EU, on the other hand, maintains competition in most sectors. The increasing shareholding of foreign investors in Finnish enterprises is a new and "alarming feature" which has led to emphasis on the advantage of shareholders to the neglect of the interest of the workers. The SAK, STTK and AKAVA point out that the seventh tripartite Survey focuses on the foreign MNEs (in Finland), and they suggest that two additional aspects, namely, the operations of Finnish MNEs in Finland and the operations of Finnish MNEs abroad, be included.

## France

The *French Confederation of Executive Staff (CFE-CGC)* states that, as a developed country, France should be in the position to exert some control over the activities of French MNEs abroad, be it only with respect to workers' fundamental rights, but the legislation of the country contains no means to exercise such control. The largest enterprises undeniably concentrate economic power, but are no longer concerned at heart with national objectives and priorities of the country which include, inter alia, the maintenance of a broad and diversified manufacturing base, employment creation, development of advanced technology activities, and traditional industrial activities which structured the local economic fabric and allowed the creation of integrated and coherent economic areas. Due to an increasingly competitive environment, exacerbated by the globalization of trade and financial markets, guided solely by profitability criteria regardless of sector or location of activity, MNEs now give priority to purely financial management criteria that are often short term and to production and procurement criteria, resulting in relocation due to labour cost and global sourcing of supplies wherever products are cheapest. These choices are, by definition, destabilizing for the local and national economic fabric. During the period of review, the Government introduced fiscal and social incentives as well as subsidies and the construction of infrastructure, such as the restructuring of communication and public transport networks (example of investment in the tourism sector with name of enterprise and region given). However, when the MNEs do not meet their corresponding commitments made upon granting the incentives, such as local job creation and extended duration of operations, the Government does not apply penalties such as repayment of aid

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even when they are provided for. Consultations with workers' organizations, when they take place, are purely formal and never pertain to results.

The *General Confederation of Labour (CGT)* discusses the contribution of MNEs to employment and living standards in the country, the latter of which improved during the reporting period for a small proportion of the population, whereas poverty and the number of homeless increased. In relation to employment, there are two distinct stages of the reporting period – the first up to mid-1997 characterized by growing unemployment, and the second after mid-1997 characterized by a reverse trend due primarily to the change of Government and new measures introduced as well as to the changing economic situation – the proportion of workers employed by MNEs increased from 25 to 28 per cent between 1996 and 1999. However, this figure does not reflect job creation but a growing number of takeovers by multinational enterprises, which accounted for a 9 percentage point increase of exports in the manufacturing industry (30-39 per cent from 1996 to 1999). CGT gives three examples of MNE mergers (names of enterprises given) – each of which threatened massive dismissals of 10,000 or more workers – which reflects an increased concentration of economic power by MNEs and consequent increasing influence on national policies. These enterprises have shown “considerable reluctance” to implement government-proposed measures to reduce hours of work and to create job opportunities. Moreover, despite public aid granted to MNEs, more than 10,000 job losses were at stake for the sole year of 1999. However, MNEs of French origin (names given) have not attempted to actively apply the principles of the MNE Declaration either, as they have associated profit growth with reduction in staff. With respect to the enjoyment of basic human rights, CGT refers to the malfunctioning of many European Works Councils and several particular cases, including a French enterprise in the automobile industry operating abroad (names of enterprises and concerned countries of operation given). These cases show that “declarations of intent” do not suffice when confronted with what is really at stake. Measures concerning MNEs specifically have not been adopted during the reporting period, although, in a relevant context, a law on information and consultation of workers in European enterprises and groups of enterprises and on collective bargaining promotion transposed the EU Directive on European Works Councils into national law. The social partners were consulted in this regard and CGT regrets that the employers' views prevailed in that the referenced Act on Groups Councils (section L 439-24) reduces the scope of existing national rights to information and consultation. CGT, moreover, forwards two annexes containing detailed information on MNEs' negative social effects in the country, including case studies and a table of “social misdeeds” committed by certain MNEs in the country between January 1999 and January 2000 (including names of enterprises and their home countries, commercial sector of operation, French province/city affected with date of “misdeed”, number of workers affected).

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that there is no reason to allude to multinational enterprises because there are only subsidiaries of MNEs in the country. Furthermore, it declares that subsidiaries of MNEs have made a large contribution toward the promotion of economic and social welfare, improvement of living standards, satisfaction of basic needs, creation of employment opportunities and enjoyment of basic human rights. The existence of MNE subsidiaries has not led to a concentration of economic power. There are no laws, policies, measures or actions with respect to MNE activities. Installation agreements with the Government are signed as soon as an MNE subsidiary is set up in the country. These agreements allowed the subsidiaries certain advantages that no longer apply.

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## Germany

The Government of *Germany* reports that Council Directive 94/45/EC (22 September 1994) on the establishment of a European Works Council was given effect in national law by the European Works Councils Act in October 1996. This Act creates the necessary conditions for safeguarding the rights of employees to be informed and consulted about Community-scale undertakings and/or groups of undertakings, thereby complementing Germany's Works Constitution Act (1972). In December 1997, the European Council adopted Council Directive 97/74/EC extending Directive 94/45/EC to the United Kingdom. The European Works Councils Adjustment Act of 22 December 1999, which gives effect to this directive, correspondingly expands the scope of the previous Act.

According to the *Confederation of German Employers' Associations (BDA)*, MNEs, like all other enterprises in the country, contribute to the promotion of economic and social welfare and the other objectives mentioned in paragraph 1 of the MNE Declaration. Anti-trust laws and anti-trust authorities prevent the concentration of economic power in the country to the extent that such concentration restricts competition by any enterprise.

## Ghana

The *Trades Union Congress (TUC)* reports that its experience has been encouraging because MNEs promote economic and social welfare, create employment, and improve living standards, thus satisfying basic needs. The operations of MNEs may lead to a concentration of economic power; however, this happens within national policy objectives and in the interest of workers. It notes that the MNE Declaration principles serve as a guide to mutual coexistence. All three parties are involved in furthering the aims of the MNE Declaration as it is a tripartite issue.

## Greece

The *Federation of Greek Industries (FIG)* reports that MNEs have contributed to the promotion of economic and social welfare, the improvement of living standards, the satisfaction of basic needs, job creation and the enjoyment of basic human rights. The activities of MNEs have not given rise to a concentration of abusive economic power contrary to national policy objectives or workers' interests. The Government, in consultation with the employers' and workers' organizations, pursues policies that can serve the aims of the MNE Declaration.

## Guatemala

The Government of *Guatemala* states that, in general, the experience has been positive with regard to the contribution made by MNEs in the promotion of economic and social welfare, the improvement of living standards, satisfaction of basic needs, creation of employment opportunities and the enjoyment of basic human rights. It also considers that the way in which MNEs organize their operations has not led to a concentration of economic power. The Government has taken relevant measures since 1996, such as the Foreign Investment Act, the General Electrification Act, the General Telecommunications Act and the General Hydrocarbons Act.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* states that in Guatemala, MNEs have not had a common policy and, in some cases, their individual policies differ from those of the Government. It considers that MNEs have not concentrated their economic power except in isolated cases of monopoly, but these have been without significant consequences. It further states that the Government of Guatemala has not implemented policies relating to the MNE Declaration.

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## Guyana

The Government of *Guyana* reports that there has been an upsurge in foreign investment resulting in some positive impact in terms of economic and social welfare and improvement of living standards. However, problems of unemployment and underemployment still persist. The Government notes that the way MNEs have organized their operations has led to a concentration of economic power in some instances in which more benefits are enjoyed by the foreign “parent companies” than in the host country. As to government initiatives with regard to MNEs’ activities since 1996, the Termination of Employment and Severance Pay Act (No. 19 of 1997) was enacted, and covers all persons who are employed, including employees of MNEs. Like other new laws and policies, the Act was discussed in the tripartite body, which meets on a monthly basis.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that, in the context of globalization and the completion of the EU integration process, the role of MNEs in the Hungarian economy is strengthening and has a great impact on living standards and, in broader terms, social policy. MNEs contribute to the creation of new jobs and the implementation of national employment policy proportionally to their growing role. MNEs integrate organically into the Hungarian legal system. Hungarian labour legislation now basically complies with EU and international principles, a development which has reduced the “sporadic conflicts of earlier times”. Means and mechanisms of cooperation between the Government and MNEs were created by the mid-1990s, and consultations regularly take place on various professional issues including short-term and mid-term wage policy and employment policy. The Confederation of Hungarian Industrialists, one of the tripartite partners, which conducted widespread inquiries among employers adds that the role of MNEs is stronger in the development of the economy (building factories, up-to-date technology, advanced market operations and organization management) than in promoting social welfare. The employers indicate that MNEs greatly improve the equilibrium of the national economy through capital investments and also transform professions so they can survive in the context of globalization. The employers report that new jobs were created in the majority of companies responding to the Survey though the numbers of jobs varied according to the enterprise’s size and industry. Due to their high productivity rate, MNEs operate with a substantially smaller number of workers than the Hungarian average, so their direct employment benefits affect a relatively small social group which enjoys many improvements in their standard of living, such as receiving 13th and 14th months’ salary; receiving regular salary increases and bonuses, enjoying sports facilities, discounts on company products, pension plans, life, accident and travel insurance, medical care and access to education, training and support for degrees in higher education. Primarily management and better-qualified employees enjoy more favourable conditions. With regard to concentration of economic power, the employers observe that due to their capital investments, economic importance, technological superiority and export share, MNEs play a leading role in Hungary’s economy, and substantially contribute to the improvement of the country’s economic equilibrium and the survival of certain industrial branches; their influence is also obvious in political life. Corporate concentration gathered momentum with the growing influence of MNEs. The employers report that they know of only a few cases of abuse of economic power, mostly in smaller foreign-owned but not multinational companies. The manoeuvring room of trade unions is reduced because of the decrease in the unionization rate, but the employers do not know of any significant conflicts or infringements of law. With regard to laws and policies, the employers point to amendments to the Labour Code which provide security for employees in the event that the legal identity of the employer changes. The employers report that legislation such as the new Act on small and medium-sized enterprises, the strengthening of the outsourcing base, or funding for the establishment of research and development facilities, all support the

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objectives of the MNE Declaration. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions and the National Federation of Workers' Councils, tripartite partners, report that the main objective of MNEs within their branches is to make the best possible profit in conditions favourable to them. The trade unions state that cheap, reliable, well-trained labour, as well as favourable conditions provided by the Government, attracted MNEs to Hungary. The trade unions acknowledge that MNEs bring up-to-date technologies into national industry that have a positive impact on export activity, but they have not enhanced the standard of living for those who lost their jobs due to downsizing. According to the trade unions, MNEs "axed" more jobs than they created. The trade unions indicate that the role of MNEs is too complex to explain with general responses to general questions. In many cases, for example in the meat, glass or ceramics industries, MNEs simply closed down facilities they had purchased under fair or unfair circumstances, causing serious problems to employees and raising questions of human rights. The trade unions acknowledge that, with some exceptions, MNEs are trying to comply with legislation. However, they say that it is crucial for MNEs to show a positive example to domestic enterprises and further report that consultations with social partners are not yet at the expected level.

## India

The Government of *India* reports that MNEs make an important contribution to the economic and social progress of the country and the creation of employment opportunities. It adds that MNEs operate and make investments within the framework of national policies, laws and regulations, and hence, there is no conflict with national policy objectives. However, the Government notes that there are apprehensions in the trade unions that MNEs contribute to "outsourcing" and "contractualization" of jobs thereby reducing the social security of workers.

## Indonesia

The Government of *Indonesia* reports that, until mid-1997, the amount of FDI and the role of MNEs in Indonesia increased significantly contributing to economic growth, employment opportunities and improved living standards. However, the implications of the growth of MNEs on basic human rights has not been determined. Since the mid-1997 onset of financial and economic crisis, the role of MNEs in the country has been decreasing. MNEs are widely diversified by ownership and by sector of the economy, so the operation of MNEs does not lead to a concentration of economic power. In the mid-1990s, the Government issued policies on deregulation, which are still applicable. The Government reports that there have been no new governmental policies since 1996 that refer specifically to the MNE Declaration.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* indicates that, within the framework of a series of economic and social agreements negotiated on a tripartite basis at the national level, the latest of which is "Partnership 2000 for inclusion, employment and competitiveness (1996-2000)", the contribution of MNEs to the economic and social development in the country has been very significant. The successful strategy adopted by the Government to attract foreign-owned MNEs had provided significant growth in employment opportunities, and the living standards of workers engaged by them have improved considerably. While enjoying favourable tax treatment, MNEs' contribution to the national economy also provides resources for improvements in national social services. According to the latest data (1996), MNEs produce over two-thirds of gross output and make up nearly 50 per cent of all manufacturing employment in Ireland. Almost 40 per cent are US-owned, 16 per cent British-owned and 13 per cent German-owned. MNEs export on average 90 per cent of their output compared to 33 per cent by national



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enterprises. MNEs are a strong and influential lobby, seeking to influence economic policy and strategy. The national tripartite agreements, including the latest Partnership 2000, contain measures to exploit the potential offered by MNEs, build and strengthen indigenous industry and improve linkages between multinational and indigenous enterprises. The Transnational Information and Consultation of Employees Act, 1996, was enacted giving effect to a European directive (1983). Developments have taken place on a tripartite basis.

## Israel

The *Histadrut (General Federation of Labour)* reports that, in general, MNEs have not invested in Israel with the exception of the high technology sector in which several companies (names of three MNEs given) employ the largest number of workers and which, as a sector, is not organized. It reports that, since the situation in Israel is not like other countries, it has difficulty filling in the questionnaire.

## Italy

The Government of *Italy* states that MNEs contribute to economic and social development, the satisfaction of essential needs and employment creation in line with national legislation, ILO Conventions, and employment contracts. Despite the policies pursued to promote new foreign investments in Italy, especially in the less developed areas, where the unemployment rate is high, the amount of FDI declined from US\$3,700 million in 1997 to US\$2,611 million in 1998. The Government also notes that in December 1999 an MNE (name given) engaged in the manufacturing sector announced, at short notice, its desire to close down its plant in Cisterna di Latina in the Province of Latina affecting its 560 employees. However, another MNE (name given) in Brindisi (Puglia region) ended its activities in consultation with the regional representatives of the Ministry of Industry and Labour, the industrial associations and trade union representatives, which allowed for the re-employment of the productive workers with arrangements for the retirement of all the eligible workers. During the period under review, no cases of concentration of economic power and abuse by MNEs contrary to the workers' interest have been observed, and no specific policy measures were adopted to further the aims of the MNE Declaration.

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers' Unions (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, indicates that they consider both Italian and foreign MNEs to be an integral part of the country's economy. MNEs can constitute a factor in social development in so far as they contribute to productive activity and economic development, respect the fundamental Conventions of the ILO, national social agreements and employment contracts. During the period under review the CISL, CGIL and UIL report no knowledge of cases of concentration of economic power or abuse contrary to workers' interests. They do not believe any specific political actions or proposals were presented in connection with the MNE Declaration.

## Japan

The Government of *Japan* reports that Japanese companies continue to move into other countries and that it has implemented various measures to assist its enterprises to carry out their overseas business activities smoothly. The Government reports that in 1989 the Council on Industrial Structure issued a proposal, "Action (ten items) expected of enterprises in development of their overseas business activities", which provided, among other things, that Japanese enterprises in other countries should respect trade unions and establish good industrial relations. The Government notes that it has publicized this proposal to the domestic industrial organizations of the enterprises concerned. In 1992, the

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“ten items” in the proposal were partially revised and a provision was added to address safety. In addition, the Japan Institute of Labour (JIL) distributed a practical personnel manual, compiled by region, to address overseas labour issues, and, since 1990, the JIL has conducted seminars in Japan on the overseas labour situation. Recent seminars also offered information on EU market integration. Recent JIL seminars included one on setting up operations in China featuring scholars and personnel administration officers of Japanese enterprises operating in that country already. The JIL held seminars in Tokyo, Osaka, Fukuoka and other locations during the most recent period on themes including business and employee management, and industrial relations conditions in China. In addition, the Government reports that, since 1991, the JIL has conducted 13 seminars in host countries for personnel and labour relations officers of Japanese enterprises, including seminars in countries in Asia, the United States, the EU and Latin America on topics ranging from employment management to industrial relations. In 1999, the Japanese Government commissioned a study in 23 countries, using workers, employers and research institutions to collect information on a range of labour and economic problems resulting from rapid changes in political, economic and social circumstances abroad. The Government reports that, in 1998, it conducted a survey concerning the actual living and working conditions of Japanese workers in overseas operations. The results of this survey are public; the 1999 survey on the same topic is under way and the results will be released in 2000.

The *Japanese Trade Union Confederation (JTUC-RENGO)* states that foreign-affiliated enterprises do not have a significant impact on the Japanese economy, industries, employment or industrial relations because they only provide a small number of jobs. In the current wave of globalization and “mega-competition”, the operation of MNEs (personnel and employment policies) may have a certain impact on industrial relations in Japan. JTUC-RENGO reports that there are about 2,000 enterprises that are majority foreign owned, comprising 250,000 employees and sales of 20 trillion yen. JTUC-RENGO points out that, given Japan’s total labour force of 56 million, foreign enterprises do not have significant impact. JTUC-RENGO further notes that there is increasing FDI used to buy out Japanese enterprises and start new businesses, especially in finance, insurance, securities, automobiles, leasing and retail, and FDI-related employment is likely to exceed 500,000 in a few years, which may have an impact on employment and wage systems.

## Jordan

The Government of *Jordan* reports that many benefits have resulted from the presence of MNEs including the creation of job opportunities, the improvement of living standards and quality of life for workers, the training of Jordanian workers in new fields of work and new technologies, and the improvement of administrative systems for workers. MNEs have not adopted policies or organized operations that have created real disputes or violated laws. Several laws affecting MNEs were adopted since 1996, including Labour Law No. 8/1996, Customs Law No. 20/1998, Companies Law No. 22/1997, Investment Encouragement Law No. 39/1997, Finance Paper Law No. 23/1997, and National Production Law No. 4/1998. All laws were adopted after many consultations with all parties concerned. The Government notes that the Labour Law was adopted by Parliament after several years of negotiations with the social partners.

The *Amman Chamber of Industry (ACI)* concurs that MNEs in Jordan create employment opportunities and improve living standards. Some foreign investors in banks fired their employees to save expenses, an action which led to an industrial dispute that was later settled. The purposes of the newly adopted laws are: the Customs Law aims at simplifying customs procedures for importers and exporters; the Companies Law allows any national or non-national to form a company in Jordan through a simplified procedure; the Investment Encouragement Law encourages any interested party to invest in any industry with or without a Jordanian partner; the Finance Paper Law facilitates trading,

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irrespective of nationality, in Jordanian financial shares and bonds; the National Production Law conforms dumping laws to WTO measures and policies.

## Kenya

The Government of *Kenya* reports that most of the MNEs and local investors have been responding to government initiatives and incentives encouraging investment in various economic sectors. MNEs have “undoubtedly” contributed to economic and social development in the country through the reinvestment of their profits into the economy, thus increasing the country’s GDP, and the creation of employment opportunities, resulting in a rise in living standards. However, foreign-owned MNEs tend to dominate the operations in most economic sectors as local investors lack sufficient capital to invest in large-scale operations. Initially MNEs used to concentrate their activities in the manufacturing sector although over the years they have extended their operations in floriculture, agriculture, mining and service sectors. They have also contributed immensely to the transfer of technology as they have heavily invested in the manufacturing sector. The way the MNEs have organized their operations has not led to a concentration of economic power. Since the adoption of various structural adjustment programmes, the country’s labour laws have been under review so that they might be brought in line with the changed economic situation. All the social parties are equally represented on the tripartite Labour Advisory Board of the Ministry of Labour, which is entrusted with this task. The recommendations of the independent chairperson are being examined by the competent authorities pending their adoption into law.

## Korea, Republic of

The Government of the *Republic of Korea* notes that, since the economic crisis, MNEs are contributing to the Korean economy by increasing foreign currency reserves, stabilizing job creation, introducing sophisticated technology and creating a transparent corporate culture. There is an apprehension that the entrance of MNEs into the Korean market causes a concentration of economic power, including selling off companies at “firesale prices” and employee lay-offs. The Government suggests, however, that a closer look reveals positive developments from the presence of MNEs, including competition between companies, technology transfer, improvements in financial structures and enhanced transparency. The Government reports that the Fair Trade Law punishes MNEs involved in unfair practices such as price-setting, or using their dominant position to increase barriers to entry by competitors. The Government reports the following actions in the recent period to effect FDI liberalization: opening 41 businesses to FDI, in phases, including property leasing; completely liberalizing the foreign acquisition of land; transforming the acquisition system from approval into reporting; doing away with restrictions on the ability of foreigners to purchase houses, commercial properties and non-commercial properties; allowing foreigners to carry out mergers and acquisitions. The Government also reports that: it adopted the Foreign Investment Promotion Act in November 1998; increased the tax reduction period from eight to ten years, extending tax reduction to more advanced technologies as well as to industrial support services; set up the Foreign Investment Support Centre at KOTRA (Korea Trade Association) to offer foreign investors consultation, information and approval at one site and to provide an ombudsperson to assist with difficulties by foreign company staff in management and daily living. There is increased flexibility in the labour market and an improved labour environment because of the June 1998 implementation of a “lay-offs and workers’ dispatch system”, expanding employment insurance to workplaces with more than one worker, changing the wage system into a merit-based one, and improving the severance payment system. Regarding consultation with workers’ and employers’ organizations, the Government reports that discussing and deciding on the reform agenda at the Tripartite Commission was a way to minimize anticipated social conflicts in the face of the economic crisis.

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The *Federation of Korean Trade Unions (FKTU)* agrees, in general, with the Government that FDI has played a significant role in contributing to the quick recovery of the Korean economy, job creation, the improvement of corporate management, and the introduction of technology. The FKTU notes, however, that the current FDI trend is quite different from earlier investment, with a focus on speculative investment in financial markets without resulting in new jobs. The domination of foreign capital in the Republic of Korea is increasing, with about 7 per cent foreign ownership in the Korean stock markets. Foreign ownership in the top 100 enterprises is “surprisingly high”. FKTU reports that foreign investors have an influence on policies and decisions in nearly all industrial fields, including labour relations. FKTU notes that a foreign chamber of commerce (name given) developed a 1999 White Paper to put pressure on the Korean Government to revise labour laws and make them more favourable to foreign capital. FKTU notes that it is not hostile to FDI, but “may be hostile to the impolite attitude of foreign investors” who do not follow domestic and international customs and regulations on industrial relations. The social partners have discussed and agreed upon many labour issues at the Tripartite Commission, but issues regarding MNEs have never been discussed among the social partners. The policy of the Government supports “the demands of the capitalists rather than those of low-income classes”.

#### Kuwait

In their joint response, the tripartite partners of *Kuwait* report that very few MNEs operate in the territories and that these have no effect on development or job creation. Given the rules and regulations governing the operation of MNEs, their activities do not conflict with national objectives. In the process of enacting laws and implementing projects, the social partners are involved.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that in the recent period Latvia has attracted significant FDI due to its openness, dynamically growing economy, liberal market regime, developed infrastructure, cheap and qualified workforce and comparatively low income tax rates. FDI increased from US\$936 million in 1996 to US\$1,685 million in the first half of 1999. Fixed capital investments grew from US\$675 million in 1996 to US\$1,138 million in the first half of 1999. LBAS reports that in recent years an increasing amount of FDI is from those MNEs already active in Latvia; such reinvestments have increased from 10 per cent in 1996 to 20 per cent in 1998. LBAS notes that the attraction of FDI is a priority economic objective of the Government of Latvia, which formed a Foreign Investors Council to promote institutional dialogue between the Government and the main foreign investors. LBAS lists 15 foreign enterprises (names given) that are members of the Council as well as the directors of Chambers of Commerce of the United States, the United Kingdom and Sweden and directors of entrepreneurship associations of Germany-Latvia. The issues discussed in this 1999 bilateral dialogue between the Government and foreign investors, including the availability of a qualified workforce, improvement of the educational system, tax policies and administration, are also issues of interest to the trade unions. The operation of MNEs has not yet led to a concentration of economic power due to their “fragmentary nature”, including their participation in a variety of branches, the existence of small enterprises and the small percentage of fixed capital they represent. National legislation provides the framework within which MNEs must operate. In cases of privatization, their activities are also regulated under privatization regulations which can provide, for example, that a certain number of employees must not be dismissed for a defined period of time after the change in ownership.

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## Lebanon

The Government of *Lebanon* reports that MNEs operating in the country must abide by national commercial law and the Labour Code which, in article 8, explicitly includes foreign firms in its scope. All enterprises must employ a certain number of Lebanese and comply with laws regulating the employment of foreigners. MNEs, in general, contribute positively to the economic and social development of the country and to job creation. The Government reports that it has taken measures to encourage FDI, including reducing income tax and customs duties on imports. Through its General Institute for Encouraging Investments, the Government provides the following services: detailed and reliable information on the investment climate including incentives and opportunities available for private investment; coordinating public and private programmes to develop important sectors such as manufacturing, tourism, agriculture and health care; assisting investors to set up companies; providing broad-ranging assistance in implementing projects; establishing a “one-stop shop” for investors to acquire all necessary permits/licences, etc.

## Lithuania

The Government of *Lithuania* reports that no particular abuses by MNEs have been noted. In some cases, when foreign companies are buying state-owned enterprises dominant in certain sectors, working groups including state and local authorities work with investors to address problems of development of sectoral activities, investment, and employment. Recent groups have been formed for the sugar industry and milk production. Infringement of the labour laws, which are binding on all enterprises, including MNEs, does occur in both MNEs and national enterprises (names of two joint-stock companies given). Draft legislation is prepared by the Tripartite Board of Lithuania, which receives proposals from permanent commissions of labour relations and payment. In 1999, the permanent commissions considered and submitted conclusions to the Tripartite Board on such problems as irregular labour conditions, problems of payment or delayed payment of wages, and limitations on working time.

The *Confederation of Lithuanian Industrialists (LPK)* reports that concentration of economic power in MNEs has created a tension between social partners, negative public reaction and social breaches (repeal of concessions, increasing tariffs for services, etc.). The LPK adds that it is not aware of any consultation between the social partners on the establishment of MNEs in Lithuania, and cites an example of a law reform initiative during a privatization process of which the social partners were not notified and in which they did not participate.

The *Centre of Lithuanian Trade Unions (LTUC)* adds that the concentration of economic power in MNEs has led to unrestrained rises in the price of goods and services and a rise in unemployment. It also states that no consultations were held with trade union organizations before the adoption of laws on MNEs.

The *Unification of Lithuanian Trade Unions (LPSS)* reports that FDI has grown steadily over the past five years, particularly due to privatization (names of 15 companies investing or locating in the country given), and that MNEs play a significant role in the economic development of the country. They draw upon a qualified but cheap labour force, without seeking to increase wages.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* report that three regimes are used to govern investments: the droit commun, the Investment Code and the Industrial Free Zone Code. Following a change in government policy in 1996-97, the Investment Code has been repealed to promote FDI and create a vibrant exports sector. As an

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instrument to attract foreign investment, the code for free zones provides for improvement of local professional skills through training and transfer of new technologies as well as job creation since local enterprises are not able to absorb the local labour supply. However, practice reveals that the principles of the legislation are frequently transgressed, leading to practices that run counter to the fundamental rights of workers. There is a progressive trend toward MNE economic concentration as Madagascar is highly dependent on imports (40-53 per cent of inputs); in addition, 75 per cent of inputs used by MNEs are of foreign origin. This situation gives a lot of power to management in negotiations on wages and conditions of work. The USAM further report that no laws, policies, measures or actions with regard to MNE activities have been adopted by the Government during the reporting period.

## Malaysia

In their joint response, the tripartite partners of *Malaysia* indicate that MNEs have contributed positively to the promotion of economic and social welfare and have generated employment opportunities, leading to improved living standards. In some cases, however, MNEs have ceased their activities on short notice, resulting in thousands being unemployed all of a sudden, which has been a source of anxiety in the country. The Government and the Malaysian Employers' Federation (MEF) agree that MNEs have not organized their operations leading to a concentration of economic power, and the employers add that the economy is well diversified and not concentrated in MNEs. However, the Malaysian Trades Union Congress (MTUC) is of the view that MNEs have a dominant position in the electronics sector and play a major role in other sectors of the economy as well. The tripartite partners report that no specific laws apply to MNEs and, hence, all enterprises are treated equally.

## Malta

The *General Workers' Union (GWU)* reports that there are four major MNEs in Malta, operating in the electronics, toy and banking sectors (names of MNEs given). The MNE in the electronics sector accounts for approximately 55 per cent of Malta's total export revenue and has significant impact on employment. The national economy is therefore "precariously dependent" on this particular MNE's operations. As an example, the union notes that Malta ratified the ILO Night Work (Women) Convention (Revised), 1948 (No. 89), in 1965 but denounced its ratification in 1991 despite trade union objections because of the MNE's (name given) influence. The electronics MNE and the banking MNE (names given) are Malta's largest private sector employers. According to the union, the electronics MNE (name given) has good employment standards and is in a position to influence national working conditions standards. The way that MNEs have organized their operations has led to a concentration of economic power, abuse and conflicts with national objectives and the interests of workers. No new laws, policies or action regarding MNEs have been adopted by the Government in the reporting period.

## Mauritius

The Government of *Mauritius* states that MNEs make a very positive contribution in the country to economic and social welfare, improvement of living standards, satisfaction of basic needs, creation of employment opportunities and the enjoyment of basic human rights. The way in which MNEs organize their activities has not led to a concentration of economic power. In January 2000, the Government passed the Development Incentives (Regional Headquarters Scheme) Regulations to encourage MNEs to use the country as their base of operations in the region.

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## Mexico

The Government of *Mexico* reports that MNEs have played a positive role in improving working conditions and living standards, with the effective wages per employee increasing at an average annual rate of 1.8 per cent between 1996 and 1999. Wages are equivalent to more than nine times the minimum wage. The Government reports that employment increased by an average of 14.2 per cent annually during this period. The Government reports that MNEs respect national labour law. Mexican law includes mechanisms to prevent the concentration of economic power in MNEs, without compromising corporate efficiency. Under the Regulation to Promote and Regulate Mexican Investment, MNEs are legally obligated to present information on their investments and operations no more than 60 working days after they take place. The Government states that it has no information regarding disputes between MNEs and national policy objectives because MNEs must operate in compliance with national law, especially the Foreign Investment Law. In the event there are such disputes, the Governing Council of Conciliation and Arbitration (JFCA) is the industrial tribunal established under the Federal Labour Law to hear and settle labour disputes of a federal nature which may arise between workers and employers regarding industrial relations. The JFCA applies the Federal Labour Law, collective agreements, the Contracts Act and other industrial legislation pertaining to working conditions and industrial relations in all disputes regarding national or multinational enterprises. The law relating to MNEs, which predates the reporting period, complies with the aim of and spirit of the MNE Declaration.

The *Confederation of Mexican Workers (CTM)* reports that the established conditions and rules relating to MNEs have not changed, given that the objective is job creation and economic growth. It confirms that there has been progress in employment generation in Mexico, but it notes that the industrial restructuring process resulting from the North America Free Trade Agreement (NAFTA) signed with the United States and Canada has raised issues concerning supply of workers.

## Moldova, Republic of

The Government of the *Republic of Moldova* reports that it has sought to promote optimal conditions for FDI and export in order to address the current national economic situation by accelerating structural reforms, supporting entrepreneurs, improving corporate management, generating new jobs and the transfer of technologies. Unfortunately, the results have, so far, not been as positive as expected and the creation of several MNEs has not contributed to an improvement of the labour market situation. However, it notes that there are prospects for MNEs to make an important contribution to the economic recovery and reduction of the unemployment rate in the future. The MNEs do not have a dominant position in the ownership and operations of the national economy and the way they are organized has not led to any concentration of economic power. There has been a constant effort to improve the legislative framework that covers different economic and social areas in keeping with international human rights principles. Accordingly, a series of legislative instruments in the labour and social security domain have been drafted during the reporting period. On 19 July 1996, Act No. 985-XIII on restructuring enterprises was passed. It creates a favourable condition for setting up MNEs and local enterprises under new forms of ownership. A number of legislative instruments have also been passed providing for the creation of SEZs to attract foreign investment. These include: Act No. 1527-XIII of 19 February 1998, on the creation of the “Valcanes” Industrial Park; Act No. 1529 of 19 February 1998 on the creation of the “Tarcalia” Industrial Park; and, Act No. 1565 of 26 February 1998, on the creation of “Otaci” Business Park. Negotiation and collective bargaining agreements play an important role in social protection and the promotion of social dialogue. Further, the Government has approved the proposal to develop a social dialogue system by issuing Decision No. 356 of 26 April 1999, which provides for the principle of voluntary negotiation between the social partners. The Trade Union Bill and

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the Employers' Organization Bill, which are under review by Parliament, are expected to be passed, reinforcing social dialogue. The Bills concerning the creation of the National Placement and Vocation Training Agency and the Unemployment Fund are due to be passed in the near future. Act No. 332-XIV of 26 March 1999 is in place, with the aim of creating a favourable climate for the development of entrepreneurial activities. Once this law is passed, the number of activities requiring government authorization will be greatly reduced. Among the fundamental measures to renew the economy are measures aimed at enterprise restructuring and reform provided in Decision No. 340 of 26 April 1999. Industrial enterprises will have to change their sale policies, reduce their production costs, convert short-term into long-term debt and so on. In addition, Decision No. 1038 of October 1999 on the approval of modifications and completion of certain decisions, facilitates the procedure for registration of enterprises. Laws and bills have been drafted with the participation of employers' organizations and trade unions.

## Morocco

The *Democratic Labour Confederation (CDT)* reports the activities of MNEs in Morocco provide relatively stable employment and wage levels higher than those in domestic companies, resulting in less social strife than in local companies. The Confederation reports that, despite these positive contributions, the fear of relocation of MNEs and resulting lay-offs remains high. The Confederation notes that the Moroccan Government's general policy is to provide a positive environment to attract FDI and that, especially with a recent increase in unemployment levels, it is encouraging investment to provide work opportunities. There is a certain amount of economic concentration in some sectors, such as detergents, carbonated drinks and dairy by-products. Though this may lead to "certain excesses for the consumer", the union has not noted any infringement on the interests of workers. No laws regarding the activities of MNEs have been promulgated since 1996 to further the aims of the MNE Declaration.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates that the experience with MNEs has been good, so far, as they help increase, maintain and expand the social and economic infrastructure. The OTM-CS believes that the way MNEs have organized their operations has led to a concentration of economic power, and that some MNEs abuse not only the rights and interests of workers but promote the sale of food products which are either past the sell-by date or inappropriate. MNEs, in comparison with other "foreign companies in the same category", pay low wages to the local workforce. A regulatory measure, to which unions contribute, was enacted concerning industrial free zones.

## Myanmar

The Government of *Myanmar* reports that the country's experience with MNEs has been limited. The way MNEs have organized their operations has not led to a concentration of economic power.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that although the number of MNEs in Nepal is not considerable, they have created employment opportunities and improved the standard of living for their employees who are well paid in comparison to those who work in other enterprises. However, MNEs do not assist social welfare and "no contribution towards the enjoyment of basic human rights has been observed". Concentration of economic power is a natural phenomenon in the operation of MNEs. MNEs have a comparative advantage over native entrepreneurs and can pay higher



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wages. MNEs have a great deal of influence in the administration of the country. Conflict between MNEs and workers exists, but no serious disputes or struggles have been observed. Since casualization and contracts are major forms of employment, union activities are not strong in MNEs. No new legislation was introduced during the reporting period except a revision of the Industrial Act to attract FDI, and was not based on any consultation with social partners.

## Netherlands

The Government of the *Netherlands* indicates that it is important to note that, in general, MNEs are treated in the same way as national enterprises under Dutch law. The information contained in replies to previous Surveys is still applicable.

## New Zealand

The Government of *New Zealand* indicates that a new government was elected at the end of 1999 and some of the national policies and legislation referred to in this report are presently under scrutiny of the new Government. In some cases, this scrutiny has led to decisions to repeal national legislation, including the Employment Contracts Act. According to the Government, New Zealand has generally welcomed and encouraged overseas investment from all countries. However, some controls are maintained both to ensure that undesirable investment (particularly in relation to land greater than five hectares in area) is discouraged and for statistical purposes. The Government recognizes the contribution MNEs make to the economy through the inflow of capital, increased competition and efficiency, encouragement of exports, inflow of knowledge, skills and technology and the provision of both direct and indirect employment. The operations of MNEs have not resulted in a significant concentration of “market power” or any abuse or conflict with national policy objectives or the interests of workers as they are required to abide by New Zealand statutory requirements. No new laws, policies, measures or actions have been implemented during the period covered by the Survey.

The *New Zealand Employers’ Federation (NZE)* indicates in its comments on the Government’s report that it agrees with the Government, adding that MNEs bring with them a wide range of management practices and increased access to global networks according to a major study done in 1995 for the American Chamber of Commerce in New Zealand. The issue of FDI remains contentious with “certain political parties” but “there is agreement among most economists about the benefits of FDI for the recipient country”.

The *New Zealand Council of Trade Unions (NZCTU)*, commenting in its report on the Government’s report for the Survey, points out that it is impossible to completely assess the effects of MNEs on economic and social welfare and that MNEs have used existing industrial relations legislation that does not comply with international labour standards with the same “de-collectivizing effects” as local business. Their operations have led to a concentration of power, particularly in the banking and telecommunications sectors, and abuses that may have occurred are similar to experiences in local enterprises under the Employment Contracts Act, 1991, which is to be repealed. The NZCTU notes that national elections held in November 1999 brought a new coalition government. This coalition has announced a programme which includes changes in economic, trade and industrial relations policy. It has made a commitment to ratify ILO Conventions Nos. 87 and 98. The NZCTU is being fully consulted as a social partner on the implementation of these policies. It notes that the policies of the 1996-99 period are largely of historical interest.

## Nicaragua

The Government of *Nicaragua* reports that its country’s experience with MNEs has been significant. MNEs maintain constant cooperation with the Government and with the

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social partners, provide permanent sources of work, apply social policies beneficial to the working class and foster social stability. MNEs observe labour, tax and other laws imposed by the country to ensure harmony with government policies. The Government reports that several law reform initiatives were undertaken during the reporting period; they were the subject of extensive consultations with the social partners. The Labour Code was adopted as Act No. 185 on 30 October 1996 and was published in the *Official Gazette*, Year C, No. 205 (30 October 1996). A Ministerial Decision was adopted on 23 January 1998 concerning work in the free zones of the Republic of Nicaragua, which recognizes that free zones are covered by national labour law. The Ministerial Decision provides that “labour relations harmony should be facilitated between workers and employers who develop activities in such zones, through standard-setting frameworks based on the principles of equity and social justice so as to ensure that basic human rights are not undermined, discriminatory measures are not used, and the general conditions of work established by law are not violated ...”. In addition, an agreement was signed between the free zone enterprises and the Ministry of Labour to ensure respect for international Conventions which Nicaragua has ratified prohibiting the exploitation of minors. The agreement supports a policy prohibiting recruitment of persons under 18 to work in the enterprises in the free zones. Moreover, the National Assembly of the Republic of Nicaragua adopted Decree No. 24-20, which amends Decree No. 46-91, known as the Industrial Export Free Zone Decree. It provides, inter alia, that, in order to benefit from any tax relief, the enterprises in a free zone must maintain a reasonable number of workers and must maintain the same level of wages and social benefits as those they offered in their request for admission to the free zones, and all individual employment contracts must meet these requirements. The Decree also requires free zone enterprises to adopt policies which foster the overall development of the worker and create conditions conducive to labour welfare and meet a range of standards on wages and overtime pay, social benefits, training, safety and health, the non-recruitment of minors under 14 years of age, freedom of association and the publication of information (including codes of conduct) to workers (section 25). In addition, it requires enterprises in the free zones to take a range of safety and protection measures, including informing workers of risk and hazards; taking necessary steps to reduce dangers; providing protective gear, first-aid equipment, training, adequate hygiene facilities and potable water; investigating accidents and taking appropriate corrective measures; and establishing an occupational safety and health commission for the free zones (section 26).

## Norway

The Government of *Norway* reports that the activities of MNEs have not given rise to conflicts with national policy objectives and that MNEs are legally in the same position as national enterprises. Existing national legislation fulfils the principles of the MNE Declaration, thus there is no need for any specific regulation of MNEs. Several legislative developments have been aimed at improving or securing cooperation between employers and employees. In 1996 the rules implementing the European Community’s Directive on European Works Councils came into force in Norway. The Government adds that in November 1995 the Norwegian Confederation of Business and Industry and the Norwegian Confederation of Trade Unions concluded a collective agreement on European Works Councils. Furthermore, a committee, including representatives of the social partners, drafted a report on employees’ rights when employed by groups of companies, whether national or multinational in nature.

## Oman

The *Oman Chamber of Commerce and Industry (OCCI)* reports that MNEs play a major role in the economic and social arena by creating employment opportunities and improving living standards through their taxes, which are diverted into other social sectors, such as health and education. In terms of concentration or abuse of economic power, there

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has been no difficulty since Oman does not allow any workers' organizations and all MNEs must comply with national policy objectives. There have been no new measures directed towards MNEs to further the aim of the MNE Declaration during the period under review.

## Pakistan

The Government of *Pakistan* replies that MNEs contributed toward the economic and social welfare, the promotion of industrial activities, the improvement of living standards and the creation of additional employment opportunities in the country. The way in which MNEs organize their activities has not led to a concentration of economic power. During the period under review, no specific laws, policies and actions regarding MNEs have been adopted.

The *National Labour Federation of Pakistan (NLF)* does not see any progress in respect to experience with MNEs, nor have any relevant laws been adopted during the reporting period.

According to the *Pakistan Labour Federation (PLF)*, only compulsory contributions are made by MNEs, those which are made to the Government in the name of a workers' welfare fund which is not being used for its stated purpose. The operations of MNEs have "certainly led to a concentration of economic power" at their headquarters and, indirectly, in the governments of developed countries where the headquarters are based. The PLF states that no new laws have been adopted to further the aims of the MNE Declaration.

## Panama

The Government of *Panama* states that during the period under review, the development policies in force, which are identified in a document, "Public policies for integral development: Social development with economic efficiency" attract FDI, increase productivity and exports of goods and services, increase employment, raise GDP, reduce poverty and achieve more equitable income distribution. Although the policies established for the reporting period did not explicitly include strategies to attract MNEs, they are designed to address restructuring of public enterprises in specific sectors, using privatization and concessions as means of improving services, cutting prices, and thus making the economy more competitive. Labour policy sought to create labour market conditions that would increase employment levels, make labour legislation more attractive to foreign investors and improve productivity. In order to attain these objectives, the Government reformed labour legislation to ensure greater flexibility in the recruitment of labour, thus allowing enterprises to cut their labour costs. Under the new laws special tribunals were established for the administration of some labour provisions formerly under the Ministry of Labour and Labour Development (MITRAL), thus reducing state intervention. The Government reports that, under a government programme for privatization, MNE contributions resulted – at least initially – in higher productivity, operational efficiency and lower costs in several privatized sectors, notably telecommunications and electric power, port operations and management and transport infrastructure; some results of privatization will need more time to assess. On balance, an assessment of the contribution made by MNEs towards national development during the reporting period is favourable in terms of economic and social welfare, the creation of employment opportunities (infrastructure development), improvements in productivity due to the introduction of advanced technologies and a contribution towards national efforts to raise the living standards of the population. As to concentration of economic power by MNEs, the Government indicates that general economic policy during the period under review was based on the principles of free competition and efficiency for national and multinational enterprises. Existing regulations were maintained and new machinery created with a view to preventing monopolies, collusion and a concentration of power. In the

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context of privatization, concession contracts were used to set a time limit for eliminating monopolies. The laws, policies and measures adopted by the Government during the reporting period were of a general nature intended for all enterprises, not just MNEs.

The workers' organization *Convergencia Sindical* states that 1995 and 1996 reforms of labour law and enactment of special laws on EPZs in order to attract more foreign investment and MNEs have led to deregulation and relaxation of labour standards, resulting in loss of jobs, higher costs, low wages and precarious conditions. It notes in particular the process of privatization of state enterprises which has directly involved MNEs in strategic economic development activities. Rather than improving social and economic welfare or creating new jobs, privatization has resulted in significant job losses and price increases, directly increasing the cost of living without concomitant wage increases. This has given rise to a series of conflicts with the objectives of national social policies and an alarming rise in poverty in the country and, in some sectors, a total lack of trade unionism. No measures and actions relating to MNEs' activities have been taken specifically to further the aim of the MNE Declaration, but the organization notes that new measures to attract foreign investment include: Act No. 19 of 1996 approving the Multilateral Agreement on Investment Guarantees; Legislative Decree No. 7 of 1997 establishing the National Economic Council; Act No. 54 of 1998 respecting the legal stability of investments; and Act No. 31 of 1999 amending the previous instruments.

## Peru

The Government of *Peru* states that MNEs play an important role in the Peruvian economy and Peru's experience has been favourable. It reports that privatization of state enterprises has led to more foreign investment, lower prices, and in general, a higher standard of living. The net result is higher productivity but not increased employment. The Government cites as an example the benefit derived from the generation of direct and indirect employment by the activities of an MNE in the telecommunications sector (name given) and the privatization of petrol stations. The presence of MNEs does not mean a concentration of economic power. The laws and regulations favouring investment and privatization of public enterprises existed prior to 1996 (specific citations given). In addition, in recent years, relevant supervisory and regulatory agencies have been created, including the Commission for the Promotion of Private Investment (COPRI), the Supervisory Agency for Energy Investment (OSINERG), the Supervisory Agency for Private Investment in Telecommunications (OSIPTTEL), the National Administration for Sanitary Services (SUNASS) and the National Institute for the Protection of Intellectual Property (INDECOPI).

The *General Confederation of Workers of Peru (CGTP)* reports that in Peru the installation of MNEs has had a negative effect because, whilst new technologies have been introduced, the social cost has been high due to the redundancies that have occurred (two names of MNEs given as examples; one of them the same as that named by the Government as indirectly creating jobs). The accent is placed on outsourcing in MNEs, with wages and working conditions being made more precarious as a result, and so workers cannot join trade unions and therefore do not have access to collective bargaining. CGTP also says that MNEs are given a free rein through the labour policy established by the current Government, so that the State itself can be considered "the main violator of international standards". The laws enacted since 1996 have led to an increase in abuse of workers and, as far as the MNE Declaration is concerned, confirm its view that the Government applies a vertical policy; workers are never consulted in the development of employment policy at macro and micro levels.

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## Philippines

The Government of the *Philippines*, which submits its reply through a number of government agencies, states through the Institute for Labor Studies (ILS) of the Philippine Department of Labor and Employment, that the country hosts 238 MNEs operating in the following sectors: mining, energy and water supply, construction, wholesale and retail trade, hotel industry, transport, storage, communication, financial services, real estate and commerce. Foreign investments complement national efforts of employment creation and transfer of technology. Depending on country of origin and on their changing regional strategies due to globalization, MNEs can bring positive or negative effects in terms of promotion of economic and social welfare, living standards, satisfaction of basic needs, job creation and observance of basic human rights. The Institute for Labor Studies (ILS) states that MNEs' weak impact on employment is evidenced by government figures showing that these enterprises employed approximately 1 per cent of the total workforce of the country in 1997 (citing figures of the Bureau of Labor and Employment Statistics; table included). Moreover, recent restructurings to rationalize and downsize activities have led MNEs to relocate elsewhere, where nine multinationals transferred their activities (names given), and two MNEs (names given) decided to relocate their operations elsewhere by early 1999, affecting more than 150 workers respectively. ILS refers to statements by the private think-tank, the Economic Intelligence (EIU), who indicated that globalization and the ensuing need to ensure competitiveness were two main factors underlying the decision of existing MNEs to restructure their regional operations. The ILS further refers to an EIU survey, quoted in the article, which listed concerns of MNE executives, in order of priority, such as inefficient infrastructure, bureaucracy, rigid labour environment and "capricious court system". MNEs' effects on employment in the country can also be revealed through foreign investment figures, that indicate a decrease in 1999 compared to 1998. The Philippine Economic Zone Authority (PEZA) of the Department of Trade and Industry states that one of the effective strategies to enliven the Philippine economy is to invite MNEs to set up manufacturing facilities in the country and engage in export from economic zones. PEZA reports a tenfold increase in annual ecozone investments between 1994 and 1998, of which FDI accounted for 92.5 per cent of "locator" investments (exports, services, utilities and facilities), and 15.3 per cent in ecozone development activities mainly realized through joint ventures with nationals (identifying FDI countries of origin with percentages). In all, 110 ecozones are registered under PEZA, 56 of which are already operating, with the rest in various stages of development. With respect to MNEs organizing their operations in a way that leads to concentration of economic power, PEZA reports no observed case of abuse or conflict during the last four and half years. ILS mentions that, in the framework of tripartite consultations held in 1997 to discuss issues related to MNEs and FDI, benefits, problems and issues surfaced. The Employers Confederation of the Philippines (ECOP) affirmed some of the benefits while workers' organizations, namely, the Trade Union Congress of the Philippines (TUCP) and the Federation of Free Workers (FFW), cited alleged violations by MNEs of the Universal Declaration of Human Rights, ILO Conventions, national laws and regulations and "ordinary standards of decency and equity". The FFW is also reported to have indicated that MNEs do not generate enough employment opportunities and that the jobs in MNEs entail low skills and are of a provisional and casual nature.

## Poland

The Government of *Poland* reports that foreign-owned enterprises play a significant role in the national economy. By mid-1999 there was more than US\$35.5 billion of FDI in Poland. Statistics of the Foreign Trade Research Institute illustrate the significant role played by MNEs in the national economy: in 1997, MNEs accounted for 12.8 per cent of all registered economic entities and 12.5 per cent of total employment; MNEs owned 15.3 per cent of capital assets and 27.7 per cent of active assets; MNE investments were 40.2 per cent of all investments in Poland; MNEs were responsible for 43 per cent of Polish

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exports and 49.9 per cent of Polish imports (tables attached). The Government notes the emergence of foreign capital concentration in the country, with the ten biggest foreign investors responsible for 30 per cent of capital investment, according to data from the Polish Foreign Investments Agency. Sixty-six corporations invested more than US\$100 million each, including five companies with more than US\$1 billion, the next five with more than US\$500 million, and 22 companies with about US\$200-500 million in investments. However, the Government has no knowledge of any cases of MNEs using their dominant position in an abusive manner, or in conflict with national policy objectives. Nevertheless, certain problems exist, including: the lack of cooperation between MNEs and the national research and development “basis”; and MNEs’ practice of using cheaper labour in other countries instead of domestic suppliers, while still treating Poland as the primary market for their products.

The *All-Poland Trade Union Alliance (OPZZ)* reports that the Polish experience with MNEs has been positive and brings the potential of promoting EU standards and building a “civil society”. There are cases where the labour law in force is not observed, such as in retail supermarkets, but a more positive experience with MNEs occurs in industrial production and in services, such as hotels. Legislation has not been changed regarding MNEs’ activities, though activities are ongoing to conform national laws to EU law. The OPZZ notes that national law is considered advantageous for MNEs.

The *Independent Self-governing Trade Union “Solidarność” (NSZZ Solidarność)* reports that, from the workers’ viewpoint, experiences with MNEs vary. There are examples of MNEs creating jobs, improving living standards and working conditions, ensuring good health and safety conditions and respecting human rights and trade union rights. NSZZ Solidarność reports that there have also been negative experiences, with some MNEs focused only on profit-making at the expense of the wages and working conditions of employees. NSZZ Solidarność notes a negative perception about some MNEs which, despite being known to respect workers’ rights and union rights in other countries, have effectively blocked trade unions organizing in Poland, mainly in supermarkets. MNEs have the strength and size to put Polish companies out of business. When there is high unemployment, MNEs dictate wages and working conditions, especially taking advantage of low-skilled labour who often work overtime without proper remuneration and are easily replaced. The union’s view resembles that of the Government’s in considering that MNEs frequently take advantage of cooperative supplies from other countries, treating Poland as a market for their products only. Despite attempts, there has been no consultation between the Government and trade unions. NSZZ Solidarność notes the positive role of the ILO in attempting to establish a full dialogue between the Government, employers’ and workers’ organizations.

## Portugal

The Government of *Portugal* states that the question is far too broad for a specific answer but MNEs have helped create jobs. As a result of investment agreements with the State, some MNEs have been instrumental in developing regions affected by industrial restructuring. Under the investment agreements, MNEs must provide workers with instruction in the latest technological developments and train them in their use, which is conducive to better employment. The Government states that the world economy is geared to conglomerates; however, there are few national statistics on MNE consolidation. There are data for 1996, 1997 and 1998 on foreign investment and disinvestment flows (included). In Portugal, there is foreign investment in 6,194 enterprises, 142 of which have more than 1 million escudos registered capital (US\$1 = 200 escudos). The Government considers that companies with a registered capital of more than 1 million escudos would include MNEs according to the criteria in the MNE Declaration. According to an unofficial study carried out in 1999 on the 500 biggest enterprises, 162 of them had foreign shareholders (18 different nationalities) with a controlling interest (table with data

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included). No specific policies or laws have been adopted since 1996 for MNEs. MNEs are covered by ordinary labour legislation as well as by collective agreements for the sectors in which they operate. Exceptionally, legislation was adopted which made the Central Directorate of Community-Sized Multinational Enterprises (DCEMDC) responsible for consulting and informing workers. The law in question is Act No. 40/99 of 9 June which introduced into domestic legislation Directive No. 94/45/EC of 22 September 1994 on European Works Councils. Workers' and employers' organizations were consulted as the law was being drafted. The Government further refers to a resolution adopted in 1999 by the Assembly of the Republic concerning enterprise relocation processes. See *infra* "Employment security".

The *General Union of Workers (UGT)* indicates that foreign enterprises undoubtedly lead the way in making the Portuguese economy increasingly international. Their share of Portuguese exports increased considerably through both direct exports from company branches and through subcontracting relationships established with domestic manufacturers (example of named joint venture in automotive industry given). Basic state support has been essential for foreign investment in a country which could be described as peripheral when it comes to a distribution network. MNEs, attracted by investment agreements with Portugal, and its location within the EU, are important for job creation and have helped local and regional development in depressed areas which were pools of unemployment. This was particularly true, for example, in one region (name given) where the departure of traditional industries caused massive structural unemployment. Not only did the arrival of MNEs bring about an increase in employment, it also prevented further collective dismissals or closure – or even the threat of closure – of companies which were acquired by MNEs. However, there have been instances of failure to perform investment contracts, causing very serious social problems by generating irreversible long-term unemployment (example given of a named company in the automotive industry in 1998). The UGT adds that in given sectors through franchising or other contracts, some MNEs enter national territory and import into the operations models of work organization and hiring systems which make a decisively adverse contribution to what is known as "the effectiveness crisis in the right to work". The UGT further perceives that globalization of the economy has led to economic concentration. This necessarily leads to abuses which run counter to workers' interests when it comes to the quality of employment and greater democracy in the decision-making process within the enterprise. In addition, these enterprises, indirectly, hold economic sway over a very large number of small businesses which are dependent on them. The union indicates that the Government has studiously ignored the MNE Declaration. However, the Assembly of the Republic issued a resolution on the process of enterprise relocation (also referred to by the Government). That resolution, which was adopted on 11 March 1999 as a result of a PCP draft, is not binding but more a declaration of principles, values and concerns to guide the Assembly of the Republic in any action it may take and in its relationship with other sovereign bodies on FDI and the relocation processes. However, the ILO and MNE Declaration are not specifically mentioned in it. For details, see *infra* "Employment security".

## Romania

The Government of *Romania* reports that direct international investments contribute considerably towards economic growth, employment, transfer of technology and structural adjustments. However, and despite the competitive production factors offered by Romania, such as a trained workforce, good local market and raw materials, the volume and quality of foreign investment are far from giving foreign capital the role of catalyst and stimulant that it could play in the transitional process towards a market economy. Moreover, while MNE operations have not really led to a concentration of economic power, according to the Government the behaviour of foreign investors demonstrates a clear preference for regions with the highest level of development which provide a competitive advantage. This regional disparity in foreign investment has led to growing interregional discordance.

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Legislation after 1996 was reformed to stimulate foreign investments and to grant certain facilities to foreign investors (Emergency Order No. 92 of 1997 and Act No. 241 of 1998 approving Emergency Order No. 92 of 1997). A continuing effort has been made to align labour and social protection with the aims of the MNE Declaration. In this context, a series of regulations has been elaborated which furthers the fulfilment of the MNE Declaration's goals. Recognizing the role of the social partners in establishing economic and social policy, the Government has given special importance to the institutionalization of social dialogue through the creation of the independent, tripartite Economic and Social Council (Act No. 109 of 1997). The Government has also adopted laws to promote employment and vocational training: Act No. 145 of 1998 establishes the National Agency for Employment and Vocational Training, an independent tripartite body of public interest, which coordinates employment and vocational training activities; and Act No. 132 of 1999 establishes the National Council of Adult Vocational Training, a tripartite independent administrative authority, with legal status and an advisory role. The Government has also created the Labour Inspectorate in the central public administration to monitor the application of laws on industrial relations, health and safety at work, social insurance and the protection of employees working under special conditions (Act No. 108 of 1999). Another law was adopted concerning certain protective measures for employees (Act No. 130 of 1999).

## Rwanda

The Government of *Rwanda* indicates that, in order to respond to this section, prior studies of MNEs are required and, to its knowledge, none have been conducted.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* concurs with the Government's view on the lack of studies on the contributions of MNEs. MNEs operating in the oil and beverage industries (names of MNEs given) have created de facto monopolies, abusing this position to push the prices of their products up. This, in turn, has led to "a spectacular increase" in the price of passenger and goods transport followed by price hikes in basic goods and services, eventually undermining workers' purchasing power. There have been no new laws, policies, measures or actions with regard to MNEs adopted by the Government during the reporting period, states the CESTRAR.

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* report that three MNEs operate in the manufacturing, banking and telecommunications sectors and their contributions to the gross domestic product is less than 10 per cent. However, MNEs have had a significant impact in terms of technology transfer, trade, employment and human resource development in the country. The impact of the lone telecommunications MNE's contribution in international trade, finance and national security has been particularly significant. In the telecommunications sector, the MNE's activities have led to a concentration of economic power, but the situation has not led to any expressed conflict with national policy or the interests of workers. No new laws, policies or measures have been adopted regarding MNEs since 1996.

## Senegal

The Government of *Senegal* reports that MNEs contribute to the development of the gross domestic product and increase employment. A number of MNEs operate in Senegal, the majority of which are of French origin. Senegal has subscribed to the 1998 Declaration on Fundamental Principles and Rights at Work, particularly by ratifying the seven basic ILO Conventions; consequently, it has hosted a workshop to promote that Declaration in 1999 and seeks to create an appropriate framework to ensure that the growth of enterprises is in keeping with the legitimate aspirations of the workers. Enterprises operate within the



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framework of the laws, regulations and collective agreements, which take account of the economic and social policy objectives defined by the State, the international Conventions ratified by Senegal, and the effects of globalization on the economy. In the field of labour law, the authorities ensure that workers' interests are always safeguarded in the development process. The Government notes that since 1996, there has been no specific social policy concerning the activities of MNEs. In 1997, however, the Senegalese authorities introduced new labour laws, in the form of a consensual text which is the result of fruitful tripartite consultations.

## Singapore

The Government of *Singapore* states that, given that Singapore is a resource-poor country, it has adopted an open economic system whereby MNEs are encouraged to set up their operations there through various incentive schemes. MNEs have played a major role in the economic development of Singapore and in technological transfers. They have contributed greatly to the country's GDP growth, creating employment and, as a result, raising the living standards in Singapore. In the manufacturing sector, Singapore attracted S\$8 billion in fixed asset investments in 1999, out of which, 77.5 per cent was contributed by foreign investments (i.e. MNEs). In the manufacturing services sector, total business spending was S\$1.6 billion in 1999, of which MNEs contributed 77.6 per cent. When fully realized, those investments would generate a combined value added of S\$7.7 billion, of which S\$5.9 billion will be for manufacturing and S\$1.8 billion for services. A total of about 20,900 jobs would be created. The Government further reports that the way that MNEs have organized their operations has not led to a concentration of economic power. The Singapore Government reports it has been working closely with the MNEs; to create a pro-business environment for the MNEs to thrive in Singapore; involving them in the upgrading of local industries through the Local Industry Upgrading Programme (LIUP); and in manpower training through schemes such as the Training and Attachment Programme (TAP), Services Capability Development Programme (SCDP), Specialist Manpower Programmes (SMP), Overseas Training Programme (OTP) and Skills Redevelopment Programme (SRP). For further details on training, see *infra* "Training" section. The 1997 Asian economic crisis was a prime example of the strong tripartite relationship between the employers, unions and the Government in Singapore. Through many sessions of consultation, the Singapore Government was able to seamlessly implement cost-cutting measures to increase Singapore's competitiveness. Among the recommendations adopted on a tripartite basis arising out of the 1997 Asian economic crisis, the Committee on Singapore's Competitiveness (CSC) has proposed that Singapore reduce overall wage costs by 15 per cent from the 1997 level in order to bring the relative unit labour cost back to the position in 1994, and substantially improve the country's international competitiveness. The CSC has recommended that part of this 15 per cent should be achieved through a 10 per cent point reduction in employers' CPF contribution rate, from 20 per cent to 10 per cent. The National Wages Council (NWC) has endorsed the CSC proposal and recommended that wages be reduced by 5-8 per cent from 1997 levels.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* report that the amount of foreign investment is small and MNEs have been operating in the country for only a short time. However, MNEs may have contributed to a partial reduction of the unemployment rate during that period. There is no information on cases of concentration of economic power on the part of MNEs that could lead to any abuse or conflict with the national policy objectives and interests of workers. The Government has adopted, in tripartite consultation, measures such as tax relief, reclassification of workers and other incentives to attract foreign investment. The Trade Union Confederation of the Slovak Republic points out that

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it continually demands that employers respect the principles contained in the MNE Declaration.

## Slovenia

The Government of *Slovenia* reports that Slovenian (as distinct from foreign-owned) MNEs play a significant role in the economy, especially in terms of exports, profits and sales. This is particularly valid in the manufacturing sector, where Slovenian MNEs created 24.4 per cent of all net sales, almost 25 per cent of all operating profits and 33 per cent of all exports in 1998 (figures included). Data indicates that MNEs in the corporate sector have grown steadily in terms of exports (an increase of 8.5 per cent), sales (5.2 per cent) and equity (4.5 per cent) over the period 1994-98 (data attached). MNEs show more promising trends in exports and sales than national companies, particularly in cases of companies which have strategic foreign partners that are majority shareholders – which is three-quarters of all MNEs in Slovenia, according to the Government. The Government indicates that, in general, the way MNEs organize their operations has not led to a concentration of economic power. Although the data shows that, in some sectors, there is a greater percentage of MNEs in the Slovenian economic market, this is due to the nature of the Slovenian market – extremely small – rather than the organization of MNEs (tables attached). The Government acknowledges that there are a number of obstacles to increasing FDI flows in Slovenia: the incomplete legal framework regulating corporate activities; the lack of available business premises and land for business, especially production; the fact that privatized companies have not begun comprehensive restructuring, therefore, minimizing the potential for strategic foreign partners; ambiguous signals about Slovenia's attitude towards FDI; and, until recently, the existence of an FDI policy that was "rather passive" and inadequately organized institutionally with inadequate incentive schemes for FDI. In 1999, Slovenian authorities adopted measures to address these obstacles. These measures included: adopting a Foreign Exchange Act; narrowing the definition of portfolio foreign investment for which a custody account is required from less than 50 per cent to less than 10 per cent of the foreign equity share of the company; and intensifying the role of the Trade and Investment Promotion Office of the Republic of Slovenia. The Government notes that these measures were insufficient, considering the decreasing FDI flows in 1999. Change is unlikely unless the door of privatization of state property to foreign investors is opened wide, a more active policy of promoting FDI is implemented and an all-out commitment to accelerate FDI and entrepreneurship, in general, is made by the Government and civil service. The Government notes that two steps have been taken in this direction. First, the World Bank's Foreign Investment Advisory Service has analysed "Administrative barriers to investors in Slovenia" with a view to holding workshops to define an action plan for implementation. The second is the Programme for the Promotion of FDI in 2000, adopted by the Government in January 2000. The main objective of the programme is to increase the annual net inflow of FDI from the current 1 per cent of GDP to 3 per cent of GDP in the next four years. The programme has two aims – to make the most of Slovenia's comparative advantage (geographical location, good communication and transport infrastructure, relatively well-developed and technologically advanced industry, well-educated labour force, openness of the economy and political and economic stability) and to overcome the main weakness of current policy in promoting FDI (namely the accessibility of building sites, financial incentives to greenfield investors and low mobility of the labour force).

## South Africa

*Business South Africa (BSA)* reports that MNEs play a pivotal role in the growth and development of the country's economy, as they contribute to the national GDP and tax revenue base through their normal profit-based activities. Moreover, MNEs are endowed with special social programmes and contribute to the "Business Trust for Job Creation and Human Capacity Development", a programme recently created by the business community

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aimed at creating jobs, enhancing capacity and building trust. MNEs have introduced more competition in the local economy, and many of them have invested in small and medium-sized enterprises. Larger MNEs – active in the automobile, petroleum, pharmaceuticals, electrical machinery and insurance sectors – operate in markets that are relatively concentrated but “contestable”. Tax incentives, granted for a five-year period for new investments realized under the industrial development zone policy of the Department of Trade and Industry, aim at developing selected corridors in the outlying areas of the country, such as the Maputu Corridor, involving road construction, infrastructure and industries, and the Coeger River, consisting of a deepwater port and industrial surroundings.

The *Congress of South African Trade Unions (COSATU)* refers to statistics (*Sunday Tribune*, 28 July 1996 and the Investor Research Centre, 1996; data included) that list the 20 largest MNEs (names given) in the country in 1996, including country of origin and number of employees per MNE. Even though total FDI inflows between 1994 and 1998 have been estimated at 40 billion rands (Business Map), the impact of MNEs on job creation is relatively small, as the 20 largest MNEs employ 116,145 workers while the unemployment level reaches 37 per cent with a corresponding job shortage of approximately 5 million; MNEs do not contribute substantially to direct job creation. COSATU indicates that certain companies from an Asian country (name of country given) operating in the textile industry often breach labour laws, undertake anti-union activities, and realize their investments under sweatshop conditions. MNEs play a predominant role in the petroleum refinery sector, which is strategic as the country depends on the importation of crude oil which is processed, refined and marketed as petroleum products. MNEs originating mainly from the industrialized countries (names of countries and companies given) own the major share of the four petroleum refineries and the two synthetic fuel plants in the country; total assets were estimated to amount to 16 billion rands in 1995 (data included). Concerning the measures adopted with regard to MNEs’ activities, the energy sector is currently restructuring and privatizing in order to enhance its competitiveness, resulting in job insecurity featured by outsourcing and precarious employment, as well as increased unemployment.

The *Federation of Unions of South Africa (FEDUSA)* makes a general statement on MNEs’ tendency to establish themselves in developing countries in order to benefit from cheap labour, low production costs, easy access to raw material, as well as to avoid home country labour legislation and realize quick profits. Larger conglomerates of MNEs and some other MNEs operating in South Africa have created employment opportunities and contributed to promoting economic and social welfare, satisfying basic needs and improving living standards. However, most MNEs tend to leave the country once their objectives are met as they are attracted by cheap labour elsewhere, leaving the unemployed vulnerable to the next MNE that approaches them. While many trade unions endeavour to protect workers by entering collective agreements and implementing a workplace policy, some MNEs do not allow for trade unions and conclude individual work agreements which involve temporary employment and contract work not covered by collective agreements. With respect to MNEs organizing their operations in a manner leading to a concentration of economic power, FEDUSA points to the retention of decision-making power within the home country by outfitting host country regional offices with home country manpower. It further indicates that cases of abuse and conflict with the country’s national policy objectives have occurred. The Federation states further that workers’ rights may be overlooked due to the “gratitude” of having employment, but that in cases of severe human rights abuses, trade unions investigate the matters or disputes are brought to the authorities or the judicial system for settlement. FEDUSA regrets, however, the fact that many workers are not aware of their rights, for example in the case of dismissal. Business, labour, community and the Government are involved in the adoption of new laws, policies and measures through their participation in the National Economic Development and Labour Council (NEDLAC), a tripartite institution where labour issues are discussed for

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the purpose of improving legislation. The parties through NEDLAC have been actively involved in the promotion of economic growth, economic decision-making and the achievement of social equity. NEDLAC has endorsed the ILO's "decent work" campaign despite the challenge posed by the double objective of employment creation and maintenance and improvement of employment quality. In light of the case of an MNE in the automotive sector (name and country of origin of MNE given) which brought its CEO from the home country, NEDLAC is discussing whether these businesses should be allowed to join. FEDUSA provides an overview of adopted legislation, e.g. the Basic Conditions of Employment Act, No. 75 of 1997, the Employment Equity Act, No. 55 of 1998, and the Skills Development Act, No. 97 of 1998.

## Spain

The Government of *Spain* reports that MNEs are subject to the same labour and social security legislation as any other enterprises operating in the country and that the term "multinational enterprise" is used in the country's legal system only for specific economic and fiscal purposes. However, in relation to new laws adopted to further the aims of the MNE Declaration, European Council Directive 94/45/EC (22 September 1994) on the establishment of European Works Councils was given effect in national law by Act 10/97 (24 April 1997). This Act governs the information and consultation processes with workers in Community-scale undertakings and/or groups of undertakings whose central management is in Spain, irrespective of the EU Member State of operation, or whose workplaces or enterprises are located in Spain. The adoption of Act No. 10/97 was preceded by dialogue with employers' and workers' organizations.

The *Spanish Employers' Confederation (CEOE)*, states that Spain's experience has been positive as regards the contribution that MNEs make toward economic and social welfare, improvement of living standards, and the creation of employment opportunities, among other contributions. As regards the presence of MNEs creating a concentration of economic power, leading to abuse and conflicts with national policy objectives and/or workers' interests, CEOE reports that this is not the case in Spain and, indeed, the country has experienced much the opposite.

The *General Union of Workers (UGT)* considers that, in general, the establishment of MNEs has promoted economic and social growth in the areas where they have been set up, but that the enjoyment of a greater or lesser degree of basic human rights is not seen to have been fostered just by the establishment of MNE operations. Economic and social progress in the regions where MNEs are located has proved to be uncertain and unstable as their continued operation in the country depends on the MNE's own international strategy and not on the socio-economic effects that such a decision may have on the region. With regard to potential concentration of economic power, UGT reports that both the installation of MNEs in Spain and their acquisition of holdings in national enterprises have led to a concentration of economic power, giving rise to abuse and conflicts with workers' interests, including decisions to close operations or disputes with workers (names of MNEs operating in various sectors given). Successive mergers and alliances between multinationals in recent years have accelerated a concentration of economic power which, in a number of cases, exceeds the Government's ability to intervene in the conflicts of interests that arise. The UGT considers that the necessary steps to facilitate the participation of workers' interests in decision-making in multinational contexts have still not been taken. In so far as MNEs are operating within the EU, rights to information and consultation are now legally guaranteed and the results are considered by the UGT to be worth evaluating in the next few years.

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## Sri Lanka

The Government of *Sri Lanka* reports that MNEs have been in operation in the country for nearly one-and-a-half centuries, initially as plantation companies and companies that provided support services for plantations. Adoption of open market policies in 1977 was a “watershed” resulting in increased involvement of MNEs in the country. MNEs have “definitely made an important contribution” to the promotion of economic and social welfare, improved living standards, satisfaction of basic needs, creation of job opportunities and enjoyment of basic human rights. From the very inception, MNEs have contributed substantially to the GDP and creation of employment opportunities both by way of direct employment and indirect employment. Except for those that lack sound financial and management bases, MNEs offer a competitive package of terms and conditions of employment and thereby contribute to the improvement of living standards of their employees. There are no instances of concentration of economic power by MNEs that conflicts with the policy objectives of the Government and the interest of workers. No specific laws and policies with regard to MNEs have been adopted since 1996.

The *Employers’ Federation of Ceylon (EFC)* states that MNEs have played a positive role in the context of overall socio-economic welfare and concurs with the Government on points made relating to concentration of economic power and specific measures with regard to MNEs.

The *Ceylon Workers’ Congress (CWC)* confirms that MNEs have contributed positively to the economic development of the county. However, it notes that the operations of MNEs have led to monopolies and price escalation of some domestic products such as liquid petroleum gas (LPG). It concurs with the Government that no specific measures relating to MNEs have been adopted since 1996.

The *Lanka Jathika Estate Workers’ Union (LJEWU)* reports that the subject of MNEs is beyond its scope as a trade union confined to plantation workers, but presents its observations. The LJEWU comments that, despite the ongoing war in the north, Sri Lanka has been successful in attracting FDI. However, based on various surveys, the workers employed in MNEs do not seem to get a “fair deal” from their employers. The main benefit of FDI is the creation of employment opportunities but, despite the heavy profits gained by MNEs, there has not been substantial economic progress resulting in higher standards of living among the workers.

## Sweden

The tripartite partners of *Sweden* report that MNEs are subject to the same rules and agreements as domestic enterprises, therefore conditions in MNEs are no different. There are advantages to foreign ownership which include greater opportunities for expansion, greater access to capital, increased productivity, new skills and ideas and increased competition. Immediate closure of healthy companies and the relocation of production or development operations abroad are rare. According to both OECD and Swedish studies, the globalization of manufacturing companies has positive effects on productivity. The effects on employment are not clear but when companies increase their value added, employment is positively affected. Based on statistics produced by the National Board for Industrial and Technical Development (NUTEK), international manufacturing companies increased their share of industrial value added in the 1990s, amounting to 74 per cent of all of manufacturing’s value added in 1996. This suggests that MNEs in Sweden are reinforcing the conditions for both growth and employment in the long run. According to several Swedish studies, effects of MNEs’ outward investment on the home country have been more positive than negative with regards to investment in Sweden, exports from Sweden and domestic employment (tables and studies attached). Although NUTEK has not evaluated conflicts with national policy objectives or workers’ interests, recent big mergers

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between Swedish and foreign-owned companies have caused concern over the future effects, specifically the risk of relocation of certain activities abroad. In compliance with its European Union membership, Sweden implemented Directive 94/45/EC establishing a European Works Council and Directive 97/74/EC, extending the previous Works Council Directive to the United Kingdom of Great Britain and Northern Ireland in 1996 and 1999, respectively.

## Switzerland

The Government of *Switzerland* refers to the contributions from the Confederation of Swiss Employers (UPS) and the Swiss Federation of Trade Unions (USS/SGB).

The *Confederation of Swiss Employers (UPS)* indicates that the economy went through a period of stagnation until 1997, when there was an upturn in growth (GDP statistics attached). The number of unemployed has fallen since 1997 and stabilized at the end of December 1999 at 2.5 per cent (State Secretariat for Economic Affairs data attached). The Confederation, as a central employers' association, observes that the subsidiaries of MNEs in the country have not formed a separate association. They can join sectoral or regional employers' associations, making them welcomed members of the Confederation of Swiss Employers. In general, mergers tend to lead to concentration of economic power by their very nature and this can give rise to job losses. But in Switzerland, the balance of newly created jobs at the national level has been positive over the last few years. Laws or measures specific to the activities of MNEs have not been necessary during the period under review. The MNE Declaration is totally accepted in practice. The partial revision of labour law was accepted by referendum in December 1998 and Orders Nos. 1 and 2 are currently under discussion. It introduces equality of treatment between men and women as regards night work in industry, compensatory leave of 10 per cent for this type of work, increased flexibility and simplification of administrative procedures, particularly for evening work.

The *Swiss Federation of Trade Unions (USS/SGB)* states that since the MNE Declaration is non-binding, there are no particularly positive effects expected of it; consequently, its importance must be kept in perspective. There have been no legal provisions established in Switzerland on the basis of the MNE Declaration. It cannot contribute to the practical issue of the advancement of contracts between employers and workers. The ratification of Convention No. 98, currently under way, is not a result of the MNE Declaration, but does result from the binding "ILO Declaration on Fundamental Principles and Rights at Work". The adoption of this Declaration by the International Labour Conference, then the Swiss Government's approval, prompted the ratification of Convention No. 98. The MNE Declaration concerns subsidiaries of Swiss MNEs in other countries and foreign MNEs with subsidiaries in Switzerland. In both cases, the flexibility of relocation and job reductions of MNEs are the same.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that MNEs can make an important contribution to the promotion of economic and social welfare and the improvement of living standards "only if they pay the workers reasonable salaries". Likewise, MNEs' provision of social services, like hospitals and water supply, can satisfy basic needs. Through investment MNEs can create employment opportunities, but there is a "big question mark on enjoyment of basic human rights". MNEs operating in Zanzibar EPZs are unwilling to permit workers to organize unions. Further, some MNEs ignore labour legislation and international labour standards and are beginning "to skip the operation of the existing laws" on wages, benefits and conditions of work and health and safety. The concentration of economic power through MNEs is not a problem if they bring economic development and employment opportunities, but it is a problem if they use their

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power to abuse human/trade union rights. Trade unions are not consulted on laws or policies concerning MNEs and, if they were, they would not accept certain instances of limitation or suspension of labour laws (see reply to question 24(c)).

## Togo

The Government of *Togo* reports that, despite the harmful effects of the social, economic and political crisis in Togo on the development of activities in the domestic economy over the last ten years, MNEs have made a contribution by creating jobs, training skilled personnel, paying reasonable wages, and endeavouring to improve living standards and satisfy basic needs. The abuses which have arisen from the concentration of power in the organization of MNEs have not been flagrant in relation to national objectives and the interest of local workers. The Government has not adopted any specific measures, policies and laws concerning MNEs during the reporting period other than an institutional framework aimed at promoting employment.

The *National Employers' Council (CNP)* notes that most of the MNEs, which are often a mix of public and private capital, are either in liquidation, on lease, or up for sale. If major reforms were introduced they could be making a substantial contribution to economic and social welfare, improvements in living standards and job creation. It advises that abuses arising from concentration of economic power are not flagrant, but it is essential to have a "real political will" and awareness on the part of the social partners to respect the interests of both sides. It further notes that the Government has created a favourable institutional framework to attract investors, including tax and investment laws, but employers were not involved in the preparation of those texts.

The *Workers' Trade Union Confederation of Togo (CSTT)* considers that MNEs have contributed to the social development of the country by creating productive employment, training and using skilled personnel, paying fixed wages, and contributing to an improved standard of living and the satisfaction of basic needs. The CSTT perceives MNEs' economic power as very important, but considers no abuse of that power has arisen. The Government has not adopted any particular law or measure specific to MNE activities, according to the CSTT.

The *Group of Autonomous Trade Unions (GSA)* considers the experience of MNEs in the negative, providing examples of one MNE (name and country of origin given) which dismissed shop stewards and trade unionists without attention to applicable laws, and enterprises in the free trade zone which operate with a lack of transparency. The GSA views the situation of concentration of economic power by MNEs in the free trade zone to be almost "uncontrollable". It states that it has no information on laws relevant to MNE activities.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that MNEs contribute to the improvement of living standards in three ways: by making available advanced technology, which renders access to the country's natural resources possible; by providing employment and skills training; and by increasing national revenue through taxes. MNEs have great economic power, as they contribute 75 per cent of the national income, but this has not affected the "sovereignty" of the country.

## Turkey

The Government of *Turkey* states that MNEs make an important contribution to the promotion of economic and social welfare, the improvement of living standards, the satisfaction of basic needs, creation of employment opportunities, enjoyment of basic

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human rights and the national revenue. There are no comprehensive statistics covering FDI as a whole nor FDI contribution to the country's economic and social welfare. The Government includes several tables of statistics prepared by the Chamber of Industry of Istanbul (ISO); the total number of registered MNEs in 1999 was 4,950, and MNEs are said to represent 25 per cent of the 500 largest enterprises in the country. The tables compare exports and added values of MNEs with those of national enterprises for the years 1997 and 1998 reflecting, in the Government's view, that MNEs contribute significantly in the long term to the balance of payments, and also directly contribute to investment capital in the country. The Government appends to its reply data on FDI inflows and outflows by year in the country (from 1981 to 1999), and on FDI permits by sector and country of origin for the years 1993-99. The Government reports that direct and indirect employment by MNEs amounts to approximately 1 million jobs. As opposed to national enterprises struck by the crisis prevailing in 1997-98, MNEs have continued to expand in the country with a consequent positive impact on employment creation. Another important feature revealed by statistics, is that the relative value of employment and level of sales among MNEs is higher than those of national enterprises. On the one hand, the increased productivity and intensive utilization of capital and technology by MNEs encourage a constructive atmosphere in the country's economy but, on the other hand, negatively affect employment. MNEs have also contributed to improving technology, which is directly reflected in consumption, employment, and the environment, with a bearing on social welfare. Since national legislation applies fully to all enterprises alike, MNE operations in Turkey are not in a position to lead either to concentration of economic power or to conflicts with national policy goals and workers' interests. Although no new laws directly relevant to the MNE Declaration have been adopted under the period of review, the Government points to a constitutional amendment that came into force through Act No. 4446 of 1999, providing that disputes arising from public service concession agreements be settled through national or international arbitration.

The *Turkish Confederation of Employers' Associations (TISK)* reports that MNEs make an important contribution to the promotion of economic and social welfare, improvement of living standards, satisfaction of basic needs, creation of employment opportunities and fulfilment of basic human rights, in accordance with national objectives and policies. Moreover, MNEs carry out their activities in a manner faithful to their social responsibilities, and provide guidance to national enterprises on the improvement of living conditions and standards. MNEs develop productive employment based on advanced technology. MNEs operating in the country do not in any way use their economic strength against national policy objectives or workers' interests. Most MNEs are members of national employers' organizations and have always complied with labour and other national laws and the collective bargaining system, and have provided guidance for positive wage policies in various sectors. With regard to laws adopted during the period of review, the Confederation indicates that a relevant constitutional amendment was brought into force in 1999 by Law No. 4446 (14 August 1999) which provides for national and international arbitration in conflicts arising from public service concession agreements and contracts.

The *Confederation of Turkish Trade Unions (TÜRK-İS)* generally agrees on the importance of MNEs in international economic relations and in host countries as they promote economic growth, generate employment and increase living standards. However, in Turkey, due to abuse of their economic power, MNEs have had an adverse effect on the country's national politics and the interests of the working class. With regard to new laws and policies adopted during the period of review, the Confederation states its opposition to an arbitration agreement that the Government is considering signing as it will invalidate national legislation currently applicable to MNEs.



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## Uganda

In their joint response, the tripartite partners of *Uganda* report that MNEs operating in Uganda have generally promoted human rights (names of MNEs given). There is no concentration of economic power in the organization of MNEs, although it has not always been easy to achieve the right to organize unions, despite the fact that national law, including the Constitution, recognizes freedom to unionize. During the reporting period, no new laws and policies have been adopted regarding MNEs.

## Ukraine

The Government reports that in *Ukraine* there are 2,061 MNEs of which only 298 are engaged in the production of goods while the rest operate in the areas of domestic and foreign trades. Although there are no studies concerning the MNEs, in practice MNE activities have helped to improve the economic and social welfare, raise living standards, meet basic needs, create employment opportunities and safeguard fundamental human rights. In July 1999 the Supreme Council of Ukraine adopted the Act respecting the “minimum subsistence level” which is used to calculate the minimum wage and other social benefits. The Act has become the statutory basis for reforms of current laws and regulations concerning social standards and social protection of the population. It is noted that MNEs sometimes exploit the deficiencies in the national laws in order to avoid payment of taxes. No conflict has arisen and no abuse noted as a result of the activities of the MNEs. Since 1996, the Government has enacted no new laws concerning MNEs with a view to furthering the aims of the MNE Declaration. All laws and other enforceable regulations are adopted only after consultation with employers’ and workers’ organizations.

The *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, expresses views similar to those of the Government, adding that, in principle, “of course” MNEs’ concentration of economic power leads to abuses, such as taking advantage of “imperfection of the legislation” to avoid paying tax.

## United Kingdom

The Government of the *United Kingdom* reports that its overall response to the Survey remains the same as for previous Surveys, including the Sixth Survey submitted in 1995. The United Kingdom does not, in investment terms, discriminate or distinguish between multinational enterprises and other firms. The Government states that no laws, policies, measures or actions have been directed solely towards MNEs’ activities as the United Kingdom does not discriminate between MNEs and other enterprises. Consequently data is not gathered in such a way that would allow the Government to respond fully and in detail to the questions posed in the questionnaire.

## United States

The *American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)* indicates that it has commented in prior years on the conflicts between the MNE Declaration and the law and practice of foreign MNEs in the United States. It states that, during the reporting period, there have been few changes in the law or in the observance of the MNE Declaration by foreign companies. The AFL-CIO reports that the MNE Declaration has not been used by companies to improve workers’ rights and that American law, both federal and state, provides MNEs “ample opportunity” to violate the language and intent of the MNE Declaration with little fear of interference or penalty from the authorities. The AFL-CIO notes that the National Labor Relations Act, 29 U.S.C., sections 151 et seq. (NLRA), enacted 65 years earlier, declares that US policy is to

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encourage collective bargaining and to protect the right to free association and formation of trade unions. However, the experience of labour-management relations shows that, in theory and practice, American law falls far short of fully effectuating either freedom of association or the right to collective bargaining. The AFL-CIO notes, first, that many workers, by virtue of classification, are excluded from the coverage of domestic labour law, including agricultural and domestic workers, independent contractors, and supervisors, who all fall outside the definition of “employee” under the NLRA. Public employees who work for state and local government are also excluded, and their rights depend on local law which often denies them the rights to collective bargaining and to strike. Second, it notes that federal government employees do not have the right to strike. The NLRA prohibits other types of activity which are within the scope of core labour rights, such as sympathy strikes, slow-downs and sit-downs which are permitted in various home countries. The AFL-CIO notes, third, that US law confers on employers the status of full participants in union elections as opponents of worker representation. During an organizing campaign, employers are entitled to campaign against unionization, even to the extent of requiring workers to attend meetings at which they make “thinly veiled threats under the guise of stating the facts” regarding the consequences of choosing a union. Employers may legally deny non-employee union organizers access to the worksite. Legal remedies for employer misconduct are “sorely inadequate”: unions rarely have access to injunctive relief against employers, while employers have access to injunctive relief in a range of situations. Workers who are fired for union activity are entitled only to back pay and reinstatement. These remedies are so long delayed that employers find it cheaper to terminate employees illegally than to obey the law. The AFL-CIO notes, fourth, that the collective bargaining process creates serious obstacles to the achievement of voluntary agreements, with up to one-third of newly certified unions failing to achieve a first collective bargaining agreement. Remedies are inadequate to counter employers’ bad faith bargaining tactics, and there is no statutory mechanism for arbitrating initial agreements. Finally, resource shortages perpetually hamper enforcement of domestic law. There is a tremendous backlog in case-handling and resolution, which works to the detriment of employees whose rights the law is designed to protect. Given the inadequacy of federal labour law and enforcement, foreign MNEs perform no better than domestic enterprises, nor have they made significant contributions to the promotion of economic and social welfare, improvement of living standards, satisfaction of basic needs, creation of employment opportunities or the enjoyment of basic human rights.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers’ Association (FEDECAMARAS)* replies that, in general, MNEs bring a positive contribution to the promotion of economic and social welfare, satisfaction of basic needs, creation of employment opportunities and enjoyment of basic human rights. They have not organized their operations in a way that leads to a concentration of economic power. No new legislation has been adopted during the period of review but a new Constitution is under preparation that may contain provisions relevant to the MNE Declaration.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that MNEs play a very important role in the national economy by effectively using capital resources, technology and labour and by creating employment opportunities. They have contributed to economic growth and social welfare, the improvement of living standards and skills development of the workforce. Sometimes, the way MNEs have organized their activities has led to a concentration of economic power resulting in some abuse and conflicts with national policy objectives and the interests of workers. The main reasons for such conflicts are low salaries and overtime allowances, more work shifts, lack of medical and social insurance coverage, the absence of favourable working conditions for women workers, and

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lack of knowledge on the part of employers and employees about national laws and basic Conventions. Some new actions pertaining to MNEs have been adopted by the Government (no specific details given).

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that MNEs contribute to the country's economic growth through job creation as well as assistance with housing, health and medical facilities wherever they set up their operations. These contributions lead to improved living standards and satisfaction of workers' basic human needs countrywide. The multiplier effect of MNEs' investments has an impact upon almost every sector of the economy. Recognition of this impact has led the Government to adopt policies to attract FDI without necessarily compromising on the minimum acceptable standards of industrial relations. MNEs do have "some degree of economic power" in Zambia; the way most MNEs organize themselves ultimately leads to a concentration of power, especially in developing countries. However, careful regulation by specialized government agencies, such as the Zambia Competition Commission and the Labour Commissioner's Office, ensures that MNEs do not abuse their economic power by subjecting workers to unacceptable practices. Moreover, in response to complaints of local investors that the Investment Act favoured foreign investors, the Act was amended in 1996, via a consultative process, to provide the same incentives to local investors.

## Zimbabwe

The Government of *Zimbabwe* reports that MNEs have contributed, to some extent, to the promotion of economic activities, resulting in diversification of the economy and in particular the manufacturing base, but have a limited involvement in social welfare. MNEs have also helped improve living standards through employment creation, although of late they are using capital-intensive production methods and employing few people. The way MNEs organize their operations has led to a concentration of economic power; basically three large MNEs in Zimbabwe control more than four sectors each; one company is in agriculture, mining and commerce. Although specific regulations govern each sector in the country, MNEs tend to apply the regulations of one sector to all sectors that they control, conflicting with national policy objectives. No measures have been adopted by the Government since 1996 to promote the aims of the MNE Declaration.

## **General policies** (Paragraphs 8-12)

8. All the parties concerned by this Declaration should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should respect the Universal Declaration of Human Rights and the corresponding International Covenants adopted by the General Assembly of the United Nations as well as the Constitution of the International Labour Organization and its principles according to which freedom of expression and association are essential to sustained progress. They should also honour commitments which they have freely entered into, in conformity with the national law and accepted international obligations.

9. Governments which have not yet ratified Conventions Nos. 87, 98, 111 and 122 are urged to do so and in any event to apply, to the greatest extent possible, through their national policies, the principles embodied therein and in

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Recommendations Nos. 111, 119 and 122.<sup>2</sup> Without prejudice to the obligation of governments to ensure compliance with Conventions they have ratified, in countries in which the Conventions and Recommendations cited in this paragraph are not complied with, all parties should refer to them for guidance in their social policy.

10. Multinational enterprises should take fully into account established general policy objectives of the countries in which they operate. Their activities should be in harmony with the development priorities and social aims and structure of the country in which they operate. To this effect, consultations should be held between multinational enterprises, the government and, wherever appropriate, the national employers' and workers' organizations concerned.

11. The principles laid down in this Declaration do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of this Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.

12. Governments of home countries should promote good social practice in accordance with this Declaration of Principles, having regard to the social and labour law, regulations and practices in host countries as well as to relevant international standards. Both host and home country governments should be prepared to have consultations with each other, whenever the need arises, on the initiative of either.

(4) *The Tripartite Declaration calls for MNEs to take fully into account established general policy objectives and development priorities of the countries in which they operate.*

(a) *Is this the case in your country? Please explain.*

(b) *Are consultations on general policy objectives and development priorities held between the government and MNEs and, as appropriate, with the national employers' and workers' organizations?*

(c) *Have there been cases in which consultations between host and home country governments have been held in order to promote good social practice in accordance with paragraph 12 of the Declaration? If so, please give details.*

## Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which provides information from an MNE operating in the petrochemical sector (name given), indicating that the linkages developed with oil sector MNEs do not detract from general policies or set objectives.

<sup>2</sup> Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize; Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively; Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 122) concerning Employment Policy; Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer; Recommendation (No. 122) concerning Employment Policy.

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The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country, but states its view that it would not object to MNEs who wish to oppose the development priorities and policies of the current Government which the Confederation itself opposes. It wonders to what extent MNEs could fulfil the commitments of the MNE Declaration and the general policies and development priorities in the country since the latter are not consistent with the MNE Declaration. It further asserts that any multinationals which have spoken positively about their activities in the country are self-satisfied and corrupt, and anything positive occurred “by chance”. Workers’ organizations are not apprised of the reports the Government gives to the ILO.

#### Antigua and Barbuda

The Government of *Antigua and Barbuda* replies that MNEs must take fully into account general policy objectives and development priorities of the country; consultation of which is held between the Government and MNEs, when appropriate. Consultations with national employers’ and workers’ organizations are not the norm and those between host and home country governments have not taken place, to date, but good social practice is promoted.

The *Antigua Employers’ Federation* endorses the views expressed by the Government.

#### Argentina

The Government of *Argentina* states that, generally, MNEs have taken into account the principles of national policy and have respected national laws and related international human rights Conventions, many of which are incorporated into national law and rank as constitutional rules. The Government notes, in addition, that the country has ratified all international labour Conventions which cover fundamental rights. Consultations between government authorities, MNEs, and employers’ and workers’ organizations are a tradition in the country, and are convoked as necessary.

#### Australia

The Government of *Australia* requires all foreign investors, including MNEs, to comply with all government-imposed conditions including development in relation to urban land. Failure to comply can result in penalties under the Foreign Acquisitions and Takeovers Act, 1975 (FATA). Regular consultations are held between the federal Department of Employment, Workplace Relations and Small Business and a “number of MNEs in specific industries”. Feedback on government policy objectives is also sought from national employers’ and workers’ organizations. The State of New South Wales (NSW) does not know if consultations have been held at a state level between MNEs and employers’ and workers’ organizations and does not see any need for them since MNEs function the same way as local enterprises and are subject to the same laws.

The *Australian Council of Trade Unions (ACTU)* agrees that MNEs, generally, respect the laws and government policies, but states that consultations between the Government and MNEs, national employers’ and workers’ organizations are not held nor are consultations between host and home country governments to promote good social practice.

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## Austria

The Government of *Austria* indicates that MNEs operate under the same rules and regulations as other enterprises and, therefore, take into account policy objectives and development priorities of the country.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses with reference to their respective sectors. GMBE, GBH and ANG state that, in the majority of cases, MNEs take into account objectives and development priorities and consultations between social partners are held. GMBE states that consultations between home and host country governments are rarely held, while the other two unions have no knowledge on this matter.

## Bahamas

The Government of *Bahamas* states that MNEs take into account established general policy objectives and development priorities. Government agencies rigorously control building and environmental codes. In addition, prospective investors are investigated to determine their legitimacy and financial trustworthiness. Consultations on general policy objectives and development priorities are held between the Government, MNEs and the union. Consultations between host and home country governments are not usually held unless there are joint projects.

## Bahrain

The Government of *Bahrain* reports that all enterprises operating in the country “strictly” adhere to general policy objectives and development priorities.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers’ Federation which follow.

The *Bangladesh Employers’ Federation (BEF)* indicates that MNEs take into account general policy objectives and development priorities of the country in undertaking their activities. Consultations are held between the Government and MNEs and, as appropriate, with the national employers’ and workers’ organizations. The Federation notes that it is consulted whenever the Government intends to frame laws or policies; MNEs views are taken into account in such consultation. For example, a number of consultations were held with the BEF regarding the preparation and review of the Labour Code in which the views of MNEs were considered.

The *Bangladesh Workers’ Federation (BWF)* believes that, although it is not evident that MNEs fully take into account the country’s general policy objectives and development priorities – which themselves are somewhat lacking – the operations of MNEs in some scattered cases are in line with the development priorities and policy objectives of the Government; however, an understanding of the MNE Declaration is not shared by those concerned. Although consultations between the Government and the MNEs are “not visible”, they may occur but, in any event, there is no record of any consultations in this regard with workers’ organizations. The BWF considers that consultation between the host and home governments are intended mostly to promote the interest of MNEs.

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## Barbados

The Government of *Barbados* states that MNEs' operations do not run counter to the developmental thrust of the country. In achieving their profit maximization goals, MNEs are normally conscious of general policy objectives and development priorities of Barbados. In order to establish their businesses in the country, MNEs are required to consult a number of governmental agencies on local customs, practices and legal requirements. Some MNEs negotiate collective agreements with trade unions and some have joined employers' organizations. The Government does not know whether host and home governments hold consultations on the promotion of good practice in accordance with paragraph 12 of the Declaration.

The *Barbados Employers' Confederation (BEC)* replies that MNEs consider the general policy objectives and development priorities of the country. Objectives and priorities are included in the Protocol for the Implementation of a Social Partnership approved by organizations of which MNEs are generally members. In keeping with Protocol III, covering April 1998-March 2000, which rules the industrial relations process in Barbados, consultations are regularly held between the Government, MNEs and employers' and workers' organizations.

The *Barbados Workers' Union (BWU)* replies in the negative to all three questions.

## Belgium

The Government of *Belgium* states that MNEs only take account of the host country's contingencies if they correspond with their own interests; otherwise, they transfer their activities elsewhere, as was the case of an MNE in the clothing manufacturing sector (name of MNE given). Often, MNEs threaten to relocate. Although local authorities, economic and social partners welcome new MNEs and facilitate their establishment, within the limits of EU competition rules, the risk of disinvestment is always present.

## Brazil

The Government of *Brazil* states that no specific public policies were drawn up on employment issues in relation to MNEs. However, with regard to safety and health, after the Tripartite Joint Standing Committee (CTPP) was set up, priority policies were extensively discussed so that a common objective of joint interest could be put forward. MNEs have sought to bring "successful" policies from their countries of origin and, since the establishment of the CTPP, these approaches have been added to the prevailing general policy.

The *National Confederation of Industry (CNI)* states that no specific public policies have been developed for MNEs.

The *General Confederation of Workers (CGT)* states that it has no knowledge on MNEs with respect to the country's general policy objectives and development priorities.

## Bulgaria

According to the Government of *Bulgaria*, MNEs take full account of general policy objectives and development priorities of the country with respect to promoting the vitality of enterprises and competitiveness of production tools. Moreover, they counter negative environmental effects and improve employment opportunities. Consultations on above issues are subject to discussions within meetings of the Advisory Committee on Foreign Investments and Financing, to which the Bulgarian International Business Association has submitted analyses and recommendations on foreign investments. Concrete examples of

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consultations between host and home country governments include the Mediation Agreement on temporary employment of Bulgarian workers in the hotel and restaurant trade in Germany and the European Agreement on vehicles used for international road hauling.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that MNEs as a whole take account of the general policy objectives and development priorities defined by the Government. However, the desire to maximize profits leads some MNEs to take unpopular measures as regards the organization of work by doing away with certain liberties or facilities granted to employees. This causes labour disputes, requiring the State to intervene in order to maintain law and order. The Government consults the employers' and workers' organizations on general policy objectives and development priorities through the state/private sector consultation committee. Employers reproach the Government because the dossiers required by the Government often arrive late or do not allow the CNPB enough time to make a full contribution.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* indicates that it is not in a position to comment on cases of MNE compliance with general policy objectives and development priorities, as it has never been consulted by the Government in this regard, especially with respect to results of privatizations.

## Canada

The *Canadian Employers' Council (CEC)* states that MNEs are governed by, and comply with, national and/or provincial legislative and regulatory requirements, including the policy objectives of the various levels of governments as expressed through such instruments as legislation governing industrial disputes. There are consultations between governments and employers on an ongoing basis through various sector-based groups, as well as ad hoc consultations with respect to various issues. MNEs participate in these discussions on an equal footing and, in many cases, play a leading role due to the resources available to them.

## Cape Verde

The Government of *Cape Verde* attaches a list of enterprises (names given) classified as MNEs operating in the country and reports that MNEs act in accordance with national development priorities. Foreign-owned companies apply to the Government for approval under current legislation to invest in Cape Verde. The Government reports that the Foreign Investment Act and the Regulating Decree provide general guidelines for FDI. In some cases, bilateral cooperation agreements between the home and host countries provide guidelines.

## Colombia

The Government of *Colombia* reports that MNEs, like all other national enterprises, are required to respect the Constitution, laws and regulations of the country as well as international treaties and the ILO Constitution and its principles, according to which freedom of association and expression is guaranteed. Within the country's legal framework, a law (No. 278, 1996) provides for the creation of the National Commission for Labour and Wage Policy Coordination in which issues relating to labour are discussed. The employers, including MNEs and local enterprises, as well as workers, participate in the Commission's work but, as far as is known, the Commission does not deal with matters



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relating exclusively to MNEs. No consultations between the Government and MNEs are known to occur.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which contends that one MNE (name given) does not take into account the country's development policies because it restricts local staff employment opportunities and does not reinvest its profits in Colombia. The CUT further considers that there has never been a process in the country to incorporate MNEs in the labour context or to ensure compliance with the rules that apply to them, because it restricts local workers' employment opportunities and does not reinvest its profits locally. It knows of no relevant process with regard to consultations with MNEs.

## Costa Rica

The Government of *Costa Rica* advises that, whilst the legislation governing the operations of free zone enterprises – Free Zone Regime Act No. 7210, Regulation implementing the General Customs Law, section VII, Executive Decree No. 23053-TSS and Executive Decree No. 25003-COMEX – does not refer explicitly to the obligation to pursue specific policies or measures in the labour field, it is understood that companies operating in those zones (80 per cent of which are wholly foreign owned) must fulfil the same requirements and obligations in this respect as national companies, as set out in the Labour Code and other related laws.

## Côte d'Ivoire

The Government reports that *Côte d'Ivoire* has ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); the Right to Organise and Collective Bargaining Convention, 1949 (No. 98); and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and thus complies with the principles set out in these Conventions. Moreover, harmonization of the activities of MNEs with national economic and social development policies is carried out in consultation with all the government bodies concerned.

## Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* believes that the Government has focused only on macroeconomic indicators without giving enough attention to certain industrial sectors. The Confederation believes that the Government should make a decision as to which industrial sectors can be competitive and offer assistance for the development of those sectors. Others will have to operate on the basis of market principles. So far no consultation has taken place between the Government, the employers and the workers but they will "undoubtedly" be held. Host and home government consultations are not held with the only exception being a joint meeting held concerning another MNE (name and origin mentioned) which also owned part of the MNE (which is the subject of this report). This session was attended by the representatives of the Government, the representatives of the home governments (from the respective embassies), the representatives of the concerned MNEs and the representatives of the workers. Unfortunately this MNE announced its bankruptcy after the consultation (which has not yet occurred). The Confederation of Independent Trade Unions of Croatia states it intends to contact the same representatives for a further meeting and bring attention to the situation.

## Cyprus

As in previous reports, the Government of *Cyprus* replies that MNEs' activities are in harmony with the country's general policy objectives and development priorities and that

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no problems have arisen in this respect. Concerning consultations held between the Government and MNEs, the Government refers further to its reply to question 8 (“Equality of opportunities and treatment”). It not aware of cases where consultations between host and home country governments take place to promote good social practice in accordance with paragraph 12 of the MNE Declaration.

The *Pan-Cyprian Federation of Labour (PEO)* reports that MNEs generally take account of the policy objectives and development priorities, which are set up jointly with the social partners. The Federation is not aware of consultations on general policy objectives between MNEs and the Government or with the employers, and indicates that workers are not involved in such consultations. Nor does it know of cases of consultations between host and home country governments to promote good social practice.

#### Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that MNEs take fully into account established policy objectives and development priorities of the Democratic Republic of the Congo because, for the most part, MNEs sign operating agreements with the Government. No consultations between the Government and MNEs have yet been organized on general policy objectives and development priorities. The FEC responds in the negative to question 4(c).

The *National Workers’ Union of Congo (UNTC)* reports that if reference is made to the agreements signed between the Government and MNEs, it is possible that MNEs take fully into account established general policy objectives and development priorities of the country. Generally speaking, according to the UNTC, workers know little about this. Consultations are not held with the national employers’ and workers’ organizations on general policy objectives. No consultations have been held between home and host country governments.

#### Denmark

The tripartite partners of *Denmark* report that MNEs operate under the same conditions as any other enterprise in Denmark. Foreign enterprises start operations in the country by generally observing the collective agreements within the field of activity, and joining an employer organization. Consultations on general policy objectives and development priorities between MNEs, employers’ groups or workers’ organizations are not held nor are consultations between home and host country governments.

#### Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* states that, to its knowledge, there is no evidence that transnational or multinational enterprises observe the laws, regulations or provisions of the Dominican State; if they had done, problems would not have arisen as regards the environment and disputes concerning the creation of trade unions in the export free zones. CNTD indicates that there have been no consultations concerning general policy objectives and development priorities between MNEs, government authorities and the corresponding employers’ and workers’ organizations, and none between home and host countries.

#### Ecuador

As regards the consideration given to the MNE Declaration by MNEs concerning the development priorities of the countries in which they operate, the Government of *Ecuador* says that the country takes its decisions within the framework of human rights and the minimum it requires of enterprises wishing to operate in Ecuador is that they work within

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this same framework. The Government states that consultations on general policy objectives and development priorities with MNEs in the sectors concerned are carried out by the respective Chambers of Industry as appropriate. It does not have information on recent consultations.

## Egypt

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE (name of MNE given) in the food industry in Egypt since the late 1980s has developed the country's food market, developing nutrition as the first priority. By establishing its factories in new cities, the MNE has generated local employment opportunities and contributed to the development of these cities. This MNE further reports that consultations on general policy objectives and development priorities are occasionally held between the Government and MNEs, especially in the fields of employment and public services. Moreover, there are cases of consultations to promote good social practice, such as the Cairo underground project and the Opera House. One MNE in the petroleum sector (name of company given) reports that consultations take place with the workers' representative body (staff council) on a regular basis.

## El Salvador

The Government of *El Salvador* advises that it authorizes MNEs to operate in the country on condition that they comply with national laws and regulations and take into account applicable international standards. It notes that the country has ratified the International Covenant on Civil and Political Rights, and ILO Conventions Nos. 111 and 122 among others. It also applies the principles underlying ILO Conventions Nos. 87 and 98 through national policy pursuant to article 19, paragraph 5(e), of the ILO Constitution even though those Conventions have not yet been ratified. As for consultations on general policy objectives and development priorities between MNEs and the Government, as well as the social partners, the Government refers to the recent establishment of the Supreme Labour Council which responds to the need to institutionalize tripartite dialogue and promote economic and social cooperation between the authorities and the social partners; this was done at the same time as ratification of ILO Convention No. 144. To date, there have been no consultations between governments of home countries and the Salvadorean Government to promote appropriate social practices in accordance with paragraph 12 of the MNE Declaration since the conduct of these enterprises is in keeping with the legal framework laid down by the Constitution and the labour laws. However, the Government of El Salvador would like to hold consultations of this kind periodically in order to ensure effective compliance with these provisions.

## Eritrea

The Government of *Eritrea* indicates that, pursuant to its Labour Proclamation No. 8/91, there is no distinction between national enterprises and MNEs with regard to employment.

## Estonia

The tripartite partners of *Estonia* indicate that the Estonia Public Policy, 1999-2003, approved by the Government in December 1999, involved the social partners in its drafting. Problems arising from labour legislation have been solved through consultation and potential foreign investors are informed, regularly, about export conditions and economic and business developments. MNEs have not interfered with or opposed the aims of national policy.

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## France

According to the *French Confederation of Executive Staff (CFE-CGC)*, MNEs established in France abide by the legislation but do not take account of development priorities and general policy objectives of the country. The CFE-CGC questions if this is the role of MNEs, and if MNEs can be forced to do so; moreover, it wonders what measures and instruments of control are at the disposal of governments to ensure such compliance. Tripartite consultations, and those between the Government and MNEs, on general policy objectives and development priorities, or between host and home countries in order to promote good social practice, do not take place.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that MNE subsidiaries are companies under Gabonese law. The installation agreement signed by the subsidiary and the Government take into account the “clearly understood” interests of both parties.

## Germany

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which indicates that no consultation has been established with MNEs in the postal and telecommunications sector.

## Ghana

The *Trades Union Congress (TUC)* states that MNEs take into account established general policy objectives and development priorities of Ghana because they are urged to do so by the ILO. Consultations are held between the Government and MNEs as well as the national employers’ and workers’ organizations, as appropriate. There have been consultations between host and home country governments to promote good social practice with respect to the country’s social and labour law regulations and practices as well as international standards.

## Greece

The *Federation of Greek Industries (FIG)* reports that MNEs generally take account of the policy objectives and development priorities defined by the Government in consultation with the employers’ and workers’ organizations.

## Guatemala

The Government of *Guatemala* indicates that, as a general rule, MNEs respect the country’s established general policy objectives and development priorities. The national employers’ and workers’ organizations are consulted on the subjects set out in the reports communicated to the ILO in accordance with article 22 of the ILO Constitution. There have not been any cases of consultations between governments of MNE home countries and the Government of Guatemala to promote good social practice.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* considers that MNEs do not take fully into account established general policy objectives and development priorities as there is no coordination between MNEs and the Government. It further considers that in Guatemala consultations are held on a one-off basis and in accordance with problems affecting individual enterprises. In the specific case of bonded assembly plants (*maquiladoras*), consultations have been held with the Government of one home country (name given), although the adaptation of their

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policies to local laws and practices has in fact been the result of efforts by the trade union that groups them together locally.

## Guyana

The Government of *Guyana* notes that MNEs generally take into account existing policy objectives and development priorities of the country. Consultation between the Government and MNEs and, as appropriate, with the employers' and workers' organizations, is held on general policy objectives and development priorities, but not always in great detail. Prior to the setting up of MNEs in the country, the Government of Guyana consults with the home government on issues pertaining to national laws, policies and labour force composition.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government states that MNEs have become formal members of the Economic Council, a macro-level consultative forum of economic policy, established in April 1999 as part of the institutional system of social dialogue. Also, in 1997 a tripartite conference was held on MNEs' industrial relations and working conditions within the framework of the cooperation of the French and Hungarian Ministries of Labour. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that, according to most responses it received from companies, MNEs make their decisions on the basis of technological or institutional development, considering the Government's political and development objectives only if they are in line with the market and come with appropriate incentives. MNEs adapt flexibly to changing political circumstances and to political and financial development preferences, especially if such adaptation results in financial support or allowances. The employers note that American companies have shown interest in the region of east Hungary. Discussions do take place between the Government and MNEs at different forums and most MNEs apply the full scale of social policy practices of the host country which are thoroughly investigated prior to their entry. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, report that the majority of MNEs take account of political and development objectives; MNEs who represent exceptions have no long-term objectives in Hungary. The trade unions indicate that they have no knowledge of consultations between the Government and MNEs or between the host and home countries of MNEs.

## India

The Government of *India* states that the operations of MNEs are generally in accordance with the national policy objectives and development priorities of the country.

## Indonesia

The Government of *Indonesia* states that the Peoples' Assembly adopts general policy objectives and development priorities, including those regarding MNEs. New MNEs are to be approved by the Minister of Investment based on those guidelines.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* reports that, in general, MNEs contribute to general policy objectives and development priorities which are pursued in the context of a social partnership approach. As a number of MNEs are affiliated with the Irish Business and Employers' Confederation (IBEC), they, in effect, are party to the tripartite agreements and conduct their workplace relations on this basis. The Irish Congress does not know of

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cases in which consultations between host and home country governments have been held, but states that the only public consultations held have been in circumstances of closure or reduction of operations of MNEs.

## Italy

The Government of *Italy* states that, for the purpose of defining objectives of the country, consultation has been conducted systematically both at the sectoral and national levels, inviting employers' associations, workers' organizations and the local authorities to participate. MNEs are consulted indirectly if they are represented by employers' and/or sectoral associations.

The joint reply of the workers' organizations of Italy, the *Italian Confederation of Workers' Unions (CISL)*, the *Italian Confederation of Labour (CGIL)* and the *Italian Labour Union (UIL)*, states that the rules for incomes policies, considered indispensable for harmonious economic and social development, are established in the framework of consultations between the Government and the social partners, including MNEs.

## Jordan

The Government of *Jordan* states that, while MNEs prioritize their own interests, these are in line with the Government's goals to create new jobs, increase productivity and increase the income of workers. Consultation is always used to solve problems that arise and to balance the priorities of the Government with MNEs. Consultations between home and host country governments take place prior to initial investments by non-nationals. For example, consultations were held between the Governments of Jordan and an EU Member (country name given) prior to investment in the communications field.

The *Amman Chamber of Industry (ACI)* states that MNEs take into account established general policy objectives and development priorities such as generating employment and balancing trade through investment in industry, tourism and services. There are consultations between governments and MNEs and with the national employers' and workers' organizations as appropriate, "but not enough", claims the Chamber. There have been consultations between host and home countries to promote good social practice.

## Kenya

The Government of *Kenya* states that MNEs are supposed to adhere to national laws and regulations without exception, and to identify with the general policy objectives and make significant efforts toward the development priorities of the country. Consultation on general policy objectives and development priorities takes place between the Government and MNEs and, where appropriate, with the employers' and workers' organizations. In meetings between the Government, the Federation of Kenya Employers (FKE) and the Central Organization of Trade Unions (COTU) the MNEs are always involved in the planning process where development aims and social goals are prioritized. Further, the views of MNEs are normally taken into account when the Government introduces legislation that affects them.

## Korea, Republic of

The Government of the *Republic of Korea* reports that it is revising the relevant regulations for the entry of MNEs into the country to guarantee that MNEs are in harmony with existing economic policy. The Tripartite Commission was established in January 1998 to ensure that labour and management are regular participants in the decision-making process on general policy objectives and the reform agenda. There have been no cases of consultation between home and host governments to promote good social practice.

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## Kuwait

In their joint response, the tripartite partners of *Kuwait* report that no tripartite consultation has occurred regarding MNEs, but confirms that, should consultation be required, it will take place.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that trade unions are not involved in consultations between the Government and the Foreign Investors Council on general policy objectives and development priorities.

## Lebanon

The Government of *Lebanon* reports that the recently established Lebanese Economic and Social Council might undertake consultations between MNEs and the Government on general policy objectives and development priorities. The Council will promote dialogue, cooperation and coordination among its members, which include representatives of employers, professions, trade unions, cooperative associations, social enterprises and women's confederations.

## Lithuania

The Government of *Lithuania* indicates that MNEs operate in harmony with the development priorities and social aims of the country.

The *Confederation of Lithuanian Industrialists (LPK)* adds that if MNE activities are not compatible with Lithuanian laws, they should leave or the laws should be changed.

The *Centre of Lithuanian Trade Unions (LTUC)* notes that not all MNEs adjust their development priorities or social purposes to comply with the legislation in place in Lithuania. Sometimes authorities amend laws in favour of MNEs (name of company given as an example).

The *Unification of Lithuanian Trade Unions (LPSS)* emphasizes that "significant investors" of foreign capital are invited to attend meetings with key government officials but are not involved directly in the National Tripartite Council or other tripartite bodies.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* indicate that there have been no consultations on general policy objectives and development priorities between the Government and MNEs or between employers' and workers' organizations. Enterprises obtain government approval, which is granted by decree, after lodging an application with the "Office du Guichet unique", establishing that the main criterion, to export at least 95 per cent of production, has been fulfilled; only a few enterprises have been eligible, such as those operating in the free zones and certain services and manufacturing industries. As far as the union is aware there are no consultations between host and MNE home country governments unless they are held within the "joint committee meetings" with France, which are infrequent and irregular; the last one was held ten years ago.

## Malaysia

In their joint reply, the tripartite partners of *Malaysia* state that MNEs aspire to take full account of established policy objectives and development priorities, while the Malaysian Trades Union Congress (MTUC) adds that MNEs should endeavour to enhance their efforts as far as social objectives are concerned. According to the Government and the

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Malaysian Employers' Federation, consultations on general policy objectives and development priorities are regularly held between MNEs and the Government as well as with the social partners, as appropriate. However, the Malaysian Trades Union Congress (MTUC) reports that direct consultations between MNEs and workers' organizations do not take place. The tripartite partners state that discussions between host and home country governments are held to discuss ways to achieve economic and social development objectives. The Malaysian Trades Union Congress notes, however, that these discussions rarely concern good social practices.

## Malta

The *General Workers' Union (GWU)* reports that MNEs are not obliged to take fully into account the established general policy objectives or development priorities of the country. Generally, the only consultations held are informal ones between the Government and MNEs. There have been no consultations between host and home governments regarding MNEs, to date.

## Mauritius

The Government of *Mauritius* indicates that MNEs operate in accordance with objectives and development priorities of the country, and within the framework of the national legislation for labour and social issues. The Government holds consultations on general policy objectives and development priorities with MNEs and, if appropriate, with workers' and employers' organizations. Consultations have not been held between home and host country governments.

## Mexico

The Government of *Mexico* reports that MNEs investing in Mexico agree to abide by laws relating to national economic and development policies. It coordinates consultations to bring into harmony MNE strategies and national policy. The National System for Democratic Planning promotes the participation of all social sectors in establishing national priorities. The Government reports that consultations including employers', workers' and farmers' organizations, academic, professional and research institutions, the general public as well as MNEs, took place to prepare recommendations regarding the National Development Plan 1995-2000.

The *Confederation of Mexican Workers (CTM)* reports that the activities of MNEs in developing countries, including Mexico, have necessitated adjustments which limit access to basic welfare facilities for a large segment of the population, particularly low-income groups. The Confederation suggests that specific problems be addressed on a national level rather than in a global perspective.

## Moldova, Republic of

The Government of the *Republic of Moldova* states that the social partners undertake consultation with the aim of stimulating foreign and national investment, accelerating market economy reforms by developing modernized manufacturing industries, and ensuring decent social protection for all citizens. These objectives are reflected in collective agreements concluded at the national level. The interests of MNEs are represented by the National Employers' Confederation while the interests of workers are represented by the General Federation of Trade Unions.



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## Morocco

The *Democratic Labour Federation of Morocco (CDT)* indicates that MNEs are guided by their own priorities rather than the development policies of host countries. No consultations were held with workers' organizations on general policies or development priorities, nor does the Confederation believe that consultations were held with the Government or employers. According to the Confederation's information, there have been no consultations between home and host country governments (noting that this question falls within the purview of the governments).

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* reports that MNEs participate in developing schools, health, housing and sports networks and road infrastructure. Unions are not involved in drawing up or organizing general policy objectives. The OTM-CS does not know whether consultations have been held between the Government and home country governments.

## Myanmar

The Government of *Myanmar* responds that the experience of MNEs has been "satisfactory" in the light of general policy objectives and development priorities.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports MNEs have significant influence on the administration of the country and therefore are "not always in disharmony with general policy objectives and development strategies". Consultations are not held with workers' organizations and there have been no consultations between host and home country governments regarding social and labour law, as far as the General Federation is aware.

## Netherlands

The Government of the *Netherlands* states that the information contained in replies to previous Surveys is still applicable.

## New Zealand

The Government of *New Zealand* reports that MNEs must comply with statutory requirements, on the same basis as domestic entities, and, therefore, need to take into account the Government's general policy objectives and relevant development priorities. Consultations on policy objectives and development priorities are not formally required but relevant organizations can raise and discuss issues of concern with the Government as well as make submissions to select committees on proposed legislation. No consultation has been held between host and home country governments.

The *New Zealand Employers' Federation (NZEF)* indicates, in its comments on the Government's report, that it concurs with the Government's views on the matters of general policies.

The *New Zealand Council of Trade Unions (NZCTU)*, commenting, in its report, on the Government's report for that Survey, states that no relevant tripartite consultations were held during the reporting period, as the policies of the previous Government did not include planning for economic development or tripartite consultation on policies and objectives.

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## Nicaragua

The Government of *Nicaragua* states that MNEs fit fully into its national economic policies. Tripartite consultation is part of the social and labour policy encouraged by the Government.

## Norway

The Government of *Norway* reports that, generally speaking, activities of MNEs have not been in conflict with national policy objectives, and that it consults with employers' and workers' organizations on matters of interest, especially on matters that relate to employer-employee relations. Consultations are not usually held with individual companies; compared with other countries, the percentage of enterprises and employees which are members of an employers' or employees' organization is rather high. The Government indicates that, through the ILO and the European Council, it seeks to have very good contacts with other countries, and that there have been no special MNE-related problems warranting discussion with other governments. Norway has ratified Conventions Nos. 11, 87, 98 and 122, and it is an underlying principle of Norwegian law to guarantee individual as well as collective participation of workers in company decisions. In the case of changes in operations, including collective redundancies or changes in ownership, the Act related to worker protection and the working environment requires employers to consult directly with elected worker representatives with a view to reaching an agreement. Companies with at least 50 employees are obliged to establish working environment committees with equal employer/worker representation. Such committees may require the employer to make concrete changes to improve the working environment in accordance with the Act related to worker protection and the working environment, when necessary, to protect the life or health of employees. The law requires the employer to make the necessary changes in a manner that allows the employee to retain suitable work. The employee and the elected worker representative must be consulted before any transfer of the employee to other work. The Government states that the laws governing limited corporations require employee participation in industrial decisions, for instance, when a limited company employs more than 30 persons, two-thirds of the employees have the right to elect one committee member and one observer.

## Oman

The *Oman Chamber of Commerce and Industry (OCCI)* states that the basic rules and laws of Oman are developed in the best interest of all and are not adapted to suit MNEs. Although Government incentives are available, if the activities of an MNE are not deemed important to the development priorities, a licence will not be granted.

## Pakistan

The Government of *Pakistan* notes that MNEs generally take into account established policy objectives and development priorities. Consultations between the Government and MNEs concerning objectives and development priorities of the country do take place. The Government of Pakistan and home governments hold consultations on bilateral issues whenever appropriate.

The *National Labour Federation of Pakistan (NLF)* reports that MNEs take into account general policy objectives and development priorities of the country. Consultations with workers' organizations on objectives and priorities of the country do not take place.

According to the *Pakistan Labour Federation (PLF)*, MNEs do not take into account objectives and development priorities of the country. Workers are never involved in consultations between the Government and MNEs on general policy objectives and

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development priorities. There are no cases in which host and home country governments hold consultations.

## Panama

The Government of *Panama* indicates that MNEs do not take fully into account established general policy objectives and development priorities of the country, and that no consultations with MNEs or between home and host countries have occurred.

The workers' organization *Convergencia Sindical* reports that, even though MNEs are, in principle, required to comply with certain general policy objectives and development priorities, they do not do so due to a lack of strength and political will by the Government, and there is an incompatibility between corporate aims and state objectives. The organization concurs with the Government on questions 4(b) and 4(c).

## Peru

The Government of *Peru* indicates that MNEs largely take account of the country's general policy objectives and development priorities, although the situation differs from one economic sector and company to another. However, there are no consultations between the Government and MNEs or between the governments of home countries and the national authorities with a view to promoting social practices in accordance with paragraph 12 of the MNE Declaration.

The *General Confederation of Workers of Peru (CGTP)* states that it has no knowledge of any enterprise in this category having developed any sort of dialogue since their operations are unrelated to national development policy. Some of these MNEs (names given) are plundering national resources with government approval.

## Philippines

According to the Institute for Labor Studies (ILS) of the Department of Labor and Employment of the Government of the *Philippines*, consultations on general policy objectives and development priorities take place between the Government and MNEs and with the social partners, normally during pre- and post-investment periods. Consultations with MNEs already operating in the country are usually undertaken through the initiative of various government agencies, or upon inter-agency initiative. Consultations are also facilitated through regular business gatherings of the Employers' Confederation of the Philippines or the various Chambers of Commerce.

## Poland

The Government of *Poland* reports that MNEs respect general economic principles based on national development priorities but that no special consultations with MNEs took place in this regard. The Government is not aware of consultations between host and home countries. However, managers of the Ministry of Economy meet regularly with representatives of foreign-owned enterprises at meetings, conferences and seminars concerning investment issues; formal and informal consultations take place at these events.

The *All-Poland Trade Union Alliance (OPZZ)* asserts that neither general policy priorities nor development priorities have been formulated. The OPZZ further notes that no consultations have been carried out with workers' organizations and it is not aware of any consultations between host and home country governments.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* states that it is not aware of consultations between MNEs and trade unions on general

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policies and priorities regarding Poland's development. The trade unions have no influence on the Government's policy relating to MNEs, even though the unions are concerned with the implementation of the MNE Declaration.

## Portugal

The Government of *Portugal* states that whether or not it is feasible to funnel foreign investment into less developed regions depends on the strength of the existing infrastructure, as well as the advantages granted under investment agreements. Foreign investment flows in 1996, 1997 and 1998 went mainly to the least developed coastal areas, particularly around Lisbon. The Government consults the Economic and Social Council, whose membership includes the most representative social partners, about the guidelines and priorities to be included in economic and social development plans.

The *General Union of Workers (UGT)* reports that the tendency seems to be for MNEs to influence general development guidelines and local/regional development priorities. This invariably affects the SMEs within their sphere and particularly those with which they have a subcontracting relationship. The Government and the social partners have designated the following as national priorities: to generate employment in areas where unemployment is rife and thereby ensure the local and economic development of depressed regions. However, while the establishment of some MNEs can be pointed to as specific examples, it is generally true to say that this vital objective has not been met to any great extent. Workers' organizations are usually consulted after the fact, at times of social tensions, not as a preventive measure but rather in an attempt to deflect the damage to workers' interest which has been caused by an unfavourable decision – one which was usually adopted at the outset. The General Workers' Union reports that it is unaware of cases where the home and host country governments have consulted workers' and employers' organizations in order to promote good social practice in accordance with paragraph 12 of the MNE Declaration.

## Romania

The Government of *Romania* reports that certain actions taken by MNEs directed towards what appears to be internal development priorities are, in fact, aimed at consolidating the enterprise's position on the Romanian market. Consultations are held between the Government and MNEs, and, as appropriate, with the national employers' and workers' organizations.

## Rwanda

The Government of *Rwanda* indicates that, in order to respond to this section, prior studies of MNEs are required and, to its knowledge, none have been conducted.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states that it has no information on the position of MNEs regarding general policy objectives and development priorities of Rwanda. Consultations between MNEs and the Government or other relevant organizations on these issues are not held nor are consultations between host and home governments.

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* note that MNEs do not fully take into account the general policy objectives and development priorities of the country. To some extent, consultations were held between the Government and MNEs, but not with employers' and workers' organizations. There have not been any consultations between host and home governments.

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## Senegal

The Government of *Senegal* reports that it has ratified core Conventions on freedom of association, collective bargaining and non-discrimination principles. Tripartite consultation is a constant in the Government's social policy; tripartite consultation takes place regularly at the State Summit, directed by the President of the Republic. The Prime Minister also presides over meetings of this kind three times a year. There are regular bodies for tripartite consultations, such as the National Advisory Committee on Labour and Social Security and the Technical Advisory Committee for the study of health and safety matters. However, there is no consultation with regard to good social practices between the Government of Senegal and those of countries where MNEs have their headquarters.

## Singapore

The Government of *Singapore* reports that MNEs in Singapore actively participate in the upgrading of the local workers and industries under the Training and Attachment Programme (TAP) and the Local Industry Upgrading Programme (LIUP) respectively. Consultations on general policy objectives and development priorities are held between the Government and MNEs, and, as appropriate, with the national employers' and workers' organizations.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate that development policies and priorities of the country are considered on a tripartite basis. The Ministry of Labour conducts consultations on matters relating to MNEs.

## Slovenia

The Government of *Slovenia* reports that MNEs take into account the established general policy directives and development priorities. Consultations on these objectives and priorities are held between FITAS (under the framework of the Chamber of Commerce and Industry of Slovenia), the Trade and Investment Promotion Office (TIPO) and the Economic and Social Council, as a tripartite body, whereas no consultations between home and host country governments are held.

## South Africa

*Business South Africa (BSA)* states that MNEs take full account of established general policy objectives and development priorities of the country, through their membership in several business organizations (names given); their representation at the official tripartite negotiation and discussion body, National Economic Development and Labour Council (NEDLAC) as part of the Business South Africa team; and through the Consultative Body of the Business Trust, made up of senior business leaders, politicians and government officials. Along with regular contact between the Department of Foreign Affairs and home countries, MNEs are represented in the International Investment Council, set up in 2000 by President Mbeki to encourage investments in South Africa.

The *Federation of Unions of South Africa (FEDUSA)* states that, in general, MNEs support the policy objectives and development priorities of the countries where they operate, i.e. creating employment, improving the country's economy, attracting FDI and contributing to the reimbursement of national debt. Although assisting in these priorities, some MNEs do so while disregarding workers' rights, under "abhorrent conditions of employment". Most countries are unwilling to object, considering the overall benefits outweigh the individual costs. Consultations on these objectives and priorities may be discussed with the social partners at the National Economic Development and Labour

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Council (NEDLAC), or alone between the MNE and the Government; in the latter case, certain conditions may be determined prior to MNEs' establishment in the country. The only assurance of a truly democratic decision taking place is if such discussions are tabled at NEDLAC or some other appropriate forum. In consultations held between the host and home country governments, governments generally compromise to promote good social practice in so far as there is no conflict with the country's legislation. For example, an agreement between the South African Government and the EU has resolved discrepancies over the use of the words "grappa" and "ouzo".

## Spain

The Government of *Spain* reports that social policy does not specifically regulate MNEs, and workers in MNEs are accorded equal treatment under the law.

The *Spanish Employers' Confederation (CEOE)* advises that the Government's economic and social policy objectives are sensible and are taken into account by MNEs, which offer their points of view through the employers' organizations at sectoral and national levels and through CEOE, the umbrella organization.

The *General Union of Workers (UGT)* reports that, in deciding to set up in Spain, MNEs give more importance to the country's political, economic and social situation than to general policy objectives or the country's development priorities. MNEs determine their location based on commercial criteria, in many cases seeking tax benefits or economic subsidies from the authorities. The trade unions do not participate, at any time, in negotiations between the Government and the MNE on installation conditions, nor are they informed of their progress and conclusions. UGT states that it does not know if there are contacts between the Spanish Government and governments of home countries, but it believes that they do take place if the size of the investment is large enough. On occasion, establishment of MNE operations in Spain has been effected by the acquisition of existing companies in economic difficulties. Such acquisitions are generally coupled with major restructuring plans involving substantial job losses; in general, negotiations between trade unions and MNEs concern feasibility plans only after the setting up of the company. However, in the automobile industry, communication with workers' representatives is ongoing.

## Sri Lanka

The Government of *Sri Lanka* reports that MNEs, which have to obtain approval of the Ministry of Finance and other concerned authorities to operate in the country, have so far acted in harmony with the national policy objectives. There are no institutionalized consultations between the Government and MNEs, nor with national employers' and workers' organizations, as envisaged in the MNE Declaration. However the necessary information is available to any MNE that wishes to establish its operations in the country. The Government periodically undertakes missions in home countries in order to attract new MNEs. Before the establishment of any MNE, a Memorandum of Intent (MOI) is signed stating the obligations of the concerned parties; such MOIs contain certain government policies.

The *Employers' Federation of Ceylon (EFC)* concurs with the Government and points out that MNEs have concluded Memoranda of Understanding with the Government when taking over public enterprises under the privatization process. Although there is no system of consultation, the activities of MNEs are consistent with the national policy objectives.

The *Ceylon Workers' Congress (CWC)* notes that no consultation is held with the national employers' and workers' organizations prior to the licensing of MNE operations by the Ministry of Finance and its agencies. In affirming the Government's report

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regarding Memoranda of Intent, it adds that such MOIs contain certain social policies of the Government.

The *Lanka Jathika Estate Workers' Union (LJEWU)* is of the view that, despite the country's ratification of Convention No. 87 (freedom of association and protection of the right to organize) and Convention No. 98 (right to organize and collective bargaining), the provisions of the law have not been implemented. In the public sector, trade unions are prohibited except for particular categories of workers. These restrictions are embodied in the Trade Unions Ordinance. However, amendments have recently been introduced to the Trade Unions Ordinance and the Industrial Dispute Act improving worker protection.

## Switzerland

The Government of *Switzerland* refers to the reports on the implementation of Conventions Nos. 87 and 111. Switzerland ratified Convention No. 98 on the right to organize and bargain collectively on 18 March 1999; the ILO recorded it on 17 August 1999. The Government also refers to the comments of the Confederation of Swiss Employers and the Swiss Federation of Trade Unions.

The *Confederation of Swiss Employers (UPS)* points out that the question essentially concerns developing countries and indicates that ILO Conventions Nos. 87, 98 and 111 have been ratified for several years. Freedom of expression and association is guaranteed in law and in fact. These principles are fully respected by Swiss enterprises and foreign MNEs in Switzerland.

The *Swiss Federation of Trade Unions (USS/SGB)* states there are no national provisions from which MNEs are exempt. As far as the union is aware, there are no coordinated consultations between governments or between the Government and MNEs. The exchange of information and consultations with workers' organizations are carried out, as appropriate, between individual enterprises and their staff representatives at the plant level and, if need be, with the respective trade unions. The right to hold consultations in the event of enterprise transfers or mass dismissals exists under the Consultation Act (established as a result of closer ties with the EU) or on the basis of the corresponding collective agreements.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* reports that workers' organizations are not involved in consultations regarding general policy objectives and development priorities concerning MNEs.

## Togo

The Government of *Togo* states that MNEs are not exempt from compliance with national and international law and practice, and that they take fully into account the general policy objectives and development priorities of the country. Consultations are held between the Government, employers' (including MNEs) and workers' representatives with the aim of improving private sector development priorities and programmes.

With regard to the need for MNEs to take into account the policy objectives and development priorities of the country, the *National Employers' Council (CNP)* contends that MNEs, in theory, comply but that determining or giving its point of view about the development priorities defined by the Government is outside its scope. It states that consultations between MNEs and the Government could have taken place but have not included the CNP.

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The observations of the *Workers' Trade Union Confederation of Togo (CSTT)* are similar to those of the Government, and the CSTT adds that an example of tripartite consultation is the development programme of the private sector. The CSTT reports that there are consultations between host and home country governments, and that top MNE management visit their branch offices in host countries where they are personally received by government authorities.

The *Group of Autonomous Trade Unions (GSA)* replies that the general crisis in the country creates a chaotic situation.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* points out that MNEs consider established policy objectives and development priorities particularly regarding the immediate environment in which they operate. The ECA also notes that MNEs play a positive role as corporate citizens participating in the promotion of local culture.

## Turkey

According to the Government of *Turkey*, MNEs must take full account of policy objectives and development priorities since they, like national enterprises, operate under national legislation and are expected to follow the same general policies and social practices. Hence, the legal enforcement mechanisms are applied without any distinction between national and foreign enterprises. Moreover, in line with the seventh Five-Year Development Plan, the fundamental Conventions and the labour standards of the ILO – particularly the Tripartite Consultations (International Labour Standards) Convention, 1976 (No. 144) – Turkey aims at a continuous social dialogue between the Government, workers' and employers' organizations in order to promote a policy of social peace and tripartite consultations. Along these lines, consultations between the Government and the social partners take place when needed on issues of general policy and development priorities. Bilateral investment and technical cooperation promotion treaties have been concluded with several countries with a view to promoting good social practice.

The *Turkish Confederation of Employers' Associations (TISK)* concurs with the Government with respect to MNEs being subject to national law and supervision. It confirms there is no clash between MNE activities and national priorities and social objectives. The Confederation is of the view that mechanisms enabling direct dialogue and exchange of views between the Government, MNEs and the social partners, are not at the desired level. Contacts between MNEs and their Turkish commercial partners take place, but the possibility for increased dialogue is available through direct membership in employers' organizations. Regarding consultations between host and home country governments to promote good social practice, the Confederation refers to several bilateral agreements signed to encourage foreign capital and investment and to promote cooperation.

## Uganda

In their joint response, the tripartite partners of *Uganda* report that, generally, MNEs have been "very cooperative" and that they have taken into consideration the general policy objectives and development priorities of the country, including compliance with tax reporting and payment regulations. However, some MNEs do not respect national labour law, especially the right of employees to be represented by trade unions and engage in constructive negotiations with a view to reaching agreement on employment conditions. Although consultations have been held, they have had a weak effect due to the lack of acceptance of labour legislation by some MNEs, especially in the area of unionization, and



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due to the absence of the Labour Advisory Board. Consultations have also taken place between the host and home governments regarding the operations of MNEs.

## Ukraine

The Government of *Ukraine* states that there is no information suggesting that MNEs do not respect the general policy objectives and development priorities of the country. Consultations are held as necessary between the Government, employers' and workers' organizations, with the participation of MNEs. In addition, regular consultations, meetings and "round table" discussions are held between the Government, national employers' organizations and trade unions. In 1993 the National Council of Social Partnership, on which the Council of Ministers, employers' organizations and trade unions enjoy equal representation, was established by Presidential Decree to achieve consensus on issues in the social and labour sphere. Similar councils have been established throughout the country. The most representative organizations of employers and workers took part in talks culminating in the signing of a General Agreement for 1999-2000 by the Council of Ministers, the Confederation of Employers and the trade union associations. There has been no consultation to date, between the host and home country governments regarding MNEs.

The *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, in their joint reply, expresses views that concur with the Government.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* indicates that, in general, MNEs take account of national plans and that both formal and informal consultations are generally held with FEDECAMARAS. It does not know of cases where consultations between host and home country governments have taken place in order to promote good social practice.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* notes that some MNEs tend to focus on profitability rather than on the development priorities of the country. Some but not all MNEs conduct consultations with the Government and employers' representatives. No consultations were conducted between host and home governments. However, in 1999, the Viet Nam General Confederation of Labour (VGCL) and Trade Union of Korea (TUK) met with the Korean employers' representatives in order to discuss issues relating to strikes in joint venture enterprises.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that MNEs have respected general policy objectives and development priorities in Zambia, as evidenced by their acceptance of existing labour laws in their operations. The Federation notes that MNEs have embraced general policy objectives such as job creation, increased productivity, the use of environmentally friendly production methods and investment in government-designated areas such as agriculture. Consultations take place between the Government, employers' and workers' organizations on general policy objectives and developmental priorities including issues related to FDI. Annual tripartite meetings of the social partners provide a forum for such discussions. In addition, the Federation usually submits written proposals on these issues. As a developing country, Zambia receives a lot of support from the MNEs' home countries as well as others in regard to good industrial practice.

According to the Government of *Zimbabwe*, some MNEs take full account of established policy objectives, especially those with large fixed capital investments in the country. Other MNEs, however, do not follow general policy objectives if the objectives “compromise the profit motive”. Consultations are usually held between the Government, employers and labour while MNEs are not consulted except through the employers’ organization. No consultations are held with host country governments.

## Employment

### ***Employment promotion*** *(Paragraphs 13-20)*

13. With a view to stimulating economic growth and development, raising living standards, meeting manpower requirements and overcoming unemployment and underemployment, governments should declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.<sup>3</sup>

14. This is particularly important in the case of host country governments in developing areas of the world where the problems of unemployment and underemployment are at their most serious. In this connection, the general conclusions adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, June 1976) should be kept in mind.<sup>4</sup>

15. Paragraphs 13 and 14 above establish the framework within which due attention should be paid, in both home and host countries, to the employment impact of multinational enterprises.

16. Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise.

17. Before starting operations, multinational enterprises should, wherever appropriate, consult the competent authorities and the national employers’ and workers’ organizations in order to keep their manpower plans, as far as practicable, in harmony with national social development policies. Such consultation, as in the case of national enterprises, should continue between the multinational enterprises and all parties concerned, including the workers’ organizations.

18. Multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country at all levels in cooperation, as appropriate, with representatives of the workers employed by them or of the organizations of these workers and governmental authorities.

<sup>3</sup> Convention (No. 122) and Recommendation (No. 122) concerning Employment Policy.

<sup>4</sup> ILO, World Employment Conference, Geneva, 4-17 June 1976.

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19. Multinational enterprises, when investing in developing countries, should have regard to the importance of using technologies which generate employment, both directly and indirectly. To the extent permitted by the nature of the process and the conditions prevailing in the economic sector concerned, they should adapt technologies to the needs and characteristics of the host countries. They should also, where possible, take part in the development of appropriate technology in host countries.

20. To promote employment in developing countries, in the context of an expanding world economy, multinational enterprises, wherever practicable, should give consideration to the conclusion of contracts with national enterprises for the manufacture of parts and equipment, to the use of local raw materials and to the progressive promotion of the local processing of raw materials. Such arrangements should not be used by multinational enterprises to avoid the responsibilities embodied in the principles of this Declaration.

(5) (a) *What has been the impact, qualitative and quantitative, of the technologies used by MNEs on employment, including employment in the various industrial sectors?*

(b) *Have there been any studies of the impact of MNEs on employment, including employment in different industrial sectors? If so, please provide a brief summary.*

(6) *To what extent do the operations of MNEs have backward and forward linkages with national/indigenous enterprises (e.g., suppliers and distributors)? Please explain.*

(7) *What has been the impact of MNE activities on employment opportunities and standards in your country? Please describe briefly both general and specific aspects.*

## Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola which provides information from one MNE in the petrochemical sector (name given), which indicates that it seems “almost certain” that MNEs in the oil sector have a positive impact on employment. It reports that it has been, and plans to continue, increasing the number that it directly employs and contributing to growth in employment opportunities through subcontracting. With regard to backward and forward linkages, that MNE states that it uses the services of national companies.

The *National Confederation of Free Trade Unions of Angola* reports that neither positive nor negative employment effects have occurred in the country yet, and that information on enterprises is difficult to provide due to the war which has destroyed enterprises and forced workers to leave work to fight. The Confederation does not know about the operations of the MNEs in the country. It observes that employment in the country is just slightly changed from colonial days and that unemployment has reached 75 per cent. It further notes that the informal sector dominates the economic and social situation, with men and women selling things in the street and making a living as itinerant tradespersons, small retailers, fishery workers, farmers, woodcutters, domestic servants, porters and rickshaw drivers.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that MNEs working in the telecommunications sector provide advanced technology with a positive qualitative impact on technological development of the sector (specific company named as an example). Generally, the industrial sector in the country is small and localized. Although there is a

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limited presence of MNEs in the country, they provide high technology employment opportunities with relatively good working conditions and wages.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Argentina

The Government of *Argentina* states that the number of jobs created by MNEs has declined, owing to the use of new technologies or to employment restructuring and staff cutbacks. Yet many MNEs use domestic suppliers and are thus important tools for economic recovery and the strengthening of the labour market. While labour standards apply equally to MNEs and national enterprises, recent efforts that have been made to encourage employment in small and medium-sized enterprises (SMEs), are reflected in labour law standards that allow for greater flexibility.

## Australia

Although there have been no specific studies conducted, the responses of the Government of *Australia*, which include commentary from the state government of New South Wales (NSW), claim that the impact of technologies used by MNEs on employment has resulted in productivity improvement, increased skill levels and better job opportunities. NSW's Department of Aboriginal Affairs advises that it has no knowledge of information or issues relating to MNE operations with indigenous enterprises. The Government of Australia also includes commentary from the state government of Victoria, which states that the Employment Division of the Department of Employment, Education and Training (DEET) undertakes research and provides information and policy advice on employment issues, microeconomic and macroeconomic trends, skilled migration, disadvantaged groups in the labour market, occupational trends, skill needs of industry and regional labour market profiles.

The *Australian Council of Trade Unions (ACTU)* reports that the presence of MNEs in Australia has had a positive impact in terms of technology transfer, employment growth and economic advancement. MNEs source most of their raw materials in Australia and sell into the domestic and export market.

## Austria

The Government of *Austria*, citing official statistics, reports that in 1997 (most recent available data) 378,400 persons were working in enterprises with foreign participation. The largest proportion of employees in MNEs are in electrical engineering, chemicals, rubber, synthetic materials and mechanical engineering (data attached). Plant-level evidence (sources attached) reveals that MNEs in Austria register a higher level of productivity than domestic enterprises. The data on linkages between the operations of MNEs and national enterprises is insufficient to estimate the extent of this relationship. However, there are examples which suggest a positive effect (car manufacturing cited as an example). Since incoming direct investment leads to labour-saving technical progress, the potential for creating new jobs has "been somewhat overestimated", reports the Government. In some sectors, such as manufacturing, employment in MNEs operating in Austria is subject to greater fluctuation.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GMBE indicates that "technology clusters" have been formed with the cooperation of government investment in science and

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research, particularly in the automotive sector. GBH reports that new technologies in the construction sector have eliminated jobs but employment opportunities have increased in certain regions due to MNEs and employment standards are higher. Backward and forward linkages are seen, especially in wholesale trade. ANG reports that modern technology in the food and allied industries requires training or subcontracting to outside firms. MNE activities have had a positive effect on employment opportunities in this sector, but there have been closures of production units accompanying the accession to the EU (names of MNEs given). None of the unions represented in the report are aware of studies of the impact of MNEs on employment.

## Bahamas

The Government of *Bahamas* indicates that, as to qualitative impact, MNEs have introduced new technologies and skills training and retraining for workers. Quantitatively, this has resulted in an increase in high-quality jobs in various industrial and service sectors. Studies of the impact of MNEs on employment in various sectors have not been carried out. MNEs have established linkages with national enterprises in the “light industries” while agricultural produce is used extensively by the hospitality sector. Employment opportunities in MNEs have increased “tremendously” in the past seven years, and productivity standards and services have been brought up to internationally accepted norms. Generally, MNEs have had an impact on the service sector and building industry. In particular, high technology usage has been introduced in the banking and e-commerce sectors.

## Bahrain

The Government of *Bahrain* states that no studies regarding the impact of MNEs on employment have been undertaken. Since the role of MNEs in the country’s economy is limited, backward and forward linkages with national enterprises are also limited. Nevertheless, MNEs can export their products abroad by establishing a foreign branch in Bahrain; however, imports are allowed only for Bahraini enterprises which hold a commercial importation licence. In general, the opening of branches of MNEs in the country helps to generate new employment opportunities, quantitatively and qualitatively. A Decree issued in 1996 by the Ministry of Labour and Social Affairs (No. 7 of 1996) requires all private sector enterprises to increase Bahraini employment by 5 per cent annually, and new enterprises to employ Bahraini nationals in 20 per cent of their workforce regardless of the technology used.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers’ Federation which follow.

The *Bangladesh Employers’ Federation (BEF)* states that the technologies used by MNEs are relatively modern and have a favourable impact in terms of employment and productivity. No study has been conducted on the impact of MNEs on employment but MNEs and other enterprises feel that there is a need for such studies. The BEF considers that the activities of MNEs have “optimum” linkages with national enterprises in respect of all their operations. The activities of MNEs have a more positive impact on employment opportunities and standards than national enterprises. Working environment and facilities are also better in MNEs.

The *Bangladesh Workers’ Federation (BWF)* indicates that the technologies used by MNEs have resulted in cost-cutting, higher quality of products and increased production and productivity. However, the redundancy rate has also been increasing at an “alarming rate”, and MNEs are reducing employment opportunities in the name of business and

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organizational restructuring, and in some cases competition and higher profitability. Redundancy statistics are provided for one company (name given) in the pharmaceutical industry which the BWF states has been facing “tremendous regulatory obstacles” since 1982 banning most of their products. The workers’ organization notes that in the pharmaceutical sector some MNEs (names of four MNEs given) have closed down and transferred their operations to national enterprises who operate under more favourable policies and regulations. For example, in one of the MNEs (name given) the number of workers has been reduced from 1,350 in 1982 to 850 in 2000 and permanent posts have been replaced by temporary positions and contract employment. In some cases the MNEs have transferred their enterprises (name given) to local entrepreneurs who manage them under different names. Such impact is more alarming in other companies, says the BWF. The BWF points out that MNEs are required to procure raw materials from indigenous enterprises through local suppliers and distributors.

## Barbados

According to the Government of *Barbados*, MNEs use available technologies to enhance efficiency. In the process, they sometimes transform labour-intensive operations to capital-intensive ones, and replace certain kinds of jobs by new employment opportunities. The Government is not aware of any studies of the impact of MNEs’ activities on employment. Backward linkages with national enterprises are sporadic. Normally, purchases of most of the raw materials for manufacturing processes and finished goods for other operations are carried out abroad. For MNEs, the choice of products or services purchased depends on cost not on origin. MNEs have created employment opportunities for nationals with a significant increase in the level of employment of the country as a whole. The Barbados Investment and Development Corporation (BIDC) has not undertaken a general study of the impact of MNEs on employment but provides an overview of the employment contribution of MNEs in the electronics and information services sectors. It reports that in the electronics sector, where most of the companies are MNEs, there was great benefit from their activities in the early 1980s because of the lower costs associated with manufacturing. Quantitatively, the sector employed more than 2,000 workers. Due to the progressive automation in the industry this figure decreased to 1,000 workers in the 1990s. Most of the laid-off workers were women, as the industry is predominantly female. This situation also caused some dislocation. Since then, MNEs have been changing their processes from highly labour-intensive to a mix of automation and labour. The impact on employment is neutral as job losses in one area tend to be compensated by employment creation in another area or in newly established companies. As far as the information services sector is concerned, the BIDC reports that MNEs comprise approximately 55 per cent. In the early 1980s the sector employed fewer than 200 workers. Since then, the sector experienced dramatic growth with a peak in 1998 of almost 3,000 workers. However, the character of these jobs has changed over the last few years from low-end data processing to higher end software development positions. Technological changes have had a negative effect on employment. These changes have led to a decline in employment of approximately 1,000 workers from December 1997 to December 1999, but the overall employment picture is more positive as the newer, higher end jobs tend to be higher paying jobs. In the two main sectors mentioned above (especially electronics), MNEs apply to the parent company or to other external sources for raw materials and larger equipment, although they may acquire basic office supplies locally.

The *Barbados Employers’ Confederation (BEC)* indicates that some MNEs have transferred or are in the process of transferring their production processes from Barbados to neighbouring countries due to the high cost of local operation (names of MNEs given). Consequently, there have been lay-offs and the remaining workers are involved mainly in distribution rather than manufacturing. The BEC quotes a study undertaken by the ILO (“Employment, working conditions and labour relations in offshore data service

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enterprises: Case studies of Barbados and Jamaica”, Faith Dunn and Hopelton Dunn, Working Paper No. 86) on employment impact of MNEs, to establish that economic development in the Caribbean depends on information services. Progress in computer and telecommunications technologies, together with proximity to the United States and lower labour costs, have a major impact on the Caribbean offshore data industry. As the majority of low-skilled jobs are held by women and the majority of high-skilled jobs by men, gender is emerging as an important feature. Linkages with national enterprises are very few because one of the major industries in the country is computer science. Generally, MNEs abide by laws and standards of Barbados as do local enterprises.

The *Barbados Workers’ Union (BWU)* reports that technology employed by some MNEs has led to job loss. In the sugar industry, however, technology was used to overcome a labour shortage. There have been no linkages between MNEs and national enterprises.

## Belgium

The Government of *Belgium* reports that the qualitative and quantitative impact of MNE technologies on employment has been negative as technology has already been at an advanced level in Belgium. However, it regrets the announced closure of the Research and Development Centre of an MNE (name given) and hopes that this will not be the case of other MNEs such as those endowed with high value added laboratories, research and production centres. MNEs undeniably develop links with a whole series of enterprises that supply both goods and services. In the event of closure, the effects may be felt by these local enterprises as well, as was the case of an MNE in the automobile industry (named). In contrast, the transparent negotiations regarding restructuring that took place within another MNE were appreciated as they facilitated local recovery. In a third example, the takeover of a local enterprise by an MNE prevented a large region of the country from experiencing the “catastrophic” effects of a closure (name of enterprises and region given). Although MNEs’ impact on employment is crucial, it has not been the subject of a statistical study. However, a survey by the Federal Planning Bureau of 369 cases of collective redundancy from 1990 to 1996 found that local and multinational enterprises use the procedures for very different reasons. Local enterprises engage in painful redundancies when financial or management problems arise. MNEs that may be healthy and well managed render workers redundant by relocating for strategic reasons, such as the pursuit of greater profit maximization opportunities elsewhere.

## Brazil

The Government of *Brazil* reports that no reply can be given concerning the impact, qualitative and quantitative, of the technologies used by MNEs on employment (including employment in the various industrial sectors) because the relevant data does not take enterprise nationality into account. No studies have been prepared thus far concerning the impact of MNEs specifically. Some activities by the Office of the General Employment Coordinator (CGE), particularly with regard to the Employment and Earnings Generating Programme (PROGER), tend to focus on production lines – since strong production lines are usually more robust and longer lasting. As PROGER offers loans to micro companies and SMEs, the impact on the production lines which involve MNEs is probably slight.

The *National Confederation of Industry (CNI)* concurs with the views of the Government that the data available do not take into account the nationality of companies, but refers to a study published by the National Development Bank on the impact of companies with foreign shareholding for the period 1995-97, in which the sample analysed revealed a positive association between the increase in labour productivity and the presence of foreign companies in the majority of industrial sectors and particularly in the capital-intensive sectors.

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The *General Workers' Confederation (CGT)* states that technologies used by MNEs on employment have reduced the number of jobs. It is unaware of studies on the impact of MNEs on employment and knows of no linkages between MNEs and national enterprises.

## Bulgaria

The Government of *Bulgaria* reports that the impact of technologies used by MNEs varies from sector to sector. For instance, in the brewing industry, the introduction of new technologies has had neither a quantitative nor qualitative impact on employment whereas, in the services sector, MNEs contribute significantly to improving quality of work. Time and means are provided to contribute to training and improvement of management. In the industrial sectors, MNEs in privatized production units inherit obsolete technologies and staff management systems. The restructuring process involves the introduction of modern technologies and research aiming to make the number of workers optimal, even if it requires some unpopular (reductionist) measures. In general, these MNEs endeavour to bring about balance between the quantitative and qualitative effects of technologies on employment, with some exceptions. The chemical and oil industries are characterized by a negative trend on the quantitative level as opposed to the qualitative level, although no technological innovations have taken place. In the cement industry, employment decline has resulted from the closure of production units which did not meet environmental requirements; planned technological innovations may have negative employment effects in the future. Similar decline in the food industry and the services sector (whose new owners are MNEs) are traced to the modernization of equipment and of working methods. Enterprises that initiate activities in the country are able to create "perfect" structures with maximum flexibility to meet the dynamics of change, as the country's labour force is highly skilled and has the necessary qualities for development. The Government points out that the privatization process and the investment flows to the country are still at an early stage which makes improvement of the quantitative trend impossible. Studies on the impact of MNEs' activities on employment in different industrial sectors are difficult given the lack of statistical data on privatized enterprises. With regard to backward and forward linkages with national enterprises, MNEs cannot easily find local partners, suppliers or distributors, whose activities keep up with international standards. Consequently, MNEs try to build strategic alliances with or invest in domestic enterprises, to which they transfer know-how, modern requirements and labour standards. It is, therefore, necessary for multinationals to maintain constant backward and forward linkages with these partners and every MNE has a well-developed system of linkages, particularly those in the cement and petroleum industries. Overall, MNEs have a positive impact on employment opportunities and standards. Whereas employment reduction is necessary in industrial sectors for structural improvement purposes, the sectors of commerce and services present substantial employment creation prospects. Most MNEs are exacting in technological, labour and financial discipline, and staff is highly motivated to improve their skills. In principle, the impact of MNEs on employment is twofold: negative, as their organizational and management structures lead to a considerable employment reduction, and positive, as existing undertakings can be rescued, whereby increased production allows for the recruitment of additional staff. Labour standards are mainly governed by the law on protection in the event of unemployment and promotion of employment, the law on occupational safety and health, and international labour standards embodied in ILO Conventions ratified by the country. A National Council has been established under article 4(2) of the law on unemployment, and the Government pursues a policy to provide security for the unemployed, promote their employment and protect the domestic labour market. This includes examining changes and important amendments to introduce into the labour law in order to regulate new types of industrial relationships. In general, labour standards within the MNE are determined by business practice at the EU level. The labour laws are strictly applied, and major amendments to the above laws, in order to introduce new industrial relations, are currently being examined for submission to the Parliament for adoption. Moreover, labour standards applied by MNEs are of international business



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standards level and enterprises create skilled job opportunities in line with EU quality and competitiveness requirements.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that essentially, the technological policy of MNEs is to produce the requisite quality and quantity to make maximum profits. This policy, particularly in the industrial sector, has enabled MNEs to expand considerably, with many jobs being created as a result. The most flourishing sector in this respect is the agri-foodstuffs industry (breweries, oil mills, soap works, biscuit factories, bakeries, pastry-makers, etc.). No data has been compiled on the jobs offered by MNEs in Burkina Faso, at least not in the industrial sector. MNEs have backward and forward linkages with national/indigenous enterprises in many fields. Many national enterprises supply goods and services to the MNEs. Some national enterprises operate as agencies for the MNEs in the distribution of their products, particularly in the brewing industry and other agri-foodstuffs sectors. As partners in the building and public works sector, MNEs subcontract certain ancillary works to national enterprises. With respect to the impact of MNE activities on employment possibilities, it can be viewed from two angles. In general, MNEs, unfortunately low in number, offer stable employment, which has been increasing over the years in line with the growth in their activities. Employment stability in the MNEs is due to their solidity, sound management and experience. However, the mining companies have experienced difficulties linked to the fall in gold prices and many have closed down, leaving hundreds of workers unemployed. The MNEs active in the buoyant agri-foodstuffs and brewing industries have experienced some prosperity. Burkina Faso and the MNEs are affected by the world economic crisis affecting every country, which is having a negative impact on employment growth in the MNEs.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* states there are no studies of the impact of MNEs on employment. Linkages have developed between MNEs and national or indigenous enterprises; however, the Confederation has not been able to collect any useful data to answer this question. The impact of MNE activities on employment opportunities and standards has been “revealing”. Social repercussions – family life, school attendance, etc. – have been positive.

## Canada

The *Canadian Employers’ Council (CEC)* notes that there is no discernible difference in the pattern of technology based on ownership (i.e. whether an organization is an MNE or not). MNEs like other enterprises strive to achieve an effective use of both labour and technology. The influence of technology has the positive effect of increasing the skill base of the workforce which allows greater access to good, well-paying employment opportunities. MNEs have had a positive impact on employment opportunities. The rapid growth of sectors operating multinationally, such as the software industry, has created many employment opportunities. MNEs have also created significant supplier networks with extensive forward and backward linkages. Furthermore, through their purchasing organizations, MNEs provide training, and transfer technological expertise to their suppliers, thereby creating benefits for those domestic industries and their employees.

## Cape Verde

The Government of *Cape Verde* reports that the impact of technologies, particularly in the industrial sectors, has been positive in terms of increased exports and new products. The Government reports that workers are quick to learn and have a considerable capacity for absorbing knowledge and skills in the training initiatives that typically take place

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before the expansion of companies. There have not yet been any studies on the impact of MNEs on job creation. However, the Government points out that the industrial sector absorbs a large proportion of the country's labour force. For example, one MNE (name given) in Mindelo employs 270 workers, another (name given) employs 106 workers, and another (name given) employs 160 workers. MNEs produce mainly for export; their impact on supply and distribution enterprises is negligible, although at least one MNE (name given) operates for the local market and supplies national distributors. The Government notes that the "value adding" impact from MNEs resulting from consumption of national goods and services has been high. MNEs, created through FDI and in accordance with the Government's objectives, create a large number of jobs and thus significantly reduce unemployment, especially on islands such as São Vicente.

## China

According to the Government of *China*, no studies or systematic analysis have been carried out to date regarding the impact of technologies used by MNEs on employment in different industrial sectors. However, through introducing new technologies, these enterprises have given a strong impetus to employment creation in the country, both qualitatively and quantitatively, as can be seen by the fact that the number of persons that they employ has doubled to 2,930,000 workers in 1998, compared to 1991. MNEs have generated job opportunities as they have expanded, with positive and negative effects on employment standards. On the one hand, most MNEs are in a position to offer relatively stable employment and to ensure social security benefits as provided for under the legislation, such as unemployment and old-age benefits. On the other hand, there are problems concerning safety and health in production processes in some MNEs; in certain MNEs, adequate social security for temporary workers cannot be guaranteed.

## Colombia

The Government of *Colombia* states that, although its studies reflect in general the state of the labour market, there is no specific data on the number of jobs created and type of technologies used by MNEs. No studies have been undertaken on the impact of MNEs on employment, including in different sectors. However, the contribution of the MNEs in terms of employment creation is considered to be significant. The Government observes that there are links between MNEs and national companies in the form of distribution and franchise arrangements.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which asserts that recruitment of local personnel by an MNE in the airline industry (name given) has not continued in recent years, despite recruitment in other countries in the region (names of three countries given).

## Costa Rica

The Government of *Costa Rica* indicates that the majority of MNEs, especially those situated in export free zones, generate many employment opportunities. According to data from the annual reports presented by the Costa Rican Trade Promotion Board (PROCOMER), these enterprises generated 30,000 direct jobs in 1999. They have diverse activities in the industrial field, which creates a widespread demand for manpower at all levels. It should be noted that free zone enterprises are mainly involved in industrial activities. The largest concentration is in the textile, footwear and leather industries, where 25 per cent of these companies are to be found. Thirteen per cent of MNEs are in the electronic goods and services sectors. PROCOMER has made various efforts to determine the impact of MNEs on development in the country, including a recent study called "The export free zones and their impact on economic development: The case of Costa Rica". This study only covers the 31 enterprises in the Cartago Industrial Park, which represents

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15 per cent of the total. According to the Government, backward and forward linkages with national/indigenous enterprises (e.g. suppliers and distributors) are advanced through various programmes involving the public sector, employers' organizations and MNEs. This development has allowed various national companies, after a preparatory period, to become suppliers of raw materials and other inputs for MNEs. Those programmes are ongoing and it is hoped that relations with MNEs will expand, with the subsequent benefits in terms of improved competitiveness and better preparation to meet the requirements of international markets. A new supplier development project was introduced recently, a joint venture by CINDE (the Costa Rican Chamber of Commerce and Industry), the Costa Rican Foreign Trade Promotion Board and FUNCENAT (National High Technology Centre), with the financial backing of the Inter-American Development Bank, the Costa Rican Government and the private sector. With the slogan "Costa Rica Provee", this programme promotes linkages between SME producers and high-tech multinationals. According to the Government, MNEs have had an impact on employment possibilities and standards, notably by providing greater sources of employment. Similarly, since the requirements for employment by many of these enterprises are greater than those for national companies, especially for high-level positions, the labour skills of Costa Ricans have risen accordingly and there is an incentive for improvements in the academic or technical training of employees. This can be clearly seen in the growing numbers of bilingual people in the country, responding to the requirements of some MNEs.

#### Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that in providing about 30 per cent of all jobs in the industrial and commercial sectors, MNEs play an important role in promoting employment opportunities. However, the percentage of nationals employed in MNEs is lower than at the national level.

#### Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* states that there has been some downsizing of "lower-qualification" workers while, at the same time, the one MNE in the telecommunications sector has been hiring young engineers. Special contacts have been established with the Faculty of Electrical Engineering in order to shape the curriculum in accordance with the needs of the MNE and to attract the best students. In the Confederation's opinion there has been no study of the impact of MNEs on employment. This MNE does not automatically give preference to domestic suppliers; it operates in accordance with the market principles taking into consideration price, quality and delivery time in selecting suppliers.

#### Cyprus

According to the Government of *Cyprus*, technologies used by MNEs bear both a qualitative and quantitative positive impact on employment, particularly in the sectors of tobacco and petroleum, banking, insurance and tourism. No studies with respect to MNEs' impact on employment have been carried out. While these enterprises generate job opportunities, they have not had a positive effect on employment standards and may, in some cases, have had a negative impact in this respect.

The *Pan-Cyprian Federation of Labour (PEO)* states that MNEs generate employment opportunities, since their technology and management methods are adapted to the needs and characteristics of the country. National enterprises can learn from MNEs' experience with respect to productivity, both qualitatively and quantitatively, which leads to positive employment prospects in different industrial sectors. The Federation lists various national institutes involved in research activities, inter alia, the Industrial Training Authority, which conducts studies and surveys on current and future needs of the labour

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market, covering all enterprises, for the purpose of planning vocational guidance and training and determining enterprises' employment capacity. The results of the research are published and constitute a useful guide. Other specific research is carried out by the Cyprus Productivity Centre and other national institutions. MNEs aim at producing their goods and services themselves and use locally available raw material, resorting to local suppliers and distributors; they will however import some commodities depending on factors such as price and quality. Negative consequences of the backward linkages with national enterprises have not been observed. The impact of MNEs on employment opportunities depends on the diversity of their activities and of the sectors in which they operate. Moreover, factors such as financial strength and managerial skills, allow them to yield profits leading to a monopolistic situation, which has disadvantages for the consumers. Whereas MNEs steadily expand in various economic sectors, with a resulting potential for new employment opportunities, a large number of new jobs has not been created as these enterprises aim at maintaining low costs; newly established MNEs in the country may create negative employment effects as far as small and medium-sized national enterprises are concerned.

### Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that due to the lack of reliable statistics, it is not easy to assess qualitatively and quantitatively the impact of MNEs on employment in the Democratic Republic of the Congo (DRC). No specific studies of the impact of MNE activities on employment opportunities exist. MNEs, as large enterprises, are major centres of economic activities. They have developed backward and forward linkages with national/indigenous enterprises through their activities involving subcontractors and suppliers of goods and services. They essentially focus on their core social objective and call upon national enterprises for linkage activities. In a peaceful period, the impact of MNEs on employment is clear (the DRC has been in a war situation for two years). Over 90 per cent of the staff of MNEs is local; usually only the management and technical staff are recruited from outside the country.

The *National Workers' Union of Congo (UNTC)* reports that it cannot definitively state the impact of technologies used by MNEs on employment because there have been no studies undertaken and there is a lack of research and statistical data available to answer appropriately. With respect to the linkages with national enterprises, the UNTC notes that, as MNEs have very large production units, they develop activities with backward and forward linkages with other enterprises operating in the country. As regards employment opportunities, many jobs have been lost as a result of the effects of war and the global context of armed conflict and crisis.

### Denmark

The tripartite partners of *Denmark* report that there have not been any studies on the impact of MNEs on employment. Measuring the direct impact of the technologies used by MNEs on employment is not possible, although there is no difference between the technology used by MNEs and large national enterprises. With regard to backward and forward linkages, MNEs cooperate with all types of enterprises. MNEs have contributed to creating jobs similar to those found in any other type of enterprise, and may contribute to more "internationalization", offering better opportunities for an international career for some employees.

### Dominican Republic

According to the *National Confederation of Dominican Workers (CNTD)*, there is no information and/or there have been no studies on the quantitative and qualitative effects of technologies used by MNEs on employment. However, the application of the modular

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production paradigm by enterprises in export free zones in the textile sector has reduced the level of employment; and automation of the telephone services (name of company given) has cut the workforce substantially, by some 3,000 jobs. CNTD adds that there are no backward or forward linkages between MNEs and national/indigenous enterprises. As regards the impact of MNEs on employment opportunities and working conditions in the Dominican Republic, the development of subcontracting enterprises in special economic zones, as well as the development of international hotels, has led to the creation of some jobs but it has been difficult to apply labour standards (especially as regards unionization). For example, in the free zones there are only 14 trade unions in existence.

## Ecuador

The Government of *Ecuador* indicates that technologies used by MNEs have modernized the country's production apparatus but reduced the size of the workforce. There are no known studies on the impact of MNEs on employment. MNEs have linkages with both suppliers and distributors for the marketing of their products, as these are essential for the development of any activities and the proper functioning of companies, but the intensity of this dynamic is unknown. In the field of quality, processes have been introduced to meet ISO 9000 series standards, which influences competition between enterprises in the same production sector and the certification of others.

## Egypt

The Government of *Egypt* quotes the example of a foreign MNE in the automobile industry (name of company given) that has contributed to the development of that industry by providing its material (including technological aid, quantitatively and qualitatively) and moral potential to the car industry. This MNE deals with more than 150 suppliers in the field. This had led to the establishment of a fixed industrial basis for the sector of spare parts and accessories. The Government is of the opinion that this is linked to the reinvestment of profits in technological development and modernization of Egyptian industry. This can be used to establish an industrial base which enables Egypt to continue realizing stability and expansion.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry reports that a well-trained and experienced workforce is needed to deal with the latest technology; selective recruitment practices have been adopted. No studies of MNEs' impact on employment have been conducted, although this MNE reports that MNEs create more jobs as well as new job categories with resulting needs for expertise; in addition, more attention is paid to marketing and training. This MNE also reports that 95 per cent of employment opportunities in MNEs are offered to local citizens. Another MNE in the petroleum sector reports that it uses advanced technology in exploration and production processes. Staff have the opportunity to be exposed to this technology and receive proper training. Suppliers and distributors are considered to be business partners and are involved in ensuring that the best standards are reaching consumers, reports the food sector MNE. Backward and forward linkages are created in the petroleum sector. For example, an MNE in this sector (name of company given) has many contacts with local contractors and suppliers, providing a wide range of services in technical fields as well as administrative support like medical services, office services and automobile transport. The same MNE in the petroleum sector undertakes recruitment campaigns according to its business needs, and offers a fair and competitive package to national staff. The package is regularly reviewed to ensure that it ranks among the top 25 per cent in the local market.

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## El Salvador

As regards the qualitative and quantitative impact of the technologies used by MNEs on employment, particularly in industrial sectors, the Government of *El Salvador* underlines that MNEs have ample recruitment freedom, as do all enterprises with Salvadorean capital. This has permitted the improvement of information technology, along with the provision of services to meet the population's needs, thus increasing employment in the country. As a logical consequence, Salvadorean enterprises have also perfected their staff recruitment methods and service-providing, thus generating more jobs particularly in the *maquilas* assembly plants and service sectors. A register has been compiled of enterprises governed by the law on industrial free zones and commercialization, and it is planned to carry out studies in the near future on the effects of MNEs on employment by sector. A positive impact of MNEs on employment is evident, particularly in the manufacturing sector. The Government says that it does not have records of linkages between MNE activities and national/indigenous enterprises.

## Estonia

The tripartite partners of *Estonia* report that there are no specific studies on MNEs' effect on employment. MNEs tend to use local suppliers while national suppliers and distributors are used should the need arise. The modern technology used by MNEs improves workers' skills.

## Finland

The tripartite partners of *Finland* report that the expansion of a Finnish electronics company and its rise to a significant MNE has contributed to a considerable increase in both Finland and abroad. However, in the forest and metal industries a growing percentage of employment is created outside Finland. The merger of the banking and insurance sectors has led to rationalization and a decrease in the number of jobs. But the establishment of foreign banks in Finland has resulted in the creation of new jobs. Further, with EU membership, the opening of the sectors for foreign enterprises has allowed more competition. This is expected to increase communications productivity. No specific studies have been undertaken on the impact of MNEs on employment, but a study on trade and investment relations between Finland and Estonia indicates that there is a positive impact on employment resulting from internationalization of enterprises. [The report of the Bank of Finland (appended to reply) shows the number of employees for foreign enterprises by industry and country of origin. The figures indicate an increase in the number of foreign enterprises and the number of employees of foreign enterprises has increased during the reporting period (no figures for 1999 included).] The number of foreign subsidiaries has increased sharply, from 1,558 in 1996 to 2,325 in 1998. In Finland, the operations of MNEs have traditionally concentrated in high technology. Finnish MNEs producing base metal try to get raw materials from other countries for processing in Finland. The same applies to the oil and chemicals sector. Operations in the electronics industry, however, are based on skill; the production is carried out from components to end products or by buying the components elsewhere. Correspondingly, production activities are carried out both in Finland and in other countries, given that, as the significance of transport costs is so small for high-tech products; the only constraint is the time lag. Generally speaking, the activities of MNEs have adapted to Finnish legislation and the collective agreement system.

## France

The *French Confederation of Executive Staff (CFE-CGC)* reports that there is a qualitative impact of technologies used by MNEs on employment, as they play a major role in adapting skills and training of workers, in particular through continuing vocational programmes. However, the quantitative impact is more difficult to determine, as it is

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questionable whether technology destroys or creates job opportunities. A university research team (name of university given) has found negative effects caused by MNEs on employment in the current crisis of competition linked to the cost and price structure. As MNEs give priority to cost control, they restructure their activities, modernize production tools, downsize, outsource, increase productivity and reduce their workforce. The main effort is not about maintaining as many jobs as possible, and workers' organizations are invited to be involved only to the extent of support measures, not in decision-making relating to restructuring or strategic planning. Given the country's comparative advantage in terms of skills training, MNEs have a positive impact on employment opportunities in qualitative terms, but negative in quantitative terms as total industrial employment decreases, even during high growth periods. Whereas backward and forward linkages used to be part of industrial activities, linkages are determined on the basis of cost; therefore, MNEs move beyond locally produced supplies to obtain the lowest cost in global sourcing.

With respect to the effect of MNEs' activities on employment, the *General Confederation of Labour (CGT)* states that in many cases, MNEs have not been concerned about the impact of their policies on employment. It provides a comprehensive overview of 19 cases (names of MNEs from various sectors given) involving relocation with consequent job losses, along with the number of redundancies, and the countries where activities were relocated. For instance, despite cheaper labour cost and unanimous agreement among the social partners on the quality of the workforce in a French region, and in spite of a FF9 billion turnover coupled by a forecasted profit increase of 11 per cent, a redundancy plan by one MNE in the appliance manufacturing (name given) sector was announced in February 1996, entailing job losses for 147 workers due to relocation in a neighbouring country. A second example concerns an MNE in the electronics sector (name given), whose staff reduction plans, due to relocation, greatly affected women as they constituted the majority of its workforce – reduced from 635 employees to about 250. Another MNE (name given) announced closure of operations with nine months lead time, essentially transferring its production to a North African country (named). Moreover, due to the wishes of the financial group of a French MNE (name given) to increase profits by 8 per cent, increase productivity by 40 per cent per worker, and accelerate the transfer of production to a country in Latin America, 2,800 jobs are at stake. This plan has led to a united trade union movement characterized by solidarity. The CGT further reports that the financial state of the enterprise is healthy and that its takeover by a financial group was motivated by profit – the announcement of the restructuring plan pushed up the stock exchange value by 30 per cent – without any account of workers nor of the economic development of the region; the CGT considers that the enterprise should have used its resources and advantages in other ways. CGT calls for transparency in monitoring management choices, and points to demonstrations taking place in the country in late 1995. Another example concerns the closure of an MNE in a region that had not yet recovered from another closure in 1971 and whose parent company in Asia (name of country given) decided to relocate; the trade unions denounced the fact that the EU would grant FF2.5 million in aid to assist the relocation. CGT draws attention to the deteriorating effects in the context of globalization and calls for new ethics in the field of industrialization aid granted by the EU. Another example deals with a redundancy plan brought about by the relocation of production elsewhere based on costs, in spite of the record profits partly realized by 90,000 hours of overtime work.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that MNE subsidiaries in the country operate largely in the high technology field. Subject to world competition, they are no longer highly labour-intensive; rather they operate with highly skilled personnel. With respect to linkages with national/indigenous enterprises, MNE subsidiaries subcontract for activities that are not a part of their core operations. Apart from subcontracting, a number of the subsidiaries, in conjunction with the Government,

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contribute to diversification of the local economy by investing some of their profits in sectors other than those in which they carry out their own activities.

## Germany

According to the *Confederation of German Employers' Associations (BDA)*, a recent study by the *Deutsches Institut für Wirtschaftsforschung (DIW)* found that the economic engagement of foreign MNEs in eastern Germany significantly improved the overall productivity and competitiveness, preserving and creating employment.

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which indicates that the reorganization of MNEs in the post and telecommunications sector, due to privatization, has led to the reduction of the number of employees by approximately one-third over ten years, an increase in fixed-term employment; with 10 per cent of all employees in the postal service engaged on short-term contracts. For further details on the social effects of privatization of that sector, see *infra* Part IV.

## Ghana

The *Trades Union Congress (TUC)* notes that the impact of MNE technologies includes: consultation between competent authorities and national employers and workers; priority given to employment and occupational development; promotion of national policies and development of appropriate technology in the host country; processing of local materials; respect for Convention No. 111; avoidance of arbitrary dismissal procedures; and provision of some form of income protection for dismissed workers. There have been no studies on the impact of MNEs on employment. MNEs should develop appropriate technologies when investing in developing countries. Certain raw materials are processed in Ghana by MNEs (names given), such as palm oil into soap.

## Greece

The *Federation of Greek Industries (FIG)* reports that, although there have been no studies, its general impression is that the technologies used by MNEs have had a positive impact on employment in Greece. MNEs in Greece have broad linkages with national suppliers and distributors. The Federation further reports that MNEs have had a "fairly considerable impact" on employment opportunities in Greece.

## Guatemala

The Government of *Guatemala* advises that there is no official information about recent cases which can serve as points of reference, and no studies have been carried out recently on the qualitative/quantitative impact of the technologies used by MNEs in the country, especially on employment in the various industrial sectors. It knows of no studies on the linkages between MNEs and national enterprises, although the Coordinating Committee of Agricultural, Commercial and Industrial Associations (CACIF) organizes an enterprise linkage programme within the framework of initiatives relating to SMEs. The Government also indicates that no data is compiled in a way that could provide information on the subject of the impact of MNEs on employment opportunities and standards, although employment opportunities can be assessed from the annual employers' report registered with the Department of Labour Statistics.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* concurs that there are no reliable statistics to permit an appropriate reply to question 5(a), and there is little available information on question 5(b). The majority of it is contained in analyses carried out by the trade union bodies that group



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together the enterprises in question. The CACIF further observes that backward and forward linkages exist in case of multinational enterprises involved in wholesale distribution and other MNEs involved in retail trade, without there being a formal relationship between the national enterprise and MNEs. It also considers that MNEs generate employment of a standard that usually exceeds the minimum standards governing working conditions required by law.

## Guyana

The Government of *Guyana* reports that the impact of technologies used by MNEs has not been “great in terms of a positive nature” since a number of the technologies cannot be managed by local workers; unemployment and underemployment continue to be national problems. There has been no study on the impact of MNEs on employment. The Government believes that local workers need to be sent on short-term training programmes at the expense of the employers to enable local workers to operate various equipment in MNE operations. There are not many forward and backward linkage effects as a result of MNE operations because most of the materials used by those enterprises are not local in origin so, therefore, are imported.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government notes that the report was prepared on companies with partly foreign ownership because there is no official methodology for collecting statistical data. The Government reports that companies with foreign working capital have a level of technology, management and marketing skills higher than the national average. It adds that companies with partly foreign ownership have closer and more intense links to foreign economies and they account for more than 70 per cent of overall exports with more than 80 per cent of exports in some industries, such as the vehicle industry. The Government reports that companies with partly foreign ownership account for 53 per cent of GDP and retain 30 per cent of the statistical staff of all companies with double-entry bookkeeping. The Government states that foreign-owned companies employ younger and better educated labour and pay about 30 per cent higher wages than nationally owned enterprises. During the transition to a market economy in Hungary, companies released less qualified labour, which led to an automatic increase in qualification levels. Companies with partly foreign ownership had even more radical lay-offs in this transition period since education and training are necessary for their operations. The Government reports that foreign-owned companies are also more active in research and development, making more than 75 per cent of all R&D investments in 1997. As a whole, the Government notes, foreign-owned companies are characterized by an improved level of management culture, a higher level of education and qualification, and improved language skills. The Government further reports that various publicly funded studies (names of research institutions given) have focused on the influx of foreign capital, its operation and its impact. The findings of these studies regarding the impact of foreign-owned companies on employment were that: the intense influx of capital substantially eased employment-related tensions; companies operating on foreign capital are more productive and offer a better salary than national counterparts; the regional distribution of foreign capital is greatly influenced by the level of qualification and training of the local population; and even in counties with low levels of FDI, the mere presence of MNEs greatly aggravates the development of local enterprises or the entrance of new actors in the market. The Government observes that the production culture of MNEs and the change in market requirements lead to a change in the traditional national product structures. The immediate availability of up-to-date technologies and subcontracting potential enable domestic companies to manufacture technically more sophisticated products. The Government notes that domestic producers had depended on traditional technologies producing rubber and plastic items and supplementary parts. Over the past couple of years, however, the number of domestic subcontractors has increased as

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more companies launch quality assurance systems or carry out technological upgrades. The Government reports that the proportion of domestic suppliers is about 20 per cent generally, but in some companies (three MNEs are named) it reaches 50 per cent. Still, Hungarian suppliers cannot expect to “top the suppliers’ pyramid” and do not enjoy the comfort of long-term and safe contracts. The Government observes that, despite several decades of tradition, the domestic vehicle and vehicle spare-parts industry could not have adapted to fluctuations of the international market environment so quickly and flexibly without the benefit of the MNEs’ continuously expanding production capacity. The appearance of MNEs as manufacturers has not only brought a production culture, technology and improvement in quality and organization, but the value of the MNEs’ output also determines the value of a given industry branch. MNEs also represent a potential source of growth for the domestic spare parts and component production market. Especially in the vehicle industry, even high-quality suppliers can only survive if they join foreign partners with well-established market relations. The Government reports that it intends to change its current support schemes and to begin to support small and medium-sized domestic suppliers to MNEs. Local governments also control funds targeted at making their region more attractive for investors through job-creation support, tax benefits and tax exemptions. The Government further reports that foreign working capital provides employment for a substantial part of the Hungarian population. The Government adds that FDI has had an invaluable stabilizing effect upon the economy, leading to higher wages, higher tax base and a “better-than-average” morale about paying taxes. The Government reports that FDI has contributed remarkably to development, reducing unemployment in nearly all regions and increasing exports and corporate efficiency. According to the Government, FDI represented “the most effective source of job creation” in the last decade. Rural development can accelerate by creating industrial parks to attract FDI and eliminate the obstacles in the way of developing domestic companies. The Government reports that companies have different labour strategies: some, such as assembly plants, require a large readily replaceable unskilled workforce, while others create their own internal labour market by developing and continuing to train a highly skilled labour force. A large percentage of employees in foreign majority-owned companies work in processing, trade and construction, with a larger share than the national average in catering and financial services. The Government reports that foreign-owned companies have a high proportion of employees in the following occupations: technical, health care, cultural, educational, economics, legal, business, clerical, light industry and machine operation. As a whole, foreign-owned companies employ younger and better-trained labour than national companies. Labour inspections indicate that foreign-owned companies pay utmost attention to reaching full compliance with labour safety requirements. Workplace discipline at MNEs is generally better, due to workers’ desire to retain their high-paying jobs, and the production is more intense than at domestic companies. The Confederation of Hungarian Industrialists, one of the tripartite partners, notes that technologies used by MNEs have had, generally speaking, a negative (staff-reducing) effect on employment, but in qualitative and quantitative terms they have had a positive impact. The employers note that this impact varies by region and industry, with few MNEs locating in the eastern region because of the high economic risks. The employers report that some MNEs located in the eastern region have brought in outdated manually operated equipment scrapped from western sites, thereby creating a large number of jobs. MNEs located in the western part of Hungary use a high level of automation, especially in the automotive, electronic and chemical industries, resulting in a smaller but more highly qualified workforce. The employers report that only about 1 per cent of their particular employees had been unemployed before, and none of the respondent companies made use of the allowance offered for employing previously unemployed labour. With regard to backward and forward linkages, the employers observe that questions on this matter elicit different responses from different branches of industry. In the transport, electronic and chemical industries, for instance, about 70-90 per cent of suppliers are foreign companies and most of the remaining 10-30 per cent of suppliers provide materials outside production. In the food industry, however, the presence of national suppliers is more significant; the use of

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local suppliers even extends to the production of base materials, and materials used directly in the manufacturing process. The employers report that quality and delivery date requirements set by MNEs are a problem for many Hungarian suppliers. Domestic distribution services are used by MNEs in the food industry, while other industries handle distribution internally. Subcontracting is the most typical arrangement in the textile and apparel industries: in some cases the value added by national companies is minimal, such as finishing the completed product, but in others the subcontractors are involved in the technological preparation and manufacturing of certain components. The employers report that among small handicraft ventures a rather negative view prevails concerning linkages with MNEs, and that those ventures assert that MNEs have not made sufficient efforts to involve more local suppliers. The employers identify two main trends in the agricultural sector: importing MNEs are interested in access to the Hungarian market, and some MNEs produce locally. The employers agree with the Government that the operation and growth of MNEs definitely has a positive effect on employment opportunities. The employers note that this positive effect is quite obvious regarding greenfield investments, but assert that even where privatization was accompanied by lay-offs, MNEs played a positive role by enabling the company to stay in business and avoid further job cuts. The introduction of new technology has also resulted in a higher quality labour force. The employers report that MNE activities have restructured some occupations through contracts with complementary services such as maintenance and operation. MNE employment patterns have revitalized certain white-collar jobs including recruitment clerks who now work in human resources, quality control workers who now work in quality assurance for international certification, and advertising workers who now work in marketing. The changes have resulted in positions in MNEs filled by freshly graduated, young employees with new and relevant skills. The employers also report that the internal organization and management structure of companies has substantially changed because of MNEs. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, report that MNEs in the machine industry, especially the vehicle and energy industries, generally use state-of-the-art technology. The trade unions report that new technologies were introduced into the textile and apparel industry but there are no new MNE technologies in the mining industry. As a result of MNE technologies, the trade unions observe that employment has expanded in the machine and vehicle industry, especially in light of increased employment among subcontractors such as maintenance, transportation and catering. Due to continuous product and technology development and some major investments, staffing levels have substantially increased in some MNEs (names given) and stabilized in others (company name given). In the textile, apparel and mining industries, however, there has been a reduction or stagnation in the number of workers. The trade unions report that in the energy, iron and steel industries there was an initial downsizing of workers from previous high levels of employment when new technologies were introduced, but the situation of the remaining workers then stabilized. The food industry experienced major lay-offs, and that industry has become characterized by multiple changes of ownership and purchasing of market share. The trade unions further report that the proportion of domestic suppliers used by MNEs varies greatly, from 20 per cent to 70 per cent. MNEs that use lower percentages of local suppliers may attribute this to high-quality standards or highly specialized requirements. According to the trade unions, most MNEs intend to expand linkages but, because local suppliers lack capital and are not as adaptable, this process "is slower than it could be". They add that some MNEs, typically in the energy and chemical industries, grant supply contracts to spin-off firms. The trade unions state that employment opportunities tend to stabilize in most MNEs and that employment increases where MNEs make substantial investments. They further note that the number of employees increased three to fourfold in two specific MNEs and will expand by 50 per cent at a third MNE as a result of an investment of DEM300 million. Employment problems are not alleviated in the mining industry because MNEs' goal in that industry is to gain control of the market and not to maintain domestic production. Market research, marketing, technical and technological development serve to retain or

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increase the market share of MNEs and also to facilitate job creation. Market fluctuations call for special measures including retaining clients and identifying new ones, introducing flexible work schedules through the increase or decrease of shifts or the averaging of statutory work-hours over a number of months, and increasing or decreasing staff through short-term work contracts. The trade unions add that the appearance of FDI is accompanied by shrinking staff levels, in many cases to unreasonable levels.

## India

The Government of *India* reports that MNEs operate in almost every sector of “infrastructure” and services in the country, and that investments made by MNEs have contributed to the creation of additional jobs. Since the globalization and liberalization process has created intense competition, MNEs are compelled to use the most appropriate technologies to ensure their own survival and make profits; such increased competition has partly contributed to adjustments and job losses in other units, but no specific study has been conducted in this regard. Although no specific study has been made of linkage effects, it is believed that MNEs are encouraging local enterprises to collaborate in their operations. While they directly operate their core activities, the peripheral activities are contracted out to local enterprises, especially SMEs.

## Indonesia

The Government of *Indonesia* reports that the technology used by MNEs creates productive employment, calling for higher skilled workers who receive better pay. While the technology increases “productivity quality”, it also reduces work opportunities, especially for unskilled workers in developing countries. The Government states that there has been no particular study done yet on the impact of MNEs on employment. MNEs create significant backward and forward linkages, including joint operations with national enterprises and subcontracting arrangements. MNEs create direct and indirect employment opportunities through their linkages with national enterprises.

## Ireland

There have been no specific studies of the impact of technology in MNEs, reports the *Irish Congress of Trade Unions (ICTU)*. But, quantitatively, the initial impact of the introduction of new technology is the reduction in employment, accompanied by increasing innovation and greater competitiveness and eventually stable employment across sectors. The employment data for all sectors of the economy (except footwear and clothing) where MNEs operate indicate that job loss is offset by overall employment gains. Qualitatively, the contracting labour market allows employees to negotiate “flexibility” and career development becomes a more important aspect of the terms of employment for many workers. Measures have been successfully taken to improve and strengthen the indigenous sector which served to improve linkages with the FDI sectors. The existing National Linkage Programme was expanded to further develop the network. MNEs significantly improve employment opportunities in the country – reducing unemployment and creating global markets. Employment in MNEs accounts for almost 50 per cent of all manufacturing employment. During the period 1997-99, because of skill and labour shortages, employees “enjoyed” a more balanced negotiation in employment contracts, better standards of employment and increased mobility. Some MNEs have participated in national programmes addressing long-term unemployment in disadvantaged areas.

## Israel

The *Histadrut (General Federation of Labour)* reports that one result of the peace agreements with neighbouring countries is the loss of Israeli jobs because Israeli

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employers have moved textile production to neighbouring countries (names given) to take advantage of lower labour costs. This has caused a crisis in the textile industry.

## Italy

The Government of *Italy* reports that MNEs have participated actively in the modernization process and introduction of new computerization technologies and this has led to a considerable reduction in employment levels in both national and foreign large enterprises. No specific national statistics have been generated on MNEs. The MNEs have linkages with the local enterprises although there is no specific information as to the extent to which they have induced activities in the local enterprises. They are also considered to have positive effects on creation of employment opportunities.

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to those of the Government. It adds that foreign investments are generally considered positive for employment development, "in a framework of reciprocity". There have been cases of MNEs, particularly in the south (where there is a particular wish for greater involvement of MNEs), providing considerable incentives, making extremely useful, innovative investments and then deciding to close their establishments and cover their market quota in Italy using imports from other affiliated companies (example given).

## Japan

The Government of *Japan* reports that no data are available for a statistical analysis on the general impact of MNEs on employment opportunities and standards, but the Government conducts a survey of industrial relations at "foreign capital affiliated enterprises" every four years, most recently in 1996. The survey contains data from MNEs and Japanese enterprises, but it is statistically difficult to compare this data. The survey indicates that, although starting salaries for university graduates employed by MNEs and Japanese enterprises are essentially the same but, at age 30, male employees of MNEs have higher base salaries than their counterparts at Japanese enterprises while female employees, at age 30, earn less in MNEs than in Japanese enterprises. The survey also reveals a difference in working hours: employees work an average of between 37 and 38 hours a week in MNEs, and an average of 44 hours a week in Japanese enterprises. At MNEs, 96 per cent of employees take 110 or more days off work, while in Japanese enterprises 33.9 per cent take 110 or more days off, 21.4 per cent take between 100 and 110, 21.6 per cent take between 90 and 100, and 12.5 per cent take between 80 and 90 days off work. The next survey is scheduled for 2000, at which time the effects of recent business fluctuations, mergers and acquisitions, and globalization on the workforce will be examined.

## Jordan

The Government of *Jordan* reports very encouraging results on the impact of technologies used by MNEs to develop the skills and technological knowledge of workers. Reports from labour inspectors have been received but no full studies. Linkages between MNEs and national indigenous enterprises occur especially in joint ventures where products are exported to traditional MNE markets. MNEs and national enterprises have had an equal impact on employment opportunities and standards.

The *Amman Chamber of Industry (ACI)* indicates that the impact of MNEs' technology is "great" because it qualifies workers to assume new technical jobs and widens the range of employment for youth; data on the impact of MNEs is available but there is no particular study. The operations of MNEs have backward and forward linkages with

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national industries, suppliers and distributors. MNEs' activities, in general, have a great impact on increasing employment opportunities and standards in Jordan.

## Kenya

The Government of *Kenya* underlines the vital role that technology plays in the production process of the Kenyan economy. While government policy encourages industries to use intermediate and appropriate technology, some MNEs prefer to apply imported technologies which in some cases may be "inappropriate". In the current competitive environment the mode of technology used determines the quality of goods produced and the manpower required to produce them. The competition has forced MNEs to introduce cost-effective measures that in some cases curtail employment opportunities for the workers. Some MNEs have adopted automation and advanced technology to enhance competitiveness both locally and abroad. The introduction of new technologies has, in turn, encouraged the workers to acquire new skills that enable them to be active in the dynamic labour market. In cases where local workers cannot operate the new technology, expatriate workers are hired while local workers are assigned to them for training purposes. Other workers who cannot operate new technology take early retirement or receive benefits which would enable some of them to enter into self-employment while others remain unemployed. The Government notes that the rate of growth of the labour force in Kenya has outstripped the rate of growth in employment opportunities. Hence the Government encourages the establishment of small-scale enterprises and promotes the activities of the informal sector which is currently creating substantial incomes and the greatest number of job opportunities. The operations of MNEs have backward and forward linkage effects. This is particularly true of MNEs processing agricultural products where MNEs offer technical advice and assist farmers to procure inputs with the object of improving productivity. The small local enterprises have also benefited from research activities undertaken by MNEs, particularly on new product development, product design and marketing. MNEs also make arrangements with national enterprises such as franchise and dealership agreements, but they still maintain their obligations which are embodied in the MNE Declaration. MNEs have contributed meaningfully to the promotion of employment opportunities and reduction of poverty in the country. In recognition of the vital importance of FDI for economic and social development, the Government has set up various committees to facilitate investment; they include the Investment Promotion Council (IPC), the Industrial Support Agency Committee (ISAC) and the Specific Programme Advisory Committee (SPAC).

## Korea, Republic of

The Government of the *Republic of Korea* notes that MNEs contribute in quantitative terms by creating jobs and in qualitative terms by training and educating workers in the highly advanced technologies of MNEs. There are no studies on the impact of MNEs on employment. The Government has no clear analyses on backward and forward linkages, but reports that MNEs are improving their management through linkages with national and indigenous enterprises and the Government encourages such linkages. MNEs increase employment opportunities but they do not have much impact on labour standards because they are required to respect Korea's Labour Standards Act.

The *Federation of Korean Trade Unions (FKTU)* notes that MNEs had contributed to increasing employment until the early 1980s when FDI was at a peak. The highest number of employees was about 200,000 at the mainly manufacturing MNEs in EFZs; this number dropped sharply in the late 1980s to 130,000. While precise MNE employment figures are not available, employment in the service sector is increasing due to increased foreign ownership. There are no close and amicable linkages between MNEs and domestic enterprises in marketing, subsidiaries or transportation. Excessive competitiveness of

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MNEs has jeopardized the operation of hundreds and thousands of small stores, threatened job security and produced “long-hour and low-wage working conditions”.

#### Kuwait

In their joint response, the tripartite partners of *Kuwait* report that the transfer of modern technology into Kuwait by MNEs is important. It notes, however, that laws and regulations are needed to guarantee nationals a certain percentage of domestic employment in MNEs. There have not been any studies of the influence of MNE activities on employment opportunities but the effect is very limited. Every manufacturing company should have backward and forward linkages with MNEs and other companies. The partners cite one petrochemical company (name given) that depends on local production for its raw materials as well as its packaging.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that the technologies brought in by MNEs are of better quality than those existing previously. New, productive technologies, however, result in employment reduction. LBAS adds that the reduction in employment in MNEs due to technology is at about the same rate as in national enterprises. LBAS has not carried out any special studies on the impact of MNEs on employment. MNEs make partial use of local raw materials in the food and woodworking industry, use local distribution services in advertising and commerce, and use transportation and telecommunications services, among others. Qualitative indicators and standards of employment are improving because new technologies demand better qualified employees. There is a high unemployment rate in Latvia, 9.1 per cent in January 2000, so that the demand for jobs in information technologies, for instance, exceeds the supply.

#### Lebanon

The Government of *Lebanon* reports that there are no studies available on the quantitative or qualitative impact on employment of the technologies used by MNEs. MNEs do provide their employees with training on new technology required in their work. They get their raw materials from Lebanon, and imports are used in production only when there are international criteria that require it or when the necessary materials are not available locally.

#### Lithuania

The Government of *Lithuania* states that no studies have been carried out, but notes that, particularly in its experience in the context of privatization, implementation of new technology often causes a reduction in employment but leads to a more highly skilled workforce and stimulates vocational training programmes. No noticeable influence of MNE activities on national enterprises can be reported. The Government considers it difficult to ascertain the role of MNEs in fluctuating unemployment levels.

The *Confederation of Lithuanian Industrialists (LPK)* agrees that the technology implemented by MNEs has reduced employment, adding that Lithuanian legislation contains rules meant to stimulate employment, although they are not as effective as they could be.

The *Centre of Lithuanian Trade Unions* recognizes the MNE introduction of new technology and the reduction in employment levels in the corresponding sector.

The *Unification of Lithuanian Trade Unions (LPSS)* also notes the connection between technology and employment reduction, as well as citing several cases of

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workplace reductions (names of three MNEs given). However, the better qualifications required have led to an increase in the general education level of employees. MNEs tend to work with suppliers from their own countries and subsidiaries in Lithuania, which can adversely affect domestic producers (examples given; names of companies given).

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* report that, thus far, MNEs have used the existing occupational skills and skills development is provided on the job except in the garment industry in which there is a training centre for “agents de maîtrise”. There have not been any studies of the impact of MNEs on employment, except for a study by the ILO multidisciplinary team on employment in Madagascar in 1996. There are few links between the activities of MNEs and national/indigenous companies. MNEs have created employment – approximately 32,000 jobs to date, but the USAM considers that workers’ fundamental rights are far from respected.

## Malaysia

With regard to the impact that technologies used by MNEs have on employment, the tripartite partners of *Malaysia* state that the Government has emphasized the promotion of a highly skilled labour force to meet the demands required by the technologies used by MNEs. No studies on the impact of these enterprises on employment have been carried out. In 1999, the Government launched a programme (“Global Suppliers Programme”) which is expected to have an impact on the country’s industrial base and to support small and medium-sized enterprises’ capacity to supply spare parts, components, and related services to MNEs. MNEs have created a large number of job opportunities and offer, in general, terms of employment that are better than national employers.

## Malta

The *General Workers’ Union (GWU)* reports that there have been no technology transfers, so the impact of MNEs on technological employment has been neutral or nil. There have been no studies of the impact of MNEs on employment and virtually no backward and forward linkages with national enterprises. MNEs have a great influence on employment; the four MNEs which operate in the country (see *supra* “Background and aim”) collectively employ 3.4 per cent of the total working population in Malta.

## Mauritius

The Government of *Mauritius* reports that MNEs mainly operate in the country’s EPZs and are diversified in sugar, banking, offshore and free port sectors as well as in financial services. Through the introduction of new technology and transfer of know-how, they have contributed to the upgrading of skills and training of workers, and to productivity enhancement and improvement of market competitiveness. In the industrial sector, the Government is encouraging backward and forward linkages with national enterprises through the creation of the Subcontracting Exchange of Mauritius (SUBEX-M), which assists MNEs in sectors where subcontracting is encouraged. The impact of MNE activities on employment opportunities is not significant.

## Mexico

The Government of *Mexico* reports that the impact of MNEs on employment opportunities has been positive, and that employment has not been reduced in companies using technology because of government-sponsored training programmes. In 1999, MNEs employed more than 1,200,000 workers on average, representing 10 per cent of all employees in the formal economy. Among the few incomplete studies carried out by the



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Federal Labour Inspectorate (STPS) between 1994 and 1997, one study analysed the case of MNEs from an Asian country (name given) in the field of electronics exports and concluded that companies determine their commercial, organizational and technological strategies based on their own experience and that of their sector. The companies in the electronics export sector are located in regions with particular technological and economic expertise, and they have a favourable impact on employment in those regions. The Government reports that the study indicated that the greatest pressures in the labour market have to do with the increasing complexity of the manufacturing process, and the need for qualified workers. As competitiveness increases, companies must overcome organizational and individual obstacles to workers' productivity, including traditional distinctions between manual and intellectual work. The Government reports that it has exclusive competence over elaboration of labour laws and MNEs have had no influence on their development.

The *Confederation of Mexican Workers (CTM)* expresses general views relating to national development policy, economic growth, social welfare and income distribution.

#### Moldova, Republic of

The Government of the *Republic of Moldova* notes that the advanced technology used by MNEs has led to productivity improvement and the creation of an insignificant but increasing number of new jobs. There is no specific study on the impact of MNEs on employment. The MNEs use local raw materials and the local labour force, promoting backward linkage effects. Also, their operations are geared more toward providing goods and services for the domestic market, rather than for export.

#### Morocco

The *Democratic Labour Federation of Morocco (CDT)* reports no knowledge of studies regarding the impact of the activities of MNEs on employment in the various sectors of industry. Moroccan economic structure is loosely integrated. MNEs' activities are loosely linked to those of national enterprises "at the source or downline". The Confederation reports that attempts are being made toward better integration, such as a contract with a foreign MNE (name given) in the automotive industry regarding the production of an economy car. There is limited impact of foreign investment on employment opportunities, since FDI in Morocco is limited.

#### Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates that MNE technology has had a positive qualitative impact on employment but an adverse quantitative impact – reducing the workforce and thus increasing unemployment. Nonetheless, in relative terms, MNEs absorb the highest number of unemployed as well as those that are economically active. There are linkages between MNEs and national enterprises. MNEs give rise to new micro-enterprises which provide services, thereby, increasing employment opportunities.

#### Myanmar

The Government of *Myanmar* reports that newly acquired technologies create jobs and that the workforce of MNEs is trained in advanced technology. Some, but not all, of the MNEs are labour-intensive. No formal studies have been undertaken, but statistics indicate increases in private sector employment, including employment in MNEs. To a certain extent, employment opportunities have increased qualitatively and quantitatively. There are limited backward and forward linkages.

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## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that, although new employment is created by the operation of MNEs, the use of advanced technologies has displaced labour. A study (no reference given) reports that it costs approximately US\$1,400 for an MNE to create one job, US\$750 for a national enterprise to create one job, and only US\$150 for a cottage or small-scale industry to create one job; there are not many studies in this regard. MNEs do have linkages, “to some extent”, with national and indigenous enterprises, citing one national company (name given) in the herb industry as an example. Employment opportunities have been expanded to some extent, but MNEs have influenced the mode of employment so that subcontracting of labour is more common. The increasing trend is a little higher pay but no job security.

## New Zealand

No studies have been conducted on the impact of technologies used by MNEs but the Government of *New Zealand* reports that the criteria for approval of overseas investment includes whether new technologies or increased processing of primary products will be introduced and whether investment will give rise to job opportunities and productivity. As a developed country, New Zealand expects MNEs to introduce the most appropriate technologies consistent with those companies being internationally competitive. MNEs have strong backward linkages with indigenous firms sourcing a wide range of products and business services from local suppliers. In the context of industries characterized by product differentiation, MNEs used indigenous firms for promotional work. MNEs may improve the quality of the labour force by providing access to overseas management practices, technology and training. Some sectors, such as communications and telecommunications, have had substantive investment in technology with mixed employment impact. The Government attaches an appendix with information identifying enterprises, full-time equivalent persons engaged by industry and degree of overseas ownership.

The *New Zealand Employers' Federation (NZEF)* agrees with the Government's comments concerning the contribution of MNEs to employment opportunities. It adds that MNEs are instrumental both in creating and, through their associations with local firms, facilitating the development of many employment opportunities.

The *New Zealand Council of Trade Unions (NZCTU)* notes that in the communications and telecommunications sector, MNEs have had a negative impact including significant loss of employment and the introduction of outsourced and casualized “call centres”.

## Nicaragua

The Government of *Nicaragua* reports that MNEs use technology in a way that both directly and indirectly generates employment. The direct employment is generated as workers are hired to operate the technology. The indirect employment is generated as technology is used to obtain service contracts in various economic branches, and MNEs' finished products serve as raw material for small and medium-sized enterprises. The Government attaches data from the Ministry of Labour showing that the number of workers in MNEs based in Nicaragua has steadily increased from 2,620 in 1995 to 4,452 in 1999. Data also show that the number of workers in enterprises in free zones was 16,000 in 1998 and in 1999 it was 23,052. The Government reports that there are no data available on linkages between MNEs and national enterprises.

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## Norway

The Government of *Norway* reports that it has no official statistics on the influence of MNEs on employment standards and states that the social partners might be in a better position to answer this question.

## Oman

The *Oman Chamber of Commerce and Industry (OCCI)* indicates that the technology used by MNEs has a positive effect on employment, particularly in the manufacturing sector. Often MNEs need to subcontract and this is done through local enterprises. In terms of creating employment opportunities, MNEs are expected to employ the “same percentage of Omani nationals” as do local companies.

## Pakistan

The Government of *Pakistan* indicates that MNEs are an important source of technology and generate employment. Various studies on the impact of MNEs’ industrial activities have shown “far-reaching impact on employment generation and the raising of living standards in host countries”. MNEs have developed backward and forward linkages with public corporations for raw materials, components and finished products. Industrial and investment policies are being pursued by the Government, which provide equal opportunities for both local and foreign investors. These policies create a harmonious business environment as they have been designed in consultation with investors.

The *National Labour Federation of Pakistan (NLF)* reports that the role of MNEs is visible in creating employment and they are “generally good paymasters.”

According to the *Pakistan Labour Federation (PLF)*, the impact of technologies used by MNEs has caused a decrease in employment. No studies of the impact of MNEs on employment have been carried out. In conducting their activities, MNEs have minimum backward and forward linkages with national enterprises. Employment opportunities have decreased and, consequently, the standards have been lowered.

## Panama

The Government of *Panama* reports that privatization has brought modernization of technology which has advanced the quality and quantity of manpower available to the MNE service providers, noting particular progress made in telecommunications, inter-city road infrastructure, and port development. Privatization has brought temporary reductions in employment in the sectors concerned, particularly the electronics sector which is noted as the least successful of the privatization operations due also to deteriorating service and a recent increase in charges. However, some of the investments have made it possible for other collateral activities to grow by generating employment and income (building materials, transport services, equipment rental, fuel sales, and retail/food services). There are no specific studies yet on the impact of MNEs on sectoral employment. The activities of MNEs involve both direct and indirect linkages with national enterprises; the Government mentions the knock-on effects of the development of road infrastructure, port installations and rail links. The Government considers the impact of MNE activities on employment levels and forms of occupation in the country to be positive, and considers that making labour standards more flexible generally attracted investment, thus generating employment.

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## Peru

The Government of *Peru* indicates that no measures have been taken and no studies have been carried out as regards the quantitative/qualitative effects of MNEs on employment. MNE linkages with national enterprises, such as suppliers or distributors, have not increased. However, there has been an impact through the creation of new development zones for exploitation of natural resources through mining, commercial and transport activities. MNE activities have had an impact on employment opportunities in creating jobs but there has been no major impact as far as standards are concerned.

## Philippines

The Government of the *Philippines* states, through the Institute for Labor Studies (ILS), Department of Labor and Employment, that there are no in-depth studies to measure the impact of technologies used by MNEs on employment, but that an examination of dismissals that took place between 1996 and 1999 is revealing. ILS provides a list of figures of redundancies due to reorganization/downsizing/streamlining programmes showing that retrenchments occurred mainly in the labour-intensive manufacturing sector. For example, in 1996, approximately 80 per cent of displaced workers were made redundant by 19 MNEs, 16 of which were in the manufacturing industry and three in wholesale and retail trade. In 1999, affected MNE workers nearly doubled from 1998 (totalling 7,393, of which 6,998 were permanent retrenchments) due to decisions in 49 MNEs, 35 of which were in the manufacturing sector. It is noted that intensified competition due to globalization, leading to the introduction of new technologies for increased production purposes, has, in turn, affected the employment level and security as the nature of work arrangements change; it may also have given rise to an increased informal sector. The Philippine Economic Zone Authority (PEZA), Department of Trade and Industry, states in relation to the economic zones (“ecozones”) that the qualitative impact of technologies used by MNEs has involved transfer of technology and specialized skills upgrading of national workers in the high-technology and electronics manufacturing sector (names of companies given); the technological evolution has had negative quantitative repercussions as this sector has become less labour-intensive. For a general discussion on MNEs’ impact on employment in the country, see *supra* “Background and aim”. According to PEZA, MNEs have developed “strong and effective” linkages with national enterprises through local supply of material and subcontracting, which have increased due to a considerable expansion in MNE investments from 1994 to 1998. The expansion of MNE investments has provided substantial incremental employment opportunities, particularly in the countryside, where local workers are provided opportunities in management of the business, some even appointed as top executives (name of company given). During a tripartite gathering in 1997, the Employers’ Confederation of the Philippines were reported to state that MNEs can bring economic dynamism through creating forward and backward linkages within economic sectors. However, according to ILS, the Trade Union Congress of the Philippines reported at that time that contracts with national enterprises have been used by MNEs to avoid direct responsibilities under national laws.

## Poland

The Government of *Poland* reports that it has no information on the influence of activities carried out by MNEs in terminating or entering into cooperation with national enterprises.

The *All-Poland Trade Union Alliance (OPZZ)* observes that the technologies used by MNEs undoubtedly have a positive impact on production quality, health and safety, and management. In many cases, however, they have a negative impact on job security and job creation; when MNEs select technologies, they do not always take into account issues of

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the utilization of local manpower and skills. OPZZ reports that it does not know of any research, but member organizations indicate that the introduction of new technologies usually results in employment reduction. As to linkages, while MNEs entering Poland often are obliged to use a share of national companies as subcontractors in local production of their final product, in practice MNEs sometimes offer priority to high-priced subcontractors from their home countries. At the same time, MNEs seek to use local distribution networks to sell products manufactured abroad, thus eliminating products manufactured by local enterprises. MNEs also create their own trade networks to sell products made in other countries. Technological and organizational regimes have raised employment standards in the majority of cases, primarily in relation to wages and working conditions in industry and services. Employment standards in trade, however, have deteriorated, and OPZZ is addressing this problem by increasing the supervision of existing laws.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* states that it does not know of any complex studies on the influence of MNEs' activities on employment, and the view that MNEs' activities are a "medicine" for unemployment is only a matter of opinion. Although there has been some job creation through the creation of small business, there are no studies on job losses in sectors where Polish companies are being forced out of business due to competition from MNEs using "cooperative supplies" from other countries. There are positive examples of MNEs' cooperation with Polish suppliers and distributors. However, MNEs often use supplies from other countries and transfer profits outside Polish borders, practices that do not assist in developing the national economy. There has been a negative influence on employment opportunities and standards in Poland, particularly in regions where MNEs are seen as the only "medicine" for unemployment. The positive influence, according to NSZZ Solidarność, should also be mentioned as concerns standards application and labour market support.

## Portugal

The Government of *Portugal* states that MNEs have helped generate employment, although in some cases the jobs were precarious and involved fixed-term contracts. There are no studies available on the impact of MNEs on employment in the various sectors. MNEs frequently make use of local suppliers and distributors. There is no information available on the impact of MNE activities on employment opportunities and standards.

The *General Union of Workers (UGT)* reports that MNEs typically bring with them not only sophisticated or state-of-the-art technology but also new forms of work organization and new styles of personnel management. In the motor industry, setting up in a particularly hard-hit area that has massive unemployment, MNEs, despite the use of technology, somehow manage to have a positive impact on unemployment, by hiring workers from sectors that are being "overhauled". However, with the relocation of companies in the automotive sector (names of two MNEs given), the situation left behind is one of structural unemployment affecting a considerable number of workers. As for the food industry, where powerful MNEs tend to subcontract, it is not so much the amount of employment in numbers that is affected, but the quality. The fact that each of the subcontracted enterprises makes use of temporary workers – very often through temporary work agencies that are not licensed as such – means that many workers face long years of continuing instability in employment. The impact of MNEs is being studied from the standpoint of copycat technology. In other words, very often when a multinational sets up in a given premise, the neighbouring businesses are under pressure to modernize and are lured into becoming subcontractors, a collaboration which can shorten or at least affect their life cycle. With respect to the impact of MNEs' activities on employment opportunities and standards, the General Workers' Union states that when a multinational enters the national market or when an enterprise or establishment is transferred to a multinational, the amount of employment increases or is maintained at the same level, but

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the quality of employment and the conditions of work are adversely affected, and abuse of workers and their representatives results. This is particularly the case among the younger workforce where turnover is often very high. MNEs used to generate employment but, at present, they are a major source of unemployment.

#### Romania

The Government of *Romania* reports that, from a qualitative point of view, the technologies used by MNEs have contributed towards better utilization of material, financial and human resources, prompt introduction of modern technology in production and the creation of new jobs. There have been no studies of the impact of MNEs on employment. A large majority of investments are made with a view to selling products on the domestic market and using local raw materials. The impact of MNE activities on employment opportunities and standards at the macro level has not been significant.

#### Rwanda

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states that no study has been carried out so far on the impact of technology used by MNEs, or MNE activities generally, on employment, and it has no information on linkages between MNEs and local enterprises.

#### Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* report that there is no significant transfer of skills from MNEs to other enterprises, although there is a fair degree of information technology transfer which can benefit the labour force in the long run as globalization continues to diversify the economy. No study has been conducted on the impact of MNEs on employment. The degree of linkages in the economy resulting from MNE operations is "insignificant". Less than 5 per cent of the labour force is employed by MNEs. The operations of MNEs, which are guided by international standards, have been used as benchmarks by other enterprises.

#### Senegal

The Government of *Senegal* reports that Canadian and French MNEs have contributed toward the modernization of some domestic enterprises in the sensitive, strategic electrical, water and telecommunications sectors. The activities of these MNEs have resulted in restructuring, leading to the loss of certain jobs through negotiated departures. Some MNEs, particularly through their computer technologies, have contributed to the creation of new jobs. Apart from certain companies that operate as local concessions, indirect employment via local enterprises is principally in services such as security and cleaning. Indirect employment also affects the distribution field, such as the activities of travelling salespersons or medical representatives of pharmaceutical laboratories.

#### Singapore

The Government of *Singapore* reports that in general MNEs have helped in employment creation, not only in terms of quantity but also quality. The use of technologies by MNEs has changed the nature of jobs. While there is a decrease in the demand for low value added jobs such as assembly-line workers, there is a surge in demand for high value added jobs such as research scientists and engineers (RSEs), information technology and professionals. For example, RSEs in Singapore have increased from 4,329 in 1990 to 12,655 in 1998. The number of jobs per company has also decreased due to the greater use of automation and better management. The computer hard disk-drive

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industry in particular has seen great structural changes. The fierce competition in the industry has forced many companies in Singapore to shift part of their operations out and retain only the higher value added operations in Singapore. For example, a large MNE has introduced significant automation to their manufacturing process of the U4 (low-cost desktop drive) resulting in a reduction of 16 operators/line to three operators/line. The total employment by the hard disk-drive industry has fallen from 30,000 in 1997 to 20,000 in 1999. While more low value adding operations move out of Singapore, the Economic Development Board (EDB) is attracting more knowledge industries each year under their Industry 21 masterplan, resulting in a net job increase. The universities and polytechnics are producing more knowledge workers to complement the change in the industry structure. In addition, upgrading programmes such as the Skills Redevelopment Programme (SRP) helps to reskill older and less qualified workers. The Government further replies that the Local Industry Upgrading Programme (LIUP) is an example of how the operations of MNCs could establish backward and forward linkages with local enterprises. The LIUP is a collaborative scheme between large companies, their local suppliers and the Government to develop the technical, operational and management skills of the local SME suppliers. As at 1 November 1999, 30 MNEs and 11 large local enterprises, government-linked companies and government agencies are partnering some 670 SME vendors in LIUP. The implementation of LIUP is timely in view of the ongoing trend of MNCs to outsource some of their business processes to reduce their overheads.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate there has been an increase in the level of employment in the mechanical and electrical engineering industries (no specific data given). The Trade Union Confederation of the Slovak Republic points out that, initially, the advent of MNEs in the country made a positive impact towards solving the problem of unemployment, but recently there have been cases in which MNE activities have destroyed national enterprises that could not compete with them. As a result, some local enterprises have closed down, thereby contributing to a loss of job opportunities. Some linkages exist by contract under commercial law. No studies of the impact of MNEs on employment standards have been conducted.

## Slovenia

The Government of *Slovenia* indicates that the technologies used by MNEs have had a positive effect on employment. The number employed in MNEs is rising (5.3 per cent in 1994 to 8.8 per cent in 1998; figures attached) and wages are higher. MNEs are more export oriented and the Government interprets this as an indication of a lack of backward and forward linkages with national/indigenous enterprises (evidence attached). MNEs have not affected employment standards in the country but they have affected employment opportunities, particularly in less developed areas and areas of underemployment.

## South Africa

*Business South Africa (BSA)* states that, while the use of information-based technologies could have led to job losses, MNEs have created many job opportunities both directly and indirectly, and have also transferred skills to local workers and supplier industries. No studies on the impact of MNEs on employment have been carried out. Several MNEs have developed extensive backward linkages with local suppliers of capital and intermediate goods, as well as with public suppliers of electricity, water and other services. Moreover, MNEs have been actively involved in the setting of “acceptable” labour standards over many years.

Regarding the impact of technologies used by MNEs on employment, the *Congress of South African Trade Unions (COSATU)* notes that crude oil refining, which is capital-

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intensive and requires technology for production purposes, has led to a modest worldwide increase in employment (supported by statistics prepared by the ILO on World Refinery Employment (1998); attached). Yet the figures for South Africa reveal that employment levels in this sector have suffered a serious decline, decreasing from 17,000 workers in 1994 to 14,000 in 1997 (Statistics South Africa, tables and graph included). All refineries seem to be initiating retrenchments and job shedding, posing a serious challenge to unions to defend the job security of their members as well as defend established labour standards. Whereas the core of workers in refineries benefit from improved labour standards in this sector, there are MNEs that, in spite of their large profits, cut certain functions and, hence, tend to develop a "two-tier" labour market, featured by second class workers in a precarious situation as they experience outsourcing and casual work situations, or move to self-employment. In the textile sector, East Asian MNEs have consistently underpaid workers, required excessively long hours of work, and threatened factory closures when labour inspections or trade union organizing campaigns were started.

Concerning the impact of technologies used by MNEs on employment, the *Federation of Unions of South Africa (FEDUSA)* indicates that MNEs tend to employ workers from their home country should a need for specific skills arise, but the Federation is of the view that the employer should train local workers. When MNEs leave the country, those workers that are technologically skilled risk facing unemployment if there are no significant technological positions in the country. The country risks facing a "brain-drain" situation as these workers seek employment outside the country. No studies of the impact of MNEs on employment have been undertaken by the workers' organizations and FEDUSA is not aware of other studies carried out in this respect. MNEs would make use of raw materials if they were available in the country, and use national retailers and indigenous enterprises depending on their production or export needs. MNEs have created many job opportunities, which is valued given the unemployment rate that prevails in the country. With regard to employment standards, FEDUSA mentions that the practice differs between the various MNEs, as some provide better standards while others tend to exploit workers. However, the country's trade unions adopt a strong stance in the defence of workers' rights.

## Spain

The Government of *Spain* states that, as far as employment is concerned, the impact of MNEs on employment opportunities is quantitatively greater than that of other companies since the number of job opportunities to be filled is much higher in the case of MNEs. However, the records of the National Employment Institute (INEM) do not differentiate between job vacancies at MNEs and those in other enterprises. Furthermore, labour standards and laws have not been modified or affected as a result of MNE activities.

The *Spanish Employers' Confederation (CEOE)* reports that the technological innovations introduced by enterprises, multinational or otherwise, have not had a negative effect on employment but rather just the opposite. Looking at the trends in employment over the last few years, technological innovations have inevitably brought about change in the country's production structure and, therefore, adjustments and transfers of labour from one sector or subsector to another. It is these changes that have made the adaptation of labour standards necessary and not the greater or lesser presence of multinational enterprises.

The *General Union of Workers (UGT)* reports that, in MNEs' search for new or improved products or process technologies in order to increase competitive capacity or open up new business opportunities, MNEs tend to incorporate labour-saving technologies into the manufacturing processes. This tendency cannot be considered a determining negative factor on losses in direct employment in contrast to the purchasing strategy of the MNEs, with great dependence on imports, which in some cases can reach more than 90 per



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cent. This results in national suppliers being replaced by foreign suppliers, leading to destruction of indirect employment; special mention is made in this regard to the auto sector in which 1,100,000 workers are employed by auto MNEs. The union does not know if the Government has carried out studies on the impact of MNEs on employment, particularly in the various industrial sectors. It indicates that the use of domestic suppliers by MNEs varies considerably from one sector to another. UGT notes that every MNE has supplier companies, some Spanish and others foreign, which depend almost exclusively on contracts with the MNE. For many of these dependent enterprises, this linkage is decisive for their survival since they frequently have exclusive contracts. As for the impact of MNE activities on employment opportunities and standards, the union indicates that MNEs have the effect of both creating and destroying jobs, as well as indirectly influencing labour laws in the country.

## Sri Lanka

According to the Government of *Sri Lanka*, the majority of MNEs adopt labour-intensive technologies, but there are some MNEs that have introduced new technologies and restructured their enterprises, resulting in redundancies. No specific studies have been carried out to ascertain the impact of MNEs on employment. Some of the activities of MNEs have linkage effects as they outsource raw materials and supplies from national/indigenous enterprises. For example, agro-based industries have linkages with growers/suppliers of raw materials. MNEs also enlist services for distribution. The impact of MNEs' activities on employment opportunities and standards is positive.

The *Employers' Federation of Ceylon (EFC)* is of the view that the activities of MNEs have a positive qualitative impact on workers, though they have also led to redundancies. MNEs' linkages with national enterprises occur through distribution and outsourcing, particularly in agro-based enterprises which use local out-growers and suppliers to meet their material requirements.

The *Ceylon Workers' Congress (CWC)* expresses views similar to those expressed by the Employers' Federation and adds that linkages involving some MNEs include contract labour situations.

The *Lanka Jathika Estate Workers' Union (LJEWU)* contends that the terms and conditions of employment and work environment in most of the MNEs in the free trade zones (FTZs) do not appear to be favourable for workers. For further details, see *infra* "EPZs/SEZs". The LJEWU states that questions 5-9 are beyond its scope and cannot be commented on by the organization.

## Sweden

The tripartite partners of *Sweden* recognize that the introduction of new technologies to improve efficiency/productivity leads to job cuts in Sweden. MNEs are more likely to increase jobs than national enterprises. Twice as many Swedish MNEs (with more than 50 employees) as foreign-owned enterprises (of the same size) expect a decrease in employment over the next five years. In 1996, Swedish and foreign-owned MNEs accounted for only 7 per cent of the number of companies in the manufacturing sector, but approximately 70 per cent of the employees in that sector. Sweden depends almost entirely on these enterprises for exports and research and development, irrespective of sector (statistics attached). The tripartite partners note the high degree of acquisitions compared to "greenfield investment", which demonstrates the extensive links to national enterprises among both Swedish and foreign-owned enterprises. The National Board for Industrial and Technical Development (NUTEK) reports that international companies contribute to growth and have higher value added per employee meaning an even greater contribution to growth. According to NUTEK, figures show that approximately 70 per cent of industrial

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employees were working for international enterprises in 1997, compared with 50 per cent at the beginning of the 1990s. Foreign enterprises employed 301,000 persons in Sweden in 1997 compared with 220,000 in 1990. In 1997 Swedish international enterprises attained their highest recorded number of employees abroad (627,000), but still had more employees in Sweden (667,000). Altogether international enterprises (Swedish and foreign) employed 968,000 people, approximately 25 per cent of total employment in 1997 (figures attached). Employment in Sweden is very high and increasingly dependent on developments in international industrial and service enterprises.

## Switzerland

The Government of *Switzerland* indicates that research on direct investment in Switzerland is under way (study cited) but has not been completed and is likely to make only a partial contribution to an analysis of this issue.

The *Confederation of Swiss Employers (UPS)* reports that, in general, there is a downward trend in employment in the industrial sector whilst new jobs are being created in the service sector, an observation which also applies to MNEs. There are increased employment opportunities in the arts and crafts sector. Technological input strengthens the country's economic position and contributes to its competitiveness; FDI statistics from the Swiss National Bank (attached) demonstrate the amount of investment made by MNEs across sectors. There are many linkages between MNEs and "local" companies, both forward and backward, whose structure is determined by the sector concerned. The linkages constitute stimulating input for the Swiss economy. MNEs have been major employers for several decades, particularly of skilled labour.

The *Swiss Federation of Trade Unions (USS/SGB)* states it is not aware of any studies on the impact of MNEs on employment, but reports that the significance of MNEs for employment in Switzerland is undoubtedly considerable. Current regulations do not allow enterprises to recruit foreign personnel; exemptions in justified cases only.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that most MNEs are characterized by capital-intensive techniques, therefore they employ few workers. As far as the impact of MNE activities on employment is concerned, no studies have been done. Backward and forward linkages with national enterprises take place but the OTTU/TFTU is not sure to what extent. The impact of MNE activities on employment is not significant as the level of unemployment in the country is still high. Less than 10 per cent of the 600,000 labour market entrants are absorbed by the formal sector, including MNEs.

## Togo

The Government of *Togo* notes that the technologies used by MNEs have enabled them to improve the quality of products and services, but they have also resulted in reducing the number of jobs in the various industrial sectors. In general, the impact of MNEs on employment opportunities is not visible, given the overall recession in the national economy. No study has been carried out on the impact of MNEs on employment, particularly in the different industrial sectors. The operations of MNEs have backward and forward linkages with national enterprises through subcontracts or concessionaire agreements, as exemplified by the cement manufacturing and distribution chain.

The *National Employers' Council (CNP)* notes that the technologies used in the industrial sector by MNEs have not resulted in redundancies or retraining of workers since the country has no high-performance industrial sector; new technologies have had no

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influence on industrial operations. MNEs often make deliveries as wholesalers, supplying goods to national companies which act as distributors (names of local companies given).

The *Workers' Trade Union Confederation of Togo (CSTT)* concurs generally with the Government, and adds that, since MNE activities are based on production, development and processing of local raw materials, there are subcontracting and concession contracts between the MNEs and national enterprises. It further stresses that vacant posts are rarely filled.

The *Group of Autonomous Trade Unions (GSA)* considers the majority of MNEs in the country to be decentralized, operating with an imported structure and only using cheap local labour.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that MNEs in Trinidad and Tobago tend to be more capital- than labour-intensive; therefore, their technology largely determines the quality and quantity of labour. The terms and conditions of employment in MNEs are, in most cases, superior to those in domestic firms. Linkages with national/indigenous enterprises tend to be forward, that is, with distributors. MNEs have adopted measures with regards to the employment climate in Trinidad and Tobago that have seen a move towards contracts *for* employment rather than contracts *of* employment, and temporary employment rather than permanent. These changes in employment contracts were tested in the industrial courts, which has limited the fallacious use of contracts for employment as well as temporary employment contracts.

## Turkey

The Government of *Turkey* is of the view that MNEs are in a position to play a crucial role in the modernization of enterprises and adoption of new technologies. The use of new production technologies within MNEs can generate employment opportunities in the long term. No government studies on the impact of MNEs on employment, notably in different industrial sectors, have been carried out. The Government further reports multinationals maintain professional relations with national enterprises at different levels – the Government cites the example of the telecommunications sector, where MNEs have ownership in or are partners with national enterprises. MNEs that maintain such professional relations perform efficiently as opposed to those that operate only at the representation level. MNEs bear a positive impact on human resource management and professional relations due to a higher capitalization of industries and services, allowing for the introduction of new technologies which benefit enterprises, workers and the economy. For instance, an enterprise in the telecommunications industry (name of MNE given) requires efficient services and increased technical support on a continuous basis, and it is, therefore, necessary to establish long-term cooperation in this field. The Government considers, however, that the recent tendency of optimizing multinationals worldwide through increased technology and intensive capital utilization has had an unfavourable impact on employment in the country.

The *Turkish Confederation of Employers' Associations (TISK)* states that MNEs have positive effects on employment creation, especially on employment which requires advanced technology. MNEs play an important role since they modernize enterprises and introduce the use of new technologies and production systems in enterprises, which stimulates the labour environment and creates a more flexible structure. Although no studies on the impact of MNEs on employment are available, the Confederation estimates that their job creation rate is low compared to national enterprises, whether public or private. MNEs operating in the country are in “constant relationship” with national and local enterprises, including trade relations at all levels and agreements for the production

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of parts and equipment, and the use of local raw material. As MNEs open new markets, new job opportunities are available for a large number of unemployed. Increase in MNE activities bears a positive impact on SMEs in the country. MNEs play an important role in obtaining data and information more readily, closely following up new developments and offering corresponding training possibilities. This contribution leads to a more flexible structure to labour life with less bureaucratic obstacles, creating medium-to-long-term job opportunities.

The *Confederation of Turkish Trade Unions (TÜRK-İS)* states that MNEs working with high technology may have a positive qualitative impact on employment, except in cases of privatized enterprises where employment is reduced.

## Uganda

In their joint response, the tripartite partners of *Uganda* state that qualitatively the impact of the technologies used by MNEs on employment has been positive; it has contributed to the promotion of innovation, transfer of technology, and improved skills. This situation has, in turn, led to the development of national scientific and technological capacities. Quantitatively, MNEs have created more employment opportunities, although their technologies are highly capital-intensive. MNEs have limited linkages with indigenous enterprises as they rely on their own sphere of operations which appear unique. Two MNEs in the oil sector (names given) are mentioned to illustrate this point. MNEs generally promote employment opportunities and standards in the country, and the terms and conditions of service in MNEs are better than in domestic enterprises, as exemplified by the oil companies.

## Ukraine

According to the Government of *Ukraine*, the technologies used by MNEs have resulted in qualitative improvements in employment in several sectors. However, there have not been any specific studies regarding MNEs. In general, MNEs are supplied with the raw materials from national enterprises which are also the main consumers of the MNEs' products. MNEs also create employment opportunities, improve the skills of workers employed by them, and help national enterprises attain international production and management standards. In effect, MNEs are contributing towards the integration of the country into the international trading community and promoting globalization.

In their joint reply, the observations of the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, are similar to those of the Government.

## United Kingdom

The Government of the *United Kingdom* indicates that its experience with dealing with Regional Selective Assistance applications (see description of Regional Selective Assistance schemes *infra* "Conditions of work and life") from inward investors suggests that there are various types of linkages between inward investors and UK enterprises, the most obvious of which is purchasing inputs from UK companies. Whilst some companies have an arms-length approach to dealing with its suppliers, others work very closely with them to improve the quality and efficiency of the suppliers through knowledge/technology transfers, which in turn benefits the inward investor by getting its components at a lower cost. Forward linkages with inward investor/MNE companies also vary in quality. Some work very closely with their customers to foster relationships so that they can develop and design new products according to their needs. Other linkages that exist between MNEs and inward investors are with universities, research institutions and industry forums (e.g.

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working with suppliers and competitors where there are common aims or interests, such as skills/training).

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that, in general, technologies used by MNEs bear a positive impact on employment, but is not aware of studies on this. Backward and forward linkages tend to lead national enterprises to upgrade their own recruitment and training programmes. In general, MNE activities are considered to have a positive impact on employment standards and opportunities in the country.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that the technologies used by MNEs have a positive effect on job creation in different industries since the low level of automation in the country still requires labour-intensive approaches. Based on 1998 figures, 1,500 MNEs are operating in the country, of which 57 per cent are joint ventures, 40 per cent foreign capital investors, and 3 per cent business cooperation contracts. These MNEs represent a total of 275,000 direct employees as well as hundreds of indirect workers involved in construction, processing and service sectors supporting MNE operations. The linkage effects on operations of local enterprises vary depending on the sector of MNE operation. For example, in automobile, electronics, and other industries relying on local material sources, the level of linkage and cooperation is rather high, while in consumer goods and other areas relying on high-technology and foreign markets, linkage is at a lower level or is decreasing as MNEs seek to reduce the contribution rate on the local side to reduce the share of benefit. In general, the operation of MNEs has a positive impact on employment and employment standards in the local labour market, notably higher levels of health, education, skill and the use of English. To compete with MNEs, local enterprises have to purchase modern machines and train their workers; this impact is notable in the garment, food processing and consumer goods industries.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that outdated technology is one of the major constraints facing industry in Zambia, and tremendous progress in technology has been made through MNEs. The positive benefits of MNE technology are that it exposes employees to more efficient methods of production and enables them to develop skills relevant to these methods. The Federation notes on the negative side, however, that these technologies have rendered most existing jobs irrelevant. The Federation is not aware of any study of the impact of MNEs on employment. It has always been the Zambian Government's policy to encourage backward and forward linkages between indigenous enterprises and MNEs. Unfortunately, most MNEs have not shown any serious interest in establishing linkages with local business. The Federation reports that many local companies "have risen to the challenge" and improved the quality of their products to meet MNE needs; likewise, some MNEs have provided technical support to assist local businesses with the quality of their products. Employment opportunities have increased as well as the skill level of workers but, because of the capital-intensive methods of MNE production, the increase in employment has not reached anticipated levels.

## Zimbabwe

The Government of *Zimbabwe* notes that, although there are no studies on the impact of MNEs on employment, MNEs are becoming more capital-intensive, and employment has "drastically slowed down", even in sectors which could be labour-intensive. MNEs have forward and backward linkages in that some own the source(s) of raw materials,

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which they process into consumable goods and sell to distributors; exclusive contracts of raw material supply also exist.

***Equality of opportunity and treatment***  
*(Paragraphs 21-23)*

21. All governments should pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin.<sup>5</sup>

22. Multinational enterprises should be guided by this general principle throughout their operations without prejudice to the measures envisaged in paragraph 18 or to government policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment. Multinational enterprises should accordingly make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.

23. Governments should never require or encourage multinational enterprises to discriminate on any of the grounds mentioned in paragraph 21, and continuing guidance from governments, where appropriate, on the avoidance of such discrimination in employment is encouraged.

(8) *Has the government pursued policies designed to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment? If so, please explain briefly.*

*In the event of an affirmative reply, did the government pursue such policies in consultation with employers' and workers' organizations and multinational enterprises?*

Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which provides information from one MNE operating in the petrochemical sector (name given), indicating that it observes the directive on "Angolanization" as far as is possible (no details given).

The *National Confederation of Free Trade Unions of Angola* reports that there are no effective policies to promote equality of opportunity and treatment. According to the workers, there is no need to answer the question about policies designed to promote equality of opportunity and treatment because the Government violates human rights.

Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that there are statutory instruments in place, developed on a tripartite basis, which seek to eliminate all forms of discrimination in employment.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

<sup>5</sup> Convention (No. 111) and Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 100) and Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

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## Argentina

The Government of *Argentina* notes that, as regards equality of opportunity and elimination of all forms of discrimination in employment, the country has ratified Conventions Nos. 100 and 111, and has constitutional provisions and laws prohibiting discrimination; reference is made to the country's reports on the application of those Conventions.

## Australia

The Government of *Australia's* Human Rights and Equal Opportunity Commission (HREOC) functions to ensure that the Human Rights and Equal Opportunity Act, 1986, is applied. The HREOC conducted a National Inquiry into Pregnancy and Work to investigate discrimination on the grounds of pregnancy and potential pregnancy and the management of pregnancy in the workplace. The report, "Pregnant and productive: It's a right not a privilege to work while pregnant" (tabled in Parliament, 25 August 1999), makes a broad range of recommendations as to how the Government and others can address this issue. The HREOC was asked to inquire into access to electronic commerce and the provision of information and services through digital technology in the areas of banking, financial and other business services and government information and services by older Australians and people with disabilities. A National Committee on Human Rights Education was also established in December 1998 as a national focus for human rights and anti-discrimination education. The committee is a tripartite organization, bringing together the expertise of business, the community sector and the Government. The HREOC has released a number of reports since 1996 canvassing discrimination issues in the light of ILO Conventions, following wide consultation, and it launched a website in 1998 containing information on rights under the Sex Discrimination Act and other human rights issues. There is also an "Employers' page" on the site designed to service the queries of business and employer groups and assisting employers to understand their rights and responsibilities under human rights and anti-discrimination law in Australia. "Race for Business", an information and training package for employers, addressing issues of racism in the workplace, was launched in 1998. The development of the project drew on consultations with the business community across Australia. A number of public education and information dissemination activities are undertaken by HREOC under the Sex Discrimination Act, 1984, Disability Discrimination Act, 1992, and the Racial Discrimination Act, 1975. For example, the "Good Business Practice Guide", summarizing legislation and best practice guides for employers, was launched by the Disability Discrimination Commissioner. This was developed in consultation with business and industry and the working group contains representatives from each of the tripartite groups and from people with disabilities. According to the government of the state of New South Wales (NSW), the NSW Industrial Relations Act, 1996, includes specific employment equity provisions to prevent and eliminate discrimination in the workplace and, in particular, to ensure equal remuneration for men and women doing work of equal or comparable value. During the period under review the NSW Anti-Discrimination Board continued to provide education on discrimination in employment to both employers and workers. The Board also provides a telephone inquiries service to members of the public and a telephone employers' advisory service regarding discrimination law in NSW. The Board maintains a website which provides extensive information on employment and discrimination. The NSW government's Action Plan for Women was developed in 1996 in consultation with NSW government agencies with expert advice from the Premier's Council for Women. One of the Action Plan's key objectives is the promotion of workplaces that are equitable, safe and responsive to all aspects of women's lives (relevant excerpts are attached). The state government of Victoria states that anti-discrimination matters in Victoria are regulated by the Equal Opportunity Act, 1985. This legislation prohibits discrimination in all forms of employment and does not distinguish between MNEs and other employers.

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The *Australian Council of Trade Unions (ACTU)* notes that anti-discrimination legislation is in place and is, generally, effective. Worker representatives and employer organizations were consulted with regard to this legislation.

## Austria

A number of measures have been taken by the Government of *Austria*, during the reporting period, to promote equality of opportunity between men and women in employment. The Fourth Amendment to the Equality of Opportunity Act (BGBl. I No. 44/1998) came into force in May 1998, introducing improvements in the implementation of the Equality of Treatment Act through the Equal Treatment Council and the Equal Treatment Commission. This includes the regionalization of the Equality of Treatment Legal Institution, establishing regional offices of the “(Woman)” Council. The first regional council entered into effect on 1 November 1998 to facilitate the practical application of existing legal possibilities of complaints in the regions. The amendment also covers sexual harassment by a “third party (colleagues, clients/customers)”, defining it as discrimination, even when the employer has taken remedial action. Procedural matters, regarding reimbursement of travel and accommodation costs for information officers enforcing claims under the Equality of Treatment Act, fall under the amendment. Employers’ and workers’ organizations were associated with the formulation of the Equality of Treatment Amendment Act. The Works Constitution Act (BGBl. I No. 69/1998) was amended in 1998, introducing improved conditions for working women – promotion and reconciliation of work and family life. The Federal Minister for Women’s Affairs and Consumer Protection initiated a symposium in October 1997 on “Public works contracts as an instrument of women’s advancement” to clarify general provisions of the legislation to give preference, in the allocation of public contracts, to enterprises which pursue an active policy toward the advancement of women within their firm. Since March 1999, a number of federal ministries have followed these guidelines in allocating contracts. On 15 April 1998, the Government adopted the “National plan of action in favour of employment (NAP)”; equal opportunity for men and women is one of its core issues, using an approach known as “gender mainstreaming.” This approach became part of the Government’s “National Plan of Action for Employment for the Year 1999”, adopted in May 1999.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. The three unions indicate that equality of opportunity is a central issue in labour market policy regarding employment services, which involves the collaboration of representatives of the employers’ and workers’ organizations.

## Bahamas

The Government of *Bahamas* indicates that, in order to eliminate all forms of discrimination in employment, the Government has pursued policies designed to promote equality of opportunity and treatment. Training skills units are open to male and female workers, and pay and “work” are determined irrespective of gender. The Government principally consults workers’ representatives regarding equality of opportunity.

## Bahrain

The Government of *Bahrain* states that, with regard to equality of employment opportunity and treatment, laws have been enacted to enforce the principles of the Constitution, including the principle of non-discrimination. The Labour Code regulating the private sector, enacted in 1976, ensures protection and non-discrimination for all



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workers on the basis of sex, race, language, creed or nationality. Moreover, the ratification by the country of a number of international and Arab labour Conventions has contributed to the consolidation of the principle of non-discrimination and equality among workers. The Government endeavours to provide nationals with decent jobs. The Government consults the Chamber of Commerce and Industry and the general committee for the workers of Bahrain on all issues concerning employers and workers.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* states that the Government tries to adopt policies and laws and practices with the aim of eliminating all forms of discrimination in employment in areas including wages, conditions of work, and health and safety. There is a tripartite consultative committee (TCC) for the purpose of consultation with employers' and workers' organizations in the adoption of laws to promote equality of opportunity and treatment.

The *Bangladesh Workers' Federation (BWF)* states that no government system to promote equality of opportunity and treatment is evident.

## Barbados

The Government of *Barbados* reports that it pursues policies to promote equality of opportunity and treatment in employment.

The *Barbados Employers' Confederation (BEC)* adds that ILO Conventions relevant to this issue have been ratified and the rule of law is promoted. All policies are pursued using a consultative approach.

The *Barbados Workers' Union (BWU)* reports that no new policies have been introduced to promote equal opportunity and treatment.

## Belarus

The Government of *Belarus* reports that under section 4 of the Act respecting employment, one of the fundamental principles of state policy in the area of employment is the need to ensure equality of opportunity in employment for all Belarus citizens who are able to work, irrespective of race, sex, religious beliefs, political conviction, nationality or social position.

## Belgium

With respect to equality of opportunity and treatment in employment, the Government of *Belgium* states that all the laws apply to all kinds of enterprises, multinational or local ones. The Government further provides a comprehensive overview of new legislation, policies and measures adopted during the period of review, and refers to its substantial report, annexed to its reply, which was submitted under article 22 of the ILO Constitution, on the Discrimination (Employment and Occupation) Convention, 1958 (No. 111). It notes the Act of 7 May 1999 on equal treatment for men and women regarding working conditions, access to employment and career advancement, access to a self-employment and supplementary social security schemes. This law effected several changes. It implemented two European directives: Council Directive 96/97/EC of 20 December 1996 amending Council Directive 86/378/EEC on the implementation of the principle of equal treatment for men and women in occupational social security schemes,

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and Council Directive 97/80/EC of 15 December 1997 on the burden of proof in cases of discrimination based on sex. The Act also addresses sexual harassment, contains clear definitions of the concepts of “equal treatment”, “direct” and “indirect” discrimination, and covers occupational classification in order to reduce the gender wage gap. Second, the Act of 1997 on night work maintains the general ban on night work while the derogations it permits apply without distinction to men and women. The Government adds that measures specifically directed to the private sector, covering national and multinational enterprises alike, have been carried out in collaboration with the social partners, and focus on (1) equal pay, (2) equality within the undertaking, and (3) the Equal Opportunity Networks. MNEs have not been a special target but have taken part in enterprise actions at issue. (1) With regard to equal pay, under the interprofessional agreement reached for 1999-2000, the social partners undertook to review the sectoral systems, while a paragraph on job assessment was introduced in the new Act of 1999 on equal treatment, to secure compliance with occupational classification on an equal treatment basis. If the social partners fail to fulfil their contract, a royal decree can be passed listing the various quality requirements of job assessment systems. Also, information and training are provided on equal pay issues, including a government training module on “Job classification and equal pay” which has benefited a number of enterprises. An EU project entitled “From classification to remuneration”, launched in 1996, aims at promoting and correcting equal pay policy throughout the European Union, which is reflected in the new legislation. (2) Equality within the undertaking constitutes a second set of measures. During this reporting period, under the Interprofessional Agreement of 1989-90 and its two subsequent agreements, different action plans have been carried out with government support. Moreover, since the adoption of a Royal Decree in 1993 – containing provisions to introduce a positive action plan in favour of women in case of closures – the Federal Ministry of Employment and Labour is to provide advice to enterprises facing difficulties or undergoing a restructuring process. Consulting services on equality of opportunity, based on the European Foundation for Quality Management (EFQM), are at the disposal of private enterprises, which subsequently tend to elaborate their own programmes. These services tend to be most suitable to large companies like banks, which were the primary users of the service in 1998. Moreover, the Government launched an equality award in 1997 to recognize organizations that adopt equality both as an ethical and an economic concept necessary for success and profitability. It provides training on equality issues like sexual harassment in the workplace, and the efficient use of social assessment on equal opportunities for both men and women. (3) The Equal Opportunities Network, launched in 1993, allows for an exchange of information and experiences on implemented positive action plans at the enterprise and sectoral levels. Regional equal opportunities networks have also been established, to build partnerships between private and public sector undertakings in the framework of the European project “Optima-Fair Play”. From 2000, three new categories are expected: SME (less than 250 workers), large enterprises and closed corporations (not publicly traded). In each region, networks have been established on the theme relating to the specific situation of employment in the region, according to its needs (employment, occupational training, equality of opportunity, etc.).

With regard to equality of treatment, the *National Labour Council (CNT)* reports that a resolution was adopted by the European Council in October 1995, to combat racism and xenophobia in employment and social affairs. Collective Labour Agreement No. 38 of 6 December 1983 and recently amended by Collective Labour Agreements No. 38a of 29 October 1991, 38b of 17 July 1998 and 38c of 14 July 1999 prohibit discrimination by employers – particularly on the basis of national origin – during the recommendation and selection procedures. It adds that MNEs are more likely than other enterprises to practice discrimination in recruitment by imposing various tests like health screening, that exceed tests allowed under Belgian regulations.

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## Brazil

The Government of *Brazil* reports that, because of a complaint lodged by the workers' representative regarding failure to comply with Convention No. 111, the Brazilian Government officially recognized the existence of discrimination and formally stated its willingness to see that the ratification made in 1965 was acted upon. Since 1995, the Government has, therefore, carried out the Brazil Gender and Race Programme – Implementation of Convention No. 111 (PBGR), coordinated by the International Advisory Unit within the Ministry of Labour and Employment. The activities undertaken through the PBGR are designed to raise awareness of discriminatory practices at work, to bring successful action to promote equality into wider use and to ensure that these experiences are reproduced in greater number. Within the Ministry itself, the PBGR is promoting the adoption of a number of specific measures to combat discrimination and promote equal opportunity, including a campaign increasing mediator awareness of discrimination issues, convening a working group on the subject, conducting gender-based statistical analyses of the labour market, establishing targeted occupational guidelines and training projects, including a technical cooperation project with the ILO, specific monitoring activities to include participation of women staff and ensure the number of workers with disabilities in enterprises is complied with, and mobilizing social actors in “partnerships committed to zero tolerance of discrimination”. The Government also mentions, among its most recent measures, Decree No. 3.298 (20 December 1999) which regulates Law No. 7.853/80 and lays down the National Policy for the Integration of the Less Able, and protection standards.

The *National Confederation of Industry (CNI)* concurs with the views of the Government.

The *General Workers' Confederation (CGT)* states that the Government has pursued policies to promote equality of opportunity and treatment in employment.

## Bulgaria

In order to eliminate all forms of discrimination in employment, the Government of *Bulgaria* reports that it has introduced policies to promote equality of opportunity and treatment in a market economy context. While article 2 of the Act on protection in the event of unemployment and promotion of employment prohibits discrimination in the field of employment, other provisions relate to the standards contained in the MNE Declaration with reference to equality regardless of race, sex, religion, etc. The law on foreign investment contains similar clauses addressing non-discrimination against foreign workers, employment discrimination under Convention No. 111 and equal pay under Convention No. 100. A bill on equal opportunity between men and women and the establishment of national machinery to monitor its application is pending.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that, generally speaking, the question of equality of opportunity and equal treatment in employment is not an issue in Burkina Faso. Manpower services use selection methods that guarantee equality of opportunity for applicants. Private companies use the same pay scales for all workers. The conditions for personal promotion (advancement and regrading) are the same for all employees within the same enterprise. The active and independent workers' organizations are a guarantee of equality among workers.

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## Cameroon

The *Cameroon Confederation of Free Trade Unions* reports that the Government has always sought to ensure that Cameroon nationals hold management positions. Therefore, employment contracts for expatriates have only been allowed if there has not been a qualified national. Given the economic power of MNEs, however, many cases of abuse have been recorded.

## Canada

The *Canadian Employers' Council (CEC)* notes that, as concerns equality of opportunity in employment, the Canadian national and provincial legislation dealing with discrimination does not distinguish between MNEs and national enterprises. MNEs have participated in consultations by governments with employers with respect to such legislation.

## Cape Verde

The Government of *Cape Verde* reports no confirmed cases of discrimination in employment and says that women and men have equal employment opportunities.

## China

With regard to policies pursued to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment, the Government of *China* indicates that the law contains special provisions in this respect, specifically in the Constitution, the Labour Act, the Act concerning the protection of rights and interests of women, the Act concerning the protection of disabled persons, and other regulations in the country concerning equal opportunity and treatment for the elimination of all forms of discrimination in employment. These legal provisions have been promulgated after numerous consultations with the social partners who actively participate in the elaboration and implementation of policies and measures in the country, pass timely information on workers' concerns to the Government, monitor their implementation by the Government in practice and assist workers in the understanding of these policies.

## Colombia

The Government of *Colombia* refers to the 1991 Constitution (article 25) in which it is enshrined that "work is a social right and obligation and ... all persons are entitled to employment in decent and fair conditions". It points out that article 53 of the 1991 Constitution states that the Status of Work Act must take into account the fundamental principles, including equality of opportunity for workers, and that, under the Labour Code, labour legislation applies equally to MNEs and national companies and to local and foreign workers. The Government explains that the Ministry of Labour has been strengthened as an authority in industrial matters; the inspection system has been modernized and reinforced in keeping with the social and industrial development of the country. This has been done by means of directives and guidelines from a central body, enabling labour inspectors to carry out this job more efficiently and effectively.

## Costa Rica

The Government of *Costa Rica* states that policies designed to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment have been pursued. This policy is explicitly covered by Law No. 7600 on "Equality of opportunity for persons with disabilities", published in *Official Gazette* No. 102 of 29 May 1996. This law makes it compulsory for the State to include the principles

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of equality of opportunity and access to services in the plans, policies, programmes and services of its institutions, and to organize relevant projects and activities, taking into consideration the relatively lower level of development of some of the country's regions and communities. The law in particular implements important reforms and exempts provisions of other laws that are explicitly discriminatory. Overall, Law No. 7600 effectively contributes to the development of a society which is more respectful and tolerant of differences and this will benefit everyone, not simply the particular vulnerable group addressed. Subsequent consultations relevant to further development of national policies on treatment of people with disabilities have been held; in addition, under a national government programme "Promotion of employment", visits are made to companies to discuss promotion of work opportunities for persons with disabilities and the National Employment Directorate's placement service includes job applicants with disabilities in its applications put forward to fill private enterprise openings.

### Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that, by ratifying Convention No. 111, it has demonstrated its desire to give tangible expression to the principles of equality of opportunity and treatment in employment. However, MNEs' recruitment practices show that the experience criterion is abused, to the detriment of qualified young nationals.

### Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* points out that Croatian law prohibits any discrimination in employment.

### Cyprus

The Government of *Cyprus* pursues a labour policy aimed at promoting the principle of equal opportunity in employment and at eliminating any discrimination with respect to access to employment. Recent measures ensure a more effective application of the legislation on equal pay for work of equal value, and the amendment of the maternity protection legislation to provide for, inter alia, a minimum of a 16 weeks' maternity leave, including foster mothers. Moreover, the Government reports that the Part-Time Work Convention, 1994 (No. 175), was ratified in 1997 with a view to improving the protection of part-time workers, e.g. women, older workers, students and school children. The Government states that in harmonizing the country's legislation with the European Union, it benefits from external assistance in preparing legislation that promotes equality of treatment and opportunities in employment, career promotion, education and vocational training as well as work conditions. All socio-economic policies are pursued in full consultation with the social partners and other concerned bodies, as well as through a network of tripartite bodies in which MNEs are represented.

The *Pan-Cyprian Federation of Labour (PEO)* indicates that the Government aims at promoting equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment, and encourages women, through awareness campaigns, to enter the labour market. In order to ensure these objectives, the social partners are consulted through discussions held within various longstanding tripartite bodies.

### Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that the labour laws of the Democratic Republic of the Congo guarantee equality of remuneration, without discrimination. In reality, however, labour in developing countries is cheap. Expatriate personnel, on the other hand, generally negotiate working conditions more favourable than those of their national counterparts.

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The *National Workers' Union of Congo (UNTC)* reports that their labour laws exclude all discrimination, as do the collective agreements in force in the MNEs. In practice, however, the problem is one of wide discrepancies in wage conditions, social benefits, and working conditions between nationals and their expatriate counterparts. The parties are required to apply the national labour laws and there are no consultations.

## Denmark

The tripartite partners of *Denmark* report that, with regard to discrimination in employment, the Parliament (Folketing) adopted the Act on prohibition against discrimination in respect of employment (1996) to ensure implementation of ILO Convention No. 111 and the International Convention on the Elimination of All Forms of Racial Discrimination. The Act covers the grounds for discrimination of those two Conventions, and also prohibits discrimination based on sexual orientation. The prohibition covers both direct and indirect discrimination and applies in connection with recruitment and termination, and during the employment relationship. The prohibition also applies to any person involved in vocational guidance and education/training or placement activities, as well as to any person who sets rules and makes decisions on access to certain professions. Exempted from the Act are employers whose activities "promot[e] specific political or religious beliefs".

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* reports that the Government has not pursued any policies intended to promote equality of opportunity and treatment in order to eliminate all forms of discrimination in employment.

## Ecuador

The Government states that *Ecuador* has ratified ILO Conventions Nos. 111 and 122, together with the Conventions on maternity protection and minimum age. Gender equality has been a theme running through all the country's policies, and resulting in the creation of the National Council for Women (CONAMU), which works with various government ministries and indigenous NGOs on activities involving databases, awareness campaigns on human rights, gender promotion and more. Ecuador also aims to support ratification of the ILO Convention condemning the worst forms of child labour.

## Egypt

The Government of *Egypt* states that, since the principle of equality of opportunity is embodied in the Constitution and discrimination based on such grounds as sex, religion or colour is prohibited by labour legislation, it does not pursue any specific policy to promote equality of opportunity in order to eliminate all forms of discrimination in employment.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the petroleum sector states that there are enforced policies aimed at providing equal job opportunities, for example, 5 per cent of national staff must be persons with disabilities. In addition, this MNE follows equal opportunity treatment in its employment terms and conditions. Another MNE in the food industry states that the labour law and legislation are issued after discussion with the national labour union.

## El Salvador

As reflected in the reply of the Government of *El Salvador*, various steps have been taken to promote equality of opportunity and treatment in order to eliminate all forms of discrimination in employment. On 21 April 1994, the Legislative Assembly promulgated

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Decree 859, which introduced over 30 amendments to the Labour Code, including the introduction of article 12, which reads “The State shall ensure that the principles of equality of opportunity and treatment in employment and occupation are observed, including access to vocational training”. In addition, paragraph 12 of article 30 of the Labour Code prohibits employers from establishing any exclusion or preference by reason of race, colour, sex, religion, political opinion, or national or social origin, except as provided by law in order to protect workers; and article 123 which establishes the principle of equal pay for men and women, regardless of age, race, colour, nationality, political opinion or religious beliefs. Failure to observe the latter principle entitles the workers concerned to demand the reclassification of wages. The Government refers to its ratification of ILO Convention No. 111, obliging member States to elaborate and implement a national policy to adopt appropriate methods, in the light of national conditions, to promote equality of opportunity and treatment in employment and occupation with a view to eliminating all forms of discrimination.

## Estonia

The tripartite partners of *Estonia* note that the Constitution, the Employment Contract Act and the Wage Act prohibit any form of discrimination on the basis of race, sex or religion. The tripartite Estonian ILO Council will discuss Estonia’s possible ratification of Conventions Nos. 111 and 122 in 2000-01.

## Finland

With respect to government policy respecting promotion of equality in employment, the tripartite partners of *Finland* highlight various actions. Since the previous report, no amendments have been made in the effective legislation on discrimination. On 14 December 1999, the Ministry of Labour appointed a rapporteur to prepare proposals for changing the office of the Ombudsman for Aliens and expanding his/her tasks to include issues of discrimination. The new Constitution Act of Finland (No. 731/1999) entered into force on 1 March 2000. Section 6 of the Act includes a provision on the equality of human beings, based on the fact that all human beings are equal before the law. No one shall, without acceptable grounds, be afforded a different status on account of sex, age, origin, language, religion, conviction, opinion, state of health, disability, or any other reason related to the person. The Act also requires that children be treated equally as individuals. According to the Constitution Act, gender equality shall be promoted in social activities and in working life, particularly in the determination of salaries and wages and other terms of service, in a manner more precisely specified by an Act of Parliament. The Act on Equality between Women and Men (No. 609/1986), includes provisions on equality between the sexes and the promotion thereof. An assessment of the Equality Act, which entered into force on 1 January 1987, is under way and is expected to be completed in the year 2001. The report by the Equality Ombudsman on equality planning was completed in 1998. In the incomes policy agreement 1998-99, concluded in December 1997, special attention was paid to the pay inequality between women and men. The aim is to increase the pay rate for women whose pay is not in harmony with their job demands and education. The incomes policy agreement also included the decision to start a project for developing an “equal working community”, the aim of which is to encourage working communities to promote equality and be part of other development activities. The final report of the project was published in autumn of 1999. Another research project was aimed at developing a set of quality standards to promote gender equality at work, not merely as an ethical norm, but as an economic concept. This study was based on a sample survey involving 521 persons drawn from seven private enterprises and two public enterprises, representing the traditional Finnish industrial sectors and the rapidly growing high-tech sector. A separate Act was enacted on the equalization of voluntary supplementary pension arrangements which ensures that the retirement age for certain pensions and other benefits are the same for women and men. The Act came into force on 1 December 1997. The amount of

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compensation to be paid as a result of discrimination, which is referred to in the Act, has been adjusted to minimum and maximum allowable awards. In addition, in a court decision 63/97 of 14 April 1998, the Labour Court declared certain provisions, concerning the determination of an experience supplement included in the general municipal collective agreements, invalid as contrary to the provisions of the Equality Act.

## France

With respect to equality of opportunity and treatment, the *French Confederation of Executive Staff (CFE-CGC)* reports that legislation provides for equality between men and women and occupational equality without discrimination; the social partners and MNEs have been consulted to this end.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that it has not observed any discrimination in employment and the Government encourages freedom of association. As a result, the social partners practice collective bargaining and consultation in all areas of social policy.

## Germany

The Government of *Germany* indicates that the Act to amend the Civil Code and Labour Court Law, which came into effect in July 1998, revised the provisions of the second Sex Equality Act regarding employers' liability in cases of sex discrimination in response to the European Court Ruling C-180/95 of 22 April 1997. That Ruling found that some provisions of German law regarding sanctions and equal employment treatment were incompatible with European law. Under the terms of section 611a of the Civil Code, sexual discrimination in employment recruitment is liable in financial compensation to the victim; the amendments included elimination of a fault requirement, and new methods for calculation of the compensation depending on whether the candidate is "best qualified" or not "best qualified". The relevant employers' and workers' organizations are involved in the legislative process, notes the Government. In addition, the federal Government has initiated a programme "Frau und Beruf" which aims to ensure equal opportunities are granted to women both at work and "outside it". Although Germany's Employment Promotion Act has prohibited discrimination against part-time workers since 1985, the European Council Directive 97/81/EC of 15 December 1997 expanded the provisions for part-time workers, increased acceptance of part-time work, offering more flexible working arrangements. National legislation is being brought into line with European standards in this regard.

## Ghana

The *Trades Union Congress (TUC)* notes that the Government has policies to promote equality of opportunity, adding that Convention No. 111 has been ratified. The policies were pursued in consultation with employers' and workers' organizations and MNEs.

## Greece

The Government of *Greece* reports that Pillar IV of its National Action Project for Employment is "to strengthen policies for equality of opportunity between men and women". The Government reports that, under guideline 19 of the same Project, it has agreed to adopt a "suitable approach to the question of equality of the two sexes" and to collect data to ensure it is abiding by this guideline. The Government reports that, in conjunction with the social partners, it is taking the following steps to address equal



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employment opportunities for women: conducting a systematic analysis of the problems facing women generally and, in particular, certain vulnerable groups of women, in joining and advancing in the labour market; creating a database and a mechanism for monitoring women's situation on the labour market; recording general measures concerning the labour market and, particularly, measures relating to women; undertaking quantitative and qualitative evaluations of the policies pursued; planning a long-term employment policy to address women's equal participation in the labour market; adopting proposals for special measures to deal with particular problems of women or certain groups of women; planning and implementing policies in the fields of employment, education, training and the labour market, in cooperation with women's organizations. At present the Government addresses women's problems via a series of programmes developed by the Secretariat-General for Equality, the Ministry of the Interior and the Public Administration for Decentralization. These programmes support women through special institutions such as the Research Centre for Equality, through special projects introduced by the Ministry of Development, and through policies implemented by the Organization for Labour and Employment. The Government states that it supports projects to assist women to start up enterprises or modernize existing enterprises. The Government reports that it promotes activities for women through "Structures for occupational activities for women" within the framework of the social initiatives "Employment" and "Axe Now".

The *Federation of Greek Industries (FIG)* asserts that the promotion of equal opportunity and treatment and the elimination of all forms of discrimination in employment is an "established fact" in Greece.

## Guatemala

As for equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment, the Government of *Guatemala* indicates that policies have been pursued in this field, and notes in particular the Agreement on Socio-economic Aspects and the Agrarian Situation, in which in the context of labour, the Government has undertaken to strengthen the monitoring of compliance with labour standards as set forth in national labour laws, derived from international labour Conventions ratified by Guatemala. To this end, and in order to increase the understanding of the social partners necessary to enhance harmony in labour relations, the Labour Ministry has distributed copies of ILO Conventions Nos. 29, 87, 98, 100, 105, 111 and 138.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* report that they have not been consulted in connection with policies to promote equality of opportunity and treatment in employment, and are unaware of whether or not they have been implemented.

## Guyana

The Government of *Guyana* reports that, during the reporting period, the country has pursued policies aimed at promoting equality of opportunity and treatment by passing two pieces of legislation, namely, the Termination of Employment and Severance Pay Act (No. 19 of 1997) and the Prevention of Discrimination Act (No. 26 of 1997) for which consultations were held at a tripartite level.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that it established a green (0800) number phone line for women to help them in cases of discrimination at their workplace and to consult the advice of labour lawyers, who are available ten hours a day. The Government launched the helpline after a two-month trial period and with the assistance of trade unions; it serves not only to provide

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direct assistance but to promote citizen involvement and to shape public opinion. The Ministry of Social and Family Affairs established a “family friendly workplace prize” to encourage companies to help their workers reconcile work and family life. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that the Government promotes policies that support equal opportunities for male and female employees, prohibit discrimination in employment on the basis of ethnic origin and protect employees with families. Programmes and decrees are implemented following regular consultations between the Government and employers’ and employees’ organizations of MNEs. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions and the National Federation of Workers’ Councils, tripartite partners, report their concerns about employment discrimination against women and also against members of the Roma minority but note that such discrimination is not restricted to MNEs.

## India

The Government states that *India* does not permit discrimination in employment.

## Indonesia

The Government of *Indonesia* reports that since 1998 it has pursued policies designed to promote equality of opportunity and treatment, under the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), both of which Indonesia has ratified. A tripartite task force has been established to hold workshops to raise the awareness of employers, workers and government officials on the principles of the ILO core Conventions.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* reports that the Government, in conjunction with its social partners, has developed a number of new institutions promoting equality in the workplace. The Employment Equality Act, 1998, came into force in 1999, prohibiting discrimination on nine separate grounds (gender, marital status, family status, sexual orientation, religious belief, age, disability, race and membership in the travelling community) with respect to equal pay, access to employment, vocational training, conditions of employment, work experience, promotion and dismissal.

## Italy

The Government of *Italy* reports that Italian labour policy is based on equality of treatment and on the elimination of all forms of discrimination on the basis of sex, race, ethnic origin, nationality and religion. In consultation with the Government, the social partners and particularly trade unions have promoted legislation designed to eliminate discrimination on the basis of sex, political or religious beliefs. In this regard, Decree No. 286/1998, as amended by Legislative Decree No. 113 on 13 April 1999, is a useful instrument. Article 43 contains the legal definition of discrimination. This provision covers Italian citizens, stateless persons and citizens of other Member States of the European Union. There is a guarantee of equality irrespective of the type of employment or the type of work permit granted to those who wish to enter the country for work purposes.

The observations of the workers’ organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, are similar to those of the Government. Positive action to achieve real equality, they say, has been taken through collective bargaining.

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## Japan

The Government of *Japan* reports that it is working to ensure equal opportunity and treatment under the Law on Securing of Equal Opportunity and Treatment between Men and Women in Employment (Equal Employment Opportunity Law), which was revised in 1997 to provide for compulsory measures rather than progressive measures by employers. The Government reports that it is also promoting measures to ensure the maternal health of female workers. The Government reports that the Women's and Young Workers' Problems Council, comprised of workers, employers and public interest representatives, participated in revising the Equal Employment Opportunity Law.

## Jordan

The Government of *Jordan* reports that Jordan has ratified seven out of the eight fundamental ILO Conventions, namely Conventions Nos. 29, 98, 100, 105, 111, 138 and 182, and is obligated to implement them. Labour Law No. 8 of 1996 and related regulations issued between 1996 and 1999 ensure equal employment opportunities for disabled persons. All measures and regulations with respect to equal opportunity are pursued in consultation with the social partners.

The *Amman Chamber of Industry (ACI)* notes that the Government is pursuing policies designed to promote equality of opportunity and treatment in most aspects of life, taking into consideration persons with physical disabilities and those who reside in less developed areas. The Chamber adds that employment of disabled persons is done in consultation with employers' organizations.

## Kenya

As regards equality of opportunity and treatment, the Government of *Kenya* reports that it has prepared a national employment policy document which advocates equal employment opportunities for all, regardless of gender, sex, age, tribal origin, ethnic or political affiliation. Programmes addressing the poor and the disadvantaged in society are also being formulated. Gender equity and equality are also being addressed and women have been given equal opportunities to compete with men in all respects related to employment. MNEs benefit and respect equal employment policies in line with national laws and practices.

## Korea, Republic of

The Government of the *Republic of Korea* reports that, since the Republic of Korea has ratified ILO Convention No. 111, it is taking necessary measures and enacting or revising the laws to promote employment of workers such as the elderly and disabled who have poorer access to jobs in ordinary labour market conditions. As the Republic of Korea is a party to ILO Convention No. 100, the Government enacted the Equal Employment Act to ban discrimination against women in all working conditions. The Government reports that it held meetings, consultations and hearings with the Federation of Korean Trade Unions (FKTU), the Korean Confederation of Trade Unions (KCTU) and the Korean Employers' Federation on employment policies.

The *Federation of Korean Trade Unions (FKTU)* asserts that while, in theory, employment equality is regulated by law, in practice, there is significant inequality in employment. FKTU acknowledges that the Government has underwritten policy efforts to support equal employment for the elderly, the disabled and women, and notes that the status of women in all sectors of society is improving.

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## Kuwait

The tripartite partners of *Kuwait* state that article 41 of its Constitution provides citizens with not only the right to work but also to choose their work; the State shall ensure fair conditions. Article 29 of the Constitution guarantees equal treatment and forbids discrimination on the basis of sex, national origin or religion.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that Latvian law prohibits employment discrimination but in a competitive labour market those without professional education, those approaching retirement age and women are most likely to lose their jobs and are least likely to be re-employed, whether in national enterprises or MNEs. The Tripartite Professional Education and Employment Sub-Council is charged with addressing employment discrimination issues and has developed a national employment plan.

## Lebanon

The Government of *Lebanon* notes that the Lebanese Code prohibits discrimination in employment. Lebanon has ratified several ILO Conventions, some of which contain provisions related to the MNE Declaration, including Conventions Nos. 29, 98, 100, 111, 115, 122, 136, 139, 142 and 176. Ratified Conventions have priority over national legislation when there is a conflict between the two.

## Lithuania

The Government of *Lithuania* points out that the Constitution of the country, particularly the Law on Labour Agreement, 1991 (amended in 1993, 1994, 1996 and 1999), ensures equality of employment with regard to gender, race, nationality, citizenship, political views, religion and other grounds, in situations where there is no connection with occupational qualifications. In December 1998, the Law on Equal Opportunities for Men and Women was adopted by the Seimas (Parliament) of the Republic.

The *Unification of Lithuanian Trade Unions (LPSS)* reports that gender equality is promoted in all Lithuanian labour laws. In December 1998 a Law on Equal Opportunities for Men and Women was adopted, and is controlled and supervised by the Women and Men's Equal Opportunities Inspector. Trade unions submitted proposals on the draft. Trade unions also seek to promote equality through collective agreements.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* indicate that article 64 of the Labour Code stipulates that: "For the same professional qualifications, the same job and the same output, the wage shall be equal for all workers whatever their origin, sex, age or status within the conditions laid down in this chapter." Chapter III of the Labour Code contains special provisions on women and children at work.

## Malaysia

The tripartite partners of *Malaysia* indicate that equal employment opportunity prevails in the country, but that, due to the country's multi-ethnic racial composition, a policy of "social engineering" is required for the purpose of fair representation of the various ethnic groups.

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## Malta

According to the *General Workers' Union (GWU)* there are no national policies designed to promote equal opportunity in employment.

## Mauritius

The Government of *Mauritius* reports that it has taken initiatives to promote gender equality in employment opportunity and treatment. The National Remuneration Board, the wage-fixing body for the private sector, is examining various regulations with a view to fixing wages on a job content rather than gender basis. Moreover, the Government intends to introduce an Equal Opportunities Act and the country is seriously considering ratifying ILO Conventions Nos. 100 and 111. These initiatives are being pursued in consultation with employers' and workers' organizations.

## Mexico

The Government of *Mexico* reports that its labour laws and rules, which aim to eliminate any type of discrimination in the workplace and to promote equal employment opportunities, apply equally to all enterprises whether national or multinational. Paragraph "A" of article 123 of the Constitution, section VII, provides for equal pay regardless of sex or nationality for all "workers, day labourers, employees, domestic staff, craftsmen and in general all employment contracts". Furthermore, the Federal Labour Law, which applies to all enterprises, contains provisions making the equal pay requirement more flexible in its application, without straying from its spirit, regarding seamen (article 200), aircraft crew (article 234), railway work (article 253), self-employed haulers (article 257), professional sportsmen (article 297) and workers, actors and musicians (article 307). According to the Government, in the above cases, although the activity is the same, the quality of the work and manner of performance justifies the wage-scale differentials. The Government adds that article 3 of the Federal Labour Law prohibits distinctions among workers based on race, nationality, sex, age, religion, political opinion, or social origin. Article 56 of the Federal Labour Law provides that working conditions must be the same for equal jobs, without any differences based on race, nationality, sex, age, religion or political opinion, except for the provisions especially set out in the law. Article 164 of the Federal Labour Law states that: "[w]omen shall have the same rights and obligations as men". The Government also notes that, under the North American Agreement on Labor Co-operation, Appendix 1, the "Labour Principles", No. 7, it is bound to eliminate discrimination in employment for reasons of race, sex, religion, political opinion, nationality, or social origin, but that Agreement also provides that distinctions, exclusions or preferences based on the qualifications of the job shall not be considered discrimination.

The *Confederation of Mexican Workers (CTM)* notes that women are encouraged to participate actively in the planning and supervision of the implementation of development plans that aim toward a more just society. It adds that special consideration is given to women in certain national and special programmes although the socio-economic plans are designed for the population as a whole without distinction on the basis of gender.

## Moldova, Republic of

The Government of the *Republic of Moldova* has created a separate entity within the Ministry of Labour, Social Protection and Family Affairs to develop and implement policies to promote equality of opportunity and treatment. Article 43 of the Constitution guarantees equality at work in all its aspects. Based on the Constitution, the provisions of the Labour Code sets out in detail the principles concerning working conditions, including equal pay for equal work without any discrimination. Legislative bills give the social partners a central role in regulating pay. Amendments to the Labour Code have also been

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tabled to grant to fathers some of the childcare benefits/accommodations that are provided to mothers. These amendments seek to prevent labour market discrimination against women.

#### Morocco

The *Democratic Labour Federation of Morocco (CDT)* indicates that the draft Labour Code, which is to be submitted to Parliament, provides clearly for equal opportunity and the abolition of all forms of discrimination in employment. During consultations between the Government and employers, the Democratic Labour Confederation submitted proposals to eliminate all forms of discrimination in employment.

#### Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates there are legal mechanisms to promote employment opportunities for both men and women, but there have been infringements in their implementation since "some MNEs prefer a male workforce".

#### Myanmar

The Government of *Myanmar* reports that MNEs are encouraged to recruit through employment offices and that existing labour laws promote equality of opportunity and treatment.

#### Nepal

With regard to equality of opportunity, the *General Federation of Nepalese Trade Unions (GEFONT)* notes that, at a policy level, there is no problem in this regard. However, in practice, the implementation is extremely weak. Consultation with MNEs, in particular, still does not take place.

#### New Zealand

The Government refers to *New Zealand's* reports under article 22 on Convention No. 111 and Recommendation No. 111 (for the periods 1 July 1995-30 June 1997; and 1 July 1997-31 May 1999) and Convention No. 100 (for the periods 1 July 1993-30 June 1996; and 1 July 1996-30 June 1998) in reply to their policies on elimination of discrimination in the workforce. Consultations on government policies occur through the "normal consultative machinery".

The *New Zealand Council of Trade Unions (NZCTU)*, commenting, in its report, on the Government's report for that Survey, expresses concerns about the Government's policies and processes for promoting equality of opportunity, referring to its submission under article 22 reports on Conventions Nos. 111 and 100, which were supplied in conjunction with the Government's reports referred to above.

#### Nicaragua

The Government of *Nicaragua* reports that its policies promote equality of opportunity and treatment in employment and that MNEs observe these policies without discrimination on the basis of sex, religion, race, political opinion or social origin.

#### Norway

In addition to national regulations regarding the prevention of discrimination in employment cited in its previous report, the Government of *Norway* notes several

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amendments in the recent past. On 30 April 1998, the Norwegian Parliament amended section 55A of Act No. 4 of February 1977 relating to workers' protection and the working environment. The intent of the amendment is to guarantee the principle of non-discrimination in the labour market and to give effect to the right to work. The amendment of section 55A is different from the proposed amendment of 55A cited in the Government's last report. Discussions in the Parliament led to a change in the content of the first proposal. The new clause in section 55A states that discrimination based on race, colour of skin, national or ethnic origin, or sexual orientation is prohibited when engaging an employee. Discrimination is defined as every act which directly or indirectly discriminates on the basis of the abovementioned grounds unless the action is warranted by objective reasons, e.g. requirements that are relevant for the job in question. The amendment provides an exception to non-discrimination in cases of sexual orientation where the employer is a religious community and the character of the employment "warrants special demands". The Government reports that employers' and workers' organizations were consulted on the amendment of section 55A. The Norwegian Parliament adopted a "White Paper on Immigration and a Multicultural Norway". The Government notes that gender equality is also a high priority and that the Gender Equality Act and other measures provide employment protection in this area. While laws on non-discrimination are important measures to provide equal treatment in the labour market, the Government recognizes the difficulty in achieving this objective and notes that these goals will only be achieved when the parties in the labour market follow up with binding agreements and mechanisms for application. The lack of progress toward gender equality, especially in the private sector, indicates the need to strengthen the provisions of the Gender Equality Act. The Government sees the need for the private sector to promote gender equality more actively, through measures such as annual reports by enterprises on gender equality, and proposes that improvements to the Gender Equality Act provide explicit protection from sexual harassment. In addition, the effect of the provision of equal pay will be improved in such a way that jobs may be compared across occupational boundaries within the same enterprise.

## Pakistan

The *Pakistan Labour Federation (PLF)* indicates that, in theory, under the Constitution and laws of the country, there is no discrimination but, in practice, discrimination in employment is "rampant" because there is no redress against it.

## Panama

The Government of *Panama* indicates that, by Constitutional Order, a national policy is maintained to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment. Similar efforts are made in the policy arena in view of the ratification by Panama of the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and other relevant international Conventions and agreements. As part of its strategy, the Government has decided to carry out an exhaustive scrutiny of legislation to eradicate any lingering vestiges of discrimination against women, and to recommend international technical cooperation projects to promote women in the world of work. In this respect, the Government specifies various recent measures, including the National Women and Development Plan (1996-2001) (PNMD); Law No. 4 (29 February 1999) which lays down provisions to protect women workers against gender discrimination and to promote their integration into the world of work; and Project PAN/B7 – 301/95/10 "To Promote Equality of Opportunity in Panama" (PROIGUALDAD), which is the outcome of the consensus reached between the women's movement and the State of Panama for implementing the PNMD, and is designed to help improve the political, social and economic position of women in the country and has a project life of five years, to be completed in the year 2002. As to aspects of the MNE Declaration, the organization refers to Law No. 4 (1999) on

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equal opportunity for women, and Law No. 42 (1999) facilitating opportunity for persons with disabilities.

## Peru

The Government of *Peru* reports that it has applied policies designed to promote equality of opportunity and treatment in employment. Specifically, Law No. 26772 (April 1997) establishes that employment recruitment and treatment, and access to educational training, cannot discriminate on the grounds of race, colour, sex, religious opinion, national or social origin, economic status, political opinion, civil status, age or any other factor.

For the *General Confederation of Workers of Peru (CGTP)*, the policy pursued by the Government has been to grant MNEs all the facilities they require, “depriving Peruvian workers of their fundamental rights”. Such discrimination in employment has led to a weakening of representative organizations since 10 per cent of personnel are regarded under the law as management while the rest of the workers, who are recognized as labourers and staff employees, are seriously discriminated against and not taken into account at all in government policy.

## Philippines

The Government of the *Philippines* Economic Zone Authority (PEZA), Department of Trade and Industry reports that the Labor Code addresses non-discrimination and equality of treatment specifically. A Covenant of Solidarity and Commitment to discourage sexual harassment and discrimination at work was signed by government agencies and national employers’ groups. In this regard, PEZA has provided gender-awareness training, including sexual harassment and equal treatment issues, in order to sensitize the social partners on these issues. According to the Institute of Labor Studies (ILS), laws have been adopted to promote equality of opportunity and treatment in order to eliminate all forms of discrimination in employment, most of which, as reflected in the Labor Code of the Philippines, enshrine important ILO Conventions and Recommendations on workers’ rights and welfare; concerned sectors were consulted in the preparation of the legislation. In addition, according to the ILS, the Trade Union Congress of the Philippines reported, during tripartite consultations held in 1997, that union membership has been the cause for non-recruitment and “informal employment bans”.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that discrimination is formally prohibited, but in practice discrimination in employment exists at the local level based on age, sex, political conviction and even nationality. It states that the Government has never consulted workers’ organizations on such issues.

The *Independent Self-governing Trade Union “Solidarność” (NSZZ Solidarność)* notes that the Constitution and other laws, including the Act concerning employment and unemployment, reflect the public policy aimed at elimination of all forms of discrimination in employment. Current activities of the public authorities operate in line with the public policy.

## Portugal

According to the Government of *Portugal*, the following legislation has been adopted to promote equality of opportunity and treatment: Law No. 105/97 of 13 September 1997 concerning equality between men and women in work and employment; Decree-Law No. 307/97 of 11 November 1997 concerning equality of treatment between men and women in occupational social security schemes; Law No. 208/98 of 12 May 1998



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concerning foreign labour in Portugal; Decree-Law No. 132/99 of 21 April 1999 concerning employment policy, the underlying principle of which is access for all to employment without discrimination based on age, sex, race, citizenship, land of origin, religion, political or ideological beliefs. These instruments were drawn up in consultation with workers' and employers' organizations. The "Equality is Quality" Prize (PIQ) was established by the Commission for Equality in Work and Employment (CITE) to reward enterprises with exemplary policies on equality of opportunity in employment.

The *General Union of Workers (UGT)* reports that, over the last ten years, partly through the tripartite Commission for Equality in Work and Employment (CITE), partly as a result of EU objectives funded through various EC projects, the Government has been paying more attention to a policy which addresses equal opportunity and the right to reconcile working life with family life which is now enshrined in the Constitution. It should be said, however, that despite the noteworthy efforts of the State to provide incentives (e.g. the Equality is Quality Prize (PIQ)), enterprise culture has not generally adopted an awareness of the situation. One of the main problems with regard to equality of opportunity lies in wage differences. This is complicated in MNEs in that they use target/results-based management practices and models that go hand in hand with an attitude of neutral or uncommitted absenteeism. In other words, no consideration is given to assistance or care for the family and yet, there is an underlying legal and constitutional imperative (duties and rights of motherhood/fatherhood) which is usually exercised by working mothers. As a result, a system of variable remuneration with subcategories is being introduced, though no real difference in duties exists. However, this provides management some leeway for discontinuing promotions and it is hard for women with family responsibilities to have access to higher positions.

## Romania

The Government of *Romania* reports that, at the Ministry of Labour and Social Protection, an administrative structure has been set up to formulate and apply equal opportunity and treatment policies. Equal pay is guaranteed by the Constitution of Romania, article 38, paragraph 4, by Act No. 14 of 1991 concerning wages, and by Act No. 130 of 1996 concerning collective labour agreements. A bill concerning equality of opportunity between women and men in employment, vocational training and working conditions has been before Parliament.

## Rwanda

The Government of *Rwanda* reports that public information and education on the policy against discrimination are carried out at all levels (national, regional and local) by political and/or administrative leaders and members of the Commission for Unity and National Reconciliation. On a more concrete level, ethnic identification on administrative documents, notably identity cards, has been abolished.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* concurs with the Government on the advocacy of equality of opportunity and treatment, adding that it is reflected in the principles of the laws in force. However, discrimination persists in a few enterprises, for instance, against women.

## Saint Vincent and the Grenadines

As regards equality of opportunity in employment, the tripartite partners of *Saint Vincent and the Grenadines* state that the legal and policy frameworks in pursuit of equality of employment opportunity and treatment are established by legislation and collective agreements.

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## Senegal

The Government of *Senegal* reports that the country has ratified the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111). Relevant policy is pursued in consultation and collaboration with the employers' and workers' organizations.

## Singapore

The Government of *Singapore* advises that it repeatedly advocates and practises the principle of meritocracy in employment and occupation, promotion and career development. The principle of non-discrimination is provided for in the Constitution of Singapore: article 12(1) of the Constitution states that "all persons are equal before the law and entitled to the equal protection of the law". Furthermore, article 12(2) prohibits discrimination against Singapore citizens on grounds of religion, race, descent or place of birth in any law, administration of any law, and in the appointment to any office or employment under a public authority. According to the Government, the country's labour law on employment matters makes no distinction on the basis of marital status, race, religion, gender or language spoken. To promote the use of objective criteria in the recruitment of individuals for jobs in Singapore, the Government, together with its employers' and employees' organizations, issued the Tripartite Guidelines on Non-Discriminatory Job Advertisements in March 1999, believing that an educational and promotional approach rather than a legislative approach should be taken to educate unenlightened employers to adopt non-discriminatory employment and hiring practices. Other means to disseminate and promote the merits of non-discriminatory employment and hiring practices included a series of seminars and informal meetings, efforts of respective employer and employee organizations, relevant human resource institutes, company site visits and the media. The drastic drop in the number of discriminatory job advertisements in the major local newspapers shows the efficacy of the Guidelines.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate that amendments have been introduced to the labour laws removing the prohibition against night work for women. It has also been made illegal to issue vacant posts announcements having discriminatory employment conditions. However, in practice there are still some cases of discrimination (for example concerning age).

## Slovenia

The Government of *Slovenia* indicates that MNEs and national enterprises are governed by the same law – the Labour Relations Law and the General Collective Agreement – and its provisions mandate equality of opportunity. The Government stresses that a new law on labour relations, as well as other new legislation, are under preparation and will more carefully reflect the Constitution and ensure the implementation of Conventions Nos. 111 and 159, as well as Slovenia's other international obligations, such as those under the International Convention on the Elimination of all Forms of Discrimination Against Women. The Programme of Measures of Active Policies for Employment in the Republic of Slovenia, issued in 1999, addresses, inter alia, the levelling of employment opportunities by promoting the employment of people with special needs, encouraging "women's enterprise" (Programme for Encouraging Women's Enterprise) and integrating groups with difficulties securing employment (Programme for the Integration of the Roma Population and Other Groups with Difficulties Finding Employment). The Government points out that the Government Women's Policy Office has been actively involved in drafting appropriate legislation, monitoring occurrences of discrimination

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against women in employment opportunity and treatment, and studying possible measures such as campaigns to reduce and eliminate discrimination against women.

## South Africa

*Business South Africa (BSA)* reports that during the period of review, two Acts were promulgated after extensive tripartite consultation within the National Economic Development and Labour Council (NEDLAC) – the Basic Conditions of Employment Act and the Employment Equity Act – both aimed at eliminating all forms of discrimination from the labour market.

With respect to equality of opportunity and treatment policies, the *Congress of South African Trade Unions (COSATU)* reports that the Government has passed comprehensive legislation on employment equity, with the involvement of business and labour at the National Economic Development and Labour Council (NEDLAC).

The *Federation of Unions of South Africa (FEDUSA)* points out that, with the destruction of the apartheid regime, the Government of South Africa has been instrumental in securing equal rights through legislation. The Employment Equity Act, the Basic Conditions of Employment Act and the Labour Relations Act govern all types of employer-employee relations and the criteria to be considered in employing workers. “Designated groups” are those with a previously disadvantaged background whose appointment should be based not only on “redressing the wrongs of the past”, but also on an applicants’ potential ability for the position. The social partners are consulted by the Government through their participation in NEDLAC, and the legislative procedure provides for public comment and parliamentary debate on a bill prior to promulgation as an act by Parliament. Any organization is allowed to comment, and many workers’ organizations do so, particularly on legislation that would affect labour relations and the working world. The Employment Equity Act, dealing with affirmative action, was negotiated at NEDLAC, prior to promulgation by Parliament.

## Spain

The Government of *Spain* refers to measures taken in general and not specifically targeted at MNEs, noting the following in particular: measures aimed at promoting the recruitment of unemployed women through incentives for companies, in accordance with Ministerial Order of 16 September 1998 (*Official Bulletin* of 29 September 1998) and Act No. 50/1998 (30 December 1998) respecting fiscal, administrative and social measures (*Official Bulletin* of 31 December 1998); temporary contracts to replace workers on maternity leave, or leave to care for an adopted or foster child, with subsidies towards employers’ social security contributions as an incentive to hiring women (Royal Legislative Decree No. 11/98 (4 September 1998) (*Official Bulletin* of 5 September 1998) concluded pursuant to terms of section 48(4) of the Workers’ Charter). The Government states that it pursued these policies in consultation with workers’ and employers’ organizations and MNEs.

The *Spanish Employers’ Confederation (CEOE)* reports that the social partners and the Government promote policies that favour equality of opportunity and treatment. It notes, in particular, the system of incentives put into place in 1997 to encourage open-ended employment contracts and to promote access to the labour market for certain groups, such as women.

As for equality of opportunity and treatment, the *General Union of Workers (UGT)* reports that no concrete measures have been taken, although the principles of the right to equal opportunity and treatment are included in the Constitution and social legislation, to which new criteria has been introduced and for which adaptations to European law have

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been made. The goal of creating equality of opportunity and treatment has been impeded by the lack of inspection and monitoring instruments.

## Sri Lanka

According to the Government of *Sri Lanka*, equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment are enshrined in the national Constitution. Sri Lanka ratified ILO Convention No. 111 after holding tripartite consultations.

The *Employers' Federation of Ceylon (EFC)* reports that the Government has pursued policies designed to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment.

The *Ceylon Workers' Congress (CWC)* replies in the affirmative to question 8.

## Switzerland

The Government of *Switzerland* reports that the law on equality between men and women came into force on 1 July 1996, aimed at imposing the right to equal remuneration and achieving equality in employment. The law prohibits any direct or indirect discrimination on the grounds of sex in professional activities. In accordance with a mandate from the Office for Equality between Men and Women, specialists in employment and equality have drawn up two instruments to evaluate work independently of gender considerations (references cited). The law also states that the Confederation may grant financial aid for programmes aimed at equality between men and women in professional life. As a priority, the aid goes to innovative and practice-based programmes, the effects of which will be felt in the long term and to consultation services specializing in matters of equality in professional life. Sw.fr.9.6 million were made available for 1996-99, 290 applications were lodged and 119 approved. In spring 1997, Parliament adopted the Decree on apprenticeship places which provides contributions toward measures to improve the number of apprenticeships available. One objective was to ensure equality of opportunity for young people, male and female, and to remove obstacles encountered by females in the choice of professional and vocational training. Parliament has decided to renew this initiative for a further period. The Government always seeks consultation with trade unions and employers' organizations on draft legislation; it is not common to consult enterprises.

The *Confederation of Swiss Employers (UPS)* concurs with the reply of the Government.

The *Swiss Federation of Trade Unions (USS/SGB)* agrees with the views of the Government, adding that the law on equality between sexes was passed following the establishment of closer ties with the EU and resulted from the ratification of the relevant UN Convention.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* notes that, at present, no specific policies are being pursued by the Government in order to promote equality of opportunity and treatment, but the OTTU/TFTU is trying to do so by developing programmes in this regard.

## Thailand

The Government of *Thailand* notes that the Labour Protection Act, B.E. 2541, stipulates that women and men are to be treated equally in employment except in terms of

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conditions of work; there is a tripartite committee considering the enactment procedure of the law.

## Togo

The Government of *Togo* reports that it has introduced policies aimed at promoting equal opportunity in employment and eliminating all forms of employment discrimination; the new labour law and all the collective agreements include provisions to that effect. The Government further reports that the National Employers' Council and the Workers' Trade Union Confederation (CSTT) have been involved in the elaboration and implementation of the policies and related provisions.

The *National Employers' Council (CNP)* concurs with the Government.

The *Workers' Trade Union Confederation (CSTT)* agrees with the views of the National Employers' Council and references the country's ratification of the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

The *Group of Autonomous Trade Unions (GSA)* states that, while the legal provisions exist regarding equality of opportunities in employment, in practice family, clan, ethnic group and region remain the major criteria for selection.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that the Government's policies are exemplified through its ratification of Conventions Nos. 87, 98 and 100, and the enactment of the Minimum Wages Order (1999); the Maternity Protection Act (1998); and the Retrenchment and Severance Benefits Act (No. 32, 1985).

## Turkey

The Government of *Turkey* reports that policies to promote equality of opportunity and treatment in employment are strictly applied in accordance with national legislation, and in particular articles 10, 12, 48, 49, 50, 60 and 70 of the Constitution which conform to the provisions of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Equality of Treatment (Social Security) Convention, 1962 (No. 118). There is no active discrimination with regard to equal opportunity and treatment of workers in the area of access to preparatory training, employment, promotion and employment security. Moreover, the Government states that, in accordance with the Constitution – inspired by the Universal Declaration of Human Rights – there is no discrimination, exclusion or preference based on race, colour, sex, religion, public opinion, or national or social origin. Moreover, in the seventh Five-Year Development Plan spanning the period 1996-2000, measures have been taken regarding the social security system, vocational training, employment and health, and overcoming practical difficulties in life at work. In accordance with the principles of the MNE Declaration, policies aiming at promoting equality of opportunity and treatment have been implemented in Turkey in consultation with the social partners.

The *Turkish Confederation of Employers' Associations (TISK)* reports that consultations take place between workers' and employers' organizations on the implementation and development of policies relating to equal opportunities and treatment, in accordance with the MNE Declaration.

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## Uganda

In their joint response, the tripartite partners of *Uganda* report that the Government of Uganda has pursued policies designed to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment. The National Constitution (1995) and Employment Decree No. 4 of 1975 provide for protection against all forms of discrimination, including employment. In pursuing such policies, the workers' representative in Parliament presents the workers' views, while the employers' views are submitted through the Federation of Uganda Employers to the Government. The Government consults individually and directly with MNEs.

## Ukraine

The Government of *Ukraine* states that it is consistently pursuing policies aimed at promoting equal opportunities and eliminating all forms of discrimination in the sphere of employment, in accordance with ILO Convention No. 111, which Ukraine has ratified. The Ukraine Labour Code (sections 21 and 22) guarantees equal labour and employment rights for all citizens irrespective of their origins, social or financial situation, race or nationality, sex, language, political or religious convictions, type of occupation, place or residence, or other circumstances. Equal rights respecting pay are guaranteed by the Payment of Labour Act (section 21). These rights are enforced through contracts of employment and in accordance with relevant collective agreements. In addition, with respect to certain population groups in need of social protection, the Act reserves up to 5 per cent of job placements for such individuals. The Government normally attempts to achieve a consensus on any measures in this area through consultation with the national employers' organizations, trade unions and, where appropriate, with MNEs.

In their joint reply, the observations of the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, shares the views of the Government.

## United Kingdom

The Government of the *United Kingdom* reports that, since autumn 1997, the Department for Education and Employment (DfEE) has had in place a formal Race Equality Strategy, approved by Ministers and the Board. It states that "in all its policies, programmes and spheres of influence the Department will actively promote equality between all ethnic and racial groups and to this end seek to achieve year on year measurable progress". The report *Opportunity for all* sets out a detailed and comprehensive description of the problems faced in the United Kingdom, the Government's strategy to tackle them, and a range of challenging goals and indicators against which progress can be judged. Under the Strategy, DfEE's Race Relations Employment Advisory Service (RREAS) provides a free advice and consultancy service to employers to help develop and implement equal opportunity policies and practices for racial equality amongst the workforce. The Department also publishes a range of guidance materials to promote racial equality in employment including "Equal opportunities — Ten point plan for employers", which includes advice on ethnic monitoring. DfEE is also working with key partners, including the Commission for Racial Equality, to promote the message to employers that racial diversity in the workplace is essential for good business practice. Recent events have included ministerial-led business breakfast briefings for chief executives in targeted sectors of industry. In addition, the Race Education and Employment Forum (REEF), established by the Department, considers and advises ministers on matters relating to the progress of ethnic minorities in education, employment and training. The United Kingdom believes very strongly that ensuring equal opportunities for all is central to tackling the poverty and social exclusion which blights the lives of too many individuals and communities in the United Kingdom, and achieving full employment for the twenty-first century, which the

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Government defines as comprising high and stable levels of employment and a fair distribution of employment. The Government reports that its “Welfare to Work” agenda is central to ensuring that everyone is able and encouraged to participate effectively in the labour market. It comprises a wide range of policies to ensure that work pays, to establish a proactive welfare system to help people into work, to promote lifelong learning to ensure that people have the skills to respond to the modern labour market, and to support vulnerable groups and those most at risk of discrimination and disadvantage. In addition, the Government has set up the Women’s Unit to take a cross-government approach to tackling discrimination against women and unequal opportunities, including looking at differences in lifetime incomes. The Government plans to establish the Disability Rights Commission (expected to be in place by April 2000) to help disabled people to secure their rights under the Disability Discrimination Act and to offer advice and support to employers and service providers. The Government also emphasizes the performance of young people from ethnic minorities in the “New Deal” and has taken steps to introduce goals (not quotas) for the recruitment, retention and promotion of ethnic minorities in the public sector. In order to tackle age discrimination, the Government, together with social partners, is challenging employment practices which discriminate against employees on the grounds of age, as exemplified by *The Code of Practice for Age Diversity in Employment* in June 1999. The Government considers it vital to the success of those policies that all social partners are engaged, and thus tries to consult widely on all policies which might involve action, such as codes of practice, information campaigns and legislation. The Government is keen to involve partners as much as possible in programmes to fully exploit the range of skills and experience available, and points to the example of the “New Deal” which enjoys a range of partners involved in both the design and delivery at the local level.

#### Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers’ Association (FEDECAMARAS)* reports that, in general, no discriminatory treatment in employment has occurred in the country during the last decades.

#### Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that, under national labour law, workers are entitled to apply for a job anywhere in the country, and the Government seeks to promote equal employment through legislation applicable to all MNEs and local enterprises. It notes that the Government recently suspended the regulation requiring that recruitment be conducted through the employment promotion centres. All policies and regulations concerning labour issues are adopted after consultation with the Viet Nam Chamber of Commerce and Industry and the Viet Nam General Confederation of Labour, representative employers’ and workers’ organizations.

#### Zambia

The *Zambia Federation of Employers (ZFE)* reports that the Government, employers’, and workers’ organizations have made great efforts in recent years to address discrimination in employment by ratifying ILO Conventions and creating relevant legislation and policies. For example, a gender policy is about to be put in place. MNEs are represented in the tripartite policy formulation through the Zambia Federation of Employers.

#### Zimbabwe

The Government of *Zimbabwe* notes that it has pursued policies designed to promote equality of opportunity and treatment in employment through the country’s ratification of Convention No. 111, adoption of Recommendation No. 111, and the Labour Relations Act,

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1993, which prohibits employment discrimination “on whatever basis”, and even extends to advertising with discriminatory overtones. The Government reports that those policies were pursued in consultation with workers and employers.

### **Security of employment** (Paragraphs 24-28)

24. Governments should carefully study the impact of multinational enterprises on employment in different industrial sectors. Governments, as well as multinational enterprises themselves, in all countries should take suitable measures to deal with the employment and labour market impacts of the operations of multinational enterprises.

25. Multinational enterprises equally with national enterprises, through active manpower planning, should endeavour to provide stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.

26. In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.

27. Arbitrary dismissal procedures should be avoided.<sup>6</sup>

28. Governments, in cooperation with multinational as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated.<sup>7</sup>

(9) *Have any specific measures been taken by MNEs to provide secure and stable employment, as advocated in the Tripartite Declaration? If so, what are they?*

### Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which indicates that secure and stable employment are guaranteed by the fact that most of the employees of MNEs are recruited on open-ended employment contracts.

The *National Confederation of Free Trade Unions of Angola* reports that no specific measures have been taken to provide secure and stable employment, and perceive the opposite to be the case.

<sup>6</sup> Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer.

<sup>7</sup> *ibid.*



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## Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that MNEs are governed by the Labour Code, which promotes secure and stable employment.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Australia

The *Australian Council of Trade Unions (ACTU)* notes that it has no knowledge of measures taken by MNEs to provide secure and stable employment.

## Austria

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. The GMBE states that MNEs have taken hardly any steps to provide secure and stable employment.

## Bahamas

The Government of *Bahamas* indicates that MNEs are aware that the success of their business or investment depends, to a great extent, on the skills of their employees and a vibrant economic environment. MNEs contribute to training and retraining skills programmes to satisfy market demands.

## Bahrain

The Government of *Bahrain* states that a high degree of job stability prevails within MNEs since they offer “good and adequate” wages.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* states that MNEs take measures to provide secure and stable employment in their enterprises for “their own interest”, such as providing better wages, incentives and facilities for workers. Such measures help retain skilled and experienced workers with MNEs.

The *Bangladesh Workers' Federation (BWF)* states that no specific measures aimed at providing secure and stable employment have been observed; MNEs are reducing manpower in various administrative and service areas.

## Barbados

The Government of *Barbados* indicates that, in negotiating collective agreements with MNEs, workers' representatives try to ensure that employment security clauses are included. In addition, stable employment for nationals could result from MNEs' decisions, based on profit projections, to continue to develop their operations in a particular country.

The *Barbados Employers' Confederation (BEC)* is not aware of any specific policies carried out by MNEs with the aim of providing secure and stable employment.

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The *Barbados Workers' Union (BWU)* similarly reports that no special measures have been taken to promote secure and stable employment.

## Belarus

The Government of *Belarus* replies that the Constitution of Belarus guarantees the right to work as the best means of self-fulfilment. This guarantee encompasses the right of workers to choose an occupation, type of activity and employment in accordance with their individual calling, abilities, education and skills, taking into account society's needs and the need to maintain healthy and safe working conditions. The State is responsible for creating the conditions for full employment. Where an individual becomes unemployed as a result of factors not under his or her control, he or she is entitled to receive retraining and/or further training in the light of social requirements and to receive statutory unemployment benefits.

## Belgium

The Government of *Belgium* reports that job security is advanced in MNEs; however, the relocation risk poses obstacles to secure, stable employment. For example, although inspection services were tolerant in order to preserve the existing jobs in the case of one MNE (name given), the enterprise closed its activities in contravention of the rules on collective dismissals and enterprise closure.

## Brazil

The Government of *Brazil* reports that, as a matter of priority, programmes are carried out in various sectors in order to generate employment and enhance earning potential. Some of the pro-employment programmes implemented include the NH Occupational Training Plan (PLANFOR), the Employment and Earnings-Generating Programme (PROGER), the Integrated Workers' Care Programme, Unemployment Insurance Programme, Personnel Agents and Occupational Qualifications Programmes.

The *National Confederation of Industry (CNI)* replies in the affirmative to question 9 and concurs with the Government.

The *General Workers' Confederation (CGT)* replies in the negative to question 9.

## Bulgaria

According to the Government of *Bulgaria*, in most cases, MNEs ensure secure and stable employment, guaranteed by the conditions embodied in the privatization contracts. With regard to specific measures taken by MNEs to secure employment, the Government refers to an analysis of labour employed in selected enterprises, that reveals differences according to the specificities of the product, markets, size and investment goals pursued. Although information on employment is deficient concerning privatization contracts, policies applied by the Government as well as national legislation currently limit the possibility for investors to "drastically" reduce staff numbers. MNEs identify high potential managers and offer them career prospects. Some MNEs, such as in the iron and steel industry, apply measures safeguarding freedom from restrictions in labour relations, due to the firm stance adopted by trade unions, and these measures are covered by collective agreements. However, MNEs do not actively seek to improve secure and stable employment.

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## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that the special context of MNEs with activities in Africa means they are influenced by the very strong “family business” concept, so that redundancies at these MNEs are always the last resort. Managers of MNEs also take this into account in their human resources management, especially when it comes to collective redundancies for economic reasons. MNEs therefore participate in the existing practice of employment stability where the tight labour market justifies such a policy.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* indicates that measures taken by MNEs to provide secure and stable employment are in accordance with national standards as defined by Cameroon regulations.

## Canada

The *Canadian Employers' Council (CEC)* reports that, as is the case with national enterprises, MNEs are, from time to time, required to make adjustments to their workforces. On such occasions, MNEs comply with the appropriate labour laws and regulations governing such matters.

## China

The Government of *China* states that, to ensure secure and stable employment, legislation has been reinforced with a view to protecting workers' legitimate rights; for example, Provisional Regulations on Collection and Payment of Social Insurance Premiums (1999) and Unemployment Insurance Regulations (1999) define clearly the coverage of old-age benefits, medical care and unemployment benefits, and apply equally to workers in MNEs. Moreover, MNEs play an active role in providing secure and stable employment by generally applying the labour contract system.

## Colombia

The Government of *Colombia* states that, as regards the provisions of secure and stable employment, the State guarantees that collective agreements and individual contracts of employment are respected in the private sector; this includes MNEs.

## Croatia

The *Confederation of Industrial Trade Unions of Croatia (KNSH)* states that no measures have been taken by MNEs to provide secure and stable employment because the company “practises market economy”. Redundancies are dealt with in accordance with the Labour Act and through consultations with the trade union.

## Cyprus

The Government of *Cyprus* states that MNEs operating in sectors such as petroleum supply and banking provide secure and stable employment through active manpower planning, as opposed to MNEs operating in tourism, for example, which faces high labour turnover.

The *Pan-Cyprian Federation of Labour (PEO)* states that no specific measures have been taken by MNEs to provide secure and stable employment.

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## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that secure employment is ensured by the labour law provisions and implementing regulations.

The *National Workers' Union of Congo (UNTC)* responds in the negative to question 9, but cites the armed conflict in the Democratic Republic of the Congo as the main cause of disruption to and even the cancellation of programmes in the field of stable and secure employment.

## Denmark

The tripartite partners of *Denmark* state that no specific measures have been taken by MNEs to provide secure and stable employment.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* states that no specific measures to promote secure and stable employment have been taken by MNEs.

## Ecuador

The Government of *Ecuador* indicates that, through the Ministry of Labour and Human Resources and the Ecuadorian Institute of Social Safety (Division of Occupational Hazards), various labour laws, regulations and standards have been established for various activities to promote secure and stable employment as well as requiring companies to apply for operating permits from the Department of Industrial Safety and Health. In addition, the Ministry of Labour and Human Resources has specialized departments to safeguard workers' rights; and labour inspection contributes to respect for worker security, as provided by the Labour Code.

## Egypt

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry reports that it provides employment contracts that secure the interests of its staff in compliance with labour law. An MNE in the petroleum sector reports that most contracts of employment it concludes are of an indefinite duration, and staff that leave the company service receive a generous end-of-service compensation. It adds that employment security is dependent on the activity levels of the company.

## El Salvador

The Government of *El Salvador* emphasizes that the policies and measures under development to promote secure and stable employment are aimed at strengthening the labour market by expanding opportunities for training, employment and access to resources in order to encourage social harmony and generate equitable conditions for enjoyment of the benefits of development. In this connection, the results of a multipurpose household survey reveal that the rate of employment has risen, which implies that the culture of open unemployment is tending to diminish even though the economically active population has increased substantially. The Government supports its conclusions with the details of findings relating to skilled and unskilled workers in trade and manufacturing.

## Finland

The tripartite partners of *Finland* are not informed whether or not any measures have been taken by the MNEs with the aim of providing secure and stable employment.

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However, international mergers and takeovers may have increased the uncertainty of employment in some cases and, in other cases, it may also affect preservation of jobs.

#### Gabon

The *Confederation of Gabonese Employers (CPG)* reports that, when the economic situation and/or competition makes staff reduction inevitable, employers, in conjunction with the employees' representative(s), design and implement a redundancy plan having informed the authorities about it.

#### Germany

According to the *Confederation of German Employers' Associations (BDA)*, there is no indication that employment in MNEs in the country is less stable and secure than employment in national enterprises.

#### Ghana

The *Trades Union Congress (TUC)* indicates that MNEs, in liaison with national enterprises, should provide stable employment for their employees and observe negotiated obligations in employment stability and social security.

#### Greece

The *Federation of Greek Industries (FIG)* reports that MNEs are careful to ensure secure and stable employment in the spirit of the MNE Declaration.

#### Guatemala

The Government of *Guatemala* reports that, in general, MNEs with stable productivity and a knowledge of labour affairs, that is to say, those of a reliable nature, promote secure and stable employment.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* considers that there is no defined policy regarding employment stability; nevertheless, in extreme cases legislation serves to ensure respect for it. More specifically, it is not possible to dismiss workers without employer responsibility when economic circumstances render it indispensable in order for the enterprise to survive.

#### Guyana

The Government of *Guyana* indicates that no specific measures were taken by MNEs to provide secure and stable employment, although their operations were in conformity with the national laws.

#### Hungary

The tripartite partners of *Hungary* submit the following comments. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that, based on the responses of its members, employee turnover is low, with widespread efforts made to retain employees through competitive salaries, benefits, company-specific education and vocational training, skills development, free language courses, and personal development. The employers note that employee satisfaction is assessed annually at several companies and action plans are implemented in areas requiring improvement. Companies provide social benefits through company events and family programmes that create strong corporate loyalty. MNEs hire their employees for an indefinite period which offers security of continuous employment, although the employers note that the level of employment

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remains dependent on business results. The employers add that no substantial progress has been made to solve employment problems in the agricultural sector where workplace stability is “not at all general”. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, the National Federation of Workers’ Councils, tripartite partners, state that they are not aware of measures taken by MNEs to provide stable and secure employment.

## India

The Government of *India* notes that workers employed directly by MNEs for their core activities generally enjoy secure and stable employment, and that MNEs are seen by trade unions as particularly responsible for increasing the number of precarious jobs that make workers vulnerable.

## Indonesia

The Government of *Indonesia* reports that to provide secure and stable employment, each MNE is restricted from laying off employees and is required to meet certain criteria before it can reduce the number of employees.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* is unaware of any specific measures taken by MNEs to provide secure and stable employment.

## Italy

The Government of *Italy* reports that the public authorities and the trade unions, through their bargaining activities, ensure that MNEs, as well as national enterprises, comply with their commitments in respect of “safety” and stability of employment, in accordance with national standards and ILO standards.

The joint reply of the workers’ organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to those of the Government.

## Jordan

The Government of *Jordan* notes that some of the measures taken by MNEs to provide secure and stable employment include social security, life insurance, health insurance and savings funds.

The *Amman Chamber of Industry (ACI)* notes that besides securing stable employment, MNEs enrol their workers in social security and offer them savings funds and housing facilities.

## Kenya

The Government of *Kenya* points out that, with regard to secure and stable employment, MNEs operate under the Companies’ Act and for purposes of employment they fall under the Employment Act (Chapter 226), which guarantees security of employment to the workers. The Act ensures the security of collective agreements by requiring the registration with the Industrial Court of all negotiated collective bargaining agreements between the employers’ and the workers’ representatives. As regards the termination of workers’ contracts on account of redundancy, the Act makes it a condition that the terms of the redundancy be deemed to constitute a trade dispute which is referred

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to the Minister of Labour for determination. Nonetheless, in recent times MNEs, as well as most national enterprises, have undertaken major restructuring programmes for purposes of increased efficiency. This has resulted in the termination of services of many employees under voluntary early retirement programmes which assist some in setting up viable small businesses. MNEs normally have well-established employment procedures even where workers are not unionized; security of employment is guaranteed because they negotiate elaborate agreements with their employees which, in most cases, include generous pension schemes. Where workers are not unionized, the Employment Act (Chapter 226) and the Regulation of Wage and Conditions of Employment Act (Chapter 229) have elaborate procedures relating to closure of business by local enterprises or MNEs, including provision of adequate security by way of notice of intention to close operations or lay off workers or, in the alternative, compensation for non-provision of the required notice.

#### Korea, Republic of

The Government of the *Republic of Korea* reports that it gives education and training subsidies to MNEs that meet certain employment creation requirements. MNEs are allowed to lay off workers in the case of “urgent management need”, but they are required to make efforts to avoid lay-offs, to conduct them fairly and to consult with workers.

The *Federation of Korean Trade Unions (FKTU)* reports that MNEs have supported job flexibility rather than job security. Furthermore, MNEs, together with domestic enterprises, have taken steps to avoid corporate responsibility for welfare expenses, forcing the Government to carry more of the financial burden for social safety nets.

#### Kuwait

In their joint response, the tripartite partners of *Kuwait* report that all companies established on Kuwaiti territory are subject to the law which guarantees a certain percentage for the employment of nationals. Companies may improve thereon and add other favourable conditions.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that MNEs in Latvia have not taken any special measures to ensure secure and stable employment. There have been cases in which foreign companies have left the country resulting in unemployment problems; when a foreign investor (country and company name given) in the textile industry left Latvia, 1,700 workers lost their jobs. LBAS notes that many MNEs operate in Latvia only for short periods of time, and, therefore, changes made to accommodate such businesses often have lasting repercussions such as renegotiated labour contracts and insecure employees. Collective agreements do not guarantee protection for workers who must be flexible to adjust personally and professionally to constantly changing work conditions.

#### Lebanon

With respect to security of employment, the Government of *Lebanon* notes that work contracts in Lebanon can be either for a definite or an indefinite period. Article 50 of the Labour Code, which applies to all enterprises including MNEs, sets forth the procedure required to terminate an indefinite contract. It also defines procedures for collective terminations due to downsizing, retooling of production, or a shutdown of the enterprises. In the latter case, enterprises are required to notify the Minister of Labour for agreement on implementation. Workers dismissed in such circumstances have priority should there be occasion for work resumption within a year.

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## Lithuania

The Government of *Lithuania* reports that no special measures have been taken by MNEs to provide secure and stable employment. MNEs have the same obligations in social security and other areas as do national enterprises.

The *Unification of Lithuanian Trade Unions (LPSS)* reports that, so far there have been no cases of collective dismissals or closures of MNEs in the country and, in general practice, the agreement of a trade union is requested before dismissal of a trade union member. In addition, neither the Government nor municipalities establish special requirements for employers regarding security of employment. Employers do not prioritize stability of employment; they are mainly interested in profit and economic survival of the enterprise.

## Malaysia

The tripartite partners of *Malaysia* report that MNEs have invested in research and development (R&D) and that some of those MNEs have made the country their regional R&D base, indicating their intention to stay long in the country. The Government and the employers believe the R&D operations will result in job security and stability, while the Malaysian Trades Union Congress disagrees.

## Malta

MNEs do not have specific policies to provide secure and stable employment, reports the *General Workers' Union (GWU)*.

## Mauritius

The Government of *Mauritius* reports that MNEs are expected to provide stable and secure employment but no specific measures have been undertaken in this direction lately.

## Mexico

The Government of *Mexico* reports that the principle of security of employment is set forth in sections XXI and XXII of article 123 of the Constitution and article 35 of the Federal Labour Law, providing that only the worker can dissolve the working relationship unless there is a serious breach of contract or there are circumstances beyond the control of the employer. Articles 36 to 38 of the Federal Labour Law define the circumstances which determine whether a job is for a fixed period or an indefinite one. Article 39 of the same law indicates that "if the time has expired and there is still work to be done" then the working relationship must continue. In cases where workers leave the job of their own free will or they are dismissed with or without cause, the Federal Labour Law provides for a "seniority payment benefit", consisting of 12 days' wages for every year worked. Articles 48, 49 and 50 of the Federal Labour Law provide that workers dismissed without cause may ask to be reinstated or compensated with three months' wages; workers have further remedies if the dismissal is found to be arbitrary. The Government reports that exceptions in which the principle of employment stability does not apply so long as the employer pays the corresponding compensation include: workers employed for less than a year, situations where reinstatement would place the employee in direct contact with the employer, personal employees, domestic servants, or casual workers. Security of employment is the basis for seniority rights, preference and retirement. The Government reports that all companies, including MNEs, must respect the right to employment security.

As regards social security, the *Confederation of Mexican Workers (CTM)* indicates that the relevant law makes provision for a compulsory welfare system which includes



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benefits such as invalidity and widow's allowance, childcare facilities, maternity protection and leave.

#### Morocco

The *Democratic Labour Federation of Morocco (CDT)* has observed no such measures.

#### Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates there have not been any new measures taken by MNEs to provide secure and stable employment.

#### Myanmar

The Government of *Myanmar* indicates that the Ministry of Labour of Myanmar ensures that private enterprises, including MNEs, have proper employment contracts with clauses aimed at providing stable employment.

#### Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that no specific measures to provide secure and stable employment have been taken by MNEs. The increasing trend is a little higher pay but no job security.

#### New Zealand

The Government of *New Zealand* reports that no specific measures have been taken by MNEs to provide secure and stable employment.

The *New Zealand Council of Trade Unions (CTU)* considers that no measures have been taken by MNEs to provide secure and stable employment.

#### Nicaragua

The Government of *Nicaragua* reports that among the specific measures taken to promote secure and stable employment are the adoption of a new Labour Code (Act No. 185), 1996, and the Ministerial Decision, as well as the other decrees applicable in free zones mentioned *supra* "Background and aim".

#### Pakistan

The *National Labour Federation of Pakistan (NLF)* reports that, generally, MNEs have taken measures to provide secure and stable employment, but some resort to contract labour and "daily wages employment".

The *Pakistan Labour Federation (PLF)* reports that Pakistan's labour laws do not guarantee any security and stability of employment, as the laws are manipulated "at will" against the workers.

#### Panama

The Government of *Panama* says that it has generally adopted measures to promote secure and stable employment, but not specifically within the framework advocated by the MNE Declaration since it considers that a good policy for the promotion of secure and stable employment is to implement a programme of economic reforms generating a free

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market context, with an outward-looking economy in which private initiative can operate with clear and stable rules guaranteeing legal security for investments. The Government considers that its labour policy is designed to create the necessary conditions in the labour market for high employment, competitive conditions to attract foreign investment, and higher levels of productivity.

## Peru

The Government of *Peru* mentions that the situation of workers should not be adversely affected even in situations of mergers and acquisitions, which are regulated under the General Law on Corporations, Law No. 26887 (9 December 1997). In any event, compensation with any pending allowances to a worker subject to arbitrary dismissal is provided for pursuant to article 34(2) of Supreme Decree No. 003-97-TR approving the consolidated text of Legislative Decree No. 728 of the Law on Labour Productivity and Competitiveness.

The *General Confederation of Workers of Peru (CGTP)* indicates that MNEs have taken no measures to promote secure and stable employment in the country and no protective laws exist.

## Philippines

With respect to specific measures taken by MNEs to provide secure and stable employment, the Government of the *Philippines* Economic Zone Authority (PEZA), Department of Trade and Industry, reports that MNEs, together with tripartite partners, have held discussions on globalization and on how to reconcile the Government's full employment policy with the increasing practice of subcontracting and other flexible labour arrangements. In addition, according to the Institute of Labor Studies, the Trade Union Congress of the Philippines reported, during tripartite consultations held in 1997, that employment has been less stable with respect to new Asian MNEs where workers were not given reasonable notice prior to closure or transfer of enterprises and dismissed arbitrarily in a number of cases; moreover, employment contracts have been reached on an individual basis ("labour-only contracting") and other anti-labour practices such as transfer pricing have occurred.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that social pacts are a form of employment protection, but only for a limited period, such as two to four years. Such pacts govern issues in privatized or purchased Polish enterprises. OPZZ notes, however, that no such protection exists in the case of greenfield investments, where each enterprise carries out its own employment policy, unless the workers are able to negotiate a collective agreement.

## Portugal

The Government of *Portugal* indicates that no specific measures have been introduced by MNEs to ensure stability in employment, and this matter has never been studied statistically. Employment security is a fundamental principle of the Portuguese right to work and is enshrined in labour legislation. The Government further mentions a parliamentary resolution of 1999 advocating measures to mitigate the effects of, or prevent altogether, enterprise relocation. Recommended measures include compensation for dismissal as a result of relocation, with extension of the period of unemployment benefit; public assistance programmes for places and SMEs affected by MNE relocation; and requiring MNE liability for public assistance received.

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The *General Union of Workers (UGT)* indicates that personnel policy in MNEs is essentially geared to creating unstable or precarious employment. A distinction is made between: (a) skilled or more qualified personnel who have certain treatment accorded them because of seniority in the enterprise concerned or in other enterprises they have worked for earlier, and (b) less specialized or unskilled labour (which tend to include a lot of women workers), whose contracts are precarious regardless of seniority as a result of quite ingenious methods of circumventing the maximum legal period allowed for validly entering into temporary work contracts. The UGT further notes the 1999 non-binding parliamentary resolution on enterprise relocation, discussed *supra* this section. See also “Background and aim”.

#### Romania

The Government of *Romania* reports that it does not possess the information needed to answer question 9.

#### Rwanda

The *Confederation of Trade Unions of Rwanda (CESTRAR)* reports that no specific measures have been taken by MNEs to provide secure and stable employment.

#### Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* state that there are no specific measures taken by MNEs to provide secure and stable employment.

#### Senegal

The Government of *Senegal* reports that the measures taken to ensure secure and stable employment depend on the social policy elaborated and applied by each MNE.

#### Singapore

The Government of *Singapore* reports that the terms and conditions of employment in Singapore are governed by the Employment Act, which provides that both employer and employee may terminate their contracts with each other, by giving advance notice. This provides employees with a means to terminate their current employment and also employers to restructure their organizations for continued viable operations. This invariably allows employees flexibility in their employment. Under the law, companies that restructure and require employees to be transferred are required to provide adequate notice of their impending intentions. The terms and conditions of the employment under the new employer shall not be less favourable than that of the former employer. The Employment Act also allows employees who have been retrenched to claim retrenchment benefits from their employers.

#### Slovakia

In their joint response, the tripartite partners of *Slovakia* note that the MNEs in the banking sector have provided secure and stable employment for their workers.

#### South Africa

*Business South Africa (BSA)* reports that in their efforts to provide secure and stable employment, MNEs, in addition to being active in the discussions leading up to the enactment of the Basic Conditions of Employment Act, have been involved in the government “Social Plan” aimed at minimizing retrenchments and their social costs.

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With regards to the security of employment provided by multinationals, the *Congress of South African Trade Unions (COSATU)* gives the example of an MNE in the textile industry (country of origin given) that substantially restructured its production, sold off sections of enterprises and closed down other areas, and gained control of particular market segments, a process described by the trade unions as “asset-stripping”.

The *Federation of Unions of South Africa (FEDUSA)* mentions that any specific measures taken by MNEs would be in conjunction with the workers’ organization operating in that sector, which does not mean that once the MNE leaves the host country job losses will not occur. Security of employment and consequent living standards can be ensured by MNEs only as long as they operate in the country.

## Spain

The Government of *Spain* has pursued programmes, in consultation with employers’ and workers’ organizations and MNEs, to promote secure and stable employment. In particular, employers’ and workers’ organizations have played a fundamental role in promoting stable employment through the “Interconfederation Agreement for Employment Stability”. Various decrees have been enacted under the Agreement, including Royal Legislative Decree No. 8/97 (16 May 1997), which became Act No. 63/97 (26 December 1997), respecting urgent measures to improve the labour market and promote hiring under contracts for an indefinite period; Royal Legislative Decree No. 9/97 (16 May 1997), which became Act No. 64/97 (26 December 1997), regulating social security and fiscal incentives to promote hiring under contracts for an indefinite period.

The *General Union of Workers (UGT)* reports that no specific measures have been taken to promote secure and stable employment within the context of the multinationals. Nevertheless, although a distinction can be made between Spanish enterprises and MNEs, the UGT states that levels of employment stability are higher in large companies than in small and medium-sized enterprises, where the proportion of short-term contracts is substantial (around 33 per cent). When an MNE intends to reduce the workforce through a redundancy scheme, it negotiates this with the trade union. This normal negotiating process implies agreement on: activities of an industrial nature generating excess personnel, when there are surplus workers, and non-traumatic ways of cutting jobs, such as early retirement and severance benefits.

## Sri Lanka

According to the Government of *Sri Lanka*, no specific measures have been taken to provide secure and stable employment.

The *Employers’ Federation of Ceylon (EFC)* reports that some MNEs have conducted in-house skills development and training, thereby contributing towards creating secure and stable employment for workers.

The *Ceylon Workers’ Congress (CWC)* states that MNEs are engaged in HRD activities and have specialized sections to deal with this issue.

## Switzerland

The *Confederation of Swiss Employers (UPS)* states that, with an unemployment rate of 2.5 per cent in December 1999, Switzerland is virtually in a state of full employment. Over the last two years, more than 70,000 jobs have been created. Therefore there have not been any real problems over the period under review concerning the security and stability of employment. As regards collective redundancies, MNEs are subject to the same obligations as Swiss companies.

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The *Swiss Federation of Trade Unions (USS/SGB)* states that, as far as it is aware, MNEs have not taken any specific and coordinated measures with regard to security and stability in employment.

#### Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* reports it is uncertain whether specific measures have been taken by MNEs with the aim to provide secure and stable employment but it points out that a number of companies still continue to reduce the number of workers and employ a good number of them on a temporary basis.

#### Togo

As concerns stable and secure employment, the Government of *Togo* points out that while the general measures are spelled out in the Labour Law, the provisions specific to MNEs are contained in the collective agreements.

The *National Employers' Council (CNP)* points out that the specific measures that MNEs must take to ensure stable and secure employment are indicated in the national legislation including the Labour Law as well as in collective agreements.

The *Workers' Trade Union Confederation (CSTT)* adds that only a few MNEs have taken specific measures to provide secure and stable employment under collective agreements and workers' agreements, but security of employment is specifically protected under national and international law.

The *Group of Autonomous Trade Unions (GSA)* says it does not know of any specific measures taken by MNEs to provide secure and stable employment.

#### Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that there have been no specific measures to provide secure and stable employment. The country has been using "contracts for employment" rather than "contracts of employment", providing temporary employment rather than permanent employment.

#### Turkey

The *Turkish Confederation of Employers' Associations (TISK)* states that, owing to their "multinationality", MNEs play a positive role in the development of stable employment less susceptible to internal economic fluctuations.

#### Uganda

In their joint response, the tripartite partners of *Uganda* report that most MNEs are turning to "casualization of labour" in which workers are fired without warning.

#### Ukraine

The Government of *Ukraine* informs that there is no information indicating whether or not special measures were adopted by MNEs to provide secure and stable employment as advocated in the MNE Declaration. However, it states that, in accordance with Cabinet Order No. 1591 of 31 December 1996, annual plans of actions have been prepared regarding the employment situation of the population for the period covering 1997-2000. These plans include specific labour market measures and other measures to create productive jobs, avert mass unemployment associated with structural adjustments, and

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improve social protection for those segments of the population who are less able to compete.

In their joint reply, the observations of the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, are similar to those of the Government.

#### Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that MNEs provide secure and stable employment in accordance with the provisions of the Labour Act and the collective agreements, which generally exist within these enterprises.

#### Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that almost no MNEs operating in the country offer permanent employment contracts to Vietnamese workers, and no concrete measures have been taken by MNEs to provide secure and stable employment.

#### Zambia

The *Zambia Federation of Employers (ZFE)* reports that MNEs must adhere to standards regarding stable employment under the Industrial Relations Act and the Employment Act.

#### Zimbabwe

The Government of *Zimbabwe* notes that MNEs have not taken specific measures to provide secure and stable employment.

### **Training**

#### (Paragraphs 29-32)

29. Governments, in cooperation with all the parties concerned, should develop national policies for vocational training and guidance, closely linked with employment.<sup>8</sup> This is the framework within which multinational enterprises should pursue their training policies.

30. In their operations, multinational enterprises should ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.

31. Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and

<sup>8</sup> Convention (No. 142) and Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources.

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workers' organizations. These programmes should have the aim of encouraging skill formation and development as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development.

32. Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations.

(10) *What role do MNEs have in human resources development and training, in particular in strengthening the training policies and systems in the host country at the national, sectoral and enterprise levels, and in the delivery of training?*

(11) *In the context of MNEs, are training policies elaborated, goals set and programmes implemented on a tripartite basis, where appropriate?*

## Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which indicates that training policies are elaborated in accordance with each MNE's requirements and the objectives of "Angolanization". The reply of the Chamber of Commerce further provides information from two MNEs operating in the petrochemical sector (names given). One MNE believes that oil companies play a positive role in HRD and training due to their specific contractual obligations. The other MNE considers that their company makes "an enormous effort" in training its personnel, both abroad and in Angola, and also assists the local universities and the National Training Institute by sending its engineers to provide classes at different faculties.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that statutory requirements ensure that MNEs contribute to HRD and training. Training policies and programmes are not normally developed or implemented on a tripartite basis.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Argentina

The Government of *Argentina* notes that, generally, MNEs have developed human resources training courses and collaborated in national vocational training programmes.

## Australia

The Government of *Australia* reports that there have been no developments in this area during the period under review. The government of the state of New South Wales (NSW) reports that the Government, employers' organizations and workers' groups have cooperated in establishing a "National Training Framework", providing a national system of vocational qualifications based on nationally endorsed industry-developed competency standards provided by registered training organizations. MNEs participate in the development and implementation of these national training policies. The Australian Bureau

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of Statistics Survey of Employer Expenditure on Training reveals that over 80 per cent of large enterprises (more than 100 employees; MNEs tend to be included in this category) provided some form of training to their employees in 1996. Joint programmes between MNEs and government technological training institutes in NSW have been developed to address vocational and general skills of employees. NSW reports that one of the roles of enterprise in developing training is carried out through the Industry Training Advisory Boards (ITABs), which are industry-based organizations supported by government to promote training within industry and offer advice on training requirements of industry. ITABs have representatives from employer associations, unions and relevant enterprises (example given of a training manager of an MNE who is the chairperson of an ITAB). The NSW Department of Education and Training, created in 1997, is responsible for education and training policy across all sectors. The scope exists to improve the capacity for government to consult with employers' groups, workers' organizations and other "stakeholders" to coordinate policy, planning, resource allocation and consultative processes to improve education and training services. The NSW Board of Vocational Education and Training (the State Training Agency responsible under the Australian National Training Authority legislation), in collaboration with the Department, aims to develop a Charter for Industry-School Cooperation to "underpin" relationships between school and business and industry. The Board consults closely with employers, employers' organizations, worker organizations and training providers in the development of policy and planning initiatives. Similarly the NSW Technical and Further Education Commission (TAFE) works closely, on a tripartite basis, in planning and providing training. According to the government of the state of Victoria, a number of MNEs operate as registered training organizations approved by the Government to deliver nationally recognized training under the Vocational Education and Training Act, 1990. These enterprises are eligible for government funds to assist in the delivery of training. In Victoria, industry training advisory bodies have tripartite membership and are responsible for training in their industry sectors under the Vocational Education and Training Act, 1990.

The *Australian Council of Trade Unions (ACTU)* indicates that MNEs, in general, provide training and human resource development (HRD) which are above average, reflecting their understanding of the importance of efficiency, customer service, quality and on-time delivery of product/service. MNEs also play an active role in promoting better HRD and training practices. According to the ACTU training policies are developed on a tripartite basis with employer involvement coming from all levels of organization, both domestic and MNEs.

## Austria

The Government of *Austria* indicates that MNEs do participate in the training of skilled workers but not as actively as national commercial enterprises. The quality of training is good, particularly in the enterprises where works councils are involved in the training. MNEs' role in training is confined to in-company.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH agrees with the views of the Government, adding that MNEs had only slightly strengthened training policies and systems, creating additional training places and measures. There have been cases when the setting of goals and implementation of training programmes were conducted within the context of social partnership, but tripartite cooperation is unknown. ANG concurs with the views of the Government regarding the concentration of in-company training of employees.



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## Bahamas

The Government of *Bahamas* reports that MNEs play a continuous role in HRD and training at the enterprise and sectoral levels, by having employees apprenticed to skilled personnel locally. Training policies are not elaborated on a tripartite basis, but are “bilateral” agreements.

## Bahrain

The Government of *Bahrain* reports that MNEs provide their workers with adequate training opportunities but their training programmes are confined to the company, limited in number, given the limited role of MNEs in the country’s economy, which mainly operate in the services sector. Enterprise training efforts in the private sector are subject to government supervision pursuant to the Labour Code, which includes many rules concerning training, and several decrees on the obligation of an enterprise to train a certain percentage of its workers.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers’ Federation which follow.

The *Bangladesh Employers’ Federation (BEF)* notes, with appreciation, the role of MNEs in human resource development and skills training. The Bangladesh Employers’ Association, of which the MNEs are members, frequently conducts training, organizes seminars and workshops and holds consultations and dialogue with the aim of improving the skill of workers and enhancing efficient management. Experts and experienced staff of MNEs participate as resource persons, present papers and provide suggestions in the context of a human resource development programme. As and when needed, training policies are elaborated, goals set and programmes implemented on a tripartite basis.

The *Bangladesh Workers’ Federation (BWF)* notes that training is conducted, to a limited extent, at the enterprise level while such activities are not significant at sectoral and national levels. There is no institutional process by which training is designed and conducted on tripartite basis.

## Barbados

The Government of *Barbados* indicates that training programmes are continually provided by MNEs at all levels in their organizations. These programmes have a positive effect on HRD at a national level; in fact, those trained can use their skills to train others in their specific areas of competence. There are two tripartite bodies, the Technical and Vocational Education and Training Council (TVET) and the Barbados Vocational Training Board (BNTB), that organize and carry out training programmes. MNEs are represented in these organizations due to their membership in employers’ organizations.

The *Barbados Employers’ Confederation (BEC)* replies that most MNEs are part of the Confederation and/or the Chamber of Commerce as members. This membership guarantees their representation in all important training bodies such as TVET, community college and the polytechnic. Some MNEs provide contributions for training or take part directly (name of a company given) in programmes aimed at the computerization of the educational system.

The *Barbados Workers’ Union (BWU)* indicates that MNEs have no role in HRD and training at national level. They usually provide training depending on their particular needs. The BWU replies in the negative to question 11.

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## Belarus

The Government of *Belarus* states that MNEs in Belarus do not influence employment and vocational training policy to any significant degree.

## Belgium

According to the Government of *Belgium*, MNEs offer stimulating examples of training opportunities. The Government questions whether the early retirement system discourages MNEs from offering training to older workers. The tripartite elaboration of training policies does not seem to occur, but potential exists within the European Works Councils.

## Brazil

The Government of *Brazil* states that, with respect to the role of MNEs in human resources development and training, in particular in strengthening the training policies in the host country, enterprises have a system of occupational training that was set up in the 1950s known as the National Apprenticeship Service (System S), with specialist areas of activity (industry, trade, transport, cooperatives). This service is administered by employers in sectors for which the services are intended, in order to meet the corresponding demand for skilled workers. There is a network of occupational training schools throughout the country, funded from monies deducted from the enterprise pay-slips. System S handles about 85 per cent of the resources earmarked for occupational qualifications in the country, which gives some idea of its size. The Ministry of Labour and Employment is fostering and supporting the setting up of Municipal and State Employment and Earnings Commissions (CMETR) throughout the country. These commissions are made up of workers, employers and government representatives, organized on a tripartite basis. The function of these commissions is to discuss and decide which direction public employment and earnings policies should take, including the allocation of resources coming from public and private sources with those funds managed separately by employers as noted above.

The *National Confederation of Industry (CNI)* concurs with the Government on the tripartite nature of training policies.

The *General Workers' Confederation (CGT)* replies that MNEs foster training policies but this is not done on a tripartite basis.

## Bulgaria

The Government of *Bulgaria* states that the country's labour legislation compels MNEs to contribute financially to the "professional qualification and unemployment" fund set up under articles 6 and 9 of the law on protection in the event of unemployment and promotion of employment. However, most training is not conducted in state structures. Rather, MNEs contribute to training only at enterprise level and the Government is of the opinion that their role at national and sectoral level could be promoted. Organizations bringing together MNEs – such as the Bulgarian International Business Association (BIBA) – to exchange information on training courses and software that MNEs can use. Most MNEs have human resources departments which seek to continuously improve skills and qualifications of personnel through regular courses, databases on applicants, in-service training; and selected courses in secondary schools. Moreover, MNEs provide vocational training opportunities abroad. Most training opportunities are offered within international training programmes for the staff, but in several cases, training policy is organized with the social partners as it forms part of the tripartite employment agreement. However, the tripartite approach in the field of training is not yet fully applied and needs to be promoted.

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There are cases of vocational training carried out on a bilateral basis in the services sector, particularly in the hotel industry. Some MNEs pay special attention to management training, elaborated in conjunction with trade unions.

#### Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that, due to their experience in human resources management, MNEs have their own structures for training their staff. This training policy is applied at both national and sectoral levels and includes banks and financial establishments, transit companies and transport enterprises. Within the framework of the MNEs, the elaboration of training policies, goal setting and the implementation of programmes are essentially carried out on a bipartite basis, between the workers' and employers' representatives. In this, MNEs base themselves on the example of the works councils which operate in companies in the north on a bipartite basis without any intervention by the authorities.

#### Cameroon

The *Cameroon Confederation of Free Trade Unions* reports that some MNEs have training centres in the host country while others train their agents in the home country. This has had an effect on the training systems in indigenous enterprises but has not had an impact on national policies. The Confederation does not believe that training policies are elaborated, goals set and programmes implemented on a tripartite basis, but rather they are imposed by MNEs. It wonders whether the capitalism that is driving globalization would ever accommodate tripartism.

#### Canada

According to the *Canadian Employers' Council (CEC)*, larger companies generally provide more training for their workforces than small enterprises. MNEs probably contribute more to training their workers than do national enterprises and certainly not less. MNEs also provide training beyond the scope of their own workforces. Through their extensive supplier networks, MNEs provide training and transfer technological expertise to their suppliers and their employees, thereby contributing to increasing the skill base of the broader workforce. Furthermore MNEs have often been leaders in industry associations and programmes which provide training to their members. The elaboration and implementation of certain training programmes may take place at a number of levels and involve a number of parties. The Canadian national and provincial legislation sets out certain requirements with respect to safety training which apply to all enterprises operating in Canada.

#### Cape Verde

The Government of *Cape Verde* reports that MNEs contribute financially to training initiatives at their own facilities and in the parent company to pass on know-how and to encourage the development of an industrial culture. The Government notes that companies benefit from specific national and international training programmes. Training initiatives are usually specific in their aims and target a particular group of employees. The Government reports that in some cases there are consultations involving national public institutions responsible for training.

#### China

The Government of *China* reports that most MNEs offer vocational training solely for their employees. For the moment, their professional training has no direct relationship with the formal system of training in the country at national or sectoral level, or at enterprise

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level. MNEs' training policies and goals are generally elaborated for the purpose of their own production and enterprise development needs.

## Colombia

According to the Government of *Colombia*, the labour laws and regulations contain provisions ensuring that MNEs and national enterprises maintain a proportion of Colombian workers and, in certain cases, train the local workers with the aim of taking over functions which are handled by foreign employees. In particular, the Government refers to the Labour Code, section 75, issued in accordance with article 54 of the Constitution, and section 7 of Act No. 74 of 1958 implementing ratification of the International Covenant on Economic, Social and Cultural Rights. As regards training policies or setting up activities, articles 469 and 477 of the Colombian Business Code oblige MNEs to comply with prescribed formalities or requirements.

## Costa Rica

The Government of *Costa Rica* advises that some MNEs play an active role in government programmes aimed at promoting training and development of human resources. One example of this is the National Technical Education System (SINETEC), a programme coordinated by a government representative in which various sectors of the economy are involved, including the Government, academic circles, national employers' organizations and MNEs.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that the initial training is provided by the State, while MNEs contribute towards further training through a 1.56 per cent payroll tax. Training policies and objectives are developed on a tripartite basis; programme implementation is similarly tripartite.

## Croatia

According to the *Confederation of Independent Trade Unions of Croatia (KNSH)*, the MNE organizes seminars and training programmes for its employees in different fields including computer applications and foreign languages. The training programme is developed on a bipartite basis (employers and workers).

## Cyprus

The Government of *Cyprus* states that the Human Resources Development Convention, 1975 (No. 142) is ratified and fully implemented, and that the principles embodied in the relevant Recommendation (No. 150) are accepted.

The *Pan-Cyprian Federation of Labour (PEO)* reports that MNEs, like national enterprises, endeavour to implement the human resources development and training policies established by the Government through its specialized vocational training institutes. By way of example, all enterprises, including MNEs, contribute up to 0.5 per cent of their payroll (the subsidy amount depending on the scope of the respective courses) to the Cyprus Industrial Training Authority, a tripartite body working under the auspices of the Government, that also subsidizes training courses carried out in the social partners' training centres. The Federation replies affirmatively to question 11.

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## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that as far as providing training is concerned, the activities of the MNEs are limited to their own enterprise. The FEC responds in the negative to question 11.

The *National Workers' Union of Congo (UNTC)* reports that MNEs provide training but only within the enterprise. The UNTC responds in the negative to question 11.

## Denmark

The tripartite partners of *Denmark* report that employers' and workers' organizations are consulted on issues concerning HRD policies at national, sectoral and local levels, and play an important role in the content of courses. Responsibility for financing and delivery is shared between the public sector and enterprises, and the 1996 Act on European Works Councils (discussed in reply to question 3) is referenced in this regard. There is no specific national training policy concerning MNEs.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* replies in the negative regarding the role played by MNEs in human resources development and training and considers that no training policies or programmes are elaborated on a tripartite basis.

## Ecuador

The Government of *Ecuador* states that it does not know of any direct promotion of training by MNEs to strengthen policies and systems for human resources training in the country; MNEs' training systems are organized internally. As for the elaboration of training policies, goal setting and programme implementation, the Government states that it has encouraged the Vocational Training Department (SECAP), which is organized on a tripartite basis and facilitates access by men and women to training programmes in diverse technical areas designed to meet the needs of not only MNEs but also the country as a whole.

## Egypt

The Government of *Egypt* reports that MNEs contribute to the development of human resources and the promotion of training policies in the country, depending, however, upon the size of the labour force and the extent to which nationals are employed within the respective MNEs.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry (name of company given) indicates that MNEs organize regular meetings, both for their own use and for the benefit of the general society. The other MNE (operating in the petroleum sector) reports that an in-house training plan mainly run by local institutions is developed annually and serviced on the basis of competence gaps in staff in order to offer general skills training, such as presentation and communication skills, and technical training in oil exploration and production. This MNE also offers training opportunities to the staff of the national petroleum company (name given) (of which it is a shareholder), by sending its staff to its corporate training centres in Europe or by paying a lump sum as a training provision for concessions the MNE has signed with the national company. In addition, the MNE in the petroleum sector sponsors and organizes conferences and exhibitions to which government authorities are invited.

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## El Salvador

The Government of *El Salvador* indicates that the role played by MNEs in human resources development and training has provided an opportunity to elaborate suitable national policies as regards vocational guidance and training closely linked to employment opportunities. These policies have included certification systems, accreditation of different levels of skill capacity, development of a non-governmental training base, creation of a legally recognized label to stimulate apprenticeships, and linkage of restructuring with access to training and skills building to adjust human resource qualifications, both in the formal and informal sectors. The Government adds that, within MNEs, training policies are elaborated, goals set and programmes implemented on a tripartite basis when conditions apply.

## Eritrea

The Government of *Eritrea* indicates that, pursuant to its Labour Proclamation No. 8/91, there is no distinction between national enterprises and MNEs with regard to training.

## Estonia

The tripartite partners of *Estonia* note that training in MNEs is well organized, improving the skills of “the whole labour force”. MNEs have an essential role in organizing vocational training but cooperation between vocational training institutions and employers is not well developed in Estonia and employers are concerned that the skills of the unemployed do not “harmonize” with their demands. As no central retraining facility exists, many MNEs are retraining their workers in the skills they require.

## Finland

The tripartite partners of *Finland* state that MNEs have no special role in developing training policies and systems, at least not in labour market training or in training administered by the Ministry of Education. The large enterprises invest in staff training considerably more than smaller enterprises in staff training, especially in growing fields such as information technology. Their basic assumption is that the public sector should provide the training and skills upgrading of employees needed by the enterprises. Training policies are not elaborated specifically with MNEs but through their participation in the Finnish employers’ organizations.

## France

The *French Confederation of Executive Staff* (CFE-CGC) indicates that enterprises play a major role in adapting the skills and training of workers through continuous vocational training. They also play a role, though less significant, in adapting the initial training to new skills.

## Gabon

The *Confederation of Gabonese Employers* (CPG) reports that MNE subsidiaries make optimum use of human resources management and vocational training, recognizing they are valuable assets contributing to competitiveness. They have at their disposal means to engage in human resource management and development, including vocational services and training. MNE subsidiaries, either directly or through the national employers’ organization, are members of the boards or steering committees of many technical and vocational establishments. Each year the subsidiaries recruit students for training purposes.

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At the national level, the Government consults the social partners in the elaboration of training policies and definition of objectives.

## Germany

The *Confederation of German Employers' Associations (BDA)* notes that the engagement of MNEs, like national enterprises, in human resource development and training is generally high; MNEs like national enterprises participate through their employers' associations in the elaboration of training policies on a tripartite basis.

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which indicates that the training situation has deteriorated in the post and telecommunications sector despite federal government support and trade union bargaining. However, on a positive note, a collective agreement on training measures has now been concluded.

## Ghana

The *Trades Union Congress (TUC)* notes that MNEs should ensure that relevant training is provided for all levels of employees in the host country, and that skilled personnel are available to help in training programmes organized by the Government in support of national development. Training policies and programmes are developed on a tripartite basis, when appropriate.

## Greece

The *Federation of Greek Industries (FIG)* reports that MNEs play a very important role in human resources development and staff training. It adds that MNEs elaborate training policies, define objectives and implement programmes largely on a tripartite basis.

## Guatemala

The Government of *Guatemala* advises that MNEs' role in human resource development is generally limited to taking in participants through the apprenticeship programmes organized by the National Technological Training Institute (INTECAP). Since there is no legislation on such activities, the number of MNEs actually involved is relatively small. Some MNEs train their employees through training programmes developed abroad, but this is confined to very specific areas of the enterprise's field of production. Training policies and programmes are not elaborated on a tripartite basis within the context of the MNEs.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* replies that, in the same way as all enterprises established in Guatemala, MNEs collaborate in the training of workers as it is compulsory for them to contribute to the prevailing national training system. Most MNEs have their own training policies which are based on their technological requirements.

## Guyana

The Government of *Guyana* states that HRD and training programmes are developed on an individual basis rather than through tripartite consultation. Various MNEs have their own training programmes designed to specifically meet the requirements of their individual enterprises. However, there are instances where foreign-funded national education programmes provide scholarships and grants to individuals.

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## Hungary

The tripartite partners of *Hungary* submit the following comments. The Confederation of Hungarian Industrialists, a tripartite partner, reports that human resource development in MNEs is outstanding in quality and quantity, with training expenses amounting to 3-8 per cent of annual wage costs. The employers report that the one training day per person per year, a general goal of MNEs, is often surpassed. The employers report that MNEs offer a wide spectrum of training opportunities to all their employees and 50-80 per cent of their employees have received training. MNEs make a substantial impact on the level of training of Hungarian employees and, as far as the employees' organization is aware, Phare programmes are in progress. However, despite the fact that MNEs generally have training policies and programmes, they are often based on the MNEs' own needs, not developed on a tripartite basis. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, report that MNEs generally play a positive role in human resources development and substantial amounts of funding are invested in training. However, the extent of training appears to depend on the sector. In the mining industry the trade unions report that training is limited to jobs requiring special knowledge, and the textile and apparel industry spends little on training. In contrast, a majority of the MNEs in the machine and vehicle industries provide customized professional training courses and language courses, with the emphasis on training managers. MNEs in the machine and vehicles industries frequently use outside training consultants and a training policy is elaborated in agreement with the European Works Councils or the trade unions. The trade unions report that practices similar to the machine and vehicles industries are used in the energy and iron industries. Overall, the trade unions have the impression that about 30 per cent of MNEs have a training policy but that the content is not checked by staff. Training programmes satisfy corporate needs but they also comply with quality assurance standards such as ISO 9002, ISO 14001 and QS 900.

## India

The Government states that *India* has a large pool of trained manpower that has received formal education and training in schools, colleges, universities, technological institutes and vocational training institutes. Vocational training programmes are managed and steered by national tripartite bodies with participation from the Government, employers' and workers' representatives. MNEs play a role in the deliberations of those bodies as part of the employers' group membership, though they do not have a distinct role as MNEs. Many MNEs also have in-house facilities for training their employees requiring specialized skills.

## Indonesia

The Government of *Indonesia* reports that MNEs have generally conducted training based on their particular need to enhance the working capabilities of employees, including the operation of new technologies. Some MNEs participate in the apprenticeship programmes organized by the National Training Council and the Regional Training Commissions. There is tripartite membership on the National Training Council, which formulates national training policy, and the Regional Training Commissions, which formulate training implementation policy for all enterprises, including MNEs.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* indicates that MNEs participate in the development of training policies and systems at the national level, to the extent of their involvement in the Irish Business and Employers' Confederation. At the enterprise level, extensive career development and workplace-based training programmes have been



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heavily invested in by MNEs. Training policies are, for the most part, elaborated, goals set and programmes implemented at a national level – the tripartite model again being the basis for this development.

## Italy

The Government of *Italy* states that MNEs are not excluded from government intervention in or implementation of training programmes, pursuant to Act No. 236/93 and relevant Ministry of Labour Circulars. Some large MNEs have submitted projects to strengthen their own internal training networks and to train trainers and workers under a programme co-financed by the European Social Fund. The training policies developed in the past three years are the result of the tripartite agreements of July 1993, September 1996 and December 1998. They are governed by conciliation committees, policy committees and guidance committees which make provisions for the participation of representatives of the Ministry of Labour, employers' associations and workers' trade unions. In the regions where MNEs have the greatest presence, geographic or sectoral training agreements, approved by the social partners, with the active presence of the regional administrations responsible for vocational guidance, are being tried out.

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, confirms that training policies are developed on the basis of consultations between the Government and the social partners, as part of the overall framework of labour market policy. Training is generally negotiated between enterprises and trade unions at the enterprise level.

## Japan

The *Japan Federation of Employers' Associations (NIKKEIREN)* reports that the November 1999 report of the government-authorized Mission for the Revitalization of the Asian Economy listed human resources development as a primary recommendation. The report recommended improving the level of human resources through the transfer of technologies and expertise in Japanese operations and those of their partner companies.

The *Japanese Trade Union Confederation (JTUC-RENGO)* indicates that MNEs tend to hire trained personnel on the external labour market rather than train their own employees through the framework of on-the-job-training (OJT). Japanese enterprises are increasingly using the same hiring practices, which may have a great impact on industrial relations.

## Jordan

The Government of *Jordan* observes that "the role of MNEs in training is an essential one". Training benefits MNEs by educating workers about rules, administration and technology. At the same time the training complies with national training policies. The Government adds that the Vocational Training Corporation offers training programmes and receives technical assistance from several industrialized countries. To ensure their success, in all cases training programmes are organized in close cooperation with the social partners and other concerned entities.

The *Amman Chamber of Industry (ACI)* indicates that MNEs offer training to their employees on site or through vocational training centres. In most cases training programmes are organized in collaboration with vocational training centres and labour unions.

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## Kenya

The Government of *Kenya* states that, as beneficiaries of human resources, MNEs have a responsibility for developing and training skilled personnel in the industries in which they operate and in the country as a whole. The MNEs participate by paying mandatory training levy charges to the Directorate of Industrial Training which is responsible for vocational and technical training in the country. National institutions, charged with formulation and implementation of training policy, consult with MNEs with a view to getting their input, as appropriate, on training policy consistent with the country's level of development. It is also noted that MNEs have elaborate in-house training programmes for their workers at all levels. Opportunities for training overseas are also available for top management staff as well as strategic and technical workers. The Government encourages MNEs as well as national enterprises to train their workers with a view to making skills relevant to production needs of the enterprise and the country in general. The Directorate of Industrial Training of the Ministry of Labour and Human Resources Development has the overall responsibility of coordinating the training by the enterprises. The formulation and implementation of national training policy is the mandate of the Ministry of Education, Science and Technology. Other governmental and non-governmental agencies are involved in training and human resources development in various ways. The Ministry of Labour and Human Resource Development has organized training seminars and workshops, in partnership with the ILO and UNDP, for personnel drawn from MNEs (both workers and management), the Federation of Kenya Employers, unions and the Ministry's staff. These seminars and workshops have been geared towards strengthening tripartism and industrial relations among the social partners, as well as achieving other technical and social objectives.

## Korea, Republic of

The Government of the *Republic of Korea* reports that, under the Vocational Training Promotion Act and the Employment Insurance Act, MNEs, as well as domestic enterprises, pay employment insurance to a fund that is used to develop worker training. Tripartite committees, the Employment Policy Deliberation Committee and the Capability Development Committee decide policies and goals under the Basic Employment Policy Act. The Vocational Training Deliberation Committee, also tripartite, sets training policies under the Vocational Training Promotion Act.

## Kuwait

The tripartite partners of *Kuwait* attach much importance to training and the Government has established training centres including the General Institution for Applied Education and Training as well as private systems through which national companies and MNEs must establish their training centres. The tripartite partners state that they are very supportive of tripartite cooperation.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that, on the whole, the role of MNEs in human resources development and training is positive. For example, a modern training facility and training policy in an MNE (name given) was established. Training is also offered in the construction industry in two MNEs (names given) and in the food industry. MNE training policies and goals are usually set with the interests of the enterprise in mind. Workforce demands, however, influence the training programmes of the State Employment Department and other professional education providers. LBAS notes that the Tripartite Professional Education and Employment Council discusses the nature of training programmes.

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## Lebanon

The Government of *Lebanon* notes that MNEs organize both in-country and foreign training for their employees with the aim of adapting to modern systems.

## Lithuania

The Government of *Lithuania* reports that MNEs are more active than national enterprises in directing and conducting vocational training of employees. The country ratified the Human Resources Development Convention, 1975 (No. 142), in 1994. The Lithuanian Labour Market Training Authority, a tripartite body, works to develop a system of advisory services and vocational training regarding the labour market, and the Lithuanian Tripartite Vocational Training Board addresses issues of the activities and development of labour market training centres.

The *Confederation of Lithuanian Industrialists (LPK)* reports there are no special training programmes for MNEs; they must adjust to the general and/or special programmes implemented by the Government. MNEs emphasize language training in the mother tongue of their home country. The Council, consisting of representatives of employers' and workers' organizations, runs the reform of the professional training sector.

The *Centre of Lithuanian Trade Unions* acknowledges the vocational programmes coordinated by the Republican Tripartite Board of Vocational Training.

The *Unification of Lithuanian Trade Unions (LPSS)* indicates that attention is being paid to the training of employees, locally and abroad (name of MNE given), to assist them in adapting to the new labour culture and qualifications which come with increased investment, but no training policies or programmes specific to MNEs were developed by the tripartite bodies. It further reports that some collective agreements provide that, in case of job vacancy, a first opportunity is given to other employees with adequate qualifications to be transferred (name of MNE given).

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* state that only the garment industry has introduced an HRD programme – FORMACO, through which companies in this sector can train their personnel and develop their skills. Initiatives to develop job training schemes were introduced a few years ago, involving trade organizations in the administration of programmes at universities. There has also been the PREFTEC programme financed by the World Bank. Both of these programmes came about more through the efforts of the Government than of MNEs. The formulation of policies and the implementation of programmes are not done on a tripartite basis; they are based on the needs of the companies in the branch.

## Malaysia

With respect to MNEs' role in HRD and training, the tripartite partners of *Malaysia* report that these enterprises send local employees to their home countries for training purposes, and that some MNEs bring foreign expertise into the country to conduct training courses. Under the law, all enterprises, including MNEs, are required to contribute 1 per cent of their payroll to the Human Resources Development Fund. The Malaysian Trades Union Congress adds that MNEs do not elaborate their training policies on a tripartite basis.

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## Malta

The *General Workers' Union (GWU)* reports that MNEs provide in-house training for their own specific needs. The Government and the trade unions are not involved whatsoever.

## Mauritius

The Government of *Mauritius* points out that MNEs, like all private enterprises, are required by law to contribute 1 per cent of their wage bill as training levy. In return, employers are allowed tax refunds/deductions of up to 75 per cent of the cost of training. The levy is managed by the Industrial and Vocational Training Board (IVTB), which is governed by a council with an equal number of representatives from the public and private sectors. As MNEs are represented on the IVTB council, through employers' organizations/chambers, they participate in policy-making as well as in the delivery of training. MNEs are members of some of the sectoral training advisory committees (TACs), which provide advice on training needs, accreditation, curriculum, and other matters. Moreover, MNEs participate in the delivery of training under the National Apprenticeship Scheme by accepting apprentices in their enterprises, or through institutional training provided by the IVTB. Some MNEs provide continuing training for their employees and have set up in-house training centres, where external trainers can assist or courses can be offered through the sponsorship of local or foreign training institutions. In some specific trades, such as those in the hospitality sector, qualified personnel from MNEs assist in the practical assessment of trainees. In general, MNEs consult on a bipartite basis with their employees or employees' representatives and, in some cases, training policies are formulated by the parent company.

## Mexico

The Government of *Mexico* reports that MNEs must report which technologies they will use and how they will provide the necessary training on the new technologies and that MNEs constantly train staff on the use of advanced technology. Article 132, section XV, of the Federal Labour Law sets out the obligation of employers to provide training to their employees. Articles 153-A to 153-X, published in the Official Journal of the Federation on 28 April 1978, introduced reforms regarding training, providing that workers have the right to be provided with training by their employer in accordance with plans and programmes designed by the employer and the trade union and approved by the State Training and Productivity Office (STPS). These plans and programmes must be aimed at upgrading the skills of workers, preventing industrial hazards, and increasing productivity. The STPS authorizes and registers training plans and programmes of all enterprises, including MNEs. These must comply with the "Agreement establishing general criteria and the corresponding methods for implementing administrative procedures regarding worker training" (D.O. 18/IV/99). In 1999, the STPS registered 17,946 training plans and programmes, benefiting an estimated 2,040,817 workers. The Government reports that, since registration is compulsory for all companies, it is unable to determine exactly how many of these plans are for MNEs. MNEs constantly train staff on the use of advanced technology. Other key provisions dictate that training must be provided during the working day (article 153-E); workers must attend the courses punctually and take the evaluation examinations (article 153-H); enterprises must form committees composed of workers' and employers' representatives to monitor the efficiency of training (article 153-I); collective agreements must address the employers' obligation to provide training (article 153-M); employers must present the STPS with training plans and programmes within 15 days of signing, revising or extending a collective agreement (article 153-N); workers and employers have the right to bring actions regarding training before the Conciliation and Arbitration Council (article 153-X). The Government further notes that article 159 provides that vacancies should be filled by those workers who are capable and have greater

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seniority, as long as the employer has complied with its obligation to train all workers in the category below where the vacancy occurs. The MNEs and national enterprises benefit from the tripartite programme, the Modernization and Integral Quality Programme (CIMO), which encourages employers and workers to decide on strategies for training and improvements in quality, productivity and competitiveness.

The *Confederation of Mexican Workers (CTM)* reports that, under government policy, all enterprises, including MNEs, are obligated by law to provide training programmes for their workers. The training programmes designed by the Secretary of Labour and Social Welfare play a strategic role in the modernization process by supporting both blue- and white-collar workers displaced by technological changes. It also allows for improvement of skills of workers as well as reintegration and redeployment of workers. The government policy on vocational training does not make any distinction based on gender.

#### Moldova, Republic of

According to the Government of the *Republic of Moldova*, MNEs make virtually no investment in vocational training for their workers, but draw extensively on the existing local human resources, using the workforce that is already qualified. These workers tend to receive higher wages than the average wage rate for their occupational categories. When the law on placement and social protection for the unemployed comes into effect, a policy and strategy for vocational training will be developed and implemented on a tripartite basis, in accordance with the requirements of the labour market and the MNEs.

#### Morocco

The *Democratic Labour Federation of Morocco (CDT)* reports that MNEs set up continuous training programmes and national enterprises do not. Training policies are set unilaterally by MNEs.

#### Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* reports that MNEs have a predominant role in training and strengthening personnel systems and policies. Training policies are not elaborated on a tripartite basis.

#### Myanmar

The Government of *Myanmar* indicates that MNEs have an important role to play in the development of human resources because they have to train local personnel for their operational requirements. The Employment and Training Act of Myanmar encourages enterprises to set up in-plant training programmes for all levels of workers. It observes that, in practice, MNEs operate their training programmes within the context of national policy.

#### Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that MNEs conduct on-the-job training for their own employees but have not contributed to broader HRD in Nepal. The trade unions note that this lack of involvement in training at a national level is natural given the absence of any concrete governmental policy; nothing has been done in this regard on a tripartite basis.

#### Netherlands

The Government of the *Netherlands* states that the information contained in its last report on the Human Resources Development Convention, 1975 (No. 142), is still

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applicable. The Government further reports that in June 1998, the social partners, united in the Labour Foundation (STAR), issued a report entitled “Lifelong learning and working”, which serves as the basis for national training policy. In the report, the social partners agreed upon initial qualification training for workers and jobseekers, and encouraged the Government to offer financial support for these training programmes. In response, the Cabinet proposed an “employability agenda” with ten action points, including extending learning-to-work schemes for young people; boosting reflexive learning by creating more flexibility in training; examining how initiatives by the social partners can contribute to employability; recognizing skills acquired elsewhere; examining how to advise entrepreneurs on employability; and promoting the employability of working people and jobseekers who do not meet basic qualifications. In addition, the Adult and Vocational Education Act (WEB) entered into force on 1 January 1996, offering young people and adults a wide range of training courses (four levels and two learning routes). The effort is intended to increase access to training, especially for those who leave school early. The social partners work with the public authorities to organize practical training courses, goals and certification. The Government notes that the ability of young people to adapt to technological and economic changes must be developed first through formal education – within secondary, higher vocational, and university education – as well as through a comprehensive approach to youth training. The Government encourages a policy of dual educational routes that combines learning and working. The Government reports it has also taken the initiative in encouraging scientific and technical training, and is paying particular attention to young people appointed as professional soldiers for a fixed period. Practical education makes the transition from vocational training to professional practice easier. The Government notes that because of a current labour shortage, students are increasingly drawn to work without completing their formal education. Its response to this trend has been to offer a way to complete the training pathway after the student begins to work. The Government notes that it concluded a framework agreement with the social partners in June 1998 entitled “Learning on-the-job creates opportunities”. The framework agreement is intended specifically to reinforce the apprentice system and examines the extent to which the apprentice system can be used by jobseekers. The agreement’s aims are to prepare more young people for the labour market and lifelong learning; to give jobseekers, workers and those re-entering the labour market the opportunity to remain employable; and to strengthen companies’ employability policies. The Government and the social partners are taking various steps to implement this agreement. Since 1992, the Government has encouraged experiments in dual training courses in higher vocational education, for example, allowing students to gain vocational education by working in SMEs. Starting with the 1998-99 academic year, as an extension of this programme, university students can get the same sort of practical training.

## New Zealand

The Government of *New Zealand* indicates that industry-based training has not changed significantly since the last report and there is no direct tripartite relationship with regard to training policies.

The *New Zealand Employers’ Federation (NZEF)* indicates, in its comments on the Government’s report, that it agrees with the views of the Government.

The New Zealand Council of Trade Unions (NZCTU), commenting, in its report, on the Government’s report for that Survey, concurs, noting that subsequent to the reporting period “these matters are now under review”.

## Nicaragua

The Government of *Nicaragua* reports that there is a vocational training programme in Nicaragua, supervised by the National Technological Institute of Nicaragua (INATEC).

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All domestic and multinational enterprises, including those in the free zones, make a 2 per cent monthly payroll contribution to the programme and participate directly by involving their employees in various training activities planned by INATEC. The enterprises also enter into agreements that permit their infrastructure and technology to be used to train personnel, and send specialized technicians to update curricula so that vocational training is integrated with the country's economic and social development plans. National and multinational enterprises also send representatives to the tripartite Vocational Training Management Board, the body that oversees vocational training in the country.

## Norway

The Government of *Norway* reports that one of the objectives of the Act relating to workers' protection and the working environment is "to secure sound contract conditions and meaningful occupation for the individual employee" (section 1, No. 2). Section 12, No. 1.2, of the Act provides that "conditions shall be arranged so that employees are afforded reasonable opportunity for professional and personal development through their work". It notes that "lifelong learning" is an important topic of debate in Norwegian society.

## Oman

MNEs play a major role in training their own employees, reports the *Oman Chamber of Commerce and Industry (OCCI)*. The training can take place in the country or abroad. The Chamber of Commerce and Industry replies in the affirmative to question 11.

## Pakistan

The Government of *Pakistan* notes that MNEs play a positive role in HRD as well as in strengthening training policies and systems. Training policies, goals and programmes are elaborated, set and implemented on a tripartite basis where appropriate.

According to the *National Labour Federation of Pakistan (NLF)*, MNEs play a minimal role in HRD and training. Training policies are not elaborated or implemented on a tripartite basis.

The *Pakistan Labour Federation (PLF)* states that MNEs have no role in HRD and training and it considers that the Government has not set goals for MNEs and workers are never consulted.

## Panama

The Government of *Panama* indicates that the National Vocational Training Institute (INAFORP) has received a "great level of support" from MNEs in human resources development and training via various conventions, agreements and proposals established within the framework of international cooperation. MNEs have helped promote training and development for Panamanian workers so they could earn international qualifications. They have also helped provide occupational guidance to the country's labour force. This has been done in the context of developing a range of training areas: training mode; skills training; supplementary training ("topping-up"); apprenticeship; specialization; updating; retraining; the two-track system; and training means (training centre, on-the-job training, mobile facilities and distance training, and computerized instruction systems). All of this was done as part of their cooperation in the national development effort and of their contribution to the training supply by strengthening training policies and systems at the national, sectoral and enterprise levels. This work with INAFORP and other state entities has been carried out in compliance with the provisions of Law No. 28 of 29 September 1983 (establishing INAFORP) and with those of Decree Law (DL) No. 4 of January 1997

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(regulating the Two-Track Occupational Training System (SFPD)). In this way, MNE training activities keep in line with the country's development priorities and with its objectives and social structure. These laws provide for tripartite participation in institutional management and activities, and, as a result, enterprise consultations on training matters are held with the participation of the central Government and the proper national workers' and employers' organizations.

## Peru

The Government of *Peru* states that MNEs provide their workers with continuous training at one of the highest levels in the country, but without integrating that training into the national training system or elaborating training policies/programmes on a tripartite basis.

The *General Confederation of Workers of Peru (CGTP)* states that the role played by MNEs in human resources development and training has been nil and that it is unaware of the existence of any training policy along such lines on the part of the MNEs.

## Philippines

The Government of the *Philippines* reports, through the Technical Education and Skills Development Authority (TESDA) of the Department of Labor and Employment, that MNEs have contributed to human resources development and training, and to strengthening training policies and systems. As the agency tasked to oversee technical-vocational education and training (TVET), TESDA is steered by a tripartite board "dominated by" the private sector. MNEs are "almost always invited to participate" in area and sectoral consultations prior to the implementation of training reforms and TVET programmes. MNEs are further reported to play a vital role in manpower planning as they identify skills needed by the industry and occupational skills that need to be addressed by training institutions and contribute to identify areas where resources should be channelled. Moreover, MNEs play an important role in the implementation of apprenticeship and dual training programmes, as they hire apprentices and expose them to the workplace environment. MNEs also carry out their own training programmes, including in-house training, in order to improve and update workers' skills in a context of new technologies and skills needed, sponsor training programmes and skills competitions, and donate materials and supplies for training programmes. The Philippine Economic Zone Authority (PEZA), Department of Trade and Industry, indicates that MNEs have initiated measures to improve, not just level off, existing practices through introduction of such innovations as the total quality management (TQM) system operating in their home countries, and the gain-sharing programme, which provides a benchmark for foreign and local companies operating in the same industry line. PEZA reports that it provides incentives for training in companies operating in economic zones ("ecozones") by deducting training expenses incurred in developing skilled or unskilled labour, or for managerial or other management development programmes. According to PEZA, MNEs also conduct multiskilling initiatives in cooperation with the Technical Education and Skills Development Authority (TESDA) of the Department of Labor and Employment, and train local workers abroad. With regard to the tripartite nature of training policies and programmes, TESDA replies in the affirmative, as described above, while PEZA reports that training programmes elaborated within enterprises are determined by management at firm level and do not necessarily involve government agencies. During tripartite consultations taking place in 1997, the Trade Union Congress of the Philippines was reported, by the Institute for Labor and Employment, to state that some MNEs have not provided for skills development for the workers employed for a five- to six-month period, as practised in retail commerce.



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## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that MNEs generally have a positive role in training and human resource development, but mainly at the enterprise level. OPZZ does not know what the role of MNEs is at sectoral or national level. There has been no tripartite agreement on a general training policy, though it is aware of such consultations in a limited number of enterprises.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* notes that any work to develop training policy, define goals and implement programmes is done on a bilateral – but not tripartite – basis, though there are examples in which consultation has not occurred.

## Portugal

The Government of *Portugal* indicates that MNEs help improve workers' qualifications and skills. Investment agreements often make it compulsory for enterprises to train workers.

The *General Union of Workers (UGT)* states that MNEs are noted for offering ongoing training to their workers. Some of this training is supported by Community funds. The State encourages such training, in some cases, where workers have had to leave a sector that is being restructured, so as to alleviate the impact of the resulting unemployment on the given region. With regard to some career profiles, the training given to enhance workers' occupational skill and qualifications in the short or medium term may prove pernicious: the narrow range of skills imparted means that the workers so trained may not be readily employable elsewhere, finding it difficult to re-enter the labour market. Using systematic training (which is often dispensed outside working hours) to make changes in the work-organization models inevitably leads to a tremendous build-up of pressure on workers, particularly the more highly skilled. This approach and process generates stress and gives rise to psychological illness. The General Workers' Union states that training policies are not elaborated or implemented on a tripartite basis.

## Romania

The Government of *Romania* reports that MNEs make intense efforts to develop human potential, yet there is either no or insignificant investment in staff training. Instead, personnel with existing skills, attracted by comparatively larger salaries, are used, including those more specialized through their own efforts at the centres of certain western vocational training institutions. To support the process of adult vocational training, the Government has provided for the National Council for Adult Vocational Training, which is organized and functions on a tripartite basis. The objective of the Council is to provide the necessary elements to ensure that the policies and strategies in the field of vocational training meet the requirements of a market economy (Act No. 132 of 1999).

## Rwanda

The Government of *Rwanda* notes there is no policy on vocational training and MNEs have no role in the process.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* has no information on the role of MNEs in HRD and training, and states that training policies, goals and programmes are not pursued on a tripartite basis.

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## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* indicate that MNEs do not have a role in human resources development and training, and confirm that training policies are not developed and implemented on a tripartite basis.

## Senegal

The Government of *Senegal* reports that some MNEs organize training periods for their staff in their enterprises. Other MNEs (name of an MNE given as an example) have training centres in Dakar for their staff. Other MNEs organize seminars and training periods in Senegal at the regional level or at their overseas headquarters. The elaboration of policies and the implementation of training programmes are carried out primarily on the basis of the goals set at headquarters.

## Singapore

According to the Government of *Singapore*, many MNEs, particularly the larger ones, are committed to human resource development at the national, industry and organizational levels. This commitment is shown in their participation in the national policy process related to workforce development and support for national programmes. MNEs in Singapore also emphasize continuous skills upgrading for all employees. Many of them have shared their expertise with industries and organizations in human resource development for the “knowledge age”. The Government further indicates that the role of MNEs in human resource development at the national level is evident in their active participation in national committees for productivity and manpower planning. More recent examples include the Productivity Action Plan 21 (ProAct 21) and Manpower 21. MNEs are also represented in the governing and advisory bodies of workforce development agencies. For example, they are represented in the Board of Directors of the Singapore Productivity and Standards Board (PSB), the Technical Committee of the Skills Development Fund and the National Productivity and Quality Council. They are also represented at the management committees of specific national programmes related to HRD such as the People Developer Standard, the Singapore Quality Award, the National Training Award, and the Productivity Campaign. The People Developer Standard, for example, gives recognition to organizations that invest in their people. Under the People Developer Programme, winners, including the MNEs, would share their experience with others as to how they have successfully implemented programmes relating to human resources. MNEs have also been the winners of the Singapore Quality Award (SQA). The SQA is the most prestigious award conferred on organizations that show the highest standards of business excellence. Of the seven SQA winners, five are MNEs. Some 57 MNEs have been conferred the Singapore Quality Class (SQC). This represents 37 per cent of the SQC organizations. The SQC recognizes organizations that have attained a commendable level of performance and are committed to attain world class standards of business excellence. MNEs have also been winners of the National Training Awards (NTA). The NTA programme honours organizations with an outstanding commitment to training. In fact, many of the MNEs are often multiple winners. MNEs’ support for national programmes is also seen in their participation in the Local Industry Upgrading Programme (LIUP) administered by the Economic Development Board. For a description of LIUP, see *supra* “Employment promotion”. According to the Government, there is strong management support for training of employees at all levels, which is reflected in the ratio of total training budget to annual payroll. Many of them exceed the national average of 3.6 per cent. Recognizing the importance of lifelong learning, a large MNE has invested S\$1.6 million in a learning centre. The MNE also provides all staff with the opportunity for career development through an open approach. Under the approach, staff can source for career opportunities by applying for vacancies in other departments. Learning and development programmes also enable employees to upgrade their skills. To address the

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skill gaps within the organization, another MNE, an SQA winner, reviews the competency levels of their employees every six months. Those with skill gaps are sent for appropriate training or lateral transfers across departments. MNEs share their expertise with industries and organizations through various avenues, including conferences where the MNE winners of the various awards discussed above share their winning formula in management and human resource practices. MNEs also share their expertise in on-the-job training (OJT) through their participation in the OJT 2000 Plan, which was launched in 1993 to encourage companies to adopt OJT. Several MNEs have been selected as model OJT companies for their respective industries; the model companies developed and shared their OJT blueprints with other organizations within the industry for them to emulate. In specific sectors of operations, MNEs pass on their knowledge in open training institutes and courses. One MNE, which was the first pneumatic company in Singapore to be awarded the ISO 9001 certification, actively transfers its expertise in industrial automation to industries through generic training courses in automation technology for engineers, technicians and workers, as well as consultancy and technical advice to companies on industrial automation. An Automation Technology Competence Centre was set up to help local industries upgrade their manufacturing processes. Another MNE actively passes on its skills, knowledge and experience to the information technology industry by attaching its employees to the Data Storage Institute and Electrical and Electronics Engineering Faculty at the National University of Singapore to share its expertise in information technology. It has also partnered learning institutions to provide training for tertiary students. Yet another MNE, in collaboration with Ngee Ann Polytechnic, has set up a S\$2.29 million Digital Media Authoring Studio, equipped with the latest state-of-the-art technology and facilities, which will give the country an edge in digital media authoring technology and enhance the multimedia industries. Over the next three years, the studio will help build the relevant core skills in DVD technology and production, and increase the understanding of the diverse applications available. The Government further reports that MNEs engage in tripartite partnerships with the Government and the trade union movement represented by the National Trade Union Congress (NTUC), which help sustain Singapore's competitiveness by ensuring the availability of skilled labour. For example, many MNEs are involved in the Skills Redevelopment Programme (SRP) managed and administered by the NTUC. The SRP seeks to upgrade and update the skills of the labour force and enhance the employability of workers. It is based on a partnership between the NTUC, government agencies (Economic Development Board, Singapore Productivity and Standards Board and the Institute of Technical Education) and participating companies.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate that the MNEs develop their own training strategies.

## Slovenia

The Government of *Slovenia* reports that MNEs have no role in human resource development and training at a national level but play an important role at the enterprise level.

## South Africa

*Business South Africa (BSA)* indicates that MNEs contribute to HRD and training on a national level through their annual contributions to the Fiscus, the tax revenue collected by the Government. On a sectoral level, MNEs contribute to and participate in the Business Trust, by providing a skills levy – 0.5 per cent of wage bills exceeding 250,000 rand – under the new Skills Development Act. MNEs also offer extensive on-the-job training at the enterprise level. Moreover, they elaborate their training policies at the national and sectoral levels on a tripartite basis.

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According to the *Congress of South African Trade Unions (COSATU)*, the Skills Development Act, which will be put into operation after the closing date of the questionnaire, covers MNEs. Some MNEs have invested in HRD, while others have lobbied to bring skilled workers from abroad or “simply poached” skilled local labour.

According to the *Federation of Unions of South Africa (FEDUSA)*, MNEs have an important role to play in HRD and training, since they will have to encourage and promote further training and development of their workforce to keep up with ever-changing technology. Many MNEs have in-house training programmes and educational facilities; they encourage the development of their workers through incentive-based methods with an ensuing highly skilled, dedicated, loyal and capable workforce. The FEDUSA is not aware of MNEs elaborating training policies on a tripartite basis.

## Spain

The Government of *Spain* states that, in relation to training, MNEs, through their organizational systems and the resources at their disposal, are pioneers in the elaboration of human resources training policies. To maintain their competitiveness on the market, they have developed working methods aimed at different occupational categories among their staff which, in some cases, go beyond the planning framework for their own fields of activity, while in others they have become strategic benchmarks enabling them easier assimilation in the host countries. By integrating new technologies and a quality dimension in their staffing, MNEs have introduced industry-wide and transnational HRD models. The Government confirms that the National Agreements on Continuing Training (ANFC) are tripartite in nature, both in their definition and in their subsequent management, and MNEs participating in those agreements share this tripartite philosophy in the organization of training. Many enterprises that participate in the agreement receive financing from the Continuous Training Foundation (FORCEM) following approval of their enterprise training plan. Activities financed out of ANFC funds under the Ministerial Order of 4 June 1993 involve cooperation between enterprise management and workers’ representatives, and FORCEM reports that this cooperation has proceeded in a “fairly satisfactory manner”, mainly in the context of large enterprises. The cooperation includes submitting the training plan with the necessary documentation to the workers’ legal representative, in accordance with the provisions of the Workers’ Charter, who will then prepare a conformity report. In the event of any discrepancies the representative may request the mediation of the Joint Sectorial Commission. From time to time the enterprises inform the workers’ legal representative about the implementation of the training plan.

The *Spanish Employers’ Confederation (CEOE)* reports that MNEs play a very important role in human resource development and training due to technological advances, especially in relation to research and development. Much of this training is being provided under plans financed by a joint management system created in 1992 through an agreement between employers’ and trade union organizations.

According to the *General Union of Workers (UGT)*, MNEs participate through employers’ organizations in tripartite negotiations on training and the elaboration of national and sectoral schemes and programmes, and in the National Agreement on Continuing Training (see government discussion *supra* this section) and its foundation. The UGT indicates that there are no major differences between the training offered by MNEs and national enterprises, but rather difference in dimensions, since large companies pay more attention to staff training and, therefore, access to training is usually easier than in small and medium-sized enterprises. In certain sectors, large companies frequently organize their own training.

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## Sri Lanka

The Government reports that, in *Sri Lanka*, MNEs undertake HRD programmes which include in-house training, “off company” institutional training and, for management staff, foreign training. The majority of MNEs who use off-site training programmes avail themselves of the state sector training institutions. No training programmes are designed and implemented on a tripartite basis.

The *Employers Federation of Ceylon (EFC)* observes that many MNEs have in-house HRD and training facilities; training policies are essentially management/enterprise based.

The *Ceylon Workers’ Congress (CWC)* reports that MNEs’ role in vocational training and HRD is confined to their own establishments.

The *Lanka Jathika Estate Workers’ Union (LJEWU)* states that questions 10 and 11 are beyond its scope as it is confined to the plantation sector.

## Switzerland

The Government of *Switzerland* reports that, in theory, provision of vocational training is the responsibility of the private sector; however, enterprises can choose whether or not to participate in back-up training (apprenticeships, further training). Established enterprises, especially SMEs, consider it a moral duty to train apprentices. MNEs, who do not consider themselves particularly concerned by Swiss practices, are somewhat reluctant to train apprentices in their Swiss subsidiaries since their foreign enterprise culture regards this as the sole responsibility of the State, according to cantonal authorities. MNEs do offer their middle and senior management the opportunity to make their career abroad, by developing their abilities to take on new duties. The creation of “special funds”, partly financed by the State and intended to fund vocational training and retraining, is a little known practice in Switzerland except in the Canton of Geneva. Consequently, one cannot really talk about specific experiences relating to MNEs. Beyond state influence, the PARIFONDS (mutual fund programmes in the building sector), are jointly funded and managed by the social partners to finance further vocational training in the engineering and construction industries, for example. In so far as MNEs are party to the collective agreements concerned, they are involved in the PARIFONDS. However, MNEs, not being very well acquainted with national practices in the country, tend not to become sufficiently involved in training efforts. A campaign by the Confederation (“Decree on apprenticeship places II”) is aimed at winning over the apprenticeship cause, focusing on enterprises with the requisite qualifications to train more apprentices. Although certain signs of success are appearing, it is too early to determine the success of this initiative with regard to participation of nationals versus MNEs. Regulations on training result from tripartite collaboration. According to the profession, it is important for branch representatives to collaborate with members of enterprises active at the international level (banks, export industry, tourism, etc.). The Government also refers to the observation of the Confederation of Swiss Employers and Swiss Federation of Trade Unions.

The *Confederation of Swiss Employers (UPS)* indicates that the dual apprenticeship programme (alternating training between company and vocational training college) is widely supported in the country. Two-thirds of young people (male and female) choose this training method. Enterprises willingly participate in this system, contributing over 2 billion francs annually (an amount matched by the authorities). This system allows young workers to obtain recognized vocational skills which facilitate their integration into the labour market. MNEs play a positive role in this system, contributing to in-service training, as national companies do. Training is one of the essential conditions of their competitiveness in both the industrial and service sectors. Training is seen as the decision

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of the enterprise concerned alone; it may be developed at the company level or within the context of sectoral employers' associations.

According to the *Swiss Federation of Trade Unions (USS/SGB)*, MNEs play no specific role with respect to training. The extent of their involvement varies, as it does for Swiss enterprises. Both employers' and workers' organizations are involved in establishing the rules for specific professional or vocational training.

#### Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* reports that in order to contribute financially to vocational training, all employers, including MNEs, are required to pay a levy to the Vocational Education Training Authority (VETA). Normally consultations take place on a tripartite basis and training is one of the issues discussed. Employers are urged by trade unions to set aside special funds for training and, sometimes, this is established through collective agreements.

#### Thailand

The Government of *Thailand* reports that MNEs participate in training their workers in various ways: on-the-job training; off-site training at training units of the Ministry of Labour and Social Welfare; training supported or sponsored by outside organizations in the MNEs' home countries. Training of employees is required of employers under article 36 of Labour Protection Act, B.E. 2541, and MNEs support the implementation of that law by allowing their workers to participate in training courses organized by the Government, and in training courses and tripartite seminars organized by the Federation of Thai Industry, the Employers' Confederation and the Board of Trade of Thailand, in which they have membership. The Government notes further that joint ventures between MNEs and state enterprises assist in human resource development, particularly in the area of new technologies. In this regard, the cooperation between MNEs and the Department of Skill Development (DSD) is essential. Specific MNEs in garment manufacturing and gemstone finishing (names of MNEs given) cooperate with the DSD in agreements to train workers, after which, in the case of garment manufacturing, the MNE employs the trainees. The general arrangement provides for the MNE to support curriculum, equipment, training materials and allowances, while the Government arranges training venues and accommodation. Another MNE operating in the transport manufacturing sector in the country intends to promote human resource development in that sector by assisting the DSD in personnel development as well as skill competition, while the DSD will support the MNE in becoming the Skill Standard Testing Centre.

#### Togo

The Government of *Togo* indicates that MNEs play an important role in offering HRD and training, which benefit the individual, company and society as a whole, but that training programmes are decided exclusively by the MNEs themselves and not elaborated on a tripartite basis.

The *National Employers' Council (CNP)* agrees with the views of the Government and adds that the MNEs limit themselves to training staff for specific jobs, meeting the needs of the enterprise.

The *Workers' Trade Union Confederation (CSTT)* agrees with the Government as regards the role of MNEs in human resources development and believes that MNEs are "unbeatable" when it comes to elaborating training policies, setting goals, implementing programmes, and seeking quality and productivity. MNEs are not sparing with means regarding workers' training.

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The *Group of Autonomous Trade Unions (GSA)* contends that MNE recruitment is centred on people who are already skilled, given that the main reason for foreign location of production is to minimize production costs and recurring expenses, and states that it has not been involved in any consultations with MNEs on training issues.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* indicates that training is an inherent part of the investment MNEs make in the host country (names of MNEs given). MNEs require highly skilled labour, and are prepared to provide training to obtain it. The training tends to be set on a firm-specific, non-tripartite basis, but is sometimes offered in conjunction with local technical institutes and with the National Training Agency. Other times, workers are sent abroad temporarily to acquire the necessary skills. As required technology changes regularly, workers constantly receive skills upgrading. Scholarships are granted by MNEs to nationals who are willing to study in areas relevant to the MNEs.

## Turkey

The Government of *Turkey* states that MNEs contribute significantly to promoting vocational training and guidance in human resources; both national and multinational enterprises have been in the position to play an important role in technical education and vocational training. Implementing Act (No. 3308 of 1986) on vocational training and apprenticeship has brought together national and multinational enterprises, as well as educational institutions. Practical courses in the workplace have benefited apprentices who have already received theoretical training at university. In familiarizing apprentices with new technologies, a more economic and rational use of the resources allocated for that purpose has resulted. For example, applying the Act (No. 2634) to encourage tourism has facilitated the transfer of know-how in connection with investment activities of MNEs in the tourism sector.

The *Turkish Confederation of Employers' Associations (TISK)* reports that MNEs have made a considerable contribution to the planning of HRD management in the country. The technologies they use require a qualified labour force; consequently training systems have evolved, which are reflected in the vocational training programmes. The Confederation mentions that the country's vocational training system has been greatly influenced by that of a European country (name given), qualified as "one of the best examples of its kind". In their recruitment policies, enterprises originating from that country give preference to trained jobseekers, which bears an indirect impact on the demand and choice of training policies. Since vocational training is financed by the State and the labour force is well trained, MNEs prefer to recruit trained workers from the labour market rather than provide in-house training; therefore, they are usually supportive and involved in the planning of vocational training.

The *Confederation of Turkish Trade Unions (TÜRK-İS)* indicates that, since MNEs aim at operating with a small number of highly skilled employees, they reduce the number of employees and train their remaining employees. This situation results in an increased number of skilled workers in specific sectors while the number of workers in general has been decreasing, along with lower unionization.

## Uganda

In their joint response, the tripartite partners of *Uganda* indicate that MNEs generally provide training to their employees at enterprise level. Through the payment of taxes, MNEs also contribute indirectly to nationally sponsored training institutions. Training

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policies of MNEs are developed at their headquarters and training programmes are implemented by MNEs, not on a tripartite basis.

## Ukraine

The Government of *Ukraine* reports that there is no material yet on the role of MNEs in human resources development and training at national, sectoral, or enterprise levels. However, the State provides training for the unemployed and ensures equal rights for all workers in the area of vocational training. Training programmes in social and labour relations are run by the social partners.

In their joint reply, the observations of the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, are similar to those of the Government.

## United Kingdom

The Government of the *United Kingdom* reports that national training organizations (NTOs) are employer-led bodies which are responsible for the development of skills to meet the business needs of employment sectors throughout the United Kingdom. They have a primary role in galvanizing employer involvement in the development and uptake of competence-based standards, education, training and qualifications to help businesses improve competitiveness at home and abroad. The NTO network was launched by the Secretary of State in 1998. It brings together, in a single network, over 180 industry training organizations (ITOs), lead bodies and occupations standards councils. By March 2000, 77 national training organizations had been recognized by the Secretary of State, which covers 94 per cent of the workforce. Most NTOs will have completed a skills foresight report by April 2000. The reports cover a sector's current and future skills needs, with particular reference to recruitment difficulties and their causes. They will include regional and national breakdowns. Skills foresight has a strong emphasis on practical actions resulting from its findings. DfEE is also working with a group of NTOs to pilot three initiatives to strengthen the NTOs' role in addressing the skills agenda: workforce development plans; modern apprenticeship; and NVQ/SVQ assessment certification. Key NTO priorities for 2000-01 include the following: strategic planning; training quality; increasing NTO capability; and NTO re-recognition. Research from October 1999, involving the analysis of 32 questionnaires completed by NTOs, shows the following information: 52 per cent of the FTSE 100 companies are board or committee members of an NTO; 70 per cent of the FTSE 100 companies are members of an NTO; 85 per cent of the FTSE 100 companies are active within an NTO; and a wide range of public sector and major international organizations are actively involved with an NTO.

## Venezuela

According to the *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)*, MNEs have played an historical role in stimulating the creation of training centres in handicrafts, technical skills and university education. Many MNEs develop their own in-house programmes and/or assist other interested private entities. They also collaborate with the National Institute for Educational Cooperation in the elaboration of training programmes. Moreover, some MNEs run fellowships in the framework of their human resource policy and/or under collective agreements. Training policies are elaborated generally on a bipartite basis, which is evidenced in collective agreements.



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## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* states that MNEs have given priority to training their workers in the workplace or at training sites in the country and abroad, in order to improve the competitiveness and quality of their products internationally. MNEs cover the costs of training and have the right to request a commitment from the trainees to work for the organization. This practice is in line with national labour law and policy on human resource development. However, some MNEs send Vietnamese workers abroad under the guise of training but actually employ them with inadequate payment (no details given). In general, MNEs have implemented their training activities on a tripartite basis. In addition, some MNEs do not provide skills training but rather attract skilled workers from other enterprises by “unfair means”.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that there is currently very little work being done by MNEs to help Zambia strengthen its training policies and systems. Zambia does not have a training policy in place so collaboration between the Government and MNEs is therefore difficult.

## Zimbabwe

The Government of *Zimbabwe* indicates that on-the-job training has increased with MNEs. In addition, MNEs play an important role in the training of employees through apprenticeship programmes but, to some extent, hire expatriates for top management positions. Neither of these MNE roles are dealt with on a tripartite basis.

## Conditions of work and life

### ***Wages, benefits and conditions of work*** *(Paragraphs 33-35)*

33. Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.

34. When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies.<sup>9</sup> These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard.<sup>10</sup>

35. Governments, especially in developing countries, should endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises.

<sup>9</sup> Recommendation (No. 116) concerning Reduction of Hours of Work.

<sup>10</sup> Convention (No. 110) and Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers; Recommendation (No. 115) concerning Workers' Housing; Recommendation (No. 69) concerning Medical Care; Convention (No. 130) and Recommendation (No. 134) concerning Medical Care and Sickness.

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(12) *Are wages, benefits and conditions of work in MNEs not less favourable than those offered by comparable employers in your country?*

(13) *Please describe measures, if any, taken by the government to enable lower income groups and less developed areas to benefit from MNE activities.*

(15) *Are wages and working conditions determined through collective agreements? In the event of a negative reply, why not?*

## Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides information from two MNEs operating in the petrochemical sector (names given) which indicate that wages, benefits and working conditions they offer are more favourable than those in various other enterprises in Angola. One MNE states that wages and working conditions are not determined through collective agreements.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* states that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable national enterprises. The Government has not undertaken any specific measures to enable lower income groups to benefit from MNE activities. Wages and working conditions are established through collective agreements.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Argentina

The Government of *Argentina* states that conditions of work in MNEs are similar to national enterprises, while wages and benefits in MNEs are not less favourable than those offered by comparable local employers. Wages and working conditions are negotiated jointly by representatives of employers and workers. Historically, plans have been developed for the areas which are geographically most disadvantaged with the aim of stimulating industrial development and creating employment opportunities.

## Australia

The Government of *Australia* indicates that, in the federal and state workplace relations systems, no distinction is made between MNEs and other employers. All employers are required to comply with established minimum entitlements and employers can offer wages and conditions above the set minimum standards. Minimum wages and conditions are generally fixed by awards of the Australian Industrial Relations Commission in prevention and settlement of industrial disputes. In 1997 the Government established "Invest Australia", the national investment promotion agency which promotes Australia as a competitive investment location. "Invest Australia" does, indirectly, benefit lower income groups in regional Australia because of the attractions it offers MNEs investing in those regions. The Government of Australia states that wages and conditions are generally determined through collective bargaining. The Workplace Relations Act, 1996 (WR Act), and the amendments to Part VIB of the Industrial Relations Act, 1988, made by the Workplace Relations and Other Legislation Amendment Act, 1996, facilitate collective bargaining and widen the circumstances in which certified ("i.e. collective")

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agreements can be made. This serves to reinforce the emphasis on bargaining as the principal objective of the WR Act (section 3). The WR Act also provides for individual agreements as an alternative for employers and/or employees who choose not to bargain collectively. The Government of New South Wales (NSW) reports that wages, benefits and other conditions of employment in MNEs are not less favourable than those offered by other employers in the state. The Government of NSW reports that it has no facility in the NSW Industrial Relations Act, 1996, for the making of individual contracts. Collective bargaining, encouraging participation by representative bodies of employees and employers, is promoted in NSW legislation.

The *Australian Council of Trade Unions (ACTU)* notes that, in general, wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable domestic employers. It has no knowledge of any measures taken by the Government to assist lower income groups to benefit from MNE activities. In most cases wages and working conditions are determined through collective agreements but some MNEs, in areas like fast food, mining (name of MNE given), information technology and finance, actively resist collective bargaining based on philosophical/ideological/management theories.

## Austria

The Government of *Austria* reports that legal provisions concerning wages and benefits do not distinguish between MNEs and national enterprises. Attention is drawn to clause 7 of the Employment Contract-Adjustment Act, which states that employees are legally entitled to the remuneration laid down by law. Wages and working conditions are determined through collective agreements, reports the Government.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH indicates that MNEs generally offer equivalent or more favourable wages, benefits and conditions. However they resort, more widely, to piece-rate systems, supervision systems and weekend, night and shift work. ANG states that benefits and conditions of work are frequently better in MNEs. GBH, ANG and GMBE state that wages and conditions of work are determined through collective agreements.

## Bahamas

The Government of *Bahamas* indicates that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers in the country. In order to enable lower income groups and less developed areas to benefit from MNE activities, the Government ensures a market for locally produced goods (such as arts and crafts) and regulates the transport system servicing the business establishment. In most instances wages and working conditions are determined through collective agreements.

## Bahrain

The Government of *Bahrain* states that MNEs offer wages, conditions of work and privileges that are more attractive than other companies. With respect to measures taken to enable lower income groups to benefit from MNEs' activities, the Government, in addition to social welfare facilities, provides for training and rehabilitation for individuals with a view to offering them decent work opportunities in all enterprises, including MNEs. The country has no minimum wage laws due to the "specificity and structure of the labour market", but wages are left to market forces and subject to agreements reached between workers and employers with the aim of wages ensuring a "decent life". Working

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conditions are governed by the Labour Code and the ministerial decrees which implement it.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* indicates that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers in the country. Wages and working conditions are sometimes determined through collective agreements in MNEs, in accordance with the provisions of national laws. The Government has established about 12 technical training centres and more than 50 vocational training institutes. The lower income groups and those in less developed areas can be trained in these institutions, giving them the opportunity to be employed, locally or abroad, by MNEs.

*The Bangladesh Workers' Federation (BWF)* states that wages, benefits and conditions of work are more favourable in MNEs than comparable national enterprises. Wages and working conditions in MNEs are determined through collective bargaining. The Government does not have a significant role enabling lower income groups and less developed areas to benefit from MNEs' activities; MNEs implement their programmes independently, without the involvement of the Government.

## Barbados

The Government of *Barbados* states that collective agreements arranged between employers and workers' representatives include wages and conditions of employment. Many MNEs, individually or together with the Barbados Employers' Confederation, negotiate collective agreements that provide terms and conditions of employment which are the same as those offered by national companies operating in similar areas of economic activity. The Government has created a number of industrial parks in several places in the country, providing hundreds of employment opportunities. MNE presence in these areas contributes to direct and indirect benefits for residents. Most terms and conditions of employment are determined by means of collective agreements or minimum wage legislation.

The *Barbados Employers' Confederation (BEC)* indicates that the Government, with the creation of the Ministry of Social Transformation, has implemented a programme to eliminate poverty. The Government has provided floor space in industrial buildings in strategic areas close to less developed areas. Generally, collective agreements determine levels of wages and working conditions. Where there is no collective bargaining, market forces operate.

The *Barbados Workers' Union (BWU)* replies that matters concerning wages, benefits and conditions at work in MNEs are sector specific. In the telecommunications sector, for example, wages and benefits are usually higher than those offered by comparable employers in Barbados while in the beverage, service and fast food sectors they are identical. The information processing and the electronics sectors are characterized by lower wages and, in some cases, by higher job requirements. In consequence, in 1999 the union solicited a minimum wage level in these sectors. The Government has not taken any measures for less developed areas to benefit from MNE activities. Wages and conditions of work are determined through collective bargaining where workers are unionized. Offshore workers have low unionization rates.

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## Belarus

The Government of *Belarus* notes that, as regards terms and conditions of employment in MNEs, experience has shown that the level of wages in MNEs is several times higher than the national average. The Government has not adopted any special measures to promote the activities of MNEs in order to develop particular regions. However, four free economic zones have been established with a view to stimulating regional development in the Republic (in Brest, Minsk, Gomel-Raton and Vitebsk). Foreign investors who invest in these territories enjoy more favourable terms of business than elsewhere in the country. One of the main advantages of the zones is the considerable tax and customs privileges they afford.

## Belgium

According to the Government of *Belgium*, wages and conditions of work within MNEs are generally favourable. MNEs respect minimum wages and often provide for higher wages, making relocation to lower wage countries all the more likely and painful. For example, national enterprises in the textile industry subcontract unskilled activities abroad (name of country given), but such practice is often limited to the production phase, and may disappear due to new technologies and the rise of the service sector. The Government wonders whether a sustained unfavourable employment trend for unskilled or low-skilled workers may not lead to wiping out the negotiated inter-trade minimum wage mechanisms with a consequent erosion of international labour standards on minimum wages. With respect to consultation, MNEs in the paper industry from an EU country (name of country given) and an African country (name of country given) have an excellent social dialogue record. Wages and working conditions are determined through collective agreements, respectively reached at intersectoral, sectoral and enterprise level, in accordance with the Act of 1968 on collective agreements and joint committees, as well as other related legislative texts.

The *National Labour Council (NLC)* states, as in its previous reports, that no generalized problems inherent to MNEs have arisen with respect to conditions of work. Two framework agreements have been reached between the European social partners (European Centre of Enterprises with Public Participation (CEEP), European Trade Union Confederation (ETUC) and the Union of Industrial and Employers' Confederations of Europe (UNICE)) on part-time and fixed-term work, which have been taken up in Council Directives (97/81/EC and 99/70/EC). In the current context of globalization, issues pertaining to MNEs should be subject to control. These include conditions of work and life, OSH and related environmental standards; all matters on which the social partners are positioned to play an important role. Other legal instruments include: the Act of 1998 transposing certain provisions of EU Directive 93/194/EC on working time, NLC Collective Agreement No. 72 of 1999 on the management and the prevention of stress at work, and Royal Decree of 1999 to protect young workers, that transposes Council Directive 94/33/EC on the same topic.

## Brazil

The Government of *Brazil* reports that it cannot assess wages, benefits and conditions of work in MNEs since the data relating to enterprises which employ or dismiss workers does not take enterprise nationality into account. The Government further states that wages and conditions of work have been established through collective agreements, and references a legal framework for such a system: article 10 of Provisional Measure (MP) No. 1.053 (30 June 1995), as amended, currently MPI.950-60 (3 February 2000) (copy annexed to reply). As to selective industrial policy designed to provide incentives in given sectors and/or regions, the issue is vague and controversial. The Government, in adopting measures of this kind, tends to pay a high price for the incentives it provides without

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obtaining the expected results in the long term. Such policies can be sustainable only when the beneficiary enterprise or sector remains in operation without government incentives and simply through market incentives; this is more likely with sectors not already in existence or that are newly developed which, for example, call for a high capital input and can have a major knock-on effect in the economy by leveraging or developing other sectors in a production chain. Another possible type of action relates to incentives to encourage MNEs to set up in selected regions, the success of which depends on the siting dynamics of the beneficiary sector of activity and whether the industry would choose to remain only as long as it was receiving government incentives. However, one major exception relates to government programmes to offset advantages that MNEs have to access foreign capital and credit. The Programme to Finance Exports (PROEX), for example, has an exclusive line for equalizing interest, and, in the context of M&As, the National Development Bank could take action to compensate national enterprises. However, such action may result in an adverse impact on taxation. In sum, the Government of Brazil considers that selective measures for MNEs are very risky and may lead to government-generated distortions in the market as well as undesirable consequences, such as “tax wars”. For policies of this kind to be effective, studies and surveys would have to be carried out on the sectors targeted to analyse their structure and dynamics.

The *National Confederation of Industry (CNI)* states that there are no indications of any major differences in behaviour between MNEs and comparable local employers concerning compliance with social and labour laws. The CNI further states that wages and working conditions are determined through collective agreements, and defers to the Government’s views. Concerning the issue of conditions of work and life, there are no records specific to MNEs since research carried out did not take into account the nationality of companies. Studies and research reveal that behaviour seems to be more linked to the size of the company or its position in the sector than with the source of capital. As a result of such studies, there is a perception that large companies, because of their context and characteristics, tend to comply more with social and labour legislation. A recent CNI study on trade union and labour relations reveals that the majority of large companies, the group in which multinationals are normally found, awarded wage increases in 1998 below the level of inflation unlike small and medium-sized companies, but this was compensated by the introduction of profit-sharing schemes. With regard to workers’ benefits, behaviour is also different depending on the size of the company. Medium-sized and, more particularly, large companies offer better benefits than small or micro companies. The National Confederation of Industry is not aware of any measures taken by the Government to enable lower income groups and less developed areas to benefit from MNE activities.

The *General Workers’ Confederation (CGT)* states that, with regard to conditions of work, MNEs are seeking to make standards more flexible.

## Bulgaria

According to the Government of *Bulgaria*, labour laws cover minimum wages, benefits and conditions of work, and are most comprehensively covered in the law on occupational safety and health. Collective agreements are reached at sectoral level on a tripartite basis, and MNEs conclude a clearly defined separate collective agreement to provide for better conditions to their staff. Large MNEs and those that operate in the banking sector offer wages and working conditions that compare favourably with their national counterparts. However, it is not rare for smaller MNEs to provide wages and working conditions that fall below those offered by comparable national enterprises. In most cases, foreign employers meet the host country requirement which maintains the level of wages and working conditions at the prevailing level prior to privatization. The Government draws attention to the fact that MNEs in the country offer wages several times below those paid by the same enterprises in other countries. In regions where large

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unprofitable enterprises are to be closed down, the Government prepares programmes to stimulate foreign investments and privatization, as well as to improve standards, a process in which the social partners are closely involved, together with finance institutions. The Government further takes into account the benefits that MNEs can bring into such regions, such as employment, wage increase and improvement of workers' skills. Except in a few cases, wages, benefits and conditions of work in MNEs are determined through collective agreements, with working conditions remaining an important factor in the pay structure. In this regard, labour laws provide that wages and working conditions must be covered by collective agreements, which are not to contain conditions less favourable than stated in the legislation (Chapter 4, article 50).

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that wages, benefits and conditions of work in MNEs are less favourable than those offered by comparable employers, i.e. organizations operating under the United Nations system. The objective of cutting costs to a minimum and making maximum profits is "no doubt" at the origin of this situation. Following the participation of Burkina Faso in the structural adjustment programme of 1990-91, the legal and institutional environment of enterprises was improved by a revision of the Investment and Labour Codes which encouraged domestic and foreign operators to invest in order to create wealth and jobs. However, economic promoters consider the measures taken to be insufficient, especially as regards the Labour Code, which is once more being revised. These measures do not seem to have convinced the MNEs to set up outside the two main cities of Burkina Faso where they traditionally carry out their activities. As they are not charitable organizations, the CNBP thinks it understandable that MNEs should not have a particular fondness for the country's "lower income groups and less developed areas". The question of wage adjustments gives rise to grievances every year from workers' organizations. Faced with this pressure, the Government decides periodically to increase the guaranteed minimum wage. On the basis of this minimum wage, the Advisory Labour Committee, a tripartite body, fixes a wage structure. In some large enterprises, the pay scale is the subject of negotiations and company agreements. Some sectors, such as private education, have a sectoral agreement on salaries.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* indicates that before the economic crisis, wages, benefits and conditions of work in MNEs were enviable. Liberalization has led to labour law revision, which will give rise to a further review of workers' pay. Workers' organizations consider the new labour laws to be unfavourable and the actual impact of these revisions is currently under review.

## Canada

The *Canadian Employers' Council (CEC)* states that the wages, benefits, and conditions of work in MNEs are at least equal to those offered by comparable domestic employers. In addition to any government programmes in which MNEs participate, MNEs also benefit lower income groups through their participation in community activities and charitable works. As regards wages and working conditions, the employers point out that trade union representation of employees is not universal in Canada. Where a trade union represents employees of an enterprise, whether national or multinational, wages and working conditions are negotiated between the enterprise and the union as required by applicable Canadian labour legislation. Where employees are not represented by a trade union, employers must, at minimum, comply with applicable Canadian employment standards legislation.

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## Cape Verde

The Government of *Cape Verde* reports that MNEs have good conditions of work, including transportation to and from work, provision of hot meals, and medical assistance, which go beyond the strict requirements of law. The Government reports that wages and conditions of work reflect demand. In Cape Verde there is no minimum wage and wages are determined through free negotiations. There are additional incentives offered to enterprises in industrial areas situated in outlying regions. The Government does not know of any cases of wages and working conditions being determined through collective agreements, although the law provides for that possibility.

## China

According to the Government of *China*, wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers. In those enterprises where there are trade unions, wages and working conditions are determined through collective agreements, which is not the case in enterprises where no trade unions exist.

## Colombia

The Government of *Colombia* states that wages, benefits and conditions of work are not less favourable in MNEs than in local enterprises. Wages and working conditions are determined through collective agreements. It is noted that the communities benefit financially and socially from MNEs' operations and the infrastructures that they develop.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which replies in the negative to question 12 and confirms that wages are covered by collective agreements.

## Costa Rica

The Government of *Costa Rica* indicates that wages, benefits and working conditions are more favourable in MNEs than those offered by comparable employers in the country due to the growing specialization required of MNE employees in the performance of their tasks and the high professional level of those duties. The Government adds that the minimum wage is fixed by the tripartite National Wage Council, and wage levels are determined by binding executive decree. The national legal system permits wages, and working conditions in general, to be governed by collective agreement. In accordance with Law No. 7210 on the zones, companies that locate in relatively less developed regions receive significant benefits; identification of such areas is provided by the Ministry of National Planning and Economic Policy. For further details, see *infra* "EPZs/SEZs".

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that wages, benefits and working conditions in MNEs are more favourable than those offered by national companies. Wages and working conditions are determined through collective bargaining within the framework of collective agreements and the Labour Code.

## Croatia

The Government of *Croatia* states that there are no major differences in wages and conditions of work between the MNE and similar enterprises in the country. Wages are regulated by collective agreement, but conditions of work are not.



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According to the *Confederation of Independent Trade Unions of Croatia (KNSH)*, wages, benefits and conditions of work are not less favourable in this particular MNE as compared with other enterprises and are determined through collective agreements. No measures have been taken by the Government to enable lower income groups and less developed areas to benefit from the activities of the MNE.

## Cyprus

The Government of *Cyprus* reports that MNEs offer favourable employment terms in comparison to their national counterparts in the country. Collective agreements include wages and working conditions in those cases where MNEs recognize trade unions for collective bargaining purposes.

The *Pan-Cyprian Federation of Labour (PEO)* states that MNEs that have concluded collective agreements offer wages, benefits and conditions of work not less favourable than their national counterparts, as opposed to those MNEs that have not. The Government and the social partners pursue an economic and social policy to develop the less advanced areas of the country. The Federation replies affirmatively to question 15.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* responds in the negative to question 12. No particular measures that benefit lower income groups and less developed areas can be reported. Wages and working conditions are determined by collective agreements since they offer more favourable conditions than those provided for by law.

The *National Workers' Union of Congo (UNTC)* responds in the negative to question 12. As regards the benefit to lower income groups and less developed areas, there have been no specific measures taken by the Government to enable these areas to benefit from MNE activity. Wages and working conditions are determined through collective agreements.

## Denmark

The tripartite partners of *Denmark* report that wages, benefits and conditions of work are not less favourable in MNEs. No specific measures have been taken to enable lower income groups and less developed areas to benefit from MNE activities. Matters of wages and working conditions form part of collective agreements.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* reports that in the case of enterprises in special economic zones (names of MNEs given), wages are lower, whilst in the mining industry (name of MNE given) they are not comparable with any local employment. CNTD advises that when trade unions exist in MNEs (names given), wages and working conditions are dealt with through collective agreements (past example of a named telecommunications company and present reference to two other named MNEs and hotel chains in general). It reports that there are no measures adopted by the Government to enable lower income groups and less developed regions to benefit from MNE activities.

## Ecuador

The Government of *Ecuador* says that the country has a mandatory minimum wage system which any employer can go above but never below. The Government states that wages and working conditions are established through the National Wage Council for workers in general, for workers in particular sectors, and others through collective

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agreements. The Government adds that, at the moment, due to the absence of specific studies, it cannot be determined whether MNEs have directly benefited less developed areas or lower income groups.

## Egypt

The Government of *Egypt* indicates that the benefits and conditions of work in MNEs are similar to those offered by comparable employers in the country. Collective agreements cover wages and working conditions, and several of these agreements have provided, as a special incentive, a 10 per cent wage increase, which applies to all MNEs, while one particular agreement provides for an E£10 May Day bonus.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry reports that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers, and the labour law has stimulated a 7 per cent annual wage increase. An MNE in the petroleum industry (name of company given) reports that it provides more generous terms than local firms and offers a fair and competitive package to its staff, subject to regular review. It is placed among the top 25 per cent of MNEs in Cairo in terms of total remuneration package. The MNE in the food sector reports that wages and working conditions are not determined by collective agreement but are based on market practices within the framework of the labour law. The MNE in the petroleum sector indicates that changes in policies related to wages and working conditions within its company must be agreed upon by management and the staff council prior to implementation. However, the national enterprise in which it owns shares usually rejects the wage increases agreed within the MNE – due to established ceilings – so the MNE bears the cost of the wage difference.

## El Salvador

According to the Government of *El Salvador*, wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers in the country. Wages and working conditions are established through collective agreements between the parties. In addition, the Government states that the creation of free zones in various regions of the country favours the growth of centres of development that generate jobs and wealth, and this was done by granting tax incentives to enterprises with operations there, with the only proviso being that they respect the law and public order.

## Estonia

The tripartite partners of *Estonia* indicate that the wage level in MNEs is, on average, higher than comparable national enterprises. The Government has created favourable conditions for investment in Estonia – free from income tax. Promotion of employment in the north east, where unemployment is high, is being carried out by the Government. Wages and working conditions are determined through collective agreements, if they exist. The Estonian Association of Trade Unions (EAKL), one of the tripartite partners, adds “there could be more collective agreements” but often this is not possible because there are no employers’ organizations or those that exist “do not wish to bargain collectively”.

## Finland

The tripartite partners of *Finland* indicate that the conditions of work and wages in MNEs are, in principle, the same as those in national enterprises. The same terms of employment are applied to multinational enterprises as to national enterprises. MNEs may or may not belong to employers’ associations. Thus, the terms of employment applied may be determined according to the collective agreement binding on the enterprise and/or on the basis of the law. Among the tripartite partners, the Central Organization of Finnish

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Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK), and the Confederation of Unions for Academic Professionals in Finland (AKAVA) note that, although working conditions and wages in multinational enterprises are in principle the same as in national enterprises, the staff in some MNEs (origin of the countries mentioned) are required to work overtime or to shorten their holidays. Branch-specific collective agreements are concluded concerning the minimum terms for wages and working conditions. The increasing frequency of various schemes with profit bonuses, and bonuses and options increases management possibilities to affect the total earnings of employees beyond the agreements.

## France

Wages, benefits and conditions of work in MNEs are not less favourable than those prevailing within their national counterparts, according to the *French Confederation of Executive Staff (CFE-CGC)*. Wages and working conditions are determined through collective agreements. Regional development policy measures taken by the Government to enable less developed areas to benefit from MNEs' activities include job premiums and exemption from professional taxes.

The *General Confederation of Labour (CGT)* provides a comprehensive overview of problems that occurred in relation to wages in 17 cases, detailing strikes taking place, effects of planned redundancies on wages, reduced weekly hours of work and consequent wage cuts (names of MNEs and home countries given). For instance, an announced redundancy plan coupled by wage cuts gave rise to a strike, while one year later, the workers resorted to court proceedings for not being paid. Other examples include MNEs reducing hours of work with consequent wage cuts; one such case amounted to an approximate 30 per cent wage cut as compared to a weekly five working hours' reduction. Eighty per cent of workers within another MNE went on strike asking for a general 6 per cent wage increase to maintain purchasing power, whereas management offered 1.8 per cent despite profits realized; such a dispute arose for the first time in ten years.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that wages, benefits and conditions of work are more favourable in MNE subsidiaries than in comparable domestic enterprises. It notes that question 13 is not applicable, and affirms that wages and working conditions are determined through collective agreements.

## Germany

The Government of *Germany* reports that wages and conditions of work are determined through collective agreements in the great majority of cases. An estimated 90 per cent of all workers and salaried employees are covered by such agreements, albeit sometimes only indirectly in that a collective agreement in one enterprise may be used as a basis for discussion between workers' organizations and employers in another, or as a guide for employers not party to collective agreements. Opportunity exists to determine wages and employment conditions through collective agreements.

The *Confederation of German Employers' Associations (BDA)* is not aware of differences in wages, benefits or working conditions between MNEs and national enterprises. Wages and working conditions are mainly determined through sectoral collective agreements, both at national and regional level, the BDA states, and are concluded between the branch employers' organization and the respective branch trade union.

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## Ghana

The *Trades Union Congress (TUC)* indicates that wages, benefits and conditions of work in MNEs are not less favourable than those of comparable employers. MNEs establish hospitals and schools in less developed areas for the benefit of lower income groups. Wages and working conditions are determined through collective agreements.

## Greece

The Government of *Greece* indicates that conditions of work may be partly determined by collective labour agreements, but this is not the rule.

The *Federation of Greek Industries (FIG)* reports that wages, benefits and conditions of work in MNEs are as favourable as those offered by comparable local employers. Wages and working conditions within the context of the multinationals are determined by means of collective, branch or company agreements. Furthermore, the FIG declares there is no experience in the country relating to measures taken by the Government to enable lower income groups and less developed areas to benefit from MNE activities.

## Guatemala

The Government of *Guatemala* states that, in the agricultural sector, conditions of work in MNEs are more favourable than in national agricultural enterprises. In industry, conditions of work in MNEs are equal to or better than those required by law. Questions of wages and employment conditions are determined through collective agreements. With regard to measures taken by the Government to enable lower income groups and less developed areas to benefit from MNE activities, there is no recent information.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* observes that, generally speaking, conditions of work in MNEs are similar to those of comparable local enterprises. Because collective bargaining is an important activity in the CACIF's sphere, particularly within enterprises, collective agreements stipulate wages and other working conditions. The CACIF does not know whether the Government has adopted any measures in connection to MNE activities to assist lower-income groups and less developed areas.

## Guyana

The Government notes that, in *Guyana*, wages, benefits, and conditions of work in MNEs are not less favourable than those offered by comparable employers in the country. Taxes and other incentives are provided to MNEs to attract investment in less developed areas.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that employment relations in Hungary are governed by the Labour Code, which contains the basic rights and responsibilities of employers and employees including the minimum standards on wages, multiple-shift bonuses, overtime pay, holidays and severance pay. The national minimum wage is set by government decree, based on national tripartite agreement of the Government, employers' and employees' organizations. National legislation also determines employment-related taxes and benefits. The Government reports that statistical data, available since 1997, show that wages are higher in foreign-owned enterprises than in Hungarian-owned enterprises; 1999 statistics show that wages for comparable jobs in enterprises that are 100 per cent foreign owned were on average 43 per cent higher than wages in 100 per cent Hungarian-owned enterprises. In

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1997 the differential was only 35 per cent. The Government notes that the wage advantage in foreign part-owned enterprises is about 30 per cent. The Government reports that as the workforce size increases the wage differential decreases: foreign-owned companies with ten to 20 employees had 80 per cent higher wages than Hungarian companies of the same size; in companies with over 1,000 employees the differential is slightly more than 20 per cent. The Government explains that the wages in Hungarian-owned companies vary in terms of size, with enterprises of ten to 20 employees paying only 70 per cent of the wages of enterprises of 1,000 employees. Among 100 per cent foreign-owned enterprises, however, wage levels are virtually equal regardless of the number of employees. The Government reports that the wage advantage in foreign-owned companies is apparent at all levels, but is most significant at the level of management or highly qualified experts. The Government notes that the advantage foreign-owned companies have in technology and productivity could allow for much higher wages, but in the Hungarian labour market the existing wage advantage is sufficient to attract the necessary workforce. The Government reports that, besides individual contracts of employment, wages and working conditions may also be stipulated by collective agreements. The Government observes that MNEs observe applicable labour legislation. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that wages are 20-50 per cent higher in MNEs than in Hungarian companies; contributions are the same, and working conditions are of a higher standard and equipment more advanced in MNEs than the national level. The favourable wage levels in MNEs result from higher productivity and the intensity of work. With regard to measures taken to enable lower income groups and less developed areas to benefit from MNE activities, the employers report that the Government supports linkages between Hungarian suppliers and MNEs. They further assert that GFC applications and regional funds serve the purpose of benefiting these groups. The employers responding to the Survey also report that they have established business sites in less advanced regions and that some operate in seven different localities. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, agree with the Government and the employers that wages and earnings in MNEs are generally higher than those paid by Hungarian companies. The trade unions state that working conditions in MNEs are definitely better than in Hungarian companies and investments by MNEs often improve working conditions. MNEs' management structure also differs from that of domestic enterprises. The trade unions report that the wages in MNEs, typically between HUF30,000 and HUF55,000, are about 20-40 per cent higher than the national average and the lowest MNE wages generally exceed the national statutory minimum wage. Jobs requiring a higher educational degree are remunerated about one and a half to two times more in MNEs than in domestic enterprises. Top managers, especially in the machine and vehicle industry, are paid at levels approaching those in the EU. The trade unions report that the level of wages is based on the labour market, the inflation rate, the cost of living, and the economic potential of the MNE. National wage agreements, including for the public sector, influence agreements on wages in MNEs. The trade unions indicate that the relatively favourable wages are conditional upon other factors including increased output, high quality and productivity of workers. Trade unions report that "it is generally recognized" that wages in Hungary lag behind those in western Europe or the home country and can only be allowed to catch up gradually. They further note that in the food industry there are examples of too much overtime work, unfavourable working conditions and minimum wage levels. Workers are often not paid for overtime or not at the level set forth in the Labour Code. In approximately two-thirds of MNEs where there are collective agreements, wages and working conditions are provided by the agreement.

## India

According to the Government of *India*, wages and conditions of work are better in MNEs as compared to local enterprises, and wages and working conditions are determined through collective agreements and by following relevant rules and regulations.

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## Indonesia

The Government of *Indonesia* reports that wages, social benefits and working conditions are generally better in MNEs than in national enterprises. MNEs are required to subcontract non-core functions to private enterprises, particularly in the mining sector. In most unionized companies, wages and working conditions are determined by collective bargaining.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* reports that MNEs consistently offer superior wages, benefits and conditions of employment than comparable domestic employers, with the exception of the “duration/security” of the employment contract. The Irish Congress of Trade Unions further reports that the latest available data indicate that average yearly wages and salaries per employee in MNEs is 22 per cent higher than comparable Irish enterprise employees. There are different approaches adopted by different MNEs. US-based enterprises (40 per cent of MNEs in Ireland) prefer to engage in individual bargaining at the enterprise level, discouraging or not encouraging the presence or role of trade unions for the purpose of collective bargaining. In accordance with the social partners’ agreement, the Government has introduced a number of measures to improve access to skill and education to those in disadvantaged areas. Wages and working conditions are not determined solely through collective agreements.

## Italy

The Government of *Italy* reports that, generally, the size of the enterprise, its productivity and contractual relations rather than its nationality determine the level of wages and conditions of work in the enterprises. In this regard collective labour agreements are fully applicable to MNEs. Wages and working conditions are defined through “national agreements” and supplementary enterprise bargaining. There is no specific measure adopted for MNEs to attract them to the less developed parts of the country, but concessions are given to both national enterprises and MNEs using identical criteria. Basically, enterprises can be granted subsidies and soft loans up to a maximum of 50 per cent of the investment made in particularly disadvantaged areas, as recognized by the European Union.

The joint reply of the workers’ organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to those of the Government.

## Japan

The *Japanese Trade Union Confederation (JTUC-RENGO)* reports that MNEs have adopted the Japanese employment/wage system and have not directly applied policies of their own countries. JTUC-RENGO reports that wages in MNEs are relatively higher than in Japanese enterprises, but that the gap is narrowing.

## Jordan

The Government of *Jordan* reports that wages, benefits and conditions of work in MNEs are not less favourable; they may be more favourable than those offered locally. The following measures were taken by the Government to encourage development in less developed areas: decreasing taxes payable by investors in less developed areas, especially the southern and northern regions of Jordan; providing a longer period of tax exemption when investing in those areas; establishing universities and technological institutes in those

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areas; and giving priority in employment to workers living in those areas. Wages are normally determined by the employers and accepted by the workers and are stated in the labour contract. According to the Government, other working conditions and privileges are determined through collective agreements.

The *Amman Chamber of Industry (ACI)* states that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers in the country. It cites two of the same measures taken by the Government, encouraging investment through tax exemptions and giving priority in employment to workers residing in less developed regions. In many cases wages and working conditions are determined through collective agreements.

## Kenya

According to the Government of *Kenya*, wages, benefits and conditions of work in MNEs are similar to those in comparable local enterprises; in some cases they are better in MNEs. In most cases, wages are determined through collective agreements; however, working conditions, especially those relating to health and safety of which workers have recently become aware, are not addressed through collective agreements. The Government is making deliberate efforts to “decongest the large towns of industries” and encourage MNEs with large industries to invest in rural and less developed areas by improving the infrastructure such as roads, electric power and telecommunications. As a result, some of the MNEs, especially the horticulture, sugar processing, and paper-making industries, are relocating to these areas.

## Korea, Republic of

The Government of the *Republic of Korea* reports there are no data that compare wages and working conditions of MNEs with those in domestic enterprises, but there have been no complaints in this regard. The Government reports that it is encouraging MNE investment by designating Pyoung-dong at Kwang-ju and Dae-bul at MOK-po as “complexes only available to foreigners” and offering tax reductions as incentives. The Government is considering expanding the designation of a “foreign investment region”, previously restricted to large investments, to investments that will spur development in underdeveloped areas. In workplaces with trade unions, wages and working conditions are determined by collective agreement but in other cases they are subject to work rules or individual work contracts. The Labour Standards Act applies to working conditions which are not specified by collective agreement, work rules or individual contracts.

The *Federation of Korean Trade Unions (FKTU)* notes that, in general, wages and working conditions are slightly better at MNEs, but the pressure of work at MNEs, where wages are based on performance, is much higher than in domestic enterprises that emphasize personal relations and teamwork. It is rare in the Republic of Korea for the managerial strategies of MNEs to consider community development or human resources. Wages and working conditions are determined through collective agreements.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* report that national law sets minimum working conditions which must be applied by all companies including MNEs. MNEs do not offer better wages and benefits than other companies. Kuwaiti law requires MNEs to operate in a way which benefits lower income groups and less developed areas; the Government itself provides facilities to accomplish these objectives. Wages and working conditions are not determined through collective agreements but the State tries to develop legislation to meet this objective.

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## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that wages, social guarantees and working conditions are equal to or better than in national enterprises. There are no government measures to enable lower income groups to benefit from MNE activities, though some less developed areas with backward technologies have benefited from their national involvement in services such as telecommunications. Wages and working conditions are determined through collective agreements in MNEs where trade unions have been established. The LBAS notes that the reason trade unions have not been established in many MNEs is the negative attitude of the employer.

## Lebanon

The Government of *Lebanon* reports that wages in MNEs are not less favourable and even exceed those offered in other companies. Many workers in MNEs receive benefits which are higher than those provided for in Lebanese law. Working conditions are determined by contracts agreed upon by the parties and all MNEs with 15 or more employees must have rules for the conclusion of such contracts. MNEs that have collective agreements, such as in the banking sector, offer more benefits than those offered in individual work contracts.

## Lithuania

The Government of *Lithuania* states that the Law on Wages No. 1-924, articles 2 and 3, sets minimum wage standards and labour conditions, ensuring they are set in collective agreements or, if they are not signed, in labour agreements. These wage standards are reviewed annually and agreed by the Tripartite Board of the Lithuanian Republic. According to the Statistics Department, wages paid by MNEs are not less than the minimum wage and are often higher (examples of companies given). Labour conditions in certain MNEs (names of MNEs given) are “rather good” and “more comfortable” than in national enterprises.

The *Confederation of Lithuanian Industrialists (LPK)* reports that wages in MNEs are essentially equal to those in domestic enterprises, adding that working conditions are better in MNEs because modern technologies are being used. A minimum monthly salary is set on a tripartite basis and applies to all enterprises, including MNEs. The Government has endorsed a bonus payment system for “hard work conditions”. If trade unions operate in MNEs, collective agreements are concluded.

The *Centre of Lithuanian Trade Unions* notes the comparatively high level of wages, benefits and working conditions in MNEs but adds that the negotiations concerning the regulation of wages have currently reached a deadlock because of the Government’s “tolerance” of wage freezes and its unwillingness to accept trade unions’ proposals. The Centre for Lithuanian Trade Unions further reports that it has no information on measures taken by the Government to enable lower income groups and less developed areas to benefit from MNE activities.

The *Unification of Lithuanian Trade Unions (LPSS)* notes that wages and working conditions are much higher in MNEs (names of MNEs given), pointing out that the relations between trade unions and employers in MNEs are much more civil and constructive. Foreign employers tend to use non-traditional negotiating methods, terms and systems which can be difficult to comprehend and the information cannot always be obtained.



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## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* report that, in theory, because MNEs are governed by the Labour Code, all wages, benefits and conditions of work must be at least equal to those offered by employers in local enterprises. In practice, MNEs have been discredited by the trade unions and inspected by the Labour Directorate-General and the Factory Inspectorate, which observed numerous irregularities in matters such as overtime pay, restrictions on freedom of association, sexual harassment and occupational safety and health. The Ministry of Industrialization and Crafts intends to create industrial zones for investors under the “Industrial Guidelines Act”, with a view to assisting remote areas. Wages and conditions of employment are not determined by collective agreements since staff representation and the creation of unions in MNEs is proving to be quite a difficult challenge.

## Malaysia

The tripartite partners of *Malaysia* state that MNEs offer more generous wages, benefits and conditions of work than local employers. The Government adopts measures to encourage the establishment of industries in less developed areas in order to create job opportunities locally. The Malaysian Trades Union Congress wishes, in this respect, that local communities be consulted prior to their establishment. Collective agreements determine wages and working conditions in those MNEs where trade unions exist.

## Malta

The *General Workers’ Union (GWU)* reports that MNEs usually lead their sector in employment conditions. There is no specific national policy concerning lower income groups and less developed areas. Wages and working conditions are determined through collective agreements.

## Mauritius

The Government of *Mauritius* reports that MNEs are subject to the same laws and regulations as national enterprises and, therefore, wages and conditions of work in MNEs are determined under the appropriate Remuneration Order Regulations (Industrial Relations Act, 1973) and the Labour Act (No. 50 of 1975), depending on their respective sector of employment. Workers in MNEs enjoy the same terms and conditions prescribed by law as workers in national enterprises, including minimum wage rates at the national level (determined by the National Remuneration Board on the basis of factors including interests of the community as a whole and balance between the income of different sectors), and benefits and allowances. Legislation in force provides protection for workers employed by MNEs for notice of termination of employment and compensation for length of service in case of changes in operations, including those resulting from mergers, take-overs, transfers of production units or discontinuation of operation. Grievances and disputes arising at work, both in national and multinational enterprises, are settled at the level of the Labour Office or by conciliation, arbitration or judicial determination. In some cases, wage levels and working conditions, which are more favourable than those prescribed by law, are determined by collective agreements between workers’ organizations and either individual employers or groups of employers in a specific sector.

## Mexico

The Government of *Mexico* reports that conditions of work in MNEs are similar to those in national companies since both must comply with the Federal Labour Law. Section VII, paragraph “A”, of article 123 of the Political Constitution of the United Mexican States sets forth the legal provisions regulating industrial relations. In addition to articles 3

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and 56 of the Federal Labour Law, article 86 provides for equality in working conditions, requiring equal pay for equal work. The Federal Labour Law sets up general and occupational minimum wages for skilled and unskilled workers, although collective agreements and employment contracts usually set basic wages higher than the minimum. The Government reports that in regard to housing, a social service body called the Institute of the National Housing Fund for Workers Law (INFONAVIT) is dedicated to promoting housing for workers. The INFONAVIT is funded by employers' contributions and subsidized by the Government. The Government states that wages and working conditions are determined by collective agreement; all the *maquila* export companies that took part in the National Export Awards have collective work agreements. In the automobile and chemical-pharmaceutical sectors, the employer-worker relationship is governed by collective labour agreements registered with the Governing Council of Conciliation and Arbitration (JFCA). The Government further considers that the establishment of MNEs creates positive economic dynamics that benefit lower income groups and less developed areas. State and municipal governments use incentives and deregulation to attract MNEs to create jobs in areas where direct and indirect employment will benefit the population. Improvements to infrastructure undertaken by local governments to attract MNEs also benefit local residents.

The *Confederation of Mexican Workers (CTM)* states that the degree of contractual protection of wages is determined on the basis of agreements overseen by the National Minimum Wage Commission and Federal Labour Law and guides both public and private sector arrangements involving acquired rights of workers and industrial relations issues.

#### Moldova, Republic of

The Government of the *Republic of Moldova* reports that wages, benefits and conditions of work are more favourable in MNEs than those offered by comparable local employers. Working conditions and wages are determined through collective bargaining. As for protection of local producers and the domestic market as regards the sale of consumer goods, Decision No. 364 of 28 April 1999 has been issued in order to protect local producers and consumers by prohibiting improper competition. The Bill concerning anti-dumping subsidies and safeguards is under the Parliament's review following government approval by Decision No. 860 of 20 September 1999.

#### Morocco

The *Democratic Labour Federation of Morocco (CDT)* reports that wages, services and working conditions in MNEs are better than those applied by local employers. Regarding the least developed regions in the country, the Government provides industrially equipped regions to investors and has established a Ministerial Investment Committee to create conditions likely to attract investment. Collective labour agreements are seldom used to solve social disputes. Aside from the 1960s, the early days of independence when there was a resurgence of collective bargaining agreements, the conclusion of such agreements has remained "an isolated matter". The Federation reports that there are only about 40 agreements in existence in Morocco so far, one-third of which have been suspended and are inapplicable. Since 1999, Morocco leaned toward supporting collective agreements. The Higher Council for Collective Bargaining convened in May 1999 and the draft Labour Code calls for the organizing of labour relations through collective agreements. Labour relations within MNEs take place mostly outside collective agreements.

#### Mozambique

MNEs pay a better wage and offer relatively better conditions of work than national employers, reports the *Workers' Organization of Mozambique, Union Headquarters*

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(OTM-CS). However, the organization believes that MNEs in the country pay low wages to the local workforce in comparison with other foreign companies in the same category. In MNEs, wages and conditions of work are “generically established as a basis of collective agreements”.

## Myanmar

The Government of *Myanmar* reports that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers. The Government asserts that there are government agencies and authorities which supervise MNEs to ensure the rights of the workers.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that wages, benefits, and conditions of work are more favourable in MNEs than in other enterprises in Nepal. Wages and working conditions are based mostly on collective agreements. The General Federation does not think the Government has taken any specific measures to enable lower income groups and less developed areas to benefit from MNE activities.

## Netherlands

The Government of the *Netherlands* reports that there is no difference in working conditions between national or multinational enterprises and emphasizes that the treatment of MNEs under Dutch law is the same as for national enterprises. Legislation on working conditions was amended in the most recent period; the Working Conditions Act, 1998 (WCA), came into force on 1 November 1999. The Government reports that significant new elements in the WCA 1998 include civil and administrative sanctions in addition to the criminal sanctions in the former law; a system of administrative fines (articles 33 and 34); and obligatory and independent expert assistance (article 14, subparagraph 2).

## New Zealand

The Government of *New Zealand* reports that MNEs are subject to the same requirements as domestic companies, meaning wages, benefits and working conditions are negotiable under the Employment Contracts Act, 1991, subject to certain minimum standards set out in employment legislation. The Government notes that in November 1999 a new government was elected which has decided to repeal national legislation including the Employment Contracts Act. The Government indicates that there have been no developments since the previous report except that on 1 March 1997 the minimum wage rates were increased. There are no requirements placed on private enterprises (including MNEs) to provide assistance to “vulnerable” groups in the labour market except the payment of tax. Lower income groups are assisted, indirectly, through a government programme which offers wage subsidies to businesses, including MNEs, to assist long-term and disadvantaged jobseekers into permanent employment. The establishment of a regional commissioner structure for employment and income support services in October 1998 was meant to assist regions in finding appropriate solutions to their employment needs. According to a survey prepared for the Department of Labour in 1997, 49 per cent of employees were employed on collective contracts and 49 per cent on individual employment contracts.

The *New Zealand Employers’ Federation (NZEF)* indicates, in its comments on the Government’s report, that it agrees with views of the Government, adding that studies by economists demonstrate that the wages and benefits offered by MNEs are greater than those offered in comparable domestic enterprises (studies cited).

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The *New Zealand Council of Trade Unions (NZCTU)*, commenting, in its report, on the Government's report for that Survey, "notes" the Government's response to this section and has no further comments.

## Nicaragua

The Government of *Nicaragua* reports that the wage policy applied in MNEs is higher than that set by the Labour Code; social benefits also exceed those legally mandated. Moreover, conditions of work in MNEs are "the very best". Wages and working conditions are determined through collective agreements. The Government's general objective relevant to question 13 is to ensure the existence of conditions that enable the private sector, including MNEs and enterprises in free zones, to generate productive and lasting employment. This objective is achieved through the consolidation and maintenance of social peace and through dialogue and harmonization in the labour sector. The Labour Code must be applied consistently as the economy expands and working conditions improve.

## Norway

The Government of *Norway* notes that the fixing of wages is regulated either in collective or individual agreements between the worker and the employer; therefore this question is best answered by the employers' and workers' organizations. Norwegian law, which applies to MNEs, contains minimum standards regarding holiday remuneration, working hours and other conditions of work. Wages, benefits and conditions of work in MNEs are not less favourable than comparable employers. It notes that wages for most workers in MNEs, as in national enterprises, are covered by collective agreements and that other minimum standards regarding holidays, working hours and conditions of work are established by national law. Generally speaking, workers and employers are free to negotiate and conclude agreements on any subject as long as minimum legislative standards are met. The Act respecting workers' protection and the working environment sets out minimum standards for working conditions which cannot be set aside unless expressly provided for. The Government of Norway notes that, due to the special situation on Svalbard (islands north-west of Norway) there are, in force, provisions on working conditions and on health and safety that differ slightly from the rules in the Working Environment Act.

## Oman

According to the *Oman Chamber of Commerce and Industry (OCCI)*, the benefits provided by MNEs are better than those in comparable companies. The Government provides education and training which enables all income groups to benefit from MNE activities. The Chamber of Commerce and Industry further replies in the affirmative to question 15 as to working conditions determined through collective agreements (compare with reply to question 2).

## Pakistan

The Government of *Pakistan* replies that wages, benefits and conditions of work provided by MNEs are not less favourable than those offered by other employers in the country. The Social Action Programme of Pakistan was designed and is being implemented in consultation with MNEs with the aim to eradicate poverty and improve living conditions of lower income groups. Wages and working conditions are determined through collective agreements.

The *National Labour Federation of Pakistan (NLF)* states that wages, benefits and conditions of work provided by MNEs are generally better than those offered by other

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employers in the country. The Government has not taken any measures to enable lower income groups and less developed areas to benefit from activities of MNEs. Wages and working conditions are determined through collective agreements.

According to the *Pakistan Labour Federation (PLF)*, MNEs' wages, benefits and working conditions are more favourable than those of other comparable employers. The Government has not taken any measures to enable lower income groups and less developed areas to benefit from the activities of MNEs. Collective bargaining has been eliminated in several fields and labour contracts are being increasingly used in Pakistan.

## Panama

The Government of *Panama* states that wages, benefits and conditions of work in MNEs are not less favourable than those offered by comparable employers, and references Decree No. 38 of 22 July 1998 on the minimum wage. The Government notes that some MNEs operate in remote regions where living conditions are higher in cost due to the distance and, in such regions, the standard of living and social development has been restricted. Still, in other situations, MNEs have improved the standard of living of their workers. According to the Labour Code (article 403), wages and working conditions can be established through collective bargaining, but the provisions of the national labour laws must be applied as a basic minimum. The Government indicates that few measures have been adopted to allow lower income groups and less developed regions to benefit from MNE activities.

*Convergencia Sindical*, the workers' organization, indicates that, apart from the special labour regulations applicable to export processing zones (EPZs) (see *infra* "The MNE Declaration and various economic zones and industrial sectors"), there are no differences in the laws concerning general working conditions.

## Peru

The Government of *Peru* indicates that wages, benefits and working conditions in MNEs are higher than the average offered by other comparable employers in the country. Wages and working conditions can be negotiated in collective agreements although labour law provisions are actually more flexible and, to that extent, a union role has tended to disappear. There are no specific measures to enable lower income groups to benefit from the presence of MNEs.

The *General Confederation of Workers of Peru (CGTP)* indicates that wages in MNEs favour the 10 per cent trusted elite, and in this respect they are more favourable, while the remaining 90 per cent in their enterprises receive precarious pay. CGTP also indicates that wages and working conditions are determined through collective agreements only in the small sector, where trade unions still exist, and even in those cases not independently. The CGTP is of the view that the Government has not taken any measures to enable lower income groups and less developed areas to benefit from MNE activities, nor does it consider that the Government has given any time to this matter. It estimates that unemployment and underemployment is at approximately 40 per cent and that the Peruvian people have benefited only minimally from the presence of MNEs.

## Philippines

The Bureau of Working Conditions (BWC), Department of Labor and Employment of the Government of the *Philippines*, states that MNEs offer comparative benefits and conditions of work, and that they meet existing labour standards requirements in most situations, which also applies with regard to OSH matters. The Philippine Economic Zone Authority (PEZA) of the Department of Trade and Industry replies that while MNEs offer

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higher wages and benefits than their national counterparts, working conditions in these enterprises compare to those prevailing in local undertakings. Regarding government measures adopted to enable lower income groups and less developed areas to benefit from MNEs' activities, BWC refers to the export processing zones that have been set up by the Government, under the authority of the PEZA. PEZA adds that efforts are undertaken to enhance the development of "ecozones", entailing, inter alia, developing forward and backward linkages, promoting employment facilities, skills training, and supporting infrastructural services. According to the Institute for Labor and Employment (ILS), the Government encourages the establishment of enterprises – whether local or multinational – in economic enclaves in lower income regions and in less developed areas. The Special Economic Zone Act, 1995, or the Republic Act No. 7916 provide the legal framework for this policy. ILS refers to the purpose of the law (section 3(b) of the Special Economic Zone Act) as providing for the "transformation of selected areas in the country into highly developed agro-industrial, commercial, tourist, banking investment, and financial centres, where highly trained workers and efficient services will be available to commercial enterprises". Section 5 of the Act initially identified certain areas where economic zones may be established. The respondents (BWC, PEZA, OSHC) state that the Government sets minimum wages and that the Labor Code governs minimum working conditions. Collective agreements may set more favourable wages and working conditions; however, as the rate of unionism within MNEs is low, only few companies operating in the economic zones resort to collective bargaining. According to ILS, the Trade Union Congress of the Philippines reported, during tripartite consultations held in 1997, that breach of minimum standards relating to wages, benefits and conditions of work has not been unusual.

## Poland

The Government of *Poland* reports that it has created SEZs in 15 regions to encourage investment by MNEs in areas with high unemployment and other economic disadvantages. The majority of the 200 companies that had invested in the SEZs by May 1999 are foreign owned.

The *All-Poland Trade Union Alliance (OPZZ)* reports that in the vast majority of cases wages, benefits and working conditions are less advantageous in MNEs than in comparable national enterprises. The OPZZ concurs with the Government that preferential treatment is given to investors, including MNEs, to increase investment in less developed regions. Wages and working conditions are determined by collective agreement.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* reports that wages and conditions vary from workplace to workplace, and position to position; "very positive examples" exist but "negative phenomena" have been observed, mainly at lower posts. There are situations where wages of highly qualified and high-level positions are excluded from the collective agreement in order to hide such earnings, which impedes wage negotiations.

## Portugal

The Government of *Portugal* indicates that conditions of work provided by MNEs are generally better than average in their respective sectors. In 1996 and 1997, for example, remuneration and hours of work in MNEs were clearly better than average by comparison with other enterprises in the respective sectors (data included). MNEs are covered by labour legislation and collective agreements.

The *General Union of Workers (UGT)* states that with a few notable exceptions, MNEs are bound by sector agreements and not by collective agreements. But even when collective sector agreements are not directly applicable because there is no union set-up in

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the enterprise, it is applied to them through the issuance of a government extension order. In practice, therefore, conditions of work are far in excess of those stipulated in the collective agreement with regard to wages, and particularly to the variable portion tied to bonuses and allowances. The UGT believes the Government should create certain conditions to encourage MNEs to operate in less developed regions, such as the south, and that the development gap evidenced by unemployment in certain regions is widening.

## Romania

The Government of *Romania* reports that wages, benefits and conditions of work offered by MNEs are generally more favourable than those offered by indigenous employers engaged in similar activities. This analysis has been formulated from the data provided through collective labour agreements registered with the directorates-general for labour and social protection in accordance with Act No. 130 of 1996. With respect to measures taken to enable less developed areas to benefit from MNE activity, the basic objectives of regional development policy in Romania are set out in Act No. 151 of 1999. The Government grants to investors in these “less-favoured” regions or “D zones” exemption from customs duty and exemption from tax, with one of the conditions being the creation of new jobs (Emergency Order No. 24 of 1998). Wages and working conditions are determined through collective agreements (Act No. 14 of 1991 concerning wages, and Act No. 130 of 1996 concerning collective labour agreements, amended and supplemented by Act No. 143 of 1997).

## Rwanda

The Government of *Rwanda* indicates that wages, benefits and conditions of work in MNEs are very favourable. Wages and conditions of work are not determined through collective agreements; no collective agreements have been concluded in the country because the trade union movement, a recent phenomenon in Rwanda, is “still weak”. The Government has not taken measures to assist lower income groups or less developed areas to benefit from MNE activities.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states that wages, benefits and conditions of work are not less favourable in MNEs than those offered by comparable local employment. It explains that the absence of collective agreements results from the lack of a tradition of collective agreements and, in addition, a “very young” trade union movement. It further states that it has no information on measures taken by the Government to enable lower income groups and less developed areas to benefit from MNEs.

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* state that the wages, benefits and conditions of work are not less favourable in MNEs than in the local enterprises, and indeed social protection and wages are more favourable than in other comparable local enterprises. No measures are taken to attract investment in less developed parts of the country and/or to benefit low-income groups. Wages and working conditions are determined through collective agreements.

## Senegal

The Government of *Senegal* reports that wages are largely determined by the local labour market conditions. Wages also vary according to the sector of activity. Generally, MNEs have greater financial resources than national enterprises. Consequently, they tend to pay wages and provide working conditions that are more favourable than those offered by national enterprises. MNEs apply scales determined by the local agreements in force

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and pay additional bonuses and benefits resulting from their social policy. The President of the Republic fixes, by decree, the guaranteed minimum inter-professional wage (SMIG) and the guaranteed minimum agricultural wage (SMAG), which constitute the “floor” wages. The authorities regularly arbitrate in collective bargaining to achieve wage increases for workers at the lowest income levels. Wages (apart from the SMIG and the SMAG which are fixed by decree) and working conditions are determined by collective agreements, company agreements and, in some cases, according to the decision of the employer.

## Singapore

The Government of *Singapore* reports that the Employment Act, which stipulates the minimum labour standards, offers protection to employees regardless of whether their employers are MNEs or not. The choice of occupation, terms and conditions of employment are determined through mutual agreement between the employer and employee. The agreed terms and conditions of the employment should not be less favourable than those provided in the Employment Act. Generally, there are about 300,000 employees who are members of workers’ unions. These are covered by collective agreements between the unions and their respective employers. Among other things, these agreements specify terms and conditions relating to salary, allowances, benefits and working hours. In general, MNEs offer similar terms of employment if not better. Matters of wages and salary structure can be determined through collective agreements as well. Collective agreements are valid for a period of two years. Finally, the Government reports that it has various assistance schemes to help the less fortunate and lower income groups to enable them to enjoy the fruits of Singapore’s economic progress.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* report that wages are higher in MNEs than those offered by national employers, but working conditions are generally of comparable level. The Government encourages investment in the less developed areas by providing tax relief to MNEs. To this end, a new law has been issued. In some MNEs, no trade unions have been established, so no collective agreements have been signed. However, the terms of collective agreements, if signed, have been complied with.

## Slovenia

The Government of *Slovenia* states that wages tend to be higher in MNEs than in national enterprises but this is due to the higher professional qualifications of employees. MNEs are subject to Slovene national law, like national enterprises, under which wages and working conditions are determined through the Labour Relations Act, the General Collective Agreement for the Commercial Sector, and collective agreements of the branch.

## South Africa

*Business South Africa (BSA)* indicates that, due to the competitive nature of the relevant sectors of the labour market, MNEs probably offer the same wages, benefits and working conditions as those offered by comparable employers. In order to enable lower income groups and less developed areas to benefit from MNE activities, the Government has launched a job creation fund, and actively promoted the public private partnerships – set up to involve the private sector in the provision of public services and infrastructure, particularly in the poorer regions of the country – and the industrial development zone policy in the Department of Trade and Industry. Wages and working conditions are determined through collective agreements, most of which are concluded at the sector level.



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The *Congress of South African Trade Unions (COSATU)* indicates that in the textile industry, MNE wages are lower than comparable local employers. The COSATU asserts that wages and working conditions are determined through collective agreements, except in cases where East Asian MNEs have sought to undermine the labour legislation.

The *Federation of Unions of South Africa (FEDUSA)* states that, in certain instances, MNEs offer substantially higher wages, benefits and working conditions than comparable local employers, due to factors such as their larger resource base, the lower cost of labour in South Africa compared to the home country, and the exchange rates between host and home country affecting salary levels. In those MNEs where there are trade unions, wages and working conditions are determined by collective agreements which, in the event of any violation, are enforceable through the Commission for Conciliation, Mediation and Arbitration (CCMA) or, if unsuccessful, by the judicial dispute settlement mechanisms in the country. However, workers employed by MNEs on a temporary or contract basis are governed by individual contracts that set wages and working conditions and are not protected by a collective agreement, even when there is one. The FEDUSA reports that the Government of South Africa ensures that MNEs establish in less-developed areas in order to benefit the development of these regions and lower income groups through job creation and development of local infrastructure. The FEDUSA, however, indicates that workers in these areas usually are neither cognisant of their rights nor of their employers' responsibilities towards them. They may overlook abuses by MNEs as they are grateful for the employment opportunities that these enterprises bring.

## Spain

The Government of *Spain* advises that Spanish legislation on working conditions is applied in all enterprises with workplaces on Spanish territory regardless of whether they are Spanish or foreign-owned. In the wages, benefits and working conditions offered to their personnel, MNEs operate within the general framework of the labour market like any other company, with the same guarantees derived from the Spanish Constitution and ordinary legislation for all workers. During the period of review and following consultation with the most representative trade union and employers' organizations, the Government fixed a minimum interoccupational wage sufficient to meet basic needs through Royal Decrees Nos. 2199/1995 of 28 December, 2656/1996 of 27 December, 2015/1997 of 26 December and 2817/1998 of 23 December. As regards other conditions of work, the new consolidation of the Act to promulgate a workers' charter lays down minimum standards for all workers in OSH, advancement and vocational training, working time and hours, night work, shift work and work schedules, weekly rest, public holidays and time off and annual leave.

The *Spanish Employers' Confederation (CEOE)* reports that, with regard to working conditions and, more particularly, wages and benefits in MNEs, by law these cannot be less favourable in MNEs than those offered by other comparable employers in the country. Both wages and working conditions are established through collective agreements.

The *General Union of Workers (UGT)* points out that wages and conditions of work in MNEs are the same or better but never worse than comparable domestic employers. In some cases with stronger unions, the pay and conditions of work are better in MNEs than in national companies. The UGT adds that wages and working conditions are normally established through collective agreements. The UGT indicates that no measures have been taken by the Government to enable lower income groups and less developed areas to benefit from MNE activities. However, there has been competition between the governments of the autonomous regions to attract investments by MNEs, offering them numerous benefits such as provision of land, certain tax exemptions, and investment aid. In this way, the richer regions can attract larger investments which could otherwise move to and improve other less developed areas.

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## Sri Lanka

The Government of *Sri Lanka* reports that wages, benefits and conditions of work in MNEs are generally more favourable than those offered by comparable employers in the country. Most of the MNEs (which are principally operating in manufacturing and construction industries) use the wage rates determined by the Wages Boards as the benchmark and pay little more than that rate, but the wages and working conditions are more favourable than those offered by comparable national employers. Some MNEs determine wages and working conditions through collective agreements. In this case the rates are relatively small. MNEs are encouraged to set up their activities in less developed areas. Accordingly, areas such as “industrial parks” and “industrial zones”, with adequate physical infrastructure and other basic amenities, are developed to attract MNEs. Various tax benefits and other incentives are also offered by the Board of Investment (BOI).

The *Employers’ Federation of Ceylon (EFC)* states that the terms and conditions in MNEs are generally more favourable than those offered by comparable local employers, and that collective agreements set such terms and conditions in most cases. The Board of Investment offers facilities and concessions to assist lower income groups and less-developed areas.

The *Ceylon Workers’ Congress (CWC)* is of the view that wages, benefits and conditions of work are more favourable in MNEs than comparable local employers. Wherever there are unions, wages and working conditions are determined through collective agreements; otherwise Wages Board rates apply. Incentives are given to MNEs to base their operations in rural areas.

The *Lanka Jathika Estate Workers’ Union (LJEWU)* informs that there is no standard salary for workers in MNEs. It notes that the minimum wages set by the Wages Board have placed workers in a disadvantageous position as MNEs stick to the minimum wages while they could pay higher rates.

## Sweden

The tripartite partners of *Sweden* report that, with regard to work environment, no distinction is made between MNEs and national enterprises.

## Switzerland

The Government of *Switzerland* reports that Switzerland practises the principle of contractual freedom regarding the determination of wages – the parties are free to negotiate wages (subject to the non-abuse of rights) without being bound by the legal minimum. However the parties are obliged to comply with the minimum wages fixed by collective labour agreements when: the parties to the employment contract are members of employers’ and workers’ organizations which are signatories to the collective labour agreement in question; or the scope of the labour agreement in question has been extended by a decision by the state authorities entailing application to all employers and all workers in the field covered by said agreement. Collective labour agreements cover approximately half of Switzerland’s workers.

The *Confederation of Swiss Employers (UPS)* indicates that the wages paid by MNEs are comparable to those paid by Swiss employers, part of a wage policy in keeping with market forces. In general, the wages paid by large companies, which includes most MNEs, are higher than those paid by smaller companies. MNEs are obliged by the Order limiting the number of foreign employees to offer foreign employees the same remuneration and working conditions, for the locality and occupation, as Swiss nationals. In view of the fundamental nature of the freedom of contract in Swiss law, enterprises have the choice of

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joining or not joining an organization of employers or a collective agreement. It is up to the social partners to determine which aspects are covered by the collective agreement. Many branches of the economy choose to conclude collective labour agreements, some of which cover wages. Others, like those in the engineering sector, in force since 1937, do not cover wages, which are fixed at company level. The Confederation mentions the Bonny decree which provides for support measures for economically less-developed regions which could encourage MNEs to set up in these areas.

According to the *Swiss Federation of Trade Unions (USS/SGB)*, differences in conditions of employment between MNEs and national enterprises cannot be determined. There are differences with respect to the presence and strength of trade unions, the demand and supply of workers and regional variations in the cost of living. There is no actual minimum wage. If an enterprise is bound by a collective agreement or if an agreement is declared generally binding, the enterprise must comply with the corresponding wage and employment conditions. Foreign workers must be paid at least the local and industry-specific wage.

#### Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* states that wages, benefits and conditions of work differ from company to company. In EPZs, for example, wages provided by enterprises are low and benefits and conditions of work are precarious. Financial institutions provide wages higher than those offered by other enterprises. The OTTU/TFTU is uncertain of any measures taken by the Government in order to enable lower income groups and less developed areas to benefit from MNE activities. As regards collective agreements, the OTTU/TFTU states that by means of the Minimum Wage Board, composed of the Government and employers' and workers' organizations, consultations on wages take place. All enterprises are supposed to determine the level of wages through collective agreements, but only some do.

#### Thailand

The Government of *Thailand* states that there is a minimum wage law which applies to all enterprises, including MNEs. Wages and working conditions are set in three ways: prescribed by law, by wage structure of the enterprises, and by collective agreement between employers and workers.

#### Togo

According to the Government of *Togo*, wages, benefits and conditions of work in MNEs are much more favourable than those offered by comparable employers in the country. Wages and working conditions are determined through collective agreements and pay agreements. There have not been any special measures to enable the low income groups and the less developed areas to benefit from MNEs' operations.

The *National Employers' Council (CNP)* states that wages, benefits and conditions of work are set by national legislation to ensure equality of treatment regardless of nationality, sex, age or other status. Wages and working conditions are determined by collective agreement except within the free trade zone.

The *Workers' Trade Union Confederation (CSTT)* agrees with the Government and adds that wages and working conditions are determined through works agreements as well as collective agreements and wage agreements. It affirms that there are no special measures for lower income groups in less-developed regions.

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The *Group of Autonomous Trade Unions (GSA)* differs, stating that the tendency is mostly to conform with national employment conditions which are more favourable to minimizing administrative costs. It stresses also that, in the field, MNEs lord it over everyone as regards trade unions to which they are opposed. It adds that, outside economic free zones, working conditions are determined by interoccupational or sectoral collective agreements. For EPZ practice, see *infra* “EPZs/SEZs”. It refers to two incidents in which an MNE (name given) is reported to have undermined the judicial system by persuading the lawyer representing the staff delegates to become the legal counsel of the MNE, and reportedly refused to pay sick leave to the secretary-general of a union after eye surgery despite properly documented certification and intervention by the International Union of Food, Agriculture, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Association.

## Trinidad and Tobago

According to the *Employers’ Consultative Association of Trinidad and Tobago (ECA)*, wages, benefits and conditions of employment in MNEs are not less favourable than those offered by comparable domestic firms. The Minimum Wages Order, 1999, ensures minimum wages applicable in all firms in the country. Not all MNEs have work agreements negotiated through collective bargaining.

## Turkey

According to the Government of *Turkey*, MNEs and national enterprises are subject to the same legal provisions on working conditions. Workers’ rights in enterprises are protected by the following laws and regulations: constitutional provisions (sections 10, 12, 48-51, 55 and 60), the Labour Act (No. 1475 of 1971), regulations on minimum wages under section 33 of the Labour Act, the Act (No. 2821 of 1983) on trade unions (sections 22, 25 and 31), the Act (No. 2822 of 1983) on collective labour agreements, strikes and lockouts, and the Free Trade Zones Act (No. 3218 of 1985). This legislative framework covers issues such as employment contracts, termination of employment with and without advance notice, leave compensation, minimum wage, organization of work, occupational safety and health, labour inspection, trade union organization and recognition, freedom of association and collective bargaining. Moreover, consistently with national practice, wages, benefits and conditions of work in MNEs should not fall below those applied by national enterprises. Salaries and working conditions in the country are determined in both national enterprises and MNEs through collective bargaining. Labour flexibility systems applied by MNEs are under study. In order to enable lower income groups and less developed areas to benefit from MNEs’ activities, the Government has adopted appropriate measures such as fiscal exemptions and reduced insurance fees.

According to the *Turkish Confederation of Employers’ Associations (TISK)*, relevant aspects of workers’ rights in MNEs are protected by national labour legislation which is applicable to all enterprises. A majority of MNEs in the country participate in the collective bargaining system regarding wages and working conditions. Collective agreements are entered upon either individually at enterprise level or through membership in a national employers’ organization. In order to enable lower income groups and less developed areas to benefit from MNE activities, the Government adopts the “necessary measures”.

The *Confederation of Turkish Trade Unions (TÜRK-İS)* reports that wages, benefits and conditions of work in MNEs vary according to the enterprises and the sectors in which they operate. The Government increased wages in the public sector, however, only to a limited extent due to the IMF programme in place, and the Confederation further indicates that negative consequences of such policies have included external debt, decreased tax income, widened income distribution gap, rising unemployment and a declining rate of unionization.

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## Uganda

In their joint response, the tripartite partners of *Uganda* indicate that wages, benefits and conditions of work are more favourable in the majority of MNEs than those offered by comparable employers in the country. Some aspects of wages and working conditions are determined through collective agreements. The Government encourages MNEs to employ indigenous workers, but there are no specific measures being taken to this end.

## Ukraine

According to the Government of *Ukraine*, in most cases, wages, benefits and conditions of work in MNEs are better than in the national enterprises. The Government has no data relating to benefits from MNE activities for lower income groups and less developed areas. The Government notes that enterprises, including MNEs, establish forms and systems of wages, labour standards, wage and salary rates and scales, conditions relating to supplementary payments, bonuses, awards and other incentives or compensation payments. These conditions are set out in collective agreements, strictly in accordance with the standards and safeguards provided in the law and sector agreements.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, concurs with the Government.

## United Kingdom

The Government of the *United Kingdom* reports that there is some evidence, in academic literature, that inward investors tend to pay higher wages than domestic firms. This may be accounted for by the evidence (though less conclusive) that inward investors tend also to have higher productivity than domestic firms. Other arguments have been put forward as to why wages might be higher than domestic firms, ranging from a willingness to pay a premium to attract the right workers to being more forward looking than domestic firms and wanting to retain its staff. There is also some dispute as to why productivity should be higher for foreign firms than domestic firms – given that a lot of UK domestic firms are themselves MNEs and have access to the same capital markets and technologies. The Government's promotion of opportunities for all (already mentioned in response to question 8) aims to encourage and enable everyone in society, including those from low-income groups and less developed areas, to take up opportunities to learn, to work and to participate fully in society. This includes the many opportunities provided by MNE activities. The Government has reformed tax and benefit systems to ensure that work pays so that people are not deterred from taking up work. Those reforms include the introduction of the national minimum wage in April 1999, a new 10 per cent basic rate of income tax, the introduction of a Working Families Tax Credit and reform to National Insurance contributions. The Government reports that it has introduced a number of programmes to help deprived communities to bridge the gap with their better-off neighbours. The New Deal for Communities is the centrepiece of the Government's new approach to tackling the problems faced by the poorest neighbourhoods. That programme takes a flexible, community-based approach aimed at improving job prospects, tackling high levels of crime, improving educational achievements and reducing poor health. Working in coordination with the New Deal are the Single Regeneration Budget, the new Regional Development Agencies, Education Action Zones, Employment Zones and Health Action Zones. The overall result is to ensure that people are not unnecessarily prevented from taking up employment and training opportunities, whether offered by MNEs or other organizations, by barriers such as low income or a disadvantaged locality. One measure used by the Government to encourage investors in areas of economic under-performance is the Regional Selective Assistance Scheme. Those areas include the EU-defined areas

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where GDP per capita is below 75 per cent of the EU average. Notably, there is no distinction made between MNEs and other types of enterprises, both can benefit from the grant scheme in the same way.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that MNEs offer wages, benefits and conditions of work that generally compare with and sometimes exceed those prevailing within national enterprises. Wages and working conditions are generally included in collective agreements for workers and employees, but not for professional staff and executives. Regarding measures adopted by the Government to enable lower income groups and less developed areas to benefit from MNE activities, there have been attempts to provide loans and fiscal exemptions, which have, however, proven insufficient.

## Viet Nam

According to the *Viet Nam Chamber of Commerce and Industry (VCCI)*, the wages, benefits and conditions of work in MNEs are higher than those offered by comparable domestic employers. Wages of workers are at the minimum wage and upwards, and they receive the thirteenth month salary at the end of the year. In MNEs where there are established trade unions, matters relating to wages and working conditions are incorporated in collective agreements, but many MNEs are still without a trade union. MNEs are still not investing in less developed areas due to lack of needed infrastructure, such as roads, electricity and water supply and telecommunications. To promote investment the Viet Nam Chamber of Commerce and Industry recommends that the Government develop the necessary infrastructure, ensure the right of use of groundwater and surface water to investors and, in high flood-risk areas, waive the payment of land use fees for ten years.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that, in some cases, MNE benefits and working conditions are less favourable than in comparable national companies; however, MNEs must abide by the minimum legal standards. There are no formal incentives to encourage MNEs to invest in rural areas, but the Government points out the rural opportunities available to MNEs as a form of encouragement. The law provides for wages and working conditions to be determined by collective agreement and many MNEs utilize this option.

## Zimbabwe

The Government of *Zimbabwe* reports that MNEs pay favourable wages and benefits to their employees; however, due to the increasing capital-intensive approaches of MNEs, employers are not paying market wage rates due to high unemployment. With regard to lower income groups and less developed areas, the Government has set up "growth point areas" with tax incentives for investors who provide employment in those areas. With the exception of domestic and agricultural workers, whose wages are determined by the Wages and Salaries Advisory Board, all other wages and salaries are to be established through collective bargaining.

## **Safety and health** (Paragraphs 36-39)

36. Governments should ensure that both multinational and national enterprises provide adequate safety and health standards for their employees.

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Those governments which have not yet ratified the ILO Conventions on Guarding of Machinery (No. 119), Ionizing Radiation (No. 115), Benzene (No. 136) and Occupational Cancer (No. 139) are urged nevertheless to apply to the greatest extent possible the principles embodied in these Conventions and in their related Recommendations (Nos. 118, 114, 144 and 147). The Codes of Practice and Guides in the current list of ILO publications on Occupational Safety and Health should also be taken into account.<sup>11</sup>

37. Multinational enterprises should maintain the highest standards of safety and health, in conformity with national requirements, bearing in mind their relevant experience within the enterprise as a whole, including any knowledge of special hazards. They should also make available to the representatives of the workers in the enterprise, and upon request, to the competent authorities and the workers' and employers' organizations in all countries in which they operate, information on the safety and health standards relevant to their local operations, which they observe in other countries. In particular, they should make known to those concerned any special hazards and related protective measures associated with new products and processes. They, like comparable domestic enterprises, should be expected to play a leading role in the examination of causes of industrial safety and health hazards and in the application of resulting improvements within the enterprise as a whole.

38. Multinational enterprises should cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards.

39. In accordance with national practice, multinational enterprises should cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations. Where appropriate, matters relating to safety and health should be incorporated in agreements with the representatives of the workers and their organizations.

- (14) (a) *Have the activities of MNEs caused any safety or health problems? If so, please identify them and indicate what is or is not being done by MNEs.*
- (b) (i) *Do MNEs maintain high standards of safety and health in conformity with national standards?*
- (ii) *Is their practice in this regard less favourable or better than that of comparable employers in the country?*
- (c) *Have matters related to safety and health been incorporated, where appropriate, in agreements with the representatives of workers and their organizations in your country?*

## Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides information from an MNE operating in the petrochemical sector (name of MNE given), indicating that its activities do not entail any particular health and safety problems and that a high level of safety is ensured in

<sup>11</sup> The ILO Conventions and Recommendations referred to are listed in "Publications on Occupational Safety and Health", ILO, Geneva, 1976, pp. 1-3. An up-to-date list of Codes of Practice and Guides can be found in the latest edition.

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accordance with national standards, at least equal to that of comparable employers in the country.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

### Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that, to date, there have been no health and safety problems specific to MNEs.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

### Argentina

The Government of *Argentina* notes that, as concerns safety and health, MNEs observe national standards and MNE standards are considered to be of a high level.

### Australia

With regard to health and safety issues, the Government of *Australia* notes that this generally falls within the jurisdiction of state and territory governments. The Government of New South Wales states that occupational health and safety legislation and the activities of New South Wales WorkCover contribute to the economic and social welfare of all workplaces in the state by creating safe environments for workers and visitors and encouraging appropriate rehabilitation management for injured employees. Occupational health and safety issues in Victoria are regulated under the Occupational Health and Safety Act, 1985, which is administered by the Victorian WorkCover Authority. There is little evidence that the activities, standards and agreements differ between MNEs and domestic enterprises of similar size, operating in the same industry because the Authority does not differentiate between MNEs and domestic companies.

The *Australian Council of Trade Unions (ACTU)* mentions that some MNEs (names petrochemical area) have had bad occupational health and safety standards, but most are at or above industry standards. An active tripartite OHS policy is followed and collective agreements include reference to OHS, in most cases.

### Austria

The Government of *Austria* reports that, in practice, MNEs with work councils, which are obligatory in large firms, can more readily institute special health and safety regulations, conditional on company agreements. Problems arise when an MNE is neither resident nor established in Austria as the regulations do not apply under this residential situation in the event of health or safety offences. No statistical information is available on standards of health and safety in MNEs, but labour inspectors' reports indicate a relatively high level.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH indicates that there are only slight problems regarding health and safety as high standards are maintained, for the most part. But, if the costs of implementing health and safety standards is too great, MNEs transfer production to other countries. ANG states that no specific health and safety problems exist as high standards are ensured and MNEs adhere more strictly to the regulations. ANG



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further states that there are no health and safety problems specific to MNEs as they generally maintain higher standards than comparable national enterprises.

## Bahamas

The Government of *Bahamas* indicates that MNE activities have not caused health or safety problems so far. In most cases, MNE standards are comparable or better than those of other employers in the country, in conformity with national standards. Matters related to health and safety have been incorporated in industrial agreements.

## Bahrain

The Government of *Bahrain* states that, regarding occupational safety and health matters, all enterprises, regardless of nature or type, are covered by the national legislation which provides the “required protection” against risks to workers and worksites and provides for a safe and healthy work environment. The country has ratified several well-known labour Conventions in this field, and employers and workers seek to achieve the necessary protection.

## Bangladesh

The Government of *Bangladesh* submits its views in accordance with those provided by the Bangladesh Employers’ Federation which follow.

The *Bangladesh Employers’ Federation (BEF)* observes that MNEs take cost-effective measures and special care aimed at reducing hazards to the minimum for their own interest, given the accountability required in national legislation with regard to hazardous occupational diseases. MNEs maintain high standards of safety and health in conformity with national standards. There is a legal system of collective bargaining between employers and workers; matters related to health and safety are incorporated, as appropriate, in the agreements.

*The Bangladesh Workers’ Federation (BWF)* notes that the activities of most MNEs have no safety or health problems and high standards are maintained in conformity with national standards. The practice of MNEs in this regard is better than that of national enterprises; but it advises that the Government should apply strict control on newly established MNEs. Matters related to health and safety have been incorporated in agreements with the representatives of workers.

## Barbados

The Government of *Barbados* states that in recent years the repetitive nature of certain jobs is causing health problems such as muscular disorders. In order to help workers with these problems, employers have incorporated physical exercise programmes at the workplace and offer physiotherapy to injured workers. In order to respect the national safety and health legislation, inspectors are required to verify that safety and health conditions at work are observed by all employers, including MNEs. The current legislation does not cover all workplaces but a broad legislation has been drafted and should be adopted in the near future. Most employers, including MNEs, try to maintain high standards of safety and health within their organizations. Safety and health matters are included in all collective agreements.

*The Barbados Employers’ Confederation (BEC)* reports that MNEs usually maintain high standards of safety and health at work, and have not caused any problems in this regard. Safety and health concerns are included in agreements with workers’ representatives and their organizations.

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The *Barbados Workers' Union (BWU)* states that activities of MNEs cause safety problems such as repetitive strain injuries due to unsuitable work environments. Some MNEs maintain high standards of safety and health in accordance with national standards. Agreements with workers' representatives and their organizations include safety and health matters.

## Belarus

The Government of *Belarus* reports that selective inspections carried out by the Ministry of Labour's Labour Inspection Committee show that national safety and health laws and regulations are fully respected by MNEs.

## Belgium

With regard to OSH, the Government of *Belgium* reports that regulations apply to all enterprises, and no specific problems inherent to MNEs arise. Relevant OSH legislation has been passed during the reporting period relating to Conventions referred to in paragraph 36 of the MNE Declaration. The two Royal Decrees of 4 May 1999, one on the use of mobile work equipment, and the other on the use of work equipment for the lifting of loads, as well as several earlier decrees, all relate in principle to the Guarding of Machinery Convention, 1963 (No. 119), and Recommendation No. 188: Convention No. 119 has not been ratified by Belgium. Although Belgium has not ratified the Occupational Safety and Health Convention, 1981 (No. 155), the Act of 1996 on occupational welfare and implementing decrees relate to well-being at work and serve as implementing legislation for Council Directive 89/391/EEC. The Royal Decree of 1999 on temporary and mobile sites, as well as specific regulations, relate to the Safety and Health in Construction Convention, 1988 (No. 167), which Belgium has not ratified. As regards prevention of major accidents, the Prevention of Major Industrial Accidents Convention, 1993 (No. 174), was ratified by Belgium in 1996. Although they are required to adhere to Belgian law, MNEs tend to apply the OSH standards of their home countries instead of the legislation of the host country. This practice does not necessarily guarantee a better level of OSH protection nor better respect of workers' privacy.

The *National Labour Council (NLC)* states that issues pertaining to MNEs, including OSH, should be subject to control. OSH matters are governed by general labour protection regulations, such as the Act of 1996 on workers' welfare, and its implementing decrees.

## Brazil

The Government of *Brazil* indicates that, depending on the raw material used to manufacture the final product, MNEs have to some extent altered the environment. This has, in part, created an imbalance in well-being which involves or relates to health and work. These processes, if not properly monitored, could lead to irreparable damage to the health of the workers concerned. Within the existing possibilities for an active labour inspection service to ensure that protection standards for work, safety and health are complied with, MNEs are leaders. Collective agreements entered into with the participation of the Tripartite Joint Standing Committee (CTPP) highlight the standard-setting aspects of safety and health at work. See also *supra* sections on "Background and aims" and "General policies".

The *National Confederation of Industry (CNI)* replies that activities regarding MNEs do not cause any safety or health problems. MNEs maintain high standards of safety and health in conformity with national standards as do comparable employers in the country. Matters related to safety and health have been incorporated, when appropriate, in agreements with the representatives of workers' organizations. The National Confederation of Industry also reports that, with reference to the difficulties in implementing standards

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for the prevention of accidents, environmental hazards and occupational diseases, the proportion of medium-sized and large companies that have a high or very high degree of difficulty implementing this legislation is lower than in the case of small companies. From this it can be inferred that the degree of implementation of standards in large companies is satisfactory.

## Bulgaria

According to the Government of *Bulgaria*, overall, MNEs have not caused OSH problems as their OSH policies fully comply with the legislation of the country as well as with international standards. Some suitable provisions have been made for safety and health dimensions with respect to labour conditions. The Government provides details on applicable laws, including fines, and on programmes on OSH matters, inter alia, the establishment of a “Working Conditions Fund” to finance programmes on the improvement of the working environment, the elaboration of programmes to prevent occupational hazards in unhealthy and dangerous working conditions, in accordance with the law on protection in the event of unemployment and promotion of employment. However, budgetary constraints oblige the Government to pursue a risk prevention policy very gradually. MNEs maintain high OSH standards in accordance with national standards and there are different preventive measures, such as modern protective equipment and clothing. However, these measures have proven “totally insufficient” in certain sectors such as the petroleum and the chemical industries and in the heavy soda and fertilizer industries. Moreover, tripartite committees on working conditions “barely justify their existence”. In general, though, OSH practice by MNEs exceeds that of most national enterprises. MNEs strictly observe OSH standards provided in the Labour Code. The integration of EU Council Directive (89/391/EEC) on the introduction of measures to encourage improvements in the safety and health of workers at work into the new national law on occupational safety and health of December 1997, has been instrumental in defining workers’ rights and obligations. MNEs apply a new recording system of occupational hazards, and effective communications take place at enterprise level on OSH issues while safety standards cover all the company’s operational processes. Investments in new industrial capabilities, ecology and equipment maintenance benefit workers, shareholders and the community as a whole. Training courses in safety and preventive measures adopted by staff prove positive, whereas medical examinations to prevent diseases are compulsory. Staff are actively involved in safety as part of their daily work as they, for instance, prepare reports on risks, rectify colleagues’ dangerous behaviour and set a personal example. As MNEs widen their influence in the country, safety standards are being introduced and assistance provided to national enterprises for purposes of awareness and carrying out firm policies relating to safety standards. MNEs voluntarily share their experience and to assist other undertakings in successfully applying good OSH practices and experiences of the EU. Only a few enterprises, among which are lesser known MNEs, observe OSH practice that compares unfavourably with national enterprises.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that MNEs do not cause any particular health and safety problems because of the limited number of MNEs in Burkina Faso and the relative importance of their field of activity. There was a case of gold washing being carried out in appalling conditions, which was not peculiar to MNE mining enterprises but common to all companies in this sector. Health and safety problems in small-scale mining enterprises are a general national problem that is taken into account by the competent government departments which, through audiovisual means and site inspections, have developed an intensive awareness campaign aimed at all the players involved.

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## Cameroon

The *Cameroon Confederation of Free Trade Unions* states that, initially, MNEs ensured a high level of safety and health standards compared to national standards. Currently, it is difficult to determine if this is still the case.

## Canada

The *Canadian Employers' Council (CEC)* notes that both MNEs and national enterprises are governed by Canadian national and/or provincial legislation stipulating various safety and health standards. MNEs have not only participated in industry associations and educational programmes concerning the improvement of workplace and safety and health standards, but have often taken a leadership role in this regard. In addition, through various organizations, MNEs participate in reviewing draft legislation or regulations dealing with occupational safety and health.

## Cape Verde

The Government of *Cape Verde* reports that MNEs have very high safety and health standards. Existing MNEs are in the light industry sector and thus present low safety and health risks.

## Colombia

The Government of *Colombia* reports that, as regards safety and health, MNEs have not caused problems; the same safety and health standards are applied by MNEs as by national enterprises. The national regulations on health and safety are the same for all employers, including MNEs, and involve joining the social security system respecting pensions and health and occupational hazards. This system covers not only the workers, but also the elderly and the families of workers. However, issues related to safety and health have been incorporated in agreements with workers' representatives and their employers and MNEs are able to establish their own standards through collective agreements which are generally better than those established under the national laws and more favourable to workers. Labour inspectors of the Ministry of Labour and Social Security are responsible for monitoring the implementation of standards set out in the Substantive Labour Code and collective labour agreements.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which confirms that one MNE (name given) maintains high standards of safety and health in conformity with national standards and that the practice is favourable in relation to comparable local employers. Health-related issues are covered by collective agreements.

## Costa Rica

The Government of *Costa Rica* reports that MNE activities have not caused any problems relating to health and safety, and the OSH situation in MNEs has improved since the mid-1990s. In the context of globalization, MNEs have seen the need to improve their working conditions and, to this end, some seek international certification such as ISO certification which requires companies, including MNEs, to comply with a number of procedures as well as national OSH standards. The MNEs generally have high health and safety standards, since they operate on the basis of guidelines from the parent company, and in an international competitive market. In most cases, MNE practices are more favourable than in national companies in this respect. Legislation concerning health and safety must be observed by all enterprises, national or multinational, and the Government

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indicates, in this connection, that the workers' representatives and their organizations have taken health and safety matters into account in collective agreements.

#### Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that with a few exceptions, health and safety in MNEs is at the same level as in national companies.

#### Croatia

The Government of *Croatia* states that the activities of MNEs have not brought about any additional problems in the field of protection of health since some units, which involved certain health risks, have been closed down, which improved the situation but at the expense of a number of workplaces. The enterprise regularly sends its controllers into the area of environmental protection, security of facilities and quality control. As far as OSH of the workers are concerned, the MNE maintains high standards which are better than comparable enterprises in the country. The standards are also higher than the OSH standards provided by the Croatian regulations. The parent company does not require this MNE to comply with higher internal corporate standards but only national regulations. The OSH standards have not been the subject of collective bargaining. However, minimum standards are established by the Safety and Health Protection at Workplace Act (No. 1183 of 1996) and "subordinate legislations". The Government believes that similar situations can be found in other MNEs operating in the country.

According to the *Confederation of Independent Trade Unions of Croatia (KNSH)*, the standards of OSH pursued by the MNE are in conformity with the national standards and its practice is better than comparable employers in the country. The activities of this MNE have not caused any health and safety problems. Matters related to OSH have been incorporated in agreements with workers' representatives, as appropriate.

#### Cyprus

The Government of *Cyprus* points out that national legislation that relates to OSH matters embodies the principles of the relevant ILO Conventions and a new Act of a wide scope ("The Safety and Health at Work Act") has been enacted and came into force during the period of review, encompassing all provisions contained in the Occupational Safety and Health Convention, 1981 (No. 155), and complies with EC Directive 89/391 on the introduction of measures to encourage improvements in the safety and health of workers at work. This Act, which applies to all enterprises, spans all sectors of economic activities and protects both workers and other persons who might be affected by work activities. MNEs maintain satisfactory OSH standards compared to national enterprises. Matters related to safety and health are not directly incorporated into collective agreements.

With respect to OSH matters, the *Pan-Cyprian Federation of Labour (PEO)* has not observed problems caused by MNEs' activities, and they abide by national standards; their practice is comparable to that of national enterprises. OSH matters are covered by national legislation to which reference is made to collective agreements reached with workers' organizations, and are subject to further discussions in enterprises endowed with safety committees to increase workers' protection.

#### Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that employees of MNEs may suffer industrial accidents or occupational diseases. MNEs comply with the national and international standards relating to safety and health at work. Their practice, in this regard, is considered to be better than comparable national employers.

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The *National Workers' Union of Congo (UNTC)* reports that, as in any enterprise, problems of safety and health arise in MNEs. The low level of legal protection (outdated texts for example), and the lack of extensive and varied indigenous expertise in this field explain the shortcomings and gaps. MNEs do not maintain high standards of safety and health in conformity with national standards. With respect to their comparison with comparable national employers, the UNTC simply reiterates their non-conformity with national standards.

## Denmark

As regards safety and health, according to the tripartite partners of *Denmark*, the activities of MNEs have not caused any safety or health problems and MNEs maintain high standards in this area – at the same level as those of any national or other type of enterprise in the same industry. Matters of health and safety at work form part of collective agreements.

## Dominican Republic

According to the *National Confederation of Dominican Workers (CNTD)*, there have been problems relating to health and safety in the mining sector due to the inappropriate discharge of toxic substances (names of two MNEs given). The same has occurred in export free zones and hotels belonging to international and national chains, as is the case of the over-exploitation of natural resources and discharging effluent into rivers. CNTD adds that there is no evidence of high safety and health standards in the MNEs in conformity with national standards, and that attention is paid in those MNEs to the worker, but not the worker and the environment.

## Ecuador

The Government of *Ecuador* has no knowledge of any specific problems relating to health and safety in enterprises. All enterprises must maintain minimum health and safety standards, as laid down by national legislation; specific problems are addressed through national procedures. The inspection systems are always insufficient in relation to the large number of enterprises that exist in the country, and national and foreign companies receive the same treatment. In general, the MNEs offer better health and safety conditions than the legal minimum and than those of other companies. The Ministry also emphasizes that MNE practice in this field is superior due to the technologies used by MNEs in certain production fields, but not much more than national companies. The subject of health and safety is always included in collective agreements.

## Egypt

The Government of *Egypt* reports that MNEs have not caused any safety and health issues/problems and they maintain high safety and health standards that conform with national standards and are similar to those applied by comparable national employers.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry (name given) reports that particular OSH problems caused by MNEs are not known and that MNEs maintain high OSH standards, notably industrial safety procedures, which considerably exceed those applied by comparable employers in the country. Moreover, OSH matters are dealt with jointly by the Government and MNEs. An MNE in the petroleum sector (name given) ranks OSH matters and the environment among its top concerns worldwide and its Egyptian subsidiary has an internal organization to ensure that the highest control levels and regular audits are applied in these areas. This particular MNE has obtained the ISO 1400 certificate for its

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exploration seismic activities and was declared the first exploration company in Egypt to acquire this.

#### El Salvador

The Government of *El Salvador* says that, so far, the activities of MNEs have not caused any problems relating to health and safety. In accordance with law, MNEs are obliged to maintain systems of health and safety standards comparable to those of national enterprises. Labour inspectors have free access in the zones in which MNEs operate to check working and employment conditions there, in accordance with article 38 of the law on the organization and duties of the labour and social welfare sector. MNE practice in the field of health and safety is of a high level and is comparable to that of other employers in the country.

#### Eritrea

The Government of *Eritrea* indicates that, pursuant to its Labour Proclamation No. 8/91, there is no distinction between national enterprises and MNEs with regard to safety and health.

#### Estonia

The tripartite partners of *Estonia* state that MNEs maintain “sufficient” standards of health and safety, better than comparable employers. Generally, health and safety issues have been incorporated in agreements, in conjunction with workers’ organizations.

#### Finland

The tripartite partners of *Finland* note that as regards OSH, it is not possible to depart from the minimum level prescribed by law. The OSH authorities supervise multinational enterprises in the same way as they do the national enterprises.

#### France

According to the *French Confederation of Executive Staff (CFE-CGC)*, all enterprises, whether national or multinational, are covered by national legislation, which is certainly still incomplete with regard to OSH matters. The Confederation asserts that MNEs maintain high standards of safety and health. However, MNEs endeavour to evade the legislation by influencing the adoption of international treaties favouring their interests within the WTO (reference also made to the then-proposed Multilateral Agreement on Investment (MAI)).

#### Gabon

The *Confederation of Gabonese Employers (CPG)* reports that MNE subsidiaries operating in the country are aware of potential health and safety dangers that could be involved in the development of their activities, and that almost all have “environment and safety” units and medical centres.

#### Germany

The Government of *Germany* reports that safety and health standards in MNEs are generally high, and are subject to the same regulations as national enterprises.

The *Confederation of German Employers’ Associations (BDA)* states that to their knowledge the standards of safety and health of multinational enterprises do not differ

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from those applied by national enterprises. The Association is not aware of any safety and health problems caused by the activities of MNEs.

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which refers to an annexed reply of the accident insurance institution for the postal and telecommunications workers (copy of which was unavailable).

## Ghana

The *Trades Union Congress (TUC)* notes that, with regard to MNE activities and health and safety issues, there has been pollution of some rivers in mining areas, and tuberculosis is common in the mining towns. It notes that MNEs dig wells to provide potable water for the community and conduct frequent screening of individuals to provide “good treatment” for those affected. MNEs maintain high standards of health and safety, better than those of comparable national employers. Matters related to health and safety have been incorporated in agreements concluded with workers’ representatives.

## Greece

The Government of *Greece* reports that labour laws in the field of safety and health do not discriminate in any way and do not contain any provision liable to be more or less favourable to MNEs. All enterprises must provide a high level of safety and health for workers in accordance with the labour laws, which the Government monitors and implements in the same way in national enterprises and MNEs.

The *Federation of Greek Industries (FIG)* reports that MNEs operate with a high level of safety and health that is fairly often above the level of national standards.

## Guatemala

The Government of *Guatemala* states that some agro-industrial MNEs have negative effects on the health of workers and inhabitants living near the workplace. The type of fungicides used and the lack of preventive and protective measures and training for workers have a detrimental effect on health and safety. To counter this, the Instituto Guatemalteco de Seguridad Social (Guatemalan Social Security Institute) (IGSS) carries out a number of activities including setting up and advising safety and health committees; making an enterprise diagnosis for the implementation of strategies to prevent and control work hazards; providing specific training according to the risks involved in the enterprise; advising on the setting up of a system of epidemiological information and monitoring, as well as work accidents; and providing advice and capacity building for workplace medical services through a supplementary health-care system. In general, the Government considers MNEs have high standards as regards health and safety in conformity with national regulations. It also indicates that health and safety practices in MNEs are more favourable because they have better methods of monitoring and detection of risks to workers. When collective agreements are negotiated between trade unions and employers’ organizations, these include matters relating to workers’ health and safety.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* knows of no major incidents although there are some high-risk enterprises, for instance oil companies and chemical industries. CACIF perceives that the safety and health practices of MNEs are generally higher than those required by local legislation; furthermore, they are on an equal footing to those seen in comparable national enterprises. Efforts have been made by the Ministry of Labour and Social Welfare to improve levels of occupational safety and health by way of amendments to legislation and more effective inspections. Consultations have been held with the employers’



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representative bodies and the leading organization. Given that the negotiation of collective agreements on the industry level is not common in CACIF's experience, CACIF considers that the issues to which this question relates are generally addressed in collective agreements concluded between enterprises and their workers, and that this type of bargaining is frequent in MNEs.

## Guyana

The Government of *Guyana* reports that, to a large extent, MNEs maintain high standards of safety and health and their practices are slightly better than comparable local enterprises. However, there are instances where the activities of MNEs have resulted in health hazards. A cyanide spill in mining operations causing contamination of water, pollution and health problems is cited as an example. There is an ongoing discussion between the Government and MNEs with a view to seeking a solution to this problem. The Government notes that, except in the organizations that are not unionized, matters relating to health and safety are incorporated in labour agreements.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that the National Labour Safety and Labour Inspectorate does not maintain specific records so no factual data is available on safety problems caused by MNEs. However, according to its experience, MNEs maintain high standards of health and safety. Some MNEs are in line with national standards and others are in line with the standards of their home countries, including the EU, United States and Japan. The Government reports that relevant practices of most MNEs are better than the majority of Hungarian employers. Where appropriate, safety and health matters are incorporated in agreements between MNEs and workers' organizations. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that MNEs in general are very careful to avoid any health and safety problems on their premises, which it notes is another indication of how they surpass the national average. They note that MNEs are gradually trying to close the gap between their Hungarian subsidiaries and the standards applied by their home country. The employers agree with the Government that, generally speaking, the level of occupational health and safety is better in MNEs than in their Hungarian counterparts. They note that MNEs are aware that it is in their interest to observe at least national standards. The employers point out that safety and health matters are included in collective bargaining in some industrial branches, where those matters have emerged in negotiations. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions and the National Federation of Workers' Councils, tripartite partners, report that the activities of MNEs occasionally cause occupational health and safety problems. The trade unions report, in the food industry, that an MNE tried to cover up industrial accidents. However, the trade unions acknowledge that most MNEs emphasize occupational health and safety and in some cases environmental protection as well. MNEs are very strict about complying with regulations, putting in place controls on a regular basis and taking other measures. Thus, MNEs comply with Hungarian health and safety standards. Further, the trade unions point out that the practice in most MNEs is more favourable on health and safety issues than the national standards, with the exception of the textile industry.

## India

The Government of *India* states that MNEs follow the national laws, rules and regulations in respect to OSH and environmental hazards.

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## Indonesia

The Government of *Indonesia* indicates that MNEs generally apply high standards of occupational safety and health. Some MNEs have been criticized for failing to protect the environment. The Government states that, in several companies that have unions, the workers are involved in the Committee of Occupational Safety and Health.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* reports that matters related to health and safety in the workplace are governed by the Safety, Health and Welfare at Work Act, 1989, which applies to all enterprises which means that all enterprises, including MNEs, maintain similar safety and health standards.

## Italy

The Government of *Italy* notes that the MNEs have not caused problems different than those caused by local enterprises; the usual procedures applied are similar to those of comparable national enterprises (same sector and size).

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to the Government.

## Jordan

The Government of *Jordan* reports that no safety or health problems have been reported as a result of MNE activities. Reports of safety and health inspectors show that MNEs maintain very high standards of safety and health for workers. The practice of MNEs and national enterprises is the same with regard to safety and health because they are obligated to comply with the same national standards. All matters related to safety and health are incorporated into agreements with representatives of workers and employers and their organizations.

The *Amman Chamber of Industry (ACI)* agrees with the Government's comments on health and safety, and adds that safety and health matters are incorporated in agreements as well as in the labour law.

## Kenya

The Government of *Kenya* points out that MNEs have caused a number of health and safety problems in their operations, especially exposure to chemicals. Although there are laws regulating OSH standards, the local enforcement system is "not very effective". MNEs take advantage of the "weak systems" to operate at a much lower level of standards, even though they operate at very high standards in their home countries. This has led to high levels of exposure, especially to chemicals, and other occupational hazards. Although the workers may be aware of the hazards, they rarely complain due to the potential risk of being easily replaced from a large reserve of unemployed workers. Should there be an effective enforcement mechanism in place, the practice of MNEs would be better. However, in EPZs, MNEs are exempt from health and safety laws, an incentive to investors which is likely to be revoked. Very few, if any, MNEs have incorporated health and safety matters into collective agreements with the workers' representatives since, in most cases, the MNEs do not allow their workers to join the trade union movements, particularly in EPZs. Aspects of working conditions other than wages, especially those relating to health and safety, are not covered by collective agreements since workers are just becoming aware of the need and right for health and safety.

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## Korea, Republic of

The Government of the *Republic of Korea* reports that MNEs' activities have not caused any safety or health problems. MNEs maintain high standards of health and safety in conformity with national standards; their practice is not less favourable than comparable employers in the country. Matters to do with health and safety have been incorporated in agreements with the representatives of workers and their organizations.

The *Federation of Korean Trade Unions (FKTU)* reports that it knows of no serious cases of safety or health problems in MNEs.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* report that they are not aware of any safety and health problems concerning MNEs. MNEs maintain high standards of safety and health in conformity with national standards and equal to those of comparable employers in the country.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that the activities of MNEs have not caused additional safety or health problems. One MNE (name given) has additional life and health insurance for all employees, and another MNE (name given) in the construction industry provides health insurance for all employees. Some MNEs support sports, cultural and health rehabilitation programmes. LBAS reports that safety and health matters are being "solved" with the help of collective agreements.

## Lebanon

The Government of *Lebanon* notes that MNEs must abide by national laws on safety, health and work accidents, and notes that MNEs are more strict than other enterprises in environmental protection and production processes, and they maintain this approach in their dealings with other enterprises.

## Lithuania

The Government of *Lithuania* reports that data from the State Labour Inspectorate show no health and safety problems specific to MNEs, where the "state" of health and safety is often better than that in national enterprises (names of MNEs given). The Government adds that, while the same OSH standards are in force in national enterprises and MNEs, stricter supervision of personal safety measures occurs in MNEs.

The *Confederation of Lithuanian Industrialists (LPK)* reports that there are standardized safety and health-care requirements for all enterprises operating in the country.

Regarding health and safety in the workplace, the *Unification of Lithuanian Trade Unions (LPSS)* points out that the activities of MNEs have not caused OSH problems in the country, and great attention to OSH and all other laws is given by MNEs, which often insure employees against sickness and accident in the workplace, a practice that is rare with national employers.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* indicate there are frequent health problems for workers in MNEs, such as headaches, eye fatigue, flu, toothaches and wrist strain, due to work rates. MNEs do not provide health and safety standards that meet

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national standards. Despite the fact that they are fairly new, MNE facilities do not always meet conditions for a safe, healthy environment. For example, ventilation and sanitary facilities may be insufficient or defective; fire protection equipment may be inoperative.

## Malaysia

The tripartite partners of *Malaysia* report that, while there have been cases where MNEs' activities have given rise to industrial pollution, they maintain OSH standards that are in general higher than those maintained by comparable employers. OSH matters are governed by the legislation and it is both the enterprises' and their employees' responsibility to abide by the law.

## Malta

The *General Workers' Union (GWU)* reports that there are no known health and safety problems resulting from the activities of MNEs. The union states that national standards on safety and health are "non-existent". The union reports that the practice of MNEs regarding health and safety is better than that of comparable national employers. Where potential hazards are identified, protection is provided through collective bargaining.

## Mauritius

The Government of *Mauritius* reports that the Workmen's Compensation Act (RL5/605) and specific provisions in the National Pensions (Industrial Injuries) (Amendment) Regulations (No. 28 of 1986) regulate occupational accident and injury, covering workers in all enterprises, including MNEs. Activities of MNEs have not caused safety and health problems. National enterprises and MNEs are subject to the same enforcement policies and compliance requirements concerning the occupational safety and health legislation in force.

## Mexico

The Government of *Mexico* reports that no relevant information was received through consultations on the issue of safety and health problems. All companies must comply with standards on working conditions contained in the Political Constitution of the United Mexican States, international agreements and treaties ratified by Mexico, the Federal Labour Law, federal regulations on safety, health and work environment, contract law, and collective labour agreements and individual employment contracts. MNEs and other enterprises must apply regulations on safety and health issued by the Secretariat for Labour and Social Security; there are currently 104 regulations relating to installations of workplaces (20), personal protection equipment to be used by workers (six), pollutants in the working atmosphere (76), and administrative procedures on safety and health in the workplace (two). The Government also points out that article 161 of the Federal Law on Safety, Health and Work Environment provides that when the Secretariat determines that employers are not meeting safety and health regulations, it shall notify the Federal Public Administration for legal follow-up. The Government reports that regulations and laws on safety and health are applied equally to MNEs and national enterprises. All enterprises, foreign and national, are responsible for preventing risks and occupational diseases by safeguarding the health of workers exposed to contaminants, noise, dust, toxic chemical substances and by ensuring the correct functioning of machinery and equipment, safety conditions for pressurized containers and steam generators, and all other production processes in the workplace. Safety and health matters are incorporated in collective agreements and the Federal Labour Law set forth the criteria for the establishment and functioning of the safety and health committees (article 391, section IX, and article 132, section XVI).

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The *Confederation of Mexican Workers (CTM)* indicates that under the Federal Labour Law, there is a provision for the formation of a tripartite committee on OSH involving a gender-balanced representation of workers, employers and the Government in view of the fact that health is one of the fundamental rights of the individual and society.

#### Moldova, Republic of

As regards safety and health, the Government of the *Republic of Moldova* notes that no record exists of problems caused by MNEs. MNEs comply with the provisions of safety and health legislation as well as with specific measures indicated as a result of industrial health and safety inspections. Since MNEs have greater financial resources, they tend to resolve problems relating to labour protection faster than do local enterprises.

#### Morocco

The *Democratic Labour Confederation (CDT)* reports that MNEs have started to pay attention to health and safety issues, and that health and safety conditions in MNEs are generally better than in local companies.

#### Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* reports that MNEs' activities, in some sectors, have caused health and safety problems. Manufacturing and distribution activities, because of the long working hours, cause workers to suffer fatigue, accidents and other illnesses. Some MNEs maintain high standards of health and safety in conformity with national standards – their practice is “the best” in the country. Health and safety matters have been incorporated in agreements.

#### Myanmar

The Government of *Myanmar* indicates that the activities of MNEs have not caused any safety or health problems so far. MNEs maintain high standards of safety and health in conformity with national standards; the practice of MNEs is better than that of comparable employers in the country. Matters related to safety and health have been incorporated into the scope of inspection agencies such as the “Factories and General Labour Laws Inspection Department”.

#### Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that no safety or health problems specific to MNEs “have been observed in particular”. Safety and health standards are maintained equally by MNEs and other employers. Safety and health issues are rarely incorporated into collective agreements.

#### Netherlands

The Government of the *Netherlands* reports that MNEs maintain national standards on safe and healthy work, as required by the Working Conditions Act. The Government has not observed any distinction in health and safety standards or measures to uphold the Working Conditions Act between MNEs and comparable national companies. An increasing number of specific health and safety issues are determined by collective agreement; the agreements further elaborate on existing legal obligations and on practical measures. The Government notes that negotiations vary with the branch of industry, covering issues such as heavy physical work, stress or dangerous substances. The Government notes that another form of agreement, the “covenant approach”, was initiated by the Ministry of Social Affairs and Employment on the issue of prevention of illness and

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disability. The first negotiations of this sort started within branches of industry in 1999. For structural changes in 1997, the Government refers to its report on Convention No. 155 sent to the ILO in 1999.

## New Zealand

The Government of *New Zealand* reports that the Health and Safety in Employment (HSE) Act, 1992, applies equally to all employers, including MNEs. Information on the performance of MNEs is not collected separately, but there are no indications that MNEs are more or less likely to comply with the HSE Act than other employers. The Employment Contracts Act, 1991 (currently under repeal), provides employers and employees with the “ability to determine what matters they wish to negotiate”, which can include contractual provisions dealing with health and safety or collective employment contracts.

The *New Zealand Employers’ Federation (NZEF)* indicates, in its comments on the Government’s report, that it agrees with the views of the Government.

The *New Zealand Council of Trade Unions (NZCTU)*, commenting, in its report, on the Government’s report for that Survey, “notes” the Government’s response to this section and has no further comments.

## Nicaragua

The Government of *Nicaragua* reports that MNE activities have not caused any OSH problems and that MNEs maintain safety and health standards in conformity with national law. MNEs and domestic employers apply high standards for occupational safety and health. Matters relating to health and safety have been incorporated, where appropriate, in agreements.

## Norway

The Government of *Norway* reports that MNEs do not play a leading role in the country on safety and health matters, nor in remedial or preventive measures. MNEs must abide by the provisions of the Act respecting workers’ protection and the working environment that concern cooperation between employer, employees and the Directorate of Labour Inspection. The Directorate of Labour Inspection supervises compliance with the health and safety provisions in the Act. MNEs have not caused special problems in the area of health and safety, nor have MNEs higher or lower standards concerning health and safety at work. The contents of collective agreements vary from industry to industry; some collective agreements, such as in the metal industry, have provisions on health and safety. Norway has ratified the ILO Guarding of Machinery Convention, 1963 (No. 119), the Radiation Protection Convention, 1960 (No. 115), and the Occupational Cancer Convention, 1974 (No. 139). Norway has not ratified the ILO Benzene Convention, 1971 (No. 136). The Government contends, however, that Norway complies with the principles in Convention No. 136 as a result of the implementation of Convention No. 139 and Norwegian legislation, in general, covering this area. The Government of Norway notes that, due to the special situation on Svalbard (islands north-west of Norway) there are, in force, provisions on working conditions and on health and safety that differ slightly from the rules in the Working Environment Act.

## Oman

The *Oman Chamber of Commerce and Industry (OCCI)* reports no health and safety issues specific to MNEs; they conform to national standards and their practice is often better than that of comparable domestic companies.

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## Pakistan

The Government of *Pakistan* replies that MNEs' activities have not caused any safety or health problems; when issues arise they are dealt with on a case-by-case basis. MNEs maintain high standards of safety and health in conformity with national standards. Generally, practices of MNEs in this respect are better than those of comparable employers in the country. Matters in relation to safety and health have been incorporated in agreements with representatives of workers and their organizations in the country.

The *National Labour Federation of Pakistan (NLF)* indicates that, generally, MNEs maintain high standards of safety and health in conformity with national standards. Their practice in this respect is better than that of comparable employers in the country. Matters related to safety and health are incorporated in agreements with the representatives of workers and their organizations.

The *Pakistan Labour Federation (PLF)* states that the activities of MNEs do not cause health and safety problems. It considers that MNEs maintain standards in conformity with national laws, and that the practice of MNEs, in this respect, is better than that of comparable employers in Pakistan. There have not been any agreements with workers concerning safety and health matters.

## Panama

The Government of *Panama* states that MNEs have caused some problems as regards the health and safety of workers. For example, in the banana sector, workers are constantly lodging complaints with the Ministry of Labour and Employment due to the use of polluting substances which have negative effects on the health of workers, residents and the environment where MNEs operate. Most MNEs maintain health and safety measures in keeping with international standards, such as those of the ILO, as well as other external standards (NIOSH, OSHA), which are, generally, stricter than those existing elsewhere in the country, and OSH practice under these standards is no better or worse than that of local employers. As regards the incorporation of matters related to safety and health in agreements signed with workers' representatives, the Government says that such points are included but are not given the importance that they deserve since the greatest emphasis is placed on economic aspects.

## Peru

According to the Government of *Peru*, there is no record of any problems connected with health and safety as a result of MNE activities. Safety standards are not grouped together but rather are applied according to the sector of economic activity concerned. Safety may be included in collective bargaining, depending on the union concerned. There is no information available as to whether MNE practice in this field is more or less favourable than that of other comparable employers in the country.

The *General Confederation of Workers of Peru (CGTP)* reports that MNE activities have caused pollution of the environment and of natural resources, including the ocean, and MNEs do not take preventive efforts, adding that this is not really a problem with MNEs but with the existing legislation in the country. However, matters relating to occupational health and safety have been included in the agreements that have been signed.

## Philippines

The Government of the *Philippines*, through the Bureau of Working Conditions (BWC), the Philippine Economic Zone Authority (PEZA) and the Occupational Safety and Health Centre (OSHC), reports that there have been cases where MNEs' activities have

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caused OSH problems, as workers have been exposed to chemicals – possibly trichloroethylene – and subsequently affected by the “Steven Johnson Syndrome”. Moreover, specific problems relating to dangerous manual processes involving risks to the musculoskeletal system still arise. Even though most technologies and processes used by MNEs have been accepted globally, there is a need for the MNEs to better train and prepare local workers. Consequent to the reporting of these problems, concerned MNEs have collaborated with the competent government authorities in order to comply with the required standards. MNEs should adapt the safety requirements inherent to the technologies they use in their home country corporate OSH programmes, rather than “simply” abiding by the OSH standards under the Labor Code; such adaptations are already practised particularly by MNEs of American or European home country origin. Other MNEs, especially in the manufacturing of electronics, go further by acquiring ISO certificates and their OSH standards and practices exceed those applied by other employers in the country. BWC and OSHC reply that OSH matters are incorporated into collective agreements and that some unionized MNEs have incorporated OSH provisions while most MNEs operating in EPZs are still non-unionized. According to ILS, the Trade Union Congress of the Philippines reported, during tripartite consultations held in 1997, that relevant information on OSH standards has not been made available.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that the activities of MNEs do not cause health and safety problems; they have standards that are comparable or better than those in national enterprises. The OPZZ reports that principles on occupational health and safety are considered in negotiating collective agreements and social pacts.

The *Independent Self-governing Trade Union “Solidarność” (NSZZ Solidarność)* agrees that, generally, the activities of MNEs do not cause health and safety problems and that MNEs try to maintain standards comparable with national standards in this area.

## Portugal

The Government of *Portugal* indicates that legislation and national policy governing safety and health at work also apply to MNEs. There are specific issues concerning illnesses that affect workers in enterprises engaged in certain activities such as a form of tendonitis found in workers in electronics components factories. One of the best known cases involves MNEs whose production-line workers are suffering from forms of tendonitis.

The *General Union of Workers (UGT)* notes that because of their size, MNEs are able, under national legislation, to set up their own workplace safety and health services. This is usually done and the procedures and regulations are followed in all the enterprise branches or affiliates in the group. For example, an electronics component company (name of MNE given) found tendonitis among 700 workers out of the 2,000 on the payroll. As a result of union action in response to the intransigence shown by the administration which rejected any link between the way the work is done and tendonitis, the National Centre for Protection against Occupational Hazards (CNPRP) has been called upon to recognize that workers temporarily affected as a result of this condition (mainly women workers) should be paid compensation throughout the period of injury.

## Romania

The Government of *Romania* reports that MNEs have caused no safety or health problems, and are considered much more receptive to the implementation of specific measures, established on the occasion of inspections, relating to health and safety at work.



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MNEs comply with health and safety standards, and, compared to employers with local capital, resolve problems in this area much more promptly, thanks to financial resources.

## Rwanda

The Government of *Rwanda* reports that there are no safety and health problems caused by MNEs, which must comply with the country's laws and regulations on safety and health, like other employers in the country.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* has no information on the questions asked relating to OSH and MNEs.

## Saint Vincent and the Grenadines

As regards safety and health, the tripartite partners of *Saint Vincent and the Grenadines* confirm that MNEs maintain high standards in accordance with national standards and that their activities have not caused any safety or health problems. The OSH practice of MNEs is better than that of comparable employers in the country. Matters related to standards of health are incorporated, where appropriate, in collective agreements.

## Senegal

The Government of *Senegal* reports that, in the field of health and safety at work, Senegal has minimum standards regulations on industrial safety and industrial medicine, which are applicable to all enterprises. These provisions are often better observed by MNEs, which sometimes apply higher standards than those in effect in other enterprises. The experience and resources of MNEs could explain the situation as they have more modern technology and production methods than those used by most indigenous companies. The Government points out, however, that compliance with the provisions of health and safety at work also varies according to the sector of activity and the size of the MNE. As a general rule, health and safety conditions are better in industry than in agriculture, while large enterprises attach much more importance to health and safety conditions than small companies.

## Singapore

According to the Government of *Singapore*, the activities of MNEs do not cause any serious safety and health problems. Most of the MNEs have maintained high standards of safety and health in conformity with national standards. The MNEs' practice in this regard is either on a par or better than that of the comparable employers in the country. Matters related to health and safety have been incorporated where appropriate, in agreements between employers and employees in unionized companies, subject to certain minimum provisions imposed by the Employment Act and the Factories Act which dictates safe working conditions.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate that the activities of MNEs have not caused any safety or health problems; the MNEs maintain high standards of safety and health. However, the Trade Union Confederation of the Slovak Republic notes that a deterioration in standards has been observed. As concerns safety and health, the terms of collective agreements concluded at the level of the Trade Union Confederation are complied with in MNEs but there are no trade unions in some of the MNEs.

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## South Africa

*Business South Africa (BSA)* indicates that it is not aware of OSH problems caused by MNEs; these enterprises maintain the same OSH standards as their local counterparts. OSH matters are embodied in labour contracts at the enterprise level and by MNEs complying with the relevant legislative provisions.

With regard to health and safety problems in MNEs the *Congress of South African Trade Unions (COSATU)* refers to a major case involving a European company (name of MNE given) in the mining sector, indicating that details are available upon request.

The *Federation of Unions of South Africa (FEDUSA)* states that OSH standards are only an issue for MNEs operating in high-risk sectors, such as chemicals or health care. Workers are reported to be removed from their workplace and dismissed when they no longer can assume their responsibilities due to OSH problems, which is the case, for example, of workers exposed to asbestos in the workplace, who are dismissed when they become too ill to be productive. In this context, FEDUSA recommends that the Government and the trade unions encourage MNEs and comparable employers to remove the hazard to the worker, instead of removing the worker after the hazard has affected the workers. Even though HIV/AIDS is not an occupational disease, employers are involved in the avoidance of transmittance of the disease at the workplace, and the measures adopted include: the use of protective clothing, first-aid education to the workers in the event of an accident or, in the absence thereof, the establishment of nurse services. Due to the existence of such measures in their home country, some MNEs operating in South Africa have launched awareness programmes and pioneered appropriate OSH facilities and education; this has caused a ripple effect in the business community. FEDUSA asserts that certain MNEs provide for better standards than their local counterparts, as they have access to the latest technology while others fall short of the standards applied by national employers as they consider them unnecessarily costly. OSH matters are subject to negotiations with the trade unions which strive to include these in the collective agreements based on sectorally specific models for OSH workplace policy developed by each union within the specific sector. FEDUSA provides for extensive training on OSH matters, on how to ensure their integration into the workplace and to incorporate these matters in collective agreements.

## Spain

The Government of *Spain* indicates that standards of health and safety at the workplace are based on article 40.2 of the Spanish Constitution in which, in the section concerning the governing principles of social and economic policy, it is stipulated that the authorities must safeguard health and safety at work during the period under review. The most important standard adopted by the Spanish Government was the Act on the prevention of occupational hazards, Act 31/1995 of 8 November. The Act applies to MNEs as well as national enterprises, and sets forth obligations respecting relations with workers, including information sharing, consultation, and training in safety measures. Numerous provisions have been enacted under this Act, including the following: Royal Decree 486/1997 of 14 April 1997 (minimum requirements at the workplace), Royal Decree 1627/1997 of 24 October 1997 (minimum health and safety requirements in the construction industry), Royal Decree 413/1997 of 21 March 1997 (protection of workers exposed to ionizing radiation), Royal Decree 487/1997 of 14 April 1997 (requirements for workers handling loads), Royal Decree 664/1997 of 12 May 1997 (protection against carcinogenic substances), Royal Decree 773/1997 of 30 May 1997 (minimum requirements concerning the use of personal protective equipment), Royal Decree 1215/1997 of 18 July 1997 (establishing minimum requirements for the use of working equipment by workers), Royal Decree 1216/1997 of 18 July 1997 (minimum requirements on board fishing boats), Royal Decree 1389/1997 of 5 September 1997 (minimum requirements for mining

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workers), Royal Decree 216/1999 of 5 February 1999 (minimum requirements for temporary employment agencies), Royal Decree 258/1999 of 12 February 1999 (minimum requirements for health protection and medical assistance for seamen). Concerning the incorporation of safety and health issues in agreements between MNEs and employees, some agreements contain clauses on OSH, in the form of a summary of principles or references to internal bodies competent in such matters. With the new consolidation of the Workers' Charter, collective bargaining increasingly pays attention to OSH issues.

The *Spanish Employers' Confederation (CEOE)* replies that MNEs have high levels of health and safety in conformity with national standards, and MNE activities have not caused health and safety problems. CEOE adds, on the subject of health and safety, that the agreements signed between workers' representatives and their organizations include references to the new legislation transposing European Union Directives and systems extending or improving the minimum legal standards. Royal Decree 486/1997 of 14 April 1997, which establishes minimum provisions of health and safety in workplaces, incorporates into Spanish law the provisions of Directive 89/654 of 30 November 1989 on the same issue.

The *General Union of Workers (UGT)* says that both MNEs and national enterprises merely comply with OSH laws in force and that problems in this field are no different in MNEs than in national enterprises but rather one of size of enterprise and activity of insufficiently resourced factory inspectorate. There have been certain instances of non-observance of standards and industrial accidents on MNE sites have been suffered by companies subcontracted by MNEs. UGT reports that collective agreements with large enterprises usually include matters relating to workers' health, although this differs from one company to another. It refers to the automobile industry where an agreement has been reached between the administration, trade unions and MNEs to make significant financial investment into the prevention of industrial risks in 12 Spanish plants. Other MNEs are concerning themselves with health, safety and the environment (names of two MNEs given). However, more care should be taken to control OSH conditions as "a whole" in the context of the practice of "outsourcing".

## Sri Lanka

The Government of *Sri Lanka* reports that MNEs are basically engaged in manufacturing and construction sectors. Although most of the manufacturing sector enterprises maintain national or better health and safety standards, as a minimum, some problems still exist, primarily due to the negligence of workers. Firstly, workers wilfully make protective guards inoperative, which for example, in the garment industry, results in a high rate of injuries caused to the eyes of workers due to breaking of needles. Secondly, even when protective wear against ionizing radiation, benzene and occupational cancer are provided by MNEs, workers are reluctant to wear them, mainly due to lack of awareness of the necessity. The Government refers in this respect to ILO Conventions Nos. 115 (ionizing radiation), 136 (benzene) and 139 (occupational cancer). While it is important to educate the workers on using protective gear, the interest shown on the part of the MNEs in this area is not satisfactory. Thirdly, job rotation of workers, monitoring of the environment and periodical examination of workers exposed to hazardous substances appear to be inadequate. Fourthly, although safety committees have been set up in MNEs, coordination with the authorities (Department of Labour) is inadequate. Finally, the methods adopted in maintaining records and investigations of accidents also need improvement in the construction sector where safety and health standards maintained by the MNEs are very poor. In that sector, workers are unaware of the hazards in the industry and the rate of accidents is very high. One of the main reasons for high incidences of accidents is the practice of subcontracting of some of the activities and the failure of subcontractors to comply with the relevant provisions of the law on protective measures.

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The *Employers' Federation of Ceylon (EFC)* notes no major complaints as regards safety and health problems in MNEs; they generally maintain better standards than in comparable national enterprises. There are no formal agreements among the concerned parties, but there is regular consultation between the parties that results in a clear understanding on issues of health and safety.

The *Ceylon Workers' Congress (CWC)* reports that MNEs maintain more favourable health standards than local enterprises and that these are incorporated in agreements. Health problems caused by the activities of MNEs relate mostly to the release of toxic effluents in streams and rivers.

## Sweden

The tripartite partners of *Sweden* report that legislation on health and safety does not distinguish between enterprises. MNEs are subject to the same supervision by the National Board of Occupational Safety and Health and the Labour Inspectorate as national enterprises. Opportunities to participate in work environment policy-making with national authorities and organizations are the same for MNEs and national enterprises.

## Switzerland

The Government of *Switzerland* states that the provisions concerning prevention of industrial accidents and occupational diseases (safety and health at work) are applicable to all enterprises employing workers. All enterprises, therefore, must comply with these regulations.

The *Confederation of Swiss Employers (UPS)* concurs with the statement of the Government, adding that the directives issued by the Federal Coordinating Committee for Safety at Work (CFST) monitors application in companies through cantonal inspectorates, the Secretariat of the State and the Economy (SECO) and the National Accident Insurance Fund of Switzerland (SUVA). MNEs comply, fully, with these high standards.

The *Swiss Federation of Trade Unions (USS/SGB)* agrees with the statement made by the Government.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that in EPZs some enterprises' activities cause safety problems because protective equipment is not provided and employees are working longer than eight hours a day. The OTTU/TFTU assumes that some MNEs maintain high standards of safety and health in conformity with national standards but a study should take place in order to ascertain this.

## Thailand

The Government of *Thailand* notes that it does not compile records separately on the safety and health problems of MNEs, and that there is no conclusive information on high performance standards in this area for MNEs given that OSH laws in the country apply to all enterprises. However, OSH practices in MNEs are favourable as compared with other employers in the country. Issues related to safety and health are set in three ways: prescribed by law, defined by enterprises in working rules and incorporated in collective agreements between employers and workers.

## Togo

According to the Government of *Togo*, all human activity necessarily involves OSH problems. In this regard, MNEs are asked to apply measures favourable to safety. MNEs

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ensure an average level of safety and health in accordance with national and international standards and their practice in this respect is better than that of comparable local employers given the means at their disposal.

The *National Employers' Council (CNP)* observes that MNE activities do not cause OSH problems and that MNEs ensure an average OSH standard in conformity with national norms. The Council further reports that OSH practice in MNEs is the same as that of local employers.

The *Workers' Trade Union Confederation of Togo (CSTT)* reports that there is no occupational risk specific to MNE activities except that OSH hazards are inherent in MNE activities with respect to air and sea transport. The CSTT is of the view that MNEs maintain a high level of OSH standards in keeping with national norms, and that MNE practice in this regard is better than that of national employers.

The *Group of Autonomous Trade Unions (GSA)* differs, noting that safety and health problems are widespread in MNEs operating in the free trade zones where even assistance to sick workers has been refused.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that workers have become sensitized to health and safety, as they have witnessed the loss of lives at a fire in an MNE. Occasionally there are accidents causing the loss of life or limb, notably in two companies (one in steel, one in chemicals). The ECA adds that proposed legislation on health and safety is currently under review. Moreover, MNEs are strict about health and safety at work. They recruit and train safety officials and require the use of safety equipment. Standards are far superior in MNEs than in other companies, and meet or exceed national standards.

## Turkey

The Government of *Turkey* reports that there have been no complaints concerning OSH matters filed by workers in MNEs or their organizations, and that the OSH practice of MNEs is not less favourable than that of their national counterparts. Moreover, they are reported to provide high level social security with respect to OSH, in accordance with national standards.

The *Turkish Confederation of Employers' Associations (TISK)* states that MNEs do not cause OSH problems. MNEs maintain the highest OSH standards as they are subject to the same labour provisions as national enterprises, including in OSH matters. Their practice, in this regard, is not less favourable than that of comparable national enterprises.

With regard to OSH problems caused by MNEs, the *Confederation of Turkish Trade Unions (TÜRK-İS)* cites the case of an enterprise (name of MNE given) that, in order to bring down production costs, used harmful chemicals without adopting the necessary measures to protect the environment or meet OSH standards. As a result of a "huge demonstration" by neighbouring residents, the enterprise stopped its operations.

## Uganda

In their joint response, the tripartite partners of *Uganda* state that, while MNEs generally maintain the "best occupational health and safety measures" and high standards in conformity with national standards, there are still some safety and health problems and some MNEs that have failed to meet the standards. For example, in the beverage sector, the operations of an MNE (name mentioned) have caused some factory accidents, and the

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manufacture of cigarettes by another MNE (name given) is harmful to health. Matters related to safety and health have been incorporated, where appropriate, in agreements with the representatives of workers and their organizations.

## Ukraine

According to the Government of *Ukraine*, the activities of MNEs have not given rise to any safety and health problems. Inspections carried out by inspectors of the State Safety and Health Inspection Authority have shown that MNEs start their operations after implementing all health and safety requirements. MNEs maintain safety standards in conformity with national standards. In accordance with the Act respecting collective agreements and accords, the General Agreement concerning general principles and standards of implementation of social and economic policies and labour relations contains provisions on safety and health. Branch and enterprise agreements also make similar provisions.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, concurs with the Government, adding that balanced financial and economic potential assist MNEs in establishing more favourable OSH practice than national producers.

## United Kingdom

The Government of the *United Kingdom* indicates that UK health and safety law does not make any distinction between MNEs and other employers – the same standard of compliance is expected from all employers. National statistics do not distinguish between the performance of MNEs and others but show that size is an important factor (with larger manufacturing enterprises of all kinds, including MNEs, having a lower rate of fatal and major injuries). MNEs contribute to national safety and health standards; they are given ample opportunity to comment via formal consultation on legislation and approved codes of practice, and informally on guidance, etc. While international standard setting is mainly conducted through the British Standards Institutions, MNEs' representatives (via trade bodies) can and do participate in committees and working groups in the European Committee for Standardization and the European Committee for Electro-technical Standardization (at European level) and the International Organization for Standardization and the International Electro-technical Commission (at international level). All employers, including MNEs, are encouraged to examine the causes of industrial safety and health hazards and to apply the positive experience gained within their enterprises. The involvement of worker representatives is an integral part of the health and safety system and has been given particular legislative force in: the Safety Representatives and Safety Committees Regulations, 1977, which deals with safety representatives appointed by trade unions recognized by an employer for negotiation purposes; the Health and Safety (Consultation with Employees) Regulations, 1966, which deals with situations where employees are either not represented by a union or where the union is not recognized by the employer. Consultation may be either through representatives or directly with the employees. The purpose of this legislation is to ensure that employees (or their representatives) are fully involved in all health and safety issues affecting them. In addition, many other pieces of legislation require employers to make known to their employees information concerning the risks associated with their work and the related protective measures, which are expressed in terms of the duties towards all employees rather than agreements with their representatives.

## United States

The *American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)* provides the following example: in 1990, a foreign MNE from the EU (name

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of MNE and country of origin given) and its wholly owned subsidiary (name given) bought a bankrupt national enterprise (name of MNE given) in the chemical industry. During a strike prompted by the employer's refusal to enter into negotiations with four pre-existing unions upon expiration of the collective agreement, untrained replacement workers were called in to handle hazardous substances and perform dangerous work. The union filed charges alleging violations of federal labour laws, the Tennessee Department of Labor's Occupational Safety and Health Administration charged the MNE with violations, and the Tennessee Emergency Management Agency investigated acid spills on public highways caused by untrained workers. In May 1997, the company withdrew recognition from two of the four unions and cancelled further bargaining. With pressure from the EU-based headquarters, the subsidiary ultimately sold the company in 1998 to a North American MNE (name given). The company, facing charges of violating the Clean Water Act, admitted discharging pollutants in excess of those permitted.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* reports that MNE activities have not caused OSH problems and their practice compares to or is better than national standards. MNEs have had positive consequences on employment standards in the fields of OSH matters, such as prevention of occupational hazards, industrial safety and the environment. Moreover, in general, OSH matters are covered in collective agreements.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that the activities of MNEs have caused almost no safety or health problems as, generally, they maintain high standards of safety and health in accordance with the national standards. MNEs recognize their responsibility to ensure occupational safety and health since it relates directly to productivity, and workers who have been with MNEs for a long time know how to take necessary safety precautions. However, not all MNEs maintain high standards of safety and health consistent with national standards, and this is an issue of serious concern. Some MNEs bring new technology, techniques, machines and materials but do not maintain the OSH standards of the countries of origin while the national standards have not adapted to the new technologies. Although MNE practices are recognized as better than those of comparable local employers, it is recommended that MNEs obey national law while increasing education and training for workers and giving the Government information on machines, materials and substances which have hazardous risks and on measures to minimize occupational diseases and accidents. In MNEs where there are established trade unions, matters related to health and safety are incorporated in collective agreements.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that in some cases the activities of MNEs have caused health and safety problems; not much is being done because the Government lacks the capacity to inspect and supervise these MNEs. Conformity to national standards varies from one MNE to another. Again, the Federation notes that it is a question of building capacity within the Government to ensure that MNEs conform to these standards. The Federation adds that MNE practice is better than that of comparable local enterprises. Safety and health matters are frequently incorporated in collective agreements but some MNEs do not stick to the terms of their agreement.

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## Zimbabwe

The Government of *Zimbabwe* states that occupational health and safety is problematic in Zimbabwe. Problems include environmental degradation due to waste produced by MNEs, and outdated machinery resulting in deaths and injuries of workers. MNEs either lack safety committees or have safety committees with unqualified personnel. MNEs' practice of health and safety, although higher than that of comparable employers, is lower than national standards. Health and safety matters are incorporated into collective agreements but are not fully monitored and implemented, and the Government is taking measures to ensure their implementation.

## Industrial relations

### **Standards of industrial relations** (Paragraph 40)

40. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.

(16) *How do standards of industrial relations in MNEs compare with those observed by comparable employers in the country?*

## Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides information from two MNEs operating in the petrochemical sector (names of MNEs given). One MNE believes that trade union activities are growing and developing, encouraged by the oil companies in accordance with national laws. The other MNE indicates that the standards of industrial relations applied in its company are comparable to other employers in the country.

The *National Confederation of Free Trade Unions of Angola* reports that, since human rights do not exist in the country, workers' rights and trade union rights do not exist either. The Confederation states that, as an example, the Government refuses officially to recognize its democratic federation, which makes its work very difficult.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* indicates that the standards of industrial relations of MNEs follow the national norm.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

## Argentina

The Government of *Argentina* states that the standards of labour relations are the same for MNEs and national enterprises.

## Australia

The Government of *Australia* states that MNEs and local enterprises are subject to the same laws and standards of industrial relations. The New South Wales (NSW) Government adds that MNEs are subject to the same state industrial awards and agreements as local



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enterprises. Therefore, the industrial standards are not less favourable than those offered by other employers. The Government of Victoria concurs with this statement, emphasizing that the Workplace Relations Act, 1996 (WR Act), does not distinguish between employers. Provisions within the Act prohibit discrimination in employment on the basis of membership of a trade union or employer association.

The *Australian Council of Trade Unions (ACTU)* notes that, in general, industrial relations standards in MNEs are comparable with those observed by comparable employers in the country.

## Austria

The Government of *Austria* reports that labour relations in MNEs are frequently better than in comparable national enterprises even though the same legal principles apply.

The *Austrian Confederation of Trade Unions (ÖGB)* states that the decentralization of collective bargaining from sectoral to enterprise level cannot be considered compatible with the spirit of the objectives set out in the MNE Declaration. The Confederation has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH states that the same standards of industrial relations apply in MNEs as in national enterprises. ANG states that industrial relations in MNEs are better than in comparable national enterprises, in many cases.

## Bahamas

The Government of *Bahamas* states that, generally, there is cooperation between employers in MNEs and workers' representatives although workers in some MNEs are threatened if they seek to join a union.

## Bahrain

The Government of *Bahrain* states that, since the Labour Code and the ministerial decrees which give it effect apply to all enterprises, no difference exists between MNEs and national enterprises with regard to standards of industrial relations.

## Bangladesh

The Government of *Bangladesh* submits its views in accordance with those of the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* reports that the standards of industrial relations in MNEs are better than in comparable enterprises in the country.

The *Bangladesh Workers' Federation (BWF)* indicates that standards of industrial relations in MNEs are of a high status as compared with other employers in the country.

## Barbados

The Government of *Barbados* states that high standards of industrial relations are observed in all enterprises, both national and multinational, which are governed by collective agreements.

The *Barbados Employers' Confederation (BEC)* indicates that standards of industrial relations in MNEs are generally the same as those observed by comparable employers in Barbados.

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## Belarus

The Government of *Belarus* reports that the Labour Code applies to all workers and employers who conclude a contract of employment within the territory of Belarus, unless otherwise specified by legislation or by international agreements ratified by Belarus or by ILO standards to which Belarus is a party.

## Belgium

The Government of *Belgium* refers to what it has already said about the respect of national standards by MNEs (see *supra* “Background and aim”, “General policies”). It further expresses its concern that secondment, unstable employment and greater work individualization such as work at home, may have an impact on trade union membership and the exercise of trade union activities. Moreover, the globalization of the economy may jeopardize the role of the social partners and of the political authorities (parliaments and elected governments) due to an increasingly restricted bargaining power and to limited financial resources compared to MNEs.

According to the *National Labour Council (CNT)*, social partners have the possibility to conclude European collective agreements, due to the progress achieved with respect to integration at European level. Legislation and collective agreements apply to all enterprises in the country and MNEs are integrated into the Belgian industrial relations system.

## Brazil

The Government of *Brazil* states that legislation and standards on industrial relations apply without distinction to national companies and MNEs.

The *National Confederation of Industry (CNI)* reports that industrial relations regulation is applied to both national and multinational companies.

## Bulgaria

The Government of *Bulgaria* states that MNEs apply standards in the field of industrial relations that are different from those applied in national enterprises with regard to the internal organization, coordination and supervision. MNE industrial relations standards are characteristic of a well-established culture, but one that is new to the industrial culture of the country and hence at the origin of disputes in some enterprises. Most MNEs have detailed knowledge of the country’s labour legislation and “almost all” apply it; however, some are inclined to bypass the legislation and disregard basic rights at the workplace. In the context of privatization, MNEs are under the obligation to comply with conditions already in effect in the privatization contracts, and collective agreements remain in force after privatization of concerned enterprises.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that, while MNEs offer wages higher than the national average (although below those paid by comparable organizations), this is not the case with industrial relations. Labour relations at the MNEs are sometimes complex and promotion is in accordance with criteria determined decisively by the managing director.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* reports that Cameroon has had the Labour Code of 1967 and 1974, both based on the Code de Travail d’Outre-Mer (CTOM) of 1952. MNEs have always more or less complied with the labour laws.

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However, it adds that the labour administration has often been unable to decide against non-compliant MNEs.

#### Canada

The *Canadian Employers' Council (CEC)* points out that there is no distinction made between MNEs and national enterprises in labour legislation. MNEs adhere to the same standards of industrial relations as apply to national enterprises.

#### Cape Verde

The Government of *Cape Verde* attaches a list of nine enterprises (names given) which classify as multinational enterprises and reports that labour relations in those MNEs are subject to the same legislation as other enterprises.

#### China

The Government of *China* states that industrial relations standards in MNEs are the same as those observed by comparable employers in the country. However, large MNEs apply those standards better than some of the smaller enterprises, and especially those labour-intensive ones.

#### Colombia

According to the Government of *Colombia*, the same labour relations standards apply uniformly to both MNEs and national enterprises and, in general terms, the labour inspection services have shown that MNEs comply with national standards and legislation. The right of all national and foreign workers to organize into trade unions and bargain collectively is enshrined in the Constitution. In this connection it is noted that Colombia has ratified Conventions Nos. 87 and 98 and trade union autonomy and collective bargaining are guaranteed by law.

#### Costa Rica

The Government of *Costa Rica* indicates that the standards of industrial relations in MNEs are equal to and in some cases better than those of national employers.

#### Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that the provisions of the Labour Code concerning industrial relations are applicable to national enterprises and MNEs without distinction.

#### Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* states that the standards of industrial relations are, on average, better in the MNE than comparable employers in the country.

#### Cyprus

The Government of *Cyprus* reports that MNEs observe standards of industrial relations comparable to those applied by other employers.

The *Pan-Cyprian Federation of Labour (PEO)* fully concurs with the Government.

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## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that industrial relations between the social partners are governed by labour laws and the implementing regulations. MNEs are obliged to adhere to them like all other employers.

The *National Workers' Union of Congo (UNTC)* reports that, like all enterprises, MNEs are subject to national labour law, there are no special standards specific to MNEs.

## Denmark

The tripartite partners of *Denmark* state that, regarding standards of industrial relations, there is no difference between MNEs and comparable national employers.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* states that the MNEs observe labour standards better than many national enterprises and also quotes the codes of conduct promoted through pressure by the unions. However, as noted earlier with regard to basic human rights in the field of industrial relations, the MNEs' approach has always been to oppose unionization or to destroy those unions that have been created.

## Ecuador

As far as industrial relations are concerned, the Government of *Ecuador* advises that labour relations standards are applied equally to MNEs and comparable employers without exception.

## Egypt

The Government of *Egypt* states that no distinction is made between standards of industrial relations in MNEs compared with those observed by comparable employers in the country.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry (name given) indicates there is more freedom in the formation and practices of unions in MNEs than within comparable employers in the country.

## El Salvador

As regards industrial relations, the Government of *El Salvador* states that the same standards apply to MNEs, without any restriction, in the same manner as comparable national enterprises.

## Eritrea

The Government of *Eritrea* indicates that, pursuant to its Labour Proclamation No. 8/91, there is no distinction between national enterprises and MNEs with regard to labour relations.

## Estonia

According to the tripartite partners of *Estonia*, the standards of industrial relations in MNEs are somewhat better than in national enterprises.

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## Ethiopia

The *Confederation of Ethiopian Trade Unions* states that a Tripartite Consultation Board, established about two years ago, has not been functioning actively for reasons that are not clear. It adds that the support of the ILO is needed to strengthen the board.

## Finland

The tripartite partners of *Finland* state that most of the foreign and all domestic MNEs are organized in Finnish employers' organizations. According to the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals in Finland (AKAVA), some MNEs (country of origin given), which do not join the employers' organizations, "shun" the organization of their staff, especially white-collar staff, which prevents worker organization since employees fear they might be put in a less favourable position due to organization.

## France

The *French Confederation of Executive Staff (CFE-CGC)* states that MNEs apply the same industrial relations standards as comparable employers in the country.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that MNE subsidiaries, like other employers, particularly its own members, "scrupulously" apply labour law standards in the field of industrial relations.

## Germany

The Government of *Germany* indicates that MNEs are subject to the same laws relating to standards of industrial relations as domestic employers. The laws ensure workers' rights to organize, bargain collectively or join associations, and judicial redress for violations. Collective autonomy, which is "a pillar of the social market economy", is protected by the Constitution (article 9, paragraph 3, of the Basic Law) and by the Law on Collective Agreements.

The *Confederation of German Employers' Associations (BDA)* is not aware of any typical differences between MNEs and national enterprises with regard to the standards of industrial relations.

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which states that industrial relations have evolved at varying rates. It references a positive example of the statement of the management board of a German MNE (name given) concerning the guarantee of social and trade union rights within its international framework. It further refers to negative response of a German MNE (name given) to cross-border trade union cooperation, which it states is "essential" given the nature of multinational enterprises. The Confederation of German Trade Unions further notes that dependence on microelectronics as a basic technology has led to changes in the potentialities and forms of industrial relations, including in the area of privacy of personal data, and urges consideration of modifications to future ILO questionnaires and studies as required to produce a relevant picture of developments.

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## Ghana

The *Trades Union Congress (TUC)* notes that the standards of industrial relations of MNEs should not be less favourable than those of national employers.

## Greece

The Government of *Greece* reports that Greece ratified ILO Conventions Nos. 87 and 98, and the principles of these international Conventions are given a broader scope in Greece by article 28, paragraph 1, of the Constitution and bind the national legislation. Consequently, workers in MNEs are entitled, without discrimination, to the right to form and organize trade unions, to enjoy trade union protection, as provided by article 14 of Law No. 1246/82, and to join workers' organizations of their choosing.

The *Federation of Greek Industries (FIG)* reports that standards of industrial relations applied by MNEs are sometimes at a level higher than those applied by comparable national employers.

## Guatemala

With regard to industrial relations in MNEs, the Government of *Guatemala* indicates that the Labour Code applies equally to both national enterprises and MNEs.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* replies that the data which would allow for an appropriate comparison between the standards established internally by MNEs and those of comparable employers in the country are not available.

## Guyana

According to the Government of *Guyana*, the standards of industrial relations in the MNEs are generally similar in nature to those of comparable employers in the country.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government suggests that the level of industrial relations would be best interpreted by comparing the number of collective agreements concluded by MNEs to those of the entire competitive sector. The Government reports, however, that a comprehensive database on the number of collective agreements concluded by MNEs is not available, so only those MNEs that belong to the Association of the Hungarian Multinational Companies can be used in the comparison. Half of these companies have a collective agreement in force. This ratio, which applies to all MNEs with over five employees, is better than the national average. The whole competitive sector has a coverage rate of 39 per cent. MNEs usually employ more workers than average, so a 50 per cent coverage rate would assume an even greater percentage of employees are covered in MNEs than in the whole competitive sector. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that no substantial difference may be identified between the industrial relations of MNEs and comparable employers. The employers consider industrial relations to be sufficient and orderly. One company referred to industrial relations as "ideal" characterized by parties sharing problems and searching for solutions in an atmosphere of mutual cooperation. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions and the National Federation of Workers' Councils, tripartite partners, report that, while major MNEs endeavour to comply with legal requirements about industrial relations, in the last five to six years the number of trade unions functioning in MNEs has decreased and, in most MNEs, no trade union is functioning at

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all. In MNEs where trade unions are functioning, representative organizations report good or very good industrial relations. The trade unions report that the company's profitability and its independence from the parent company greatly influence its willingness to negotiate and its efforts to reach agreement with trade unions. When agreements are concluded, they include the usual entitlements of employees. Greater allowances can only be gained for workers through tough negotiations. The trade unions report that the social benefits of the majority of MNEs, such as canteen meals, reimbursement of travel expenses, uniforms and paid holidays, exceed those provided by national companies.

## India

The Government of *India* states that the industrial relations laws are equally applicable to MNEs and national enterprises.

## Indonesia

The Government of *Indonesia* reports that standards of industrial relations in MNEs are generally better than those in national enterprises.

## Ireland

According to the *Irish Congress of Trade Unions (ICTU)*, standards of industrial relations in MNEs (notably US-based MNEs) are not comparable to the standards observed by domestic employers. Freedom of association and the right to join a trade union of choice is guaranteed by the Constitution but since the industrial relations system is a "voluntarist" one, an employer cannot be compelled to engage in collective bargaining with a trade union.

## Israel

The *Histadrut (General Federation of Labour)* reports that in the tourism industry, large international hotel companies own Israeli hotels, but national collective agreements apply to the whole sector, so international ownership does not affect conditions. It also reports that some Israeli food producers have agreements with MNEs (name given) but the factories are Israeli and collective agreements are respected. The banking sector is generally organized. Local banks with collective agreements employ most workers. One MNE (name given) owns a small local bank which is not organized. The Histadrut (General Federation of Labour) has received reports of a large MNE in the banking sector (name given) acquiring an interest in an Israeli bank and, if this occurs, it could be a threat to the whole sector. There have been some instances of MNEs purchasing shares in Israeli maintenance, cleaning and security companies, but local collective agreements still apply and there has not been much affect on labour practices in those branches.

## Italy

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, note that there are no major differences in standards of industrial relations between the MNEs and comparable employers in the country.

## Japan

The Government of *Japan* reports that workers are free to organize or join a trade union. Article 7 of the Trade Union Law, which applies to MNEs as well as national enterprises, prohibits employers from requesting workers not to join a union or to

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withdraw from a union, from discriminating against workers who are legitimately involved in union activities and from controlling or interfering with the formation or management of a union. A worker or the union may solicit help from the Labour Relations Commission if an employer violates the Trade Union Law.

The *Japanese Trade Union Confederation (JTUC-RENGO)* reports that MNEs tend to hire trained personnel on the external labour market rather than train their own employees through the framework of on-the-job-training (OJT). Japanese enterprises are increasingly using the same hiring practices, which may have a great impact on industrial relations.

## Jordan

The Government of *Jordan* notes that all enterprises must comply with Labour Law No. 8 of 1996 which sets the standards for industrial relations in Jordan, and therefore no comparison should be made, in general, between the standards of MNEs and other enterprises. Jordan's labour law reflects the standards in the ILO Conventions the country has ratified.

The *Amman Chamber of Industry (ACI)* observes that the standards of industrial relations of MNEs are "nearly the same" as the standards in comparable national enterprises.

## Kenya

The Government of *Kenya* notes that MNEs normally observe standards of industrial relations which are not less favourable than those applied by comparable employers in the country. The set of industrial relations laws and practices are equally applicable to MNEs and local enterprises. The basis of consultation between social partners in Kenya is laid down under the Industrial Relations Charter which is the guiding policy document in the practice of industrial relations in Kenya.

## Korea, Republic of

The Government of the *Republic of Korea* reports that all companies in the Republic of Korea are equally subject to the Labour Relations Law and have the same standards of industrial relations.

The *Federation of Korean Trade Unions (FKTU)* agrees with the Government that all foreign enterprises are subject to domestic law, but asserts that there are few cases in which MNEs have been penalized. The FKTU observes that MNEs' practice of resolving all labour issues through legal means will result in more labour conflicts in the future.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* report that employers comply with the national minimum standards on industrial relations and that MNEs do better in this respect.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that industrial relations are governed by uniform legislation: the Labour Law Code, the law on trade unions, the law on collective agreements, the law on labour protection and the law on employers' organizations and their associations. LBAS observes that there is no real difference between the industrial relations in MNEs and national enterprises: in both types of enterprises there are positive examples of social partnership as well as negative examples



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in which the employer has a strictly negative attitude toward trade unions and social dialogue. LBAS offers as an example the destruction of the trade union in an enterprise privatized by a foreign owner in the tobacco industry (name given). The enterprise had 422 trade union members when it was privatized, in 1996 it had 290, in 1998 it had 25 members, in 1999 the trade union ceased to exist. The employer carried this out by dismissing one by one the leaders of the trade union, and stopped the collecting of centralized membership fees. Negotiations between the branch trade union federation and the employer did not yield any results and neither did an appeal to the home country's (name given) trade unions for help. LBAS relates a similar situation with another company (name given) bought out by a foreign investor (name and country given). In yet another case, LBAS reports that an MNE in the hotel industry (name given) is opposed to employees forming labour unions. The trade union formed in April 1999 does not have the right to use the MNE's premises for its activities, the MNE has advised the union to dissolve itself, and trade union initiatives regarding a collective agreement are ignored. A similar attitude to trade unions is shown by a hotel company (country and company name given), when the trade union of this hotel (formed in August 1998) proposed a collective agreement, "persecution of the trade union began". Due to pressure from the employer in January 1999, the greater part of the employees quit the union; three employees who remained in the union were dismissed in violation of the labour contract; court proceedings on this case are pending.

## Lebanon

The Government of *Lebanon* reports that MNEs that open branches in Lebanon consult with government authorities on the relevant legislation and practice. Industrial relations matters in MNEs are dealt with through competent bodies including trade unions. Decree No. 17386 of 2 September 1964 regulates collective bargaining, which the Government encourages as a means of attaining better working conditions and resolving collective disputes.

## Lithuania

The Government of *Lithuania* indicates that the industrial relations practices of MNEs are similar to those of national enterprises. The Government is preparing measures to improve business conditions in the country, including the liberalization of the labour market, which may affect the rights of employees. This is being conducted through discussions with the social partners.

The *Centre of Lithuanian Trade Unions* states that the practice of industrial relations is poor and that the Government does not "stimulate" collective negotiations.

The *Unification of Lithuanian Trade Unions (LPSS)* reports that the rights of unions and employers are defined by the law on trade unions, law on collective agreements and the law on collective disputes. In practice, though, employers often warn workers when they are hired that trade unions are not welcome. Only some workers at MNEs are unionized (names of three MNEs with "constructive attitude" given), while most put "much effort" to keep unions out. In the case of a multinational in the food services industry (name of MNE given), one-third of the employees were organized, but currently only a handful remain in the union due to the company's negative attitude toward trade unions. The company reportedly held talks with each employee, promised to establish better working conditions and wages than could be achieved by the trade unions in negotiations, and prevented trade union leaders from communicating with employees during work time (other examples given, with companies named and figures included). Collective bargaining is not widespread and remains, predominantly, at the enterprise level.

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## Madagascar

According to the *Independent Trade Unions of Madagascar (USAM)*, industrial relations standards of MNEs “lack any social integration of the worker”, and the understanding of local enterprise culture (career profile, social aspects such as Christmas gifts, educational assistance) is unknown and fades in the face of wage motivations.

## Malaysia

The tripartite partners of *Malaysia* reply that both MNEs and comparable employers provide for satisfactory standards of industrial relations.

## Malta

The *General Workers' Union (GWU)* reports no distinction between negotiating with an MNE and a local company, and also reports no known acts of anti-union discrimination.

## Mauritius

The Government of *Mauritius* indicates that the Constitution and the Industrial Relations Act (1973), which guarantee workers' right of freedom of assembly and association, apply to employees of MNEs and national enterprises without discrimination.

## Mexico

The Government of *Mexico* reports that industrial standards in MNEs are the same as those in other companies. All companies, including MNEs, must comply with industrial relations standards contained in: the Political Constitution of the United Mexican States, international agreements and treaties ratified by Mexico, federal labour law, federal regulations on safety, health, and work environment, regulations on safety, hygiene and work environment issued by the Secretariat for Labour and Social Security, contract law, and collective agreements and individual employment contracts. The Government reports that, in practice, the differences are minimal in application of industrial relations regulations between MNEs and national enterprises. Most MNEs comply with the minimum standards and in some cases go beyond the standards to provide more benefits to workers.

## Moldova, Republic of

As regards standards of industrial relations, the Government of the *Republic of Moldova* states that MNEs comply with national laws, and there are no differences in the standards applied by comparable local employers.

## Morocco

The *Democratic Labour Confederation (CDT)* emphasizes that industrial relations in MNEs are generally more stable than in local companies.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates that standards of industrial relations in MNEs are reasonable since they are regulated by the MNEs' own statutes which, more often than not, do not conflict with domestic legislation.

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## Myanmar

The Government of *Myanmar* indicates that the application of fair labour practices are supervised by the Department of Labour.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that standards of industrial relations are more workable in MNEs, “because they are more tactful”.

## Netherlands

The Government of the *Netherlands* reports there are no known differences in standards of industrial relations between MNEs and comparable employers.

## New Zealand

The Government of *New Zealand* indicates that MNEs are subject to the same legal framework as local companies, and employees in MNEs are subject to the same legal framework and requirements, including remedies, as employees in domestic companies. For detailed descriptions of the relevant industrial relations legislation and applicable case law, the Government refers to its article 19 reports on Conventions Nos. 87 and 98 for the period January 1993 to April 1998 and the Government’s updates to the Freedom of Association Committee regarding Case No. 1698.

The *New Zealand Council of Trade Unions (NZCTU)* commenting, in its report, on the Government’s report for that Survey, states it did not support the industrial relations legislation in place during the reporting period because it considers it breaches Conventions Nos. 87 and 98, leading to the “same de-collectivizing effect” as domestic enterprises.

## Nicaragua

The Government of *Nicaragua* reports that industrial relations in MNEs comply with the country’s labour laws.

## Norway

The Government of *Norway* makes reference to its previous reports, noting that there are no limitations on the ability of workers in MNEs to exercise fully their right to freedom of association. The right to engage in collective bargaining is fully recognized. The rules and standards governing industrial relations are identical for national and multinational enterprises and in all basic agreements between workers’ and employers’ organizations, the parties mutually recognize freedom of association. The principle of ILO Convention No. 87, Article 5, is applied fully in Norway and there have been no cases in which MNEs are reported not to have observed the principles of freedom of association. Existing national legislation is in conformity with the principles of the MNE Declaration, and there has been continual cooperation between the Government and the main employers’ and workers’ organizations in improving and developing the existing regulations, industrial policies and practices. Norway has no legislation requiring registration of representative organizations for purposes of collective bargaining. The National Wage Board is available for voluntary arbitration between parties to a dispute, and is often used by employers’ and workers’ organizations. The Government refers to its last report which describes the State Mediator and the National Wage Board; parties may also choose another body to resolve the dispute. Moreover, in the case of disputes about the interpretation of a collective

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agreement, either party may bring the matter before the Labour Court which will, however, demand that the parties first attempt to solve the dispute through negotiation.

## Oman

The *Oman Chamber of Commerce and Industry (OCCI)* reports that Oman does not allow any kind of workers' unions.

## Pakistan

The Government of *Pakistan* notes that standards of industrial relations in Pakistan are comparable with those of MNEs.

The *National Labour Federation of Pakistan (NLF)* indicates that MNEs' standards of industrial relations are better than those observed by comparable employers in the country.

According to the *Pakistan Labour Federation (PLF)*, in respect to standards of industrial relations, "MNEs are favourite children of the Government"; together they operate against the interests of workers.

## Panama

The Government of *Panama* states that standards of industrial relations in MNEs are the same as those observed by local employers since the provisions of article 2 of the Labour Code apply and are binding on all legal or natural persons, companies, undertakings and establishments on national territory.

With regard to industrial relations, the workers' organization *Convergencia Sindical* states that, apart from a few particular aspects concerning EPZs (see *infra* "The Tripartite Declaration and various economic zones and industrial sectors"), industrial relations in MNEs, covering such areas as trade union organization, collective bargaining systems and rules concerning strikes, are governed by the ordinary legislation contained in the Labour Code.

## Peru

The Government says that in *Peru* the legal provision concerning industrial relations is applied to both MNEs and national enterprises without distinction, referencing in particular Decree No. 25593.

The *General Confederation of Workers of Peru (CGTP)* considers that the standards applied with reference to industrial relations in MNEs are no better than elsewhere since the MNEs take advantage of the political situation to impose precarious employment conditions and wages like the majority of companies in the country.

## Philippines

The Government of the *Philippines* Economic Zone Authority (PEZA), Department of Trade and Industry, states that industrial relations within the economic zones ("ecozones") are more stable compared to other employers in the country and that the "long existence of unions" has contributed to a climate of industrial peace. In this regard, training to promote industrial peace and standards has been carried out in ecozones. For details on industrial relations in economic zones, see *infra* "The Tripartite Declaration and various economic zones and industrial sectors". The Government Institute for Labor Studies (ILS) reports that, at a 1997 tripartite consultation on MNEs/FDI, the Trade Union Congress of the Philippines (TUCP) reported that workers' rights had been violated, acts

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of anti-unionism and interference were common and union-free environments had been made an informal incentive for location.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that in the majority of cases industrial relations are better in MNEs.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* observes that industrial relations in MNEs do not differ from those in comparable Polish enterprises.

## Portugal

The Government of *Portugal* indicates that MNEs are covered by industrial relations legislation which applies to all enterprises.

The *General Union of Workers (UGT)* indicates that obstacles are placed in the way of the work of the union representatives or members of workers' committees. The precarious contracts and the new, participatory work organization methods also serve to limit, in practice, the right to form trade unions and to bargain collectively.

## Romania

The Government of *Romania* reports that MNEs observe and apply national industrial relations standards, but it offers no comparison between MNEs and comparable employers.

## Rwanda

The Government of *Rwanda* reports that MNEs and national enterprises are subject to the same labour laws in the field of industrial relations.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states that it has no information on how industrial relations standards in MNEs compare with those observed by comparable employers in the country.

## Saint Vincent and the Grenadines

Regarding industrial relations, the tripartite partners of *Saint Vincent and the Grenadines* note that the standards of industrial relations in MNEs compare favourably with local enterprises.

## Senegal

The Government of *Senegal* reports that in the field of industrial relations, MNEs apply the same provisions relating to freedom of association and the right to bargain collectively as other enterprises.

## Singapore

The Government of *Singapore* indicates that the standard of industrial relations in Singapore is governed by the Industrial Relations Act, which provides for the regulation of the relations of employers and employees and the prevention and settlement of trade disputes by collective bargaining and conciliation and arbitration. All companies, including MNEs, and trade unions in Singapore are subject to the same provisions of the Industrial Relations Act. In certain instances, the MNEs have better standards of industrial relations than comparable employers in the country.

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## Slovakia

In their joint response, the tripartite partners of *Slovakia* state that, as regards the standards of industrial relations, the Labour Law applies to all enterprises including MNEs.

## Slovenia

The Government of *Slovenia* reports that it is currently working with the European Trade Union Federation analysing standards of industrial relations in the country.

## South Africa

*Business South Africa (BSA)* reports that industrial relations standards within MNEs compare very favourably with those observed by their national counterparts.

The *Congress of South African Trade Unions (COSATU)* reports that many MNEs maintain industrial relations standards that compare with those observed by their national counterparts, with the exception of multinationals in the textile sector, particularly those originating from East Asia, where workers are consistently underpaid and work for excessively long hours.

The *Federation of Unions of South Africa (FEDUSA)* reports that industrial relations standards in MNEs are generally quite favourable.

## Spain

The Government of *Spain* states that Spanish labour laws are applicable to all enterprises with workplaces on Spanish territory, regardless of whether the company is local or multinational, and thus there are no differences as to the industrial relations standards applied to multinational and national enterprises. Article 28 of the Constitution states that “everyone has the right freely to join a trade union”, and this includes employees of MNEs. This freedom of association includes, inter alia, the right to form a trade union and to join a union of one’s choosing, without anyone being obliged to join a trade union. Organic Act No. 11/1985 of 2 August 1985 respecting freedom of association contains provisions to the same effect.

The *Spanish Employers’ Confederation (CEOE)* comments that it is necessary to take account of the fact that, as a general rule, MNEs, like other enterprises, have a legal obligation to negotiate in good faith when legitimate workers’ representatives call for negotiations. The CEOE states that MNEs fully comply with this obligation and regularly renew collective agreements that they have signed with the workers’ representatives.

The *General Union of Workers (UGT)* indicates with reference to the industrial relations standards applied by MNEs that these are comparable to those applied by other employers in the sector.

## Sri Lanka

According to the Government of *Sri Lanka*, the standards of industrial relations observed by MNEs are not less favourable than comparable local employers. The workers in MNEs have every right to form their own organizations. Freedom of association is enshrined in the Constitution itself and the country has ratified ILO Conventions Nos. 87 and 98. The Industrial Disputes Act and the Trade Union Organization Act, which are the main pieces of legislation in this field, apply to MNEs and national enterprises without distinction.

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The *Employers' Federation of Ceylon (EFC)* generally shares the views of the Government regarding industrial relations standards applied without distinction.

#### Sweden

The tripartite partners of *Sweden* state that, behaviourally, MNEs are no different from domestic enterprises, except "through their distinctive nature".

#### Switzerland

The Government of *Switzerland* reports it has no data on this subject insofar as, legally, MNEs, as defined in paragraph 6 of the MNE Declaration, are treated no differently from other enterprises. However, experience indicates that it is often easier to conclude a company collective labour agreement within an MNE than within an SME.

The *Confederation of Swiss Employers (UPS)* indicates that nothing has changed in this regard since its previous report. The same laws and principles apply to MNEs as Swiss companies. Industrial relations can still be seen as very good largely because of the importance attached to social partnership under the industrial peace system applied by collective agreements.

#### Tanzania, United Republic of

According to the *Organization of Tanzania Trade Unions (OTTU/TFTU)*, practices of MNEs as regards industrial relations, differ depending on the enterprise. Some enterprises cooperate with trade unions, others do not.

#### Thailand

The Government of *Thailand* states that standards of industrial relations are set in the Labour Relations Act B.E. 2518, which applies to all enterprises. The principles of the Act include the right to submit demands and bargain; the right to organize associations; the right to have collective dialogue with employers; the right to strike or lock out; and the right to have protection against unfair treatment.

#### Togo

The Government of *Togo* reports that the industrial standards applied by MNEs are as good as those of national employers.

The *National Employers' Council (CNP)* observes that the source of standards to be applied in occupational relations includes the Labour Code and collective agreements.

The *Workers' Trade Union Confederation (CSTT)* concurs with the Government.

#### Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that, due to collective bargaining, conditions of work in MNEs are comparable or superior to those in other enterprises.

#### Turkey

The Government of *Turkey* states that there is no difference between standards of industrial relations in MNEs and those observed by national enterprises.

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The *Turkish Confederation of Employers' Associations (TISK)* states that standards of industrial relations do not differ between MNEs and comparable national employers.

## Uganda

In their joint response, the tripartite partners of *Uganda* state that, generally, standards of industrial relations in MNEs are good, although some MNEs are "far behind" in this respect. One MNE in the beverage sector (name of MNE given) has experienced unrest on issues that could have been resolved easily if there were relatively good industrial relations.

## Ukraine

The Government of *Ukraine* points out that, according to article 24 of the Constitution and section 2-1 of the Labour Code, all citizens enjoy equal labour rights. Section 22 of the Labour Code prohibits any direct or indirect restriction of rights, or any direct or indirect advantages, when contracts of employment are concluded, amended or terminated.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, shares the views expressed by the Government and adds that the standards of industrial relations in MNEs are almost comparable with those of national employers.

## United States

The *American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)* reports that MNEs which may have positive industrial relations in their home country do not necessarily maintain positive industrial relations in the United States. It notes that the legal ability of companies to "permanently replace" striking workers is "a particularly effective weapon to destroy freedom of association and the right to collective bargaining". For example, in 1988 an MNE from the EU (country and name of MNE given) purchased a near-bankrupt enterprise in the automotive parts industry (name given). Workers in North Carolina were granted at least \$90 million in wage and benefit concessions to restore the company to profitability. By 1997 the company earned over \$70 million, but the next year, management again demanded concessions from the workers. According to the AFL-CIO, the employer engaged in a pattern of bad faith bargaining including denying information, refusing to grant full bargaining authority to the chief negotiator, intimidating employees by such means as videotaping them, and inhibiting the exercise of their trade union rights. In September 1998, the workers voted to strike and, in November, the employer announced its intention to "permanently replace" hundreds of striking workers; it ultimately replaced at least 70 per cent of the workforce. The AFL-CIO believes that the decisions to withhold information, bargain in bad faith and hire replacement workers were made by the EU-based owner of the local company, and notes that the MNE acknowledged in the press that its conduct would not have been legal in its home country. After cases were filed with the United States National Contact Point for the OECD Guidelines on Multinational Enterprises and the ILO Committee on Freedom of Association, the dispute was resolved in 1999 and a new six-year collective agreement was signed. The union dropped all charges of unfair labour practices and the company allowed striking workers to return to work. The AFL-CIO reports that MNEs operating in the United States can also avoid bargaining obligations through corporate restructuring. An example is the case of an MNE from the EU (country and name of MNE given) operating in the construction materials industry in Alabama. The MNE had a history of good relationships with unions in the EU (countries given). Following a 1999 merger and restructuring, the MNE combined its union and non-union facilities in Alabama and withdrew recognition of the existing union, denying a request to hold a National Labor



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Relations Board-supervised election. According to the AFL-CIO, the MNE began an intensive campaign to interrogate, threaten, intimidate, harass and discriminate against union supporters, forcing workers to attend mandatory anti-union meetings at which management showed films that linked unionization with plant closings.

#### Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* indicates that standards of industrial relations in MNEs are usually more positive and modern compared to their national counterparts.

#### Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* states that almost all MNEs try to maintain industrial relations consistently with national law and domestic enterprises; therefore there is no great difference between MNEs and local enterprises in this respect. However, the standard of industrial relations in MNEs is applied more thoroughly and strictly than in the local enterprises. Nonetheless, although article 153 of the Labour Code, 1994, requires that a "provisional trade union organization" be set up in every undertaking, many MNEs have been operating for a long time without a trade union.

#### Zambia

The *Zambia Federation of Employers (ZFE)* reports that standards of industrial relations in MNEs compare quite favourably with those of other employers.

#### Zimbabwe

The Government of *Zimbabwe* notes that all enterprises are governed by the Labour Relations Act, 1993, and therefore, standards in MNEs are the same as in other enterprises.

### ***Incentives and concessions*** ***(Paragraph 45)***

45. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.

(17) *Have incentives offered and concessions made by governments to attract FDI limited in any way workers' freedom of association and the right to organize and bargain collectively?*

#### Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that incentives and concessions offered by the Government to attract FDI do not limit workers' right to organize or bargain collectively.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

#### Argentina

The Government of *Argentina* notes that freedom of association and the right to bargain collectively are applied without distinction in MNEs and national enterprises. There is no restriction of any kind on freedom of association or collective bargaining.

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## Australia

The Government of *Australia* points out that, although investment incentives are provided, they do not, in any way, limit workers' freedom of association, right to organize and/or bargain collectively.

The *Australian Council of Trade Unions (ACTU)* notes that government incentives to attract FDI have not limited the workers' freedom of association or right to bargain collectively.

## Austria

The Government of *Austria* states that incentives in the form of subsidies are granted with a view to attracting MNEs to less developed regions. Concessions made or incentives offered by the Government to attract FDI have not limited workers' rights.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. All three sectoral unions concur with the Government's reply on the effects of incentives offered to attract FDI.

## Bahamas

The Government of *Bahamas* indicates that incentives offered and concessions made by the Government to attract FDI do not limit, in any way, workers' freedom of association and the right to organize and bargain collectively.

## Bahrain

The Government of *Bahrain* states that incentives and privileges offered to attract foreign investment do "not underestimate the liberty" provided by law but, on the contrary, contribute to job creation for national citizens, social stability and dialogue between workers and employers, leading to increased productivity and strengthened collaboration between the "production partners".

## Bangladesh

The Government of *Bangladesh* submits its views in accordance with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* reports that Bangladesh has ratified Convention No. 87 and there is no intention to limit in any way workers' freedom of association and the right to organize and bargain collectively as a result of incentives offered and concessions made to attract FDI.

The *Bangladesh Workers' Federation (BWF)* indicates that the same rules and legislation apply to national enterprises and MNEs.

## Barbados

The Government of *Barbados*, in offering incentives and concessions to foreign investors, does not prevent workers from associating freely and bargaining collectively. Foreign investors are normally aware of these ground rules.

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The *Barbados Employers' Confederation (BEC)* states that incentives offered and concessions made by the Government in order to encourage foreign investors in the country do not prevent workers from associating freely and bargaining collectively.

The *Barbados Workers' Union (BWU)* replies that incentives and concessions offered by the Government to foreign investors do not limit the freedom and rights of workers.

## Belarus

The Government of *Belarus* reports that concessions are offered with regard to tax on profits in the case of enterprises in which foreign investment accounts for more than 30 per cent of the starting capital, if their earnings are derived from their own production (work/services): companies are completely exempt from tax for a period of three years from the time when their profits are declared onwards; for another three years after that they may pay only 50 per cent of their imputed tax if the enterprise is engaged in production considered to be of particular importance.

## Belgium

The Government of *Belgium* reports that the offering of incentives and concessions to attract FDI has never been a practice in the country.

## Brazil

According to the Government of *Brazil*, freedom of association, the right to organize trade unions and to enter into collective bargaining are not subject to any restrictions or to any condition which stems from economic or tax measures taken by the Brazilian Government to attract foreign investment.

The *National Confederation of Industry (CNI)* concurs with the Government.

## Bulgaria

The Government of *Bulgaria* reports that concessions offered to attract investments are related to economic conditions of a concession contract and do not affect workers' freedom of association or the right to organize and bargain collectively, these rights being governed by the Constitution (article 44) and labour laws.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that the incentives and concessions offered by the Government to attract foreign direct investments have not restricted workers' freedom of association or their right to organize and bargain collectively; trade unions enjoy independence and freedom of expression.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* states that while freedom of association is a reality in Cameroon today, the powerful presence of MNEs and large foreign private industrial groups does not favour it. "The poverty and misery in which jobseekers find themselves and the threats of redundancies hanging over workers who do have a job, restrict the scope of this freedom of association."

## Canada

The *Canadian Employers' Council (CEC)* reports that the incentives offered to MNEs do not limit the rights of workers as workers' rights are stipulated in the labour legislation.

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## Cape Verde

The Government of *Cape Verde* states that workers are free to organize in trade unions and negotiate agreements.

## China

The Government of *China* states that freedom of association and the right to bargain collectively have not been limited by incentives or concessions offered to MNEs.

## Colombia

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants, which considers that, due to new laws relating to four-month contracts, employees whose contracts expire have no recourse.

## Costa Rica

The Government of *Costa Rica* reports that no incentives or concessions offered to attract foreign investment in any way limit the inalienable rights of workers, including freedom of association and the right to bargain collectively.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that by ratifying Conventions Nos. 87 and 98, it has undertaken to give full effect to their provisions. Freedom of association and the right to organize and bargain collectively are recognized and guaranteed to employers and workers under Act No. 95-15 of 12 January 1995. Article 51.3 of that law emphasizes the non-interference by employers with workers' organizations; other specified provisions address other key aspects of freedom of association and effective recognition of collective bargaining.

## Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* states that freedom of association and the right to bargain collectively can be fully exercised and the Government does not take any measures to interfere.

## Cyprus

The Government of *Cyprus* points out that both the Constitution and the legislation guarantee freedom of association and the right to organize and bargain collectively and, hence, the Government's efforts to attract FDI does not impinge upon workers' rights in this respect. Moreover, Conventions Nos. 87, 98 and 135 have been ratified by the country, the latest of these instruments having been ratified during the period of review.

The *Pan-Cyprian Federation of Labour (PEO)* responds in the negative to question 17.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* responds in the negative to question 17.

The *National Workers' Union of Congo (UNTC)* responds in the negative to question 17.

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## Denmark

According to the tripartite partners of *Denmark*, government incentives to attract FDI have not limited workers' rights to organize and bargain collectively.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* explains that incentives or concessions offered by the Government to attract foreign investments that obstruct trade union organization are generally not explicit but implicit; there have been some explicit cases, however, such as state collaboration in closing down the trade union in the telecommunications industry, for instance (name of one MNE given). For details of industrial relations in EPZs, see *infra* "EPZs/SEZs".

## Egypt

The Government of *Egypt* reports that the incentives offered and the concessions made to attract FDI are not used to limit workers' freedom of association and the right to organize and bargain collectively.

The *Federation of Egyptian Industries (FEI)*, forwarding the response of one MNE in the food sector (name given), reports that the incentives offered and the concessions made to attract FDI do not limit workers' freedom of association and the right to organize and bargain collectively.

## El Salvador

The Government of *El Salvador* indicates that the incentives offered or concessions made by the Government to attract FDI do not limit in any way workers' freedom of association and the right to organize and bargain collectively.

## Estonia

The tripartite partners of *Estonia* state that workers' freedom of association is not compromised by government incentives to attract investment.

## Finland

The tripartite partners of *Finland* indicate that the incentives offered to attract FDI have not negatively affected the rights of workers to organize and bargain collectively.

## France

The *French Confederation of Executive Staff (CFE-CGC)* states that incentives and concessions made to attract FDI do not limit freedom of association and right to collective bargaining.

## Gabon

The *Confederation of Gabonese Employers (CPG)* responds in the negative to question 17.

## Germany

The Government of *Germany* reports that, under German law, limitations of freedom of association and the right to organize and bargain collectively are not allowed. If these rights are restricted, workers can seek redress through the courts.

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The *Federation of German Employers' Associations (BDA)* responds in the negative to question 17.

## Ghana

The *Trades Union Congress (TUC)* notes that incentives and/or concessions offered to attract FDI have limited workers' right to organize and bargain collectively.

## Greece

The *Federation of Greek Industries (FIG)* reports that the freedom of association of workers and the right to organize and bargain collectively are not limited in MNEs by incentives offered to attract foreign investments.

## Guatemala

The Government of *Guatemala* states that incentives offered and concessions made by the Government to attract FDI have not limited workers' freedom of association and the right to organize and bargain collectively.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* reports that the incentives offered by the Government to attract foreign investment have in no way restricted workers' rights as that would imply, inter alia, the violation of constitutional standards such as equality before the law and the economic and social rights of workers.

## Guyana

The Government of *Guyana* reports that the incentives given to MNEs have not limited the rights of workers to organize and bargain collectively.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that economic incentives and concession agreements have neither restricted employees' freedom to associate nor their right to organize. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, observe that, disregarding some minor incidents among the MNEs examined, there have been no restrictive measures.

## India

The Government of *India* states that national labour laws are uniformly applicable to the FTZs/EPZs, which are designed to attract foreign direct investments, and the principle of collective bargaining is encouraged in all the industrial units, including MNEs, in order to achieve harmonious industrial relations.

## Indonesia

The Government of *Indonesia* states that it has not offered incentives or concessions to attract FDI that limit workers' right to organize or bargain collectively.

## Italy

The Government of *Italy* notes that public incentives offered to the local and foreign enterprises are generally agreed upon a tripartite basis whereby each side meets certain

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requirements aimed at achieving the common objectives of development and increased employment, particularly in economically depressed areas.

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses the same views as the Government.

#### Japan

The Government of *Japan* reports that incentives used to attract FDI do not legally limit freedom of association or the right to collective bargaining.

#### Jordan

The Government of *Jordan* reports that no incentives were given that would limit freedom of association because the labour law is implemented the same in all cases.

The *Amman Chamber of Industry (ACI)* states that no incentives were given to limit freedom of association or the right to organize and bargain collectively.

#### Kenya

The Government of *Kenya* states that incentives offered and concessions made to MNEs do not have the effect of limiting the rights of workers.

#### Korea, Republic of

The Government of the *Republic of Korea* reports that government incentives and concessions have in no way limited the freedom of association or the right to organize.

#### Kuwait

In their joint reply, the tripartite partners of Kuwait state that incentives and/or concessions offered to MNEs place no constraints on workers' rights.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that it has no knowledge of concessions favouring MNEs but neither has the Government offered any incentives to improve industrial relations. According to an evaluation conducted by several branch trade union associations, from communications, food and construction, MNEs have not supported industrial relations through collective bargaining, recognition and promotion of trade unions, or cooperation with social partners.

#### Lithuania

The *Confederation of Lithuanian Industrialists (LPK)* states it is unaware of any examples demonstrating that inducements and privileges offered to MNEs, such as profit tax reductions, "have had a positive impact" on employees' rights.

The *Centre of Lithuanian Trade Unions* states that concessions made by the Government to attract FDI have influenced the economic and social situation of MNE employees directly, and inhabitants of the country indirectly.

The *Unification of Lithuanian Trade Unions (LPSS)* states that incentives offered to MNEs have not limited workers' rights.

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## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* report that incentives and concessions offered by the Government to attract FDI do not, in principle, limit workers' freedom of association or their right to organize and bargain collectively. However, in practice, MNEs have several means of "persuasion" (dismissal, company closure or transfer), which gives them much control over workers who fear losing their job in a context where jobs are scarce.

## Malaysia

The tripartite partners of *Malaysia* report that the incentives offered by the Government to attract FDI do not impinge on workers' freedom of association and right to organize and bargain collectively, these rights being protected by law.

## Malta

The *General Workers' Union (GWU)* reports that the incentives offered by the Government to MNEs do not restrict any rights of industrial relations.

## Mauritius

The Government of *Mauritius* indicates that, from time to time, it grants fiscal incentives to attract foreign investment in the country, but that policy in no way undermines workers' rights.

## Mexico

The Government of *Mexico* reports that MNEs and national enterprises must comply with Federal Labour Law and therefore do not limit workers in any way. New foreign investment to expand capacity, purchase raw materials, or open a new company, is used to maintain employment and increase production. In the case of "maquila" export companies, where the majority of profits go back to the parent company, wages are comparable to those in other Mexican industries but lower than in the MNEs' home country. The Government notes that trade unions constituted under law and registered under article 368 of the Federal Labour Law have legal status to engage in collective bargaining and to conclude collective agreements, and all companies must recognize the status of their union representatives.

## Moldova, Republic of

Incentives offered and concession made to attract FDI do not have the effect of limiting the rights of the workers, reports the Government of the *Republic of Moldova*.

## Morocco

The *Democratic Labour Confederation (CDT)* reports that it has not observed that any of the privileges granted by the Moroccan Government to attract FDI has had the effect of reducing trade union rights or the right to organize or bargain collectively.

## Mozambique

The *Mozambique Workers' Organization, Union Headquarters (OTM-CS)* reports that, politically, incentives and concessions exist that limit workers' freedom of association and right to organize and bargain collectively.



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## Myanmar

The Government of *Myanmar* indicates that incentives offered and concessions made by the Government to attract FDI have not limited workers' freedom of association and right to organize and bargain collectively.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that incentives and concessions to MNEs are not directly made by the Government, but pressure on the Government is increasing and in the future, such incentives and concessions may happen.

## Netherlands

The Government of the *Netherlands* responds to the question in the negative.

## New Zealand

The Government of *New Zealand* indicates that incentives provided to attract FDI have no effect on freedom of association and the right to organize and bargain collectively.

## Nicaragua

The Government of *Nicaragua* reports that it has not observed that incentives offered to attract FDI in any way limit workers' freedom of association or right to organize and bargain collectively.

## Pakistan

The Government of *Pakistan* notes that offering incentives and concessions to foreign investors does not limit workers' freedom of association and the right to organize and bargain collectively.

The *National Labour Federation of Pakistan* observed that the "Government seems to be under pressure" on the subject of the impact on workers' rights of incentives and concessions to attract FDI.

According to the *Pakistan Labour Federation (PLF)*, incentives offered by the Government in order to attract FDI limit workers' freedom of association and the right to organize.

## Panama

As regards incentives to attract FDI, the Government of *Panama* emphasizes that, in the context of its modern promotional strategy based on clusters (services, tourism and supply centre), it adopted Law No. 54 of 22 July 1998 (a copy of which is attached to the reply), whereby measures are laid down to provide legal stability and incentives for investments. Among these are provisions on EPZs, and the incentives in no way restrict freedom of association or the rights of workers to form trade unions and engage in collective bargaining.

The workers' organization (*Convergencia Sindical*) states that, although it cannot say whether specific government measures or laws involving incentives set limitations on workers, in practice situations which restrict these rights are in evidence, particularly in the case of companies linked with MNEs. It refers, in particular, to examples given involving *maquilas* and the banking sector. See *infra* "Transfer of operations and other issues involving MNEs".

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## Peru

The Government of *Peru* reports that incentives or concessions to attract FDI have not affected workers' rights to freedom of association and to organize, which are covered by the Constitution and special laws applicable to all enterprises without distinction.

The *General Confederation of Workers of Peru (CGTP)* states that the incentives offered and concessions made by the Government to attract FDI have restricted freedom of association and the right to organize and bargain collectively in one way or another since the MNEs enjoy a legal framework enabling them to prevent trade unions being formed by subcontracting temporary work. Indeed, industries for contract or hire, also called cooperatives, do not allow unions or collective bargaining, and workers who attempt to organize are met with dismissal. Workers are subjected to a terrorism whereby they live under constant threat of dismissal.

## Philippines

The Government of the *Philippines Economic Zone Authority (PEZA)*, Department of Trade and Industry, states that the fiscal and non-fiscal incentives administered by PEZA to attract FDI do not impinge on workers' freedom of association and the right to organize and bargain collectively.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that, in principle, no incentives are given that limit trade union organizing, but notes that trade unions are very often non-existent in greenfield investments, which is a barrier to collective bargaining.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* reports that it knows no examples of restrictions on freedom of association or the right to organize and bargain collectively due to initiatives or incentives by the Polish Government to attract FDI.

## Portugal

The Government of *Portugal* states that the incentives offered and concessions made by the Government have not affected, in any way, freedom of association and the right of workers in MNEs to organize collectively .

## Romania

The Government of *Romania* reports that incentives to attract FDI have not limited workers' rights to associate, organize and bargain collectively.

## Rwanda

The Government of *Rwanda* reports that incentives offered to attract FDI have not limited workers' rights and no attempts at collective bargaining have been observed to date.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* responds in the negative.

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply that incentives and concessions to attract FDI have not limited workers' freedom of association and the right to organize and bargain collectively.

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## Senegal

The Government of *Senegal* reports that it has offered neither advantages nor concessions to any enterprise, including MNEs, which may result in limitations to the freedom of association or the right to bargain collectively.

## Singapore

The Government of *Singapore* reports that Singapore's laws protect workers' right to voluntarily organize and join unions, and to participate freely in collective bargaining. The Government's offer of special incentives to attract foreign direct investments have not limited their freedom of association and right to negotiate collectively.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* indicate that incentives offered to MNEs do not limit the rights of workers.

## Slovenia

The Government of *Slovenia* notes that incentives and concessions offered to attract FDI have not limited workers' rights.

## South Africa

*Business South Africa (BSA)* reports that, due to the provisions contained in the Labour Relations Act, government incentives to attract FDI do not impinge on workers' freedom of association and right to organize and bargain collectively.

The *Congress of South African Trade Unions (COSATU)* reports that incentives by the Government to attract FDI have not, yet, limited workers' freedom of association and the right to organize and bargain collectively.

The *Federation of Unions of South Africa (FEDUSA)* reports that the economic gain cannot limit collective agreements and bargaining rights, even when incentives are offered to attract FDI.

## Spain

The *Spanish Employers' Confederation (CEOE)* advises that it cannot be said that the incentives offered and concessions made by the Government to attract FDI have limited in any way workers' freedom of association and the right to organize and bargain collectively. It asserts, to the contrary, that, in Spain, like the rest of the EU, trade union presence is more developed in large enterprises.

## Sri Lanka

The Government of *Sri Lanka* reports that it has offered various incentives to attract FDI without imposing any limitation on freedom of association and the right to organize and bargain collectively.

The *Employers' Federation of Ceylon (EFC)* states that the right to organize and bargain is protected by law without distinction.

The *Ceylon Workers' Congress (CWC)* indicates that the incentives offered to MNEs have limited the rights of the workers.

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## Switzerland

The Government of *Switzerland* reports that incentives and/or concessions to MNEs do not limit workers' right to organize and bargain collectively, as these rights are fully recognized in the country and cannot be limited.

The *Confederation of Swiss Employers (UPS)* concurs with the Government.

The *Swiss Federation of Trade Unions (USS/SGB)* concurs with the Government.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* states that incentives offered by the Government to attract foreign investors are limiting workers' freedom of association. Relaxation of labour laws in EPZs gives enterprises power to hire and fire workers at will, and the unionization of workers is discouraged by the use of human resource management practices.

## Thailand

The Government of *Thailand* states that there are no restrictions on the rights of workers as a result of incentives offered to MNEs.

## Togo

The Government of *Togo* reports that the incentives offered and the concessions made to attract FDI do not limit the workers' freedom of association and the right to organize and bargain collectively.

The *National Employers' Council (CNP)* states that incentives offered and concessions made are regulated by investment and tax laws on the one hand, and by the particular laws applicable to the status of the free zone on the other hand. For further details on free zones, see *infra* "EPZs/SEZs".

The *Workers' Trade Union Confederation (CSTT)* concurs with the Government to the extent of practices in the customs territory, while the Confederation and the *Group of Autonomous Trade Unions (GAS)* provide differing views as to practices in the free zones. See *infra* "EPZs/SEZs".

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that workers' freedom of association and right to organize and bargain collectively have not been limited by the incentives offered to attract FDI. As a result of the Industrial Relations Act No. 88:01, workers have the right to be represented by any trade union with respect to grievances when the firm does not have a recognized "majority" bargaining union and workers are free to join a trade union of their choice, in keeping with Convention No. 87.

## Turkey

According to the Government of *Turkey*, incentives and concessions offered to attract FDI do not limit in any way workers' freedom of association and right to organize and bargain collectively.

The *Turkish Confederation of Employers' Associations (TISK)* states that incentives to attract FDI do not limit workers' freedom of association and the right to organize and

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bargain collectively, which are protected by the national legislation that applies to all enterprises.

#### Uganda

In their joint response, the tripartite partners of *Uganda* state that incentives given to attract FDI have not curbed the rights of workers to organize and bargain collectively.

#### Ukraine

The Government of *Ukraine* has ratified ILO Conventions Nos. 87 and 98 and the Government has not interfered with the workers' freedom of association or their right to organize and enter into collective agreement.

#### Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that it is unaware of any incentives offered to attract FDI that have impinged on workers' freedom of association and right to organize and bargain collectively.

#### Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that, in keeping with the employment policy of the Government to protect legitimate rights of workers, the Government always takes such rights into account when producing policies to attract FDI.

#### Zambia

The *Zambia Federation of Employers (ZFE)* is not aware of any incentives or concessions granted to investors which limit freedom of association or the right to organize.

#### Zimbabwe

The Government of *Zimbabwe* reports that incentives to attract investment have not limited workers' freedom.

### **Requests for information and promotion of collective bargaining** (Paragraphs 46-51, 53-55)

46. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.

47. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.

48. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.

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49. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.<sup>12</sup>

50. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.<sup>13</sup>

51. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.

52. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.

53. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.

54. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.<sup>14</sup>

55. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.

(18) (a) *Have MNEs responded positively to requests for information required for meaningful negotiations by workers' representatives? If not, kindly elaborate.*

(b) *In the context of collective bargaining, have there been any instances of MNEs not responding constructively to government requests for relevant information on their operations?*

(19) *Please explain briefly what steps/measures may have been taken to implement the Governing Body's previous recommendations "... to promote*

<sup>12</sup> Convention No. 98, Article 4.

<sup>13</sup> Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

<sup>14</sup> Recommendation (No. 129) concerning Communications between Management and Workers within Undertakings.

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*collective bargaining as a key element in industrial relations. Governments and the social partners should develop specific programmes to make their members and the public aware of the importance of collective bargaining for fostering peaceful industrial relations. Information and facilities for the negotiation and conclusion of collective agreements should be made available and those involved should be given the authority to make final decisions on the matters under discussion”.*

## Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides information on an MNE operating in the petrochemical sector (name of MNE given) indicating that it always responds positively to requests for information from workers’ representatives, and holds meetings to give workers the necessary explanations.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that MNEs provide information requested for negotiations with workers’ representatives. With regard to promotion of collective bargaining, in 1983 the country ratified two ILO Conventions, the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). In 1975 the Government promulgated a statutory instrument furthering collective bargaining as an important element in industrial relations.

The *Antigua Employers’ Federation* endorses the views expressed by the Government.

## Australia

The Government of *Australia* reports that, since the Workplace Relations (WR) Act is the primary legislation governing workplace relations at the federal level, it establishes a framework which facilitates collective bargaining. The amendments to Part VIB of the Industrial Relations Act, 1988, made by the Workplace Relations and Other Legislation Amendment Act, 1996 (WROLA Act, 1996), have widened the circumstances under which collective agreements can be made. Registered organizations can make collective agreements with employers and have them certified under the WR Act. The Act gives particular emphasis to the views of employees by providing that agreements, under Part VIB, be approved by a valid majority of employees whose employment will be subject to the agreement. There are also provisions to prevent discrimination on the grounds of their membership (or non-membership) of a registered union. The WROLA Act, 1996 (section 111AA), also strengthens the powers of the Australian Industrial Relations Commission to assist parties which are unable to reach agreement. The Commonwealth legislation, for the first time, expressly recognizes the capacity of parties to bargain outside as well as within the formal system (WR Act, section 3). Employers and employees can choose individual or collective agreements, depending which is more appropriate under the circumstances. The Government of New South Wales indicates that there is no facility in the Industrial Relations Act, 1996, for the making of individual contracts. The state government seeks to promote workplace reform in New South Wales through collective bargaining. It promotes this by advising, training and informing employers, employees and unions about reform issues.

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The *Australian Council of Trade Unions (ACTU)* notes that, while generally MNEs respond positively to requests for information required for meaningful negotiations, some MNEs, in some areas (fast food, information technology and finance) actively resist collective bargaining. ACTU states that the present Australian Government is attempting to encourage individual bargaining over collective bargaining, and that no encouragement is being given to collective bargaining.

## Austria

The Government of *Austria* reports that MNEs respond positively to requests for information but the quality of the information is questionable. Austria has a highly developed system of collective bargaining in place (refers to previous reports).

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH states that MNEs respond positively to requests for information from this union and possibilities to participate exist. ANG and GMBE agree with the Government's response on the information provided by MNEs.

## Bahamas

The Government of *Bahamas* indicates that MNEs respond positively to requests for information required by the Government but provide relevant information to workers' organizations only when pressed. Trade unions and employers are free to negotiate industrial packages and the Government facilitates their conclusion by witnessing and registering the agreements.

## Bahrain

The Government of *Bahrain* states that all private sector establishments cooperate with official authorities when required to provide information and data. Regarding the steps taken to promote collective bargaining in industrial relations, the Government supports the workers' organization – the General Committee for the Workers of Bahrain – which was established by law (the Labour Code and Decree No. 10 of 1981) and attempts to make it play a more significant role and to participate more actively in employment and labour policies; in addition, the Government provides it with financial assistance. The objectives of the General Committee have been provided by law and include increasing worker efficiency, improving their material and social welfare, and addressing collective labour disputes through bargaining and dialogue with employers and the Government. In this regard, the Labour Code (Chapter 16) provides for conciliation and arbitration of collective labour disputes, and the participation of workers' and employers' representatives in settling such disputes.

## Bangladesh

The Government of *Bangladesh* submits its views in accordance with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* reports that, under the existing labour laws, within ten days of receipt of request, employers, including MNEs, are expected to arrange a meeting for a meaningful negotiation. This is a legal procedure which all employers, including MNEs, are obliged to respect. As concerns the request of the Government for information needed for negotiation, there has not been any negative response by MNEs. The Governing Body's previous recommendations regarding



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collective bargaining are observed by adopting rules and laws and introducing an enforcing system of negotiation.

The *Bangladesh Workers' Federation (BWF)* reports that, in most cases, MNEs respond positively to requests for information by workers' representatives. It considers that, in some cases, MNEs do not respond constructively to government requests for relevant information. With respect to the measures aimed at promoting collective bargaining, the BWF recommends that there be mutual commitment on the part of the employers' and workers' representatives for better results in collective bargaining; copies of the MNE Declaration be circulated among the management staff and the workers to promote better understanding of the provisions; establishment of strict penalties for those MNEs which fail to respect the rules of operation; and full government awareness of the Declaration and adopt policies aimed at promoting fair negotiations between employers and workers; and national-level consultations on the issues implicated by the MNE Declaration.

## Barbados

The Government of *Barbados* states that, as far as collective bargaining is concerned, cases of MNEs not responding to government requests for information are not known. Many employers, MNEs included, try to furnish information useful for them in negotiations with workers' representatives, while retaining information that could be advantageous to the workers' cause. For example, employers are willing to give financial information to support their claim of economic difficulties. The social partners, including the Government, employers' and workers' representatives, reached an agreement on Protocol III to promote collective bargaining as a key element in industrial relations. The Government cites a section of this agreement entitled "Industrial Harmony", which promotes the use of a consultative approach to reducing potential labour disputes. However, in the recent past, a few employers have objected to the customary procedures for trade union recognition. Normally, in Barbados' voluntaristic tradition, the Labour Department would conduct a survey to ascertain whether a trade union had achieved majority membership in a particular workplace.

The *Barbados Employers' Confederation (BEC)* reports that MNEs have responded positively to information requests for negotiations by workers' representatives. There have been cases, for example in the computer science sector, in which MNEs have not recognized the voluntaristic nature of the industrial relations system, showing a preference for a more legalistic system. In order to implement the Governing Body's recommendations concerning the promotion of collective bargaining in industrial relations, Protocol III has been signed.

The *Barbados Workers' Union (BWU)* states that MNEs respond positively both to information requests by workers' representatives for negotiations and for those made by the Government regarding their operations. No measures have been undertaken in order to promote collective bargaining as a key element in industrial relations.

## Belarus

The Government of *Belarus* states that, under the terms of the Labour Code and other laws, workers in Belarus are entitled to protection of their economic and social interests. This includes the right to form trade unions, engage in collective bargaining, conclude collective agreements and strike.

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## Belgium

The Government of *Belgium* does not have any particular information regarding question 18.

Despite the uniform applicability of legislation to all enterprises in the country, the *National Labour Council (CNT)*, states that problems have occurred, particularly regarding non-compliance with basic rules on information and consultation with workers' representatives. The NLC recalls the validity of some previously made observations in this regard and states that the conduct of negotiations with local MNE management still poses problems due to the specificities inherent to MNEs, which render it difficult to observe both national and international legislation. Despite the efforts to approximate laws, problems of differing application still arise in the EU, where a certain lack of interstate cooperation prevails. This is even more problematic outside the EU. Several legal instruments contain provisions relating to the supply of information to and consultation with workers: Collective Agreement No. 62 of 1996, establishing a procedure for Community-scale undertakings, as amended by Collective Agreement No. 62a of 1998; Act of 1997 on composition; Act of 1997 on bankruptcies; and Act of 1998 introducing support measures on the creation of a European Works Council. Sections 62-70 of the Act of 1998 establishing provisions to favour employment also provide for information and consultation mechanisms in the event of collective dismissals, and allow workers to contest the effective follow-up of the procedure.

## Brazil

The Government of *Brazil* states that it does not have information on whether employers give workers requested information, and it would be more appropriate to seek comment from employer and worker representatives, although it adds that it has sought to foster transparency in relations as a threshold for effective collective bargaining. It further states that it does not keep records of cases of government requests for information made to MNEs. The Government further reports that, in recent years, it has been taking action on a number of fronts concerning industrial relations. With collective bargaining a given, mechanisms to resolve conflicts of interest between capital and labour are being examined. Such actions include making changes to the legal order and promoting a bargaining culture through more and better dialogue between workers' and employers' associations. Legal reforms have a key role to play in the transition from one industrial relations model to another. The hallmark of the earlier model was rigidity of legal provisions and standards, with too much state interference; this is giving way to a model which is flexible, responsive and democratic. In a similar vein various pieces of proposed legislation were tabled to the National Congress, including the Proposed Constitutional Amendment No. 623/98, which puts an end to closed shops and compulsory contributions and seeks to make unions more representative and to strengthen collective bargaining; Law No. 9.957 (12 January 2000) that provides for a "very short procedure" in labour cases (copy of law annexed to reply); Law No. 9.958 (12 January 2000) that provides for the prior establishment of conciliation committees in enterprises to resolve labour disputes or claims (copy of law annexed to reply); and MPI 950-60 (3 February 2000), mentioned *supra* "Conditions of work and life: Wages, benefits and conditions of work". Several regulatory measures have been introduced by the Ministry of Labour and Employment to promote social dialogue. Apart from introducing legal provisions and standards to bolster collective bargaining, the Government is involved in promoting the practice of bargaining in work relationships on three fronts: stimulating a wide-ranging debate on forms of collective bargaining suited to national conditions; investing in the training of public and private officials and enterprise and union leadership, and mediating in labour disputes. Ministry of Labour data show an increase of approximately 65 per cent in the number of collective instruments (agreements or accords) concluded between 1997 and 1998. There were also

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more bargaining guidelines with contemporary issues being brought into the discussion of the world of work.

The *National Confederation of Industry (CNI)* reports that MNEs respond positively to requests by workers for information required for meaningful negotiations, and that it has no records on government requests to MNEs for information. It agrees with the response given by the Brazilian Government to question 19, but does not support Constitutional Amendment Proposal 623/98 since it is lacking in many respects. On the other hand, the Confederation is developing actions to prioritize collective bargaining.

## Bulgaria

The Government of *Bulgaria* notes that it has not been informed of any specific cases in which MNEs have refused information on their activities to workers' representatives if required for collective bargaining purposes. Workers' right to information is considered to constitute an essential right, guaranteed by the labour laws and the law on occupational safety and health. Most MNEs respond positively to requests for information presented by trade unions, but the information is not always complete due to "professional secrecy". The Government does not know whether there have been instances of MNEs not responding constructively to its requests for relevant information. With regard to question 19, collective bargaining is governed by the legislation, and hence, the social partners do not need to adopt special measures. Arrangements reached between the social partners make MNEs a key element in industrial relations "to a certain extent". Multinationals value the importance of dialogue between the social partners, public opinion, collective bargaining and harmonious industrial relations.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that, according to the provisions of the Labour Code, workers' representatives and trade union delegates have free time to negotiate with the employer on matters concerning the working situation of employees. Workers' representatives are therefore quite free to take part in negotiations with the MNEs. All collective bargaining in Burkina Faso is carried out on a tripartite basis within the Advisory Labour Committee that comprises representatives of the administration, trade union and employers' organizations.

## Canada

The *Canadian Employers' Council (CEC)* reports that Canada's well-developed labour legislation provides for freedom of association, the promotion of trade unionization and a collective bargaining system; and there is active consultation between employers and Government with respect to labour legislation.

## China

The Government of *China* reports that MNEs respond positively to workers' requests for information required for meaningful negotiations. However, during surveys carried out by the Government requesting information from a sample of MNEs, some of the information supplied might not have been entirely constructive. The Government refers to the legislative framework – namely, the Labour Act, the Regulation on collective agreements, the Opinions on the progressive implementation of collective bargaining and negotiations, and certain Opinions on the wages determined by collective agreements in multinational enterprises, all of which guide and regulate the process of collective bargaining within enterprises, and which clearly define the competence and rights and duties of the respective parties.

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## Colombia

According to the Government of *Colombia*, MNEs have shown a positive attitude and have complied with the procedures concerning collective bargaining including provision of relevant information. The Government is not aware of any specific case of MNEs not responding constructively to government requests for information. With respect to the Governing Body's recommendations to promote collective bargaining, during the reporting period, a plan for the Modernization of the Industrial Regulations Implementation and Inspection System has been implemented with employers' and workers' organizations and all the regulations and materials, including the document ABC of Collective Industrial Relations, which explains all aspects relating to freedom of association and collective bargaining, have been distributed to participants attending various technical assistance seminars and training programmes.

## Costa Rica

The Government of *Costa Rica* indicates that requests from workers' representatives for information to be able to conduct meaningful negotiations have been handled within the dynamics of labour relations, although the strategic use of information on subjects covered by the negotiations at any given time may lead to difficulties (the banana sector is cited as an example). In the Ministry of Labour and Social Security, there have been no difficulties relating to MNEs failing to respond to requests for information by the Government on their operations in the country. The Government states that promotion of social dialogue and collective bargaining is a fundamental priority for the current administration in maintaining optimum industrial relations. In the context of regional efforts at modernization within the labour ministries in Central America, Belize and the Dominican Republic, a number of training modules, seminars and workshops have been designed on the subject of strengthening negotiations and the different forms that they take, namely conciliation, mediation and arbitration in collective labour disputes. A regional video conference on alternative dispute resolution and negotiation skills was held in April 2000.

## Croatia

As regards the request of the workers' unions for information needed for the purpose of negotiation, the *Confederation of Independent Trade Unions of Croatia (KNSH)* states that the MNE has responded positively. Under the Labour Act, trade unions have the right to bargain collectively for their workers. Information on the course of collective bargaining is available to employees; they are also consulted on important issues. Every worker receives a copy of the collective agreement.

## Cyprus

The Government of *Cyprus* states that MNEs respond positively to requests for information by workers' representatives and negotiate in good faith with trade unions. The Government replies in the negative to question 18(b).

The *Pan-Cyprian Federation of Labour (PEO)* indicates that it attaches "tremendous significance to tripartism" and assents that tripartite cooperation is essential for economic and social development. In this context, the Industrial Relations Code provides for a procedure to conclude and renew collective agreements, as well as to settle labour disputes. The Federation adds, however, that, as a result of the changing economic climate in Cyprus, there have recently been instances where certain employers have been seen to set aside the basic principles of collective bargaining and industrial relations.

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## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports no information regarding MNE responsiveness to requests for information. The FEC responds in the negative to question 18b. Labour laws of the Democratic Republic of the Congo stipulate the necessity for the social partners to negotiate collective agreements (Act No. 67/310 of 9 August 1967). The law determines the form and procedures for implementation, revision and termination of collective agreements.

The *National Workers' Union of Congo (UNTC)* reports that MNEs, generally, do not respond positively to requests for information because it is always necessary to request authorization, approval or agreement of the parent company which, in many cases, is either not given or only given with considerable delay. As for government requests for information from MNEs, the UNTC wonders whether such requests are made. Collective bargaining is a legal obligation and all enterprises use it. With regards to MNEs, "real" information is either not given or only in "scraps". One of the factors causing lengthy negotiations is the lack of the requisite authority by local managers to make independent decisions.

## Denmark

The tripartite partners of *Denmark* state that MNEs generally respond positively to requests for information required for meaningful negotiations made by workers' representatives. There have been no instances of MNEs not responding constructively to government requests for relevant information. No new measures to promote collective bargaining have been introduced during the reporting period. With more than 100 years of development, the national labour market model features tripartite cooperation, strong organizations "on both sides of industry" and a deference to collective agreements as the most important source of law in labour law matters.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* indicates there have been no positive responses from MNEs to requests for information required for meaningful negotiations by workers' representatives since there is no culture of exchange between the two sides (employers and unions). As an example it quotes a case in the petroleum industry (name of MNE given), where information has constantly been requested on real production costs and purchase prices but has never been received. This means that high-ranking officials in the Executive do not have any specific information enabling them to take measures. According to CNTD, there have been no steps or measures taken by the Government and the social partners to promote collective bargaining as a key element in industrial relations.

## Ecuador

The Government of *Ecuador* states that, when negotiations between MNEs and workers' representatives are conducted through the National Labour Mediation Directorate, there is generally ample cooperation from the parties concerned. In the activities of the Ministry of Labour and Human Resources, there has never been a case of an MNE not responding constructively when asked for information on its operations. Measures taken by the Ministry of Labour and Human Resources are implemented through labour mediation and prevention programmes which are aimed at settling possible collective disputes and promoting collective bargaining as a key element in industrial relations. In addition, given the trend towards alternative methods for settling disputes, the Law on Arbitration and Mediation has been passed with the objective of defining the actions of the mediation and arbitration centres.

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## Egypt

The Government of *Egypt* reports that, in collaboration with regional and international institutions, the Ministry of Manpower and Migration has organized workshops and symposia to promote collective bargaining to which the social partners have been invited to attend. Workers are involved in the shaping of industrial relations at different levels, notably through trade union involvement in the preparation of the Labour Code and participation in the administration councils within enterprises. Moreover, final decisions on industrial relations are taken on a collective basis after an agreement has been reached and according to the law and to certain procedures.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt. One MNE in the food industry (name given) reports that MNEs provide all necessary information required for meaningful negotiations with workers' representatives. There are no known instances when MNEs have failed to respond constructively to government requests on relevant information. An MNE in the petroleum industry (name given) supplies relevant information upon request, notably personnel data. Its staff council, whose members are elected by the staff, meets regularly with management to discuss issues related to the terms and conditions of work, and their comments are seriously taken into consideration by management in the decision-making process. This MNE further reports that the national petroleum corporation makes some requests for data on manpower numbers and salaries, which are "normally provided".

## El Salvador

There is no evidence, according to the Government of *El Salvador*, that MNEs have not responded positively to requests for information required for meaningful negotiations by workers' representatives and, if there were, the Government would immediately investigate. To date, there is no evidence of MNEs refusing to respond constructively to requests for information made by the Government. An initiative of the Government to underscore the importance of collective bargaining in industrial relations and provide information and facilities for the negotiation and conclusion of collective agreements is forthcoming in the form of a public address by the Minister of Labour focusing on resolution of labour disputes; this marks the beginning of a campaign to underscore the importance of collective bargaining as a key element in industrial relations.

## Estonia

The tripartite partners of *Estonia* state that MNEs have, generally, responded favourably to requests for information. To promote collective bargaining amongst social partners, the Government has requested technical assistance from the ILO to promote social dialogue. A project on promoting social dialogue was discussed with an ILO representative during a recent mission to Tallinn.

## Finland

The tripartite partners of *Finland* state that, although the experiences of MNEs, in general, are positive, during the reporting period, there have been cases where the employees have considered that they have not been given sufficient and/or timely information concerning the plans that had impact on the operations of the enterprises. However, this situation has improved since the entering of the provisions of the European Works Council (EWC) Directive into force. As concerns the request of the Government for information on the operations of the MNEs, it is reported that the MNEs have responded positively to such requests. With respect to promotion of collective bargaining, it is noted that the level of organization in Finland is 80 per cent and the agreements cover approximately 95 per cent of the wage and salary earners. The labour market organizations

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act independently, yet the programmes of the Government stress the importance of tripartite cooperation in the preparation of decisions concerning working life.

## France

Generally, MNEs respond positively to requests for information required by workers for meaningful negotiations, but only at the beginning when they are establishing themselves in the country, reports the *French Confederation of Executive Staff (CFE-CGC)*. In the context of collective bargaining, MNEs have not responded constructively to government requests for relevant information.

## Gabon

The *Confederation of Gabonese Employers (CPG)* affirms that MNE subsidiaries respond positively to requests for information required for meaningful negotiations by workers' representatives. It reports no instances in which MNE subsidiaries have failed to respond to government requests for relevant information on their operations in the context of collective bargaining. The Confederation notes that collective bargaining has been freely practised in Gabon for a long time.

## Germany

The *Confederation of German Employers' Associations (BDA)* states that rights of workers to organize and bargain collectively are key elements in Germany, and there is no need for further promotion.

## Ghana

The *Trades Union Congress (TUC)* notes that MNEs respond positively to requests by workers' representatives for information required for meaningful negotiation. MNEs should encourage workers in their right to negotiations, should include provisions for settlement of disputes in collective agreements and should grant workers' representatives access to information for meaningful negotiations.

## Greece

The *Federation of Greek Industries (FIG)* reports that MNEs have responded positively to requests for information by workers' representatives wishing to participate in negotiations. Collective bargaining and collective agreements are part of a long tradition within the context of industrial relations in MNEs.

## Guatemala

The Government of *Guatemala* states that MNEs have generally responded positively to requests for information required for meaningful negotiations by workers' representatives, and there have not been any instances of MNEs not responding constructively to government requests for information on their operations. To implement the Governing Body's recommendations to promote collective bargaining, special programmes have been introduced at the School of Mediation and Conciliation of the Ministry of Labour and Welfare through which research on collective bargaining is promoted. The School also conducts courses intended for factory inspectors, company managers, trade unions and university students.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* states that most MNEs have responded positively to requests for information by workers, and that the Government does not usually request this type of

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information. As to measures to promote collective bargaining, CACIF expresses the view that no reliable information is available concerning measures or initiatives of this kind.

## Guyana

The Government of *Guyana* notes that MNEs are reluctant to provide information and/or give access to their books for the purpose of negotiations with unions, and that unions are obliged to use publicly available annual reports of MNEs to gather information. As regards the promotion of collective bargaining by the Government, the Trade Union Recognition Act (No. 33 of 1997), enacted in 1997, provides measures to promote collective bargaining. The Ministry of Labour provides a conciliation service for the prevention and settlement of disputes between employers and workers.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that most MNEs responded positively to requests for information for the purpose of collective bargaining, and that in most cases MNE management has conducted negotiations of substance with the representatives of employees. In some cases, MNE management eluded the bargaining initiatives of employees and impeded the employees' association. Act XXII of 1992 on the Labour Code regulates the relationship between employers and employees and their representative organizations in order to protect their social and economic interests and to maintain peace in the labour market. The law provides for freedom of association, the participation of employees in determining working conditions, and specifies collective bargaining procedures as well as the procedure for resolving labour conflicts. The Government supports the development of a system of collective bargaining. The law provides for the collective agreement to specify the rights and responsibilities of the parties that derive from the employment contract, ways of exercising these rights and responsibilities, relevant procedures, and the relationship of the parties. The employer is obligated under the law to provide trade unions entitled to conclude a collective agreement with relevant data every year, and to make proposals concerning the settlement of wage issues within the collective agreement. Decree 19/1997 (XII. 18) MuM governs the registration of collective agreements: agreements and amendments in force on, or concluded after, 1 January 1998 must be registered. Based on data from the Centre of National Labour Methodology of the Ministry of Social and Family Affairs, in 1999, 25 per cent of national and foreign-owned enterprises were subject to collective agreements, constituting about 60 per cent of their employees. These figures represent a decline among both Hungarian and foreign companies since 1997 when 30 per cent of companies and 66 per cent of employees were subject to collective bargaining agreements. Coverage with collective agreements of companies with 100 per cent foreign ownership is below average, with 20 per cent of companies covered, constituting 45 per cent of all their employees. The coverage rate among foreign-owned companies employing more staff is higher, but Hungarian-owned companies are better covered no matter how many employees. In 1999, as in 1997, 90 per cent of Hungarian-owned companies employing more than 1,000 workers were covered by collective agreements, including 96 per cent of all employees in that size workplace. In contrast, only 57-58 per cent of fully foreign-owned companies with 1,000 or more employees were covered by collective agreements, which represents 74 per cent of all employees in this group in 1997 and 64 per cent in 1999. In companies privatized by foreign owners, industrial relations typically survived, so that trade unions carried on with their activities and the collective agreement was renewed. When foreign companies set up shop in Hungary through greenfield investments, however, trade unions were rarely formed and collective industrial relations were rarely established. The Confederation of Hungarian Industrialists, one of the tripartite partners, states that employers realize that it is essential to have well-prepared employees' representatives at the bargaining table, so it is indispensable to give them the necessary information about the success of the company so



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that they can understand the company's position during negotiations. The employers report a positive attitude towards answering the questions of employee representatives. With regard to government requests for information on employer operations, the employers report that no negative indications were received from employers. The employers report that in about half of the companies there is no collective agreement. In order to promote the process of collective bargaining, MNEs will ensure the provision of information required for negotiations and empower negotiating partners to make a final decision on the issues discussed. The employers note, however, that the process of collective bargaining in Hungary lags behind EU practices, observing that employers' organizations are still struggling to establish the necessary financial and personal conditions for the development of industrial relations. When conditions allow, agreements of cooperation take place between employers' organizations and trade union confederations which include recommendations to facilitate the conclusion of collective agreements. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions and the National Federation of Workers' Councils, tripartite partners, report that substantive information for negotiations is provided at varying levels of quality. Except for some rare and exceptional cases MNEs endeavour to comply with legal requirements. Half of the trade unions responding to the survey consider the information requested and provided as sufficient to conduct negotiations and reach agreements. The trade unions say that, in other situations, wages and wage-related data are kept secret, information received is superficial because the important information is characterized as a factory secret, and representatives are at the mercy of local management concerning relations between the international headquarters and the local company. In about two-thirds of MNEs where there is a collective agreement, wages and working conditions are provided by the agreement. The trade unions involved in these agreements report that these MNEs have "good or very good" industrial relations. The trade unions report that some MNEs even take part in branch-level collective bargaining as is done in the mining industry, for instance. Companies without a valid collective agreement have had the following experiences: some MNEs will not conclude a collective agreement but will negotiate with the works council or the trade union on proposals and adopt or implement most of them; one MNE reports that the collective bargaining process is under way; several MNEs report that negotiations drag on for one to three years; trade unions in the textile industry report very poor industrial relations in one of the MNEs resulting in legal proceedings over the continuous infringement of trade union rights. The trade unions report that, in general, where there is no union it is difficult to gain entrance to the premises of the MNE to organize. Some MNEs resist the formation of a trade union in an open or disguised manner, or where the trade union or works council still function, management may even take the risk of illegally firing its officers.

## Indonesia

The Government of *Indonesia* reports that it is not aware of any specific case in which a trade union has complained that an MNE failed to provide information needed for collective bargaining. The Government requires MNEs to submit an annual report to the Ministry of Manpower regarding their terms of employment and working conditions. The steps that have been and should be taken to promote collective bargaining in MNEs are to formulate laws and regulations on trade unionism and industrial relations; to encourage workers to unionize; to raise the awareness of employers on the role of trade unions and the importance of the collective agreement in creating peaceful and harmonious industrial relations; and to empower trade unions through leadership and negotiation training.

## Ireland

According to the *Irish Congress of Trade Unions (ICTU)*, MNEs observe statutory information and consultation rights with regards to requests from workers' representatives. In addition, the Irish Congress notes that the country's industrial relations environment is

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generally “very positive” and trade unions are, generally, accepted as an important part of civil society with important contributions to make to economic and social policy; MNEs are expected to conform to normal industrial relations practices and procedures and available dispute-resolution institutions.

## Italy

The Government of *Italy* notes that Council Directives 94/45 of 22 September 1994 regulates the rights of employees for information and consultation at the “Community-scale” enterprises level. National sectoral agreements also make provision for employees’ rights to information and consultation at the enterprise levels.

The joint reply of the workers’ organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to those of the Government.

## Japan

The Government of *Japan* notes that a 1996 survey on industrial relations at foreign enterprises indicates that the “labour union organization rate” in Japanese enterprises is 24.1 per cent as compared to 23.2 per cent in MNEs. The survey indicates that 8.7 per cent of Japanese enterprises operate with no labour agreement, while 25 per cent of MNEs operate with no collective agreement. The Government notes that items discussed at labour-management consultations in Japanese enterprises were “fairly extensive”, those discussed in MNEs were “rather limited”, with little discussion on basic production and sales plans, personnel recruitment or work rationalization. Japanese enterprises were twice as likely as MNEs to discuss the following matters in consultation with workers: personnel relocation, temporary transfer, changes in employment style, mandatory retiring system, retirement and pension, education, and cultural and physical activities. According to the government survey, MNEs discussed key labour issues with regard to salary, mandatory retirement, lay-offs, and conclusion and revision of collective agreements at least as often as Japanese enterprises.

The *Japanese Trade Union Confederation (JTUC-RENGO)* reports that the organizing rate for enterprises with more than 1,000 employees is 57 per cent, with the majority of MNEs remaining unorganized; some MNEs are in a position to strongly oppose union organizing.

## Jordan

The Government of *Jordan* reports that all MNEs responded positively to requests for information. A continuous dialogue is taking place between the Government and the social partners to encourage collective bargaining in order to achieve better working conditions. The Government reports that 75 per cent of collective agreements are reached through direct negotiations with the encouragement of the Government.

The *Amman Chamber of Industry (ACI)* concurs with the views of the Government, adding that the Government and social partners support and encourage collective bargaining as the best way to enhance working conditions.

## Kenya

The Government of *Kenya* notes that MNEs have responded appropriately to requests for information required for negotiations; where this is not so, appropriate legal mechanisms have been used by the Government to make the information available. This is

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particularly pertinent when the information requested is required to assist in deciding collective agreement disputes before the industrial court. The majority of MNEs have also responded positively to government requests for information concerning collective bargaining; a few have not, probably due to ignorance. MNEs have legal obligations to provide required information on their trading performance on an annual basis, and the Government has the power to make the information available. Steps have been taken to promote collective bargaining as a key element in industrial relations. To that end the Government has ratified Convention No. 98 (right to organize and collective bargaining), and issued a tripartite document called the Industrial Relations Charter which is the guiding policy document in the practice of industrial relations in the country. The document was formulated and signed by the three social partners and is at an advanced stage in becoming legally incorporated in the statute books. The Government and the social partners have jointly organized sensitization and awareness seminars with the assistance of the ILO and UNDP, with the aim of enhancing the appreciation of the collective bargaining process in industrial relations by both employers and government officials.

#### Korea, Republic of

The Government of the *Republic of Korea* states that, in principle, collective bargaining is conducted voluntarily by labour and management and the Government does not have access to information on the bargaining negotiations unless collective bargaining is denied or collective action is carried out. The Government has received no reports of MNEs refusing requests for information from workers' representatives. The Government reports that it does not request information on MNE operations because collective bargaining is to be conducted between labour and management on a voluntary basis. The following general measures support collective bargaining: trade union workers can request information on the enterprise's operations deemed necessary for bargaining; under the Act on the Promotion of Workers' Participation and Cooperation, employers must report management and production performance and financial structure during regular consultations with labour; and, under the Trade Union and Industrial Relations Mediation Act, revised in March 1997, representatives from labour and management have the authority to conclude bargaining issues.

The *Federation of Korean Trade Unions (FKTU)* reports that MNEs "have not been hospitable about providing trade unions with materials and information". It is not easy for trade unions to bargain collectively with foreign managers who try to use legal procedures to manage the relationship. Unstable industrial relations resulted from employers' failure to respect collective bargaining agreements during the economic crisis. Because of this, FKTU doubts that the Government has made efforts to support peaceful collective bargaining.

#### Kuwait

In their joint response, the tripartite partners of *Kuwait* indicate that MNEs respond positively to requests for information required for meaningful negotiations by workers' representatives. With regard to collective bargaining, there have been instances of MNEs not responding constructively to government requests for information about their operations.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that trade unions have serious difficulties obtaining information from MNEs. The usual pretext for not giving information is that it is a commercial secret. The recommendations on collective bargaining of the Governing Body of the ILO have been integrated into national law.

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LBAS notes problems implementing those recommendations due to “silent counteraction” by employers and resulting employees’ failure to organize for collective protection of workers’ rights under the law. LBAS recommends that special explanatory programmes be developed by the social partners on the role and place of collective bargaining in industrial relations. LBAS observes that it is important for the Government to express its support for social partnership at all levels – enterprise level (including MNEs), branch level, regional level and national level.

## Lithuania

The Government of *Lithuania* reports that relevant information from MNEs has not been denied to workers’ representatives, as far as the Government is aware, and none has been denied upon government request. The Tripartite Board of the Lithuanian Republic formed a working group in 1998, which has prepared amendments to the Law on Collective Agreements and Collective Labour Agreements, with the intention of identifying subjects for tripartite and bipartite agreements and regulating the activity of the Tripartite Board. The Government adds that the biggest problem facing the Board with regard to collective bargaining is the insufficient representation of trade unions; to address this, it is working jointly with the Poland and Hungary Aid to Economic Recovery (PHARE) (an EU programme that assists in the economic restructuring of countries of Central and Eastern Europe) to develop a programme to educate social partners.

The *Confederation of Lithuanian Industrialists (LPK)* reports that large MNEs supply information about their activities to their workers, so long as it does not contain commercial secrets. The LPK further states that the Collective Contracts and Agreements Law regulates collective bargaining, and that Law is under revision at the moment in order to legitimize national tripartite agreements as well as employer-trade union bilateral agreements. Collective bargaining is not widespread in Lithuania and remains predominantly at the enterprise level. The Government amended the Law on Collective Agreements in 1994, adding a new section on general agreements involving tripartite partners. The Law, however, does not provide clear definitions of the agreements and underlying rules for concluding them so the quality and quantity of collective agreements did not improve.

The *Centre of Lithuanian Trade Unions* states that it has no information on requests for information, and that it should be noted that the Government does not stimulate collective negotiations.

The *Unification of Lithuanian Trade Unions (LPSS)* states that financial and economic documents of the company are often considered a “commercial secret” and, in most cases, not made accessible to unions.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* indicate that relations between workers and employers in MNEs are marked by spontaneous strikes while negotiations are held on a case-by-case basis and not within the context of the conclusion of a collective agreement. In the privatization context, conclusion of an agreement has to obtain the Government’s approval, which is deemed by USAM as contrary to the principles of freedom of association and collective bargaining.

## Malaysia

With respect to collective bargaining, the tripartite partners of *Malaysia* point out that there have been no complaints that MNEs have refused information and no instances of MNEs not responding constructively to government requests. The Department of Industrial

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Relations within the Ministry of Human Resources undertakes visits for promotional purposes and provides advisory services to explain the importance of good industrial relations practices. However, the Malaysian Trades Union Congress is of the view that the Government has not adopted sufficient measures in this regard.

#### Malta

The *General Workers' Union (GWU)* reports that the responses by MNEs to requests for information needed for meaningful negotiations are generally at the same level as national enterprises. The Union cites instances of anti-strike activities by the Government.

#### Mauritius

The Government of *Mauritius* indicates that collective bargaining is carried out on a small scale as a result of "extensive coverage" of such matters as level of wages and conditions of employment in regulations set by the National Remuneration Board. Furthermore, the social partners have not developed a culture for collective bargaining, with a 20 per cent unionization rate and a general lack of competence which means a heavy reliance on government intervention. Nevertheless, where collective bargaining is available, the Government encourages its exercise in "good faith" and "in a reasonable and constructive manner for the sake of promoting and maintaining harmonious relations". The Industrial Relations Act, which governs collective bargaining and provides for the registration and recognition of trade unions, sets out a code of practice to assist employers and trade unions to conduct collective bargaining effectively. The Government provides the necessary training and information to employers' and workers' organizations on various issues relating to collective bargaining through the Education and Training Branch and the Labour Information Centre of the Ministry of Labour and Industrial Relations, Employment and Human Resources Development. Moreover, in 1997, the Government created a Trade Union Trust Fund which provides funding for the training of trade union members.

#### Mexico

The Government of *Mexico* reports that MNEs are not obliged to provide information that may be considered confidential, and that there is no record of any employer-worker disputes caused by this. There have been no cases of MNEs refusing to provide information to the Government. The Law of Statistics obliges companies to provide this information, which the Government must keep confidential. In addition, with regard to question 19, the principles of ILO Convention No. 87 are contained in articles 357, 358 and 359 of the Federal Labour Law, which are applicable to employers.

As regards collective bargaining, the *Confederation of Mexican Workers (CTM)* states that Mexico, through its Constitution, upholds freedom of association and trade unions rights, but it expresses general concern that trade unions experience legal restrictions in choosing their forms and methods of their organization.

#### Moldova, Republic of

MNEs have responded positively to requests by workers' representatives for information required for negotiations, reports the Government of the *Republic of Moldova*. The Government also notes that a new bill has been drafted since 1996 on "collective contracts", which spells out the obligation to negotiate and the principles of representation; this has yet to be enacted.

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## Morocco

The *Democratic Labour Confederation (CDT)* reports that requests by labour representatives for information are not generally granted. The draft Labour Code explains the duties of the Enterprise Committee, which is authorized to request all information. The draft Labour Code provides for collective bargaining as the basis for industrial relations in the company, the sector and on the national level, but this remains theoretical. The Confederation reports, however, that the Higher Council for Collective Bargaining met on 6 May 1999.

## Mozambique

According to the *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)*, MNEs respond positively to requests for information by workers' representatives, although not to the extent desired.

## Nepal

With regard to collective bargaining, the *General Federation of Nepalese Trade Unions (GEFONT)* reports that little information passes from MNEs to workers' organizations. Though they do not respond negatively to requests, MNE cooperation is characterized as "lip service". GEFONT has no information regarding MNEs' responses to government requests for information. National labour laws provide for collective bargaining at the enterprise level and policy bargaining at the federation and confederation level. Implementation of collective agreements is difficult because there are no punitive consequences for the employers' failure to abide by the agreement, and most problems in industrial relations result from employer negligence in implementing the agreements.

## Netherlands

The Government of the *Netherlands* reports that its general impression, based on recent research, is that MNEs and comparable employers do cooperate constructively with workers' representatives. It is not aware of any cases in which MNEs failed to respond positively to a request for information. In the Dutch system of industrial relations, it is not usual to request information directly from an MNE. The regular procedure for requesting information is through the representatives of employers' associations via existing channels of communication and consultation; however, the Government reports that it could also ask a company directly for information without problem. The relationship between the Government and the social partners is constantly being fine-tuned through self-regulation, consultation, education and the provision of necessary facilities. Framework legislation is used to involve social partners in elaborating standards. According to the Government, collective agreements are the most important vehicle for self-regulation by the social partners; collective agreements can also be extended to apply to an entire industry. The agreements do not simply address fundamental terms of employment, but extend to a whole range of conditions including training, childcare, working conditions, and even job creation through employment policies. Collective agreements therefore play a prominent role in Dutch social and economic policy to hone the relationship between the social partners and to respect the differences between sectors of industry. Collective agreements increase the basis of understanding that is the cornerstone of industrial relations in the Netherlands.

## New Zealand

The Government of *New Zealand* reports that there are no restrictions on the type of information that can be disclosed during negotiations. It notes that since 1984 the Government has operated under a policy of non-intervention in employment contract

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negotiations, so information from MNEs has not been requested. General mediation assistance may be provided by the Employment Tribunal to parties negotiating collective agreements, should it be requested.

## Nicaragua

The Government of *Nicaragua* reports that, to make useful negotiations possible, some MNEs make facilities available to workers' representatives. Others contribute to office expenses for the trade union organization, as set out in the collective bargaining agreement. The Government reports that its labour laws reflect the recommendations made previously by the Governing Body. The regulations under Act No. 290 of 31 October 1998 establish the relevant competency of the Minister of Labour. The regulation aims to encourage and facilitate voluntary collective bargaining of free, independent and representative employers' and workers' organizations; ensure that representative employers' and workers' organizations are recognized for the purposes of collective bargaining; set individual and collective dispute resolution policies; examine, approve and register collective agreements and study the law's conformity with the letter and spirit of ILO instruments.

## Pakistan

The Government of *Pakistan* indicates that MNEs have responded positively to workers' representatives' requests for information. No instances of MNEs not responding constructively to government requests for information on their operation have come into its notice. The Government is promoting tripartism and awareness of workers' rights including the right of collective bargaining. This has resulted in "industrial peace and harmony" in industrial relations.

The *National Labour Federation of Pakistan (NLF)* indicates that information required by workers' representatives is not generally provided by MNEs. As regards the promotion of collective bargaining as a key element in industrial relations, the Government has not played an effective and beneficial role.

The *Pakistan Labour Federation (PLF)* indicates there are no meaningful negotiations between workers and MNEs. The PLF does not know of any instances of MNEs not responding constructively to government requests for information on their operations. It adds that the present Government considers the interests of employers and not the workers and that, consequently, collective bargaining is being progressively curtailed.

## Panama

According to the Government of *Panama*, MNEs have responded positively to requests for information required for meaningful negotiations by workers' representatives and there is no evidence of cases of MNEs failing to provide constructive information when the Government has asked for details of their operations. The Government conducts an information campaign on the promotion of collective bargaining among workers' and employers' organizations, as recommended by the ILO Governing Body. It also urges the two sides of industry to resolve any disputes that may arise through direct negotiations conducted on a bipartite basis.

The workers' organization *Convergencia Sindical* reports that the labour relations system is not a mature one and is subject to much regulation and intervention; as such, ordinary labour legislation does not recognize "rights of information". As a result of this, the response to requests by a union for information on collective bargaining or

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arrangements for settling labour disputes depends largely on the relations which the union has managed to establish with the company.

## Peru

According to the Government of *Peru*, no information is available concerning the response by MNEs to requests for information from workers' representatives, but that existing labour law, specifically article 55 of Decree Law No. 25593, provides for workers' representatives to request necessary information from employers. There are no cases of MNEs failing to respond constructively to government inquiries relating to their operations within the context of collective bargaining. In general, it has not been necessary to adopt measures to promote collective bargaining because existing provisions already amply allow for peaceful industrial relations or, in any case, the possibility of finding solutions to any disputes.

The *General Confederation of Workers of Peru (CGTP)* indicates that, in cases where a trade union exists, Peruvian law stipulates that enterprises must properly inform workers but does not provide for any sanctions in case of non-compliance. In addition, the law provides that workers may request the Ministry of Labour to instruct that a financial economic study (EEF) be carried out and submitted to the parties, during which study the enterprise must submit the necessary information. As a measure to promote the recommendations of the ILO Governing Body concerning collective bargaining, CGTP refers to the example of a bill on collective labour relations tabled at the beginning of February 1997 by the Congress Labour Committee to amend the existing law on the subject, although this is still pending and has not become law, so the existing law, Decree Law No. 25593, is still in effect.

## Philippines

The Government of the *Philippines* Economic Zone Authority (PEZA), Department of Trade and Industry, states that, under the Labor Code, collective bargaining entails the duty to provide relevant information to the workers, including financial statements. However, MNEs often supply "incredulous financial statements" that indicate a deteriorating financial position, and obtaining information "needed for a truly meaningful negotiation is often frustrated". With respect to relevant information supplied by MNEs to the Government, the latter only intervenes in case of deadlock and, hence, the question may not be relevant. As regards steps taken to promote information to enhance collective bargaining, PEZA states that labour-management education programmes are carried out on a continuous basis and cover the recommendation of the Governing Body to promote collective bargaining.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that some obstacles are encountered in gaining access to information; enterprises do not want to reveal the information because it is a business secret or for competitive reasons. The OPZZ does not have information on government requests for information. Training in collective bargaining has been organized by workers' and employers' organizations in cooperation with the ILO and in the framework of bilateral agreements between employers' and workers' organizations and their partners in EU countries.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* agrees that enterprises often refuse to reveal information, claiming it is a business secret. This denial of information hampers negotiations. In declarations, through its activities, its proposals, and in the statements of its leaders, NSZZ regularly supports collective



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bargaining as one of the most important elements of the democratic State in the field of industrial relations.

## Portugal

The Government of *Portugal* indicates that in very few cases do MNEs bargain with unions directly. More often than not MNEs are covered by the collective agreement established for the sector. No measures are taken to promote the Governing Body recommendations on collective bargaining as a key element in industrial relations.

The *General Union of Workers (UGT)* states that the impetus given to claims for stronger collective bargaining has led to repeated representations in the Strategic Consultation Agreement (ACE), and more recently as a result of the resolution of the last European Trade Union Confederation, entitled “For a new system of industrial relations”. To date there has been no specific approach to collective bargaining in MNEs. The UGT replies that it does not know whether MNEs respond constructively to government requests for relevant information on their operations.

## Romania

The Government of *Romania* reports that collective labour agreements represent one of the main sources of labour law in Romania, and are definitively established within the collective bargaining process. After 1996, the Government passed a new law to make negotiations obligatory and introduce the principle of representativeness of negotiations (Act No. 130 of 1996, passed, amended and supplemented by Act No. 143 of 1997). The collective labour agreement at the national level applies to all employees, including employees of MNEs. The Government reports that it does not possess the information needed to answer question 18.

## Rwanda

The Government of *Rwanda* replies, with regard to requests for information, that no attempt at collective bargaining has been observed to date, mainly due to the weakness of workers’ organizations. It further claims that the “current liberalization policy” limits state intervention in labour relations. However, labour laws are being revised with priority given to social dialogue, of which collective bargaining is one expression in the settlement of problems between employers and workers. Consciousness-raising campaigns, through TV, radio and conferences and training activities (such as two already organized by the Confederation of Trade Unions of Rwanda (CESTRAR)), are addressing the issue of collective bargaining.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* has no information with respect to requests for information made by workers or the Government to MNEs. It further states that trade unions have been demanding the creation of “permanent structures for collective negotiations” to be included in draft revisions of the labour laws, but this has not been accepted by the Government nor Parliament.

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply that MNEs have responded positively to requests for information required for meaningful negotiations by workers’ representatives, and there have not been any instances of MNEs not responding constructively to government requests for relevant information on their operations. The Government further reports that no measures have been taken to implement the recommendations of the Governing Body of the ILO.

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## Senegal

The Government of *Senegal* reports that in the field of collective bargaining, MNEs are obliged to respond to governmental requests for information concerning their activities. Having ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Senegal has not only strengthened the workers' freedom of expression, which may be individual or collective, but has also widened the scope of collective agreements to allow a more fruitful dialogue in enterprises.

## Singapore

The Government of *Singapore* indicates that all employers in Singapore are strongly encouraged to share relevant information on their companies' operations and profitability, which would facilitate their negotiations with workers' representatives. Generally, MNEs have responded positively to trade unions' requests for information during collective bargaining. MNEs in Singapore are generally enlightened and cooperative in the sharing of relevant information on their operations during collective bargaining. There is hardly any incident in which an MNE has not responded positively to the Government's requests for such information to be shared during the process of collective bargaining. Although there is no specific programme targeted at promoting collective bargaining, it is the key element in industrial relations whenever unions and management discuss remuneration and compensation issues. Collective bargaining is an important factor in Singapore's industrial relations, and contributes significantly to industrial harmony. It has been the Government's policy to encourage the use of collective bargaining as a means to determine the terms and conditions of employment of workers. The Government further reports that the collective bargaining framework legislated in Singapore's Industrial Relations Act (section 17) provides that either party in the labour-management relationship may invite the other to negotiate in relation to any industrial matters with a view to arriving at a collective agreement. The party who receives such an invitation to negotiate may also reply with a notice of acceptance to negotiate on the issues proposed. In the event the party receiving the invitation refuses to negotiate, the assistance of the Commissioner for Labour would then be enlisted to persuade the party concerned to accept the invitation for collective bargaining. Where negotiations between unions and employers fail to reach an agreement, the parties could seek assistance from the Ministry of Manpower to provide conciliation services with a view to resolving the dispute amicably. Arbitration or industrial action will be resorted to only after conciliation has failed to resolve the dispute amicably. This practice has been effective in ensuring that collective bargaining, leading to an amicable settlement of labour disputes between management and union, takes place. In this manner, the Government has also been able to maintain a harmonious industrial relations climate in Singapore. Another important government initiative, which supports and facilitates collective bargaining, is the promotion and practice of tripartite cooperation among the Government, trade unions and employers. Representatives from the Government, employers and trade unions would come together to address important industrial relations and employment-related issues to formulate guidelines that would help in the resolution of such issues. This approach has succeeded in helping achieve and maintain industrial peace in Singapore. Today, tripartism is the cornerstone of Singapore's harmonious industrial relations. The three social partners could fully appreciate the benefit of working closely together to maintain industrial harmony, in order to create a favourable industrial relations climate and achieve economic growth.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* report that MNEs have responded positively to requests by the workers' representatives for information needed for negotiation. The Trade Union Confederation and the trade unions themselves regularly

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organize sensitization activities concerning workers' representation in MNEs. A tripartite conference on European Works Councils was held in Bratislava in May 1997. Further, the representatives of the Confederation and members of trade unions in MNEs took part in international events.

## Slovenia

The Government of *Slovenia* reports that collective bargaining is promoted through the Economic and Social Council (ESC), a tripartite body responsible for coordinating "social partners" with respect to important social and economic interests.

## South Africa

*Business South Africa (BSA)* reports that MNEs respond positively to workers' representatives' requests for information for meaningful negotiations, as well as to government requests, noting the recent resolution of a labour dispute within an MNE in the automobile sector (name of MNE given) as an example. With regard to measures taken to promote collective bargaining as a key element in industrial relations, BSA refers to the Labour Relations Act and attendant sector-level negotiating bodies, and to the Basic Conditions of Employment Act that ensures that time is made available for trade union activity. Collective bargaining at the sector level is considered inefficient as it fails to distinguish between different supply and demand conditions within a sector. Moreover, sectoral-level bargaining is discriminatory as it has a greater impact on SMEs than on large ones.

The *Federation of Unions of South Africa (FEDUSA)* reports that under the labour legislation, employers are required to provide relevant information requested by the trade unions. There have not been many cases where MNEs do not respond constructively to government requests for relevant information, due to the wide publicity that would result. Many MNEs are likely to cooperate and provide information that relates to employment, wage conditions and to their operations. Regarding the measures taken to promote collective bargaining as a key element in industrial relations, the Federation of Unions of South Africa (FEDUSA) reports that the country has ratified the Right to Organize and Collective Bargaining Convention, 1949 (No. 98), during the period of review, and implemented a social plan, together with the social partners, which aims at reducing the unemployment rate. Hence, awareness has been raised on the importance of education in the fields of globalization, collective bargaining and industrial relations; trade unions and federations offer in-house training, informing workers about their rights and about employers' duties. In addition, the general public is sensitized through courses organized by a large number of independent organizations.

## Spain

The Government of *Spain* states that Act 10/1997 incorporating the European Works Council Directive, discussed *supra* "Background and aim", resolves the legal and practical problems that MNEs could encounter in collective negotiations, whilst the right to information and consultation of the workers is also safeguarded. The newly consolidated Workers' Charter recognizes the right of workers to freedom of association and protects rights of information. Contesting or amending the by-laws of trade unions are regulated in Royal Legislative Decree No. 2/1995 of 7 April 1995, approving the new consolidation of the Labour Procedure Act. The Government points out that the consolidation of the Workers' Charter involved strengthening collective bargaining as a whole, including capacity and recognition of bargaining partners, negotiations between employers and workers, and ad hoc bargaining on specific issues. The Government points out an "incontestable improvement" in the autonomy of the social partners in key workplace

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issues and submits in support a table with comprehensive figures on collective bargaining from 1996 to 1999.

The *Spanish Employers' Confederation (CEOE)* underlines the extensive development of collective bargaining in Spain, as demonstrated by the fact that over 80 per cent of workers are covered by collective agreements. The social partners and the Government have also promoted collective bargaining, not only as a mechanism serving to channel relations, but also as an instrument of corporate management in a more competitive environment. The latest example of the importance attached by the social partners to this instrument is the agreement signed by the social partners in 1997 to make the collective bargaining system more effective. On this subject of industrial relations, CEOE considers that the multinationals have been and are a key factor in economic and social development in Spain. It cannot be said that their activities have led to a lower degree of compliance with labour laws or have caused any distortions in comparison to the situation in other companies. On the contrary, these enterprises are in the vanguard of the best development and management of human resources, with constructive labour relations progressively replacing clashes of interests as they move into a context of cooperation and integration. CEOE also points out that collective bargaining has effected a substantial adaptation of both the length and the flexibility of working hours to fit in with new technologies and working methods. In concrete terms, in collective bargaining at the level of sectors and companies, there is a tendency towards work organization systems allowing a more flexible working day, either through an annual reference or arrangements for irregular working hours, or through other mechanisms.

According to the *General Union of Workers (UGT)*, there are no differences between MNEs and other companies as regards freedom of association and the right to join a union. MNEs usually are not in favour of an increase in union organization and in some cases promote company unions, indirectly trying to restrict those rights. The provision of information to workers' representatives on the operation and prospects of the enterprise varies from one company to another. At large companies, information is supplied much more freely and regularly, whilst in small and medium-sized enterprises it can cause more conflict. Large numbers of MNEs have set up in Spain by buying out family companies that could be classed as small and medium-sized enterprises. The administration does not provide workers' representatives with information on specific companies, considering this to be a statistical secret. Like all other citizens, trade unions have access to the official statistics and records. UGT knows of some cases in which MNEs have sometimes failed to respond constructively when the Government has requested information on their operations. As regards collective bargaining at MNEs, UGT advises that the national legislation guarantees the employees of these enterprises, like those of national companies, the right to freely elect their representatives and the right to collective bargaining, although some resistance to the exercise of these rights has been observed.

## Sri Lanka

The Government of *Sri Lanka* reports that MNEs respond positively to requests for information made by trade unions. However in those enterprises where there are no trade unions the workers' representatives are unable to obtain information. There have been no instances of MNEs responding negatively to government requests for relevant information in the context of collective bargaining. In December 1999, Sri Lanka amended the Industrial Disputes Act by way of addition of Part V of the Act, making some identified unfair labour practices by the employers, including non-recognition of trade unions, punishable offences. The new amendment makes it compulsory for employers to recognize trade unions with a membership of more than 40 per cent of the workforce for collective bargaining. Despite these provisions of the law, the rate of unionization in the FTZs is minimal. For details, see *infra* "EPZs/SEZs".

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The *Employers' Federation of Ceylon (EFC)* states that MNEs respond positively to requests for information by workers' representatives required for meaningful negotiations. As to the Industrial Disputes Act, No. 56 of 1999, which makes provision for mandatory recognition of trade unions for collective bargaining, the Federation is of the view that the provision impinges upon the principle of voluntarism.

The *Ceylon Workers' Congress (CWC)* reports that MNEs respond positively to requests for information needed for negotiations by the workers' representatives.

## Sweden

The tripartite partners of *Sweden* submit the following comments from the Swedish Trade Union Confederation (LO) and the Confederation of Professional Employees (TCO). Trade union organizations and, therefore, trade union members, still have difficulty obtaining information about and insight into entire conglomerates and contacting those who actually decide important issues. The LO and TCO report that private corporate codes of conduct have emerged in recent years, often prompted more by public relations considerations than concern to protect consumers or employees; control of these private codes is practically non-existent. A direct connection between "feeble international instruments" and the emergence of these private codes is seen by the LO and TCO so they are compiling a handbook describing how unions can work with codes of conduct. LO and TCO call for the ILO to take a more active role in the implementation of its own instrument and the charting and follow-up of private codes. LO and TCO have requested that Sweden's Ministry of Industry, Employment and Communications report to the ILO on the debate in Sweden concerning threats to relocate Swedish corporate head offices to other countries, as well as current movements of capital, inward and outward investments and employment changes.

## Switzerland

The Government of *Switzerland* reports that, since collective bargaining can be regarded as a tradition in Switzerland and does not raise any problems, no measures have been taken other than constant reaffirmation of the importance of collective bargaining to both MNEs and national enterprises.

The *Confederation of Swiss Employers (UPS)* indicates that the Act on participation, which came into force in 1994, is applied by MNEs as well as national companies. The Confederation agrees with the views of the Government regarding collective bargaining.

The *Swiss Federation of Trade Unions (USS/SGB)* states that freedom of association and the right to organize are guaranteed. The Consultation Act on collective agreements governs staff representation in enterprises.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that trade unions have the right to access information from MNEs, but most MNEs do not provide information "under the excuse of confidentiality" or they provide "dead information" which is not useful for effective negotiation. The OTTU/TFTU is uncertain whether MNEs respond to government requests for relevant information concerning their activities but, should MNEs refuse, the OTTU/TFTU believes the Government has laws to deal with the situation. In order to implement the Governing Body's recommendations for promoting collective bargaining as a key element in industrial relations, some steps may have been taken, including the publication of the recommendations through mass media, follow-up by the Government to ascertain if the recommendations have been implemented, and more pressure put on the Government.

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## Thailand

The Government of *Thailand* notes that, in the case of bipartite negotiations, MNEs provide their employees with essential information needed for the purpose of negotiation. It states further that information is not available on whether MNEs have responded constructively to government requests for relevant information on their operations. With respect to promotion of collective bargaining, the Government facilitates collective bargaining by providing information and advice on national law and economic factors to employers and workers and by making available the facilities, including communications tools and meeting places, needed for collective bargaining. According to Labour Relations Act B.E. 2518, employers are required to engage in negotiations or provide their representatives with full authority to make decisions and conclude agreements with workers.

## Togo

The Government of *Togo* reports that MNEs respond positively to requests for information by the Government as well as workers' representatives in the context of collective bargaining. In the effort to promote collective bargaining as a key element in industrial relations, the Government has set up a tripartite committee that will be responsible for directing the social dialogue in the country.

The *National Employers' Council (CNP)* concurs with the Government as to the tripartite system set up to address social aspects, and adds that regular consultations on matters of mutual concern are carried out on the basis of texts in force (labour laws and collective agreements), and that voluntary conciliation machinery exists for both MNEs and national enterprises which is applied through workers' representatives.

The *Workers' Trade Union Confederation of Togo (CSTT)* concurs with the Government as to requests for information and refers to the tripartite follow-up committee, which will develop regulations for the body to be in charge of social dialogue in the country.

The *Group of Autonomous Trade Unions (GSA)* provides an example of tripartite consultation in the ongoing drafting of a new Labour Code for the country in which trade unions in the country have taken part. The several sectoral or national collective agreements date from 1978 and the present labour law dates from 1974.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* reports that there is no evidence to suggest that MNEs have denied requests for information. The Industrial Relations Act No. 88:01 guarantees that once the Registration, Recognition and Certification Board certifies a union, it is an offence on the part of the firm to refuse to negotiate with the union.

## Turkey

The Government of *Turkey* states that MNEs respond positively to information requests presented both by workers and the Government and measures are taken by the Government to promote collective bargaining by furnishing the necessary information and services with a view to fostering fruitful industrial relations.

The *Turkish Confederation of Employers' Associations (TISK)* states that MNEs respond positively to requests for information presented by workers' representatives for meaningful negotiations and by the Government on their operations. With respect to

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measures taken to promote collective bargaining as a key element in industrial relations, the Government and the employers, including MNEs, “take the necessary steps/measures” and ensure that the responsible authorities are given full authority to supply information for relevant discussion, to provide necessary services and conclude collective agreements.

## Uganda

In their joint response, the tripartite partners of *Uganda* report that the MNEs have not been open to requests by workers’ representatives for information, and that “nearly at all times” workers have been obliged to secure information “secretly”. As for promotion of collective bargaining, the National Constitution (1995) provides for the freedom of association and the right to bargain collectively to all workers. Through workshops and seminars, the Government has tried to create public awareness on the importance of collective bargaining for fostering peaceful industrial relations. The industrial relations section of the Department of Labour offers day-to-day advisory services on collective bargaining and the principles and issues covered by negotiation. The Department of Labour also provides information and facilities for the negotiation and conclusion of collective agreements. The social partners, namely the workers’ and employers’ organizations, also provide information to their members through training workshops and seminars aimed at promoting industrial relations and addressing issues pertaining to the formulation of collective agreements and subsequent processes.

## Ukraine

The Government of *Ukraine* does not have any information as to whether or not MNEs have responded positively to the request for information required for negotiation by workers’ representatives. The Government describes the measures taken to promote collective bargaining as a key element in industrial relations as follows: according to the 1993 Act respecting collective agreements and accords, collective agreements and accords are concluded on the basis of current legislation and of commitments accepted by the parties in the interest of sound industrial relations and reconciling the interests of workers and employers. Annual analyses are conducted, based on statistical data, on progress made in concluding and implementing collective agreements and accords, and the Government and state authorities are informed thereof. Since 1992, general agreements have been concluded by the Government, trade unions and employers’ organizations; and, under the 1999-2000 General Agreement, the parties are required to work towards achieving agreements at branch and regional levels and collective agreements at enterprise levels.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, concurs with the Government. The employers’ organizations also point out that, unlike the previous practice, when collective agreements were nominal, currently the level of wages and other terms of employment are determined through collective bargaining; the Government only provides the legal framework and regulates the minimum social welfare for workers. Since 1992, general agreements have been concluded on a national level covering all sectors, while regional agreements are made at regional levels.

## United States

The *American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)* reports no data on overall trends regarding availability of information for collective bargaining purposes, but specific cases can be cited. In the case of an MNE (name given) in the automotive parts industry, for example, the company’s anti-union strategy included denial of information and delay in responding to requests for information essential to meaningful bargaining in the face of company demands for more economic concessions. Information requested dealt with such issues as data on wages, medical and

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pension benefits (including actuarial formulae), subcontracting of bargaining unit work, financial statements and capital investments in the plant. In September 1998 the workers voted to strike over the company's unfair labour practices and soon found themselves "permanently replaced". See also reply to question 16.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that MNEs respond positively to requests for information for meaningful negotiations by workers' representatives, within, however, "accepted limits". It is unaware of any reports of MNEs not responding constructively to government requests for relevant information on their operations. With respect to measures adopted to promote collective bargaining, FEDECAMARAS states that, in general, collective bargaining has not encountered resistance and, in some instances, has been encouraged by MNEs.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* states that, in MNEs where workers' organizations are strong, employers generally react positively when rightful demands for information are raised by employees, while negative responses in cases of weak or no trade unions lead to labour disputes. In general, there is no pattern of instances of MNEs not responding constructively to government requests for information. With regard to promotion of collective bargaining, the labour law encourages collective agreements "with more favourable articles for employees compared with that regulated by law", and Decree No. 196 of 31 December 1994 provides in detail all the steps to be applied when collective bargaining is conducted in enterprises. In addition, the Viet Nam Chamber of Commerce and Industry (VCCI) and Viet Nam General Confederation of Labour (VGCL) have held workshops and meetings with the aim of increasing awareness of the importance of collective bargaining.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that responses to requests for information vary from one MNE to another. The general view is that MNE responses are mostly negative and not very helpful. Like most other employers, MNEs have tended to be rather secretive about this kind of information. The Federation reports that it has attempted to publicize the importance of collective bargaining to its members through information kits and other literature, as well as through workshops and seminars.

## Zimbabwe

According to the Government of *Zimbabwe*, some MNEs do not respond positively to requests for information by workers' representatives relating to company performance in order to make fair wage adjustment demands. There have been no negative instances relating to government requests for information. The Government reports that collective bargaining in the private sector has taken "centre stage" since its economic reforms started in 1991 and with the deregulation of labour markets. Steps are currently being taken to bring collective bargaining into the public sector as well.



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## **Transfer of operations and other issues involving MNEs**

(Paragraphs 40-58)

40. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.

41. Workers employed by multinational enterprises as well as those employed by national enterprises should, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation.<sup>15</sup> They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment.<sup>16</sup>

42. Organizations representing multinational enterprises or the workers in their employment should enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration.<sup>17</sup>

43. Where appropriate, in the local circumstances, multinational enterprises should support representative employers' organizations.

44. Governments, where they do not already do so, are urged to apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing.

45. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.

46. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.

47. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.

48. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.

49. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers'

<sup>15</sup> Convention No. 87, Article 2.

<sup>16</sup> Convention No. 98, Article 1(1).

<sup>17</sup> Convention No. 98, Article 2(1).

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organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.<sup>18</sup>

50. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.<sup>19</sup>

51. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.

52. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.

53. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.

54. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.<sup>20</sup>

55. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.

56. In multinational as well as in national enterprises, systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining.<sup>21</sup>

57. Multinational as well as national enterprises should respect the right of the workers whom they employ to have all their grievances processed in a manner consistent with the following provision: any worker who, acting

<sup>18</sup> Convention No. 98, Article 4.

<sup>19</sup> Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

<sup>20</sup> Recommendation (No. 129) concerning Communications between Management and Workers within Undertakings.

<sup>21</sup> Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers of the Level of Undertaking; Recommendation (No. 129) concerning Communications within the Undertaking.

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individually or jointly with other workers, considers that he has grounds for a grievance should have the right to submit such grievance without suffering any prejudice whatsoever as a result, and to have such grievance examined pursuant to an appropriate procedure.<sup>22</sup> This is particularly important whenever the multinational enterprises operate in countries which do not abide by the principles of ILO Conventions pertaining to freedom of association, to the right to organize and bargain collectively and to forced labour.<sup>23</sup>

58. Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers. The voluntary conciliation machinery should include equal representation of employers and workers.<sup>24</sup>

(20) *Have there been any threats by MNEs to transfer their activities elsewhere, by way of unfairly influencing negotiations or hindering the exercise of the right to organize? If so, please explain.*

(21) *Are there any particular industrial relations problems specific to MNEs operating in your country? If so, please explain.*

## Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides information from an MNE operating in the petrochemical sector (name of MNE given), asserting that its company never threatens to transfer its activities elsewhere, and that no particular problems exist as regards industrial relations in that company.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

## Antigua and Barbuda

The Government of *Antigua and Barbuda* reports that, in 1999, a foreign MNE in the postal and communications service industry hindered workers' right to organize by transferring its office out of the country (name of MNE given). With regard to particular issues, MNEs, upon initially entering the country, have problems adapting to the standards of industrial relations; those problems are usually overcome once local direction is given.

The *Antigua Employers' Federation* endorses the views expressed by the Government.

<sup>22</sup> Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a view to their Settlement.

<sup>23</sup> Convention (No. 29) concerning Forced or Compulsory Labour; Convention (No. 105) concerning the Abolition of Forced Labour; Recommendation (No. 35) concerning Indirect Compulsion to Labour.

<sup>24</sup> Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration.

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## Australia

The Government of *Australia* emphasizes that there are no industrial relations problems specific to MNEs operating in the country.

The *Australian Council of Trade Unions (ACTU)* states that one large multinational mining company (name of MNE given) has engaged in a variety of activities to de-unionize its worksites and move employees from collective to individual contracts (activities being copied by other mining companies), according to the ACTU. The companies concerned have abused their corporate power to intimidate and discriminate against workers and union members and have sought to deny the right to bargain collectively. The ACTU also points out that some MNEs negotiate with employees' groups by referring to investment levels/further activity and suggest that unless unions are "reasonable" their operations in Australia will not continue/expand in the future.

## Austria

The Government of *Austria* reports that MNEs, as well as national enterprises, frequently threaten to transfer their activities elsewhere.

The *Austrian Confederation of Trade Unions (ÖGB)* has forwarded the responses of the trade unions for metal, mining and energy (GMBE), construction and timber (GBH) and agriculture, food and allied industries (ANG), sectoral unions, which submitted responses in reference to their respective sectors. GBH concurs with the Government regarding threats by MNEs and national enterprises to transfer activities. No threats regarding the transfer of activities nor specific industrial relations problems have been reported in the agriculture, food and allied industries sector.

## Bahamas

The Government of *Bahamas* indicates that MNEs have not threatened to transfer their activities by way of unfairly influencing negotiations or hindering the exercise of the right to organize. There are no specific industrial relations problems with MNEs.

## Bahrain

The Government of *Bahrain* replies in the negative to questions 20 and 21.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* reports that no information has been received regarding threats by MNEs to transfer their activities elsewhere in the context specified. There are workable industrial relations between MNEs and the workers' union. Any problem that may arise regarding industrial relations is solved in accordance with the provisions of the Industrial Relations Ordinance, 1969, through direct dialogue.

The *Bangladesh Workers' Federation (BWF)* reports that there have not been any significant threats by MNEs to transfer their activities elsewhere to influence negotiations unfairly. However, collective bargaining should be specifically regulated at national level in the case of MNEs. The BWF further notes that worldwide mergers and acquisitions of MNEs have increased redundancy in the country. See also BWF's comments under "Standards of industrial relations: Requests for information and promotion of collective bargaining".

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## Barbados

The Government of *Barbados* states that, since there is no legal requirement on an employer to recognize a trade union, an MNE that preferred polling or a secret ballot “hinted” that it might be more economical to transfer its activities elsewhere. At present the Government is evaluating the introduction of legislation on trade union recognition.

The *Barbados Employers’ Confederation (BEC)* states that there have been cases of companies, in the informatics sector, making such threats in a recognition dispute with the Barbados Workers’ Union. There are some industrial relations problems specific to MNEs operating in the informatics sector, due to their preference for a legalistic recognition system.

The *Barbados Workers’ Union (BWU)* reports that in 1999 a multinational company (name given) threatened to transfer its activities to another Caribbean nation. Heads of government and leaders of the trade union movement in the Caribbean held discussions over the matter. These discussions resulted in the employer being told that it would not be welcomed in the other Caribbean nation; the company decided not to leave Barbados.

## Belgium

The Government of *Belgium* provides examples of illegal closure by MNEs. The first case concerned an enterprise (name of MNE given) that manufactured medical equipment and employed highly skilled staff. Contrary to the duty to negotiate, it gave notice to the works council of a plant closure and relocation to take place only the next day. The matter was brought before the tribunal, which ordered the enterprise to compensate the workers for its non-compliance with the applicable standards on closure. The second case concerned an enterprise in the automotive sector (name of MNE given) that received widespread international attention, as its decision to terminate its operations in the country infringed both the country’s legislation and the provisions of the recent European Works Council Directive. Social unrest resulted, and the social consultation body had to work in a difficult environment caused largely by irresponsible management actions. Several sentences passed by different tribunals (quoted) condemned the enterprise for failure to comply with the information and consultation obligations, including consultation of the European Works Council, prior to taking the closure decision. The MNE’s appeal to the Brussels Industrial Tribunal was rejected, and, moreover, two top executives were found criminally guilty for breach of information and consultation by the Brussels Court of Summary Jurisdiction.

According to the *National Labour Council (CNT)*, and as stated in its earlier reports, no generalized problems inherent to MNEs arise regarding collective industrial relations.

## Brazil

The Government of *Brazil* indicates it has no knowledge of MNEs threatening to transfer their activities elsewhere by way of unfairly influencing negotiations or hindering the exercise of the right to organize, and does not keep specific records on industrial relations problems concerning MNEs operating in the country.

The *National Confederation of Industry (CNI)* replies in the negative to both questions 20 and 21.

## Bulgaria

The Government of *Bulgaria* states that MNEs have not threatened to transfer their activities elsewhere and do not hinder the exercise of the right to organize, with the

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sporadic exception of small investors, particularly in high unemployment regions. No particular industrial relations problems have been observed in MNEs, and industrial relations within large MNEs are relatively good where occurring problems are solved through negotiations. However, in some isolated cases, there have been attempts to limit freedom of association, through, for example, intervention in the collection of membership fees and in the issuing of regulations on trade union activities, which usually involves enterprises originating from three OECD countries (names of MNEs given). Moreover, “brutal” attempts to crush trade unions on the part of small investors as well as refusal to create new trade unions have occurred.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that in their country, MNEs have never threatened to relocate their activities in order to influence collective negotiations, whether these concern general conditions of work or problems related to pay conditions for their employees or enjoyment of the right to organize. While MNEs offer wages higher than the national average, but below those paid by comparable organizations, this is not the case with industrial relations. Labour relations at MNEs are sometimes complex and promotion is in accordance with criteria determined by the managing director.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* declares it does not have information about possible threats by MNEs to transfer their activities elsewhere. It further states there will always be industrial relations problems specific to MNEs unless MNEs understand that they are working with partners in the host countries.

## Canada

The *Canadian Employers’ Council (CEC)* states that, while the global economy stimulates the growth of Canadian business, it also exerts continuous pressure to remain competitive. Where operations have been moved, the causes may be attributed to a wide range of factors and not simply blamed on a “race to the bottom”. Such factors may include taxation, proximity to markets, the availability of a pool of trained workers, unresolved labour disputes, unrealistic expectations of union bargaining committees, a declining resource base and a decline of market share. Furthermore, where enterprises have relocated, Canadian legislation stipulates termination and severance requirements. The Employers’ Council notes that relocation can happen due to factors such as intransigence of the trade union bargaining committee, facts being withheld from rank-and-file union membership or a real appreciation that an enterprise cannot compete unless cost adjustments are made. However, because of a stable political climate, the high level of skill and training of Canadian workers and good infrastructure, there has been some movement of business into Canada, which is viewed as a good place to invest and do business. While there have also been some businesses moving south (outside Canada), this cannot be characterized as a large-scale exodus.

## Cape Verde

The Government of *Cape Verde* reports that it does not know of any particular problems with MNEs operating in the country.

## China

The Government of *China* replies that there have been no threats by MNEs to transfer activities elsewhere, or any other industrial relations problems.

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## Colombia

The Government of *Colombia* knows of no threats on the part of MNEs to relocate their operations to influence negotiations unfairly, and there are no particular industrial relations problems specific to MNEs.

The *Single Confederation of Workers of Colombia (CUT)* forwards the reply of the Colombian Association of Flight Attendants which claims that there have been “persistent flagrant violations” of agreements by one MNE (name given). It is noted that the MNE has, at times, threatened to close down its base in an attempt to undermine the Association. The MNE also tries to undermine the image of the union. As a result it has had to turn to the government authorities and the labour tribunal to enforce the agreement.

## Costa Rica

The Government of *Costa Rica* advises that there is no evidence of threats by MNEs to transfer their activities elsewhere, by way of unfairly influencing negotiations or hindering the exercise of the right to organize, or of concrete problems linked to MNEs operating in the country.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that there are no particular industrial relations problems with MNEs operating in the State.

## Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* states that there have been no threats of relocating the activities of the MNE in order to influence negotiations, but some units of the MNE have been closed down because of technical and business considerations.

## Cyprus

The Government of *Cyprus* replies in the negative to questions 20 and 21.

The *Pan-Cyprian Federation of Labour (PEO)* fully concurs with the Government.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* responds in the negative to questions 20 and 21.

The *National Workers' Union of Congo (UNTC)* reports that there have been no threats by MNEs to transfer their activities elsewhere. The abundance of cheap labour available tends to encourage MNEs to remain in the country. However, relocation does occur as a result of the “fierce” competition within the context of globalization. Industrial relations problems concern the subtle obstruction of the work of elected trade union representatives, especially “enterprising hotheads who are constantly protesting”. In most cases, such representatives are dismissed for reasons “often invented on the spot”. Even upon vindication at all levels (labour inspectorate, courts and tribunals), the dismissed representatives incur difficulty rejoining the company. According to the UNTC, companies “prefer to spend enormous amounts of money” refusing readmittance into the company. Other enterprises block access of trade union officials to their plant, preferring to deal with a few trade union representatives who “are not particularly well informed” in order to prevent these officials from carrying out “normal trade union activities (e.g. preparing

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claims, renewing the delegation at the end of its three-year term, and collective bargaining)”.

## Denmark

The tripartite partners of *Denmark* state that MNEs have not threatened to transfer their activities as a negotiation strategy nor have there been any industrial relations problems specific to MNEs.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* reports that a citrus fruit producer (name of MNE given) was always threatening to withdraw from the country, claiming high production costs, and finally moved to another country in the region (name of country given). When negotiating the revision of minimum wages, associations of free zone enterprises have always threatened to leave if the wages are set higher than those in competing countries. According to CNTD, industrial relations problems specific to MNEs operating in the Dominican Republic are linked to the environment and the introduction of labour-saving technologies.

## Ecuador

With reference to threats by MNEs to transfer their activities elsewhere, the Government of *Ecuador* says that, whilst such a possibility exists, if the negotiations take place with the competent authorities it is the responsibility of the latter to safeguard the workers' rights and so far there is no knowledge of MNEs acting in this way. As far as the Government is concerned, it cannot be said whether there have been any particular industrial relations problems specific to MNEs since employers and workers have not replied to the questionnaire. However, the Government notes a marked reduction in trade unionists in recent years, due, not to public policy in its opinion, but to internal problems such as lack of representativity and various extreme attitudes.

## Egypt

The Government of *Egypt* reports that there are no problems concerning the work of MNEs in Egypt, especially when they abide by the laws and regulations concerning employment.

The *Federation of Egyptian Industries (FEI)* forwards the responses of two MNEs operating in Egypt – one in the food industry, one in the petroleum sector. Both MNEs state that there have been no threats by MNEs to transfer their operations nor any industrial relations problems specific to MNEs.

## El Salvador

The Government of *El Salvador* reports, in relation to questions 20 and 21, that in any case of doubt arising in the *maquila* assembly plants as to disfavoured employer-worker relations, the labour inspectorate seeks to resolve the matter in conformity with the Labour Code.

## Estonia

The tripartite partners of *Estonia* note that they do not have information about threats by MNEs to transfer their activities elsewhere as a means of negotiation. There are no particular industrial relations problems specific to MNEs' operation in Estonia.



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## Finland

Although the experience with respect to the operations of MNEs and foreign ownership, in general, is positive, the tripartite partners of *Finland* state that there have been certain cases where an MNE has closed its plant in order to continue its operations elsewhere. The Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals in Finland (AKAVA), tripartite partners, contend that certain MNEs do not belong to employers' organizations and they also discourage the workers, especially white-collar employees, to organize into unions. There are cases where an enterprise has blackmailed its workers by reminding them of the possibility of transferring its operations to another country. In the case of some MNEs (origin indicated) there have been difficulties adapting to the Finnish labour market practice.

## France

The *General Confederation of Labour (CGT)* provides a number of examples where the right to freedom of association, including the right to organize, and effective recognition of the right to collective bargaining, have been hindered within MNEs, by means of, inter alia, threats to transfer activities elsewhere (names of MNE, sectors of activity, and home countries given). For instance, upon a CGT-organized demonstration for workers concerning wages, management of a North American MNE made redundant eight trade union representatives of a total of 13 dismissals. Working conditions prevailing within MNEs in the food industry were subject to examination by the CGT, which found that one of these enterprises regularly disregarded a collective agreement. That enterprise banned trade union rights in order to pursue operating without hindrance, addressing "countless" threats to trade union representatives; consequently, the CGT denounced the acts of intimidation and sanctions by management against those who resist management arbitrariness or attempt to create an enterprise trade union. While an MNE threatened to transfer activities elsewhere as the result of a strike in support of wage increase, another multinational was successful with such a threat and reduced weekly working hours from 35 to 32 coupled by a consequent wage level cut of 1 per cent. CGT refers further to an MNE operating in a neighbouring country where workers were asked to increase their weekly hours of work from 37 to 40 hours without pay compensation, and upon threat to transfer, most workers agreed to these terms. However, in response to a complaint, the court ruled in favour of the trade unions and those workers who resisted entering upon the new agreement were not dismissed. In another case, the manager of an MNE of Asian origin distributed a flier to all staff threatening to order closure despite the fact that the manager was expressly required, by the departmental labour directorate, to enter into negotiations with the trade union representatives on, inter alia, wages, work methods and conditions, in the context of an ongoing strike. CGT points at the fact that more than FF450 million state aid had been made available for regional development purposes (conversion in the iron and steel industry), a context in which four establishments of that MNE were opened.

## Gabon

The *Confederation of Gabonese Employers (CPG)* responds in the negative to questions 20 and 21.

## Germany

The *Confederation of German Employers' Associations (BDA)* states that there are no industrial relations problems specific to MNEs that the BDA is aware of, nor are there threats from MNEs to transfer their operations elsewhere as a negotiation strategy. The BDA is of the view that MNEs could make criteria for relocation of operations transparent, and one criterion in this regard could be labour costs.

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## Ghana

The *Trades Union Congress (TUC)* notes that there have not been any threats by MNEs to transfer their activities as a negotiation strategy, and that there are no particular industrial relations problems specific to MNEs.

## Greece

The Government of *Greece* reports that foreign investments are in no way detrimental to workers' freedom of association, but the internationalization of the economy is leading to a situation in which decisions critical to the future of labour relations are being taken in practice not by the enterprise, which in the formal legal context constitutes the employer, but by the parent company, without the workers knowing it. The Government reports the adoption of regulations contained in the following laws represent important steps in the area of workers' rights: article 19, paragraph 1, of Law No. 1264/82, on sympathy strikes in MNEs, and Presidential Decree No. 40/97, which incorporated EU Council Directive No. 94/45 of 22 September 1994 on the establishment of a European Works Council (EWC) in Community-scale undertakings or groups of undertakings. The implementation of Presidential Decree No. 40/97 is illustrated by the results of a survey of 72 enterprises falling within the scope of the Decree's provisions conducted by the Ministry of Labour and Social Security in 1998 in cooperation with the Ministry's Factory Inspectorates. Of these companies, 36 set up a European Works Council before the promulgation of Presidential Decree No. 40/97 on 22 September 1996, ten have done so since that date, and 17 have not created such a body. The Government also reports the following findings from an international day organized by the Federation of Workers' and Employees' Associations in the Industrial Sector on the theme, "European Works Councils: Reality and Outlook", which was attended by Greek and foreign workers' representatives in EWCs: (1) the creation of EWCs constitutes an important step in confronting the risks for workers regarding the actions of groups of companies; (2) the problems posed by the creation and functioning of EWCs are due to: (a) different national laws concerning labour relations within the enterprise and the trade union movement; (b) economic dependence on central management which, in accordance with the Presidential Decree, must bear the substantial costs relating to the creation and operation of EWCs; (c) the existence of different national languages and cultures among the workers' representatives in EWCs, which makes training in one of the principal languages necessary; (d) the fact that members of the EWCs concentrate on their own national issues, such as ensuring jobs in their country, without taking any interest in other countries; and (e) the negative attitude of employers towards the creation and operation of EWCs due to the substantial costs incurred by the central management. As regards the last point, the EC has proposed the creation of an independent fund to support European Works Councils in order to eliminate their economic dependence on employers. The Government further reports that participants wondered why EU law does not provide procedures for the election of workers' representatives or why the Works Councils cannot go on strike.

The *Federation of Greek Industries (FIG)* reports that MNEs have never threatened to transfer their activities elsewhere with a view to bringing unfair influence to bear on negotiations or to hinder the exercise of the right to organize. Transfers can be explained by reasons of strategy and competition on the world market. There are no particular industrial relations problems specific to MNEs.

## Guatemala

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* reports that MNEs have not transferred their activities nor threatened to do so as a result of their workers exercising their trade union rights; traditionally, they have respected legislation. In isolated cases there have been problems in

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some MNEs which have been the target of slow-downs, sabotage and even terrorism, the last occurring in the framework of the internal conflict that occurred in Guatemala prior to the signature of the peace treaty in 1996.

## Guyana

The Government of *Guyana* reports that there have been no threats by MNEs to relocate their activities for the purpose of unfairly influencing negotiations. The Government is of the view that lack of information on labour legislation available to MNEs, combined with differences between home and host country procedures, may lead to industrial relations problems.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that it has no information regarding threats by MNEs to transfer their activities elsewhere. One issue that has arisen with regard to MNEs is the fact that they did not participate previously in the work of the national conciliation forums. However, their representatives asked the Government to allow them to consult on the basis of a separate agreement. Since the introduction of a new conciliation structure and the establishment of the Economic Council, MNEs have had their own representative on the Council to protect their interests. The Confederation of Hungarian Industrialists, one of the tripartite partners, states that to their knowledge no specific threats have been made by MNEs to transfer their operations elsewhere. Still, the employers recognize that there is an unstated threat because MNEs are continuously pressing eastward and this creates the possibility that they might transfer their operations out of Hungary. The employers report no industrial relations problems specific to MNEs operating in Hungary. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, report that no open threats by MNEs to transfer operations have been reported. The employees of some MNEs noted that their companies have certain internal rules that employees are trying to "fight through", but did not consider them to be particularly disadvantageous.

## India

The Government of *India* states that no specific information is available on threats made by MNEs to transfer their activities elsewhere.

## Indonesia

The Government of *Indonesia* reports that there have been a few MNEs which, because of long, difficult negotiations with trade unions, have indicated their intention to move their business to another country. There have been no particular industrial relations problems specific to MNEs.

## Ireland

According to the *Irish Congress of Trade Unions (ICTU)*, some MNEs are promoting a "union-free environment" within their companies through a "covert policy".

## Italy

The Government of *Italy* notes that relocation of enterprises is determined on the basis of market consideration and institutional suitability.

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The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, concurs with the Government.

## Japan

The *Japan Federation of Employers' Associations (NIKKEIREN)* reports that despite the Asian economic crisis since 1997, Japanese manufacturing companies have stayed at their locations. According to a survey conducted by the Japan External Trade Organization (JETRO) in December 1998, 51.7 per cent of companies said they intended to increase their business in Asia in the future, 42.4 per cent would maintain their business at its current size, 5 per cent intended to reduce the size of their business, and only 0.9 per cent planned to leave their operating sites. According to NIKKEIREN, Japanese companies operating overseas work to promote human resources and to support industries for the long term.

The *Japanese Trade Union Confederation (JTUC-RENGO)* observes that, in light of globalization, MNEs are shifting their investments in Japan from production and research to sales. This is also a tendency of MNEs and Japanese companies to shift some production to another Asian country (name given). JTUC-RENGO reports that, because MNEs move more quickly in their operational changes, they are often criticized for lack of consultations with workers and trade unions.

## Jordan

The Government of *Jordan* states that no such threats have taken place and there have been no problems specific to MNEs with regard to industrial relations.

The *Amman Chamber of Industry (ACI)* agrees with the views of the Government.

## Kenya

The Government of *Kenya* reports that there have been no threats by MNEs to transfer their operations elsewhere in order to undermine the rights of workers in negotiations. There are no particular industrial relations problems specific to MNEs.

## Korea, Republic of

The Government of the *Republic of Korea* reports there have been no MNE threats to transfer operations. There are no particular industrial relations problems specific to MNEs operating in the Republic of Korea because the Labour Relations Act applies equally to MNEs and national enterprises.

The *Federation of Korean Trade Unions (FKTU)* cites such a threat by an enterprise (name of MNE given) during a 1998 labour dispute. The FKTU cites a particular problem with a bank (name given) that changed ownership from Korean to foreign. Workers at the bank fear lay-offs because the foreign chairperson unilaterally announced reductions in the labour force. Both sides are now in a "wait-and-see" period, but a serious conflict is anticipated at the time of collective bargaining.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* report that all companies, including MNEs, apply their own rules and regulations as regards their functioning and operations. There are no particular industrial relations problems specific to MNEs.

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## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* replies that there have been no threats by MNEs to transfer their activities. There are no particular industrial relations problems specific to MNEs.

## Lithuania

The Government of *Lithuania* states that it does not have any information to provide on MNE threats to transfer activities in order to influence negotiations or hinder workers' right to organize. However, there was one case in which an MNE (name of MNE given) was "insufficiently acquainted" with Lithuanian laws; this caused industrial relations problems that were resolved in conjunction with the trade union.

The *Confederation of Lithuanian Industrialists (LPK)* reports that there are cases in which MNEs transferred their activities to other countries because of unfavourable business conditions. The LPK notes that one problem specific to MNEs regarding industrial relations is the inability of the chairpersons and specialists to understand the Lithuanian language.

The *Unification of Lithuanian Trade Unions (LPSS)* notes a typical example in which benefits were offered individually to employees in order to prevent union organization and trade union leaders were not allowed to communicate with employees during work time (name of MNE given). It further considers that, while there are no specific problems, in general both national enterprises and foreign-owned enterprises avoid trade unions.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* report that if serious problems arise, MNEs threaten to transfer their activities to other countries. There are industrial relations problems concerning the right to paid leave, as employers are insisting that workers accept only a fraction of their entitlement. There are also abuses with regard to the excessive use of overtime.

## Malaysia

The tripartite partners of *Malaysia* report that the Government and the Malaysian Employers' Federation state that there have been no complaints of MNEs threatening to transfer their activities elsewhere and that they are reported to have concluded collective agreements on an amicable basis, while the Malaysian Trades Union Congress reports having received complaints of such threats. According to the tripartite partners, there are no particular industrial relations problems that arise particularly from MNEs' activities.

## Malta

The *General Workers' Union (GWU)* reports that, to date, there has been no significant threat by MNEs to transfer activities elsewhere, but the threat exists even if it is not stated; all trade union secretaries know that this is the de facto situation. There are no known particular problems when negotiating with MNEs.

## Mauritius

The Government of *Mauritius* reports that MNEs have not threatened to transfer their activities as a negotiating strategy nor have there been any particular industrial relations problems specific to MNEs.

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## Mexico

The Government of *Mexico* reports that there have been cases in which MNEs have considered shutting down their operations in the area to improve the company's profitability. The Government notes that legally the employer must abide by the collective labour agreement, under article 391, section X, of the Federal Labour Law, and the unilateral decision to transfer the workplace would violate the collective agreement. Under such conditions, workers could strike to demand compliance with the agreement under article 450, section IV, of the Federal Labour Law. As for particular issues in industrial relations, the Government notes that *maquila* export companies provide wages that are low but competitive and do not add to the economy by using locally made goods. The Government reports that Chapter XIX, Title Fourteen, of the Federal Labour Law governs the procedure for collective disputes, and the Federal Conciliation and Arbitration Board has the power to create new regulations to modify minimum guarantees regarding working conditions.

## Moldova, Republic of

There have been no threats on the part of MNEs to transfer their operations elsewhere to undermine the rights of workers, reports the Government of the *Republic of Moldova*. Furthermore, the Government states that it has no information relating to particular industrial relations problems.

## Morocco

The *Democratic Labour Confederation (CDT)* reports that threats by MNEs to transfer their activities have not been observed. Industrial relations in MNEs are more stable and profitable for the enterprise and labour activities.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* states that, when the unions demand that MNEs' statutes conform to prevailing domestic legislation on specific fundamental issues such as remuneration, basic hours of work and the same social benefits as foreign workers in the same occupational category, MNEs have threatened to transfer their capital to another country. MNEs do not usually accept their workers' membership in unions, denying their right to freedom of association and collective bargaining.

## Myanmar

The Government of *Myanmar* indicates that there are no particular industrial relations problems specific to MNEs.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that it has not yet observed threats by MNEs to transfer their activities and that there are no particular problems specific to MNEs.

## Netherlands

The Government of the *Netherlands* reports that it is not aware of any instances of threats by MNEs to move their operations. On the contrary, the Dutch social and economic climate attracts MNEs to expand their operations, based on the country's relative industrial peace, moderate labour costs, political stability, and high level of predictability in socio-economic policy. There are no particular industrial relations problems specific to MNEs.

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## New Zealand

The Government of *New Zealand* is “unaware of any specific threats by MNEs to transfer their activities elsewhere during negotiations over employment contracts” nor is it aware of any particular industrial relations problems specific to MNEs.

## Nicaragua

The Government of *Nicaragua* replies in the negative to both questions.

## Pakistan

The Government of *Pakistan* replies in the negative to questions 20 and 21.

The *National Labour Federation of Pakistan (NLF)* indicates that concealed threats by MNEs to transfer their activities elsewhere are always present, and MNEs have failed to provide a role model in the area of industrial relations.

The *Pakistan Labour Federation (PLF)* states that “power generation projects of [MNEs] are extending threats” to transfer their activities elsewhere. It further states that, through bribery, power generation projects obtained a high power tariff from the Government which resulted in electricity bills beyond the capacity of consumers to pay; this also led to the collapse of a power supply company in Pakistan (name given).

## Panama

The Government of *Panama* indicates that there are no specific problems with MNEs operating in Panama as far as industrial relations are concerned.

The workers’ organization (*Convergencia Sindical*) reports that, in the case of sectors or activities with large MNE involvement, situations arise in which rights of association are violated and collective talks thus do not take place, since collective agreements are sometimes concluded with non-unionized groups of workers. In general, the labour relations system is characterized by strong state intervention, particularly in sectors covered by the plan called a Platform for Attracting Capital, in which MNEs play an important role. There were dismissals of trade union members employed in assembly plants (*maquiladoras*) and enterprises linked to the banking sector (name of MNE given) in the free zone of Colón. This trend continued during the period of the report (1996-99) and, in the case of MNEs, there are still blatant cases of disregard of the right of workers to organize. The 1995 labour reforms were intended to rectify the non-response of the State to trade union registration applications but, despite this, attempts at organization in the banking sector are still thwarted. In addition, the reforms opened up the existing legal framework to direct bargaining on conditions of employment, including means of *ante tempus* (section 416 of the Labour Code). However, the *Convergencia Sindical* considers that this was done for reasons relating to internal flexibility and the wish to move away from the traditional employment relationship (facilitating operational mobility and redundancies). A provision was adopted regarding compulsory arbitration in Act No. 45 of 14 June 1998. Under this Act, a collective dispute giving rise to a strike in a private enterprise or public service enterprise could be referred to compulsory arbitration unilaterally by the labour authorities if it is found that “during the duration of the strike there has been a serious deterioration in the socio-economic condition of the inhabitants of the region or the country”.

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## Peru

The Government of *Peru* has no evidence of threats by MNEs to transfer their activities elsewhere or of any concrete problems in relation to MNEs.

The *General Confederation of Workers of Peru (CGTP)* states its view that the Government has promoted MNEs' interests rather than workers and their interests, and that it has not entered into dialogue with workers despite 30 national mobilizations since 1996 and two national work stoppages.

## Philippines

Regarding industrial relations problems specific to MNEs, the Government of the *Philippines Economic Zone Authority (PEZA)*, Department of Trade and Industry, points to the workers' constitutional right to strike, which is rendered ineffective when the Secretary of Labor assumes jurisdiction over a dispute and decides it or certifies it for compulsory arbitration. This is especially common in cases of MNEs operating in EPZs. During tripartite consultations taking place in 1997, the Trade Union Congress of the Philippines (TUCP) was reported, by the Institute for Labor and Employment, to allege that freedom of association rights have been "wantonly violated"; that acts of anti-union discrimination have been "legion", and acts of interference "flagrant"; that union-free environments have been made an informal incentive to attract enterprises; and that company-dominated unions have been supported. Moreover, "some" consultation mechanisms, including labour management councils, have been used to substitute for collective bargaining or with a view to keep out unions. Furthermore, the TUCP alleges that MNEs have threatened to transfer their activities and withhold information for meaningful negotiations. PEZA reports further that some MNEs have threatened to relocate their activities elsewhere in a stance to influence workers' position, and that PEZA "thoroughly" evaluates applications for transfer of activities.

## Poland

The Government of *Poland* reports that it has no information on MNEs' threats of relocating to other countries as a means of unfairly influencing negotiations or undermining the right to organize.

The *All-Poland Trade Union Alliance (OPZZ)* and the *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* report no specific problems.

## Portugal

The Government of *Portugal* states that there is a prospect that MNEs could relocate but there is no information as to whether this is made as a threat to affect the bargaining process or the exercise of union rights. Regarding industrial relations the Government indicates there are several cases where foreign disinvestment meant closures of enterprises or establishments in the motor or electronic industry in particular. Closures cause employment difficulties but not industrial relations problems.

The *General Union of Workers (UGT)* states that in July 1998, the first motor vehicle assembly plant to set up in Portugal (name of MNE given) closed down after 18 years with the loss of 596 jobs. The Government offered workers 320 jobs in other enterprises but they were not in the same area of work and the employment conditions were precarious. The union indicates that threat of relocation is a fact of life that pervades the enterprise culture. The union cites numerous, detailed examples of IR problems specific to MNEs (MNEs named and case studies described). These include MNEs failing to respect redundancy agreements, presenting compensation schemes as a *fait accompli*, refusing to



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permit the union into the factory until the labour tribunal ordered it to do so, denying a raise to union members and their representatives and otherwise openly discriminating against them, failing to provide safety gear and violating equal pay principles. The Union notes, in particular, that franchising of MNEs has had “disastrous” effects on working conditions, hours and industrial relations climate (name given).

#### Romania

The Government of *Romania* indicates that MNEs have not threatened to transfer activities for the purpose of influencing negotiations or the right to organize. The Government reports that it does not possess the information needed to answer question 21.

#### Rwanda

The Government of *Rwanda* states that there have been no threats by MNEs to transfer their activities nor are there any industrial relations problems specific to MNEs.

According to the *Confederation of Trade Unions of Rwanda (CESTRAR)* some MNEs do not agree to workers organizing themselves into unions or they “do everything to destroy the union”.

#### Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply in the negative relating to threats by MNEs to transfer operations in the context of negotiations with workers. They consider that there are no particular industrial relations problems specific to MNEs operating in the country.

#### Senegal

The Government of *Senegal* reports that MNEs can certainly use their ability to transfer activities elsewhere, especially in situations of social tension or economic difficulties, to weaken the workers’ position. However, most of them tend to adopt an open-minded attitude towards collective bargaining and the right to organize. Since these rights are now linked to the phenomenon of globalization, no enterprise is in a better position than MNEs, whose activities transcend state frontiers, to understand and apply the basic, universal labour rights, including the right to organize. The particular industrial relations problems within MNEs are primarily due to the incompatibility of certain local practices and agreements with the economic and social programmes defined by MNE headquarters. Due to the centralization of decision-making power at headquarters, there is insufficient autonomy in the host country for certain local management in industrial relations matters.

#### Singapore

According to the Government of *Singapore*, there has not been any incident of MNEs threatening to transfer their activities elsewhere, either to influence negotiations with trade unions or to hinder the exercise of the right to organize. There is no major industrial relations problem specific to MNEs operating in Singapore, mainly due to the cooperative approach adopted by employers and unions in resolving labour relations issues and the harmonious industrial relations climate that is maintained in Singapore.

#### Slovakia

In their joint response, the tripartite partners of *Slovakia* state that there have been no reports that MNEs have threatened to relocate their activities with the aim of undermining the workers’ association; neither is there any problem specific to MNEs.

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## South Africa

*Business South Africa (BSA)* reports that there have been informal threats by some MNEs to transfer their activities elsewhere for “bottom-line” reasons; MNEs consider wages and other costs too high compared to neighbouring and/or emerging countries.

The *Congress of South African Trade Unions (COSATU)* reports that there have been repeated threats by MNEs to transfer their activities upon labour inspection or trade union campaigns, particularly in the case of newly established MNEs and multinationals in the textile industry that originate from East Asia. Moreover, some MNEs from Europe and the United States have also threatened to transfer their activities, objecting to the introduction of new labour legislation.

The *Federation of Unions of South Africa (FEDUSA)* reports that even though MNEs may not openly threaten to transfer their operations elsewhere, such a consideration is present in the negotiation process due to MNEs’ position of power. FEDUSA is not aware of particular industrial relations problems specific to MNEs.

## Spain

The *General Union of Workers (UGT)* reports that in collective negotiations MNEs use the threat of transferring part or all of their operations elsewhere as a means of applying pressure, arguing that there are fewer disputes and lower costs there. It considers that the greatest problem in relations with MNEs is the distance of the real authority in negotiations. In other words, the decision-making power of the company representative at the negotiating table is negligible, thus frustrating the workers’ expectations and creating tension that could be avoided. Due to the high concentration of MNEs and mergers of large companies, the power and decision-making centres are moving farther and farther away from the workers and trade union organizations and becoming hidden in the macro-organization chart and at present there are no instruments for dialogue at these levels, with the result that trade unions’ influence is being constantly diluted and collective bargaining weakened because decisions are made “from above”. To this must be added the fact that these concentrations are beyond the power of the Government and the labour authorities, making new solutions necessary for this phenomenon of concentration of economic power which often affects several different sectors at the same time.

## Sri Lanka

The Government of *Sri Lanka* reports that there is no report of any threats by MNEs to influence negotiations unfairly. One of the industrial relations problems could be the cultural differences that exist between the top management of MNEs and the workers. There are instances where the work process was affected due to failure to understand each others’ views.

The *Employers’ Federation of Ceylon (EFC)* states that the “importance of higher productivity” has been emphasized but there has been no “unfair influence” brought upon the workers by MNEs during negotiation.

The *Ceylon Workers’ Congress (CWC)* states there are no threats by MNEs nor specific problems unique to MNEs.

## Switzerland

The Government of *Switzerland* reports that the problem with MNEs, as far as information and collective bargaining are concerned, is that decision-making is moving farther and farther away from the place of production – further geographically as well as

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further from local realities, which can become “dramatic” in the event of restructuring, plant closure or collective redundancies.

The *Confederation of Swiss Employers (UPS)* indicates there are neither threats by MNEs to transfer their activities elsewhere nor industrial relations problems specific to MNEs.

#### Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* reports that it has no knowledge of threats by MNEs to transfer their activities elsewhere in order to influence negotiations. Some MNEs, especially in EPZs, hinder the exercise of the right to organize by making use of their power at the human resource management level to prevent workers from joining unions or to hinder the operation of trade unions.

#### Thailand

The Government of *Thailand* notes that the representatives of some MNEs use “indecent strategy” in the negotiation process by threatening to transfer their operations elsewhere. Consequently, workers are insecure about their bargaining power. It is also noted that cultural differences in communication between the representatives of MNEs and the workers have raised some conflicts.

#### Togo

The Government of *Togo* reports that there have been no threats on the part of MNEs to transfer the activities elsewhere by way of unfairly influencing negotiation or hindering the legal rights of workers. No particular industrial relations problems have been noted specific to MNEs.

The *Workers’ Trade Union Confederation (CSTT)* concurs with the Government.

The *Group of Autonomous Trade Unions (GSA)* reports that MNEs have demonstrated tremendous resistance to trade union organizations. It refers to the two incidents, already mentioned in its reply to question 15, in which an MNE (name given) is reported to have undermined the judicial system.

#### Trinidad and Tobago

The *Employers’ Consultative Association of Trinidad and Tobago (ECA)* reports that MNEs have not threatened to move their operations in order to influence negotiations. In order to comply with industrial relations legislation in the country, MNEs seek advice from the Employers’ Consultative Association of Trinidad and Tobago (ECA).

#### Turkey

The Government of *Turkey* states that it has not been informed by workers or their organizations about threats from MNEs to transfer their activities elsewhere by way of unfair influence of negotiations or hindering of the right to organize. The Government replies in the negative to question 21.

The *Turkish Confederation of Employers’ Associations (TISK)* replies in the negative to questions 20 and 21.

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## Uganda

In their joint response, the tripartite partners of *Uganda* report that there have been no threats on the part of MNEs to relocate their operations in order to unfairly influence negotiations. The tripartite partners indicate that there are no particular industrial relations problems specific to MNEs.

## Ukraine

The Government of *Ukraine* has no information on any threats by MNEs to relocate their activities with the object of hindering the right to organize and/or influencing negotiations unfairly. There are no particular problems specific to MNEs.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, concur with the views of the Government.

## United States

The *American Federation of Labour and Congress of Industrial Organizations (AFL-CIO)* provides the example of a foreign MNE from the EU (name of MNE and country of origin given) and its wholly owned subsidiary (name given) which bought a bankrupt local enterprise (name of MNE given) in the chemical industry. Four existing unions in the facility signed a collective bargaining agreement with the new owners, each side offering concessions. The AFL-CIO reports that a collective bargaining agreement was concluded in 1993, but the MNE immediately began to violate its terms, employing “union-busting” attorneys, strike-breaking security guards, and a company to supply replacement workers during the anticipated strike. The AFL-CIO reports that, when the contract expired in 1996, the employer refused the workers’ offer to continue to work under the terms of the expired contract while negotiations continued, prompting a strike. Security guards intimidated and harassed striking workers. When a judge issued an injunction and restraining order against the guard company, the company continued to operate in contempt. The union filed charges alleging violations of federal labour laws, the Tennessee Department of Labor’s Occupational Safety and Health Administration charged the MNE with violations, and the Tennessee Emergency Management Agency investigated acid spills on public highways caused by untrained workers. In May 1997, the company withdrew recognition from two of the four unions and cancelled further bargaining. With pressure from the EU-based headquarters, the subsidiary ultimately sold the company in 1998 to a North American MNE (name given). The company, facing charges of violating the Clean Water Act, admitted discharging pollutants in excess of those permitted.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers’ Association (FEDECAMARAS)* reports that MNEs have not resorted to illegitimate threats to transfer their activities elsewhere, but closure of business or relocation in the region has nonetheless occurred. No particular industrial relations problems specific to MNEs in the country have arisen.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* reports that there are no statistics relating to threats by MNEs to transfer their activities elsewhere in order to undermine the negotiating position of workers’ organizations. However, most industrial relations problems in MNEs that have led to labour disputes are due to MNEs’ lack of

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awareness of national labour law and, in particular, disciplinary provisions. It is noted that excessive disciplinary measures are the main cause of many labour disputes in MNEs.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that it is not aware of any MNEs threatening to relocate operations as a way of getting concessions on the workers' right to organize. It is not aware of any industrial relations problems specific to MNEs.

## Zimbabwe

The Government of *Zimbabwe* reports that it knows of no particular threats by MNEs to transfer their activities, although MNEs may just close operations and leave. It reports that there are no industrial relations problems specific to MNEs.

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## II. Consultations with the representative employers' and workers' organizations concerning this report

### (22) Governments

- (a) *If this is a joint report, please indicate the names of the employers' and workers' organizations that participated in preparing this reply.*
- (b) *In the event that this is not a joint report, please identify the employers' and workers' organizations to which copies of your report were sent.*

### Employers and workers

- (c) *In the event that employers' or workers' replies are being sent direct to the Office, have copies thereof been sent to the relevant government authorities and to the most representative employers' or workers' organization? If so, please identify them.*

### Angola

The Government of *Angola* attaches the reply of the Chamber of Commerce and Industry of Angola, which provides the responses of two MNEs operating in the petrochemical sector (names of MNEs given), one stating that the question is intended for the Government, the other stating that it is not applicable to that company.

The *National Confederation of Free Trade Unions of Angola* states that it would send a report to the Office of Workers' Activities, with a copy to the Government.

### Antigua and Barbuda

The Government of *Antigua and Barbuda* indicates that this is not a joint report but a copy of it was sent to the Antigua and Barbuda Employers' Federation, the Antigua and Barbuda Workers' Union and to the Antigua and Barbuda Trades and Labour Union.

### Argentina

The Government of *Argentina* indicates that, in the preparation for this report, consultations were held with the Argentine Industrial Union (AIU), the Argentine Chamber of Commerce, and the General Confederation of Labour (CGT).

### Australia

The Government of *Australia* states that the report submitted is not a joint report. The Australian Chamber of Commerce and Industry (ACCI) and the Australian Council of Trade Unions (ACTU) were invited to contribute, however, neither provided comments for inclusion. Both organizations were forwarded copies of the Government's response. The Government indicates that any observations received from the ACCI or the ACTU will be forwarded to the Office.

The *Australian Council of Trade Unions (ACTU)* sent its report directly to the Office. It has not indicated whether a copy was sent to the relevant government or employers' authorities.

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## Austria

The Government of *Austria* indicates that this is not a joint report. Copies were submitted to the Austrian Trade Union Confederation, the Federal Chamber of Labour, the Association of Austrian Industry and the Austrian Chamber of Commerce.

## Bahamas

The Government of *Bahamas* states that this is not a joint report and a copy of it was sent to the Bahamas Employers Confederation, the National Congress of Trade Unions and the Commonwealth of Bahamas Trade Union Congress.

## Bahrain

The Government of *Bahrain* indicates that a copy of its report has been sent to the employers' and workers' organizations (without naming them).

## Bangladesh

The Government of *Bangladesh* states that its report is not a joint one. Copies of the report were not sent to employers' and workers' organizations.

The *Bangladesh Employers' Federation (BEF)* states that replies are forwarded to the Government for onward transmission to the ILO and a copy is forwarded to the IOE for their information.

The *Bangladesh Workers' Federation (BWF)* states that its replies are sent to the ILO while copies are supplied to the trade unions and relevant employers.

## Barbados

The *Barbados Workers' Union (BWU)* replies that it was asked to comment on the report and a copy of the reply was sent to the Ministry of Labour.

## Belgium

The Government of *Belgium* states that it consulted the social partners through the National Labour Council and that the reply of the National Labour Council constitutes an integral part of its report.

The *National Labour Council* reports that, in accordance with the ratified Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), it was asked by the Government to make known its views on the effect given by the MNE Declaration.

## Brazil

The Government of *Brazil* reports that the following workers' and employers' organizations have been consulted about the ILO questionnaire: the National Confederation of Agriculture (CNA); the National Confederation of Commerce (CNC); the National Confederation of Industry (CNI); the National Confederation of Financial Institutions (CNF); the National Confederation of Transport (CNT); the Central Union of Workers (CUT); the General Workers' Confederation (CGT); the Trade Union Force (FS); and the Social Democracy Union (SDS). All of these organizations were sent copies of the report. To date, comments have been received from the CNC and the CGT, which the Government took into consideration and annexed to its reply. For the CNC's comments, see *infra* Appendix 1.

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## Bulgaria

The Government of *Bulgaria* requested the opinion of the social partners represented at national level but only received a reply from the National Confederation of Bulgarian Trade Unions. It is possible that the other social partners have directly sent their replies to the Office.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that copies of this report were sent to the Ministry of Employment, Labour and Social Security, and the following trade union confederations: Burkina Faso Workers' Trade Union (USTB), National Confederation of Workers (CNTB), Trade Union Confederation (CSB), General Union of Workers of Burkina Faso (UGTB) and National Organization of Free Trade Unions (ONSL).

## Cameroon

The *Cameroon Confederation of Free Trade Unions* indicates that a copy of their reply was sent to the Ministry of Labour, Employment and Social Welfare.

## Canada

The *Canadian Employers' Council (CEC)* states that it has provided its comments/report to the Government of Canada.

## China

The Government of *China* states that copies of its reply have been sent to the China Enterprise Confederation and the All-China Federation of Trade Unions.

The *China Enterprise Confederation* replies that the response of the Ministry of Labour and Social Security includes its opinion.

## Colombia

The Government of *Colombia* states that the report is not a joint one, but that copies of the report will be sent to the most representative organizations of employers and workers.

## Costa Rica

The Government of *Costa Rica* says that prior to the drafting of this report various workers' and employers' organizations were consulted. However, no comments have been received so far. The organizations consulted were: United Confederation of Workers, Central Workers' Movement of Costa Rica, Costa Rica Confederation of Democratic Rerum Novarum Workers, Rerum Novarum Confederation of Workers, Costa Rica Union of the Chambers and Associations of Private Enterprises and the Superior Council of Labour.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that a copy of this report has been communicated to the following most representative organizations: National Committee of Ivoirian Employers (CNPI), General Union of Workers of Côte d'Ivoire (UGTCI), Federation of Autonomous Trade Unions of Côte d'Ivoire (FESACI), Confederation of Free Trade Unions (Dignité).



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## Croatia

The Government of *Croatia* states that the report form has been forwarded to trade union confederations, the Croatian Association of Employers and competent state authorities. The Government has sent replies of the State Inspectorate (representing the Government) and the Confederation of Independent Trade Unions of Croatia.

## Cyprus

The *Pan-Cyprian Federation of Labour (PEO)* indicates that it has submitted a copy of its reply to the Government for consideration and onward transmission to the ILO.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that copies of this report have been sent to the Ministry of Labour and Social Welfare, and the following trade organizations: the National Workers' Union of Congo (UNTC), the Confederation of Christian Unions of Congo (CSC), the Democratic Confederation of Workers (CDT), the Organization of United Workers of Congo (OTUC), Coopération des syndicats des entreprises publiques et privées du Congo (COOSEPP), the Solidarity Trade Union.

The *National Workers' Union of Congo (UNTC)* reports that copies of this report have been sent to the Ministry of Labour and Social Welfare and the Enterprise Federation of the Congo (FEC).

## Denmark

The tripartite partners of *Denmark* indicate that the joint report has been prepared together with the Government of Denmark, the Danish Confederation of Trade Unions, the Salaried Employees' and Civil Servants' Confederation, the Danish Confederation of Professional Associations and the Danish Employers' Confederation.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* states that it could send its reply to other parties.

## Ecuador

The Government of *Ecuador* states that this reply to the questionnaire is not a joint report and that there has been no response from employers' or workers' organizations to Circular No. 215-AIT-99, copy attached to its reply, which was sent out with a copy of the form to obtain their opinions. The Government adds that a copy of this report will be forwarded to the trade union confederations: Ecuadorian Central Organization of Class Organizations, Ecuadorian Confederation of Free Trade Union Organizations, Confederation of Workers of Ecuador, Ecuador Confederation of United Class Organizations of Workers and the General Union of Ecuadorian Workers and to the Chambers of Commerce, Construction, Agriculture, Industry and Fisheries.

## Egypt

According to information provided through the *Federation of Egyptian Industries (FEI)*, a copy of the reply prepared by an MNE in the food industry (name of MNE given) has not been sent to the Government and workers' organizations.

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## El Salvador

The Government of *El Salvador* advises that it has sent copies to the following employers' and workers' organizations: National Association of Private Enterprise (ANEP), Salvadorian Association of Industrialists (ASI), Chamber of Commerce for Construction (CASALCO), Chamber of Commerce and Industry; General Workers' Confederation (CGS), Federation of Industrial Workers in Construction, Transport and Other Activities (FESINCONSTRAN), Federation of Workers in Food, Drink and Similar Products (FESINTRABS) and the Association of Independent Workers of El Salvador (FEASIES).

## Eritrea

The Government of *Eritrea* states that it has discussed its report with the social partners.

## Estonia

The tripartite partners of *Estonia* state that the joint report has been prepared together with the Government of Estonia, the Confederation of Estonian Industry and Employers (ETTK) and the Estonian Association of Trade Unions (EAKL).

## Finland

In the preparation of the report, the tripartite partners of *Finland* state that the following organizations have participated: the Confederation of Finnish Industry and Employers (TT), the Employers' Confederation of Service Industries in Finland (Palvelutyöntajat), the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK), the Confederation of Unions for Academic Professionals in Finland (AKAVA), the Commission for Local Authority Employers (KT) and the State Employer's Office (VTML). Three of the unions, namely SAK, STTK and AKAVA, have given separate replies to some of the questions and they are forwarded to the ILO together with the report; those replies are reflected in the relevant paragraphs.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that this is not a joint report, and copies of their replies are available to the social partners.

## Germany

The *Confederation of German Employers' Associations (BDA)* states that a copy of its report was sent to the German Federal Minister for Labour and Social Affairs.

## Ghana

The *Trades Union Congress (TUC)* states that this report was not sent to any other employers' or workers' organizations nor the Government.

## Greece

The *Federation of Greek Industries (FIG)* reports that this is not a joint report; the employers sent their report directly to the ILO.

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## Guatemala

The Government of *Guatemala* states that it has sent a copy of its report to the General Confederation of Workers, Trade Union Confederation of Guatemala, National Federation of State Workers of Guatemala, Agricultural Workers' Confederation, Trade Union of Workers of Guatemala, Trade Union Federation of Food and Allied Workers, Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* states that this report is being directly submitted to the ILO and that no copies have been submitted to any other organization.

## Guyana

The report of the Government of *Guyana* is not a joint one. Copies of the report were sent to the social partners, namely, the Consultative Association of Guyanese Industry Ltd. (CAGI) and the Trades Union Congress (TUC).

## Hungary

The tripartite report of *Hungary* was prepared based on consultations within the framework of the National ILO Council. The answers returned by the Government, the employers' and the employees' organizations were consolidated by the secretariat of the National ILO Council and the draft document of the response was discussed at the 28 February 2000 meeting of the Council. The final version was compiled based on the comments from each group. Employers' organizations represented at the National ILO Council include the Union of Agrarian Employers (AMSZ), National Federation of General Consumer Cooperatives (ÁFEOSZ), National Association of Industrial Corporations (IPOSZ), National Federation of Traders and Caterers (KISOSZ), Federation of Hungarian Industrialists (MGYOSZ), Hungarian Industrial Association (OKISZ), Confederation of Hungarian Employers and Industrialists (MMSZ), National Federation of Agricultural Cooperators (MOSZ), National Association of Entrepreneurs and Employers (VOSZ) and Confederation of Public Utility Companies (STRATOSZ). In particular, the National Association of Entrepreneurs and Employers commented that, although there are some specific points related to agricultural interests and some differences between the points of view of SMEs, debate within the National ILO Council has brought the tripartite respondents "closer to a consensus" while allowing the partners to represent their different approaches as well. The Association believes that the procedure involving a consolidated response is "more effective than formulating and forwarding each employers' organization's point of view separately and receiving positive feedback would encourage the same practice in the future. Employees' organizations represented at the National ILO Council include National Federation of Autonomous Trade Unions (ASZSZ), Trade Union Group of Intellectuals (ÉSZT), Democratic League of Independent Trade Unions (FSZDL), National Confederation of Hungarian Trade Unions (MSZOSZ), National Federation of Workers' Councils (MTOSZ), Co-operation Forum of Trade Unions (SZEF). Among these, the ASZSZ, MSZOSZ and MTOSZ answered the questionnaire on behalf of the trade unions in the National ILO Council. The names of 24 companies operating in the "processing sector" contacted by MSZOSZ for the Survey are attached as an annex.

## India

The report of the Government of *India* is not a joint one. Copies of the report were forwarded to the following Indian organizations of employers and workers: employers' organizations – the Employers' Federation of India, Mumbai; the All India Organization of Employers, New Delhi; the All India Manufacturers' Organization, Mumbai; the Standing

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Conference of Public Enterprises, New Delhi; workers' organizations – the Bharatiya Mazdoor Sangh, the New Delhi; Indian National Trade Union Congress, New Delhi; the Centre of Indian Trade Unions, New Delhi; the Hind Mazdoor Sabha, New Delhi; the All India Trade Union Congress, New Delhi; the United Trade Union Congress (LS), Calcutta; the National Front of Indian Trade Unions, Calcutta. The Government informs that all the above organizations were requested to provide information for the questionnaire, but none responded.

#### Indonesia

The Government of *Indonesia* indicates that copies of this report will be sent to the Indonesian Employers' Association (APINDO), All Indonesian Trade Union (FSPSI), SPSI Reform Trade Union and SBSI Trade Union.

#### Ireland

The *Irish Congress of Trade Unions (ICTU)* states that its report was forwarded directly to the ILO and not to the relevant government authorities or the employers' organizations.

#### Italy

The Government of *Italy* states that the following employers' and workers' associations have been consulted in order to prepare this report: the General Confederation of Italian Industry (CONFINDUSTRIA); the Italian General Confederation of Commerce, Tourism, Services and SMEs (CONFCOMMERCIO); the Italian Confederation of Small and Medium-Sized Industry (CONFAPI); the General Association of Italian Cooperatives (AGCI); the National League of Cooperatives and Mutual Associations; the National Union of Italian Cooperatives; Confederation of Italian Cooperatives (CONFCOOPERATIVE); the Italian Banking Association (ABI); the General Confederation of Italian Agriculture (CONFAGRICOLTURA); the Italian Farmers' Confederation (CIA); COLDIRETTI; the National Confederation for the Craft Sector and Small and Medium-Sized Enterprises; the General Italian Confederation of Artisans Federation of Craft Sector (CONFARTIGIANATO); the Confederation of Free Association of Italian Artisans; the Autonomous Confederation of Artisans' Unions; the Italian Confederation of Employers (CIDA); the General Union of Labour (UGL); the Italian Confederation of Workers' Unions (CISL); the Italian General Confederation of Labour (CGIL); and the Italian Labour Union (UIL). The last three workers' organizations have given their observations to the Government.

#### Japan

The Government of *Japan* reports that it sent its reply to the Japanese Trade Union Confederation (JTUC-RENGO) and to the Japanese Federation of Employers' Associations (NIKKEIREN).

#### Jordan

The Government of *Jordan* indicates that copies of its report will be sent to the Amman Chamber of Industry, Amman Chamber of Commerce and the Jordan Trade Union.

The *Amman Chamber of Industry* indicates that its replies were sent directly to the Ministry of Labour.

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## Kenya

The report of the Government of *Kenya* is not a joint one. Copies of the report have been sent to the Federation of Kenya Employers (FKE) and the Central Organization of Trade Unions (COTU).

## Korea, Republic of

The Government of the *Republic of Korea* reports that this is not a joint report. Copies of the report were sent to the Federation of Korean Trade Unions (FKTU), the Korean Confederation of Trade Unions (KCTU) and the Korean Employers' Federation (KEF). The FKTU's replies were sent directly to the ILO, the KCTU provided no response thus far, and the KEF informed the Government that it has no particular comments to make.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* state that the Ministry of Social Affairs and Labour received replies from the Chamber of Commerce and Industry of Kuwait and the General Confederation of Trade Unions in Kuwait which are compiled and forwarded to the ILO.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* states that this report was sent to the Ministry of Welfare and the Latvian Employers' Confederation.

## Lebanon

The Government of *Lebanon* reports that it sent its response to this Survey to the Association of Lebanese Industrialists, the Confederation of Chambers of Commerce, Industry and Agriculture in Lebanon and the General Federation of Workers. Several official administrative bodies, including the Ministry of Economy and Commerce, the Ministry of Industry, and the Association of Banks in Lebanon, were requested to provide input to the Survey.

## Lithuania

The Government of *Lithuania* reports that copies of the report were sent to the Confederation of Lithuanian Industrialists, the Lithuanian Entrepreneurs Employers Confederation, the Lithuanian Trade Union Unification, the Lithuanian Workers' Union, the Lithuanian Labour Federation and the Lithuanian Trade Unions' Centre.

The *Confederation of Lithuanian Industrialists (LPK)* responds that a copy of its report was sent to the ILO and the Ministry of Social Affairs and Labour of the Republic of Lithuania.

The report from the *Centre of Lithuanian Trade Unions* was attached to the Government's reply.

The *Unification of Lithuanian Trade Unions (LPSS)* indicates that its answers were presented to the Government.

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## Malaysia

The tripartite partners of *Malaysia* state that the joint report presented has been prepared together with the Government of Malaysia, the Malaysian Employers' Federation and the Malaysian Trades Union Congress.

## Malta

The *General Workers' Union (GWU)* states that this report was sent directly to the ILO, with no copies sent either to the Government or the employers' representatives.

## Mauritius

The Government of *Mauritius* replies that this is not a joint report. Copies were sent to the Mauritius Employers' Federation, the Confederation of Mauritian Workers, Federation of Public Service Trade Unions (FSCC), Federation of United Workers, Federation of Civil Service Unions, Federation of Progressive Unions, General Workers' Federation (GWF), Mauritius Labour Congress (MLC), Mauritius Labour Federation, State Employees Federation, Free Democratic Union Federation, National Trade Union Confederation and Mauritius Trade Union Congress.

## Mexico

The Government of *Mexico* reports that it sent its response to the Confederation of Mexican Workers (CTM), and the Mexican Chambers of Industry (CONCAMIN), but no comments were received.

The *Confederation of Mexican Workers (CTM)* informs that copies of its replies have been sent to the Secretary of Labour and Social Welfare and the Congress of Labour.

## Moldova, Republic of

According to the Government of the *Republic of Moldova* the report is not a joint one, but copies of the report have been sent to the National Confederation of Employers of Moldova and the General Federation of Trade Unions of Moldova.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* reports that their report was sent to the ILO only.

## Myanmar

The Government of *Myanmar* states that the following government departments, employers' and workers' organizations participated in the submission of the reply: Directorate of Investment and Company Administration, Industrial Planning Department, Department of Health, Factories and General Labour Laws Inspection Department, Central Trade Disputes Committee, Union of Myanmar Federation of Chamber of Commerce and Industry, and Workers' Welfare Associations.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports that it waited for the Government's reply so that it could add its views but, since there was no effort at consultation, it prepared its reply independently. A copy of its reply was not sent to the Government.

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## New Zealand

The Government of *New Zealand* indicates that copies of this report were sent to the New Zealand Employers' Federation and the New Zealand Council of Trade Unions (NZCTU), and their comments were also included.

## Nicaragua

The Government of *Nicaragua* reports that copies of its report were sent to the Higher Council for Private Enterprise (COSEP), the Sandinista Workers' Confederation (CST), the Agricultural Workers' Association (ATC), the Confederation for Action Towards Trade Union Unity (CAUS), the Confederation of Trade Union Unity (CUS), the Nicaraguan Workers' Confederation (automotive) (CTN a), the General Confederation of Workers (industrial) (CGT i), the Nicaraguan Workers' Confederation (CTN), the National Union of Workers (UNE), the National Association of Nicaraguan Educators (ANDEN), the Federation of Health Workers (FETSALUD), and the National Confederation of Teachers. The Government reports that no replies were received so far from employers' or workers' organizations.

## Norway

The Government of *Norway* reports that copies of its report were sent to the Norwegian Confederation of Trade Unions and the Confederation of Norwegian Business and Industry.

## Pakistan

The Government of *Pakistan* replies that copies of the Government's report were sent to the following employers' and workers' organizations: Employers Federation of Pakistan (Karachi), All Pakistan Federation of Trade Unions (Lahore) and the Pakistan National Federation of Trade Unions (Karachi).

The *Pakistan Labour Federation (PLF)* replies that copies of its report were sent to the Ministry of Labour of the Pakistan Government, the Ministry of Labour in the four provinces of Pakistan, to the Chamber of Commerce and Industry, both at federal and provincial level, as well as to all national federations of employers and workers.

## Panama

The report submitted by the Government of *Panama* expresses the Government's opinion only. A copy of the report has been sent to the National Workers' Council (CONATO) and the National Council of Private Enterprise (CONEP).

The reply of the workers' organization *Convergencia Sindical* was submitted directly to the ILO, indicating that a copy of the report in question would be communicated to the Secretary-General of the Ministry of Labour and Employment. It is also stated that a copy was sent to the workers' organizations making up the CONATO, namely the National Confederation of Workers of Panama (CTRP), the Workers' Union Federation of Panama (FST), the Association of Workers of Panama (CNTP), the National Federation of Public Servants (FENASEP) and the Autonomous Central Workers' Union of Panama.

## Peru

The Government of *Peru* states that although it asked the most representative organizations of employers, National Confederation of Private Employers' Institutions (CONFIEP) and National Society of Industries (SNI) and workers, General Confederation of Workers of Peru (CGTP) and United Confederation of Workers of Peru (CUT) to

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participate in the preparation of the report for the Survey, the only organization that actually replied was SNI. A copy of the report has been sent to the National Confederation of Workers of Peru, the Autonomous Confederation of Peruvian Workers, CGTP and SNI.

## Philippines

The Government of the *Philippines* reports that it has sent copies of its report to the employers' and workers' organizations represented in the Tripartite Industrial Peace Council.

## Poland

The Government of *Poland* reports that it sent copies of the questionnaire to the Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność), the All-Poland Alliance of Trade Unions (OPZZ) and the Confederation of Polish Employers.

The *All-Poland Trade Union Alliance (OPZZ)* reports that copies of its report were sent to the Confederation of Polish Employers and the Federation of West Poland Employers, as well as to the Ministry of Labour and Social Policy and the Independent Self-governing Trade Union "Solidarity 80".

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* notes that it received Government responses to only six questions, which does not allow for competent evaluation of many issues.

## Portugal

The Government of *Portugal* reports that the following organizations were consulted: employers' organizations: Confederation of Portuguese Industry (CIP), Confederation of Trades and Services of Portugal (CSP), Confederation of Farmers of Portugal (CAP); workers' organizations: General Confederation of Portuguese Workers (CGTP), General Union of Workers (UGT). Only the UGT provided a reply, which is annexed to the Government's reply.

## Romania

The Government of *Romania* reports that this is not a joint report, but that copies of this report have been sent to the following employers' organizations: the National Confederation for Romanian Employers (CNPR), the National Council of Small and Medium Private Enterprises of Romania (CNIPMMR), UGIR – 1903 and CONPIROM. Copies have been sent to the following workers' organizations: Cartel ALFA, the National Confederation of Free Unions of Romania – Fratia (CNSLR Fratia), the Block National Union (BNS) and the Confederation of Democratic Unions of Romania (CSDR).

## Rwanda

The Government of *Rwanda* indicates that copies of its response were sent to the Association of Enterprises of Rwanda (AER/FRSP), the Confederation of Trade Unions of Rwanda (CESTRAR), the Association of Christian Trade Unions (ASCUMURIMO) and COSYLI (full name not available).

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states it has forwarded a copy of its report to the government Ministry for the Civil Service and the Private Sector Federation.



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## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* indicate that this report was prepared by the Employers' Federation, the National Labour Congress and the Government.

## Senegal

The Government of *Senegal* reports that copies of this report have been sent to the most representative employers' and workers' organizations in Senegal, the National Council of Employers and the National Confederation of Workers of Senegal.

## Singapore

The Government of *Singapore* states that its reply was compiled in consultation with the Singapore National Employers' Federation, National Trades Union Congress and relevant government bodies.

## Slovakia

The tripartite partners of *Slovakia* state that their joint report was completed by the Government of the Republic of Slovakia, the Association of Employers' Organizations of the Slovak Republic and the Trade Union Confederation of the Slovak Republic.

## Slovenia

The Government of *Slovenia* indicates that copies of the report were sent to the Trade Union Confederation '90 of Slovenia, Neodvisnost (Independence) Confederation of New Trade Unions of Slovenia, Confederation of Trade Unions of Slovenia – PERGAM, Association of Free Trade Unions of Slovenia, Employers' Organization of Slovenia, Association of Employers for Craft Activities and the Association of Employers of Slovenia. According to the Government, no comments and/or supplements were received.

## South Africa

*Business South Africa (BSA)*, the most representative employers' organization, reports that it will send a copy of its reply to the Government's Department of Labour.

The *Congress of South African Trade Unions (COSATU)* states a copy of its final submission will be sent to the Government, employers' and workers' organizations.

The *Federation of Unions of South Africa (FEDUSA)* states that no copies of its reply have been sent to the Government, employers or any other organizations.

## Spain

The Government of *Spain* advises that the questionnaire for the Seventh Survey was answered separately by the Spanish Government, the Spanish Employers' Confederation (CEOE) and the General Union of Workers (UGT).

The *General Union of Workers (UGT)* advises that it has sent a copy of its report to the government authorities.

## Sri Lanka

The Government of *Sri Lanka* informs that copies of its report were sent to the Employers' Federation of Ceylon, Ceylon Workers' Congress, Lanka Jathika Estate

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Workers' Union, Sri Lanka Nidahas Sevaka Sangamya and Federation of Trade Unions. The first three sent their replies to the Government.

The *Ceylon Workers' Congress (CWC)* reports it sent copies of its comments to the Ministry of Labour and Employers' Federation of Ceylon.

The *Lanka Jathika Estate Workers' Union (LJEWU)* reports it submitted its reply to the Ministry of Labour.

## Sweden

The tripartite partners of *Sweden* indicate that the joint report was prepared together with the Government of Sweden, the National Labour Market Board, the National Board of Occupational Safety and Health, the National Board for Industrial and Technical Development, the Federation of Swedish Industries, the Swedish Employers' Confederation, the Swedish Trade Union Confederation and the Confederation of Professional Employees. These authorities and organizations supplied information with reference to the MNE Declaration as a whole.

## Switzerland

The Government of *Switzerland* indicates that the questionnaire and copies of the report were sent to the Swiss Union of Trade and Industry, the Confederation of Swiss Employers, the Swiss Farmers' Union, the Swiss Union of Arts and Crafts, the Swiss Federation of Trade Unions, the Federation of Swiss Employees' Associations and the Swiss Confederation of Christian Trade Unions.

## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that, as is done normally, their reply has been sent direct to the Office and copies sent to the Ministry of Labour and the Association of Tanzania Employers.

## Togo

The Government of *Togo* informs that its report has been sent to the following employers' and workers' organizations: the National Employers' Council (CNP), the National Confederation of Workers of Togo (CNTT), the Workers' Trade Union Confederation of Togo (CSTT), the General Union of Free Trade Unions (UGSL), the Workers' Union of Togo (UTT), the General Confederation of Managers of Togo (CGCT), the National Union of Free Trade Unions (UNSI).

The *National Employers' Council (CNP)* states that copies of its report have been sent to the Minister for Civil Service, Labour and Employment and to the representatives of workers' trade union confederations.

The *Group of Autonomous Trade Unions (GSA)* reports that it has not sent any copy of the reply to the other partners, expecting that the ILO will do so.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* states that this is not a joint report but solely the response of the ECA.

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## Turkey

The Government of *Turkey* has sent a copy of its report to the Turkish Confederation of Employers' Associations (TISK), the Confederation of Turkish Trade Unions (TÜRK-İS), the Confederation of the Revolutionary Trade Unions (DISK) and to the Confederation of the Real Trade Unions of Turkey (HAK-İS).

The *Turkish Confederation of Employers' Associations (TISK)* replies that it has no record of reports prepared by the Government and workers' organizations.

## Uganda

The tripartite partners of *Uganda* confirm this is a joint report of the Government of Uganda, the Federation of Uganda Employers and the National Organization of Trade Unions.

## Ukraine

The Government of *Ukraine* informs that the Confederation of Employers of Ukraine was consulted during the process of preparing the replies. Copies of the report have also been sent to the Federation of Trade Unions of Ukraine and the Confederation of Employers of Ukraine.

The *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, indicates in their joint reply that they have consulted the Ministry of Labour and Social Policy of Ukraine and the Federation of Trade Unions of Ukraine in the preparation of their reply.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* reports that the answer remains to be seen.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* informs that it would send copies of its replies to the Ministry of Labour, Invalid and Social Affairs (MOLISA).

## Zimbabwe

The Government of *Zimbabwe* states that the Zimbabwe Congress of Trade Unions participated in the preparation of its reply while the Employers Confederation of Zimbabwe was not consulted due to "lack of capacity in the organization".

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### III. Promotion of the observance of the Declaration

(23) *What kind of promotional activities, if any, have been undertaken by government and the employers and workers – alone or jointly – during the last four years, with the aim of increasing awareness of the aims and principles of the Tripartite Declaration?*

#### Antigua and Barbuda

The Government of *Antigua and Barbuda* indicates that, jointly with employers and workers, it undertook promotional educational activities as of 1996, such as live television presentations with public participation and recorded programmes emphasizing the principle of tripartism underlying the MNE Declaration. The National Labour Board, the legal tripartite body, functioned optimally during the period of amendment of the Labour Code.

The *Antigua Employers' Federation* concurs with the views expressed by the Government.

#### Australia

The *Australian Council of Trade Unions (ACTU)* has no knowledge of promotional activities aimed at increasing awareness of the aims and principles of the MNE Declaration.

#### Bahamas

The Government of *Bahamas* states that the Ministry of Labour and Maritime Affairs has redoubled its efforts to improve and increase consultation between and among the social partners, promoting dialogue and joint venture programmes as well as promoting the tripartite consultative approach to problem solving. The Government has established a forum to bring a wider cross-section of the social partners together quarterly. The forum, which is dubbed "Trifor", is the forerunner of a productivity council.

#### Bahrain

The Government of *Bahrain* states that no promotional measures have been undertaken to increase awareness of the aims and principles of the MNE Declaration.

#### Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

According to the *Bangladesh Employers' Federation (BEF)*, one of the most important promotional activities undertaken during the reporting period is the consultation held with MNEs through the Employers' Federation, covering various subjects including fixation of wages, development of industrial relations and framing of labour laws and rules.

The *Bangladesh Workers' Federation (BWF)* points out that copies of the MNE Declaration have not been widely distributed among workers during the reporting period. It suggests that the MNE Declaration should be circulated among all concerned in the

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country including EPZs. It further calls upon the ILO to follow up the observance of the provisions of the Declaration in EPZs.

#### Barbados

According to the *Barbados Employers' Confederation (BEC)*, no promotional activities have been undertaken in order to increase awareness of the aims and principles of the MNE Declaration during the reporting period.

The *Barbados Workers' Union (BWU)* concurs.

#### Belgium

The Government of *Belgium* replies that the MNE Declaration is discussed in educational courses, but that its concrete application is often the subject of some "embarrassment" with respect to trade union representatives. As far as Belgium is concerned, the ILO's material is out of step with contemporary realities in an industrialized country like Belgium.

#### Brazil

The Government of *Brazil* replies that the Ministry of Labour and Employment has no information on promotional activities involving the MNE Declaration.

The *National Confederation of Industry (CNI)* states that it has no information pertinent to question 23.

The *General Confederation of Workers (CGT)* reports that dissemination on the MNE Declaration is currently being conducted among workers.

#### Bulgaria

As for promotional activities of the MNE Declaration, the Government of *Bulgaria* indicates that the MNE Declaration's essential principles are embodied in the labour laws and other special laws and are "almost always" applied in practice.

#### Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that MNEs are represented in the same way as the country's other economic players on the CNPB. Their leaders take part without discrimination in the activities of the employers' organization, which is a unitary body comprising over 50 professional groups covering almost all business sectors. The CNPB participates in all the tripartite bodies involved in the economic life of Burkina Faso.

#### Cameroon

The *Cameroon Confederation of Free Trade Unions* reports that the Government has organized seminars to raise awareness of the aims and principles of tripartism.

#### Colombia

The Government of *Colombia* points out that the rights of all workers and employers have been made known at various seminars, with the object of promoting conciliation as an alternative way of solving disputes. Such seminars have been jointly organized by employers' associations, trade union organizations and regional authorities.

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## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that matters relating to international labour standards are the subject of tripartite consultations.

## Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* points out that, although it has encouraged the Government to take a more active role in promoting the MNE Declaration, the Government has, to date, paid attention only to those enterprises encountering difficulties.

## Cyprus

The *Pan-Cyprian Federation of Labour (PEO)* refers to its previous responses and reports that no joint promotional activities have taken place to increase awareness of the principles of the MNE Declaration.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that no promotional activity to increase awareness of the aims of the principles of the MNE Declaration has been undertaken.

The *National Workers' Union of Congo (UNTC)* reports that within the UNTC itself, following a workshop on the subject in Abidjan in May 1998, an information and consciousness-raising campaign was conducted among trade union leaders. Appropriate documentation requested from the ILO, Geneva since the beginning of July 1998 is still late arriving, which has slowed down this campaign considerably. Furthermore, there should be a structure within the Government responsible for the multinational enterprises, which would be the focal point for the MNE Declaration.

## Denmark

The tripartite partners of *Denmark* report that copies of the MNE Declaration, translated into Danish, have been sent to the most representative employees' and employers' organizations – those which contributed to the report.

## Dominican Republic

As for any activities undertaken by the Government and employers' and workers' organizations to promote the aims and principles of the MNE Declaration, the *National Confederation of Dominican Workers (CNTD)* reports that no initiatives of this kind have been carried out.

## Ecuador

The Government of *Ecuador* states that there have been no joint activities by employers' and workers' organizations and the Government to promote the MNE Declaration.

## Egypt

The *Federation of Egyptian Industries (FEI)* forwards the responses of one MNE operating in the food industry (name given) which indicates that, in order to increase awareness of the aims and principles of the MNE Declaration, regular meetings are held with union representatives and company rules and regulations are reproduced.

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## El Salvador

The Government of *El Salvador* indicates that the Directorate for International Labour Relations has organized lectures, conferences and seminars on international labour standards as referred to in the MNE Declaration, and has prepared legal studies with a view to submitting ILO Conventions Nos. 87, 98 and 111 to the legislature.

## Estonia

The tripartite partners of *Estonia* state that the Government approved the Estonian Economic Policy for 1999-2003 which covers employment, training, living and working conditions and labour relations. The Estonian ILO Council has included the discussion of Conventions No. 111 and No. 122 in its agenda for 2000. The Estonian Association of Trade Unions (EAKL), a tripartite partner, indicates that it has not taken any special measures to promote social dialogue in MNEs, but its aim is to promote social and economic welfare, balanced labour relations, high employment and safe and healthy work environments.

## Finland

The tripartite partners of *Finland* submit the comments of the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation Unions for Academic Professionals in Finland (AKAVA), who state that, during the reporting period, the promotion of awareness, particularly among consumers, of problems related to child labour has been one of their important activities. Finland ratified the Worst Forms of Child Labour Convention, 1999 (No. 182), on 17 January 2000. For the purpose of keeping the MNEs aware of the ILO Declaration and the OECD Guidelines, SAK has, on its own homepage, created links to the homepages of the ILO and the OECD, recommending a corresponding procedure for the employers and the authorities. Towards the end of 1999 SAK reminded its unions of the existence of the ILO Declaration. The basic rights of workers and its interconnection with international trade have been promoted as it related to the WTO's Ministerial Meetings in 1996, 1998 and 1999.

## Gabon

The *Confederation of Gabonese Employers (CPG)* reports that the practices recommended by the MNE Declaration were already in effect in Gabon.

## Germany

The *Confederation of German Employers' Associations (BDA)* reports that it has conducted a number of activities raising awareness and promoting social responsibility of internationally active enterprises, notably a position paper on this issue in 1999 recalling the "important guiding function" of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

## Ghana

The *Trades Union Congress (TUC)* reports that promotional activities include seminars, round tables and other types of meetings to foster investment and a peaceful industrial relations climate.

## Greece

The *Federation of Greek Industries (FIG)* reports that there has not been any type of activity other than a general public communication.

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## Guatemala

According to the Government of *Guatemala*, trade unions have conducted activities with the aim of promoting and increasing awareness of the aims and principles of the MNE Declaration within their organizations, but so far this work has not been carried out on a tripartite basis.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* reports that it is not aware of any promotional activities.

## Guyana

With regard to promotion of the aims and principles of the MNE Declaration, the Government of *Guyana* notes that regular monthly consultations through meetings of the Tripartite Committee, chaired by the Minister of Labour, are conducted.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that through the National Public Foundation for Employment the social partners have access to HUF100 million annually to develop expertise in their respective organizations and HUF50 million grants are available for education associated with the preparations for EU accession. The Confederation of Hungarian Industrialists, one of the tripartite partners, reports that national legislation guarantees the participation of representative organizations in drafting the provisions of privatization contracts that affect employees. Privatized companies must meet reporting obligations and must retain staff for a given period of time.

## India

As regards promotional activities, the Government of *India* replies in the negative.

## Indonesia

The Government of *Indonesia* reports that in 1998 it established a tripartite task force on the ILO core Conventions. With the technical assistance of the ILO, the task force has conducted a number of awareness-raising workshops attended by employers of MNEs and national enterprises, trade unions and government officials. These efforts increase the awareness of the principles of the MNE Declaration.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* states that it is unaware of any promotional activities to increase awareness of the aims and principles of the MNE Declaration.

## Italy

As regards promotional activities concerning the principles of the MNE Declaration, the Government of *Italy* notes that during the tripartite discussions held on Italian enterprises and foreign MNEs, emphasis is placed on the need to respect the fundamental labour standards.

The joint reply of the workers' organizations of Italy, namely the *Italian Confederation of Workers Union (CISL)*, the *Italian General Confederation of Labour (CGIL)*, and the *Italian Labour Union (UIL)*, expresses views similar to those of the Government.



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## Japan

The Government of *Japan* reports that with the growing number of MNEs entering Japan, labour issues are growing more serious. The Government has conducted 50 liaison conferences on labour problems in MNEs since 1974 to allow an exchange of information and opinions from government, workers and employers. Recent conferences featured lectures on European Works Councils, industrial relations in Japanese-based MNEs, the state of the Asian economy, and risk management in an Asian country (name given) going through social upheaval.

The *Japan Federation of Employers' Associations (NIKKEIREN)* reports that human resource development is a major interest, not only for companies in Japan but for their subsidiaries operating abroad. In 1998, NIKKEIREN issued a report, "Contributing to Asia – The Importance of Developing Human Resources in Japanese Companies with Operations Abroad", with proposals for employee training. As mentioned in the report on the Sixth Survey, major Japanese business organizations, including NIKKEIREN, adopted, in 1973, Guidelines for Investment Activities in Developing Countries and set up the Japan Overseas Enterprises Association (JOEA) in 1974 to disseminate the Guidelines. With the increase of Japanese direct investments, the Guidelines were revised in 1987 as Guidelines for Overseas Direct Investment (Kaigai Tōshi Kōdō Shishin) (copy attached). The Guidelines now cover operations in developed as well as developing countries, and they generally coincide with the spirit of the MNE Declaration. The JOEA disseminates the Guidelines and conducts various activities to meet the needs of Japanese companies investing abroad. NIKKEIREN reports that, based upon its "great stock of experiences" and case studies, the Government entrusted JOEA to publish a manual to advise Japanese employees in overseas operations. NIKKEIREN reports that, in 1995, the JOEA requested assistance from the Japanese Government to support vocational training in developing countries. Since 1996, the JOEA has conducted a variety of surveys on wages of Japanese staff, sexual harassment, crisis management, human resources in Asian countries, and the JOEA has published reports such as "The Management of Subsidiaries and Personnel Administration in ASEAN Countries".

The *Japanese Trade Union Confederation (JTUC-RENGO)* notes that the adoption of the ILO Declaration on Fundamental Principles and Rights at Work was quite significant and that the ILO has a strong commitment to promote these principles and rights at work, in particular in MNEs. JTUC-RENGO asserts that the new procedure to promote the core standards is not sufficient, especially regarding the obligations of MNEs. JTUC-RENGO recommends one concrete proposal – that the ILO carry out research on how MNEs observe core labour standards.

## Jordan

The Government of *Jordan* reports that some tripartite meetings and workshops supported by the ILO took place in Jordan. The Government reports that in meetings with other government entities, the Ministry of Labour refers to the MNE Declaration.

The *Amman Chamber of Industry (ACI)* reports that many promotional activities have been undertaken by the Government and the social partners during the past four years including ILO meetings and workshops in Jordan or abroad.

## Kenya

The Government of *Kenya* points out that it has revived the activities and operations of the Labour Activities Board which is currently engaged in reviewing and recommending the necessary changes in the labour laws, taking into account the existing economic

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environment in the country. The Board is a tripartite body with equal representation of all the social partners and an independent chairperson.

#### Korea, Republic of

The Government of the *Republic of Korea* reports that it has promoted domestic labour policy regarding MNEs but that neither the Government, employers nor workers have undertaken promotional activities to increase awareness of the MNE Declaration.

The *Federation of Korean Trade Unions (FKTU)* asserts that the activity of the Government in this regard was “all or nothing”. Instead, there is an increasing likelihood of labour disputes in MNEs because of more FDI.

#### Kuwait

In their joint response, the tripartite partners of *Kuwait* report that none of these activities has been undertaken to promote the observance of the MNE Declaration.

#### Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that during the recent period there have been no promotional activities in Latvia concerning the MNE Declaration. There have been numerous seminars on tripartite consultations involving all three parties. The Training Centre of the Free Trade Union Federation of Latvia has organized several training sessions on social dialogue, conclusion of branch tariff agreements and collective agreements. Many trade union leaders from MNEs as well as other representatives have participated in the LBAS sessions.

#### Lebanon

The Government of *Lebanon* is asking for additional copies of the MNE Declaration from the ILO to forward to ministries concerned with different aspects thereof.

#### Lithuania

The Government of *Lithuania* states that the principles of the MNE Declaration are clear and available to everyone, so no special action has been taken.

The *Confederation of Lithuanian Industrialists (LPK)* indicates it is not aware of any promotional activities.

The *Centre of Lithuanian Trade Unions* notes that promotion is carried out, theoretically, during seminars and conferences.

The *Unification of Lithuanian Trade Unions (LPSS)* concurs.

#### Malaysia

The tripartite partners of *Malaysia* report that, in order to increase awareness of the aims and principles embodied therein, copies of the MNE Declaration have been distributed to MNEs.

#### Malta

The *General Workers' Union (GWU)* reports no activities during the last four years by any social partner to promote the aims of the MNE Declaration.

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## Mauritius

The Government of *Mauritius* indicates that there is no need to undertake any kind of specific promotional activities to increase awareness of the aims and principles of the MNE Declaration as the labour legislation of the country does not discriminate between national and multinational enterprises. Furthermore, the Education and Training Branch of the Ministry of Labour and Industrial Relations, Human Resources Development and Employment disseminates information on all labour-related matters.

## Mexico

The Government of *Mexico* reports that the economic conditions in Mexico are such that the Government, national companies, MNEs, and workers' organizations must work hard to develop and improve policies and practices in industrial relations. Collective agreements and pacts remain an important way to reach common objectives among these groups.

The *Confederation of Mexican Workers (CTM)* reports that the three major partners, namely, Government, employers and workers, have embarked on the plan of activities for a "new work culture" in which they have made significant contributions towards adequate growth of production capacity and the economy in order to boost domestic employment without creating imbalances in the national economy.

## Morocco

The *Democratic Labour Confederation (CDT)* reports that the Moroccan Government has not undertaken any activity to disseminate the MNE Declaration and it is therefore unknown in trade union circles. Prior to receipt of the current questionnaire, CDT had never been informed by the government authorities of the existence of the MNE Declaration.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* indicates that there are no tripartite consultations on the promotion of the MNE Declaration.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* states that mobilizing the Central Labour Advisory Committee is one activity to increase awareness of the MNE Declaration. The Ministry of Labour sent copies of the MNE Declaration to concerned governmental units and to the social partners.

## New Zealand

The Government of *New Zealand* states that no specific activities have been undertaken to increase awareness of the aims and principles of the MNE Declaration.

## Nicaragua

The Government of *Nicaragua* states that the Ministry of Labour promotes the dissemination, to employers' and workers' organizations and state institutions, of the MNE Declaration, as well as the Conventions, Recommendations and activities of the ILO.

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## Pakistan

The Government of *Pakistan* replies that it consults both workers and employers in all decision-making and policy matters.

The *National Labour Federation of Pakistan (NLF)* indicates that “only casual” efforts at promotional activities are undertaken by the Government.

The *Pakistan Labour Federation (PLF)* replies that it has undertaken promotional activities on a tripartite basis.

## Panama

The Government of *Panama* advises that no specific promotional activities have been undertaken to increase awareness of the aims and principles of the MNE Declaration.

## Peru

The Government of *Peru* says that most of the aims and principles of the MNE Declaration are covered by the prevailing legal framework. These concepts are also included in government-sponsored programmes for workers.

## Philippines

The Institute for Labor Studies (ILS), Department of Labor and Employment of the *Philippines*, states that, in 1997, the Department of Labor and Employment (DOLE), with support from the International Labour Office, spearheaded a series of tripartite consultations regarding labour and social issues related to MNEs’ activities in order to increase awareness of the aims and principles of the MNE Declaration. The consultations culminated in a tripartite round-table discussion on “Labour and social issues arising out of the activities of multinational enterprises and foreign direct investments” (1997), where the partners signed a Memorandum of Social Understanding (MSU) patterned after the MNE Declaration. Follow-up consultations were held to oversee implementation of the sectoral commitments of the partners, including creation of an oversight committee and attempts to incorporate the provisions of the MSU in social contracts/accords of employers’ and workers’ organizations. ILS also mentions symposia and workshop activities organized by a private foundation (name given) to discuss issues related to globalization, which “tackled” the MNE Declaration in a series of discussions conducted in various regions of the country.

## Poland

The *All-Poland Trade Union Alliance (OPZZ)* reports that it organized a 1999 survey for MNEs which have worker organizations that are associated with OPZZ. Based on that survey OPZZ organized a training conference to exchange information and disseminate the MNE Declaration.

The *Independent Self-governing Trade Union “Solidarność” (NSZZ Solidarność)* reports that it emphasizes the importance of the principles and objectives of the MNE Declaration in its activities. It considers the MNE Declaration to be an essential element of economic development and social dialogue, and it tries to take its principles into account during conferences, and in agreements with employers.

## Portugal

The Government of *Portugal* indicates that the MNE Declaration was translated into Portuguese in 1993 and distributed to representative employers’ and workers’

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organizations as well as government bodies. The Government, together with workers' and employers' organizations, and government bodies, gives publicity to the ILO's final sectoral reports. These often include conclusions and resolutions that highlight the need to give effect to the principles enshrined in the MNE Declaration. Portugal ratified all the Conventions on fundamental rights and most of the remaining Conventions that appear in the addenda to the MNE Declaration. The Safety and Health in Mines Convention, 1995 (No. 176), is in the process of being ratified.

#### Romania

The Government of *Romania* reports that the MNE Declaration has been distributed to the social partners and Parliament.

#### Rwanda

The Government of *Rwanda* indicates there are no promotional activities to increase the awareness of the MNE Declaration.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* is of the same view as the Government.

#### Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply that there have been no promotional activities relating to the MNE Declaration.

#### Senegal

The Government of *Senegal* reports that promotional activities concern the creation and operation of tripartite bodies to strengthen social dialogue and the organization of tripartite seminars to promote basic labour rights.

#### Slovakia

In their joint response, the tripartite partners of *Slovakia* report that they have conducted tripartite negotiation on problems of mutual relations and joint deliberations on ILO Conventions and Recommendations. The Trade Union Confederation of the Slovak Republic states that it has produced a manual for members of European Works Councils concerning financial, economic and social information.

#### Slovenia

The Government of *Slovenia* states that no promotional activities were undertaken by the Government, employers and workers during the period under review.

#### South Africa

In order to increase awareness of the aims and principles of the MNE Declaration, *Business South Africa (BSA)* indicates that copies have been distributed to all its members.

The *Congress of South African Trade Unions (COSATU)* considers that public information on the MNE Declaration has been inadequate and that the ILO and its constituents should launch a major information campaign. It proposes that MNEs should be involved in round tables with trade unions, through the ILO, in order to evaluate the implementation of the MNE Declaration.

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According to the *Federation of Unions of South Africa (FEDUSA)*, promotional activities have been undertaken by most trade unions or federations through a programme of familiarization of the workers with the ILO Conventions and Recommendations, of which many are referred to in the MNE Declaration.

## Spain

The *General Union of Workers (UGT)* states that no joint activities or specific campaigns to promote the MNE Declaration have been carried out. UGT also indicates that it has made efforts to distribute the text of the MNE Declaration to all the structures in the trade union organization. The UGT advises that, for its reply to this questionnaire, there were no consultations or contacts and considers that the Government should launch a specific campaign concerning the MNE Declaration and disseminate its contents through a properly documented publication.

## Sri Lanka

During the last four years, no specific action was taken to promote the MNE Declaration, informs the Government of *Sri Lanka*.

The *Employers' Federation of Ceylon (EFC)* states that in 1999, with ILO assistance, it published a Guide to Investors on Industrial Relations Practices and Labour Laws in Sri Lanka.

The *Ceylon Workers' Congress (CWC)* informs that promotional activities have been carried out through meetings of the national Labour Advisory Council.

## Sweden

The tripartite partners of *Sweden*, which include the Government, the Swedish Employers' Confederation (SAF), the Swedish Trade Union Confederation (LO) and the Confederation of Professional Employees (TCO) submitted the following comments. The Swedish Employers' Confederation (SAF) notes that the ILO Declaration on Fundamental Principles and Rights at Work, 1998, is an important initiative and observes that information on it needs to be more widely disseminated. The SAF has endeavoured to promote the MNE Declaration in Sweden, noting that the basic principles are not new to Swedish enterprise. In June 1999, the International Organization of Employers' General Council adopted the policy document on Codes of Conduct, and the SAF indicates it has been well received and widely distributed around the world. To facilitate the dissemination of information, the Swedish Trade Union Confederation (LO) and the Confederation of Professional Employees (TCO) have requested, through the Ministry of Foreign Affairs, that the ILO Declaration and recent ILO information on it be translated and adapted to Swedish conditions, but reports that this has not retained the interest of the Ministry. The Government of Sweden agrees that the Swedish translation of the Declaration is urgent, but explains that the Ministry's translation capacity is under "hard pressure". The Swedish Trade Union Confederation (LO) and the Confederation of Professional Employees (TCO) note that the OECD guidelines for MNEs are currently under review. Trade union experience of the OECD handbook and the ILO Declaration is that the rules are not respected by enterprises; LO and TCO demand the implementation of the rules.

## Switzerland

The *Swiss Federation of Trade Unions (USS/SGB)* states it does not know of any particular promotional activities.

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## Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* indicates that, in order to increase awareness of the aims and principles of the MNE Declaration, seminars are being organized involving trade union leaders and workers.

## Thailand

As regards promotional activities, the Government of *Thailand* indicates that there is insufficient information to respond.

## Togo

The Government of *Togo* has distributed copies of the MNE Declaration and organized tripartite seminars on the theme of the MNE Declaration with the aim of increasing the awareness of the social partners.

The *National Employers' Council (CNP)* reports that several seminars and meetings on social dialogue, initiated by the ILO, have taken place within a tripartite framework.

The *Workers' Trade Union Confederation of Togo (CSTT)* concurs with the Government while the *Group of Autonomous Trade Unions (GSA)* notes that it has participated in only one such meeting jointly organized by the Government and the ILO through the African Graduate Fellowship Programme.

## Trinidad and Tobago

According to the *Employers' Consultative Association of Trinidad and Tobago (ECA)* the Cabinet appointed a tripartite committee on 16 May 1996 which meets monthly, making recommendations on the ratification of Conventions to the relevant authorities of Trinidad and Tobago. To date the committee has been involved in the country's ratification of five Conventions.

## Turkey

During the period of review, the Government of *Turkey* has pursued consultations with the social partners in order to increase and improve the implementation of the aims and principles of the MNE Declaration.

The *Turkish Confederation of Employers' Associations (TISK)* concurs with the Government.

## Uganda

In their joint response, the tripartite partners of *Uganda* state that no specific promotional activities have been undertaken, either jointly or separately, by the Government of Uganda and the employers' and workers' organizations towards increasing awareness of the MNE Declaration. However, prompted by recent developments within the ILO, a number of national tripartite workshops have been held with the aim of promoting and respecting the core ILO Conventions, and on the ILO's Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

## Ukraine

As regards promotion of the observance of the MNE Declaration, the Government of *Ukraine* states that, through the tripartite consultations with the employers' organizations

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and trade unions, it is actively improving existing social and economic legislation. Tripartite working groups are set up whenever legislation or regulations are drafted. Further, in recent years, seminars, round-table discussions and conferences (some with the participation of the ILO specialists) have been organized to discuss issues relating to the MNE Declaration.

The *Confederation of Employers of Ukraine* and the *Ukrainian League of Industrialists and Entrepreneurs* report they have been cooperating in shaping the social and economic policy aimed at promoting the goals and principles of the MNE Declaration.

The *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, concurs with the last point of the Government in their joint reply.

#### Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* states that, in general, the MNE Declaration has been the subject of promotional activities in both multinational and national enterprises through FEDECAMARAS, and particularly through the ILO/IOE committee.

#### Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* states that activities aimed at promotion of the MNE Declaration are limited, but it organized some seminars and workshops for MNEs in Hanoi and Ho Chi Minh City. It notes that promotional activities may be limited by the fact that the Government is seeking to attract FDI and, therefore, does not want to risk pressuring foreign investors.

#### Zambia

The *Zambia Federation of Employers (ZFE)* reports that it has not conducted many promotional activities regarding the MNE Declaration.

#### Zimbabwe

The Government of *Zimbabwe* reports that the MNE Declaration is promoted through the Zimbabwe Investment Centre, an organization set up by the Government, which organizes seminars on the MNE Declaration. The Government has also distributed the MNE Declaration among employers and workers.



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#### IV. The Tripartite Declaration and various economic zones and industrial sectors

- (24) (a) *In the event that there are export processing or special economic zones in operation, do the labour laws applicable in such areas differ in any way from those applied elsewhere in the country? If so, please explain.*
- (b) *Have workers in export processing and special economic zones the right to form associations of their own choosing and bargain collectively on the terms and conditions of employment which would apply to them?*
- (c) *Do special incentives that may be offered to investors in such special areas limit in any way, directly or indirectly, fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers?*
- (d) *Is there any particular experience with regard to the application of the Tripartite Declaration in the various economic/industrial sectors on which you would wish to provide information?*
- (e) *Can you provide any information specific to export processing/special economic zones or offshore production installations with regard to paragraphs 17, 20, 25, 26, 30, 34, 37, 40, 41, 45, 52, 54, 56 and 58 of the Declaration?*
- (f) *Has the participation of MNEs in what were previously state, and now privatized, industries or deregulated sectors given rise to any particular labour problems? If so, please explain briefly.*
- (g) *What is your assessment of the observance – in EPZs, SEZs and similar operations – of the principles of the Tripartite Declaration, and in particular employment and workers' rights? Please explain briefly.*

##### Antigua and Barbuda

The Government of *Antigua and Barbuda* states that the country's labour laws apply to all sectors of the economy, including free trade zones, and that no export processing zones are in operation in the country.

The *Antigua Employers' Federation* concurs with the views expressed by the Government.

##### Argentina

The Government of *Argentina* notes that the social and labour legislation applicable to free zones and special economic zones is identical to that which applies in the rest of the country. Workers enjoy, fully, freedom of association and the right to organize, and there is no limitation on the exercise of fundamental human rights and, in general, the rights of workers recognized by national legislation and international conventions.

##### Australia

The Government of *Australia* states that there are no export processing or special economic zones operating in Australia.

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The *Australian Council of Trade Unions (ACTU)* concurs, noting that some privatized companies have sought to de-unionize their workers and reduce employment standards, contracting out operations with adverse effects on employment levels and redundancies.

#### Austria

The Government of *Austria* indicates that the same laws apply in EPZs/SEZs as apply in the rest of the country, therefore workers in these zones have the right to form or join associations and maintain the same rights as other workers.

#### Bahamas

The Government of *Bahamas* states that the same labour laws apply to EPZs and SEZs as elsewhere in the country. The workers have the same opportunity to form associations of their own choosing and bargain collectively on terms and conditions of employment. The incentives offered to investors do not limit, directly or indirectly, fundamental human rights, basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers. The Government provides very low rent facilities to “young” EPZs/SEZs in an “industrial park area” to assist them in strengthening their competitiveness and production capabilities. Although workers in EPZs/SEZs have the right to organize and bargain collectively, they have not done so. Employment and workers’ rights are monitored in EPZs/SEZs by labour inspectors from the Department of Labour.

#### Bahrain

The Government of *Bahrain* reports that question 24 does not apply.

#### Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers’ Federation which follow.

The *Bangladesh Employers’ Federation (BEF)* reports that labour laws concerning wages, service conditions and welfare do not differ in EPZs and SEZs, in any way, from those applied elsewhere in the country. Workers in the EPZs have the right to form associations and take up their grievances to the employers and solve the same through direct dialogue. Incentives provided to investors in special areas have “absolutely not” limited fundamental human rights, employment security and other rights of workers. The participation of MNEs in privatization has not given rise to any particular case of labour problems. International standards are maintained in respect of goods manufactured in the special areas. Workers in MNEs enjoy much better service conditions and benefits than the workers of comparable enterprises in the country and, as such, they do not raise disputes against employers in respect of wages, service conditions, payment, leave and all other benefits as provided by the law. The BEF adds that EPZs are necessary in the country for a few years to attain a level of economic and social development so that workers of comparable enterprises can equally benefit, and to solve unemployment problems.

The *Bangladesh Workers’ Federation (BWF)* states that no existing labour laws or legal framework for protection of workers’ associational rights apply in EPZs, nor to its knowledge are there any special labour provisions applicable in EPZs; only employers’ policies in individual enterprises exist. It further considers that, contrary to constitutional provisions, there is no right of association and collective bargaining in EPZs. It believes special incentives have a negative impact on the issues listed in question 24(c), and observes problems regarding the operation of EPZs. These include the following: no right to organize and bargain collectively on terms and conditions of employment; violation of

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constitution; lack of fundamental human rights and employment security; lack of social security measures and inadequacy of OSH facilities.

## Barbados

The *Barbados Employers' Confederation (BEC)* replies in the negative to questions (a), (c), (d), (e), (f) and in the affirmative to question (b).

The *Barbados Workers' Union (BWU)* indicates that there are no export processing or special economic zones in operation, but MNEs obtain incentives to establish in Barbados. The labour laws in these areas do not differ from those applied elsewhere in the country. Workers are free to join the union they prefer even if some employers try to avoid the formation of unions. The union replies in the negative to questions (c), (d) and (e).

## Belarus

The Government of *Belarus* reports that labour legislation in Belarus contains no special provisions for workers employed in enterprises based on foreign capital or operating in free economic zones (see also *supra* "Wages, benefits and conditions of work").

## Belgium

The Government of *Belgium* states that there are no EPZs in the country.

## Brazil

The Government of *Brazil* states that labour legislation applied in the Manaus Free Zone is the same as for the rest of the country; hence all workers in the region enjoy the same benefits as those elsewhere in the country. The Government further states that labour law in export processing zones is the same as that applied in the rest of the country. Workers thus have the right to establish organizations to maintain their collective labour agreements (as, for instance, the Força Sindical, the Iron and Steelworkers' Union of the Amazon regions (SMA) and other associations operating in the Manaus Free Zone). No incentives restrict workers' rights since those rights are ensured under labour legislation. As for particular experience in applying the objectives of the MNE Declaration, from the time the Manaus Free Zone was set up in 1967, national companies and MNEs that had projects approved were required to offer workers diverse benefits such as transport, childcare facilities, food, medical care, dental and hospital care. Between 1996 and 1999, the average annual number of personnel in the industrial sector in Manaus Free Zone enterprises reflected the disarray and crisis in every sector as competition for foreign products came into the domestic market and recession hit the economy (table in reply indicating a drop in personnel from 8,090 in 1996 to 674 in 1997, 6,905 in 1998 and 7,237 in 1999). During that time, Law No. 8.387/91 helped to promote adjustments to the Manaus Free Zone model which adapted to the new order and continued promoting the development of the western Amazon region by diversifying the industrial sector (examples of furniture and cosmetics given, noting raw materials of vegetable origin used from the Amazon region) to generate more jobs and earnings in the free zone.

The *National Confederation of Industry (CNI)* shares the views expressed by the Government on question 24(a)-(d), and adds that freedom of association is constitutionally provided.

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## Bulgaria

The Government of *Bulgaria* indicates that the labour legislation in force is uniform and that no special standards on the right to organize in the country's economic free zones and industrial zones are applicable. Industrial relations and social security for workers in these zones are regulated in accordance with Bulgarian legislation. Workers have the right to create trade unions and bargain collectively, but this is not always the case in practice unfortunately. With respect to incentives limiting the rights listed in point (c), the Government replies in the negative. In the context of privatization, the Government reports that collective agreements already in effect remain in force after privatization of concerned enterprises. See reply to question 16 *supra*.

## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that there are no EPZs or SEZs in the country.

## Cameroon

The *Cameroon Confederation of Free Trade Unions* indicates that industrial free zones have existed in Cameroon for several years but it has been unable to operate in them so it is not able to provide useful information to answer the question.

## Cape Verde

The Government of *Cape Verde* reports that the labour law in industrial zones is the same as the law applied in other areas. According to the Government, workers in SEZs have the right to set up associations of their own choosing, and the incentives offered to investors in special zones do not restrict fundamental human rights.

## Colombia

The Government of *Colombia* reports that the standards applicable in the SEZs are the same as those applied elsewhere in the country, and that workers have the same rights to form associations of their own choosing as other workers in the country, with the exception of certain public employees. The incentives offered to MNEs do not have the effect of limiting the rights of the workers. The Colombian labour inspection system, which seeks to improve industrial relations, checks to ensure that MNEs apply the laws and regulations in such a way that conditions are not less favourable than they are in local enterprises. The involvement of MNEs in formerly state-owned industries, which have been privatized, has led to a reduction in staff in the effort to optimize the production process. However, such measures have been taken in compliance with the law and collective labour agreements.

## Costa Rica

The Government of *Costa Rica* reports that there are two special zone systems in the country to attract MNEs to bring in raw materials and use the labour force in manufacturing products for export: the Free Zones, and the "Perfeccionamiento Activo". In 1998, the free zones represented 28,368 jobs, 77 per cent in unskilled and 8 per cent in skilled labour. Eighty per cent of companies operating in the special zones are wholly foreign owned. The Government states that it is understood that enterprises in free zones must fulfil the same requirements as national enterprises under the Labour Code and selected laws, although the law governing free zones does not explicitly say so. The Government observes that the export drive, particularly the impetus given by free zones, has resulted in the country's achievement of one of the highest economic growth rates in

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Latin America in 1998 and 1999 (figures given). Incentives to locate in the zones include multi-year exemption from utility payments (“tributos a las utilidades”). Some special aspects differ in the regulations applied to the free zones than in the rest of the territory, such as article 4, paragraph 1, of the Free Zone Regime Act No. 7210 which lays down an obligation for companies managing industrial estates to provide childcare centres for workers’ children between 0 and 5 years of age and recreational parks for use by workers; article 37, amended by Act No. 7638, states that companies managing industrial estates must make premises available in which workers can hold meetings and assemblies and must keep them maintained; article 20, paragraph K, provides for a premium based on 10 per cent of wages paid for enterprises situated in “relatively less developed areas”; article 2 states that enterprises under this regime may request assistance from the management company or PROCOMER for training, coordinated with the National Apprenticeship Institute (INA) for the employees of enterprises located in free zones; article 32, paragraph C, of Act No. 7210 lays down the requirement of a minimum level of employment for enterprises to be able to enjoy the benefits of the regime; article 32, paragraph H, of the same Act mentions the need to obtain prior authorization from PROCOMER, the government agency administering the free zones, before closing down operations or leaving the installations, in the form indicated by the regulation for this Act. The Government indicates that, as with all other enterprises in the country, workers there are fully entitled to form associations and bargain collectively on their working conditions. It adds that the incentives offered to investors within the special zones can, under no circumstances, be detrimental to basic rights, equality of treatment, health and safety standards or any other rights of workers. As for the different paragraphs of the MNE Declaration and activities in special economic zones or export processing zones, the Government says that, with reference to paragraph 20, there are various programmes that seek to expand the links between national enterprises and MNEs. With regard to paragraph 26, enterprises which plan changes in their operations for any reason which may affect their employees, be it closing down the plant or merging with another enterprise, for example, must fulfil certain obligations in accordance with the provisions of the operating contract signed by the company in order to gain access to the regime. In accordance with this contract, if a company is going to close down its operations or make major changes, then it must give public notice in the country’s press and PROCOMER, which has a right to request other relevant documentation and must certify that there is not a pending labour matter. As regards paragraph 30, some MNEs play an active part along with other enterprises, government representatives and academic bodies in programmes designed to improve the quality of training.

#### Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that the advantages granted to investors in export processing zones are not susceptible to detracting from the application of the MNE Declaration since they are solely of a fiscal nature.

#### Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* does not know the answers to questions relating to EPZs. It indicates that the participation of the MNE on which it has based its report (see “Background and aim”) in the previously state-owned company has made the conclusion of collective agreements easier because of the good industrial relations in the home country of the MNE.

#### Cyprus

The *Pan-Cyprian Federation of Labour (PEO)* states that the labour legislation applies to the whole country, including SEZs, and that workers in these zones enjoy freedom of association and have the right to collective bargaining. Moreover, special

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incentives to attract investors in SEZs neither limit fundamental human rights nor basic industrial relations standards. It does not know of MNE participation in privatized enterprises and reports that the principles embodied in the MNE Declaration are observed in SEZs.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports that the Labour Code of the Democratic Republic of the Congo (DRC) is the same for all and is applicable to all economic zones in the country. Workers in export processing and SEZs have the right to form associations of their own choosing and bargain collectively on the terms and conditions of employment. The FEC responds in the negative to questions 24(c) and (d). As regards export processing/SEZs or offshore production installations, the FEC reports that no such zones exist in the DRC. With respect to MNEs in what were previously state, and now privatized, industries, the FEC reports that privatization is not yet in effect in the DRC. As regards the observance of the principles of the MNE Declaration in employment and workers' rights, the FEC notes that labour laws are in accordance with the relevant ILO Conventions and Recommendations.

The *National Workers' Union of Congo (UNTC)* reports that there are no EPZs or SEZs operating in the country. The UNTC responds in the negative to question 24(d) and has no information on the participation of MNEs in what were previously state, and now privatized, industries or deregulated sectors. With respect to the observance of the MNE Declaration in EPZs, SEZs and similar operations, the UNTC reports that the country's labour laws are derived directly from the ILO's international standards. Thus, where operating conditions do not endanger the interests of the MNEs, the principles that are mostly enshrined in the national labour laws are applied, "albeit reluctantly".

## Denmark

The tripartite partners of *Denmark* indicate that there are no economic zones such as EPZs or SEZs operating in the country.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* indicates that, from the point of view of environmental policy, enterprises in the free zones (the mining industry and the tourist/hotel trade) have raised levels of pollution or destroyed ecosystems in the provinces where they operate. As regards the application of laws in special economic zones or export processing zones and in the rest of the country, CNTD considers that there are some aspects that differ in favour of MNEs: lower relative wages, non-payment of 10 per cent of profits to workers as is the case for other companies (article 226 of the labour laws), and non-payment of municipal and other taxes. Workers in the special economic zones or export processing zones enjoy the right to form associations of their own choosing and bargain collectively on the terms and conditions of employment. CNTD also reports that, explicitly at least, there are no special incentives offered to investors in the special zones which directly or indirectly limit fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers. However, the CNTD reports that it has always organized trade unions clandestinely in order to prevent workers at the company being organized from being dismissed, which runs counter to the principles of the Declaration. CNTD further reports that participation by MNEs (names of MNEs given) in what were state industries but have now been privatized or deregulated has created labour problems. Unions were closed down before privatization (names of cases in utilities sector given), or liquidated after privatization (name of MNE and cases in agricultural manufacturing given). In addition, disputes will arise in future when the union headquarters try to promote the creation of trade unions in privatized companies since the new investors have warned that they will not

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allow it. Finally, CNTD concludes that no company head will ever voluntarily allow the creation of trade unions; this is a class principle. Given the fact that an economy like that of the Dominican Republic can maintain a high growth rate with worsening poverty and a concentration of income (78 per cent of wage earners do not receive the average cost of the basket of goods and services according to the Central Bank), and considering that labour standards are instruments for the distribution of income, the CNTD concludes that observance has been violated once again.

## Ecuador

The Government of *Ecuador* replies that a council, CONAZOFRA, was created pursuant to ROS-149 of 16 March 1999 to implement any necessary modifications to the law on free zones; a copy of the March 1999 Law amending the Law on Free Zones of 1991, amended in 1994, is attached. CONAZOFRA operates as a council composed of the country's President, ministers of foreign commerce, finance and defence, a representative of the Free Zone Chamber of Commerce, and an elected representative of the free zone enterprises. According to the Law on Free Zones, industrial relations between free zone enterprises and their employees are subject to the labour laws in force, with modifications, such as the following. For example, the wages of employees of free zone enterprises must be at least 10 per cent higher than the minimum wage applicable to workers in the same sector in the rest of the country. When the contract is signed, the parties must agree on the amount of the salary or daily wage in US dollars, to be paid in sucres calculated at the free rate of exchange applicable on the date of payment. In addition, by their very nature, employment contracts in free zones are temporary and are not subject to the provisions of article 14 of the Labour Code (minimum stability and exceptions) and may be renewed as many times as necessary. These contracts must be registered with the Labour Inspectorate of the district concerned. Workers in free zones enjoy the right to create organizations of their choosing and bargain collectively on the terms and conditions of employment. The Government also advises that no special incentives are offered to investors in the free zones which limit fundamental human rights or basic trade union rights in any way. As for any particular experiences with regard to the application of the MNE Declaration in various sectors in free zones and paragraphs 17, 20, 25, 26, 30, 34, 37, 40, 41, 45, 52, 54, 56 and 58 of the MNE Declaration, the Ecuadorian Government indicates that, as CONAZOFRA is in its formative phase, these questions cannot be answered precisely. Privatization in multiple situations is an aspiration of the present Government, which has not initiated such process thus far. With regard to the principles of the MNE Declaration in the free zones, the Government observes that, in spite of the fact that they were authorized several years ago, the country's export free zones have not worked, basically due to the lack of foreign investment, but it believes they will always constitute an alternative as a source of employment for Ecuadorians. The Government states that the country complies with, observes and ensures observance of the rights and obligations of employees of national and multinational enterprises alike, that there should be no differences that are detrimental to the workers and, in view of their special characteristics, they should establish conditions of equality and respect for all.

## Egypt

The Government of *Egypt* reports that, under section 43 of the Guarantees and Incentives for Investments Act, undertakings in the public free zones are exempted from the application of certain provisions of Act No. 113 of 1985 and from Title III, Chapter V. The Government further indicates that workers in free zones do not have the right to form associations of their own choosing and bargain collectively. The Guarantees and Incentives for Investments Act exempts shareholding enterprises operating in EPZs from the scope of application of Act No. 73 of 1973 concerning the determination and procedures for the election of workers' representatives to the boards of directors of public sector enterprises, shareholding, private enterprises and associations (articles 14 and 36, and Title IV, section

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14). The Government further reports that special investor incentives do not limit fundamental human rights, basic trade union rights, employment security, equality in safety standards, other rights of workers. The Social Insurance Act No. 79 of 1975 applies to all Egyptian nationals working in enterprises operating in the free zones.

#### El Salvador

The Government of *El Salvador* states that labour laws applicable in export processing or special economic zones are no different from those applied in the rest of the national territory. Workers in special zones and export processing zones have the right to form associations of their own choosing and to bargain collectively on the applicable terms and conditions. The Government advises that no special incentives have been offered to investors and there have been no particular experiences with regard to application of the MNE Declaration. The Government intends to seek ways of processing information specific to export processing/special economic zones with regard to the enumerated paragraphs of the MNE Declaration. Participation by MNEs in what were previously state-owned and are now privatized industries or deregulated sectors has not given rise to any particular labour problems. Finally, the Government states that it has not yet monitored observance of the principles of the MNE Declaration in export processing zones and special economic zones.

#### Estonia

The tripartite partners of *Estonia* state there are no SEZs in Estonia but the Government has approved the creation of one EPZ in one town (town named).

#### Ethiopia

The *Confederation of Ethiopian Trade Unions* indicates that there are no SEZs or EPZs in Ethiopia.

#### Finland

The tripartite partners of *Finland* submit the following comments from the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals in Finland (AKAVA), tripartite partners, which state that there are no EPZs in Finland; it is rather subsidiaries of Finnish MNEs operating in EPZs in China.

#### Gabon

The *Confederation of Gabonese Employers (CPG)* reports that export processing or special economic zones are not yet in operation, but the possibility is under study.

#### Germany

The Government of *Germany* questions the meaning of the terms “export processing” and “special economic” zones and reports that the same labour laws apply in duty-free areas of the country, such as free ports, as in the rest of the country.

The *German Confederation of Trade Unions (DGB)* has forwarded the response of the German Union of Post Office Workers, a sectoral union, which focuses on the phenomenon of transnational service corporations which have emerged or are emerging as a result of the privatization and deregulation of public service infrastructure. It states that the questionnaire for the Survey is based to a large extent on the model of the industrial multinational rather than the transnational service enterprise. It notes, however, that privatization of public post and telecommunications sectors results in lost jobs and it



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should be explored whether the new multinational service corporations can retain the high level of social protection and “co-determination” developed in the public sector. It urges the ILO to monitor the “transformation process of the new ‘multis’ with all the means at its disposal”.

## Ghana

The *Trades Union Congress (TUC)* indicates that the same labour laws apply in special economic zones as in the rest of the country, and that workers in special economic and export processing zones have the right to form associations and bargain collectively. However, special incentives have limited the rights of workers, although no particular problems are noted. The Congress replies in the negative to question 24(d)-(g).

## Greece

The *Federation of Greek Industries (FIG)* states that there are no particular areas where the applicable labour laws differ in any way from those applied everywhere else in the country.

## Guatemala

The Government of *Guatemala* states that the legislation applied in export processing or special economic zones in operation in the country does not differ from that applied in the rest of the country. Workers in the special zones enjoy the right to form associations of their own choosing and bargain collectively on the applicable terms and conditions of employment. There are no special incentives that limit, in any way, fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers. The Government specifies that only the trade union organizations have been active with respect to advancing the application of the MNE Declaration in the various economic or industrial sectors. As to privatization, when *Telefónica Nacional* was privatized, the enterprise involved (name given) effected an administrative restructuring which reduced the workforce, making the corresponding redundancy payments.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* reports that the labour laws apply throughout the national territory, including the customs free areas; in no case have constitutional or labour law rights been restricted. No information is available with respect to particular experiences in promoting the MNE Declaration. In addition, on the question of promoting particular paragraphs of the MNE Declaration, no more information is available than that contained in the previous replies. To date, no problems have been seen in enterprises that were previously state-owned and are now privatized. In general, entrepreneurial activity in customs free areas in Guatemala has been relatively limited; it has not been a source of labour disputes and CACIF does not consider that there has been any type of impact on such areas as far as the MNE Declaration is concerned.

## Guyana

The Government indicates that the questions on EPZs/SEZs are not applicable to *Guyana*.

## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports that the Labour Code applies to all work performed, and that there are no different regulations for export processing zones. The Labour Code also applies to the

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right to bargain collectively in EPZs. With respect to specific issues pertaining to privatization or deregulation, during the privatization of the electric power sector, the Government agreed that a certain percentage of revenue from privatization would be spent on training and retraining of dismissed workers. This programme has been functioning since 1999. The Confederation of Hungarian Industrialists, one of the tripartite partners, adds that workers in EPZs do have the right to form associations of their own choosing and to bargain collectively. Further, there are no restrictions on workers' rights created by special incentives offered to investors. The employers report that it has no experience with regard to the application of the MNE Declaration in these specialized zones. With regard to problems arising from privatization or deregulation, the employers report that in several privatized companies, employees were dismissed when they did not meet the requirements of the new MNE ownership, which led to labour disputes in some cases. The National Confederation of Hungarian Trade Unions, the National Federation of Autonomous Trade Unions, and the National Federation of Workers' Councils, tripartite partners, say that opinions differ about the effects of privatization. In one-third of MNEs, privatization worked to the advantage of employees based on improved wages, working conditions and social care. In most cases privatization was followed by staff reductions when employees could not adjust to the demands of efficiency, enhanced productivity and continuous training.

## India

The Government of *India* notes that trade unions have made some complaints about denial of trade union rights in some of the export processing zones; those complaints have been looked into by the respective enforcement agencies, and the position reported in the national tripartite bodies.

## Indonesia

The Government of *Indonesia* reports that there are several export processing zones in the country. All enterprises, whether inside or outside EPZs, are treated in the same way with regard to labour laws, trade unions, terms of employment, working conditions and occupational safety and health.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* indicates that the same labour laws apply to all enterprises, including those in the Shannon Export Zone, ensuring the rights of workers to form associations of their own choosing and bargain collectively. The Irish Congress responds in the negative to the remaining questions except to state that employment and workers' rights in EPZs/SEZs are no different from those of workers generally.

## Italy

The Government of *Italy* states that no special zones have been created. It adds that the application of Italian labour legislation, and in particular of social and employment security legislation, constitutes a general principle in the public law system. This provides for sanctions of a penal and administrative nature for the violation of protective provisions. Private labour law is applicable to the employment relationship in MNEs.

## Jordan

The Government of *Jordan* reports that some laws and regulations are applicable to special economic zones. No unions were formed in special economic zones, but workers all over the country can join existing unions, in accordance with the labour law. Incentives

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offered to investors do not limit workers' rights. The establishment of the qualified industrial zones in the northern region of Jordan has been a very fruitful experience and the Government intends to replicate such zones in other less developed areas in the southern region. The Government notes that while job loss for some workers was expected, none has been reported. The labour law of 1996 applies to all enterprises and therefore guarantees workers' rights in special economic zones.

The *Amman Chamber of Industry (ACI)* concurs with the Government that workers in special economic zones have no right to form unions of their own, but they have the right to join Jordanian labour unions and these unions may bargain collectively on their behalf. The Chamber also agrees that no special incentives limit fundamental human rights or basic trade union rights. The application of the MNE Declaration is demonstrated by the tripartite committees formed to discuss minimum wages and to look into cases of collective dismissals, as well as tripartite involvement in other fields such as training and education, and the development of the labour law. The Chamber notes that the qualified industrial zones, built to attract investment, succeeded in attracting US\$300 million in investment and providing 5,000 jobs. The Chamber concurs with the Government that the participation of MNEs in previously state-owned industries raised some fears of job loss, but these fears have "disappeared". Workers are enjoying the same rights that they enjoy in other worksites.

## Kenya

The Government of *Kenya* replies in the negative to questions 24(a), (c) and (d), but notes that activities in EPZs are exempt from health and safety laws, an incentive to investors which is to be removed. It confirms that workers have the right to form associations and bargain collectively, although it notes that it is "very common" for MNEs in EPZs to not allow their workers to join trade union movements. See also the reply to question 14. The Government provides information on law and practice in EPZs consistent with that provided in its replies to questions 4, 17, 18 and 19.

## Korea, Republic of

The Government of the *Republic of Korea* reports that workers in MNEs have the same legal protection for their right to organize as those in national enterprises. Workers in export processing and special economic zones have equal rights to form associations of their own choosing, bargain collectively, and act collectively. Special incentives do not limit in any way, directly or indirectly, the fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards, or other rights of workers. The Government reports no particular experience with regard to the application of the MNE Declaration. There is no provision of the Labour Relations Act specifically concerning EPZs or SEZs or offshore production installations. The trade unions opposed sell-offs of the electricity industry to foreign owners as part of public sector restructuring, but there have been no particular labour problems in MNEs in privatized industries or deregulated sectors. The principles of the MNE Declaration and, in particular, workers' rights, are well observed in EPZs and SEZs as in other regions.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* respond that all companies are subject to the labour law. Workers in SEZs have the right to form associations and bargain collectively but this must be done in conformity with rules and regulations. The fundamental and other rights of workers are not limited by special incentives offered to investors in SEZs. Privatization and deregulation have not given rise to any particular labour problems. They further report that no assessment of the observance of the MNE Declaration in EPZs and SPZs has been made.

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## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports there are SEZs in Latvia and that the same uniform legislation governs labour rights, trade union rights and human rights in these zones as in the country as a whole. LBAS reports that the same problems noted in previous parts of this report exist in SEZs.

## Lebanon

The Government of *Lebanon* reports that the Labour Code covers all territories, and ILO Conventions ratified by Lebanon apply to all economic sectors. It notes that, to its knowledge, no MNEs actually exist in free export zones in Lebanon.

## Lithuania

The Government of *Lithuania* reports that no special zones are in operation in Lithuania yet, but the legislative framework is in place for such operations. The Law on Free Economic Zones No. 1-976, 1995, article 4, states that the zones fall under the Constitution and laws of the Republic of Lithuania. The Law on Free Economic Zones No. 1-976, 1995, does not regulate the right to form associations and bargain collectively but these continue to be ensured by the Law of Collective Agreement and Collective Labour Agreements, No. 1-1201, 1991, and ratified the Freedom of Association and Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Collective Bargaining Convention, 1981 (No. 154). The Government responds in the negative to question 24(c)-(e) but notes that MNEs tend to have more effective management than the former state industries.

The *Centre of Lithuanian Trade Unions* agrees.

The *Unification of Lithuanian Trade Unions (LPSS)* states that there are currently no special economic or export processing zones in operation.

## Madagascar

The *Independent Trade Unions of Madagascar (USAM)* state that the labour laws apply to all enterprises in the private sector. In theory, workers have the right to form associations and bargain collectively in EPZs/SEZs, but the majority lack trade union experience and practice. Special incentives offered to investors limit workers' rights since the enterprises' aims are based on productivity and profitability. There are many problems associated with the State's disinvestment in public enterprises: difficulty negotiating social plans, ensuring compensation for those laid off, and facilitating re-entry into the labour market. As employers are concerned with productivity and profitability, a policy of short-term employment develops, with an accompanying disregard for workers' rights.

## Malaysia

The tripartite partners of *Malaysia* state that labour laws are not applied differently in EPZs than in the rest of the country and that workers in these zones have the right to form associations of their own choosing and to bargain collectively. The tripartite partners reply in the negative to question 24(c)-(f) and, in their assessment of the observance of the principles of the MNE Declaration, indicate that the rights of workers employed in these EPZs have not been restricted.

## Malta

The *General Workers' Union (GWU)* reports there are no EPZs or SEZs in operation in Malta.

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## Mauritius

The Government of *Mauritius* indicates that enterprises operating in EPZs are governed by the Export Enterprises (Remuneration Order) Regulations, 1984, as amended, and the Industrial Expansion Act, 1993, which repealed the Export Processing Zones Act, 1970. As a result, various terms and conditions of work, including termination of employment, working hours and holidays, and retirement age differ from those in other sectors. Part VI of the Labour Act (Termination of Employment) does not apply to workers in EPZs, except in cases of unjustified dismissal. Cases of redundancy are not required to be examined by the Termination of Contract of Service Board as in other sectors. Rather, section 20 of the Industrial Expansion Act deals with compensation for termination of services. Overtime work is computed on a weekly instead of a daily basis, providing that the worker first has to complete 45 hours of work per week (irrespective of the number of hours worked on a daily basis) before any overtime accrues. A worker may also be required to perform extra hours of work for up to ten hours per week, and may be required to work on a public holiday. Women workers in EPZs may be required to work between 10 p.m. and 5 a.m., unlike those in other industrial undertakings, but shall not be required to resume work before a lapse of 12 hours. In most of the Remuneration Order Regulations, provisions exist for retirement at the age of 60 or before 60 on medical grounds with payment of compensation commensurate with length of service but such provisions have not yet been incorporated in EPZ regulations. The Industrial Relations Act, which applies generally and not only to EPZs, in no way denies workers in EPZs the right to form or join associations of their own choosing or to bargain collectively. Fundamental human rights or basic union rights are not limited by the special nature of the EPZs, but certain labour provisions differ from those applicable to workers in other national enterprises. As far as the application of the MNE Declaration is concerned, an EPZ is not considered to be different from other sectors of the economy, and the principles of the MNE Declaration are generally observed in EPZs. There are no particular labour problems due to MNE participation in what were previously state industries.

## Mexico

The Government of *Mexico* reports that legislation on exports applies generally but companies on the border have advantages regarding cost, infrastructure and transport. All workers in the country have the same rights, and their organizations are subject to the decisions of the local or federal courts. Incentives to attract investment are designed for economic and industrial improvements. Incentives are of a fiscal nature, either to buy new machines, to generate employment, to increase the percentage of local raw materials used, or to generate foreign exchange. The Federal Conciliation and Arbitration Board, the Local Conciliation and Arbitration Board, and the Federal Procurator's Office for the Defence of Labour have authority to apply Mexican laws to settle employer-worker disputes such as strike calls and strikes. Before MNEs begin operations, they generally engage in tripartite consultations. The Government notes that MNEs are to act without prejudicing national companies and to plan their operations to minimize negative effects on employment. The Government points out that a primary concern in the privatization process is to guarantee the industrial rights of workers, and notes in this regard that a recent break-up of the petrochemical industries raised issues which have still not been resolved. All the provisions in the MNE Declaration are covered by Mexican law and all companies must adhere to the law.

The *Confederation of Mexican Workers (CTM)* notes that, in EPZs, workers' rights of association are respected and there are no restrictions upon trade unions. It adds that the labour authorities and most representative trade unions constantly monitor the situation in EPZs paying attention to compliance with provisions on equal pay and treatment in labour contracts.

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## Moldova, Republic of

The Government of the *Republic of Moldova* states that the legislation, including the Constitution and other legislative instruments such as the Labour Code and Collective Labour Agreement Act, does not make any distinction and applies uniformly throughout the country to all employees in enterprises, regardless of type of ownership of enterprises. Accordingly, articles 42 and 43 of the Constitution spell out that employees have the right to organize and join trade unions to protect their interests. No derogations from these principles have been observed.

## Mozambique

The *Workers' Organization of Mozambique, Union Headquarters (OTM-CS)* reports that the laws applicable in SEZs/EPZs differ from those applied elsewhere in the country. Workers have "no right" to form associations and bargain collectively. There are no special incentives offered in these zones. Generally, MNEs do not take over former state or private companies in the country. The Workers' Organization of Mozambique indicates it is reluctant to comment on the effect given to the principles of the MNE Declaration in SEZs because the statutes and regulations in these zones often depart from the safeguards in domestic legislation with regard to employment and the right to organize.

## Myanmar

The Government of *Myanmar* notes that the labour laws applicable in EPZs/SEZs do not differ from those that apply elsewhere in the country. Incentives offered in these zones do not, in any way, limit the rights of workers. There are no particular labour problems in privatized or deregulated sectors.

## Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* notes that no EPZs or SEZs exist in Nepal at present. The closure of a plant after the shifting of operations to another location in a formerly public enterprise in the shoe and leather industry (name given) created labour problems.

## New Zealand

The Government of *New Zealand* reports there are no EPZs/SEZs in operation in the country. The participation of MNEs in previously state and now privatized industries and deregulated sectors is not considered to have given rise to any particular labour problems.

## Nicaragua

The Government of *Nicaragua* reports that all enterprises in free zones are subject to labour laws in the Constitution of Nicaragua, the Labour Code, Ministerial Decisions, Conventions of the ILO ratified by Nicaragua, and other national laws. In addition, the Government states that all enterprises, including those in the free zones, are aware that they must respect the labour laws and that no exceptions are allowed. For details on recently adopted laws in free zones, see *supra* "Background and aim". Section 2 of the Labour Code states that labour legislation is compulsory for all natural or legal persons in Nicaragua and applies to all employment relationships, which with the authorization of the Ministry of Labour "begin in Nicaragua and develop outside of the national territory". Workers in MNEs and in free zones enjoy the full right to form organizations of their choosing and to bargain collectively. The Ministry of Labour registers such unions and collective agreements concluded in free zones. There are no special incentives offered to investors in free zones that in any way, directly or indirectly, restrict or are detrimental to

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basic human rights and trade union rights, employment security, equality of treatment, safety and health standards or other workers' rights. Enterprises in the free zones consult with state institutions, including the Ministry of Labour, the Ministry of Industrial Development and Trade, and the National Social Security Institute (INNS), on all questions about their operations and on social and labour relations in Nicaragua. They also observe their freely negotiated obligations on employment and social security; notify the competent state institutions of changes in their operations, including the increase or transfer of production or acquisition of enterprises, so that they may take appropriate necessary measures; provide wages, benefits and working conditions within the framework of national labour law; maintain health and safety levels in accordance with national law; and hold negotiations within the framework of social and labour agreements and in accordance with national law and practice. The Government states that it does not keep a registry of cases relevant to paragraph 52 of the MNE Declaration.

#### Norway

The Government of *Norway* notes that, due to the special situation on Svalbard (islands north-west of Norway) there are, in force, provisions on working conditions and on health and safety that differ slightly from the rules in the Working Environment Act.

#### Oman

The *Oman Chamber of Commerce and Industry (OCCI)* indicates there are no EPZs/SEZs in Oman.

#### Pakistan

The Government of *Pakistan* reports that from 1 January 2000, labour laws of the country became applicable to EPZs and SEZs without discrimination between these zones and other areas of the country. Workers in EPZs and SEZs have the right to form associations and bargain collectively on terms and conditions of employment. The Government replies in the negative to the question 24(c) and states that exempting certain areas from application of the country's labour law normally has positive effects on working conditions due to less interference from outside. Presently, the new management of privatized enterprises face problems in relation to over-employment. As regards the observance in EPZs and SEZs of the principles of the MNE Declaration, there is no difference. However, once an organization is set up on the basis of certain exemptions, it subsequently faces problems when these exceptions are withdrawn.

The *National Labour Federation of Pakistan (NLF)* indicates that no labour laws apply in EPZs and SEZs and replies in the negative to question 24(b) and (d). It considers it "obvious" that special incentives offered to investors obviously limit basic trade union rights.

The *Pakistan Labour Federation (PLF)* replies that, in EPZs/SEZs, there is a total ban on labour activities and workers do not have the right to form associations of their choosing and bargain collectively on terms and conditions of employment. It further replies that incentives offered to investors have the effect of limiting the rights of workers. It considers that the MNE Declaration is being ignored by both the Government and MNEs, and no labour laws regarding the rights of workers are being enforced in offshore operations.

#### Panama

The Government of *Panama* states that export processing or special economic zones are governed by Law No. 25 of 30 November 1992 establishing a special simplified

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integral regime for such zones (copy attached to the reply). According to article 55 of this Act, the regulations applicable to relations between workers and employers in industries or enterprises established in EPZs are those contained in the Labour Code, Law No. 1 of 17 March 1986 and special laws not contrary to the provisions of the Act on EPZs. In addition, the Government in 1997 introduced an article into Law No. 25, through DL No. 3 of 7 January 1997 (copy attached to reply) setting up a one-stop office for the use of those enterprises interested in establishing a business in EPZs. There are provisions relating, inter alia, to job training and upgrading training, the minimum wage, overtime, holidays or leave, collective agreements, the right to strike, treatment of individual and collective disputes by a special department, and a tripartite conciliation committee (CTA) within that department. The Government notes that, while labour relations within EPZs are more flexible than in the rest of the country, they do not restrict fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers; labour matters not covered by Law No. 25 of 1992 and DL No. 3 of 1997 must be in conformity with the labour legislation applicable in the rest of the country. The system of exemptions applies to matters expressly governed by such laws. Under the Labour Code and the laws mentioned *supra* in this paragraph, workers in export processing or special economic zones enjoy the right to form associations of their own choosing and to bargain collectively on the applicable terms and conditions of employment. The Government also confirms that no special incentives are offered to investors which limit the fundamental rights of workers in any way. No specific information is available on particular experiences with regard to application of the MNE Declaration in the special zones. There were some problems with MNEs that were previously state-owned industries or enterprises, such as those which took over the telecommunications and electricity services, but these were favourably resolved. For details on privatization laws and effects, see *supra* "Background and aim" and "Employment promotion". In general, the principles of the MNE Declaration are observed in Panama, and the Labour Ministry ensures that the labour laws are applied and workers are protected.

As regards observance of the MNE Declaration in the different economic and industrial sectors, the workers' organization *Convergencia Sindical* states that separate laws govern EPZs in Panama. Law No. 25 (22 November 1992) provided the basis for reform on an earlier law and extended the package of tax and customs incentives but maintained the special regulations relating to industrial relations. At the beginning of 1996, when the legislature was in recess, the Executive, using special powers granted by the Legislative Assembly, enacted new standards relating to the legal framework governing EPZs. Legislative Decrees Nos. 1 and 2, of 11 January and 26 February 1996 respectively, introduced far-reaching and controversial amendments to the special labour provisions applicable in the EPZs with regard to collective labour relations. The organization notes the exceptional nature of the legislation in question, stating that it was not discussed and approved by the legislature. As regards the substance of the special labour provisions applicable in the EPZs, relevant provisions are contained in Law No. 25/1992 and in the amendments introduced by the 1996 Legislative Decrees (LD 1/96). These include, but are not limited to, the following: suspension of "successive fixed duration contracts"; greater flexibility in approving mechanisms for assessing a worker's output; dismissal on economic grounds including "fluctuations in the export market leading to significant losses of customers or markets"; distribution and splitting of leave entitlements under which the employer can indicate in advance the period in which the worker must use his leave allowance, taking into account as far as possible "the interests both of the enterprise and of the worker, and in accordance with the operational cycle of the establishment or industry"; greater flexibility in matters relating to collective rights and labour relations, providing for the possibility of increasing the period during which enterprises setting up their operations are free of any obligation to conclude collective labour agreements; means of settling collective disputes in EPZs by government reference to compulsory arbitration; restriction on collective agreements on conditions of work and benefits to ensure that these



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agreements do not adversely affect returns on capital investment and allow rates of return and profits that are fair, rational and acceptable. A judicial challenge to some of those provisions was pending at the time of the report. As regards the labour legislation applicable in EPZs, although there is no express limitation on freedom of association and trade union action in these economic zones, there is certainly a lack of stability. In practice, serious restrictions are placed on the right to collective bargaining and the right to strike which can only be regarded as violating fundamental trade union rights. The system of EPZs is contrary to the objective set out in the MNE Declaration as regards MNEs serving as a model for the promotion of secure and stable employment. The special labour legislation applicable in EPZs in Panama is based on flexible labour management criteria and not on positive participation by MNEs in the integral development of Panama.

## Peru

The Government of *Peru* advises that there is different legislation applicable to the free zones, special commercial processing zones and special development zones. According to Decree Law No. 704 establishing a special customs, tax and labour regime, enterprises in industrial/tourist free zones are allowed to recruit staff on a temporary basis to the extent needed. The law governing industrial relations, Law No. 25593, applies to all workers except those who hold temporary contracts. As to whether there are any situations which restrict fundamental human rights within the special zones, there is no evidence of this since Peru's political Constitution and the labour laws apply throughout the territory of Peru without exception. No indications can be given concerning experiences in the application of the MNE Declaration in the different economic or industrial sectors since the MNE Declaration has not been fully disseminated. With reference to paragraph 40 of the MNE Declaration, the Peruvian Government indicates that workers in enterprises in industrial/tourist free zones who do not hold temporary contracts are entitled to implementation of the same labour standards that apply to the rest of the country. As regards paragraph 41, Peru's political Constitution and legislation provide that the State recognize the workers' right to organize, to bargain collectively and to strike. Presidential Decree No. 003-97-TR, under which the Consolidated Text of the Law to Promote Employment was adopted, establishes protection against dismissal on the grounds of union membership. As for paragraph 45 of the MNE Declaration, in general, foreign investment is subject to prevailing labour laws which protect workers' rights and there are no restrictions on the right to organize and bargain collectively. According to the Peruvian Government, the privatization of state industries has given rise to only one problem, that of reduction of the workforce, although during the first few years of operations by privatized enterprises employment rose due to the increase in production through linkages on both the demand side and the supply side through the impact that the MNEs' increased output had on the rest of the economy. See also *supra* "Background and aim". The fact that the MNE Declaration has not been widely distributed makes it impossible to assess observance of this MNE Declaration in the free zones, special commercial processing zones and special development zones.

## Philippines

The Government of the *Philippines* Economic Zone Authority (PEZA) and the Institute for Labor Studies (ILS), Department of Labor and Employment, report that the labour and social legislation applies throughout the country, including in economic enclaves such as EPZs and SEZs. For general information and statistics on the development of economic zones in the country, see *supra* "Background and aim". The two agencies further report that the right to form associations and bargain collectively are constitutionally guaranteed, rights of workers enforced by the Labor Code, as amended, while the Bureau of Working Conditions (BWC) and the Occupational Safety and Health Center (OSHC) have noted that most MNEs in EPZs are still non-unionized (see *supra* "Safety and health" and "Industrial relations"). PEZA, the government agency tasked with

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promoting FDI, particularly in the country's economic zones, notes that its board of directors has two representatives for labour, one representing the Department of Labor and Employment (DOLE) and another representing the labour sector. Moreover, industrial relations units for government-owned and developed economic zones to ensure the "harmonious coexistence between management and labor", which conduct briefings for MNE CEO and executives on Filipino culture and values. In privately owned ecozones, developers have industrial relations offices to conduct training, as discussed *supra* in "Industrial relations". ILS and PEZA report that incentives offered to investors in economic enclaves focus on liberalization of investment regimes, facilitation of investments, lease of private lands, tax breaks, and infrastructure, among benefits granted under the authority of PEZA. The incentives do not include exemption from labour laws and relevant provisions of the 1987 Philippine Constitution.

## Poland

The Government of *Poland* reports that the labour law that applies in SEZs does not differ from that applied in the country as a whole. The Government notes that special incentives offered to investors are of a fiscal nature, such as tax relief.

The *All-Poland Trade Union Alliance (OPZZ)* agrees with the Government that the labour laws in SEZs are the same as in the rest of the country, and adds that there are no restrictions in SEZs on workers' right to form associations. The OPZZ responds to question 24(c), (d) and (e) in the negative. In regard to question 24(f), introduction by MNEs of new kinds of production and, in particular, new technologies, inevitably results in job loss in privatized enterprises. The OPZZ notes that the majority of the principles and provisions of the MNE Declaration are observed in SEZs.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* reports that SEZs are a very good instrument to support areas affected by unemployment because they allow for economic development.

## Portugal

The Government of *Portugal* states that labour legislation applies throughout the Portuguese territory and there is no special regime applicable to enterprises set up in free zones. The workers in these areas have the right to form associations of their own. The Government also reports that there are no special incentives that may be offered to investors in special economic areas which limit the rights of workers.

## Romania

The Government of *Romania* reports that labour laws applicable in the areas of export processing or special economic zones do not differ from those applied elsewhere in the country. Workers in these areas have the right to form associations of their own choosing and bargain collectively on the terms and conditions of employment which apply to them. The Government responds in the negative to question 24(c) and (d). With respect to special economic zones, the Government reports that Romanian free zones belong to the territory of the Romanian State and are subject to national legislation (Act No. 84 of 1992). Activities in the free zone areas can only be carried out on the basis of licences issued by the free zone administration. Investments in these zones cannot be expropriated, requisitioned, or subject to other measures with similar effects unless such measures are in the public interest, and in accordance with legal provisions. The measures would be subject to the prompt, adequate and effective payment of damages corresponding to the value of the investment. Wages of employees carrying out activities in the free zone areas are established through collective or individual bargaining. MNE participation in previously

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state-regulated industries generally has not given rise to any labour problems. The Government responds in the affirmative to question 24(g) without further comment.

## Rwanda

The Government of *Rwanda* indicates that there are no EPZs/SEZs in Rwanda.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* replies that there are no EPZs/SEZs yet in Rwanda and further states that there have been mass dismissals of workers, without social support measures, resulting from privatization in the primary product sector (name of company given).

## Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply that questions involving EPZs and SEZs are not applicable.

## Senegal

The Government of *Senegal* reports that special trade union rights in the export processing zones concern the conclusion of fixed-term employment contracts and the economic redundancy procedure. Employees of companies in the export processing zones, like employees of other enterprises, have the right to create associations of their own choosing in compliance with the regulations in force. Basic rights are also applied in companies in this zone. The Government responds in the negative to question 24(d)-(f). As regards the assessment of employment and workers' rights in EPZs, SEZs and similar operations, the Government notes that the principles of the MNE Declaration are applicable to all parties to the employment contract.

## Singapore

The Government of *Singapore* indicates that question 24 is not applicable because Singapore does not have any export processing or special economic zones.

## Slovakia

In their joint response, the tripartite partners of *Slovakia* inform that the labour laws are applicable without distinction throughout the country, and the workers' have the right to bargain collectively in enterprises and sectoral bodies. It is possible to adopt special provisions in the agreements covering special conditions. Special incentives offered to investors in SEZs do not limit the rights of workers.

## Slovenia

The Government of *Slovenia* responds in the negative to all questions, except as regards the rights of employees to form associations and bargain collectively in special economic zones; it responds in the affirmative.

## South Africa

*Business South Africa (BSA)* states that there are no EPZs or SEZs in the country.

The *Congress of South African Trade Unions (COSATU)* states that there are no EPZs operating in the country.

Recognizing the fact that South Africa has no EPZs and that the labour laws apply to all workers regardless of their location, the *Federation of Unions of South Africa*

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(FEDUSA) makes general statements with regard to the lack of means ascribed to the MNE Declaration in verifying the conditions under which MNEs operate. Whereas the labour legislation in South Africa applies to the whole country with trade unions playing an important role, there are EPZs in developing countries (name of nearby country given) where MNEs exploit workers, violate human rights, deny basic trade union rights, offer less advantageous working conditions, and practise unfair treatment. With respect to the observance of the principles embodied in the MNE Declaration in EPZs, the Federation further states that such zones are established to elude the country's labour legislation and to deny workers' trade union rights, and cites by way of examples: low wages, no provisions for pensions, "sweatshop" working conditions and below-standard OSH facilities. FEDUSA further notes that privatization of industries "generally results in job losses".

## Sri Lanka

The Government of *Sri Lanka* reports there are no EPZs in operation. The labour law applies uniformly and is enforced throughout the country including EPZs/SEZs. There is no restriction "whatsoever" for workers in FTZs to form associations and bargain collectively although the unionization rate is minimal. With enactment of the amendment to the Industrial Disputes Act, discussed *supra* in "Requests for information and promotion of collective bargaining", which provides for compulsory recognition of trade unions by employers in certain situations, it will be ascertained whether the low unionization rate is attributable to location of the industry or other location-related reasons, or to reluctance of workers to organize. Incentives offered to MNEs do not limit the rights of workers to organize and bargain collectively. The Government provides further information specific to the application in EPZs/SEZs of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy as follows. MNEs in FTZs have consultations mainly with the competent authorities and in some instances with employers' organizations, but consultation with workers' organizations is not reported. MNEs must submit their manpower planning to competent authorities before they start operations. They are bound by law to provide social security and ensure employment stability. Contrary to the provisions of the MNE Declaration, there are instances where MNEs have not given sufficient notice of closure of enterprises and a substantial number of workers lost their employment and were unable to get redress. In view of this case, a study is under way to ascertain the feasibility of evolving a safety net scheme for the affected workers. MNEs in FTZs provide training to their staff at all levels, and wages and working conditions in FTZs are more favourable than in local enterprises.

The *Employers' Federation of Ceylon* indicates that all labour laws apply in EPZs.

The *Ceylon Workers' Congress (CWC)* notes that, although the labour law applies throughout the country, in practice, the rules governing industrial relations in EPZs are influenced by the Board of Investment. It adds that the incentives offered to the MNEs curb the right of workers. The participation of MNEs in privatized enterprises which were previously state industries has resulted in downsizing, casualization and voluntary redundancy schemes.

The *Lanka Jathika Estate Workers' Union (LJEWU)* reports that, although the labour law applies uniformly throughout the country, in practice, workers in the FTZs find it difficult to organize themselves for fear of dismissal and other reprisals by MNEs. Currently the only workers' organizations that are functional in the FTZs are the joint consultative councils. The union refers to the study conducted by the All Ceylon Federation of Free Trade Unions (ACFFTU) and sponsored by the Asian-American Free Labour Institute (AAFLI) of industrial relations in the FTZs. According to that study, women workers in the FTZs believe that they could get better terms and conditions from their employers if they had trade unions. Two-thirds of the women are not satisfied with

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their jobs and 75.4 per cent of the workers do not have confidence in the councils that represent them. The FTZs in Sri Lanka have come under the purview of the Board of Investment (BOI) following the amendment of the Greater Colombo Economic Commission (GCEC) Law in November 1992. While workers technically have the right to organize trade unions, that right is implicitly denied in reality.

#### Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* reports that free economic zones are regulated by laws which are distinct from those operating in the rest of the country, for example, the Free Economic Zone Act No. 16, 1992, Zanzibar Economic Zones Authority No. 17, 1992, and the Zanzibar Investment Promotion Authority No. 6, 1986. These laws have some clauses which suspend the operation of other laws, which is a matter of concern to the trade unions but on which they were not consulted. Most investors operating in EPZs violate trade union rights by restricting the workers from forming or joining associations of their own choosing; hence, collective bargaining is questionable. See, for example, the replies to questions 1 and 3. The OTTU/TFTU notes the tripartite effort on employment creation especially through the Project on Jobs for Africa financed by the ILO. Within enterprises which were owned by the State, workers' right to organize and trade union membership were recognized and respected as well as trade union activities. Due to privatization of such enterprises and the development of new management systems, trade unions are not as readily accepted or recognized in their respective enterprises. In particular, enterprises in EPZs do not observe the principles contained in the MNE Declaration in relation to employment and work rights.

#### Thailand

The Government of *Thailand* points out that the labour laws apply equally throughout the country, including in EPZs/SEZs. Workers in EPZs/SEZs enjoy the right to form associations of their own choosing and to bargain collectively. The special incentives offered to MNEs do not limit the rights of workers. There is insufficient information as to whether the participation of MNEs in the privatization process has given rise to particular labour problems, and as to the observance of the principles of the MNE Declaration in EPZs/SEZs.

#### Togo

The Government states that the free trade zone in *Togo* is generally subject to the provisions of the labour laws and that enterprises in the free zone are also subject to the provisions of special agreements. Workers could engage in collective bargaining and also negotiate on working conditions within the context of this special agreement. The Government notes that, in the absence of specific studies, it is difficult to say whether or not the incentives offered to investors in the free trade zone limit trade union rights and/or workers' rights. The Government responds in the negative to questions 24(d) and (e). There is no apparent participation of MNEs in the previously public industries which have been privatized, but there have been mass redundancies in such industries. In general the principles of the MNE Declaration concerning employment and workers' rights are applied in the free trade zone; examples include the oil sector MNEs (also, name given of an airline MNE).

The *National Employers' Council (CNP)* states that export processing free zones in Togo enjoy special status that is not subject to national labour legislation. It concurs with the Government on the issue of the rights of freedom of association and collective bargaining in the zones.

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The *Workers' Trade Union Confederation of Togo (CSTT)* states that an agreement has just been drafted among enterprises in the free zone which is "totally different" from agreements applying to the customs territory. Worker representatives and sectoral trade unions are deliberately excluded in such zones. Such special incentives in those areas "seriously limit" fundamental human rights, basic trade union rights, employment security, equality of treatment and other rights of workers. It differs from the Government as to privatization, stating the privatization of state companies taken over by MNEs has resulted in collective dismissals on grounds of restructuring. However, it provides the examples of three MNEs in the air transport and oil industries which, in its view, respect the principles of the MNE Declaration (names given).

The *Group of Autonomous Trade Unions (GSA)* claims that trade unions are tacitly banned from operating in the free zone and that it therefore has no way of ascertaining the status of "labour rights" in those areas. It states that the good relations between the Government and enterprises in the free zones has hindered trade union activities and tacitly prevents the access of the labour inspectorate to those enterprises. It adds that there is no possibility of ascertaining labour rights in the free trade zone. It notes inadequate OSH standards and practices (see *supra* "Safety and health"), and that working conditions in economic free zones are determined by the "law of the boss of the enterprise", unlike the agreements which apply elsewhere (see *supra* "Wages, benefits and conditions of work").

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* replied in the negative to all questions except question 24(g); the Association replied in the affirmative. The ECA notes, however, that a recent law has been enacted concerning the operation of EPZs.

## Turkey

The Government of *Turkey* reports that there are 17 free zones in the country. The Free Trades Zone Act (No. 3218) and its governing regulation, cover issues related to working conditions, social security and social welfare principles. The Act, which is applicable to all enterprises, specifies that the Social Security Regulation of the country applies to workers employed in these zones under a labour contract, regardless of nationality of enterprise or worker. In addition, social security provisions contained in bilateral treaties apply in relevant cases. Act No. 2822 on collective agreements, strikes and lockouts prohibits strikes and lockouts during the first ten years of commencement of enterprise operation in the free zone, and disputes arising within the context of collective bargaining are to be submitted to the Supreme Arbitration Council.

The *Turkish Confederation of Employers' Associations (TISK)* concurs with the Government and adds that there are no limitations on the right of workers to form associations and to bargain collectively in the zones.

The *Confederation of Turkish Trade Unions (TÜRK-İS)* indicates that according to the Free Trades Zones Act, EPZs and SEZs "seem to be another country in the country" and are granted "lots" of priorities. In addition to prohibiting strikes and lockouts during the first ten years, trade unions in these areas are not respected.

## Uganda

In their joint response, the tripartite partners of *Uganda* note that the questions relating to EPZs and SEZs are not applicable. However, they indicate that the participation of MNEs in what were previously state, and now privatized, industries or deregulated sectors has given rise to lay-offs and subsequent unemployment.

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## Ukraine

The Government of *Ukraine* makes special provisions for MNEs and national enterprises operating in SEZs, granting privileges regarding custom duties, taxes, currency exchange and other aspects of economic activities. The Act of 13 October 1992 respecting general principles for establishing and operating special (free) economic zones defines such a zone as an area within the territory of Ukraine in which special laws governing economic activity are applied and special procedures for applying the law are in force. Employers can hire workers in SEZs on the basis of contracts and are required to notify the zones' economic development authority. Wages are determined by contracts and not subject to any upper limit, but cannot be lower than the statutory minimum wage. The ILO Conventions ratified by Ukraine are applicable in the SEZs. Trade union organizations operate freely in the SEZs. Enterprises operating in the zones are required to respect the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Workers have the right to form associations of their own choosing and to enter into collective agreements on working and employment conditions.

In their joint reply, the *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, shares the views expressed by the Government, adding that the Code of Labour Law is applicable in the whole country, including special economic zones.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* indicates that EPZs are governed by national legislation and the Free Port by the Customs Act. Workers in EPZs and SEZs enjoy the right to form associations and bargain collectively and special incentives do not limit fundamental human rights or other rights listed in question 24(c). With respect to specific information inherent to EPZs or SEZs, the effects have varied according to the different sectors involved (e.g. commercial, industrial). In some cases, the workers have tried to prevent the restructuring of formerly state-owned enterprises undergoing privatization.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* notes that the national labour law applies uniformly throughout the country, including the EPZs and SEZs and that workers in those areas have the right to form associations and bargain collectively. Incentives offered to MNEs do not limit the rights of workers and the Government encourages MNEs to respect the rights of workers.

## Zambia

The *Zambia Federation of Employers (ZFE)* reports that Zambia currently does not have EPZs or SEZs.

## Zimbabwe

The Government of *Zimbabwe* indicates that the laws applying to EPZs differ from those which apply elsewhere in that the Labour Relations Act, 1993, Chapter 28:01 and corresponding regulations do not apply to EPZs. Labour legislation covering EPZs are comprised of regulations promulgated by the Export Processing Zone Authority in consultation with the government minister in charge of administering the Labour Relations Act. The EPZ regulations (Statutory Instrument 372, 1998) are merely a summation of the Labour Relations Act and were drafted "hurriedly" after public criticism of the exemption of EPZs from the Labour Relations Act. The regulations, which have "errors of both

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omission and commission”, do not provide for details relating to the registration of trade unions and employers’ organizations, provide for no appeal mechanism from decisions of labour boards, and do not define such important terms as “discrimination”. However, the EPZ regulations expressly provide for the right to “form” associations of workers own choosing. The non-applicability of the Labour Relations Act to EPZs was “meant as an incentive to investors”, but the Government recognizes the problems just detailed, as well as the “egoistic approach/stance” by employers in EPZs which “expos[e] workers to ... unfair labour practices”. EPZs are governed directly by the Ministry of Industry and Commerce under the EPZ Act, which was introduced in the country prior to the establishment of EPZs, under tripartite consultation. The EPZ Act, which has its own regulations, is used to address and resolve disputes. MNE participation in privatized industries and deregulated sectors has led to the retrenchment of employees in the name of reorganization and competitiveness. The Government states there is a “yawning gap between the law and practice” with regard to workers’ rights in EPZs. A bill entitled the Labour Relations Amendment Act, which is currently before Parliament, addresses discrepancies between the regulations in EPZs and elsewhere by seeking to harmonize all the labour laws in the country.



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## V. Disputes concerning interpretation of the provisions of the Declaration

At its 232nd (March 1986) Session, the Governing Body adopted the procedure (appended to Appendix 3 hereto) for the examination of disputes arising out of the application of the MNE Declaration.

(25) (a) *Have any disputes arisen in your country as a result of different interpretations being given by parties concerned to any paragraph(s) of the Tripartite Declaration? If so, please provide details on the issues and the ways in which these were resolved.*

(b) *Does the procedure, as outlined, raise difficulties? If so, please explain, and also suggest any improvements you consider feasible.*

### Angola

The Government of *Angola* attaches the reply from the Chamber of Commerce and Industry of Angola, which provides information from two MNEs operating in the petrochemical sector (names of MNEs given). One MNE indicates that it has no knowledge of any disputes on this subject; the other MNE states that the question is intended for the Government.

The *National Confederation of Free Trade Unions of Angola* reports that it has no information on the activities of MNEs operating in the country.

### Antigua and Barbuda

The Government of *Antigua and Barbuda* states that it has a tripartite system, which has operated under statutory mandate since 1975 and, to date, the behaviour, process and structure seem positive.

The *Antigua Employers' Federation* concurs with the views expressed by the Government.

### Australia

The Government of *Australia* is not aware of any disputes arising from different interpretations being given by parties concerned to any paragraph(s) of the MNE Declaration.

The *Australian Council of Trade Unions (ACTU)* agrees.

### Austria

The Government of *Austria* states there have not been any disputes resulting from the interpretation of the MNE Declaration.

### Bahamas

The Government of *Bahamas* replies in the negative to both questions, adding that it believes the improvement in the consultative process between the social partners (see III) can further strengthen and enhance the programmes provided by MNEs.

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## Bahrain

The Government of *Bahrain* replies in the negative to question 25.

## Bangladesh

The Government of *Bangladesh* submits its views in accord with those provided by the Bangladesh Employers' Federation which follow.

The *Bangladesh Employers' Federation (BEF)* states that it has no comment on question 25(a) and (b).

## Barbados

The Government of *Barbados* replies that both the Barbados Employers' Confederation and the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB) are satisfied with the current procedure adopted in the Survey method.

The *Barbados Employers' Confederation (BEC)* replies in the negative to the two questions.

The *Barbados Workers' Union (BWU)* replies in the negative to the two questions.

## Belgium

The Government of *Belgium* again refers to the closure and relocation of an MNE in the automotive industry (name of MNE given) to highlight the difficulties posed by the reporting procedure. The time-consuming machinery is mountainous; the outcome is minuscule. It expresses doubts as to the efficacy of the procedure, which calls for consensus on a product whose value stands in "sharp contrast to the firmness of legal decisions". This has led to a frequent avoidance of the procedure, such as, for example, in the case of a MNE in the manufacturing of lifts sector (name of MNE given) deciding unilaterally to close its operations without prior consultations with the social partners. The Government calls for the process to be reformed, taking account of the deliberations initiated on the OECD Guidelines on Multinational Enterprises. It further calls for an "observatory of multinationals" to be established with rapid observation and warning capabilities; it should not become an "academic assembly producing studies long after the event". Given the complex situation and the economic power dynamic, the Government suggests that in the future an international court might be appropriate; in the immediate present, the Internet might prove a useful, effective instrument.

## Brazil

The Government of *Brazil* notes that it does not keep a record of disputes of interpretation relating to the MNE Declaration.

The *National Confederation of Industry (CNI)* states that there are no records of disputes of interpretation relating to the MNE Declaration.

## Bulgaria

The Government of *Bulgaria* replies that disputes that have arisen are related to industrial relations and not in direct relation to the principles contained in the MNE Declaration. Most employers are of the view that the labour legislation is unbalanced, as it allows workers "major privileges", and that it should be amended as to grant employers more freedom, including in the review of the collective bargaining process.

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## Burkina Faso

The *National Council of Employers of Burkina Faso (CNPB)* reports that within the context of MNE activities, the CNPB, which is always informed of any major difficulties encountered by the members of the professional groups of which it is comprised, has no knowledge of any dispute arising from interpretations of the provisions of the MNE Declaration.

## Colombia

The Government of *Colombia* reports that it has no knowledge of any disputes arising as a result of the application of the MNE Declaration.

## Côte d'Ivoire

The Government of *Côte d'Ivoire* reports that no disputes have arisen as a result of different interpretations being given by parties concerned by any paragraph(s) of the MNE Declaration.

## Croatia

The *Confederation of Independent Trade Unions of Croatia (KNSH)* notes that, in the absence of a tripartite meeting, it has not been possible to determine whether or not there have been differences in the interpretation of the provisions of the MNE Declaration. In this connection, it adds that it is not clear which party should initiate and organize a tripartite meeting.

## Cyprus

According to the *Pan-Cyprian Federation of Labour (PEO)*, no disputes concerning the MNE Declaration have arisen between the parties nor does the procedure raise serious difficulties.

## Democratic Republic of the Congo

The *Federation of Employers of Congo (FEC)* reports no known disputes as a result of different interpretations being given by parties concerned to any paragraph of the MNE Declaration. The FEC states that question 25(b) is inapplicable.

The *National Workers' Union of Congo (UNTC)* reports that it has no information regarding any disputes arising as a result of different interpretations being given by parties concerned to any paragraph(s) of the MNE Declaration. With respect to the outlined procedures, the UNTC reports that it has no comment to make at this stage as such procedures have not yet been implemented in the country.

## Denmark

The tripartite partners of *Denmark* indicate that no disputes concerning the MNE Declaration have arisen during the reporting period.

## Dominican Republic

The *National Confederation of Dominican Workers (CNTD)* reports that so far there have been no disputes as a result of different interpretations being given by parties concerned to any paragraph of the MNE Declaration, but there have been in the application of the labour laws for the creation of trade unions. As for the procedure outlined, no difficulty is mentioned.

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Ecuador

The Government of *Ecuador* states that to date there have not been any disputes so far that have arisen in the country as a result of different interpretations being given by parties concerned to any paragraphs of the MNE Declaration.

Egypt

According to information supplied by an MNE in the food industry and forwarded through the *Federation of Egyptian Industries (FEI)*, no disputes have arisen nor does the procedure pose difficulties.

El Salvador

The Government of *El Salvador* states that no disputes exist that can be considered to have resulted from differing interpretations of any paragraphs of the MNE Declaration by the parties concerned and that, for the moment, the procedure raises no difficulties.

Estonia

The tripartite partners of *Estonia* respond in the negative to both questions.

Gabon

The *Confederation of Gabonese Employers (CPG)* replies in the negative to question 25.

Germany

The *Confederation of German Employers' Associations (BDA)* indicates that there have been no disputes or difficulties concerning the interpretation of the provisions of the MNE Declaration.

Ghana

The *Trades Union Congress (TUC)* reports that no disputes have arisen regarding the interpretation of the provisions of the MNE Declaration and that the procedures have not raised difficulties.

Greece

The *Federation of Greek Industries (FIG)* states that there have not been any different interpretations given by the parties concerned to any paragraphs of the MNE Declaration, nor has the procedure described given rise to any difficulties.

Guatemala

The Government of *Guatemala* advises that there have been no disputes arising from different interpretations of the MNE Declaration by the parties concerned.

The *Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF)* reports that it is not aware of any disputes arising from the interpretation of the MNE Declaration.

Guyana

The Government of *Guyana* replies in the negative to question 25.

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## Hungary

According to the report submitted by the tripartite partners of *Hungary*, the Government reports no knowledge of any disputes over the interpretation of the MNE Declaration. The Confederation of Hungarian Industrialists, one of the tripartite partners, does not know of any disputes and observes that the procedure outlined should not cause major difficulties within MNEs even though the introduction of new things often takes time and money. The employers suggest that cooperation would be made easier if MNEs gave a higher priority to participating in employers' organizations.

## India

The Government of *India* replies in the negative with regard to the existence of any disputes concerning interpretation of the provisions of the MNE Declaration, and difficulties in the procedure.

## Ireland

The *Irish Congress of Trade Unions (ICTU)* states there have been no disputes concerning interpretation of the provisions of the MNE Declaration during the reporting period. The procedure is totally ineffective because it cannot respond to the speed of decision-making in the global economy. The requirement of unanimity in determining the receivability of a request for interpretation should be abolished.

## Jordan

The Government of *Jordan* reports that no disputes have arisen nor any difficulties regarding the procedure.

The *Amman Chamber of Industry (ACI)* agrees with the Government, adding that if any difficulty arises it will be settled through tripartite cooperation.

## Kenya

The Government of *Kenya* replies in the negative to questions 25(a) and 25(b).

## Korea, Republic of

The Government of the *Republic of Korea* reports that no disputes have arisen and no difficulties have been raised.

## Kuwait

In their joint response, the tripartite partners of *Kuwait* respond in the negative to the questions.

## Latvia

The *Free Trade Union Federation of Latvia (LBAS)* reports that there have been no disputes because the MNE Declaration has not been discussed by the social partners.

## Lebanon

The Government of *Lebanon* reports no information.

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Lithuania

The Government of *Lithuania* responds in the negative to both questions.

The *Unification of Lithuanian Trade Unions (LPSS)* states there were no such disputes in the period under review.

Malaysia

The tripartite partners of *Malaysia* reply in the negative to question 25.

Malta

The *General Workers' Union (GWU)* reports no disputes due to different interpretations of the MNE Declaration; the procedure outlined does not raise any difficulties.

Mauritius

The Government of *Mauritius* indicates that there have been no disputes so far concerning interpretation or procedure of the provisions of the MNE Declaration.

Mexico

The Government of *Mexico* reports no disputes concerning the interpretation of the MNE Declaration and no difficulties with the procedures.

Myanmar

The Government of *Myanmar* reports that there have not been any disputes resulting from different interpretations of the MNE Declaration.

Nepal

The *General Federation of Nepalese Trade Unions (GEFONT)* reports no disputes on any paragraphs of the MNE Declaration and no difficulties with the procedure.

New Zealand

The Government of *New Zealand* indicates there have been no disputes over the interpretation of the MNE Declaration.

Nicaragua

The Government of *Nicaragua* reports that there have been no disputes concerning the interpretation of the provisions of the MNE Declaration. The outlined procedure is the most appropriate to deal with the examination of disputes.

Pakistan

The Government of *Pakistan* reports that no disputes have arisen in the country as a result of different interpretations of the MNE Declaration. As far as the procedure is concerned, no difficulties have been raised.

According to the *National Labour Federation of Pakistan (NLF)*, there is no proper understanding of the MNE Declaration by trade unions as well as no forum where this Declaration has ever been discussed.

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The *Pakistan Labour Federation (PLF)* replies that they are not aware of any disputes due to different interpretations of the MNE Declaration. A survey team should be sent to Pakistan to study the operation of the principles of the MNE Declaration. Only such a thorough study can determine areas of compliance and non-compliance.

#### Panama

The Government of *Panama* states that it has no knowledge of any disputes as a result of different interpretations being given by the parties concerned to the various paragraphs of the MNE Declaration.

#### Peru

The Government of *Peru* indicates that no disputes relating to interpretation of the MNE Declaration or problems inherent in the procedure for the examination of disputes have arisen.

#### Philippines

The Government of the *Philippines* replies in the negative to question 25.

#### Poland

The *All-Poland Trade Union Alliance (OPZZ)* notes there have not been any disputes over interpretations of the MNE Declaration or the procedure, as outlined.

The *Independent Self-governing Trade Union "Solidarność" (NSZZ Solidarność)* indicates they have noted no disputes connected with different interpretations of paragraphs of the MNE Declaration.

#### Portugal

The Government of *Portugal* states that no disputes have been noted concerning the application of the MNE Declaration.

The *General Union of Workers (UGT)* is not aware of any disputes having arisen as a result of different interpretations of the MNE Declaration by the parties concerned.

#### Romania

The Government of *Romania* replies in the negative to both questions.

#### Rwanda

The Government of *Rwanda* indicates there have been no disputes concerning interpretation of the provisions of the MNE Declaration nor does the procedure regarding disputes raise difficulties.

The *Confederation of Trade Unions of Rwanda (CESTRAR)* states that it has no information regarding these issues.

#### Saint Vincent and the Grenadines

The tripartite partners of *Saint Vincent and the Grenadines* reply in the negative regarding any disputes or difficulties relating to interpretation of the MNE Declaration.

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Senegal

The Government of *Senegal* responds in the negative to question 25(a) and 25(b).

Singapore

The Government of *Singapore* replies in the negative to questions 25(a) and 25(b).

Slovakia

In their joint response, the tripartite partners of *Slovakia* note that they do not have information as to whether or not disputes have arisen as a result of different interpretations given to the MNE Declaration by the concerned parties.

Slovenia

The Government of *Slovenia* replies in the negative to both questions.

South Africa

*Business South Africa (BSA)* has no knowledge of any disputes having arisen as a result of different interpretations of the MNE Declaration by the parties concerned.

The *Congress of South African Trade Unions* states that there has been inadequate public information on the MNE Declaration, and a major information campaign should be launched globally by the ILO and its constituents. It further proposes that MNEs should be involved in round table discussions with trade unions, through the ILO, to evaluate the implementation of the MNE Declaration.

The *Federation of Unions of South Africa* reports that it is not aware of any disputes, and the procedure does not raise any difficulties.

Spain

The *General Union of Workers (UGT)* states that there have not been any problems concerning the MNE Declaration but this is because it has not been given the place that it merits by the Government and employers' circles.

Sri Lanka

The Government of *Sri Lanka* replies in the negative to this question.

Switzerland

The Government of *Switzerland* indicates that, to its knowledge, no dispute has arisen as regards the application of the MNE Declaration.

The *Swiss Federation of Trade Unions (USS/SGB)* states that, since the MNE Declaration does not contain any binding provisions, interpretation disputes rarely occur.

Tanzania, United Republic of

The *Organization of Tanzania Trade Unions (OTTU/TFTU)* states that as far as the interpretation of the MNE Declaration is concerned, no disputes have arisen but there are several cases in which employers do not observe the principles of the MNE Declaration. The procedure, as outlined, has not raised difficulties.



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## Thailand

The Government of *Thailand* states that there is limited information as to whether or not disputes have arisen as a result of different interpretations being given to the MNE Declaration.

## Togo

The Government of *Togo* states that no dispute has arisen in the interpretation of the paragraphs of the MNE Declaration by the concerned parties.

The *National Employers' Council (CNP)* concurs with the Government.

The *Workers' Trade Union Confederation of Togo (CSTT)* and the *Group of Autonomous Trade Unions (GSA)* concur with the Government, while the latter adds that the question is "entirely new" for it.

## Trinidad and Tobago

The *Employers' Consultative Association of Trinidad and Tobago (ECA)* replies in the negative to both questions.

## Turkey

The Government of *Turkey* states that no disputes have arisen in the country on the interpretation of the MNE Declaration.

The *Turkish Confederation of Employers' Associations (TISK)* concurs with the Government.

## Uganda

In their joint response, the tripartite partners of *Uganda* reply in the negative to the question relating to disputes concerning interpretations of the provisions of the MNE Declaration.

## Ukraine

According to the Government of *Ukraine* no disputes have arisen resulting from different interpretations of the MNE Declaration.

The *Confederation of Employers of Ukraine*, consulting with the *Ukrainian League of Industrialists and Entrepreneurs (ULIE)*, in their joint reply, indicates that they concur with the Government.

## Venezuela

The *Venezuelan Federation of Chambers of Commerce and Manufacturers' Association (FEDECAMARAS)* replies in the negative to both parts of question 25.

## Viet Nam

The *Viet Nam Chamber of Commerce and Industry (VCCI)* informs that there have been no disputes arising as a result of different interpretations being given by parties concerned to the MNE Declaration.

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Zimbabwe

The Government of *Zimbabwe* responds in the negative to both questions, explaining that there has not been much cooperation or concerted effort to take a collective approach to monitoring or implementing the MNE Declaration.

Geneva, 9 February 2001.

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## Appendix 1

### Communications from governments, employers' and workers' organizations which did not submit reports

The following respondents informed the Office of the reasons for which they did not submit reports for the seventh Survey.

#### Armenia

The *Chamber of Commerce and Industry of the Republic of Armenia* states that, having studied the questionnaire, it is relevant to the Government only. The Chamber of Commerce, therefore, has not responded.

#### Brazil

The *National Confederation of Commerce (CNC)* considers that it should abstain from providing an opinion on the survey topics because it lacks the appropriate resources to evaluate the application of the MNE Declaration.

#### Canada

The Government of *Canada* regrets that a lack of data prevents it from responding to the specific questions in the Survey, but states as follows: Canada is both a home and a host to the activities of multinational enterprises. In 1998, the foreign direct investment (FDI) activities of MNEs reached \$217 billion and the investment activities of Canadian MNEs abroad reached \$239 billion. Foreign-controlled firms accounted for 32.8 per cent of Canadian corporate operating revenues in 1996, up from 26.9 per cent in 1989. US-controlled corporations accounted for 78 per cent of this increase. Foreign-controlled operating revenues outweighed domestically controlled operating revenues in three dynamic industries: transportation equipment; electrical and electronic; and chemicals and textiles. Research on the activities of MNEs demonstrates that both Canadian-based and foreign-based MNEs make an important contribution to the promotion of economic and social welfare. For instance, one-tenth of all jobs in Canada directly depends on the FDI activities of MNEs. A recent research study suggests that a sustained \$1 billion inward FDI flow to Canada would create approximately 45,000 new jobs and would raise GDP by about \$4.5 billion over five years. Similarly outward investment made by Canadian-based MNEs also increases the living standards of Canadians. In the 1990s, Canadian receipts of direct investment income increased sharply in conjunction with the dramatic increase in Canadian direct investment abroad (CDIA). Direct investment income averaged \$6.8 billion between 1980 and 1997, nearly \$3 billion more than average income between the 1982 and 1989 period. As noted in Canada's 1996 report, Canadian labour legislation does not differentiate between multinational and national enterprises. As requirements are the same for both types of enterprises, there has not been any incentive to formally study potential differences between multinational and national companies with respect to levels of compliance with labour legislation. Nor is there collection of separate data regarding multinational enterprises. As a result, the Government of Canada is not able to provide useful responses to the Survey questions. As an overall comment, the Government is of the view that the process of global economic integration must be accompanied by effective promotion and protection of human rights, basic workers' rights and the environment. These values can be effectively promoted through a range of economic, financial, trade and social policies in multinational and regional forums, bilaterally as well as domestically. Engaging multinational corporations in global citizenship initiatives may provide additional opportunities to raise the standards of corporate behaviour internationally and contribute to the promotion of universal values. To this end, the Government of Canada encourages firms to adopt and apply principles of ethical conduct, including protection of human rights and fundamental freedoms, basic workers' rights and the environment. The Government's approach to promoting responsible corporate citizenship focuses on facilitating private sector-based initiatives, where possible involving labour and non-governmental groups in the development of voluntary codes of conduct. The facilitative role of government in these

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initiatives can include funding the process, providing information on existing intergovernmental agreements (such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises) and developments in other international, regional and non-governmental forums. Expert advice is also offered to companies, associations and groups engaged in developing voluntary codes initiatives. While the development and use of voluntary corporate codes of conduct has increased internationally, systematic analysis as to their impact or their effectiveness is just beginning. Several governments, including Canada, are also supporting better understanding of the policy implications of the proliferation of voluntary codes of conduct in relation to the international trading system through institutions such as the OECD and the ILO. Recently, G-8 members, including Canada, have begun exploring the role corporations can play in conflict prevention and in the promotion of democratic development internationally. Canada also strongly supports the UN Secretary-General's Global Compact which challenges business leaders to adopt nine principles derived from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Copenhagen Summit and the Rio Declaration on Environment and Development.

### Sao Tome and Principe

The *General Union of Workers of Sao Tome and Principe* indicates that it is not in a position to respond to the Survey because there are no MNEs in operation in the country.

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## Appendix 2

### Comments by governments on reports submitted by employers' and workers' organizations direct to the ILO

#### Australia

With regard to the response provided directly to the Office by the Australian Council of Trade Unions (ACTU) on question 19, paragraphs 40-58, the Government of *Australia* comments that the ACTU's response addresses issues that have been the subject of ongoing discussions between the Australian Government and the Committee of Experts on the Application of Conventions and Recommendations. The Australian Government states that it intends to deal with the matters raised by the ACTU in the next article 22 report on Australia's compliance with Convention No. 98.

#### Bangladesh

With regard to the Bangladesh Workers' Federation response to questions 7 and 9, the Government of *Bangladesh* disagrees with the view that MNEs are reducing employment opportunity and that redundancy is increasing day by day at an alarming rate. The Government explains that it did not receive any allegation or specific information from workers. The Government of Bangladesh further states that MNEs always consult with the competent authority and the workers' union before taking any policy-related decision.

With regard to the Bangladesh Workers' Federation response to question 24 in respect of EPZs, the Government of Bangladesh objects to the Federation's statements that there is no right of association or collective bargaining and that there is a lack of fundamental rights, employment security, and social security measures. In addition, the Government objects to the Federation's statement that all laws are not applicable in EPZs and there are constitutional violations. The Government of Bangladesh indicates that only the following laws relating to labour matters have been suspended in the EPZs: Industrial Relations Ordinance, 1969; Employment of Labour (Standing Orders) Act, 1965 (V of 1965); and the Factories Act, 1965. The Government further states that the Industrial Relations Department of the Zones has been empowered to look after the interest of the workers and to maintain harmonious labour-management relations in the zones. The Government considers that, although workers cannot form any trade union or enter into collective bargaining agreements in EPZs, grievances and complaints are being handled by the Industrial Relations Department of the Zones, who if required holds tripartite meetings with the management and workers and settle the disputes. According to the Government, although the workers in EPZs cannot form trade unions, they enjoy much better service conditions and fringe benefits than workers in other parts of the country, and that experience has shown that the workers in EPZs never raised any issue against the considerable job creation and employment. The Government of Bangladesh considers that, in the economic interests of a least developed country like Bangladesh, union-free EPZs are essential for increased production and national development. In summary, the Government states that the facilities offered to the investors in the EPZs are in no way limiting the rights of the workers in the zones, that employment security and safety and health hazards are taken care of by the management, and that no constitutional violations have occurred in EPZs.

#### Colombia

With regard to the response of the Single Confederation of Workers of Colombia (CUT) to question 1, paragraphs 1-7, the Government of *Colombia* comments that, although there are a number of problems in the labour relations field, such as the dispute that has affected [name given], it is undoubtedly the case that in general, foreign investment has contributed to the country's economic development and improved the standard of living of many workers, quite apart from the technology transfer brought about by the MNEs to the benefit of the country.

With respect to the CUT's response to question 2, paragraphs 1-7, the Government disagrees with the statement about the differences between the wages paid to workers in the home country of origin (name of country given) and those paid to Colombian workers, asserting that the CUT

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disregards the comparative advantages sought by foreign investors and the obvious differences in costs between developed and developing countries. Without this factor, the MNEs would carry out production in their countries of origin and export their products, and there would be no gain for others in terms of jobs, taxes, national integration and technology transfer.

As regards the CUT's response to question 3, paragraphs 1-7, that there is no current or proposed legislation safeguarding labour rights and observance of those rights by MNEs, the Government of Colombia states that nothing could be further from the truth. The law in general and labour law in particular are strictly applied to both Colombian nationals and to foreign nationals, as in all civilized countries. There are and can be no exceptions. What is more, Colombia is one of the few countries where core labour law is constitutional in character, and the ILO Conventions that have been ratified are part of national law.

The Government of Colombia further refers to the CUT's response to question 4, paragraphs 8-12, in which the CUT indicated that Colombia has never initiated proceedings to place MNEs within the context of labour law and enforce their compliance with it (page 4, paragraph (g) of their replies). The Government states that MNEs are bound by domestic law, especially labour law, in all their activities, but that this does not mean that any specific legal proceedings to enforce their compliance is required. Compliance is assumed and, where this is not the case, the competent administrative and jurisdictional authorities can impose sanctions and order compliance with the provisions that have been infringed. For example, one MNE (name given) was fined more than 20 million pesos on 20 January 2000 for violating the relevant collective agreement (the company may of course appeal). This demonstrates that the law is applied to Colombian and foreign nationals. To summarize, the CUT's replies are based only on statements made by employees of one MNE (name given). They disregard the many transnational companies that invest in Colombia, creating jobs, promoting development and respecting Colombian law.

## Malta

With regard to the General Workers' Union response to question 8, paragraphs 13-28, the Government of *Malta* notes to the contrary that it has pursued and is pursuing policies designed to promote equality of opportunity and treatment in employment. In the Constitution of Malta it is stated that the State recognizes the right of all citizens to work and shall promote such conditions to make this right effective. The Government further refers to the fact that the State shall promote the equal right of men and women to enjoy all economic, social, cultural, civil and political rights and shall in particular aim at ensuring that women workers enjoy equal rights and the same wages for the same work as men.

The Government of Malta notes that it is working on the updating of its regulations regarding conditions of employment to bring them on a par with EU legislation. This updating includes: the extension of maternity leave by a week to a period of 14 weeks; the introduction of parental leave in the private sector as this is amply provided for in the public sector; the introduction of detailed provisions for the safety and health of pregnant workers; and the introduction of the proviso whereby it is the responsibility of the respondent to prove that there has been no breach of the principle of equal treatment in cases of alleged sex discrimination.

The Government of Malta further states that, in 1999 public sector full-time employees, with family responsibilities, were given the option to work a reduced hour week with pro rata benefits, and that they were also given the option to take a one-year responsibility leave without losing out on their rights of progression, and a one-year parental leave to be taken during a period of four years when fostering children. The Government considers that public sector employees with dependent children and parents are thus being helped to reconcile their work and family responsibilities. It further notes that the armed forces of Malta have granted parental leave of one year for the birth of each child to its employees in line with other government departments.

In addition, the Government of Malta refers to the Staff Development Organization within the Office of the Prime Minister which, in collaboration with the Department for Women in Society, has organized the first ever course "Women in Management" for women public sector employees in the executive grade. The aim of this course was to develop the particular skills of women in the field of management. The success of this course has ensured its inclusion in the programme of ongoing training activities of the Staff Development Organization, including efforts to train trainers to meet

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the training requirements of women returnees in Malta. The Government of Malta notes as well that it is in continuous dialogue with the social partners within the Malta Council for Economic Development.

With respect to the General Workers' Union reply to question 14(b)(i), paragraphs 33-39, the Government of Malta indicates its view to the contrary that an extensive legislative framework exists in so far as occupational health and safety is concerned. Moreover, the legislation does not differentiate between local workers and foreign workers employed by an MNE; in this regard, the legislation only recognizes the relationship between an employer and an employee. The Government considers that, in view of Malta's application to become a Member of the European Union, a lot of work is being done to transpose in full the EU's Acquis including that dealing with occupational health and safety. The schedule for this transposition has been discussed with the social partners and has culminated in the National Plan of Action of the Implementation of the Acquis.

The Government of Malta also refers to the following regulations made by the Minister for Social Policy: Workplace (Minimum Health and Safety Requirements) Regulations – published; Workplace (Provision of Health and/or Safety Signs) Regulations – soon to be published; Workplace (Protection of Maternity) Regulations – soon to be published; Workplace (Protection of Young Persons) Regulations – soon to be published; Workplace (Protection from Carcinogens) – at an advanced state of preparation; and the Workplace (General Health and Safety Provisions) Regulations – at an advanced stage of preparation. Work has also started on a number of other directives, but preparations are still at a preliminary phase. Finally, the Government of Malta informs that the following legislation was enacted between 1996 and 1999: Workplace (Health, Safety and Welfare) (Amendment) Regulations, 1996; Workplace (Powers of Inspectors) (Repeals) Regulations, 1996; Workplace (Protection of Maternity) Regulations, 1996; Workplace (Protection of Young Persons) Regulations, 1996; and the Code of Practice for the Building and Construction Industry in Malta, 1997.

With respect to the General Workers' Union reply to question 19, paragraphs 40-58, the Government of Malta points out that the incidents mentioned were not related to the breakdown of collective bargaining between the Government and the General Workers' Union but to a trade union recognition dispute between the General Workers' Union and another union. The Government of Malta considers that it has always adopted a neutral stance in the dispute and has only intervened when absolutely necessary to ensure the continued delivery of essential services and supplies which were being disrupted by industrial action, and to enforce the law when and where this was being flagrantly broken. At the time of the incidents in question and since that date, the Government states that, together with various public sector organizations, it was and is currently conducting negotiations with the General Workers' Union on various national and sectorial issues in a constructive and positive manner.

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## Appendix 3

### Report form for the seventh tripartite Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

1. In accordance with the decision adopted by the Governing Body at its 268th Session (March 1997),<sup>1</sup> the seventh full-scale Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy is now being conducted.
2. **The Survey covers the years 1996, 1997, 1998 and 1999, and the replies should be received in the ILO by 29 February 2000 at the latest.**
3. In keeping with past practice and in order to facilitate the preparation of their replies, the attached questionnaire is being sent to governments, as well as to the most representative national employers' and workers' organizations of all member States.
4. While a joint reply by the government, employers and workers of each country would be most desirable, the employers' and workers' organizations receiving the questionnaire have the possibility, if they so wish, of transmitting their observations direct to the ILO. In such cases, the Office will, in compliance with a previous decision of the Governing Body, refer these reports to the government concerned for comment.
5. The reports are expected to shed light on and focus on new developments that have taken place during the reporting period in areas covered by the Tripartite Declaration. Respondents are accordingly urged to provide concise answers, specific data, and concrete information pertinent to the questions asked. They should highlight recent developments and policy changes which have taken place in the years concerned, and reflect to the fullest extent possible the reactions of all parties affected by such changes.
6. The information should provide a reliable indication of the extent to which the principles contained in the Tripartite Declaration are being observed and the areas in which there are still divergences between certain policies or practices of the social partners.
7. Where matters dealt with in the Tripartite Declaration may, in part, go beyond the competence of the ministry responsible for labour and social issues, close consultation with the competent authorities is highly recommended in the interest of obtaining as complete and clear a picture as possible.

<sup>1</sup> GB.268/9, para. 203.



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## Report form

The context in which the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was adopted is reflected in its Preamble, which reads as follows:

The Governing Body of the International Labour Office:

Recalling that the International Labour Organization for many years has been involved with certain social issues related to the activities of multinational enterprises;

Noting in particular that various Industrial Committees, Regional Conferences, and the International Labour Conference since the mid-1960s have requested appropriate action by the Governing Body in the field of multinational enterprises and social policy;

Having been informed of the activities of other international bodies, in particular the UN Commission on Transnational Corporations and the Organization for Economic Cooperation and Development (OECD);

Considering that the ILO, with its unique tripartite structure, its competence, and its long-standing experience in the social field, has an essential role to play in evolving principles for the guidance of governments, workers' and employers' organizations, and multinational enterprises themselves;

Recalling that it convened a Tripartite Meeting of Experts on the Relationship between Multinational Enterprises and Social Policy in 1972, which recommended an ILO programme of research and study, and a Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy in 1976 for the purpose of reviewing the ILO programme of research and suggesting appropriate ILO action in the social and labour field;

Bearing in mind the deliberations of the World Employment Conference;

Having thereafter decided to establish a tripartite group to prepare a Draft Tripartite Declaration of Principles covering all of the areas of ILO concern which relate to the social aspects of the activities of multinational enterprises, including employment creation in the developing countries, all the while bearing in mind the recommendations made by the Tripartite Advisory Meeting held in 1976;

Having also decided to reconvene the Tripartite Advisory Meeting to consider the Draft Declaration of Principles as prepared by the tripartite group;

Having considered the Report and the Draft Declaration of Principles submitted to it by the reconvened Tripartite Advisory Meeting;

Hereby approves the following Declaration, which may be cited as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body of the International Labour Office, and invites governments of States Members of the ILO, the employers' and workers' organizations concerned and the multinational enterprises operating in their territories to observe the principles embodied therein.

### I. Principles contained in the Declaration

Please indicate in your replies to the questions asked in respect of the various sections or paragraphs of the Declaration, the degree of acceptance and application of the principles embodied therein. For this purpose, information on general trends regarding the effect given to the Declaration and particular issues arising in this respect should be given.

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## **Background and aim**

### Paragraphs 1-7

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments and to employers and workers and their respective organizations. Through international direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.
2. The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the United Nations resolutions advocating the Establishment of a New International Economic Order.
3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments and by cooperation among the governments and the employers' and workers' organizations of all countries.
4. The principles set out in this Declaration are commended to the governments, the employers' and workers' organizations of home and host countries and to the multinational enterprises themselves.
5. These principles are intended to guide the governments, the employers' and workers' organizations and the multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress.
6. To serve its purpose this Declaration does not require a precise legal definition of multinational enterprises; this paragraph is designed to facilitate the understanding of the Declaration and not to provide such a definition. Multinational enterprises include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise is used in this Declaration to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the distribution of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in the Declaration.
7. This Declaration sets out principles in the fields of employment, training, conditions of work and life and industrial relations which governments, employers' and workers' organizations and multinational enterprises are recommended to observe on a voluntary basis; its provisions shall not limit or otherwise affect obligations arising out of ratification of any ILO Convention.

### Paragraphs 1-7

- Q.1** Within the framework of development policies established by governments, MNEs can make an important contribution to the promotion of economic and social welfare, the improvement of living standards, satisfaction of basic needs, creation of employment opportunities and the

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enjoyment of basic human rights. In the above context, what has been the experience in your country?

- Q.2** Has the way that MNEs organized their operations led to a concentration of economic power? If so, has this led to any abuse and to conflicts with national policy objectives and with the interests of workers in your country?
- Q.3** Have any new laws, policies, measures and actions with regard to MNEs' activities been adopted by your government since 1996, to further the aim of the Declaration? If so, please explain briefly and specify if this was done in consultation with the employers' and workers' organizations.

## **General policies**

### Paragraphs 8-12

8. All the parties concerned by this Declaration should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should respect the Universal Declaration of Human Rights and the corresponding International Covenants adopted by the General Assembly of the United Nations as well as the Constitution of the International Labour Organization and its principles according to which freedom of expression and association are essential to sustained progress. They should also honour commitments which they have freely entered into, in conformity with the national law and accepted international obligations.
9. Governments which have not yet ratified Conventions Nos. 87, 98, 111 and 122 are urged to do so and in any event to apply, to the greatest extent possible, through their national policies, the principles embodied therein and in Recommendations Nos. 111, 119 and 122.<sup>2</sup> Without prejudice to the obligation of governments to ensure compliance with Conventions they have ratified, in countries in which the Conventions and Recommendations cited in this paragraph are not complied with, all parties should refer to them for guidance in their social policy.
10. Multinational enterprises should take fully into account established general policy objectives of the countries in which they operate. Their activities should be in harmony with the development priorities and social aims and structure of the country in which they operate. To this effect, consultations should be held between multinational enterprises, the government and, wherever appropriate, the national employers' and workers' organizations concerned.
11. The principles laid down in this Declaration do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of this Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.
12. Governments of home countries should promote good social practice in accordance with this Declaration of Principles, having regard to the social and labour law, regulations and practices in host countries as well as to relevant international standards. Both host and home country governments should be prepared to have consultations with each other, whenever the need arises, on the initiative of either.

<sup>2</sup> Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize; Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively; Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 122) concerning Employment Policy; Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer; Recommendation (No. 122) concerning Employment Policy.

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## Paragraphs 8-12

- Q.4** The Tripartite Declaration calls for MNEs to take fully into account established general policy objectives and development priorities of the countries in which they operate.
- (a) Is this the case in your country? Please explain.
  - (b) Are consultations on general policy objectives and development priorities held between the government and MNEs and, as appropriate, with the national employers' and workers' organizations?
  - (c) Have there been cases in which consultations between host and home country governments have been held in order to promote good social practice in accordance with paragraph 12 of the Declaration? If so, please give details.

## **Employment**

### Paragraphs 13-28

13. With a view to stimulating economic growth and development, raising living standards, meeting manpower requirements and overcoming unemployment and underemployment, governments should declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.<sup>3</sup>
14. This is particularly important in the case of host country governments in developing areas of the world where the problems of unemployment and underemployment are at their most serious. In this connection, the general conclusions adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, June 1976) should be kept in mind.<sup>4</sup>
15. Paragraphs 13 and 14 above establish the framework within which due attention should be paid, in both home and host countries, to the employment impact of multinational enterprises.
16. Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise.
17. Before starting operations, multinational enterprises should, wherever appropriate, consult the competent authorities and the national employers' and workers' organizations in order to keep their manpower plans, as far as practicable, in harmony with national social development policies. Such consultation, as in the case of national enterprises, should continue between the multinational enterprises and all parties concerned, including the workers' organizations.
18. Multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country at all levels in cooperation, as appropriate, with representatives of the workers employed by them or of the organizations of these workers and governmental authorities.
19. Multinational enterprises, when investing in developing countries, should have regard to the importance of using technologies which generate employment, both directly and indirectly. To the extent permitted by the nature of the process and the conditions prevailing in the economic sector concerned, they should adapt technologies to the needs and characteristics of the host countries.

<sup>3</sup> Convention (No. 122) and Recommendation (No. 122) concerning Employment Policy.

<sup>4</sup> ILO, World Employment Conference, Geneva, 4-17 June 1976.

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They should also, where possible, take part in the development of appropriate technology in host countries.

20. To promote employment in developing countries, in the context of an expanding world economy, multinational enterprises, wherever practicable, should give consideration to the conclusion of contracts with national enterprises for the manufacture of parts and equipment, to the use of local raw materials and to the progressive promotion of the local processing of raw materials. Such arrangements should not be used by multinational enterprises to avoid the responsibilities embodied in the principles of this Declaration.
21. All governments should pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin.<sup>5</sup>
22. Multinational enterprises should be guided by this general principle throughout their operations without prejudice to the measures envisaged in paragraph 18 or to government policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment. Multinational enterprises should accordingly make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.
23. Governments should never require or encourage multinational enterprises to discriminate on any of the grounds mentioned in paragraph 21, and continuing guidance from governments, where appropriate, on the avoidance of such discrimination in employment is encouraged.
24. Governments should carefully study the impact of multinational enterprises on employment in different industrial sectors. Governments, as well as multinational enterprises themselves, in all countries should take suitable measures to deal with the employment and labour market impacts of the operations of multinational enterprises.
25. Multinational enterprises equally with national enterprises, through active manpower planning, should endeavour to provide stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.
26. In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.
27. Arbitrary dismissal procedures should be avoided.<sup>6</sup>
28. Governments, in cooperation with multinational as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated.<sup>7</sup>

<sup>5</sup> Convention (No. 111) and Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 100) and Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

<sup>6</sup> Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer.

<sup>7</sup> *ibid.*

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## Paragraphs 13-28

- Q.5** (a) What has been the impact, qualitative and quantitative, of the technologies used by MNEs on employment, including employment in the various industrial sectors?
- (b) Have there been any studies of the impact of MNEs on employment, including employment in different industrial sectors? If so, please provide a brief summary.
- Q.6** To what extent do the operations of MNEs have backward and forward linkages with national/indigenous enterprises (e.g., suppliers and distributors)? Please explain.
- Q.7** What has been the impact of MNE activities on employment opportunities and standards in your country? Please describe briefly both general and specific aspects.
- Q.8** Has the government pursued policies designed to promote equality of opportunity and treatment with a view to eliminating all forms of discrimination in employment? If so, please explain briefly.
- In the event of an affirmative reply, did the government pursue such policies in consultation with employers' and workers' organizations and multinational enterprises?
- Q.9** Have any specific measures been taken by MNEs to provide secure and stable employment, as advocated in the Tripartite Declaration? If so, what are they?

## **Training**

### Paragraphs 29-32

29. Governments, in cooperation with all the parties concerned, should develop national policies for vocational training and guidance, closely linked with employment.<sup>8</sup> This is the framework within which multinational enterprises should pursue their training policies.
30. In their operations, multinational enterprises should ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.
31. Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. These programmes should have the aim of encouraging skill formation and development as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development.
32. Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations.

### **Paragraphs 29-32**

- Q.10** What role do MNEs have in human resources development and training, in particular in strengthening the training policies and systems in the host country at the national, sectoral and enterprise levels, and in the delivery of training?

<sup>8</sup> Convention (No. 142) and Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources.

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**Q.11** In the context of MNEs, are training policies elaborated, goals set and programmes implemented on a tripartite basis, where appropriate?

**Conditions of work and life  
(including safety and health)**

Paragraphs 33-39

33. Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.
34. When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies.<sup>9</sup> These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard.<sup>10</sup>
35. Governments, especially in developing countries, should endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises.
36. Governments should ensure that both multinational and national enterprises provide adequate safety and health standards for their employees. Those governments which have not yet ratified the ILO Conventions on Guarding of Machinery (No. 119), Ionizing Radiation (No. 115), Benzene (No. 136) and Occupational Cancer (No. 139) are urged nevertheless to apply to the greatest extent possible the principles embodied in these Conventions and in their related Recommendations (Nos. 118, 114, 144 and 147). The Codes of Practice and Guides in the current list of ILO publications on Occupational Safety and Health should also be taken into account.<sup>11</sup>
37. Multinational enterprises should maintain the highest standards of safety and health, in conformity with national requirements, bearing in mind their relevant experience within the enterprise as a whole, including any knowledge of special hazards. They should also make available to the representatives of the workers in the enterprise, and upon request, to the competent authorities and the workers' and employers' organizations in all countries in which they operate, information on the safety and health standards relevant to their local operations, which they observe in other countries. In particular, they should make known to those concerned any special hazards and related protective measures associated with new products and processes. They, like comparable domestic enterprises, should be expected to play a leading role in the examination of causes of industrial safety and health hazards and in the application of resulting improvements within the enterprise as a whole.
38. Multinational enterprises should cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards.
39. In accordance with national practice, multinational enterprises should cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations. Where appropriate, matters relating to safety and

<sup>9</sup> Recommendation (No. 116) concerning Reduction of Hours of Work.

<sup>10</sup> Convention (No. 110) and Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers; Recommendation (No. 115) concerning Workers' Housing; Recommendation (No. 69) concerning Medical Care; Convention (No. 130) and Recommendation (No. 134) concerning Medical Care and Sickness.

<sup>11</sup> The ILO Conventions and Recommendations referred to are listed in "Publications on Occupational Safety and Health", ILO, Geneva, 1976, pp. 1-3. An up-to-date list of Codes of Practice and Guides can be found in the latest edition.

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health should be incorporated in agreements with the representatives of the workers and their organizations.

### Paragraphs 33-39

- Q.12** Are wages, benefits and conditions of work in MNEs not less favourable than those offered by comparable employers in your country?
- Q.13** Please describe measures, if any, taken by the government to enable lower income groups and less developed areas to benefit from MNE activities.
- Q.14** (a) Have the activities of MNEs caused any safety or health problems? If so, please identify them and indicate what is or is not being done by MNEs.
- (b) (i) Do MNEs maintain high standards of safety and health in conformity with national standards?
- (ii) Is their practice in this regard less favourable or better than that of comparable employers in the country?
- (c) Have matters related to safety and health been incorporated, where appropriate, in agreements with the representatives of workers and their organizations in your country?
- Q.15** Are wages and working conditions determined through collective agreements? In the event of a negative reply, why not?

### ***Industrial relations***

#### Paragraphs 40-58

40. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.
41. Workers employed by multinational enterprises as well as those employed by national enterprises should, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation.<sup>12</sup> They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment.<sup>13</sup>
42. Organizations representing multinational enterprises or the workers in their employment should enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration.<sup>14</sup>
43. Where appropriate, in the local circumstances, multinational enterprises should support representative employers' organizations.
44. Governments, where they do not already do so, are urged to apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing.

<sup>12</sup> Convention No. 87, Article 2.

<sup>13</sup> Convention No. 98, Article 1(1).

<sup>14</sup> Convention No. 98, Article 2(1).



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45. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.
  46. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.
  47. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.
  48. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.
  49. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.<sup>15</sup>
  50. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.<sup>16</sup>
  51. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.
  52. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.
  53. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.
  54. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.<sup>17</sup>
  55. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context,

<sup>15</sup> Convention No. 98, Article 4.

<sup>16</sup> Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

<sup>17</sup> Recommendation (No. 129) concerning Communications between Management and Workers within Undertakings.

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multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.

56. In multinational as well as in national enterprises, systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining.<sup>18</sup>
57. Multinational as well as national enterprises should respect the right of the workers whom they employ to have all their grievances processed in a manner consistent with the following provision: any worker who, acting individually or jointly with other workers, considers that he has grounds for a grievance should have the right to submit such grievance, without suffering any prejudice whatsoever as a result, and to have such grievance examined pursuant to an appropriate procedure.<sup>19</sup> This is particularly important whenever the multinational enterprises operate in countries which do not abide by the principles of ILO Conventions pertaining to freedom of association, to the right to organize and bargain collectively and to forced labour.<sup>20</sup>
58. Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers. The voluntary conciliation machinery should include equal representation of employers and workers.<sup>21</sup>

## Paragraphs 40-58

- Q.16** How do standards of industrial relations in MNEs compare with those observed by comparable employers in the country?
- Q.17** Have incentives offered and concessions made by governments to attract FDI limited in any way workers' freedom of association and the right to organize and bargain collectively?
- Q.18** (a) Have MNEs responded positively to requests for information required for meaningful negotiations by workers' representatives? If not, kindly elaborate.
- (b) In the context of collective bargaining, have there been any instances of MNEs not responding constructively to government requests for relevant information on their operations?
- Q.19** Please explain briefly what steps/measures may have been taken to implement the Governing Body's previous recommendations "... to promote collective bargaining as a key element in industrial relations. Governments and the social partners should develop specific programmes to make their members and the public aware of the importance of collective bargaining for fostering peaceful industrial relations. Information and facilities for the negotiation and conclusion of collective agreements should be made available and those involved should be given the authority to make final decisions on the matters under discussion.".

<sup>18</sup> Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers of the Level of Undertaking; Recommendation (No. 129) concerning Communications within the Undertaking.

<sup>19</sup> Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a view to their Settlement.

<sup>20</sup> Convention (No. 29) concerning Forced or Compulsory Labour; Convention (No. 105) concerning the Abolition of Forced Labour; Recommendation (No. 35) concerning Indirect Compulsion to Labour.

<sup>21</sup> Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration.

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**Q.20** Have there been any threats by MNEs to transfer their activities elsewhere, by way of unfairly influencing negotiations or hindering the exercise of the right to organize? If so, please explain.

**Q.21** Are there any particular industrial relations problems specific to MNEs operating in your country? If so, please explain.

## **II. Consultation with the representative employers' and workers' organizations concerning this report**

In the event that the replies to the questionnaire were not prepared on a tripartite basis, governments are requested to provide copies of their replies to this questionnaire to the most representative employers' and workers' organizations in the country and to invite them to make such observations as they may consider relevant. While it would be desirable for such observations to be incorporated in the governments' replies, the employers' and workers' organizations may also transmit their comments direct to the ILO.<sup>22</sup>

### **Q.22** *Governments*

- (a) If this is a joint report, please indicate the names of the employers' and workers' organizations that participated in preparing this reply.
- (b) In the event that this is not a joint report, please identify the employers' and workers' organizations to which copies of your report were sent.

### *Employers and workers*

- (c) In the event that employers' or workers' replies are being sent direct to the Office, have copies thereof been sent to the relevant government authorities and to the most representative employers' or workers' organization? If so, please identify them.

## **III. Promotion of the observance of the Declaration**

At its 226th (May-June 1984) Session, the Governing Body once again called upon governments and employers' and workers' organizations to further promote acceptance of, and adherence to, the principles of the Declaration. One measure suggested was that the annual reports of enterprises (both domestic and multinational) should express support for, and adherence to, the provisions of the Tripartite Declaration. Other means include: the distribution of copies of the Declaration to the affiliates of employers' and workers' organizations (the second edition of the Declaration is available in 30 languages, and copies can be obtained from the ILO); and discussion of the Declaration at seminars, round tables and other types of meetings. Ministers responsible for labour and social affairs could, for example, inform other ministries or government authorities involved in investment promotion, industry, services, etc. of the guidance offered by the Tripartite Declaration and could provide copies thereof, stressing that a peaceful industrial relations climate, which the principles of the Tripartite Declaration aim to promote, is a *sine qua non* for investments and growth.

Governments could also promote and implement the principles of the Tripartite Declaration by, inter alia, initiating policies that would give more practical meaning to the principles set out in the Declaration and the standards embodied in the instruments appended to the Declaration. They are urged to encourage their acceptance as constituting everyday norms of conduct to be observed by all concerned.

**Q.23** What kind of promotional activities, if any, have been undertaken by government and the employers and workers – alone or jointly – during the last four years, with the aim of increasing awareness of the aims and principles of the Tripartite Declaration?

<sup>22</sup> GB.244/MNE/1/3(Rev.), para. 121 and GB.258/205, para. 67(c).

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#### **IV. The Tripartite Declaration and various economic and industrial sectors**

At its 245th Session (February-March 1990) the Governing Body noted with regret that some member States in which MNEs had considerable activities had never replied to any of the Surveys and that countries with important export-processing or special economic zones (EPZs/SEZs), had either not responded at all or had only partially replied to questions relating to their experience with the Tripartite Declaration and its application.<sup>23</sup>

- Q.24** (a) In the event that there are export processing or special economic zones in operation, do the labour laws applicable in such areas differ in any way from those applied elsewhere in the country? If so, please explain.
- (b) Have workers in export processing and special economic zones the right to form associations of their own choosing and bargain collectively on the terms and conditions of employment which would apply to them?
- (c) Do special incentives that may be offered to investors in such special areas limit in any way, directly or indirectly, fundamental human rights or basic trade union rights, employment security, equality of treatment, safety and health standards and other rights of workers?
- (d) Is there any particular experience with regard to the application of the Tripartite Declaration in the various economic/industrial sectors on which you would wish to provide information?
- (e) Can you provide any information specific to export processing/special economic zones or offshore production installations with regard to paragraphs 17, 20, 25, 26, 30, 34, 37, 40, 41, 45, 52, 54, 56 and 58 of the Declaration?
- (f) Has the participation of MNEs in what were previously state, and now privatized, industries or deregulated sectors given rise to any particular labour problems? If so, please explain briefly.
- (g) What is your assessment of the observance – in EPZs, SEZs and similar operations – of the principles of the Tripartite Declaration, and in particular employment and workers' rights? Please explain briefly.

#### **V. Disputes concerning interpretation of the provisions of the Declaration**

At its 232nd (March 1986) Session the Governing Body adopted the procedure (appended hereto) for the examination of disputes arising out of the application of the Tripartite Declaration.

- Q.25** (a) Have any disputes arisen in your country as a result of different interpretations being given by parties concerned to any paragraph(s) of the Tripartite Declaration? If so, please provide details on the issues and the ways in which these were resolved.
- (b) Does the procedure, as outlined, raise difficulties? If so, please explain, and also suggest any improvements you consider feasible.

<sup>23</sup> GB.244/MNE/1/3(Rev.), para. 110.

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## Annex I

### **Procedure for the examination of disputes concerning the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by means of interpretation of its provisions**

(To replace Part IV of paragraph 85 of GB.214/6/3)

1. The purpose of the procedure is to interpret the provisions of the Declaration when needed to resolve a disagreement on their meaning, arising from an actual situation, between parties to whom the Declaration is commended.
2. The procedure should in no way duplicate or conflict with existing national or ILO procedures. Thus, it cannot be invoked:
  - (a) in respect of national law and practice;
  - (b) in respect of international labour Conventions and Recommendations;
  - (c) in respect of matters falling under the freedom of association procedure.

The above means that questions regarding national law and practice should be considered through appropriate national machinery; that questions regarding international labour Conventions and Recommendations should be examined through the various procedures provided for in articles 19, 22, 24 and 26 of the Constitution of the ILO, or through government requests to the Office for informal interpretation; and that questions concerning freedom of association should be considered through the special ILO procedures applicable to that area.

3. When a request for interpretation of the Declaration is received by the International Labour Office, the Office shall acknowledge receipt and bring it before the Officers of the Committee on Multinational Enterprises. The Office will inform the government and the central organizations of employers and workers concerned of any request for interpretation received directly from an organization under paragraph 5(b) and (c).
4. The Officers of the Committee on Multinational Enterprises shall decide unanimously after consultations in the groups whether the request is receivable under the procedure. If they cannot reach agreement the request shall be referred to the full Committee for decision.
5. Requests for interpretation may be addressed to the Office:
  - (a) as a rule by the government of a member State acting either on its own initiative or at the request of a national organization of employers or workers;
  - (b) by a national organization of employers or workers, which is representative at the national and/or sectoral level, subject to the conditions set out in paragraph 6. Such requests should normally be channelled through the central organizations in the country concerned;
  - (c) by an international organization of employers or workers on behalf of a representative national affiliate.
6. In the case of 5(b) and (c), requests may be submitted if it can be demonstrated:
  - (a) that the government concerned has declined to submit the request to the Office; or
  - (b) that three months have elapsed since the organization addressed the government without a statement of the government's intention.

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7. In the case of receivable requests the Office shall prepare a draft reply in consultation with the Officers of the Committee on Multinational Enterprises. All appropriate sources of information shall be used, including government, employers' and workers' sources in the country concerned. The Officers may ask the Office to indicate a period within which the information should be provided.
  8. The draft reply to a receivable request shall be considered and approved by the Committee on Multinational Enterprises prior to submission to the Governing Body for approval.
  9. The reply when approved by the Governing Body shall be forwarded to the parties concerned and published in the *Official Bulletin* of the International Labour Office.

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## Annex II

### International labour Conventions and Recommendations referred to in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

#### *Conventions*

Convention (No. 29) concerning Forced or Compulsory Labour, 1930.

Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organise, 1948.

Convention (No. 98) concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, 1949.

Convention (No. 100) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.

Convention (No. 105) concerning the Abolition of Forced Labour, 1957.

Convention (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.

Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.

Convention (No. 115) concerning the Protection of Workers against Ionizing Radiations, 1960.

Convention (No. 119) concerning the Guarding of Machinery, 1963.

Convention (No. 122) concerning Employment Policy, 1964.

Convention (No. 130) concerning Medical Care and Sickness Benefits, 1969.

Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking, 1971.

Convention (No. 136) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.

Convention (No. 139) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.

Convention (No. 142) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.

#### *Recommendations*

Recommendation (No. 35) concerning Indirect Compulsion to Labour, 1930.

Recommendation (No. 69) concerning Medical Care, 1944.

Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.

Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration, 1951.

Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers at the Level of the Undertaking, 1952.

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- Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.
- Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.
- Recommendation (No. 114) concerning the Protection of Workers against Ionizing Radiations, 1960.
- Recommendation (No. 115) concerning Workers' Housing, 1961.
- Recommendation (No. 116) concerning Reduction of Hours of Work, 1962.
- Recommendation (No. 118) concerning the Guarding of Machinery, 1963.
- Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer, 1963.
- Recommendation (No. 122) concerning Employment Policy, 1964.
- Recommendation (No. 129) concerning Communications between Management and Workers within the Undertaking, 1967.
- Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a View to their Settlement, 1967.
- Recommendation (No. 134) concerning Medical Care and Sickness Benefits, 1969.
- Recommendation (No. 144) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.
- Recommendation (No. 147) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.
- Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.



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## Annex III

### References to Conventions and Recommendations in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

A number of international labour Conventions and Recommendations containing provisions relevant to the Declaration are referred to in footnotes in the Declaration and in an annex. These footnotes do not affect the meaning of the provisions of the Declaration to which they refer. They should be considered as references to relevant instruments adopted by the International Labour Organization in the corresponding subject areas, which have helped shape the provisions of the Declaration.

Since the adoption of the Declaration by the Governing Body on 16 November 1977, new Conventions and Recommendations have been adopted by the International Labour Conference. This makes it necessary to include a new list of Conventions and Recommendations adopted since 1977 (including those adopted in June 1977), containing provisions relevant to the Declaration, and this list is set out below. Like the footnotes included in the Declaration at the time of its adoption, the new references do not affect the meaning of the provisions of the Declaration.

In keeping with the voluntary nature of the Declaration, all of its provisions, whether derived from ILO Conventions and Recommendations or other sources, are recommendatory, except for the provisions of Conventions, which are binding on member States which have ratified them.

#### ***Conventions and Recommendations adopted since 1977 which contain provisions relevant to the Declaration***

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		Paragraphs of the Declaration to which the instrument is relevant
<b>Conventions</b>		
No. 148	Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 154	Promotion of Collective Bargaining, 1981	9, 49
No. 155	Occupational Safety and Health and the Working Environment, 1981	36
No. 156	Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, 1981	21
No. 158	Termination of Employment at the Initiative of the Employer, 1982	9, 26, 27, 28
No. 161	Occupational Health Services, 1985	36
No. 162	Safety in the Use of Asbestos, 1986	36
No. 167	Safety and Health in Construction, 1988	36
No. 168	Employment Promotion and Protection against Unemployment, 1988	13
No. 170	Safety in the Use of Chemicals at Work, 1990	36
No. 173	Protection of Workers' Claims in the Event of the Insolvency of their Employer, 1992	28
No. 174	Prevention of Major Industrial Accidents, 1993	36
No. 176	Safety and Health in Mines, 1995	36

		<b>Paragraphs of the Declaration to which the instrument is relevant</b>
<b>Recommendations</b>		
No. 156	Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 163	Promotion of Collective Bargaining, 1981	51, 54, 55
No. 164	Occupational Safety and Health and the Working Environment, 1981	36
No. 165	Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, 1981	21
No. 166	Termination of Employment at the Initiative of the Employer, 1982	9, 26, 27, 28
No. 169	Employment Policy, 1984	9, 13
No. 171	Occupational Health Services, 1985	36
No. 172	Safety in the Use of Asbestos, 1986	36
No. 175	Safety and Health in Construction, 1988	36
No. 176	Employment Promotion and Protection against Unemployment, 1988	13
No. 177	Safety in the Use of Chemicals at Work, 1990	36
No. 180	Protection of Workers' Claims in the Event of the Insolvency of their Employer, 1992	28
No. 181	Prevention of Major Industrial Accidents, 1993	36
No. 183	Safety and Health in Mines, 1995	36

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## Appendix 4 <sup>1</sup>

### International Labour Organization

#### **Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**

(adopted by the Governing Body of the International  
Labour Office at its 204th Session  
(Geneva, November 1977) \*)

The Governing Body of the International Labour Office:

Recalling that the International Labour Organization for many years has been involved with certain social issues related to the activities of multinational enterprises;

Noting in particular that various Industrial Committees, Regional Conferences, and the International Labour Conference since the mid-1960s have requested appropriate action by the Governing Body in the field of multinational enterprises and social policy;

Having been informed of the activities of other international bodies, in particular the UN Commission on Transnational Corporations and the Organization for Economic Cooperation and Development (OECD);

Considering that the ILO, with its unique tripartite structure, its competence, and its long-standing experience in the social field, has an essential role to play in evolving principles for the guidance of governments, workers' and employers' organizations, and multinational enterprises themselves;

Recalling that it convened a Tripartite Meeting of Experts on the Relationship between Multinational Enterprises and Social Policy in 1972, which recommended an ILO programme of research and study, and a Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy in 1976 for the purpose of reviewing the ILO programme of research and suggesting appropriate ILO action in the social and labour field;

Bearing in mind the deliberations of the World Employment Conference;

Having thereafter decided to establish a tripartite group to prepare a Draft Tripartite Declaration of Principles covering all of the areas of ILO concern which relate to the social aspects of the activities of multinational enterprises, including employment creation in the developing countries, all the while bearing in mind the recommendations made by the Tripartite Advisory Meeting held in 1976;

Having also decided to reconvene the Tripartite Advisory Meeting to consider the Draft Declaration of Principles as prepared by the tripartite group;

Having considered the Report and the Draft Declaration of Principles submitted to it by the reconvened Tripartite Advisory Meeting;

Hereby approves the following Declaration which may be cited as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body

<sup>1</sup> This appendix reproduces the second edition of the MNE Declaration in effect during the reporting period. For the third edition currently in effect see [www.ilo.org](http://www.ilo.org).

\* *Official Bulletin* (Geneva, ILO), 1978, Vol. LXI, Series A, No. 1, pp. 49-56.

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of the International Labour Office, and invites governments of States Members of the ILO, the employers' and workers' organizations concerned and the multinational enterprises operating in their territories to observe the principles embodied therein.

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments as well as to employers and workers and their respective organizations. Through international direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.
2. The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the United Nations resolutions advocating the Establishment of a New International Economic Order.
3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments and by cooperation among the governments and the employers' and workers' organizations of all countries.
4. The principles set out in this Declaration are commended to the governments, the employers' and workers' organizations of home and host countries and to the multinational enterprises themselves.
5. These principles are intended to guide the governments, the employers' and workers' organizations and the multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress.
6. To serve its purpose this Declaration does not require a precise legal definition of multinational enterprises; this paragraph is designed to facilitate the understanding of the Declaration and not to provide such a definition. Multinational enterprises include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise is used in this Declaration to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the distribution of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in the Declaration.
7. This Declaration sets out principles in the fields of employment, training, conditions of work and life and industrial relations which governments, employers' and workers' organizations and multinational enterprises are recommended to observe on a voluntary basis; its provisions shall not limit or otherwise affect obligations arising out of ratification of any ILO Convention.

### **General policies**

8. All the parties concerned by this Declaration should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should respect the Universal Declaration of Human Rights and the

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corresponding International Covenants adopted by the General Assembly of the United Nations as well as the Constitution of the International Labour Organization and its principles according to which freedom of expression and association are essential to sustained progress. They should also honour commitments which they have freely entered into, in conformity with the national law and accepted international obligations.

9. Governments which have not yet ratified Conventions Nos. 87, 98, 111 and 122 are urged to do so and in any event to apply, to the greatest extent possible, through their national policies, the principles embodied therein and in Recommendations Nos. 111, 119 and 122.<sup>2</sup> Without prejudice to the obligation of governments to ensure compliance with Conventions they have ratified, in countries in which the Conventions and Recommendations cited in this paragraph are not complied with, all parties should refer to them for guidance in their social policy.
10. Multinational enterprises should take fully into account established general policy objectives of the countries in which they operate. Their activities should be in harmony with the development priorities and social aims and structure of the country in which they operate. To this effect, consultations should be held between multinational enterprises, the government and, wherever appropriate, the national employers' and workers' organizations concerned.
11. The principles laid down in this Declaration do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of this Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.
12. Governments of home countries should promote good social practice in accordance with this Declaration of Principles, having regard to the social and labour law, regulations and practices in host countries as well as to relevant international standards. Both host and home country governments should be prepared to have consultations with each other, whenever the need arises, on the initiative of either.

## **Employment**

### Employment promotion

13. With a view to stimulating economic growth and development, raising living standards, meeting manpower requirements and overcoming unemployment and underemployment, governments should declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.<sup>3</sup>
14. This is particularly important in the case of host country governments in developing areas of the world where the problems of unemployment and underemployment are at their most serious. In this connection, the general conclusions adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, June 1976) should be kept in mind.<sup>4</sup>

<sup>2</sup> Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize; Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively; Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 122) concerning Employment Policy; Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer; Recommendation (No. 122) concerning Employment Policy.

<sup>3</sup> Convention (No. 122) and Recommendation (No. 122) concerning Employment Policy.

<sup>4</sup> ILO, World Employment Conference, Geneva, 4-17 June 1976.

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15. Paragraphs 13 and 14 above establish the framework within which due attention should be paid, in both home and host countries, to the employment impact of multinational enterprises.
  16. Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise.
  17. Before starting operations, multinational enterprises should, wherever appropriate, consult the competent authorities and the national employers' and workers' organizations in order to keep their manpower plans, as far as practicable, in harmony with national social development policies. Such consultation, as in the case of national enterprises, should continue between the multinational enterprises and all parties concerned, including the workers' organizations.
  18. Multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country at all levels in cooperation, as appropriate, with representatives of the workers employed by them or of the organizations of these workers and governmental authorities.
  19. Multinational enterprises, when investing in developing countries, should have regard to the importance of using technologies which generate employment, both directly and indirectly. To the extent permitted by the nature of the process and the conditions prevailing in the economic sector concerned, they should adapt technologies to the needs and characteristics of the host countries. They should also, where possible, take part in the development of appropriate technology in host countries.
  20. To promote employment in developing countries, in the context of an expanding world economy, multinational enterprises, wherever practicable, should give consideration to the conclusion of contracts with national enterprises for the manufacture of parts and equipment, to the use of local raw materials and to the progressive promotion of the local processing of raw materials. Such arrangements should not be used by multinational enterprises to avoid the responsibilities embodied in the principles of this Declaration.

### Equality of opportunity and treatment

21. All governments should pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin.<sup>5</sup>
22. Multinational enterprises should be guided by this general principle throughout their operations without prejudice to the measures envisaged in paragraph 18 or to government policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment. Multinational enterprises should accordingly make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.
23. Governments should never require or encourage multinational enterprises to discriminate on any of the grounds mentioned in paragraph 21, and continuing guidance from governments, where appropriate, on the avoidance of such discrimination in employment is encouraged.

### Security of employment

24. Governments should carefully study the impact of multinational enterprises on employment in different industrial sectors. Governments, as well as multinational enterprises themselves, in all

<sup>5</sup> Convention (No. 111) and Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 100) and Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

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countries should take suitable measures to deal with the employment and labour market impacts of the operations of multinational enterprises.

25. Multinational enterprises equally with national enterprises, through active manpower planning, should endeavour to provide stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.
26. In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.
27. Arbitrary dismissal procedures should be avoided.<sup>6</sup>
28. Governments, in cooperation with multinational as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated.<sup>7</sup>

## **Training**

29. Governments, in cooperation with all the parties concerned, should develop national policies for vocational training and guidance, closely linked with employment.<sup>8</sup> This is the framework within which multinational enterprises should pursue their training policies.
30. In their operations, multinational enterprises should ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.
31. Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. These programmes should have the aim of encouraging skill formation and development as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development.
32. Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations.

<sup>6</sup> Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer.

<sup>7</sup> *ibid.*

<sup>8</sup> Convention (No. 142) and Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources.

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## **Conditions of work and life**

### **Wages, benefits and conditions of work**

33. Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.
34. When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies.<sup>9</sup> These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard.<sup>10</sup>
35. Governments, especially in developing countries, should endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises.

### **Safety and health**

36. Governments should ensure that both multinational and national enterprises provide adequate safety and health standards for their employees. Those governments which have not yet ratified the ILO Conventions on Guarding of Machinery (No. 119), Ionizing Radiation (No. 115), Benzene (No. 136) and Occupational Cancer (No. 139) are urged nevertheless to apply to the greatest extent possible the principles embodied in these Conventions and in their related Recommendations (Nos. 118, 114, 144 and 147). The Codes of Practice and Guides in the current list of ILO publications on Occupational Safety and Health should also be taken into account.<sup>11</sup>
37. Multinational enterprises should maintain the highest standards of safety and health, in conformity with national requirements, bearing in mind their relevant experience within the enterprise as a whole, including any knowledge of special hazards. They should also make available to the representatives of the workers in the enterprise, and upon request, to the competent authorities and the workers' and employers' organizations in all countries in which they operate, information on the safety and health standards relevant to their local operations, which they observe in other countries. In particular, they should make known to those concerned any special hazards and related protective measures associated with new products and processes. They, like comparable domestic enterprises, should be expected to play a leading role in the examination of causes of industrial safety and health hazards and in the application of resulting improvements within the enterprise as a whole.
38. Multinational enterprises should cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards.
39. In accordance with national practice, multinational enterprises should cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations. Where appropriate, matters relating to safety and health should be incorporated in agreements with the representatives of the workers and their organizations.

<sup>9</sup> Recommendation (No. 116) concerning Reduction of Hours of Work.

<sup>10</sup> Convention (No. 110) and Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers; Recommendation (No. 115) concerning Workers' Housing; Recommendation (No. 69) concerning Medical Care; Convention (No. 130) and Recommendation (No. 134) concerning Medical Care and Sickness.

<sup>11</sup> The ILO Conventions and Recommendations referred to are listed in "Publications on Occupational Safety and Health", ILO, Geneva, 1976, pp. 1-3. An up-to-date list of Codes of Practice and Guides can be found in the latest edition.



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## **Industrial relations**

40. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.

### **Freedom of association and the right to organize**

41. Workers employed by multinational enterprises as well as those employed by national enterprises should, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation.<sup>12</sup> They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment.<sup>13</sup>
42. Organizations representing multinational enterprises or the workers in their employment should enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration.<sup>14</sup>
43. Where appropriate, in the local circumstances, multinational enterprises should support representative employers' organizations.
44. Governments, where they do not already do so, are urged to apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing.
45. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.
46. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.
47. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.

### **Collective bargaining**

48. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.
49. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.<sup>15</sup>

<sup>12</sup> Convention No. 87, Article 2.

<sup>13</sup> Convention No. 98, Article 1(1).

<sup>14</sup> Convention No. 98, Article 2(1).

<sup>15</sup> Convention No. 98, Article 4.

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50. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.<sup>16</sup>
51. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.
52. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.
53. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.
54. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.<sup>17</sup>
55. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.

## Consultation

56. In multinational as well as in national enterprises, systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining.<sup>18</sup>

## Examination of grievances

57. Multinational as well as national enterprises should respect the right of the workers whom they employ to have all their grievances processed in a manner consistent with the following provision: any worker who, acting individually or jointly with other workers, considers that he has grounds for a grievance should have the right to submit such grievance without suffering any prejudice whatsoever as a result, and to have such grievance examined pursuant to an appropriate

<sup>16</sup> Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

<sup>17</sup> Recommendation (No. 129) concerning Communications between Management and Workers within Undertakings.

<sup>18</sup> Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers of the Level of Undertaking; Recommendation (No. 129) concerning Communications within the Undertaking.

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procedure.<sup>19</sup> This is particularly important whenever the multinational enterprises operate in countries which do not abide by the principles of ILO Conventions pertaining to freedom of association, to the right to organize and bargain collectively and to forced labour.<sup>20</sup>

### Settlement of industrial disputes

58. Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers. The voluntary conciliation machinery should include equal representation of employers and workers.<sup>21</sup>

Geneva, 16 November 1977.

<sup>19</sup> Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a view to their Settlement.

<sup>20</sup> Convention (No. 29) concerning Forced or Compulsory Labour; Convention (No. 105) concerning the Abolition of Forced Labour; Recommendation (No. 35) concerning Indirect Compulsion to Labour.

<sup>21</sup> Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration.

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**Procedure for the examination of disputes concerning the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by means of interpretation of its provisions**  
(adopted by the Governing Body of the International Labour Office at its 232nd Session (Geneva, March 1986) \*)

1. The purpose of the procedure is to interpret the provisions of the Declaration when needed to resolve a disagreement on their meaning, arising from an actual situation, between parties to whom the Declaration is commended.
2. The procedure should in no way duplicate or conflict with existing national or ILO procedures. Thus, it cannot be invoked:
  - (a) in respect of national law and practice;
  - (b) in respect of international labour Conventions and Recommendations;
  - (c) in respect of matters falling under the freedom of association procedure.

The above means that questions regarding national law and practice should be considered through appropriate national machinery; that questions regarding international labour Conventions and Recommendations should be examined through the various procedures provided for in articles 19, 22, 24 and 26 of the Constitution of the ILO, or through government requests to the Office for informal interpretation; and that questions concerning freedom of association should be considered through the special ILO procedures applicable to that area.

3. When a request for interpretation of the Declaration is received by the International Labour Office, the Office shall acknowledge receipt and bring it before the Officers of the Committee on Multinational Enterprises. The Office will inform the government and the central organizations of employers and workers concerned of any request for interpretation received directly from an organization under paragraph 5(b) and (c).
4. The Officers of the Committee on Multinational Enterprises shall decide unanimously after consultations in the groups whether the request is receivable under the procedure. If they cannot reach agreement the request shall be referred to the full Committee for decision.
5. Requests for interpretation may be addressed to the Office:
  - (a) as a rule by the government of a member State acting either on its own initiative or at the request of a national organization of employers or workers;
  - (b) by a national organization of employers or workers, which is representative at the national and/or sectoral level, subject to the conditions set out in paragraph 6. Such requests should normally be channelled through the central organizations in the country concerned;
  - (c) by an international organization of employers or workers on behalf of a representative national affiliate.
6. In the case of 5(b) and (c), requests may be submitted if it can be demonstrated:
  - (a) that the government concerned has declined to submit the request to the Office; or

\* *Official Bulletin* (Geneva, ILO), 1986, Vol. LXIX, Series A, No. 3, pp. 196-197 (to replace Part IV of the Procedures adopted by the Governing Body at its 214th Session (November 1980)). See *Official Bulletin*, 1981, Vol. LXIV, Series A, No. 1, pp. 89-90.

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- (b) that three months have elapsed since the organization addressed the government without a statement of the government's intention.
7. In the case of receivable requests the Office shall prepare a draft reply in consultation with the Officers of the Committee on Multinational Enterprises. All appropriate sources of information shall be used, including government, employers' and workers' sources in the country concerned. The Officers may ask the Office to indicate a period within which the information should be provided.
  8. The draft reply to a receivable request shall be considered and approved by the Committee on Multinational Enterprises prior to submission to the Governing Body for approval.
  9. The reply when approved by the Governing Body shall be forwarded to the parties concerned and published in the *Official Bulletin* of the International Labour Office.

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## Annex

### **List of international labour Conventions and Recommendations referred to in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**

(adopted by the Governing Body of the International Labour Office at its 204th Session (Geneva, November 1977) \*)

#### **Conventions**

Convention (No. 29) concerning Forced or Compulsory Labour, 1930.

Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize, 1948.

Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, 1949.

Convention (No. 100) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.

Convention (No. 105) concerning the Abolition of Forced Labour, 1957.

Convention (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.

Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.

Convention (No. 115) concerning the Protection of Workers against Ionizing Radiations, 1960.

Convention (No. 119) concerning the Guarding of Machinery, 1963.

Convention (No. 122) concerning Employment Policy, 1964.

Convention (No. 130) concerning Medical Care and Sickness Benefits, 1969.

Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking, 1971.

Convention (No. 136) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.

Convention (No. 139) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.

Convention (No. 142) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.

\* It was proposed that the Office make available, on request, offprints of the international labour Conventions and Recommendations referred to in the Tripartite Declaration. ILO: *Report of the Reconvened Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy, Geneva, 4-7 April 1977*, GB.204/4/2, 204th Session, Geneva, 15-18 November 1977, p. 2.

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## **Recommendations**

Recommendation (No. 35) concerning Indirect Compulsion to Labour, 1930.

Recommendation (No. 69) concerning Medical Care, 1944.

Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.

Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration, 1951.

Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers at the Level of the Undertaking, 1952.

Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.

Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.

Recommendation (No. 114) concerning the Protection of Workers against Ionizing Radiations, 1960.

Recommendation (No. 115) concerning Workers' Housing, 1961.

Recommendation (No. 116) concerning Reduction of Hours of Work, 1962.

Recommendation (No. 118) concerning the Guarding of Machinery, 1963.

Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer, 1963.

Recommendation (No. 122) concerning Employment Policy, 1964.

Recommendation (No. 129) concerning Communications between Management and Workers within the Undertaking, 1967.

Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a View to their Settlement, 1967.

Recommendation (No. 134) concerning Medical Care and Sickness Benefits, 1969.

Recommendation (No. 144) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.

Recommendation (No. 147) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.

Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.

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**Addendum to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**  
(adopted by the Governing Body of the International Labour Office at its 238th Session (Geneva, November 1987) and 264th Session (November 1995))

***References to Conventions and Recommendations in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy***

A number of international labour Conventions and Recommendations containing provisions relevant to the Declaration are referred to in footnotes in the Declaration as well as in an annex. These footnotes do not affect the meaning of the provisions of the Declaration to which they refer. They should be considered as references to relevant instruments adopted by the International Labour Organization in the corresponding subject areas, which have helped shape the provisions of the Declaration.

Since the adoption of the Declaration by the Governing Body on 16 November 1977, new Conventions and Recommendations have been adopted by the International Labour Conference. This makes it necessary to include a new list of Conventions and Recommendations adopted since 1977 (including those adopted in June 1977), containing provisions relevant to the Declaration, and this list is set out below. Like the footnotes included in the Declaration at the time of its adoption, the new references do not affect the meaning of the provisions of the Declaration.

In keeping with the voluntary nature of the Declaration all of its provisions, whether derived from ILO Conventions and Recommendations or other sources, are recommendatory, except of course for provisions in Conventions which are binding on the member States which have ratified them.



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**List of Conventions and Recommendations adopted since 1977 (inclusive) which contain provisions relevant to the Declaration**

Number and title of Convention and Recommendation	Paragraphs of the Declaration to which the instrument is relevant
<b>Conventions</b>	
No. 148 concerning the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 155 concerning Occupational Safety and Health and the Working Environment, 1981	36
No. 156 concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, 1981	21
No. 158 concerning Termination of Employment at the Initiative of the Employer, 1982	9, 26, 27, 28
No. 161 concerning Occupational Health Services, 1985	36
No. 162 concerning Safety in the Use of Asbestos, 1986	36
No. 167 concerning Safety and Health in Construction, 1988	36
No. 168 concerning Employment Promotion and Protection against Unemployment, 1988	13
No. 170 concerning Safety in the Use of Chemicals at Work, 1990	36
No. 173 concerning the Protection of Workers' Claims in the event of the Insolvency of their Employer, 1992	28
No. 174 concerning the Prevention of Major Industrial Accidents, 1993	36
No. 176 concerning Safety and Health in Mines, 1995	36
<b>Recommendations</b>	
No. 156 concerning the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 163 concerning the Promotion of Collective Bargaining, 1981	51, 54, 55
No. 164 concerning Occupational Safety and Health and the Working Environment, 1981	36
No. 165 concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, 1981	21
No. 166 concerning Termination of Employment at the Initiative of the Employer, 1982	9, 26, 27, 28
No. 169 concerning Employment Policy, 1984	9, 13
No. 171 concerning Occupational Health Services, 1985	36
No. 172 concerning Safety in the Use of Asbestos, 1986	36
No. 175 concerning Safety and Health in Construction, 1988	36
No. 176 concerning Employment Promotion and Protection against Unemployment, 1988	13
No. 177 concerning Safety in the Use of Chemicals at Work, 1990	36
No. 180 concerning the Protection of Workers' Claims in the event of the Insolvency of their Employer, 1992	28
No. 181 concerning the Prevention of Major Industrial Accidents, 1993	36
No. 183 concerning Safety and Health in Mines, 1995	36

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