



## FIRST ITEM ON THE AGENDA

**Follow-up to, and promotion of, the  
Tripartite Declaration of Principles  
concerning Multinational Enterprises  
and Social Policy****Promotional and research activities, technical  
advisory services, and the Tripartite Forum on  
the Tripartite Declaration of Principles  
concerning Multinational Enterprises  
and Social Policy**

1. At the 280th Session (March 2001) of the Governing Body, the Subcommittee on Multinational Enterprises endorsed the operational approach outlined by the Office for follow-up to, and promotion of, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), including the proposal for a Tripartite Forum on the MNE Declaration.<sup>1</sup> It also endorsed the report and recommendations based on the Seventh Survey on the effect given to the MNE Declaration and requested the Office to distribute the results of the Seventh Survey as widely as possible.<sup>2</sup>
2. The following report draws upon the framework of objectives and activities, and the Seventh Survey recommendations endorsed by the 280th Session of the Governing Body.<sup>3</sup> In pursuing the activities reported, the Office has sought to strengthen the coherence of work in this area by adherence to several principles:<sup>4</sup> consultation with the constituents; drawing upon existing programmes at headquarters and in the regions;<sup>5</sup> and promotion of

<sup>1</sup> GB.280/13, para. 186, referring to GB.280/MNE/1/3.

<sup>2</sup> GB.280/13, para. 174.

<sup>3</sup> GB.280/MNE/1/3, paras. 5-19 (framework); GB.280/13, appendix (recommendations).

<sup>4</sup> See GB.280/MNE/1/3, para. 7.

<sup>5</sup> See also GB.280/MNE/1/3, paras. 12-15 (mainstreaming approach to implementing MNE Declaration).

linkages between research and activities such as advisory services, advocacy efforts and technical cooperation.

### **Objective: Enhancing awareness of the MNE Declaration and how to apply it**

3. As envisaged by the Governing Body,<sup>6</sup> an essential aim of work in this area involves a focused communications strategy to advance awareness of the MNE Declaration among those responsible for its implementation, based on the Organization's communication among its constituents. The Office has pursued several key priorities in this regard, including the Tripartite Forum on the MNE Declaration to be held on 25-26 March 2002, the development of communications tools to reach broader yet specific audiences, and the dissemination of the Declaration and related products through diverse channels.

### **Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**

4. As a primary element of the strategy to advance awareness of the MNE Declaration, the Organization will hold a Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, on 25-26 March 2002 in Geneva. The event aims to stimulate a process of ongoing dialogue and exchange of practical experiences among government representatives and workers and employers, particularly from multinational enterprises (MNEs), on how to apply and promote the principles of the MNE Declaration in the context of MNE operations today.
5. Participants and panellists representing governments, employers' and workers' organizations and multinational enterprises will share diverse experiences at the Forum on issues such as: vocational training in the light of the needs and responsibilities of governments and of enterprises, workers, and their organizations in changing markets; implementing core labour principles in the context of regional economic and development frameworks; and best industry practice in safety and health. In line with the decision of the Governing Body,<sup>7</sup> 30 representatives (ten nominated by each group) will participate in the Forum along with panellists and moderators, intergovernmental organizations with ILO observer status agreed in consultation with the constituents, and representatives of the secretariats concerned.
6. In parallel sessions, the Forum members will discuss questions agreed by the constituents as useful to guide the exchange of experiences and views on strategies to realize the aims of the Declaration in today's challenging areas of operation, including: promoting security of employment (direct and indirect) in the context of flexibility, restructuring and outsourcing; creating the infrastructure for decent work, including terms and conditions of work, in the context of contractual business partnerships such as supply and service chains, and export processing zones and other investment incentives; fostering effective means of consultation, negotiation, and bargaining in the context of changing patterns of operation

<sup>6</sup> GB.280/13 and GB.280/MNE/1/3, paras. 8-11.

<sup>7</sup> GB.280/13; see also GB.282/16, paras. 16-17.

such as linkages and of ownership arising from mergers and acquisitions and/or privatization.

7. Following the Forum, the Office will prepare and publish a set of proceedings in order to inform further discussions of the Governing Body on the application and promotion of the aims of the MNE Declaration.

## Developments in communications products

8. In line with the Governing Body's recommendation to translate and reproduce the revised MNE Declaration as widely as possible,<sup>8</sup> the Office has produced a third edition of the Declaration reflecting amendments approved by the Governing Body.<sup>9</sup> To date, the third edition of the MNE Declaration has been published in nine languages: the official language versions (English, French and Spanish) and Arabic, Chinese, Finnish, German, Polish and Russian. Hard copy dissemination is ongoing, including third-party reproduction of the Declaration,<sup>10</sup> and plans for further language translations are in progress.<sup>11</sup> The third edition is electronically published in English, French and Spanish on the ILO CD-ROM "International Labour Standards Electronic library" (ILSE, 2001) and online at [www.ilo.org/multi](http://www.ilo.org/multi).<sup>12</sup>
9. Other communications products in English, French and Spanish have been developed and are being distributed widely. These include: a full-colour poster on the MNE Declaration; a quick guide; and a user guide (forthcoming in early 2002), in consultation with the constituents. An updated version of the ILO web site on the MNE Declaration is, as of early 2002, available in English, French and Spanish. PowerPoint presentations on the MNE Declaration and its procedures have been developed in English and/or Spanish and used by ILO headquarters units and field offices.<sup>13</sup>
10. In line with the Governing Body's recommendation to promote knowledge and application of the interpretations procedure,<sup>14</sup> the paragraphs, which have been the subject of interpretation are listed in a preliminary footnote to the third edition of the MNE

<sup>8</sup> GB.280/13, appendix, para. 199.

<sup>9</sup> GB.279/12, Part. III.

<sup>10</sup> The third edition of the Declaration has been distributed across ILO headquarters and field offices, to Governing Body members, delegations at the 89th Session of the International Labour Conference, IGOs and some 200 libraries, to participants in the context of activities reported in this paper, and upon request. The third edition is reprinted in the American Society of International Law monthly review, *International Legal Materials* (forthcoming 2002), with an introductory note by J. Diller.

<sup>11</sup> With the collaboration of ILO field offices and constituents, the third edition is under preparation in languages including Bahasa, Japanese, Korean, Portuguese (Brazilian) and Romanian.

<sup>12</sup> Depending on funding, all language versions of the MNE Declaration will be posted on the ILO web site. The Government of Finland has published the Finnish third edition on its Labour Ministry web site.

<sup>13</sup> In particular, ILO-Brasilia, MDT-Bangkok, MDT-Manila and ILO-Moscow.

<sup>14</sup> GB.280/13, appendix, para. 205.

Declaration. Summaries of the interpretations and a checklist on using the interpretation procedure are found on [www.ilo.org/multi](http://www.ilo.org/multi), along with a form to request an interpretation.

## Other publicity involving the MNE Declaration

11. During the period under review, the Office presented and discussed the MNE Declaration upon request in conferences and, as discussed below, training and advisory sessions and seminars of intergovernmental organizations (IGOs). Those in attendance included Government policy-makers, employers' and workers' representatives, business leaders, jurists, intergovernmental officials, and policy and educational institutions. In addition, the MNE Declaration was noted in the context of several tripartite sectoral meetings during the reporting period.<sup>15</sup>
12. Along with the events discussed elsewhere in this paper, the Office promoted the Declaration at meetings including: "Can governments promote global corporate citizenship?" sponsored by the National Policy Association Conference in June 2001, in Washington, DC, attended by more than 160 people, including 38 speakers, representing governments, business and labour, non-governmental organizations and others, primarily from industrialized countries;<sup>16</sup> and "International Internship course on labour and social policies to promote decent work", convened by the International Labour Standards Institute in Geneva, and attended by government officials, and employers' and workers' representatives from 24 countries.
13. In a seminar organized by the Mouvement des entreprises de France (MEDEF) in Paris in June 2001, the Office emphasized the tripartite aspects of the MNE Declaration in a panel with OECD representatives "Convergences and complementarities among private initiatives and the guidelines of international organizations". More than 50 business leaders and company representatives attended the event.
14. The Office focused on legal aspects of the MNE Declaration in several events, including: "Legal dimensions of corporate responsibility" sponsored by the Royal Institute for International Affairs, London, November 2001, attended by United Kingdom policy-makers, lawyers from industrialized and developing countries, intergovernmental organizations and jurists; and "Sociétés transnationales et normes internationales du travail" sponsored by the Centre Europe-Tiers-Monde and the American Association of Jurists, in Geneva, in May 2001, attended by leading academics and jurists in the French and Spanish-speaking world (in collaboration with the ILO Legal Office). Presentations to law students have included the University of Graz, Austria, November 2001 (in collaboration with EGALITE) and Leuven University, Belgium, November 2000.

<sup>15</sup> TMTE/2000, para. 16 (Impact of globalization in manufacture of transport equipment; TMLMFI/2000, para. 26 (Labour practices in footwear, leather, textiles and clothing industries); TMBF/2001/9, p. 1 (Equality between men and women in banking and financial services); TMBF/2001/11, paras. 7 and 11 (Employment impact of mergers and acquisitions in banking and financial services); TMHCT/2001/13, p. 40 (Human resources development, employment and globalization in hotel, catering and tourism sector).

<sup>16</sup> See [www.npa1.org/staging/CSR/june\\_12\\_conference.htm](http://www.npa1.org/staging/CSR/june_12_conference.htm) for a summary report of the conference, with speeches (as at 16 January 2002).

## Objective: Facilitating effective application of the MNE Declaration at national and regional levels

15. As further envisaged by the Governing Body, the Office pursued a strategy for realizing the principles of the MNE Declaration in practice by emphasizing geographic and thematic priorities, the interface between research programmes and other activities, and integration with existing activities at headquarters and in the field.<sup>17</sup> In particular, the Office sought to ensure, as recommended by the Governing Body, that ILO headquarters and field units take into account the Seventh Survey results in their programmes with constituents to implement aims of the MNE Declaration.<sup>18</sup> These efforts have involved research projects, training courses and advisory activities, briefings and other events.

### Research and related activities

16. Since the last report to the Governing Body on this topic,<sup>19</sup> research activities have progressed in Argentina, Costa Rica, Kenya, Poland and Indonesia. Subject to available funding and further consultations with the constituents and ILO field offices, follow-up activities discussed below, and further research and related activities in the regions, will draw upon the following studies:

- *Confrontando los retos sociales y laborales de la privatización: las empresas multinacionales del sector de telecomunicaciones en Argentina durante los años noventa (WP.90, 2002)*. This report, prepared in consultation with national and sectoral constituents, chambers of commerce and others, identifies key challenges facing Argentina in the context of privatization and the aims of the MNE Declaration. The report provides qualitative and quantitative analysis of social and labour challenges experienced in the ongoing process of privatization of the telecommunications industry in Argentina. A two-page executive summary precedes the full report. As of early 2002, the report is available in Spanish (original) and in English (translation). While operational plans would necessarily await further consultations, particularly with the constituents and ILO staff in the field, follow-up activity could build on the challenges identified in the report, among others, through a national-level dialogue among constituents within the context of the broader dialogue process in the country.
- *Facing the challenge of Africa's integration in the global economy: The role of multinational enterprises in the plantations sector (WP.91, 2002)* (in collaboration with the Sectoral Activities Department). In view of the recent economic changes affecting the agriculture sector in Kenya, the preparation of this report on Kenya involved extensive updating. In a mission to Kenya, conducted in collaboration with the Sectoral Activities Department in 2001, Office representatives held discussions on issues of current concern and possible follow-up activities with representatives of the Ministry of Labour and Human Resource Development, the Federation of Kenya Employers, the Central Organization of Trade Unions, and sectoral business and workers' organizations. On-site visits to plantations involved meetings with management and worker representatives. Additional research was conducted to permit comparisons across sectors and regions relevant to foreign direct investment

<sup>17</sup> GB.280/13 and GB.280/MNE/1/3, paras. 12-15 and 16-18.

<sup>18</sup> GB.280/13, appendix, para. 169.

<sup>19</sup> GB.279/MNE/1, paras. 11-15. Changes were made in the titles of WP.90 and WP.91.

(FDI) in Kenya and in Africa more generally. The constituents have expressed interest in follow-up activities involving capacity-building and dialogue at national level to enhance productivity in a focus on foreign investment involving MNEs in Kenya. The study is intended to contribute to these efforts, which, subject to available resources, are expected to proceed in collaboration with ILO/SLAREA (Strengthening labour relations in East Africa) in Kenya, and IFP/Dialogue.

- *Las empresas multinacionales en Costa Rica al entrar al nuevo milenio: Un balance social* (forthcoming 2002). The study in Costa Rica involved consultations with representatives of companies and chambers of commerce, trade unions and other workers' organizations and government officials. While operational plans necessarily await further consultations, follow-up activity to encourage bipartite dialogue on issues of employment, economic and financial policies and MNEs is under discussion with ILO/PRODIAC and the field office concerned.

17. In Poland, research and consultations with constituents built on the round-table discussions on FDI/MNE activities in the country, held in 1999. In a mission to Warsaw in July 2001 focusing on an ILO-UNDP research project on MNEs in the motor industry, the Office held discussions with representatives of the Ministry of Labour and Social Policy, the Polish Confederation of Private Employers, the All-Poland Trade Union Alliance (OPZZ), the Confederation of Polish Employers (KPP), the Independent Self-Governing Trade Union "Solidarinosc" (NSZZ Solidarnosc) as well as the Centre for Social Partnership Dialogue and the UNDP Resident Coordinator in Poland. Subject to available resources and further consultations with the new Government and the social partners, a research product in 2002 could inform promotional and training activities relating to MNEs and FDI in the context of the social and economic priorities in Poland.
18. In line with the Governing Body's recommendation to further study contributions of MNEs to the conditions influencing consultations between MNEs, the Government and employers' and workers' organizations,<sup>20</sup> information relating to MNEs and FDI was incorporated into a country study on social dialogue institutions and mechanisms in Indonesia produced by IFP/Dialogue in December 2001.<sup>21</sup> The study was the subject of a tripartite round table in Indonesia in October 2001 where an action plan on social dialogue was discussed. Subject to further assessment and consultations with the constituents and the field offices, follow-up activities are expected to focus on practical seminars involving the constituents and MNEs, probably at sectoral level. Further collaboration is planned in the context of the IFP/Dialogue country study on the Philippines in 2002.
19. During the period under review, the Office distributed working papers and other publications on the MNE Declaration on request. Priority subjects of requests included studies on export processing zones, particularly in Asian countries; European Work Councils in multinational enterprises; and Japanese MNE operations. The requests came primarily from Europe and Africa, and mainly from research institutions, followed by governments and trade unions.

<sup>20</sup> GB.280/13, appendix, para. 178.

<sup>21</sup> *Promoting democracy and peace through social dialogue: A study of the social dialogue institutions and mechanisms in Indonesia* (InFocus Programme on Strengthening Social Dialogue, 2001).

20. The Office has advanced or completed other relevant projects since the last report on this topic to the Governing Body,<sup>22</sup> including: a database of codes of conduct and other private initiatives at <http://oracle02.ilo.org/dyn/basi/vpisearch.first>; research on management systems of MNEs across global supply/service chains in various sectors (Management and Corporate Citizenship (MCC) Programme); and a CD-ROM on codes of conduct entitled "Self-regulation in the workplace: Codes of conduct, social labelling and socially responsible investment" (Employment Sector, 2002).

## Training and advisory activities

21. During the period under review, the Office conducted a number of training and advisory activities to enhance the practical use of the MNE Declaration. These activities reached constituents in more than 50 countries in the four ILO regions, made possible through collaboration with various ILO headquarters and field units. In many cases, participants' experiences of MNE operations in their countries were discussed in the context of the MNE Declaration and the Seventh Survey results.
22. Training sessions for workers at national and sectoral level focused on the MNE Declaration in the context of a number of events, including: an ILO/TURIN seminar entitled "International labour standards, globalization and development of framework agreements", for Friedrich Ebert Stiftung representatives working with trade unions in about 20 countries (Turin, August 2001); two International Federation of Building and Wood Workers (IFBWW) regional workshops, each entitled "Strategy meeting on multinational corporations to protect and promote workers' rights", for trade unionists from nine countries in South East Asia (Jakarta, May 2001) and from ten countries in Central and South America (Brazil, October 2001); a Swedish trade union seminar (Stockholm, May 2001); and an Italian Confederation of Workers' Unions (CISL) workshop "Strategies for the promotion and respect of workers' rights in the European companies in third countries" (Rome, October 2001).
23. In Russia, the public/private partnership approach of the ILO, and in particular the MNE Declaration, was highlighted at the Global Compact Roundtable Meeting (Moscow, November 2001), entitled "The ILO and the business community: experience of cooperation and prospects", at a lunch for several hundred leaders of the business, government and United Nations community.
24. A practical approach to the MNE Declaration with a discussion of participants' specific country contexts was adopted in the ILO/TURIN's, "Labour Rights, International Labour Standards and Globalization", in the November 2001 training course for government, employer and worker participants from 23 countries in Central and Eastern Europe, South Asia, Caribbean, Africa and Central Asia.
25. The Office intensified the process of integrating the MNE Declaration reporting process into its regular services for the constituents. A briefing for regional standards specialists was held in Geneva in June 2001, with distribution of the Declaration, the Seventh Survey documents and an explanation of the MNE Declaration reporting process. In Suva, the regional standards specialist incorporated information on the MNE Declaration in briefings for tripartite constituents. Briefings on the MNE Declaration and the ILO's work on MNEs were held with officials taking up posts in field offices and at headquarters, as well as with a number of government, employer and worker delegations

<sup>22</sup> GB.279/MNE/1, para. 14.

## Integrating Seventh Survey results into ILO programmes with constituents

26. In line with the Governing Body's request, the Seventh Survey documents<sup>23</sup> have been distributed as widely as possible. Recipients included all respondents and constituents who received the survey questionnaire, Governing Body members, delegations at the 89th Session of the International Labour Conference, ILO offices, international trade secretariats, and selected intergovernmental organizations, as well as participants in the various events reported here. The Seventh Survey results were also published electronically, initially on [www.ilo.org/multi](http://www.ilo.org/multi) and, as of early 2002, online at ILOLEX, searchable by country, region, and/or issue. Requests for the Seventh Survey documents have come in particular from the Americas and Europe, and especially from workers' organizations and research institutions.
27. In many of the activities reported elsewhere in this paper, the Office promoted application of the survey's results to existing work of the ILO and its constituents. In addition, the Director General's Report to the 89th Session of the Conference incorporated examples from the survey in discussing the importance of promoting linkages and contributing to economic growth through skills development, social policy and social dialogue.<sup>24</sup> In a Tripartite Meeting of Experts on HIV/AIDS and the World of Work in May 2001, the Office presented relevant findings of the survey and discussed with the experts prospects for coordinated action on follow up activities. Furthermore, survey replies have been highlighted for possible use in other work of the Office relating to skills development and investment.<sup>25</sup>

## Objective: Advocating aims of the MNE Declaration with other international organizations

28. As envisaged by the Governing Body,<sup>26</sup> the Office advocated the aims of the MNE Declaration with other international organizations across the United Nations system as well as multilateral and regional organizations.
29. **UNCTAD.** At UNCTAD's request, the Office commented on the draft *World Investment Report 2001: Promoting linkages*, drawing on examples of benefits and concerns involving linkages with the Seventh Survey replies. The comments were presented to a group of experts at an UNCTAD workshop in May 2001 and submitted in writing to UNCTAD. In addition, at further UNCTAD request, the Office commented on equal employment statistics in the context of MNEs and FDI (foreign direct investment) at UNCTAD's Expert Meeting on Mainstreaming Gender in November 2001, in collaboration with the Key Indicators of the Labour Market programme.
30. **United Nations human rights bodies.** In consultation with the constituents, the Office highlighted the MNE Declaration and its tripartite approach in its comments to the United

<sup>23</sup> GB.280/MNE/1 and GB.280/MNE/2.

<sup>24</sup> *Reducing the decent work deficit: A global challenge*, Report of the Director-General, International Labour Conference, 89th Session 2001, Geneva, sec. 2.2. See also sec. 2.5 (MNE Declaration promotes social values in enterprise activities).

<sup>25</sup> See GB.280/13, appendix, para. 188.

<sup>26</sup> GB.280/13 and GB.280/MNE/1/3, para. 19.

Nations Subcommittee on the Promotion and Protection of Human Rights in 2001 on the proposed draft Universal Human Rights Guidelines for Companies and in an earlier expert meeting on the same topic. Technical review of the draft code for companies was conducted in collaboration with the Standards Department. In addition, in collaboration with the International Policy Group, the Office highlighted the MNE Declaration as an example of public/private partnerships at the workshop on the impact of globalization on the full enjoyment of economic, social and cultural rights and the right to development, sponsored by the United Nations Office of the High Commissioner on Human Rights, in Malaysia, May 2001.

- 31. United Nations Global Compact and related initiatives.** Along with the Moscow round table (above), the Office provided inputs in November 2001 on the role of the MNE Declaration in addressing business conduct in situations of conflict to an expert study on the subject, conducted under the auspices of a broader initiative of the United Nations Global Compact. In collaboration with IPG, the Office also contributed to ILO comments on the development of social indicators based on the principles of the MNE Declaration for the Global Reporting Initiative. This work resulted in recognition of the MNE Declaration, along with the OECD Guidelines on Multinational Enterprises, within the GRI “Document for public feedback” of the measurement working group on labour practices and human rights.
- 32. Bretton Woods institutions.** The Office discussed the private/public partnership approach of the MNE Declaration in meetings with the Business Partnerships Unit of the World Bank and the Foreign Investment Advisory Service (FIAS) of the International Finance Corporation, in June 2001 in Washington. Discussions on possible joint work with FIAS, subject to available funding, focused on using the MNE Declaration in the context of its work on foreign investment and were informed by Seventh Survey data on development policies and practices in the context of attracting investors.
- 33. OECD.** The Office highlighted the MNE Declaration in the context of other instruments and work of the ILO in a presentation to the first round table of OECD National Contact Points in Paris in June 2001. In addition, at the request of the OECD Development Centre for an OECD project on FDI and human capital, the Office provided inputs based on Seventh Survey examples from developing countries on how FDI and MNEs contributed to HRD and training. In collaboration with the International Policy Group, the Office included the MNE Declaration in a discussion of FDI and labour standards at the OECD Global Forum on Trade, Trade Policy Issues; The Labour, Environmental and Competition Dimensions (Paris, March 2001).
- 34. European Commission.** At the request of the European Commission (EC), the Office participated in the Conference on “Corporate social responsibility on the European social policy agenda” in Brussels in November 2001. Along with other elements, the Office emphasized the unique value of the tripartite nature and follow-up of the MNE Declaration in addressing corporate social responsibility. In collaboration with IPG, the Office contributed to a conference on “Social labels: An element of corporate accountability in Europe”, of the European Commission, Brussels, September 2001. The Office highlighted the role of the MNE Declaration in defining ways that MNEs can contribute to universally accepted social and labour standards and practices in their dealings around the world and the way the tripartite reporting procedure serves as a rich and dynamic source of trends.

35. The Subcommittee may wish to express its views on the activities of the Office in furthering the aims of the MNE Declaration, and to request the Office to prepare further proposals, following due consultations with constituents and appropriate units of the Office, with a view to advancing the effective application of the MNE Declaration.

Geneva, 25 January 2002.