



FIRST ITEM ON THE AGENDA

Follow-up on and promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy: Promotional activities, technical advisory services, completed studies and current research by the Office

I. Promotional activities and technical advisory services

1. At the invitation of the International Council of Toy Industries (ICTI), a representative of the Office addressed the Third World Toy Conference, which was celebrating its silver jubilee, in Tokyo, Japan, from 21 to 23 March 1999.
2. Founded in 1974, ICTI membership consists of national toy industry associations from 21 countries worldwide: Argentina, Australia, Brazil, Canada, China (including Taiwan), Denmark, France, Hong Kong, Hungary, Italy, Japan, Republic of Korea, Mexico, the Philippines, Romania, Spain, Sweden, Thailand, the United Kingdom and the United States, which account for over 90 per cent of all toys, video games, playthings and related merchandise manufactured and sold globally. The constituent organizations of ICTI employ directly some 4 million workers and generate indirect employment for at least twice this number.
3. The Conference in Tokyo brought together no fewer than 180 senior executives of some 148 multinational toy companies. This invitation to address a conference being held on such an important occasion was the result of previous contacts with ICTI's principal office holders, who had taken an interest in the ILO Tripartite Declaration, and wanted their organizations' worldwide membership to have an opportunity of being fully informed thereon.
4. English, French, Spanish, Japanese and Chinese texts of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and of the ILO Declaration on Fundamental Principles and Rights at Work, were distributed to all participants. In his statement to the conference, the ILO delegate introduced the Tripartite

Declaration and discussed its potential for resolving labour and social issues arising from FDI/MNE activities, as well as the Organization's related work programme.

5. Toy and game manufacturers have backward and forward linkages with suppliers and distributors. ILO participation at the Third World Toy Conference is bound to have a multiplier effect, and it is hoped that the ILO will be in a position to respond positively to requests for information, cooperation and assistance.
6. The Office participated at a World Confederation of Labour (WCL) seminar in Gdansk, Poland, on 16 and 17 April, entitled "Transnational corporations and core labour standards". The seminar, held at Solidarność headquarters, was opened by its President, Mr. M. Krzaklewski. The ILO's contribution to the discussions focused on the history of the Tripartite Declaration, its contents, and activities related to its promotion and follow-up. The ILO's statement also touched briefly on the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, and on the analysis, then under way, of a number of codes of conduct and on how these responded to ILO concerns with regard to the social aspect of multinational enterprise activities.
7. Other topics covered in the course of the two-day meeting included transnational corporations and social responsibility; pan-European labour laws and social rights; the European experience of corporate codes of conduct; and case studies of Dutch and Polish multinational enterprises.
8. Following the presentations, delegates met in working groups to deal more extensively with the specific concerns of each of the participating organizations in relation to the theme of the seminar and to deliberate on courses of action, as well as work programmes at the national level, to mitigate some of the negative consequences of MNE activities for the trade union movement. The meeting was then reconvened in plenary to hear the working groups' reports, on the basis of which an action plan for the WCL European network was discussed and agreed.
9. WCL member trade unions from Belgium, Bulgaria, the Czech Republic, France, Hungary, Lithuania, the Netherlands, Poland, Romania, Slovakia and Ukraine participated in the seminar.
10. The mission to Poland also provided an opportunity to promote the Tripartite Declaration through discussions at the Ministry of Economy, the Government Centre for Strategic Studies, the Polish Confederation of Private Employers, the All-Poland Alliance of Trade Unions, the Confederation of Polish Employers (KPP), the Ministry of Labour and Social Policy, the Institute of Labour and Social Studies and the State Labour Inspectorate.
11. During the meetings in both Gdansk and Warsaw concerns were expressed on all sides concerning FDI/MNE activities and social issues and the consequences for the country and the economy of not responding to them. A search for possible solutions pointed, inter alia, to the desirability of a national dialogue in a tripartite setting between government agencies and departments working and taking decisions on FDI matters and the relevant national employers' and workers' organizations, and also under the umbrella of the employers' organizations and a number of leading multinational enterprises in Poland.
12. Such a meeting would enable each of the participants to bring to the fore specific labour and social issues that not only affect its interests but which it may consider detrimental to its making a useful contribution to the country's economic and industrial development objectives. A national dialogue would make it possible to identify specific problem areas

and what could possibly be done and by whom to resolve the problems, thereby helping enhance each party's contribution to national development.

13. In response to feedback from organizations and institutions contacted by the ILO during the mission, the Ministry of Labour and Social Policy, which strongly supported tripartite discussions on FDI/MNE-generated labour and social issues, set up a focal point to liaise with the ILO on the proposed meeting.
14. As follow-up on the above, and following further discussions in Geneva and Warsaw, a tripartite working party was established to finalize all the arrangements, including the agenda, timetable, number of participants, etc.
15. During a visit to the UN Resident Coordinator and UNDP Resident Representative in Poland, discussions took place on the Tripartite Declaration and on the planned exercise in Poland. The UN Resident Coordinator considered that the forthcoming meeting was of such interest to the UNDP that it would "cooperate" and provide financing.

ILO-Poland national round table on the Tripartite Declaration and MNE/FDI activities

16. The above meeting, a result of earlier promotional endeavours, was held in Warsaw on 2 and 3 December 1999. Some 50 (registered) delegates, representing the Ministries of Labour, Economy, Treasury, as well as the State Agency for Foreign Investment, the Confederation of Polish Employers, the All-Poland Alliance of Trade Unions, the Independent Union NSZZ "Solidarność", the Independent Farmers' Union NSZZ "Solidarność", the Polish Chamber of Foreign Investors, and a number of MNEs (including ABB, Ford, Unilever, Alcatel, Scania, Nestlé, Cadbury) participated in the meeting. The UNDP, the European Union and UNIDO also attended.
17. Following the opening ceremony, at which representatives of the Ministry of Labour and Social Policy, the ILO and the UNDP spoke, a presentation was made of the Tripartite Declaration and related Office activities. This was followed by a succinct report on Poland, by the team leader of the ILO's Task Force on Country Studies on Globalization (TF/CSG).¹ These two presentations set the tone for the meeting, and provided the basis for the ensuing discussions.
18. During the first day's meeting, six other papers were presented: a review of foreign investors and investment in Poland by the State Agency for Foreign Investment; foreign investors in the process of privatization and social pacts (Ministry of Treasury); and position papers on MNE activities – from the Polish Confederation of Employers (KPP), the All-Poland Alliance of Trade Unions (OPZZ), the Independent Union NSZZ "Solidarność", and the Independent Farmers' Union NSZZ "Solidarność".
19. The morning of the second day was also devoted to further statements, and the Ministry of Economy, the Polish Chamber of Foreign Investors and two multinational enterprises – and the Ministry of Labour and Social Policy – took turns addressing the gathering.
20. Following the various presentations, there was an opportunity for an exchange of views, questions and answers, etc. Given the wide range of interests represented, there were

¹ ILO: Task Force on Country Studies on Globalization. *Studies on the social dimensions of globalization: Poland* (Geneva, ILO, 1999). See GB.276/WP/SDL/1.

inevitable divergences of opinion which made for prolonged discussions. Thus, the short duration of the meeting proved insufficient and it was not possible to arrive at any conclusions.

21. It is nonetheless significant that this was the first time that the tripartite partners had sat around a table to discuss their respective roles in, views on and concerns about, FDI and MNE activities in the country. What is noteworthy is that they were joined by a number of bodies that had hitherto been reticent and not traditionally engaged in such “dialogue”.
22. While the exchanges appeared at times brusque and confrontational, and the atmosphere tense, there was, however, a realization by all those present that each had an important role to play in resolving the problems cited. Many participants, including the members of the Working Group, reiterated that the two-day meeting was overloaded and did not permit in-depth coverage of the points at issue; its continuation in some form was essential in their view, and steps had to be taken to regularize it. In view of the evolving positive atmosphere, and given that the problems raised had to be openly aired and ways and means found to deal with the unfinished business, it was agreed, following behind-the-scenes discussions, that the tripartite dialogue now initiated should continue.
23. The tripartite Working Group that oversaw the technical and administrative arrangements for this round table would thus extend its work with a view to advancing the discussions in such a way that some form of a pact, agreement or memorandum, etc., would be discussed, such as the Tripartite Memorandum of Social Understanding in the Philippines (1997).²
24. All those who attended have volunteered to cooperate with and make themselves available to the Working Group, as well as to ensure much wider representation by inviting and encouraging other organizations, and in particular MNEs, to take part in all future consultations and discussions.
25. The Office was represented at a seminar in Berlin on “General Rules for Multinational Enterprises”, organized by the European Institute for Labour Relations and the Technical University of Berlin. Some 25 participants – senior trade union officials and academics – attended. The topic of the ILO’s statement to the meeting was the ILO’s Tripartite Declaration on MNEs and activities to promote this instrument and monitor its application. Requests were received for further information and documentation, especially research publications, as were invitations to participate in meetings and studies.
26. A number of promotional activities were also undertaken in Malaysia:
 - to discuss with the South-east Asia Regional Office of the International Metalworkers’ Federation the most effective way of promoting, within those sectors of the IMF in the area, the application of the principles embodied in the Tripartite Declaration;
 - to explore with the Malaysian Trades Union Congress (MTUC), the Malaysian Employers’ Federation (MEF) and the Ministry of Human Resources, possibilities for putting into practice the contents of the Tripartite Declaration in connection with FDI in the country, by means of a text such as the Memorandum of Social Understanding concluded in the Philippines;

² See GB.271/MNE/1, paras. 5-6 and appendix.

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- to discuss with the Ministry of Human Resources, the employers (MEF), and the trade unions (MTUC), ILO work concerning follow-up on and promotion of the Tripartite Declaration;
 - to encourage a “tripartite” response to the Seventh Survey now under way.
27. As a result of earlier discussions with the Malaysian Trades Union Congress, and subsequent to an agreement reached thereafter, an ILO-MTUC round table on MNEs and the Tripartite Declaration was held in Petaling Jaya, Malaysia, on 27 and 28 October 1999. A similar meeting had been organized for the employers in 1990.
 28. Some 26 trade union leaders, representing the petroleum, chemical, banking, finance, electrical, electronics, commerce and services sectors, participated in the meeting. Unfortunately, severe weather conditions which disrupted transport prevented some participants from taking part in the round table.
 29. The tone for discussions at the round table was set by an ILO presentation on the history and substance of the Tripartite Declaration, its functioning, monitoring and interpretation procedures, as well as related ILO activities.
 30. Technical presentations were made by participating unions, highlighting some of the acute labour and social problems arising from the activities of MNEs in their respective sectors. Each presentation was followed by a question and answer session, and then discussions on what could be done – how and by whom – to minimize the difficulties encountered.
 31. In addition to the above submissions, presentations focusing on MNE-related labour and social issues were also made by representatives of the Ministry of Human Resources, the Malaysian Employers’ Federation and a major multinational corporation having substantial investments and operations in Malaysia.
 32. In view of the many papers submitted and the extensive nature of the ensuing discussions, the desire of the participants to arrive at definitive conclusions that would enable combined trade union action vis-à-vis MNE-related social and labour problems, was thwarted by lack of time and the absence of representatives of some major sectors, e.g. textiles.
 33. It was hence agreed at the closing session that the MTUC secretariat would send out to all participants – as well as those invited but prevented from attending – a set of “preliminary draft conclusions” of the meeting. These would be commented on by those who attended the round table and returned to the secretariat. A consolidated text based on ideas, comments and corrections thus received would then constitute the basis of discussions among a restricted number of leaders (not exceeding ten), to be selected from those present at the meeting as well as others unable to attend, who would meet for one day in December 1999 at MTUC headquarters to consider, debate and agree on the conclusions and recommendations of the round table, including practical action to be taken thereon.
 34. Promotional activities were also undertaken in Thailand, and these included discussions in August 1999 at the Ministry of Labour and Social Welfare, which were attended by many senior officials. The Ministry has requested a presentation and discussion of the Tripartite Declaration to a larger group in which representatives of other government bodies (industry, trade, etc.) and agencies, such as the Bureau of Investment, would also participate.
 35. Discussions held at the Centre for International Labour Solidarity in Bangkok were useful and provided additional information on the trade union situation not only in Thailand –

where there are reported to be no fewer than eight national trade union movements and more than half that number of employers' organizations – but also in a number of neighbouring countries, FDI/MNE-related information on which is hard to obtain.

36. Following the successful meeting with officials of the Ministry of Labour and Social Affairs in August 1999, similar meetings were organized with the national representatives of workers and employers.
37. Through the ILO's Regional Office for Asia and the Pacific (ROAP) and the EASMAT multidisciplinary team, some of the more important Thai trade union organizations – including the Labour Congress of Thailand (LCT), the Thai Trades Union Congress (TTUC), the National Congress of Thai Labour (NCTL), and the State Enterprises Workers' Relations Confederation (SERC) – were invited to attend a meeting on 1 November 1999 at ROAP.
38. There was an interesting discussion at the meeting, during which many issues were covered, as were incidents of MNEs allegedly acting in violation of law and the principles of the Tripartite Declaration. This meeting culminated in a unanimous request for the organization of an expanded meeting that would enable the active participation of a much larger number of trade union leaders, and more substantive discussion of the Tripartite Declaration. The meeting would bring together not only national leaders, but also trade unions from various sectors in which MNE activities were significant.
39. The discussions with union leaders were followed by a similar meeting with the directors of the Board of the Employers' Confederation of Thailand (ECOT), held at the organization's headquarters.
40. Following a full presentation on the Tripartite Declaration, the statements by the ECOT's directors included frequent accusations of lack of objectivity in government policy, responses and actions with regard to MNE/FDI issues and the undue haste to blame employers on the slightest pretext for any form of labour-management conflict.
41. While underlying the role of national legislation and practice in the resolution of many of the problems cited by the ECOT, examples were presented of where and how the principles of the Tripartite Declaration could and would be useful in minimizing harmful industrial action and, through a process of consultation and dialogue, contribute to a climate that would be conducive for further investment, growth and development.
42. The ECOT leaders were keen on a tripartite agreement similar to the Memorandum of Social Understanding concluded in the Philippines in 1997. They asked the ILO to seize the opportunity to act as a catalyst and organize a Thai national tripartite round table to discuss MNE/FDI-related labour and social issues, at which government institutions other than the Ministry of Labour and Social Affairs – including the Ministries of Industry and Finance and the Bureau of Investment (BOI) – would also take part.
43. In follow-up on the discussions with the national trade union movements, the ECOT and the Ministry of Labour and Social Affairs, preliminary consideration is being given to the second phase of this exercise – the organization of a national round table, with expanded participation, as requested earlier.
44. Over the years the ILO has established very close and mutually beneficial working relations with a number of organizations such as ICFTU-APRO. This has facilitated the pursuit of the ILO's promotional activities, in particular with trade union organizations in Asia.

45. An extension of the mission to Malaysia and Thailand enabled discussions in Singapore with the incoming Secretary-General of ICFTU-APRO, to ensure the continuity of cooperation, including the planned activities of the ILO and the ICFTU-APRO in the region.
46. As on previous occasions, a stand was maintained at the 86th Session of the International Labour Conference, where extensive documentation – including studies and working papers published under the Multinational Enterprises Programme – was displayed and made available to delegates. As a result, discussions on a wide range of issues related to FDI/MNE activities were undertaken with government, employers', workers' and NGO representatives. A number of requests were received for meetings and fellowships, etc.
47. During the year, briefings on the Tripartite Declaration and the ILO's programme on MNEs were held with visitors to the ILO, including some from UN system organizations, government officials, representatives of employers' and workers' organizations, NGOs, officials taking up posts in field offices and at headquarters, researchers, interns and study groups.
48. Given the proliferation of codes of conduct, the 1998-99 programme and budget envisaged the preparation of a compendium of such instruments and a comparison thereof with the contents of the Tripartite Declaration. The completion of this item was foreseen as useful in assisting the work of the Office in promotional activities and providing model texts to enterprises. The preliminary work has been completed, and the final text should be available by the third quarter of this year.³
49. Work on the French and Spanish versions of MULTI's web pages is well in hand, and the Tripartite Declaration has been translated into Malay, raising to 31⁴ the number of languages in which the instrument is available.

II. Completed studies and current research in areas covered by the Tripartite Declaration

50. Since the last report to the Subcommittee on this topic the following working papers (WP) and publication have been published:
- WP.83: European works councils in multinational enterprises: Background, working and experience;
 - WP.84: The impact of multinational enterprises on employment, training and regional development in Namibia and Zimbabwe: A preliminary assessment;

³ See in this connection *Overview of global developments and Office activities concerning codes of conduct, social labelling and other private sector initiatives addressing labour issues*, ILO Governing Body, 273rd Session, November 1998, GB.273/WP/SDL/1.

⁴ Amharic, Arabic, Bahasa, Bulgarian, Chinese, Czech, Danish, Dutch, English, Farsi, Finnish, French, German, Greek, Hungarian, Italian, Japanese, Korean, Malay, Mongolian, Norwegian, Polish, Portuguese (including a Brazilian edition), Romanian, Russian, Spanish, Swedish, Thai, Turkish and Vietnamese.

- WP.85: Japanese multinationals in Australia: Employment policies and industrial relations, 1990-97;
- WP.86: Employment, working conditions and labour relations in offshore data service enterprises: Case studies of Barbados and Jamaica;
- Multinational enterprises and social policy: Reflections on twenty years of the Tripartite Declaration.

51. Final drafts of the following working papers have been completed and are awaiting publication:

- WP.87: Impacto laboral y social de empresas multinacionales y la inversión extranjera en Argentina en los años noventa;
- WP.88: Impacto social y laboral de las empresas multinacionales y de las inversiones extranjeras directas: el caso de Uruguay;
- WP.89: El impacto social y laboral de las empresas multinacionales (EMN) e inversiones extranjeras directas (IED) en Paraguay;
- WP.90: Los efectos sociales y laborales de la privatización del sector de correos y telecomunicaciones en Argentina;
- WP.91: The impact of multinational enterprises (MNEs) in the plantation sector in Kenya, with specific reference to employment, working conditions and industrial relations.

Geneva, 10 February 2000.