



FIRST ITEM ON THE AGENDA

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

Promotional activities, technical advisory services, completed studies and current research agenda of the Office

I. Introduction

1. Recent Office activities concerning the Tripartite Declaration on Multinational Enterprises and Social Policy (“MNE Declaration”) have been dedicated, in large part, to the preparation of country summaries and analysis of the Seventh Survey on the effect of the application of the MNE Declaration.¹ This document describes other promotional activities, technical advisory services and studies carried out by the Office. It also presents, in accordance with the request by the Subcommittee endorsed by the Governing Body,² a number of ideas and proposals for future work.

II. Promotional activities and technical advisory services

2. Several meetings in the Asian region were held as part of the activities of the Office to promote the MNE Declaration and advise on its more effective implementation. A National Tripartite Round Table on Labour and Social Issues in Multinational Enterprises/Foreign Direct Investment (MNE/FDI) Activities was held in Ho Chi Minh City (Viet Nam) on 6-7 April 2000, jointly organized by the ILO, the Ministry of Labour, Invalids and Social Affairs (MOLISA), the Viet Nam Chamber of Commerce and Industry

¹ See GB.279/MNE/1/1 and GB.279/MNE/1/2.

² GB.277/12.

(VCCI) and the Viet Nam General Confederation of Labour (VGCL). More than 60 participants representing central, regional, and provincial governments, VCCI, VGCL and individual organizations attended.

3. Discussions at the round table, in a spirit of good will and mutual respect, led to a general agreement on cooperation between employers and workers in the context of MNE/FDI issues. It was also agreed that the Labour Code should be subject to revision in full consultation with the social partners, including MNEs, and it was hoped that the new text would, inter alia, enhance collective bargaining, tripartism and dialogue, including with foreign-invested MNEs; build the capacity of labour conciliation councils at enterprise level; promote job opportunities; and enhance inspections to improve observation of provisions of the Labour Code and principles of the MNE Declaration.
4. It was further agreed that better implementation of the MNE Declaration was desirable and, accordingly, the following measures were proposed: participants in the round table would share information with their colleagues; the establishment of a tripartite working party to study industrial relations matters within MNEs; and periodic tripartite meetings to exchange information on industrial relations at enterprise, local and national levels.
5. Recalling also the success of a former round table (Hanoi, 1998), participants called on the ILO to continue providing technical assistance and other support to the country in order to promote more efficient implementation of tripartism and of the principles embodied in the MNE Declaration.
6. The Office also undertook a one-week mission to Bangkok during the month of March 2000 to hold discussions with government officials and an employers' organization, and organize a seminar for trade unions on the MNE Declaration.
7. Meetings with senior officials of the Ministry of Labour and Social Welfare on issues related to the MNE Declaration resulted in an undertaking by the Ministry to convene a tripartite working group to consider tripartite dialogue on MNE/FDI-related labour and social issues. In further discussions with officials from the Board of Investment (the main contact for foreign investors wishing to do business in the country), it appeared that a review of the country's investment legislation was in progress and that there would be an attempt to address the issue of the labour and social impact of MNE activities, taking due account of ILO guidance in that context. Agreement was also reached on the need to institute national dialogue on the labour and social aspects of FDI/MNE operations, and a copy of the Memorandum of Social Understanding reached in the Philippines in 1997 was requested.³
8. In Thailand, discussions also took place with the Employers' Confederation of Thailand (ECOT), an IOE member, as follow-up on an October 1999 meeting and to advance ongoing efforts on national tripartite dialogue on FDI/MNE activities and on the MNE Declaration. In that regard, ECOT indicated its interest in a forthcoming round table.
9. In addition, a trade union seminar on the MNE Declaration was organized, in which eight of the country's ten officially registered national trade union movements participated, as well as a number of sectoral workers' organizations. After a presentation of the MNE Declaration by the Office representative, questions were addressed that highlighted FDI/MNE-related labour and social issues of concern to the participants. A number of participants further explored joint action at industry and national levels to minimize the

³ GB.271/MNE/1.

difficulties that their membership faced. The participants agreed to work towards a unified trade union front, and a trade union working group would be established to draw a list of major MNE-related problems affecting workers and to suggest proposals to remedy identified problems. The trade unions asked for ILO assistance in that respect.

10. During the period under review, briefings on the MNE Declaration and the ILO's programme on MNEs were held with visitors to the ILO, including representatives of organizations of the UN family, government officials, representatives of employers' and workers' organizations, NGOs, officials taking up posts in field offices and at headquarters, researchers and others.

III. Completed and pending studies in areas covered by the MNE Declaration

11. Since the last report to the Subcommittee on this topic, the following working papers and other documents have been published in the languages indicated by the title of those documents:
 - 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.
12. Final drafts of the following working papers have been completed and are awaiting publication:
 - 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.
13. In accordance with the Subcommittee's request,⁴ extracts from the working papers noted above, along with those noted in the preceding report,⁵ are appended. The Office further notes its proposal, reported at the previous session, that national level meetings could be held using the working papers as a basis for discussion, depending on interest and resources.
14. Other research projects in progress in the Office relate to the activities of multinational enterprises, particularly in the context of FDI. These projects include studies of the impact of child labour social labelling in two countries of operation (Brazil and India and a synthesis paper – IPEC); the design and implementation of management systems to promote decent work in various cultural and sectoral contexts across global supply/service

⁴ GB.277/12.

⁵ GB.279/MNE/1, paras. 50 and 51.

chains (Voluntary Private Initiatives Programme (VPI) and Management Development Programme (MANDEV)); social criteria and indicators for sustainable forest management applicable to, inter alia, certification systems and codes of conduct on forest practices (Sectoral Activities Department (SECTOR)); health and safety management systems (SafeWork); and chapters or working papers on international commercial initiatives in various sectors as relevant to forthcoming tripartite sectoral meetings (VPI and SECTOR), which will include, inter alia, experience under framework and sectoral agreements relevant to the implementation of various aims and principles of the MNE Declaration.⁶ Also in development is an electronic information clearing house of primary source materials on social initiatives in the business world, including negotiated and other codes of conduct and corporate policies, and verification and monitoring mechanisms promoted by tripartite and social partners or other groups (VPI). Further proposals for research and knowledge advancement include the impact of increasing mergers and acquisitions on ILO objectives reflected in the MNE Declaration.

15. Future activities in the field of promotion and technical assistance to implement the goals of the MNE Declaration might include awareness-raising activities and advisory events. These could include the development of a brief summary of the MNE Declaration and its purposes and follow-up modalities; further electronic dissemination of educational materials, including expansion of the current Internet-based materials into French and Spanish; and follow-up on working papers and past round tables such as those discussed above. The proposal to convene a forum on the MNE Declaration⁷ could advance understanding and lead to concrete proposals, through tripartite consultations, including with MNEs, on how to further the application of the MNE Declaration in the current contexts of FDI trends in globalization with a view to enhancing its effectiveness. Such a round table could focus, inter alia, on relating the objectives of the MNE Declaration to multinational enterprise activities at regional, national, sub-national, sectoral and enterprise levels. In so doing, the further proposals for research and technical assistance could be clarified.

16. ***The Governing Body may wish to request the Office to prepare further proposals, following due consultation with constituents and appropriate units of the Office, and taking into account relevant activities in other intergovernmental organizations, with a view to advancing the effective application of the MNE Declaration.***

Geneva, 4 October 2000.

Points for decision: Paragraph 16.

⁶ *Sustainable agriculture in a globalized economy*, TMAD/2000, pp. 53-56.

⁷ GB.277/12.