



## FIRST ITEM ON THE AGENDA

**Follow-up to and promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**

- (a) Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy: Analytical report of the Working Group on the reports submitted by governments and by employers' and workers' organizations (Part I)**

**I. Introduction**

1. In accordance with the decision adopted by the Governing Body at its 288th Session (November 2003),<sup>1</sup> the Office conducted the Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy ("MNE Declaration"), during the period 2000-03. In keeping with past practice, the questionnaire was sent both to governments and to the most representative national employers' and workers' organizations in all member States.
2. This document contains an analysis of the replies received to the questionnaire, preceded by information on response rates and patterns, quality of replies and observations by respondents. It also contains information on foreign direct investment (FDI) flows during the reporting period. The analysis is followed by a number of conclusions and recommendations. The document was prepared by a Working Group, comprising the Chairperson of the Governing Body Subcommittee on Multinational Enterprises, Ms. M. Niven (Government, United Kingdom), the Employer Vice-Chairperson,

<sup>1</sup> See GB.288/11, para. 47.

Ms. R. Hornung-Draus (Employer, Germany) and the Worker Vice-Chairperson, Ms. S. Burrow (Worker, Australia).

- As can be seen from figure 1, replies from 62 countries arrived in time for consideration by the Working Group as compared to 52 countries for the First Survey (1980); 62 for the Second (1983); 68 for the Third (1986); 70 for the Fourth (1989); 73 for the Fifth (1992); 74 for the Sixth (1996); and 100 for the Seventh (2001). Figure 2 shows the different types of replies received for the Sixth, Seventh and Eighth Surveys.

Figure 1. Number of countries replying

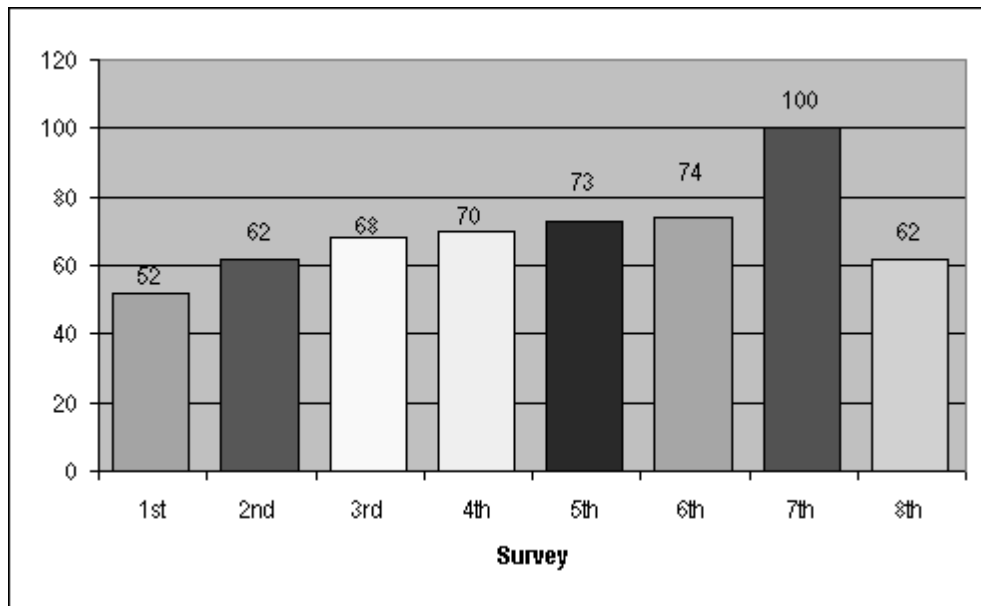
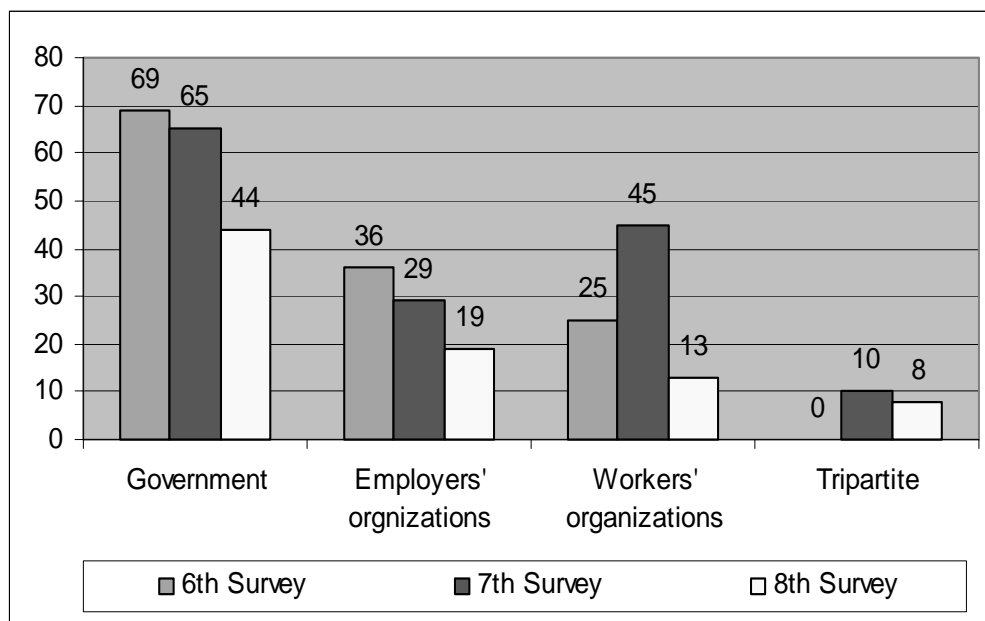


Figure 2. Breakdown by type of response



- Table 1 shows the origins of the replies by country and type of respondent. In eight countries, the government and employers' and workers' organizations provided a

consolidated tripartite reply. A number of these contained divergent views attributed to the participating respondents on certain aspects of the Survey questions. This is reflected in document GB.294/MNE/1/2, which contains summaries of the replies received. It should further be noted that the contribution of the social partners may be understated since some governments may have consulted employers' and workers' organizations without naming all of them.

Table 1. Breakdown of replies by country and respondents

Country	Tripartite	Government	Employers	Workers
Austria		√		√
Belarus		√		
Belgium	√			
Bolivia		√		
Brazil		√	√	
Bulgaria	√			
Burkina Faso			√	
Burundi	√			
Cameroon			√	√
Canada		√		
Chad				√
Chile		√	√	
China		√		√
Colombia		√	√	
Costa Rica		√	√	
Croatia		√	√	
Cuba	√			
Democratic Republic of the Congo			√	
Eritrea	√			
Fiji				√
Finland	√			
Gabon			√	
Germany		√	√	
Greece		√		
Guinea			√	
Hungary		√	√	√
Indonesia		√		
Italy		√		
Jamaica		√		
Japan		√	√	√
Kenya		√		
Korea, Republic of			√	
Latvia		√		
Lebanon		√		
Lithuania		√		
Madagascar		√	√	

Country	Tripartite	Government	Employers	Workers
Malaysia		√		
Mali		√		
Mauritius		√		
Mexico		√		
Moldova, Republic of		√		
Morocco		√		
Netherlands		√		
New Zealand		√		√
Nicaragua		√		
Norway	√			
Panama		√		
Peru		√	√	
Philippines		√		
Poland		√		√
Portugal		√		√
Senegal				√
Spain		√		
Sweden	√			
Switzerland		√	√	√
Thailand		√	√	
Trinidad and Tobago			√	
Turkey		√		
Ukraine		√		√
United Kingdom		√		
Zambia		√		
Zimbabwe		√		

5. The replies varied highly in level of detail and relevance of the information provided. The degree of specificity and the comprehensiveness of the information also varied considerably, as did assessments of the impact and implications of developments during the period under review. There were differences in the emphasis given to certain questions, and quite a few respondents chose to reply selectively to certain questions rather than to the entire questionnaire.
6. Many of the respondents from governments, employers' and workers' organizations alike, focused on the lack of information available to adequately answer the questions, in many cases due to the fact that available data do not distinguish between multinational enterprises (MNEs) and national enterprises.

## II. FDI flows 2000-03

7. The countries which replied to the Eighth Survey, constitute a respectable sample, as far as the origin and destination of global FDI stocks and flows are concerned. While most of the major countries from which MNEs originate and where they have their most significant levels of activities are represented, two important ones are missing. Neither France, which became the largest recipient of FDI among industrialized countries in 2003, nor the United

States, whose cumulative inflows and outflows during 2000-03 were larger than those of any other country, replied.<sup>2</sup> This section reviews major trends in FDI and MNE activity during the reporting period and relates those trends, as appropriate, to the Survey sample.

8. During the period 2000-03, global FDI inflows reached a historical record of US\$1.4 trillion in 2000 before declining three years in a row from 2001 to 2003 (table 2).<sup>3</sup> Global FDI flows increased in 2004 from the previous year and amounted to US\$648 billion. By the end of the reporting period, there were approximately 61,000 parent companies of MNEs and 900,000 foreign affiliates globally.<sup>4</sup> These foreign affiliates were in turn estimated to employ around 54 million people worldwide.<sup>5</sup> MNEs were estimated to directly employ 105 million people worldwide.<sup>6</sup>

Table 2. FDI inflows by host region, 2000-04 (US\$ billions)

Region	2000	2001	2002	2003	2004
World	1 397	826	715	632	648
Africa	10	20	13	18	18
Asia	182	132	128	137	226
Central Asia	5	7	9	16	24
Pacific	18	6	16	10	45
South, East and South-East Asia	150	108	96	101	146
West Asia	9	11	7	10	11
Americas	479	276	143	110	170
North America	381	187	93	63	102
Latin America and the Caribbean	98	89	50	47	68
Europe	726	398	431	367	234
Western Europe	701	374	404	347	203
Central and Eastern Europe	25	24	27	20	31
<i>Memorandum</i>					
Industrialized countries	1 112	577	524	430	360
Developing countries	259	225	164	182	257
Central and Eastern Europe	25	24	27	20	31

Source: Based on UNCTAD FDI/TNC database.

9. Cross-border mergers and acquisitions (M&As) in industrialized countries were the main stimulus behind unprecedented levels of global inflows in 2000. These began to decrease

<sup>2</sup> The Government of France indicated informally that it regretted that it could not meet the deadline for replying.

<sup>3</sup> Unless otherwise indicated, numerical data on FDI flows in this section draws upon UNCTAD's FDI/TNC database.

<sup>4</sup> UNCTAD: *World Investment Report 2004*, Geneva and New York, United Nations, 2004.

<sup>5</sup> *ibid.*

<sup>6</sup> Kim, K.B.: "Direct employment in multinational enterprises: Trends and implications", Multinational Enterprises Programme Working Paper No. 100 (Geneva, ILO, forthcoming).

in 2001 however, and coupled with slower macroeconomic performance, global FDI inflows fell throughout the remainder of the reporting period. To illustrate, the value of mergers and acquisitions, which totalled US\$1.1 trillion in 2000, fell to US\$297 billion in 2003.<sup>7</sup>

10. FDI inflows and outflows remain concentrated in industrialized countries, which accounted for about two-thirds of the cumulative global FDI inflows and over 90 per cent of cumulative global outflows during 2000-03. France, Germany, the Netherlands, the United Kingdom and the United States were the largest sources and hosts of FDI during the reporting period.
11. Inflows of FDI into developing countries reached a record US\$259 billion in 2000 but subsequently declined in 2001 and 2002. In contrast to global FDI trends however, inflows of FDI into developing countries increased in 2003 and amounted to US\$182 billion, representing 29 per cent of global FDI inflows. Between 2000 and 2003, among developing economies the distribution remained uneven, with the top ten recipients accounting for over 70 per cent of FDI cumulative inflows to developing countries.<sup>8</sup> China was the largest recipient of FDI among developing countries during the reporting period. During 2000-03, the country's FDI inflows, contrary to global and regional trends, have grown every year and amounted to US\$54 billion in 2003, representing about 30 per cent of inflows into developing countries.
12. FDI inflows into Central and Eastern Europe remained steady between 2000 and 2002, averaging US\$25 billion during the three years. This was due partly to anticipated opportunities in regard to EU enlargement and privatization in several Central and Eastern European countries. In 2003, however, flows of FDI into the region dropped to US\$20 billion as privatization came to an end in some countries.
13. During the period under review, countries continued to liberalize their FDI regimes. In 2003, it was reported that there had been 244 changes in laws and regulations affecting FDI, of which 220 were deemed to be measures favouring FDI.<sup>9</sup> In comparison, there were 150 changes in laws and regulations affecting FDI in 2000, of which 147 were more favourable towards FDI.
14. Another key trend during the reporting period has been the changing sectoral distribution of FDI towards services. Services were estimated to have accounted for about two-thirds of global FDI inflows during 2001-02.<sup>10</sup> In the OECD area, which accounts for the bulk of FDI inflows and outflows, manufacturing industries have traditionally accounted for about half of annual FDI inflows but their share has dropped while the share of services has risen. In 2002, services accounted for over 75 per cent of FDI inflows into the OECD area.<sup>11</sup> In developing countries, 50 per cent of FDI inflows went into services in 2001-02,

<sup>7</sup> UNCTAD, 2004, op. cit.; UNCTAD: *World Investment Report 2001*, Geneva and New York, United Nations, 2001.

<sup>8</sup> The top ten recipients were Argentina, Brazil, Chile, China, Hong Kong (China), India, Republic of Korea, Mexico, Singapore and Venezuela.

<sup>9</sup> UNCTAD: 2004, op. cit.

<sup>10</sup> *ibid.*

<sup>11</sup> OECD: "Trends and recent developments in foreign direct investment", Paris, 2004.

compared to a corresponding figure of 35 per cent during 1989-91.<sup>12</sup> Furthermore, while FDI in services was traditionally concentrated in trade and financial intermediation, more foreign investment is taking place in other service industries, such as, telecommunications, utilities and business services.

- 15.** In the African region, the major recipients of FDI during the reporting period were Angola, Morocco, Nigeria and South Africa. Regrettably, only Morocco replied to the Survey. Other notable recipients of FDI inflows during the reporting period include Algeria, Chad, Egypt, Equatorial Guinea, Sudan and Tunisia. The list of the top host countries suggests that natural resources were the main motivation for FDI. In several countries, however, including Morocco, FDI inflows were driven by privatization. FDI inflows into the region as a whole reached a peak in 2001 before declining in 2002, and rising again in 2003. The cumulative inflows into Africa during 2000-03 represented 1.6 per cent of global inflows and 7 per cent of inflows into developing countries. While the absolute levels of FDI inflows are low in many African countries, FDI inflows in relation to gross domestic product or gross fixed capital formation is relatively high for many countries in the region.
- 16.** Some of the major sources and recipients of FDI in Asia during the reporting period (China, Japan, Republic of Korea, Malaysia and Thailand) are represented in the Survey. Indonesia, which had been a major host country of FDI in the past, but which saw significant disinvestments during the reporting period, also replied to the Survey. Unfortunately, Australia, India and Singapore, other major home and host countries did not respond to the Survey. Furthermore, there were no responses from countries in the South Asian and Central Asian subregions. Cumulative FDI inflows during 2000-03 to each of these regions generally represented about 3 per cent of cumulative inflows of FDI into Asia during the same period. In the Pacific subregion, New Zealand and Fiji responded to the Survey while in West Asia, Lebanon, which is among the top host countries of FDI in that subregion, replied. Other major hosts to FDI in West Asia during the reporting period include Jordan, Bahrain, Qatar and the United Arab Emirates. The developing countries of the Asian region as a whole received more FDI during the reporting period than any other developing country region, accounting for 57 per cent of FDI inflows into developing countries. FDI inflows into these developing countries however were concentrated in East and South-East Asia, which accounted for 90 per cent of cumulative FDI inflows into Asia during the reporting period.
- 17.** Inflows of FDI into the Americas decreased consistently throughout the reporting period, dropping to US\$110 billion in 2003 from US\$479 billion in 2000 as large decreases took place in the two largest home and host countries of FDI in the region: Canada and the United States. Significantly lower levels of M&As and weak economic conditions were the main reasons behind the decline of FDI in these two countries. Inflows into Latin American countries also experienced yearly decreases of FDI during the reporting period, dropping from US\$98 billion in 2000 to US\$47 billion in 2003. As a result, the share of inflows into South and Central America in total FDI in developing countries shrank from 34 per cent in 2000 to 26 per cent in 2003. The decrease was due to a variety of factors, including weak economic growth and the end of privatization and mergers and acquisitions in the subregion. Furthermore, the economic crisis in Argentina during the reporting period dampened foreign investment in that country. The largest home and host countries in the Latin American subregion during the reporting period were Argentina, Brazil, Chile, Mexico and Venezuela.
- 18.** Europe remains the largest source and recipient region of FDI in the world, accounting for over 50 per cent of the cumulative global inflows and over 70 per cent of cumulative

<sup>12</sup> UNCTAD, 2004, op. cit.

global outflows during the reporting period. The largest recipients of FDI in Europe were France, Germany, the Netherlands, Spain, and the United Kingdom.<sup>13</sup> During the reporting period, Spain became one of the largest recipients of FDI in Europe on the heels of relatively better economic performance in that country. The Czech Republic, Hungary, and Poland were the largest host countries in the Central and Eastern region of Europe. Of these three countries, the Czech Republic did not reply to the Survey. As was noted earlier, EU enlargement and privatization remain the key drivers of FDI into this subregion.

### III. Analysis of replies

#### 1. Part 1. General questions

##### 1.1. **Background, aim and general policies** (paragraphs 1-12 of the Declaration: Survey questions 1-7)

###### Question 1

*Is statistical data or government-sponsored research on the labour and employment practices of different types of enterprises in your country readily available? If so, please attach or provide references of the latest relevant publications (including addresses of relevant web sites).*

Total No. of respondents: 44
<ul style="list-style-type: none"> <li>■ Governments from 35 countries</li> <li>■ Employers' organizations from three countries</li> <li>■ Workers' organizations from four countries</li> <li>■ Tripartite replies from two countries</li> </ul>

- Governments from 35 countries
- Employers' organizations from three countries
- Workers' organizations from four countries
- Tripartite replies from two countries

- 19.** While the vast majority of respondents indicated that governments and national statistics offices conducted labour force and/or enterprise censuses, surveys or research, these tended to disaggregate mostly by size and sector of activity of enterprises.<sup>14</sup> Only a few respondents indicated that statistics differentiated between multinational and national enterprises.<sup>15</sup>
- 20.** Among the countries that differentiated between multinational and domestic enterprises, relevant variables that were captured included the number of multinational enterprises, the

<sup>13</sup> Luxembourg was in fact the largest host country of FDI in the world. However, most of these inflows take place through holding companies and other special purpose entities in the country that do not remain in the country.

<sup>14</sup> 32 respondents: 25 governments, three employers' organizations, four workers' organizations. Austria (G, W), Bolivia (G), Brazil (G), Cameroon (W), Chad (W), Chile (G), China (G), Colombia (G, E), Croatia (G), Indonesia (G), Jamaica (G), Kenya (G), Lebanon (G), Malaysia (G), Mali (G), Mauritius (G), Mexico (G), Republic of Moldova (G), New Zealand (G), Nicaragua (G), Peru (G, E), Philippines (G), Poland (G, W), Trinidad and Tobago (E), Turkey (G), United Kingdom (G), Zambia (G), Zimbabwe (G).

<sup>15</sup> 12 respondents: 10 governments, two tripartite replies. Canada (G) Belarus (G), Belgium (T), Bulgaria (G), Cuba (G), Finland (T), Italy (G), Japan (G), Madagascar (G), Portugal (G), Sweden (G), Thailand (G).



number of employees, employment of expatriate staff, wages, turnover, origin of capital and controlling interest. Research also compared the productivity and technological differences between foreign and national enterprises.<sup>16</sup> One country gathered data on the labour and employment practices of MNEs as part of its strategy to attract FDI,<sup>17</sup> while another respondent indicated that such data were collected on enterprises operating in export processing zones (EPZs).<sup>18</sup> Ministries of trade and industry and government-sponsored research organizations, rather than labour ministries or national statistics offices, tended to collect the statistical data on the labour and employment practices of MNEs.

21. Among those respondents who indicated that differentiated information was not available, a few noted that it was possible to analyse the labour and employment practices of MNEs indirectly through secondary sources and by linking existing data.<sup>19</sup>

## Question 2

*If your government does not differentiate between MNEs and national enterprises in the collection of information on labour and employment practices:*

- *Do any plans exist to collect differentiated information in the future?*
- *Do you consider that the labour and employment practices of MNEs merit special attention given the importance of MNEs in the national and global economy?*

Total No. of respondents: 55
<ul style="list-style-type: none"> <li>■ Governments from 33 countries</li> <li>■ Employers' organizations from ten countries</li> <li>■ Workers' organizations from nine countries</li> <li>■ Tripartite replies from three countries</li> </ul>

22. Most respondents indicated that there were no plans to collect differentiated information in the future.<sup>20</sup> In some cases, plans to collect differentiated information did not exist since FDI and MNEs did not play a large role in the respective economies.<sup>21</sup> In other cases, plans did not exist as both MNEs and domestic enterprises were subject to the same legislative and reporting requirements.<sup>22</sup>

<sup>16</sup> Canada (G).

<sup>17</sup> Bulgaria (G).

<sup>18</sup> Madagascar (G).

<sup>19</sup> Indonesia (G), United Kingdom (G).

<sup>20</sup> 29 respondents: 22 governments, four employers' organizations, two workers' organizations, one tripartite reply. Austria (G, W), Belarus (G), Belgium (T), Brazil (G), Burkina Faso (E), Cameroon (W), Canada (G), Colombia (G, E), Croatia (G), Finland (G), Greece (G), Hungary (G), Jamaica (G), Kenya (G), Latvia (G), Lebanon (G), Mali (G), Mexico (G), New Zealand (G, E), Nicaragua (G), Peru (G), Sweden (G), Switzerland (E), Thailand, (G), Turkey (G), Zambia (G).

<sup>21</sup> For example, Belarus (G), Croatia (G).

<sup>22</sup> For example, Brazil (G), Burkina Faso (E), Canada (G), Mexico (G), New Zealand (G, E), Switzerland (E).

23. A few respondents had plans to collect differentiated information in the future since they considered that the labour and employment practices of MNEs merited special attention.<sup>23</sup> Such plans foresaw the inclusion of specific data on MNEs in labour market information collection systems and national statistics;<sup>24</sup> and the inclusion of appropriate questions on employment and earnings surveys of large establishments.<sup>25</sup> Some of the respondents that did not have plans to collect differentiated information in the future nonetheless acknowledged that the labour and employment practices of MNEs merited special attention.<sup>26</sup> One government respondent considered it useful to document cases where MNEs had set standards that went beyond legal regulations and had produced exemplary results.<sup>27</sup> Workers' organizations responding to the question, in general, considered that MNEs merited special attention, in the form of research in the areas of industrial relations and human resources management.<sup>28</sup> Employers' organizations responding to the question generally indicated that MNEs did not merit special attention as all enterprises were expected to abide by the same legislation.<sup>29</sup>

### Question 3

*Please provide information on laws, policies or measures that were adopted by your government in the period 2000-03 that concern employment, training, conditions of work and life or industrial relations in MNEs. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

Total No. of respondents: 54
<ul style="list-style-type: none"> <li>■ Governments from 37 countries</li> <li>■ Employers' organizations from six countries</li> <li>■ Workers' organizations from seven countries</li> <li>■ Tripartite replies from four countries</li> </ul>

- Governments from 37 countries
- Employers' organizations from six countries
- Workers' organizations from seven countries
- Tripartite replies from four countries

24. A wide range of new laws, policies and measures concerning employment, training, conditions of work and life and industrial relations were reported to have been adopted during the period under consideration. Many respondents stressed however that these applied equally to MNEs and domestic enterprises. And even when this point was not highlighted in the response, the texts and references provided clearly showed in practically all cases that they were not specific to MNEs.

<sup>23</sup> 13 respondents: seven governments, two employers' organizations, two workers' organizations, two tripartite replies. Bolivia (G), Burundi (T), Chile (G), Costa Rica (G), Eritrea (T), Fiji (W), Indonesia (G), Italy (G), Madagascar (G, E), Mauritius (G), Trinidad and Tobago (E), Zimbabwe (G).

<sup>24</sup> Zimbabwe (G).

<sup>25</sup> Mauritius (G).

<sup>26</sup> For example, Austria (G, W), Cameroon (W), Croatia (G), Jamaica (G), Kenya (G), Mali (G), Nicaragua (G), Zambia (G).

<sup>27</sup> Austria (G).

<sup>28</sup> For example, Austria (W), Bulgaria (W), Cameroon (W), Chad (W), Fiji (W), Hungary (W), New Zealand (W), Poland (W), Switzerland (W).

<sup>29</sup> For example, Bulgaria (E), Burkina Faso (E), New Zealand (E), Peru (E), Switzerland (E).

25. Only a few responses provided information on labour-related laws, policies or measures that were specific to MNEs.<sup>30</sup> Of these, the responses tended to cluster in three major areas: labour and employment relations; the promotion of FDI activities; and measures related to intergovernmental initiatives.
26. Concerning labour and employment relations, one government respondent noted that a new law regulated industrial relations, working conditions, wages and benefits, disciplinary measures and conflict resolution in enterprises with mixed capital as well as regulating labour relations and working conditions of workers covered by contracts between such enterprises and domestic entities.<sup>31</sup> Another government indicated that existing legislation had been amended to improve the well-being of workers in MNEs.<sup>32</sup> Yet another government reply described the establishment of a centre to provide information on health and safety laws and regulations to both MNEs and domestic enterprises.<sup>33</sup> One tripartite reply indicated that a tripartite working group was preparing a report on the movement of jobs and production units to other countries.<sup>34</sup> Another tripartite reply referred to new legislation that applied the home country's work and employment conditions to expatriate workers.<sup>35</sup>
27. A few respondents referred to laws relating to FDI and the establishment of investment promotion agencies.<sup>36</sup> One government respondent noted that measures had been taken to upgrade skills in order to attract foreign investment.<sup>37</sup>
28. With respect to intergovernmental initiatives, one workers' organization from an OECD member State noted that efforts had been made to strengthen the National Contact Points under the OECD Guidelines for Multinational Enterprises.<sup>38</sup> A number of EU government respondents noted that national laws and regulations, which had relevance for MNEs but were not specific to them, were adopted or amended to implement or conform to EU directives.<sup>39</sup>

#### Question 4

*Please provide information on intergovernmental dialogue to promote good social practice by MNEs as recommended in paragraph 12 of the MNE Declaration. (Examples*

<sup>30</sup> 13 respondents: nine governments, one employers' organization, one workers' organization, two tripartite replies. Belarus (G), Costa Rica (G), Cuba (G), Finland (T), Gabon (E), Japan (G), Madagascar (G), Malaysia (G), Norway (T), Panama (G), Philippines (G), Switzerland (W), Turkey (G).

<sup>31</sup> Cuba (G).

<sup>32</sup> Malaysia (G).

<sup>33</sup> Japan (G).

<sup>34</sup> Finland (T).

<sup>35</sup> Norway (T).

<sup>36</sup> For example, Belarus (G), Cuba (G), Gabon (E), Madagascar (G), Philippines (G), Turkey (G).

<sup>37</sup> Philippines (G).

<sup>38</sup> Switzerland (W).

<sup>39</sup> For example, Austria (G), Germany (G).

*might include, but need not be limited to, activities in connection with the OECD Guidelines for Multinational Enterprises, national multi-stakeholder forums, the Global Compact and bilateral initiatives.)*

Total No. of respondents: 34
<ul style="list-style-type: none"> <li>■ Governments from 20 countries</li> <li>■ Employers' organizations from five countries</li> <li>■ Workers' organizations from six countries</li> <li>■ Tripartite replies from three countries</li> </ul>

- Governments from 20 countries
- Employers' organizations from five countries
- Workers' organizations from six countries
- Tripartite replies from three countries

- 29.** A number of respondents reported that intergovernmental dialogue to promote good social practice by MNEs had taken place.<sup>40</sup> Most respondents from OECD member States and one from a non-OECD member State referred to initiatives to promote the OECD Guidelines for Multinational Enterprises, including the establishment of National Contact Points.<sup>41</sup>
- 30.** Some EU government respondents described national initiatives on corporate social responsibility (CSR) which were informed by and playing a role in the formulation of the EU position on CSR.<sup>42</sup> One noted in particular the EU Multi-stakeholder Forum on CSR.<sup>43</sup> Respondents also indicated that other regional groupings, including the Inter-American Conference of Ministers of Labour, the Andean Integration System, the Association of South-East Asian Nations (ASEAN), the Asia Pacific Economic Cooperation (APEC), the Organization of the Islamic Conference (OIC), and the Asia-Europe Meeting (ASEM), had provided opportunities for intergovernmental dialogue on labour and MNE issues.
- 31.** Several respondents described activities in connection with the Global Compact.<sup>44</sup> In some cases these had been undertaken in cooperation with the ILO.<sup>45</sup> One government referred to its collaboration with the ILO to promote the MNE Declaration, the OECD Guidelines and the Global Compact in developing countries.<sup>46</sup>
- 32.** A number of respondents indicated that bilateral agreements concerning trade, investment or cooperation provided the basis for intergovernmental dialogue on issues such as human

<sup>40</sup> 20 respondents: 14 governments, two employers' organizations, two workers' organizations, two tripartite replies. Austria (G), Belgium (T), Brazil (G), Bulgaria (G), Cameroon (W), Canada (G), Croatia (G, E), Finland (T), Indonesia (G), Italy (G), Malaysia (G), Netherlands (G), New Zealand (G), Peru (G), Poland (G), Sweden (G), Switzerland (W, E), Zimbabwe (G).

<sup>41</sup> For example, Austria (G), Belgium (T), Bulgaria (G), Canada (G), Finland (T), Italy (G), Netherlands (G), New Zealand (G), Poland (G), Sweden (G).

<sup>42</sup> For example, Austria (G), Finland (T), Italy (G).

<sup>43</sup> Finland (T).

<sup>44</sup> For example, Bulgaria (G), Cameroon (W), Canada (G), Italy (G), Sweden (G), Switzerland (W, E).

<sup>45</sup> Cameroon (W), Italy (G).

<sup>46</sup> Italy (G).

resources development and social security.<sup>47</sup> A few host countries described dialogue with foreign chambers of commerce to promote good social practices by MNEs.<sup>48</sup>

33. A few respondents answered that no intergovernmental dialogue had taken place.<sup>49</sup> One workers' organization was of the view that while dialogue had taken place, such dialogue concerned purely the economic aspects of MNEs and FDI.<sup>50</sup>

#### Question 5

*On a scale of 1 to 5 what do you consider has been the overall impact of MNE operations in your country in the following areas (1 corresponds to positive, 2 to somewhat positive, 3 to no impact, 4 to somewhat negative and 5 to negative)?*

Total No. of respondents: 52
<ul style="list-style-type: none"> <li>■ Governments from 28 countries</li> <li>■ Employers' organizations from 13 countries</li> <li>■ Workers' organizations from nine countries</li> <li>■ Tripartite replies from two countries</li> </ul>

34. Table 2 reflects the averages, overall and by type of respondent of the responses to Question 5. It shows that in most respects respondents have a positive impression of the impact of MNE operations. In the case of workers' organizations, the overall impression is closer to neutral, however. Account also needs to be taken of the fact that not all respondents replied to this question.

Table 2. Responses to Question 5

	General economic and social welfare	Living standards	Employment	Equality of employment and opportunity	Working conditions	Respect for FPRW*
Overall averages	1.88	1.85	1.75	2.02	1.97	1.95
Governments (including tripartite)	1.73	1.78	1.60	1.98	2.00	1.90
Employers	1.54	1.77	1.69	1.85	1.46	1.69
Workers	2.75	2.19	2.31	2.44	2.69	2.75

\* FPRW = Fundamental Principles and Rights at Work.

35. A few respondents who replied to this question also provided qualitative remarks. Of these, some stated that the lack of information on the impact of MNE operations precluded a comprehensive response to the question.<sup>51</sup> One government respondent noted that the

<sup>47</sup> For example, Croatia (G, E), Malaysia (G), Peru (G), Zimbabwe (G).

<sup>48</sup> For example, Hungary (E), Indonesia (G).

<sup>49</sup> Four respondents: two governments, one employers' organization, one workers' organization. Fiji (W), Hungary (G), Trinidad and Tobago (E), Turkey (G).

<sup>50</sup> Bulgaria (W).

<sup>51</sup> For example, Eritrea (T), Jamaica (G), Latvia (G), Republic of Moldova (G).

impact of MNEs in general had been positive although it lacked specific information.<sup>52</sup> Another stated that the impact of MNE operations could not be assessed in such a general way as they operated in many different sectors.<sup>53</sup> The same respondent noted that the impact of MNE operations had in general been positive and that although there had been some publicly known cases of MNEs not respecting workers' rights and not contributing to social well-being or environmental protection, these cases were not to be used to justify general statements on MNEs. One workers' organization indicated that the impact of MNEs had been mixed.<sup>54</sup>

## Question 6

*Please indicate in which sectors MNE operations in your country have led to a concentration of economic power.*

Total No. of respondents: 46	
■	Governments from 29 countries
■	Employers' organizations from six countries
■	Workers' organizations from ten countries
■	Tripartite reply from one country

- 36.** Responses relating to the concentration of economic power by MNEs exhibited several distinct patterns. Most respondents listed one or more sectors in which they felt that MNE operations had led to a concentration of economic power.<sup>55</sup> One workers' organization provided examples of abusive employment practices in some sectors experiencing a concentration of economic power.<sup>56</sup> One government respondent noted, however, that there was no statistical data or research to support its assertion.<sup>57</sup> A few respondents reported that MNE operations had not led to a concentration of economic power.<sup>58</sup> One of these respondents indicated that some sectors had a higher representation of MNEs than others but that such representation did not translate into a concentration of power.<sup>59</sup> Another respondent, replying that MNE operations had not led to a concentration of economic power, illustrated the role of competition laws and policies in preventing such

<sup>52</sup> Republic of Moldova (G).

<sup>53</sup> Brazil (G).

<sup>54</sup> New Zealand (W).

<sup>55</sup> 27 respondents: 13 governments, four employers' organizations, nine workers' organizations, one tripartite reply. Austria (W), Bolivia (G), Brazil (G), Bulgaria (G), Burkina Faso (E), Burundi (T), Cameroon (W), Chad (W), Chile (G), Croatia (G, E), Fiji (W), Finland (W), Hungary (W), Indonesia (G), Kenya (G), Lithuania (G), Madagascar (E), Malaysia (G), Mali (G), New Zealand (W), Peru (G), Senegal (W), Switzerland (W), Trinidad and Tobago (E), Zambia (G), Zimbabwe (G).

<sup>56</sup> New Zealand (W).

<sup>57</sup> Indonesia (G).

<sup>58</sup> Seven respondents: six governments, one employers' organization. Austria (G), Jamaica (G), Mauritius (G), Mexico (G), New Zealand (G), Philippines (G), Switzerland (E).

<sup>59</sup> Jamaica (G).

concentration.<sup>60</sup> A few respondents stated that no data was available to indicate in which sectors MNE operations had led to a concentration of economic power.<sup>61</sup>

37. The respondents who considered that MNE operations had led to a concentration of economic power in certain sectors mentioned most frequently financial services<sup>62</sup> and information technology<sup>63</sup> with several respondents also referring to transport;<sup>64</sup> oil and gas;<sup>65</sup> and electronics.<sup>66</sup> Most of these respondents were from Africa, Central and Eastern Europe and Latin America.

#### Question 7

*Please indicate if your government consults with enterprises, individually or as a group, on development issues and priorities. If so, do MNEs participate actively in this process? Information is particularly sought on whether such consultations have:*

- *led to the actual involvement of MNEs in development activities;*
- *involved employers' and/or workers' organizations;*
- *been encouraged by MNE home countries;*
- *been encouraged by international development agencies.*

Total No. of respondents: 49
<ul style="list-style-type: none"> <li>■ Governments from 32 countries</li> <li>■ Employers' organizations from seven countries</li> <li>■ Workers' organizations from eight countries</li> <li>■ Tripartite replies from two countries</li> </ul>



38. With a few exceptions, most respondents indicated that the government consulted with MNEs on development issues and priorities.<sup>67</sup> Whereas a few noted that the government

<sup>60</sup> Mexico (G).

<sup>61</sup> Brazil (E), Latvia (G).

<sup>62</sup> For example, Austria (W), Bolivia (G), Bulgaria (G), Burkina Faso (E), Cameroon (W), Chile (G), Croatia (G, E), Fiji (W), Finland (W), Kenya (G), Lithuania (G), Mali (G), New Zealand (W), Peru (G), Switzerland (W).

<sup>63</sup> For example, Bolivia (G), Brazil (G), Bulgaria (G), Chile (G), Croatia (G, E), Hungary (W), Lithuania (G), New Zealand (W), Peru (G).

<sup>64</sup> For example, Brazil (G), Bulgaria (G), Cameroon (W), New Zealand (W), Peru (G).

<sup>65</sup> For example, Cameroon (W), Chad (W), Mali (G), Trinidad and Tobago (E).

<sup>66</sup> For example, Cameroon (W), Finland (W), Malaysia (G).

<sup>67</sup> 44 respondents: 31 governments, six employers' organizations, six workers' organizations, one tripartite reply. Austria (G, W), Brazil (G, E), Bulgaria (G), Burkina Faso (E), Cameroon (W), Canada (G), Chile (E), China (G), Colombia (G), Costa Rica (G), Croatia (G), Eritrea (T), Finland (W), Hungary (G), Italy (G), Indonesia (G), Jamaica (G), Kenya (G), Latvia (G), Lebanon (G), Madagascar (G), Malaysia (G), Mali (G), Mauritius (G), Mexico (G), Republic of Moldova (G), Netherlands (G), New Zealand (G, W), Nicaragua (G), Panama (G), Philippines (G), Poland (G, W),

consulted directly with MNEs,<sup>68</sup> the majority indicated that consultations took place in the context of national tripartite consultative frameworks, in particular national economic and social councils, or through employers' organizations or other business associations, such as foreign chambers of commerce or sectoral organizations. A few respondents stated that consultations had taken place around the issue of CSR.<sup>69</sup> One government respondent noted that although it consulted with enterprises on development issues, no effort was made to distinguish or discriminate between MNEs and domestic enterprises.<sup>70</sup>

- 39.** Among the respondents that indicated that consultations on development issues and priorities had taken place, only a few respondents specifically stated that such consultations had been encouraged by MNE home countries or by international development agencies.<sup>71</sup> One government respondent noted that it was unclear whether consultations had led to strengthened involvement of MNEs in development activities or whether MNE home countries encouraged consultations.<sup>72</sup> One workers' organization indicated that although MNEs participated actively in the consultation process, the level of consultations with workers' organizations had decreased considerably during the reporting period.<sup>73</sup>
- 40.** A few respondents, particularly workers' organizations, reported that no consultations on development issues and priorities had taken place between the government and MNEs.<sup>74</sup> One workers' organization noted that the lack of dialogue between the government and enterprises in general prejudiced domestic enterprises.<sup>75</sup> One employers' organization stated that associations representing MNEs needed to be included in the national tripartite consultative framework.<sup>76</sup>

## **1.2. Employment (paragraphs 13-28 of the Declaration: Survey questions 8-10)**

### Question 8

*Please provide information on direct or indirect employment effects, whether negative or positive, of MNE operations in the period 2000-03. In particular please indicate whether or not they have resulted in:*

Portugal (G), Senegal (W), Switzerland (E), Trinidad and Tobago (E), Thailand (G, E), Zambia (G), Zimbabwe (G).

<sup>68</sup> For example, Costa Rica (G), Hungary (G), Republic of Moldova (G), Netherlands (G), Senegal (W).

<sup>69</sup> For example, Austria (G), Canada (G).

<sup>70</sup> Canada (G).

<sup>71</sup> For example, Cameroon (W), Nicaragua (G), Poland (W), Trinidad and Tobago (E).

<sup>72</sup> Philippines (G).

<sup>73</sup> Austria (W).

<sup>74</sup> Five respondents: one government, one employers' organization, two workers' organizations, one tripartite reply. Burundi (T), Chad (W), Fiji (W), Hungary (E), Turkey (G).

<sup>75</sup> Chad (W).

<sup>76</sup> Hungary (E).



- *increased employment opportunities;*
- *promotion of equality of opportunity and treatment;*
- *provision of stable employment; and*
- *promotion of security of employment.*

Total No. of respondents: 62
<ul style="list-style-type: none"> <li>■ Governments from 35 countries</li> <li>■ Employers' organizations from 15 countries</li> <li>■ Workers' organizations from ten countries</li> <li>■ Tripartite replies from two countries</li> </ul>

- Governments from 35 countries
- Employers' organizations from 15 countries
- Workers' organizations from ten countries
- Tripartite replies from two countries

- 41.** In general, most respondents were of the view that MNE operations had led to increased employment opportunities.<sup>77</sup> Several respondents cited EPZs as providing increased employment opportunities<sup>78</sup> while some government respondents credited national policies stipulating a high proportion of the MNE workforce to be host country nationals, or policies giving priority to the recruitment of host country nationals, to have led to increased employment opportunities.<sup>79</sup>
- 42.** Many respondents who stated that MNE operations had led to increased employment opportunities qualified their responses. For example, some respondents also referred to the negative effect of restructuring or plant closures.<sup>80</sup> Other respondents stated that MNE operations had led to increased employment opportunities only in certain sectors, while employment in MNEs in other sectors had decreased.<sup>81</sup> One employers' organization reported that the employment effects of MNEs had been positive as a result of the fact that the country in general had experienced favourable economic performance.<sup>82</sup> The same respondent however noted that MNEs were the first to suspend activities in times of economic difficulties. Another respondent indicated that in general the initial phases of MNE investments were more employment intensive.<sup>83</sup>
- 43.** One respondent pointed out that the impact of MNE operations on employment differed depending on the type of investment, with greenfield investments leading to increased employment opportunities whereas privatization, and mergers and acquisitions usually

<sup>77</sup> 35 respondents: 22 governments, ten employers' organizations, three workers' organizations. Austria (G), Belarus (G), Bolivia (G), Brazil (E), Bulgaria (E), Cameroon (E, W), Canada (G), Chile (E), China (G), Costa Rica (G), Gabon (E), Guinea (E), Hungary (G), Indonesia (G), Italy (G), Jamaica (G), Japan (W), Kenya (G), Korea, Republic of (E), Madagascar (G), Malaysia (G), Mali (G), Mauritius (G), Republic of Moldova (G), Morocco (G), Netherlands (G), New Zealand (W), Nicaragua (G), Panama (G), Peru (E), Sweden (G), Switzerland (E), Thailand (E), Turkey (G).

<sup>78</sup> For example, Kenya (G), Madagascar (G), Nicaragua (G).

<sup>79</sup> For example, Jamaica (G), Mali (G).

<sup>80</sup> For example, Cameroon (E), Madagascar (G), Panama (G).

<sup>81</sup> For example, Cameroon (W), Japan (W).

<sup>82</sup> Cameroon (E).

<sup>83</sup> Guinea (E).

resulted in workforce reductions but greater productivity and higher wages.<sup>84</sup> One employers' organization indicated that whereas MNEs traditionally had had a positive impact on employment, as of late this was no longer always the case as a result of increased capital mobility.<sup>85</sup>

- 44.** A number of respondents, many from Africa, considered the employment effects of MNEs to have been negative since MNEs had reduced the number of employees due to economic or political difficulties, competition, completion of a construction, or reorganization of operations.<sup>86</sup> One workers' organization in particular noted that privatization almost always led to reduced employment opportunities.<sup>87</sup>
- 45.** Several respondents indicated that the lack of sufficient or disaggregated data made it impossible to answer the question.<sup>88</sup> One respondent noted that as some MNEs had suspended operations while others had started operations, it was difficult to assess the overall impact on employment.<sup>89</sup>
- 46.** The vast majority of respondents who specifically addressed the issue of equality of opportunity and treatment considered that MNEs had a positive impact on equality of opportunity and treatment.<sup>90</sup> One respondent provided information concerning an MNE that had implemented a code of conduct that prohibited discrimination based on age, race, gender, religion, sexual orientation, marital status, maternity status, political views or ethnic origin.<sup>91</sup> An employers' organization noted that the implementation by MNEs of personnel management systems based on merit and performance had contributed to enhancing equality of opportunity and treatment within MNEs and had also positively affected domestic companies.<sup>92</sup> Another respondent stated that large enterprises, including MNEs, generally met national requirements concerning equality better than small enterprises.<sup>93</sup> On the other hand, one workers' organization indicated that recruitment

<sup>84</sup> Croatia (G).

<sup>85</sup> Hungary (E).

<sup>86</sup> Five respondents: two governments, two workers' organizations, one tripartite reply. Bulgaria (W), Burundi (T), Chad (W), Zambia (G), Zimbabwe (G).

<sup>87</sup> Bulgaria (W).

<sup>88</sup> Eight respondents: five governments, one employers' organization, one workers' organization, one tripartite reply. Austria (W), Belgium (T), Chile (G), Latvia (G), Philippines (G), Poland (G), Thailand (G), Trinidad and Tobago (E).

<sup>89</sup> Burkina Faso (E).

<sup>90</sup> 12 respondents: five governments, six employers' organizations, one workers' organization. Brazil (E), Bulgaria (E), Cameroon (W), Canada (G), China (G), Croatia (G, E), Finland (G), Indonesia (G), Korea, Republic of (E), Switzerland (E), Thailand (E).

<sup>91</sup> Croatia (E).

<sup>92</sup> Korea, Republic of (E).

<sup>93</sup> Finland (G).

practices by MNEs exhibited some discrimination, in particular, in regard to gender and age.<sup>94</sup>

47. Many respondents considered that MNEs contributed less to the provision of stable employment and the promotion of security of employment than to increased employment opportunities and the promotion of equality of opportunity and treatment. Several respondents in fact stated that while the impact of MNEs on employment creation and equality of opportunity was positive, their impact on the stability and security of employment was unclear.<sup>95</sup>
48. One employers' organization noted that MNEs had not contributed to the provision of stable employment due to competitive pressures and excess labour supply.<sup>96</sup> A workers' organization considered that newly created jobs in restructured enterprises were more secure.<sup>97</sup> A third deemed the security of employment in MNEs to be mostly vulnerable due to limited responsibilities and decision-making power of local management.<sup>98</sup> Another respondent stated that newer MNEs had fewer guarantees of employment stability but nonetheless complied with national labour laws.<sup>99</sup> One government respondent indicated that MNEs usually provided more stable and better-remunerated employment.<sup>100</sup> Another stated that the closure and transfer of operations had negative effects on the security of employment.<sup>101</sup> One government respondent noted that increased competition in global markets had triggered a gradual replacement of permanent employment contracts with fixed renewable contracts.<sup>102</sup> In particular, a sizeable number of MNEs in the textile and garment sectors used casual and short-term workers. The same respondent also indicated that MNEs were bound by "redundancy provisions" contained in labour laws and collective bargaining agreements, if applicable, to provide for guarantees and procedures in case of mergers and acquisitions, takeovers, or relocation of operations. Another considered security of employment in MNEs to be no different than in national enterprises.<sup>103</sup>

## Question 9

*Please provide details of the relevant clauses of the government's foreign direct investment policy and regulations that pay special attention to employment issues (including bilateral and multilateral agreements and export credit and risk insurance measures).*

<sup>94</sup> Bulgaria (W).

<sup>95</sup> For example, Brazil (E), Japan (W), Panama (G), Thailand (E).

<sup>96</sup> Brazil (E).

<sup>97</sup> Bulgaria (W).

<sup>98</sup> Japan (W).

<sup>99</sup> Poland (W).

<sup>100</sup> Canada (G).

<sup>101</sup> Portugal (W).

<sup>102</sup> Kenya (G).

<sup>103</sup> Croatia (G).

Total No. of respondents: 36
<ul style="list-style-type: none"> <li>■ Governments from 28 countries</li> <li>■ Employers' organizations from two countries</li> <li>■ Workers' organizations from four countries</li> <li>■ Tripartite replies from two countries</li> </ul>

- Governments from 28 countries
- Employers' organizations from two countries
- Workers' organizations from four countries
- Tripartite replies from two countries

- 49.** Some respondents indicated that clauses of their government's FDI policy and regulations paid special attention to employment issues including specific conditions on the type and number of jobs to be created.<sup>104</sup> More generally, however, FDI policies and regulations dealt with issues such as the rights of investors, investment protection measures, taxation, registration, and transfer of foreign currencies and the repatriation of benefits, without specifically addressing employment issues. Other respondents noted that there was no differentiated treatment of MNEs and domestic enterprises.<sup>105</sup>
- 50.** Measures designed to address unemployment or increase employment through FDI were most commonly cited. Several respondents indicated that business zones had been opened in or investments channelled to underdeveloped areas to help address unemployment in these areas or to address regional development discrepancies.<sup>106</sup> One respondent noted that the government's FDI policy was intended to address unemployment and maintain current levels of employment.<sup>107</sup> In a related vein, one respondent indicated that the government preferred greenfield and export-oriented forms of investments and investments in technologically advanced sectors to promote entrepreneurship and high-skill jobs.<sup>108</sup>
- 51.** Another issue referred to was the employment of expatriates in MNEs. Some respondents noted that expatriates could only be employed in the absence of national expertise and that investors had an obligation to train nationals in order to gradually replace expatriates.<sup>109</sup> Other respondents stated that their investment policies did not include any discriminatory practices towards expatriates.<sup>110</sup>
- 52.** A few respondents from OECD member States referred to the OECD Guidelines for Multinational Enterprises.<sup>111</sup> One government replied that its export credits guarantee board had an obligation to inform its customers about the OECD Guidelines and the UN Global Compact.<sup>112</sup> One workers' organization noted that it had requested a revision of the

<sup>104</sup> 20 respondents: 16 governments, one employers' organization, one workers' organization, two tripartite replies. Austria (G), Bulgaria (E), Burundi (T), Cameroon (W), Chile (G), Costa Rica (G), Croatia (G), Eritrea (T), Indonesia (G), Kenya (G), Lebanon (G), Lithuania (G), Madagascar (G), Malaysia (G), Mali (G), Mauritius (G), Peru (G), Poland (G), Turkey (G), Zimbabwe (G).

<sup>105</sup> Four government respondents. Austria (G), New Zealand (G), Nicaragua (G), Sweden (G).

<sup>106</sup> For example, Croatia (G), Lebanon (G).

<sup>107</sup> Lithuania (G).

<sup>108</sup> Poland (G).

<sup>109</sup> For example, Eritrea (T), Zimbabwe (G).

<sup>110</sup> For example, Mauritius (G), Peru (G).

<sup>111</sup> For example, Mexico (G), Netherlands (G), Sweden (G), Switzerland (G).

<sup>112</sup> Sweden (G).

law concerning export guarantees with a view to including provisions obliging enterprises to respect international labour standards and the OECD guidelines.<sup>113</sup>

- 53.** Among respondents that replied that FDI policies and regulations did not specifically deal with employment, one workers' organization from an EU acceding country mentioned that certain preferences for investment in employment-sensitive areas that had been given in the past were likely to be removed due to conflict with EU competition policies.<sup>114</sup> One employers' organization observed that it was not necessary to impose clauses concerning employment in investment agreements as a flexible labour market would by itself lead to increased investment and employment.<sup>115</sup>

#### Question 10

*Please provide information, if available, on consultations that may have taken place between MNEs and the government and/or workers' organizations in your country concerning changes in MNE operations with major employment effects. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

Total No. of respondents: 29
<ul style="list-style-type: none"> <li>■ Governments from 16 countries</li> <li>■ Employers' organizations from six countries</li> <li>■ Workers' organizations from six countries</li> <li>■ Tripartite reply from one country</li> </ul>

- 54.** Some respondents reported that consultations had taken place between MNEs and the government and/or workers' organizations concerning changes in MNE operations with major employment effects.<sup>116</sup> A number of respondents reporting consultations referenced tripartite consultative frameworks, including national economic and social councils that enabled regular consultations to take place.<sup>117</sup> One government noted that it held consultations with the social partners to prevent and solve disputes concerning employment issues, including collective dismissals, and that during the reporting period, 25 per cent of these consultations had involved MNEs.<sup>118</sup> Other respondents indicated that MNEs negotiated with their respective trade unions.<sup>119</sup> In this regard, one government noted that consultations between workers' organizations and MNEs occurred if the company had a union but that it was difficult to organize shop-floor activities in newly established MNEs.<sup>120</sup> One employers' organization noted that it was usual for

<sup>113</sup> Switzerland (W).

<sup>114</sup> Bulgaria (W).

<sup>115</sup> Switzerland (E).

<sup>116</sup> 16 respondents: 11 governments, three employers' organizations, two workers' organizations. Austria (W), Brazil (E), Cameroon (E), Canada (G), Croatia (G, E), Hungary (G), Indonesia (G), Italy (G), Mali (G), Mexico (G), Peru (G), Poland (G, W), United Kingdom (G), Zimbabwe (G).

<sup>117</sup> For example, Croatia (G), Hungary (G), Zimbabwe (G).

<sup>118</sup> Italy (G).

<sup>119</sup> For example, Kenya (G), Korea, Republic of (E), New Zealand (W).

<sup>120</sup> Croatia (G).

consultations to take place between employers' and workers' organizations at the sectoral level on situations with major employment effects.<sup>121</sup>

55. A few governments described regulations and measures dealing with changes in company operations with major employment effects.<sup>122</sup> One government referred to legislation that required employers to give advance notice to the government and the employees of changes in operations with major employment effects.<sup>123</sup> Another government stated that its mobile business reform support centres offered assistance to deal with the re-employment of redundant workers.<sup>124</sup> One respondent noted that companies with European Works Councils were required by law to conduct consultations with employee representation groups on significant developments.<sup>125</sup>
56. A number of respondents indicated that no consultations on changes in MNE operations with major employment effects had taken place or that sufficient information was not available to answer the question.<sup>126</sup> One respondent noted that there had not been any changes in MNE operations with major employment effects for consultations to take place.<sup>127</sup> Another respondent mentioned that MNEs and national enterprises were subject to the same regulations.<sup>128</sup>

### 1.3. Training (paragraphs 29-32 of the Declaration: Survey questions 11-12)

#### Questions 11 and 12

*Please provide statistical data or examples of initiatives concerning human resources development and vocational training undertaken by MNEs for their employees in your country. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

*Please provide information on the contribution that MNEs make to human resources development, education and vocational training in your country, in addition to training their own workers and managers, in particular in terms of strengthening training policies and delivery systems at the national, sectoral and enterprise levels, including through active participation in any tripartite bodies concerned. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

<sup>121</sup> Brazil (E).

<sup>122</sup> For example, Canada (G), Croatia (G), Hungary (G), Italy (G), United Kingdom (G), Zimbabwe (G).

<sup>123</sup> Canada (G).

<sup>124</sup> Croatia (G).

<sup>125</sup> United Kingdom (G).

<sup>126</sup> 12 respondents: five governments, three employers' organizations, four workers' organizations. Cameroon (W), Democratic Republic of the Congo (E), Fiji (W), Japan (W), Kenya (G), Korea, Republic of (E), Latvia (G), Netherlands (G), New Zealand (G, W), Trinidad and Tobago (E), Turkey (G).

<sup>127</sup> Eritrea (T).

<sup>128</sup> Mali (G).

Total No. of respondents: 55
<ul style="list-style-type: none"> <li>■ Governments from 31 countries</li> <li>■ Employers' organizations from 14 countries</li> <li>■ Workers' organizations from six countries</li> <li>■ Tripartite replies from four countries</li> </ul>

- Governments from 31 countries
- Employers' organizations from 14 countries
- Workers' organizations from six countries
- Tripartite replies from four countries

- 57.** The responses provided information on a range of initiatives concerning human resources development and vocational training undertaken by MNEs for their employees. Initiatives included training programmes for employees at various levels of the organization covering on-the-job training, training for technical and organizational challenges, productivity and competitiveness enhancement, career development, languages and international quality or management standards. Several respondents noted that MNEs provided training in new technologies.<sup>129</sup> However, one employer respondent indicated that training focused on marginal technologies rather than on core technologies.<sup>130</sup> Some respondents noted that training courses organized by MNEs were also open to others.<sup>131</sup> Several respondents noted that training for some employees was provided outside the host country, either in the home country of the MNE or in neighbouring countries.<sup>132</sup> In one case, management positions had been given to nationals after they had been sent for training at MNE headquarters.<sup>133</sup>
- 58.** A number of respondents provided statistics or research studies that compared the provision of training between MNEs and domestic enterprises. One workers' organization cited a survey that found that 80 per cent of firms with majority or full foreign ownership undertook effective training compared to 60-73 per cent for domestic enterprises.<sup>134</sup> Another respondent noted that the percentage of MNEs that provided training was higher than domestic enterprises.<sup>135</sup> Another respondent cited a study that showed larger enterprises, including MNEs, generally invested more resources in human resources development and training.<sup>136</sup> On the other hand, one employers' organization noted that a sample enterprise-level survey had indicated that MNEs spent less on employee training and education than domestic enterprises.<sup>137</sup>
- 59.** Overall, many respondents indicated that MNEs had contributed to human resources development, education and vocational training at the national, sectoral and enterprise levels.<sup>138</sup> A number of respondents noted that MNEs had not contributed to human

<sup>129</sup> For example, Burundi (T), Cuba (T), Indonesia (G).

<sup>130</sup> Korea, Republic of (E).

<sup>131</sup> For example, Canada (G), Kenya (G), Indonesia (G), Mauritius (G), Peru (G), Portugal (G).

<sup>132</sup> For example, Eritrea (T), Kenya (G), Switzerland (E), Zimbabwe (G).

<sup>133</sup> Cameroon (E).

<sup>134</sup> Poland (W).

<sup>135</sup> Hungary (G).

<sup>136</sup> Peru (G).

<sup>137</sup> Trinidad and Tobago (E).

<sup>138</sup> 38 respondents: 24 governments, nine employers' organizations, one workers' organization, four tripartite replies. Belgium (T), Bolivia (G), Brazil (E), Bulgaria (G), Burundi (T), Cameroon (E), Canada (G), Chile (E), Colombia (E), Costa Rica (G), Croatia (E), Cuba (T), Eritrea (T),

resource development beyond the training provided to their own employees<sup>139</sup> while one respondent was of the view that MNEs had not made a visible contribution to human resource development, education and vocational training or to strengthening training policies and delivery systems.<sup>140</sup> Several respondents had no information on the contribution of MNEs to training.<sup>141</sup>

**60.** Some respondents indicated that MNEs had made positive contributions to strengthening training policies and delivery systems by undertaking programmes and agreements aimed at implementing government policies.<sup>142</sup> One government respondent noted that it considered training activities at the enterprise level to be contributions at the sectoral and country level.<sup>143</sup> Another government respondent who stated that human resource development measures undertaken by MNEs could later become new practice in the country echoed this.<sup>144</sup> A number of respondents deemed MNE involvement with academic or vocational training institutions to have contributed to human resources development, education and vocational training.<sup>145</sup> Such involvement included MNE participation in research projects, the provision of apprenticeships and scholarships, and financial support. One respondent described a government scheme to combine courses with on-the-job training and apprenticeship schemes for young professionals.<sup>146</sup> Other respondents referenced MNE sponsorship of or participation in local national and international skill competitions.<sup>147</sup>

**61.** In a number of countries, MNEs were engaged in dialogue with the government or training bodies regarding the identification of emerging industry skills needs, contents of training curriculum and standards, competency standards, assessment instruments and training regulations.<sup>148</sup> In some countries, such engagement was with national tripartite training councils or similar bodies.<sup>149</sup> One example of public-private partnerships for training

Finland (G), Gabon (E), Germany (E), Hungary (G), Indonesia (G), Italy (G), Kenya (G), Lithuania (G), Malaysia (G), Mali (G), Mauritius (G), Republic of Moldova (G), Netherlands (G), Nicaragua (G), Panama (G), Peru (G, E), Philippines (G), Poland (W), Portugal (G), Switzerland (E), Thailand (G), Turkey (G), United Kingdom (G), Zimbabwe (G).

<sup>139</sup> Four respondents: three employers' organizations, one workers' organization. Bulgaria (W), Democratic Republic of the Congo (E), Hungary (E), Korea, Republic of (E).

<sup>140</sup> Chad (W).

<sup>141</sup> 13 respondents: seven governments, two employers' organizations, four workers' organizations. Burkina Faso (E), Cameroon (W), Chad (W), China (G), Croatia (G), Fiji (W), Latvia (G), Mexico (G), Morocco (G), Poland (G), Senegal (W), Trinidad and Tobago (E), Zambia (G).

<sup>142</sup> For example, Brazil (E), Chile (G).

<sup>143</sup> Turkey (G).

<sup>144</sup> Hungary (G).

<sup>145</sup> For example, Bolivia (G), Canada (G), Colombia (E), Costa Rica (G), Croatia (E), Germany (E), Peru (E), Switzerland (E), Turkey (G).

<sup>146</sup> Morocco (G).

<sup>147</sup> For example, Philippines (G), Poland (G).

<sup>148</sup> For example, Canada (G), Chile (E), Indonesia (G), Kenya (G), Malaysia (G), Mauritius (G), Panama (G), Portugal (G).

<sup>149</sup> For example, Nicaragua (G), United Kingdom (G).



concerned dual training approaches whereby public training institutions provided the training facilities while the private sector took charge of the practical aspects.<sup>150</sup> In another example, sector skills councils, established by employers (including MNEs) and composed of groups of influential employers in sectors of economic or strategic significance, tackled skills and productivity needs of the sectors concerned.<sup>151</sup> In this initiative, employers assumed responsibility to provide leadership for strategic action to meet their sector's skills and business needs and in return received substantial public investment and were ensured significant dialogue with the government. The organizations were employer-led but also involved trade unions, professional bodies and other stakeholders. One respondent felt that MNEs did not make adequate efforts to bolster national training and human resources development systems through engagement with social dialogue mechanisms such as national tripartite commissions.<sup>152</sup>

- 62.** In a number of countries, initiatives concerning human resources development and vocational training were organized and negotiated between employers' and workers' organizations at the sectoral level.<sup>153</sup> One respondent noted that employers and trade unions had created training and development funds to determine policy and regulate activities at the sectoral level.<sup>154</sup> Some other respondents indicated that MNEs did not cooperate with other enterprises or employers' organizations in the provision of training: one employer respondent noted that MNEs tended to act in concert with other enterprises only when necessary but were mostly "free riders".<sup>155</sup> One government respondent indicated that there was no evidence of MNEs cooperating amongst themselves or with domestic enterprises on training and development.<sup>156</sup>
- 63.** Several respondents described legal provisions for MNEs to provide training or financial incentives to induce MNEs to provide greater training. One frequent provision that was mentioned was compulsory contributions to national training funds.<sup>157</sup> Similarly, one respondent indicated that companies with annual wages over a certain amount had an obligation to contribute a certain percentage of the wage bill on training for staff.<sup>158</sup> Employers that did not invest the prescribed amounts in training had to remit the remainder to a national training fund. One respondent noted that MNEs that utilized expatriate staff had to contribute to a national skills development fund that aimed at encouraging the transfer of technology and management skills to nationals of that country.<sup>159</sup> Financial incentives to promote training included direct state support for part of the overall training

<sup>150</sup> Malaysia (G).

<sup>151</sup> United Kingdom (G).

<sup>152</sup> Korea, Republic of (E).

<sup>153</sup> For example, Brazil (E), Netherlands (G).

<sup>154</sup> Netherlands (G).

<sup>155</sup> Korea, Republic of (E).

<sup>156</sup> Hungary (G).

<sup>157</sup> For example, Cameroon (W), Indonesia (G), Malaysia (G), Mauritius (G), Nicaragua (G), Senegal (W), Zimbabwe (G).

<sup>158</sup> Canada (G).

<sup>159</sup> Indonesia (G).

costs and tax deductions.<sup>160</sup> Contributions to general tax revenues by MNEs were also considered to be supportive of strengthening training systems.<sup>161</sup>

- 64.** A number of respondents indicated that contributions had come through the provision of training to subcontractors as well as own staff.<sup>162</sup> In this respect, one government respondent described government programmes that helped domestic enterprises, in particular small and medium-sized enterprises (SMEs), to become suppliers to MNEs through training in critical skills and facilitating linkages with MNEs.<sup>163</sup>
- 65.** Among respondents that indicated that MNEs had not contributed to training beyond training their own workers, one respondent mentioned that most MNEs only invested in training that contributed to improving their own competitiveness and product quality.<sup>164</sup> The same respondent noted that most MNEs focused on headhunting skilled workers, rather than nurturing employees, thus negatively affecting skills levels in domestic enterprises.
- 66.** A number of respondents stated that no information was available concerning the contribution of MNEs to human resources development and vocational training. One respondent noted that data did not differentiate between multinational and domestic enterprises.<sup>165</sup> Another government respondent considered that initiatives concerning human resources development and vocational training undertaken by MNEs for their employees fell within the private domain of enterprises.<sup>166</sup> Other respondents mentioned that it was difficult to get information in this regard from MNEs and thus had little information.<sup>167</sup>

#### **1.4. Conditions of work and life (paragraphs 33-40 of the Declaration: Survey question 13)**

##### Question 13

*Please provide information, whether positive or negative, on MNE operations in regard to:*

- *provision of wages, benefits and conditions of work not less favourable than those offered by comparable domestic employers;*
- *respect for the minimum age for employment and contribute to the elimination of child labour;*

<sup>160</sup> For example, Finland (G), Thailand (G).

<sup>161</sup> Burkina Faso (E).

<sup>162</sup> For example, Malaysia (G), Peru (E).

<sup>163</sup> Malaysia (G).

<sup>164</sup> Korea, Republic of (E).

<sup>165</sup> Mexico (G).

<sup>166</sup> China (G).

<sup>167</sup> For example, Cameroon (W), Chad (W).

- *maintenance of the highest standards of occupational safety and health in conformity with national laws or collective agreements.*

Total No. of respondents: 61
<ul style="list-style-type: none"> <li>■ Governments from 33 countries</li> <li>■ Employers' organizations from 13 countries</li> <li>■ Workers' organizations from ten countries</li> <li>■ Tripartite replies from five countries</li> </ul>

- Governments from 33 countries
- Employers' organizations from 13 countries
- Workers' organizations from ten countries
- Tripartite replies from five countries

- 67.** Many respondents reported that wages, benefits and conditions of work in MNEs were generally better than those of comparable national employers in the host country<sup>168</sup> particularly in the case of wages.<sup>169</sup> Several stated that MNEs offered wages, benefits and conditions of work equal to those offered by comparable national employers.<sup>170</sup> One respondent noted discrimination concerning the better wages and benefits accorded to employees at MNE headquarters as opposed to employees in local branches.<sup>171</sup>
- 68.** Many respondents offered additional information on wages, benefits and conditions of work in MNEs. A few noted that these matters were covered by collective agreements that also included MNEs.<sup>172</sup> One worker respondent noted that concerns over the provision of wages, benefits and conditions of work by MNEs had been raised in the past in the services, culture and fishing sectors.<sup>173</sup> One worker respondent reported that MNE practice varied according to size: while the larger MNEs paid wages and benefits above those of comparable national employers this was not the case for smaller MNEs.<sup>174</sup> A few respondents reported that MNEs were subject to the same labour laws as domestic enterprises or that no information was available.<sup>175</sup>
- 69.** The majority of respondents who addressed the issue of minimum age reported that MNEs respected the minimum age for admission to employment.<sup>176</sup> Two respondents reported

<sup>168</sup> 24 respondents: 12 governments, eight employers' organizations, three workers' organizations, one tripartite reply (including respondents in the following footnote). Austria (G), Brazil (E), Burundi (T), Costa Rica (G), Croatia (E), Democratic Republic of the Congo (E), Indonesia (G), Mali (G), Republic of Moldova (G), Peru (E), Philippines (G), Poland (W), Portugal (G), Senegal (W), Trinidad and Tobago (E), Zambia (G), Zimbabwe (G).

<sup>169</sup> Belarus (G), Bulgaria (W), Cameroon (E), Croatia (G), Korea, Republic of (E), Thailand (E), United Kingdom (G).

<sup>170</sup> 16 respondents: seven governments, three employers' organizations, four workers' organizations, two tripartite replies. Austria (W), Belgium (T), Burkina Faso (E), Cameroon (W), China (G), Colombia (E), Eritrea (T), Fiji (W), Finland (G), Hungary (G), Jamaica (G), Netherlands (G), Spain (G), Switzerland (E, W), Thailand (G).

<sup>171</sup> Burkina Faso (E).

<sup>172</sup> For example, Cameroon (W), Finland (G), Germany (G, E), Portugal (G).

<sup>173</sup> New Zealand (W).

<sup>174</sup> Japan (W).

<sup>175</sup> Ten respondents: eight governments, two tripartite replies. Canada (G), Colombia (G), Cuba (T), Latvia (G), Mauritius (G), Mexico (G), New Zealand (G), Nicaragua (G), Norway (T), Turkey (G).

<sup>176</sup> 22 respondents: ten governments, seven employers' organizations, four workers' organizations, one tripartite reply. Brazil (E), Bulgaria (W), Burkina Faso (E), Cameroon (W, E), China (G),

that MNEs applied a minimum age for admission to employment of 18 years of age.<sup>177</sup> Several respondents provided information only on the general legal requirements in respect of the minimum age for admission to employment.<sup>178</sup> A few respondents reported that MNEs applied the same or similar standards as national enterprises.<sup>179</sup>

70. Many respondents stated that MNEs respected national laws on health and safety in the same way as domestic enterprises.<sup>180</sup> A large number also reported that MNEs maintained the highest standards of safety and health.<sup>181</sup> Several respondents reported on national laws and legal frameworks in their countries in general without specific reference to MNE practices.<sup>182</sup> One workers' organization considered that not all MNEs complied with national legislation on health and safety.<sup>183</sup> Two respondents provided information on the application of international management systems on health and safety with one of these linking this to attainment of the highest possible standards.<sup>184</sup> Another respondent stated that those MNEs that maintained the highest standards of safety and health had often established health and safety committees to investigate problems and review management systems.<sup>185</sup> However, some violations of health and safety standards by MNEs had occurred.

### 1.5. *Industrial relations (paragraphs 41-59 of the Declaration: Survey questions 14-20)*

#### Question 14

*Please provide information on any limitations on the ability of workers in MNEs in your country, or their representatives, to exercise fully the right to freedom of association and collective bargaining (for example, labour law exceptions in special economic zones, limited scope for local bargaining since MNE representatives have to refer most matters to*

Croatia (G), Democratic Republic of the Congo (E), Eritrea (T), Fiji (W), Finland (G), Germany (G, E), Hungary (G), Indonesia (G), Jamaica (G), Kenya (G), Korea, Republic of (E), Mali (G), Peru (E), Senegal (W), Zambia (G).

<sup>177</sup> Indonesia (G), Peru (E).

<sup>178</sup> For example, Colombia (G), Norway (T), Mauritius (G).

<sup>179</sup> For example, Thailand (G), Turkey (G).

<sup>180</sup> 21 respondents: nine governments, seven employers' organizations, five workers' organizations. Austria (W), Belarus (G), Brazil (E), Bulgaria (W), Burkina Faso (E), Cameroon (W, E), China (G), Costa Rica (G), Croatia (G, E), Democratic Republic of the Congo (E), Germany (E), Netherlands (G), New Zealand (G), Senegal (W), Switzerland (E, W), Thailand (G), Turkey (G), Zimbabwe (G).

<sup>181</sup> 14 respondents: nine governments, three employers' organizations, one workers' organization, one tripartite reply. Austria (G), Colombia (E), Eritrea (T), Fiji (W), Hungary (G), Indonesia (G), Jamaica (G), Korea, Republic of (E), Malaysia (G), Republic of Moldova (G), Peru (G), Trinidad and Tobago (E), United Kingdom (G), Zambia (G).

<sup>182</sup> Eight respondents: seven governments, one tripartite reply. Colombia (G), Kenya (G), Mauritius (G), Mexico (G), Nicaragua (G), Norway (T), Poland (G), Portugal (G).

<sup>183</sup> Japan (W).

<sup>184</sup> Korea, Republic of (E), Peru (E).

<sup>185</sup> Malaysia (G).

*headquarters, lack of trade union facilities, relevant information on overall company performance not provided by local MNE affiliate). When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

Total No. of respondents: 54
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- |   |
|---|
| <ul style="list-style-type: none"> <li>■ Governments from 31 countries</li> <li>■ Employers' organizations from eight countries</li> <li>■ Workers' organizations from 12 countries</li> <li>■ Tripartite replies from three countries</li> </ul> |
|---|

- 71.** While most respondents stated that there were no limitations on the ability of workers or their representatives to exercise the right to freedom of association and collective bargaining,<sup>186</sup> some reported that limitations did exist.<sup>187</sup> Respondents that reported such limitations were mostly workers' organizations.
- 72.** Where limitations were reported respondents gave examples, including management practices that discouraged union organization and employee participation,<sup>188</sup> particular approaches of individual managers to handling industrial relations<sup>189</sup> and a lack of understanding of the national industrial relations culture.<sup>190</sup> A few respondents reported that the need to obtain approval of collective agreements from MNE headquarters sometimes acted as de facto limitations.<sup>191</sup> In one case a government noted that MNEs did not provide sufficient information to enable workers and their representatives to obtain a clear understanding of the situation of the MNE.<sup>192</sup> In another case, deregulation policies had negatively affected freedom of association.<sup>193</sup>

## Question 15

*Please provide information on incentives offered to MNEs to attract them to invest in your country that may adversely affect the realization of fundamental principles and rights at work. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

<sup>186</sup> 37 respondents: 25 governments, seven employers' organizations, two workers' organizations, three tripartite replies. Austria (W, G), Bolivia (G), Burkina Faso (E), Burundi (T), Canada (G), Chad (W), Chile (E), China (G), Colombia (G, E), Costa Rica (G), Cuba (T), Eritrea (T), Germany (G), Greece (G), Hungary (G), Indonesia (G), Italy (G), Kenya (G), Latvia (G), Lithuania (G), Madagascar (E), Mali (G), Mauritius (G), Mexico (G), Netherlands (G), New Zealand (G), Nicaragua (G), Peru (E), Poland (G), Portugal (G), Switzerland (E), Trinidad and Tobago (E), Turkey (G), United Kingdom (G), Zimbabwe (G).

<sup>187</sup> 13 respondents: three governments, ten workers' organizations. Bulgaria (G, W), Cameroon (W), China (W), Croatia (G), Fiji (W), Hungary (W), New Zealand (W), Poland (W), Portugal (W), Senegal (W), Switzerland (W), Zambia (G).

<sup>188</sup> Hungary (W).

<sup>189</sup> Senegal (W).

<sup>190</sup> Switzerland (W).

<sup>191</sup> For example, Croatia (G), New Zealand (W), Zambia (G).

<sup>192</sup> Bulgaria (G).

<sup>193</sup> Portugal (W).

Total No. of respondents: 28
<ul style="list-style-type: none"> <li>■ Governments from 19 countries</li> <li>■ Employers' organizations from two countries</li> <li>■ Workers' organizations from six countries</li> <li>■ Tripartite reply from one country</li> </ul>



73. The vast majority of respondents stated that their countries did not offer incentives that adversely affected the realization of fundamental principles and rights at work.<sup>194</sup> One government respondent noted, however, that enterprises closed and workers were made redundant when tax incentives ran out, which could adversely affect the realization of fundamental principles and rights at work.<sup>195</sup> One worker respondent stated that legislation concerning EPZs prohibited the creation of trade unions and the designation of workers' representatives.<sup>196</sup> Two other respondents noted that legislation in EPZs differed from those outside of zones without stating that such legislation adversely affected the realization of fundamental principles and rights at work.<sup>197</sup>

#### Question 16

*Please provide information on any efforts by your government to encourage the development and improvement of industrial relations policies and practices and bring them into conformity with the principles of the MNE Declaration.*

Total No. of respondents: 39
<ul style="list-style-type: none"> <li>■ Governments from 27 countries</li> <li>■ Employers' organizations from four countries</li> <li>■ Workers' organizations from seven countries</li> <li>■ Tripartite reply from one country</li> </ul>



74. Most respondents reported on the development and adoption of new legislation and policies with respect to industrial relations in line with the provisions of the MNE Declaration, including the creation and strengthening of national tripartite consultation mechanisms (sometimes on a sectoral basis) and CSR policies that encourage worker participation and tripartite consultation.<sup>198</sup> Two respondents provided information on tripartite machinery being used to update legislation and introduce new provisions on good faith bargaining.<sup>199</sup> A few respondents reported that no efforts had been made.<sup>200</sup> Two

<sup>194</sup> 20 respondents: 16 governments, one employers' organization, two workers' organizations, one tripartite reply. Austria (G, W), Brazil (G, E), Bulgaria (G), Canada (G), Chile (G), China (G), Colombia (G), Eritrea (T), Greece (G), Hungary (G), Indonesia (G), Jamaica (G), Mali (G), Mauritius (G), New Zealand (G), Poland (G, W), Sweden (G).

<sup>195</sup> Zambia (G).

<sup>196</sup> Cameroon (W).

<sup>197</sup> Panama (G), Zimbabwe (G).

<sup>198</sup> 31 respondents: 25 governments, one employers' organization, four workers' organizations, one tripartite reply. Austria (G), Brazil (G), Bulgaria (G), Burkina Faso (E), Canada (G), Chile (G), China (G, W), Colombia (G), Costa Rica (G), Croatia (G), Eritrea (T), Greece (G), Hungary (W), Indonesia (G), Italy (G), Kenya (G), Lebanon (G), Mali (G), Mauritius (G), Mexico (G), Republic of Moldova (G), Netherlands (G), New Zealand (G), Poland (G, W), Senegal (W), Thailand (G), Turkey (G), Zambia (G), Zimbabwe (G).

<sup>199</sup> Brazil (G), New Zealand (G).

respondents reported on specific projects that helped to promote the observance of the provisions of the MNE Declaration.<sup>201</sup>

#### Question 17

*Are you aware of any enterprises, be they domestic or multinational, that have considered or are considering a transfer of their activities to another country for reasons related to the respect of fundamental principles and rights at work, as reflected in national legislation? If so, please provide details.*

Total No. of respondents: 17
<ul style="list-style-type: none"> <li>■ Governments from ten countries</li> <li>■ Employers' organization from one country</li> <li>■ Workers' organizations from six countries</li> </ul>

- 75.** Some respondents reported that there had been no threats by MNEs to transfer their activities elsewhere for reasons related to respect of fundamental principles and rights at work.<sup>202</sup> A few government and worker respondents indicated that MNEs had threatened or had considered transferring their activities elsewhere for a variety of reasons, including weaker industrial relations systems elsewhere and the prevalence of strikes.<sup>203</sup> One government reported that between 2000 and 2003, 40 MNEs had transferred operations to other countries, though not necessarily for reasons related to respect for the fundamental principles and rights at work.<sup>204</sup> A few governments and workers' organizations also indicated that it was often difficult to determine the precise reasons for transfer of activities.<sup>205</sup>

#### Question 18

*Please provide details on any particular industrial relations problems in the period 2000-03 specific to MNEs operating in your country, as distinct from those experienced by domestic enterprises (for example, job loss or relocation, discrimination against women including pregnancy at work, trade union recognition, freedom of association and collective bargaining).*

Total No. of respondents: 23
<ul style="list-style-type: none"> <li>■ Governments from seven countries</li> <li>■ Employers' organizations from five countries</li> <li>■ Workers' organizations from nine countries</li> <li>■ Tripartite replies from two countries</li> </ul>

<sup>200</sup> Three respondents: two governments, one employers' organization. Belarus (G), Latvia (G), Trinidad and Tobago (E).

<sup>201</sup> Burkina Faso (E), Colombia (G).

<sup>202</sup> Six respondents: five governments, one employers' organization. Austria (G), Brazil (G), Bulgaria (G), Burkina Faso (E), Chile (G), Mali (G).

<sup>203</sup> Five respondents: two governments, three workers' organizations. Bulgaria (W), Indonesia (G), Japan (W), Malaysia (G), Switzerland (W).

<sup>204</sup> Malaysia (G).

<sup>205</sup> Five respondents: three governments, two workers' organizations. Austria (W), Croatia (G), Hungary (G), Poland (W), Zambia (G).

76. A number of respondents reported that they had experienced industrial relations and employment security problems that were specific to MNEs.<sup>206</sup> A few noted that it was not possible to dialogue with local MNE management, including during collective negotiations.<sup>207</sup> One government provided information on a restructuring that had caused industrial relations problems.<sup>208</sup> One worker respondent reported the use of delaying tactics by MNEs.<sup>209</sup> Another workers' organization reported that it was concerned that some MNEs took a negative view of the activities of trade unions.<sup>210</sup> One employers' organization reported that some MNEs had manufactured goods in another country and had imported the goods, which unions had viewed as violating the legal provision on the "restriction on replacement during disputes" and as serving to prolong industrial disputes.<sup>211</sup>

#### Question 19

*Please provide information, if available, on changes in the collective bargaining practices of the MNEs operating in your country in the period 2000-03, including an indication as to whether such changes were the result of framework agreements signed by global trade union federations and MNE headquarters. When disaggregated information on MNEs is not available, please provide any relevant enterprise data.*

Total No. of respondents: 22
<ul style="list-style-type: none"> <li>■ Governments from 11 countries</li> <li>■ Employers' organizations from three countries</li> <li>■ Workers' organizations from seven countries</li> <li>■ Tripartite reply from one country</li> </ul>

- Governments from 11 countries
- Employers' organizations from three countries
- Workers' organizations from seven countries
- Tripartite reply from one country

77. Several respondents reported that no changes had occurred in collective bargaining practices.<sup>212</sup> A few workers' organizations reported that changes in collective bargaining practices had occurred.<sup>213</sup> One government reported that collective bargaining agreements were negotiated directly with MNEs<sup>214</sup> while a worker respondent noted that negotiations were undertaken through the national employers' organizations.<sup>215</sup> Governments reported

<sup>206</sup> 14 respondents: three governments, three employers' organizations, eight workers' organizations. Austria (W), Bulgaria (W), Croatia (G), Fiji (W), Finland (G, W), Guinea (E), Japan (W), Kenya (G), Korea, Republic of (E), Poland (W), Senegal (W), Trinidad and Tobago (E), Ukraine (W).

<sup>207</sup> For example, Bulgaria (W), Croatia (G).

<sup>208</sup> Finland (G).

<sup>209</sup> Bulgaria (W).

<sup>210</sup> Finland (W).

<sup>211</sup> Korea, Republic of (E).

<sup>212</sup> Five respondents: two governments, one employers' organization, one workers' organization, one tripartite reply. Brazil (E), Burundi (T), Canada (G), Mauritius (G), New Zealand (W).

<sup>213</sup> Cameroon (W), Bulgaria (W), Senegal (W).

<sup>214</sup> Poland (G).

<sup>215</sup> Finland (W).



on legal and administrative changes unrelated to international framework agreements.<sup>216</sup> One government noted that while changes in collective bargaining may have been influenced by international framework agreements, they were also influenced by government efforts to promote collective bargaining.<sup>217</sup> A few countries reported having no information on changes in collective bargaining practices among MNEs.<sup>218</sup>

## Question 20

*Do MNEs support employers' organizations in your country (through membership, joint activities, representation or otherwise)?*

Total No. of respondents: 45
<ul style="list-style-type: none"> <li>■ Governments from 21 countries</li> <li>■ Employers' organizations from 14 countries</li> <li>■ Workers' organizations from eight countries</li> <li>■ Tripartite replies from two countries</li> </ul>

**78.** Most respondents indicated that MNEs supported national employers' organizations; mostly through membership<sup>219</sup> and in some cases through more active participation in an organization's activities.<sup>220</sup> A few respondents reported that not many MNEs participated in employers' organizations.<sup>221</sup> The employers' organization of one country reported that MNEs played an active role in its CSR programmes and activities.<sup>222</sup>

### **1.6. Consultation with representative employers' and workers' organizations concerning this questionnaire (Survey questions 21-22)**

## Question 21

*If this is a joint reply, please indicate the employers' and workers' organizations that participated in preparing this reply. If not, please indicate the employers' and workers' organizations to which copies of this reply were sent.*

<sup>216</sup> For example, Brazil (G), Hungary (G), Kenya (G), Latvia (G).

<sup>217</sup> China (G).

<sup>218</sup> Three government respondents: New Zealand (G), Poland (G), United Kingdom (G).

<sup>219</sup> 37 respondents: 19 governments, ten employers' organizations, seven workers' organizations, one tripartite reply (including respondents in the following footnote). Austria (G, W), Brazil (G), Chile (G), China (G), Croatia (G), Cuba (T), Finland (W), Jamaica (G), Japan (G), Kenya (G), Latvia (G), Lithuania (G), Mali (G), Mauritius (G), Netherlands (G), New Zealand (W), Panama (G), Poland (W), Switzerland (E, W), Thailand (G), Trinidad and Tobago (E), Zambia (G), Zimbabwe (G).

<sup>220</sup> Brazil (E), Burkina Faso (E), Cameroon (W, E), Canada (G), Colombia (E), Croatia (E), Germany (E), Japan (E), Lebanon (G), Peru (E), Senegal (W).

<sup>221</sup> Eight respondents: two governments, three employers' organizations, one workers' organization, two tripartite replies. Burundi (T), Chad (W), Democratic Republic of the Congo (E), Hungary (E), Indonesia (G), Korea, Republic of (E), Thailand (E), Turkey (G).

<sup>222</sup> Germany (E).

Total No. of respondents: 39
<ul style="list-style-type: none"> <li>■ Governments from 31 countries</li> <li>■ Employers' organizations from two countries</li> <li>■ Workers' organization from one country</li> <li>■ Tripartite replies from five countries</li> </ul>



79. Most government respondents indicated that while the reply was not a joint one it had been sent for comments or information to employers' and workers' organizations.<sup>223</sup> Several replies were in the form of a joint reply.<sup>224</sup>

## Question 22

*If this is an individual reply by an employers' or workers' organization, please indicate to which relevant government authority and other employers' or workers' organizations copies have been sent.*

Total No. of respondents: 11
<ul style="list-style-type: none"> <li>■ Employers' organizations from seven countries</li> <li>■ Workers' organizations from four countries</li> </ul>



80. Most employers' or workers' organizations indicated that their reply had been sent to the government, often giving details as to which government entities had received a copy.<sup>225</sup>

## 1.7. Promotion of the observance of the Declaration (Survey questions 23-24)

### Questions 23 and 24

*Please provide information, if available, on whether the government, employers' and workers' organizations in your country, together or separately, have reviewed the reports of the Seventh Survey on the effect given to the MNE Declaration and, if so, whether this review has influenced national policy with respect to MNE operations or has led to activities to promote observance of the MNE Declaration.*

*Please provide information on any activities that are being planned in your country to promote observance of the MNE Declaration, including whether ILO support will be required.*

<sup>223</sup> 29 government respondents: Austria (G), Canada (G), Chile (G), China (G), Colombia (G), Costa Rica (G), Croatia (G), Greece (G), Hungary (G), Indonesia (G), Jamaica (G), Japan (G), Kenya (G), Latvia (G), Lebanon (G), Lithuania (G), Malaysia (G), Mali (G), Mauritius (G), Mexico (G), Republic of Moldova (G), Netherlands (G), New Zealand (G), Nicaragua (G), Panama (G), Poland (G), Portugal (G), Turkey (G), Zimbabwe (G).

<sup>224</sup> Seven replies: Belgium (T), Bulgaria (G), Burundi (T), Cuba (T), Finland (G), Norway (T), Sweden (T).

<sup>225</sup> Ten respondents: seven employers' organizations, three workers' organizations. Austria (W), Brazil (E), Burkina Faso (E), Chile (E), Croatia (E), Peru (E), Senegal (W), Switzerland (E, W), Trinidad and Tobago (E).

Total No. of respondents: 27
<ul style="list-style-type: none"> <li>■ Governments from 16 countries</li> <li>■ Employers' organizations from three countries</li> <li>■ Workers' organizations from five countries</li> <li>■ Tripartite replies from three countries</li> </ul>



**81.** A number of respondents indicated that the reports had been reviewed individually by the tripartite partners<sup>226</sup> and in two cases on a tripartite basis.<sup>227</sup> One government respondent had communicated the results of the Seventh Survey to the social partners.<sup>228</sup> Two respondents indicated that the review had resulted respectively in the distribution of the MNE Declaration<sup>229</sup> and use of the results in a review of labour law.<sup>230</sup> Another respondent indicated that the review had not led to policy changes.<sup>231</sup> A few respondents indicated that they needed ILO assistance,<sup>232</sup> while two respondents reported that ILO assistance could be sought later, depending on developments with respect to MNEs.<sup>233</sup>

### **1.8. Disputes concerning interpretation of the provisions of the Declaration** (Survey question 25)

#### Question 25

*Please provide detailed information on any disputes in your country that have arisen as a result of different interpretations by the parties concerned of the MNE Declaration, in particular on the ways in which these were resolved.*

Total No. of respondents: Four
<ul style="list-style-type: none"> <li>■ Governments from two countries</li> <li>■ Workers' organizations from two countries</li> </ul>



**82.** None of the respondents indicated that disputes had arisen as a result of different interpretations by the parties concerned with the MNE Declaration. One respondent

<sup>226</sup> Ten respondents: seven governments, two employers' organizations, one tripartite reply (including respondents in the following footnote). Canada (G), Chad (W), China (G), Costa Rica (G), Croatia (G), Indonesia (G), Kenya (G), Senegal (W).

<sup>227</sup> Eritrea (T), Portugal (G).

<sup>228</sup> Hungary (G).

<sup>229</sup> Kenya (G).

<sup>230</sup> Costa Rica (G).

<sup>231</sup> Indonesia (G).

<sup>232</sup> For example, Bolivia (G), Burkina Faso (E), China (G), Fiji (W), Kenya (G), Lebanon (G), Zimbabwe (G).

<sup>233</sup> Bulgaria (G), Eritrea (G).

referred to cases under the OECD Guidelines for Multinational Enterprises specific instances procedure.<sup>234</sup>

## 2. Part 2. Detailed questions on employment (Survey questions 26-28)

### Question 26

*Please provide a copy, summary or reference of any study, statistical information or relevant initiatives undertaken in your country in the period 2000-03 that analyse the impact of MNEs on employment in respect of one or more of the following issues:*

- *number of jobs created or lost;*
- *employment conditions (including respect for fundamental principles and rights);*
- *introduction of new technologies;*
- *sectoral aspects, in particular forward and backward linkages with domestic enterprises (suppliers and distributors); and*
- *occupational development, promotion and advancement of nationals.*

Total No. of respondents: 20
<ul style="list-style-type: none"> <li>■ Governments from 13 countries</li> <li>■ Employers' organizations from three countries</li> <li>■ Workers' organizations from three countries</li> <li>■ Tripartite reply from one country</li> </ul>



**83.** Many respondents provided references to publications or studies that analysed the impact of MNEs on employment<sup>235</sup> but only a handful provided specific details or results of those studies.<sup>236</sup>

### Question 27

*Please provide any information available on the consequences for employment following the purchase of, or participation in, public enterprises by MNEs in the context of privatization and deregulation processes.*

Total No. of respondents: 22
<ul style="list-style-type: none"> <li>■ Governments from 11 countries</li> <li>■ Employers' organizations from four countries</li> <li>■ Workers' organizations from seven countries</li> </ul>



<sup>234</sup> Sweden (G).

<sup>235</sup> 14 respondents: eight governments, two employers' organizations, two workers' organizations, one tripartite reply. Austria (G), Belgium (T), Bulgaria (G), Canada (G), China (G), Fiji (W), Malaysia (G), Mali (E), Mauritius (G), Morocco (G), Poland (W), Sweden (G, E), Switzerland (E).

<sup>236</sup> Six respondents: Five governments, one employers' organization. Austria (G), Belarus (G), Costa Rica (G), Peru (G, E), Poland (G).

- 84.** Most respondents noted that privatization had led to staff reductions,<sup>237</sup> while a few respondents indicated that privatization had a neutral or positive effect on employment levels.<sup>238</sup> Many survey respondents did not reply to this question and two respondents noted that information was not available.<sup>239</sup>
- 85.** Several respondents, mainly governments and workers' organizations, indicated that the privatization of public companies usually resulted in a considerable decrease in employment.<sup>240</sup> One employers' organization echoed this view by noting that privatization processes generated a reduction in employment as most of the privatized companies were previously over-staffed.<sup>241</sup> One government respondent noted that redundancies affected, in particular, employees with the longest periods of service or with the lowest qualifications.<sup>242</sup> The respondent further noted that contracts for newly created jobs in the privatized enterprises were mainly short term and that linkages with domestic companies were often shifted to foreign contractors.
- 86.** One workers' organization indicated that trade unions in privatized enterprises had generally managed to negotiate advantageous provisions of social packages, but that their duration was limited.<sup>243</sup> One employers' organization noted that the privatization of state-owned banks had positively affected job creation and contributed to the diffusion of higher skills, such as advanced financial transaction methods.<sup>244</sup> A government respondent stated that the participation of MNEs in newly privatized industries and deregulated sectors had not created employment problems.<sup>245</sup> The workers' organization from the same country indicated that while problems resulting from MNEs participating in the deregulation and privatization processes had lessened in this reporting period, some problems, such as low levels of collective bargaining, remained.<sup>246</sup>
- 87.** Most respondents to the question did not address the employment effects of deregulation practices. However, one respondent indicated that while privatization usually led to a decrease in employment, deregulation processes, in particular anti-monopoly measures, had increased job opportunities.<sup>247</sup>

<sup>237</sup> 14 respondents: eight governments, one employers' organization, five workers' organizations. Bulgaria (G, W), Burkina Faso (E), Cameroon (W), Chad (W), Croatia (G), Indonesia (G), Kenya (G), Lebanon (G), Mali (G), Panama (G), Senegal (W), Switzerland (W), Zambia (G).

<sup>238</sup> Three respondents: one government, two employers' organizations. Chile (E), Korea, Republic of (E), New Zealand (G).

<sup>239</sup> Democratic Republic of the Congo (E), Republic of Moldova (G).

<sup>240</sup> For example, Bulgaria (W), Kenya (G), Zambia (G).

<sup>241</sup> Burkina Faso (E).

<sup>242</sup> Croatia (G).

<sup>243</sup> Poland (W).

<sup>244</sup> Korea, Republic of (E).

<sup>245</sup> New Zealand (G).

<sup>246</sup> New Zealand (W).

<sup>247</sup> Indonesia (G).

## Question 28

*Please provide any information available on employment issues in export processing zones (EPZs), special economic zones (SEZs), offshore production installations and greenfield investments, particularly information on the observance (or lack of observance) in this context of the recommendations contained in paragraphs 17, 20, 22, 25 and 26 of the MNE Declaration concerning, respectively, consultations on employment aspects prior to investment, use of local resources and services, equality of opportunity and treatment, employment stability and security and notice of (and consultations on) possible changes in operations that have major employment effects.*

Total No. of respondents: 16
<ul style="list-style-type: none"> <li>■ Governments from 12 countries</li> <li>■ Employers' organization from one country</li> <li>■ Workers' organizations from two countries</li> <li>■ Tripartite replies from one country</li> </ul>



- 88.** Many respondents indicated that foreign investors benefited from customs and tax concessions but that employment regulations in EPZs or SEZs were the same as those found outside of zones.<sup>248</sup> One respondent noted that information on EPZs was not available.<sup>249</sup> Two African countries indicated that labour legislation was not fully applicable in EPZs.<sup>250</sup> Of these, one government respondent stated that the specificity and vulnerability of the EPZ sector had warranted special provisions in the legislation.<sup>251</sup> The other government indicated that the national labour act did not apply in full in EPZs but that separate regulations existed, providing similar governance of industrial and labour relations and that in fact the exclusions were being repealed.<sup>252</sup>
- 89.** One workers' organization stated that working conditions in EPZs were "really bad", giving the example of one EPZ where workers were constantly abused.<sup>253</sup> One government respondent indicated that the issue of employing expatriates over nationals had been raised and that MNEs had to seek authority to employ expatriates and were also required to source materials locally whenever possible.<sup>254</sup> A government respondent from an EU acceding country noted that the Recommendations contained in paragraphs 17, 20, 22, 25 and 26 of the MNE Declaration were met in EPZs where local trade unions existed.<sup>255</sup> In terms of consultations, local trade unions and local administrative structures held consultations on the financial and economic positions of the enterprises and the Labour Code. The respondent further noted that workers' organizations had tried to send representatives to European Works Councils but this had been refused since the country

<sup>248</sup> Seven respondents: six governments, one employers' organization. Belarus (G), Chile (G), Colombia (E), Indonesia (G), Lebanon (G), Lithuania (G), Turkey (G).

<sup>249</sup> Cameroon (W).

<sup>250</sup> Mauritius (G), Zimbabwe (G).

<sup>251</sup> Mauritius (G).

<sup>252</sup> Zimbabwe (G).

<sup>253</sup> Senegal (W).

<sup>254</sup> Kenya (G).

<sup>255</sup> Bulgaria (G).

was not a member of the EU. Another government respondent described efforts to re-employ workers made redundant as a result of MNEs in the textile sector closing down.<sup>256</sup> Such efforts were undertaken in collaboration with the ministry of labour, which acted as a facilitator in bringing together various stakeholders including training providers and credit institutions.

## IV. Conclusions and recommendations

### 1. General

90. During the period under review, countries continued to liberalize their FDI regimes, notably through changes in law and regulations favouring FDI. Between 2000 and 2003, services represented a growing share of global FDI inflows in the OECD area and in developing countries. FDI in services covered areas such as trade and financial intermediation, telecommunications, utilities and business services.
91. *The Working Group therefore recommends further analysis on the impact of FDI in services in areas such as employment, conditions of work and life and industrial relations.*
92. As can be seen in figures 1 and 2, the Office received only 84 individual responses to the current Survey as compared to 149 for the Seventh Survey. The drop was most pronounced in the case of responses by workers' organizations (only 13 as compared to 45), followed by governments (44 as compared to 65) and employer organizations (19 as compared to 29). The fact that fewer responses were received is even more disappointing in view of the considerable effort that had been made to simplify the wording of the questionnaire and the efforts undertaken by the ILO field structure to remind constituents of the importance of replying. As in the past, a number of countries with the most significant FDI inflows and outflows did not respond.
93. It is also to be noted that many respondents answered only some of the questions and that a considerable number of replies did not relate directly to the questions asked. More importantly, for many of the questions the information provided turned out to be of limited value in the sense that in most countries little hard data is available on the operations of MNEs and the impact of FDI in the areas of employment, training, conditions of work and life, and industrial relations. It is also worth noting that a number of respondents indicated that the labour and employment practices of MNEs deserved special attention.
94. *In view of the limited number of replies received and the apparent absence in most countries of reliable information on the operations of MNEs and the impact of FDI in the areas of employment, training, conditions of work and life, and industrial relations, the Working Group recommends that the Subcommittee request the Office to prepare a paper outlining possible alternatives to the Survey process that could produce more reliable information on the effect given to the MNE Declaration and thus enable member States to develop and implement policies and measures that would enhance the positive contributions that MNEs can make to economic and social progress and minimize and resolve the difficulties to which their operations can give rise.*

<sup>256</sup> Mauritius (G).

## 2. Background, aim and general policies (paragraphs 1-12)

95. Respondents broadly agreed that greater consultation and cooperation among governments, MNEs, and employers' and workers' organizations could help enhance the positive contributions that MNEs can make to economic and social progress and minimize and resolve the difficulties to which their operations can give rise. Such consultation and cooperation should be deepened, held on a regular basis and concern laws, policies, measures and other actions that facilitate and encourage good social practice, in line with the provisions of the MNE Declaration and based on respect for international labour standards and the Declaration on Fundamental Principles and Rights at Work.
96. *The Working Group recommends that the Office further intensify its activities to position the MNE Declaration as a key reference for consultation and cooperation among governments, MNEs, and employers' and workers' organizations on labour and employment issues. The Working Group also recommends that to achieve this, the Office cooperate closely with other multilateral organizations and initiatives such as the UN Global Compact, the OECD, the World Bank Group and the EU. The Working Group further recommends that the Office assist developing countries that receive substantial FDI and that request the assistance of the Office in facilitating consultations between multinationals, governments, employers' and workers' organizations and in collecting data and identifying good practices related to the employment and labour practices of MNEs in order to enable them to adopt more effective policies and measures related to FDI.*
97. *The Working Group also recommends that further analysis is undertaken on an industry sector or sectors concerning the impact of the concentration of economic power on broader economic and social development, including employment creation, country-wide poverty levels, education and training and service provision.*

## 3. Employment (paragraphs 13-28)

98. Many respondents were of the view that MNE operations had led to greater employment opportunities. But some respondents also referred to the negative effects on employment of plant closures, privatizations, mergers and acquisitions and reorganization of operations. The majority of respondents were of the view that MNEs had a positive impact on equality of employment and treatment. Several respondents indicated that MNEs did not contribute to the provision of stable employment while a few expressed the opposite view.
99. Most respondents indicated that official FDI policies and regulations did not deal specifically with employment promotion, equality of opportunity and treatment, and security of employment. Of those that did, many were concerned only with the employment of expatriate staff. At the same time many respondents considered that FDI and MNEs could make a significant contribution to the creation of employment opportunities and thus address unemployment.
100. *The Working Group recommends that the Governing Body urge member States to pay greater attention to employment issues when designing and implementing investment policies, particularly to employment promotion, equality of opportunity and treatment, and security of employment. The Working Group*



*recalls that when operating in developing countries, MNEs should seek to increase employment opportunities and standards in the host country in accordance with the provisions contained in the employment promotion section of the MNE Declaration. The Working Group also recommends that the Office undertake further analysis to compile good practice examples in this area.*

#### **4. Training (paragraphs 29-32)**

**101.** The replies to the questionnaire indicated that MNEs undertake a wide range of initiatives concerning human resources development and vocational training for their employees. Many respondents also indicated that MNEs contribute to human resources development, education and vocational training in the host country in addition to training their own employees although some did not agree. This includes working with academic and vocational training institutions, identification of emerging skills needs and contributions to programmes and funds to modernize human resources development systems and upgrade workers' skills.

**102.** *Recalling that the ILO Recommendation on Human Resources Development, 2004 (No. 195) invites member States to call on MNEs to provide training for all levels of their employees, in home and host countries, to meet the needs of the enterprises and contribute to the development of the country, and recalling the voluntary nature of the substance and levels of collective bargaining, the Working Group recommends that the Office undertake analysis to compile good practice examples on the contribution of MNEs to human resources development, education and training in line with the above and the relevant provisions of the MNE Declaration.*

#### **5. Conditions of work and life (paragraphs 33-40)**

**103.** Most respondents considered that wages, benefits and conditions of work provided by MNEs were equal to or more favourable than those of comparable employers.

**104.** *The Working Group recommends that the Office undertake analysis to compile good practice examples on the specific contributions that MNEs can make to improving wages, benefits, conditions of work and occupational safety and health standards. The Working Group further recommends to undertake sectoral analysis in order to assess the respect of MNEs, their suppliers and contractors of occupational safety and health standards in hazardous industries such as agriculture, construction, mining, fishing and chemicals.*

#### **6. Industrial relations (paragraphs 41-59)**

**105.** Most respondents had a positive impression of the industrial relations practices of MNEs, with a number of respondents pointing out that in any case many MNEs were subject to collective agreements negotiated at sectoral, branch and national levels. While there was broad agreement that official incentives to attract FDI had not led to restrictions on the ability of workers in MNEs to exercise fully the right to freedom of association and collective bargaining, some respondents, particularly workers' organizations, reported limitations to the exercise of the right to freedom of association and collective bargaining in MNEs and EPZs. Discouragement of union organization and employee participation, insufficient information provided to workers' organizations for negotiating purposes and

delay in collective bargaining due to matters referred back to MNE headquarters were noted.

**106.** *Given the critical importance of national law and practice and tripartite cooperation to the climate of industrial relations, the Working Group recommends that the Governing Body call on governments which have not yet done so to ratify and fully implement Conventions Nos. 87 and 98 to ensure that freedom of association and collective bargaining can be exercised effectively.*

## **7. Promotion of the observance of the MNE Declaration**

**107.** Only a few respondents indicated that they had actively reviewed the reports on the Seventh Survey or had undertaken activities to promote observance of the provisions of the MNE Declaration. A few considered that it would be useful to promote the MNE Declaration more actively and requested ILO assistance to be able to do so.

**108.** *The Working Group recommends that the Office intensify its efforts to implement the plan of action to promote the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy during the period 2005-07 discussed by the Subcommittee in March 2005. It also recommends that the MNE Declaration be translated and reproduced as widely as possible.*

## **8. Detailed questions on employment**

**109.** Very few respondents were able to provide detailed concrete information on the effects of MNE operations in their country in terms of employment creation, employment conditions, and introduction of new technologies, sectoral aspects or the development and advancement of host country nationals. Although few provided figures, most respondents had the impression that privatization and restructuring processes involving MNEs had led to workforce reductions. As regards employment in EPZs or SEZs, most respondents indicated that, while foreign investors benefited from customs and tax concessions, legislation and regulations regarding employment in such zones were mostly those applying nationally. This notwithstanding, a few of the respondents indicated that working conditions in such zones were often less favourable, that labour legislation was not fully applicable, and that existing national consultation mechanisms were not always used.

**110.** *The Working Group recommends that, in the context of the InFocus Initiatives on CSR and on EPZs included in the Programme and Budget for 2006-07, the Office undertake further analysis highlighting the benefits and difficulties arising from MNE operations in EPZs and SEZs in terms of employment, working conditions and industrial relations mechanisms.*

Geneva, 7 February 2006.

*Points for decision:* Paragraph 91;  
Paragraph 94;  
Paragraph 96;  
Paragraph 97;  
Paragraph 100;  
Paragraph 102;  
Paragraph 104;  
Paragraph 106;  
Paragraph 108;  
Paragraph 110.