



ELEVENTH ITEM ON THE AGENDA

**Report of the Subcommittee
on Multinational Enterprises**

1. The Subcommittee on Multinational Enterprises met on 10 November 2003. Ms. Niven (Government, United Kingdom) chaired the meeting, with Ms. Hornung-Draus (Employer, Germany) and Ms. Burrow (Worker, Australia) as Vice-Chairpersons. Ms. Brighi (Worker, Italy) replaced the Worker Vice-Chairperson during part of the discussion.

**Composition and size of the Subcommittee
on Multinational Enterprises¹**

2. The representative of the Director-General (Mr. Hofmeijer, Director a.i. of the Multinational Enterprises Programme) introduced the paper¹ before the Committee. He noted that the existence of the Subcommittee reflected the unique character of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). A larger number of host countries had been active in the early years of the Subcommittee but their number had diminished over the years. Host countries were now showing renewed interest. The Governing Body was going to review its functioning and structure and any recommendations by the Subcommittee on its composition and size could provide a useful input to this review but should not prejudge decisions.
3. The Employer Vice-Chairperson indicated that the Employers were still discussing the possible enlargement of the Subcommittee, which should be considered in the context of possible reform of the Governing Body. A small size was probably more effective but a larger size facilitated more balanced representation, which was also important.
4. Ms. Brighi (Worker, Italy) noted that geographical balance had always been an issue. Since 1993 only one developing country had been represented as a regular member. The Workers shared the concern that developing countries were inadequately represented. She asked the Office to provide developing countries with technical support to facilitate their participation. She supported enlargement of the Subcommittee to 24 regular members (eight from each group) but the implications of such a recommendation would need to be

¹ GB.288/MNE/3.

discussed by the Programme, Financial and Administrative Committee and the Governing Body itself.

5. The representative of the Government of Kenya pointed out that greater representation of developing countries was necessary to increase the effectiveness and relevance of the Subcommittee. This would also help raise awareness of the MNE Declaration in developing countries. In this context he called upon the Office to translate the MNE Declaration in more languages used in Africa.
6. The representative of the Government of Canada welcomed the renewed interest in the work of the Subcommittee. While she had no definite position on its composition, a better balance would be preferable. Eight representatives from each group would help achieve this.
7. The representative of the Government of the United States supported greater balance but cost implications had to be considered and interest in greater participation ascertained. In the past such interest had not always been evident. Any recommendations of the Subcommittee should not prejudice Governing Body decisions.
8. The Chairperson considered that there was a consensus that greater balance was desirable and the Governing Body could be informed accordingly. The Employer Vice-Chairperson agreed that there was a broad consensus on the need for greater balance but that the Employers reserved their position regarding an increase in size of the Subcommittee.

Promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy: Priorities for action in 2004-05

9. The representative of the Director-General indicated that the Office paper² was similar to the one before the Subcommittee in March 2003 but in addition contained indications on priorities, resource levels and targets. The 2004-05 Programme and Budget allocated only very limited resources to the Multinational Enterprises Programme. Clearly, if the programme was to undertake all proposed activities, additional resources were required. The resource levels shown also reflected the inputs expected from other programmes, particularly the Sectoral Activities Programme, the InFocus Programme on Strengthening Social Dialogue and the field structure. The Programme would make efforts to mobilize extra-budgetary resources. In this respect the Global Compact had proven to be a good vehicle. For instance, the Global Compact project funded by the Government of Italy provided an opportunity to actively promote the MNE Declaration. Funding for the proposed subregional symposia still needed to be approved by the Programme, Finance and Administrative Committee.
10. The Employer Vice-Chairperson found the Office paper to be clear, concise and informative. It reflected the points made during the previous sitting of the Subcommittee and the consultations that had taken place since then. In the context of the broader debate on corporate social responsibility, the Employers preferred to refer to the MNE Declaration as a significant point of reference, rather than a benchmark. Her group would speak in favour of the proposed subregional symposia in the Programme, Finance and

² GB.288/MNE/1.

Administrative Committee. The regional structures of the International Organization of Employers (IOE) and International Confederation of Free Trade Unions (ICFTU) should be consulted when preparing the symposia. It would be desirable also to organize a high-level meeting on the MNE Declaration in Europe, shortly before the final meeting of the EU Multi-Stakeholder Forum on Corporate Social Responsibility in July 2004 to highlight the importance of the MNE Declaration in the international context. She strongly supported Office participation in the Global Compact. While the Subcommittee should be kept abreast of related Office activities, the Subcommittee should not exercise a control function since the Global Compact had a broader scope than the MNE Declaration. One way of measuring the success of the Eighth Survey on the effect given to the MNE Declaration might be a comparison with previous surveys.

11. During its previous sitting the Subcommittee had agreed that an “update” of the MNE Declaration would be appropriate in due course. Future Office papers should use this term rather than “revision”. Her group appreciated the business and social initiatives database and had noted the large number of company initiatives it contained. She expressed surprise that framework agreements had been singled out for mention since these were only a small proportion of initiatives being undertaken. While welcoming the proposed research on small and medium-sized multinational enterprises, as these merited greater attention, she requested more information on the proposed research on private labour inspection and monitoring.
12. The Employer Vice-Chairperson also requested further information on the Global Compact training materials. She noted that the Global Compact project funded by the Government of Italy would provide a good opportunity to promote the MNE Declaration. Care should be taken, however, to clearly distinguish the MNE Declaration from the OECD Guidelines for Multinational Enterprises.
13. Cooperation with the Sectoral Activities Programme and the InFocus Programme on Strengthening Social Dialogue presented good avenues for mainstreaming the MNE Declaration. She welcomed the efforts to create a better understanding of the MNE Declaration among other international organizations. In this respect she requested information on the upcoming symposium on the MNE Declaration and related multilateral initiatives.
14. Ms. Brighi (Worker, Italy) appreciated the Office’s efforts to position the MNE Declaration as a significant benchmark in the ongoing debate on corporate social responsibility, since it facilitated interaction between the Office and multinational enterprises and their trade unions. She regretted the existing financial constraints, considering that participation in meetings and increased references to the MNE Declaration were not enough. More concrete action was necessary. The new approach to sectoral activities provided an opportunity for such action.
15. She reiterated an earlier request for information on the work of the Management and Corporate Citizenship Programme. Her group considered that the Subcommittee should review the training materials on corporate social responsibility that this programme had apparently prepared. She was surprised to find no references to export processing zones among the proposed activities and wondered whether any activities had been planned. It was important to strengthen coordination and cooperation with the Sectoral Activities Programme, the InFocus Programme on Strengthening Social Dialogue as well as with other programmes.
16. With respect to the Eighth Survey on the effect given to the MNE Declaration, the Office should consult constituents early on in the process regarding possible illustrative good practice examples as well as general information on economic trends. A limited number of

country case studies could also be helpful. She welcomed the assistance the ILO field structure could provide to respondents. Field offices should also encourage constituents to prepare tripartite replies.

17. Her group supported the business and social initiatives database and was happy to note the information included on framework agreements. She agreed that the term “update” was more appropriate than “revision” to reflect the character of the proposed amendment of the text of the MNE Declaration. The interpretation procedure could be updated to make it more accessible and usable.
18. Her group supported the proposal for a meeting in Europe and would also speak in favour of the proposed subregional symposia in the Programme, Finance and Administrative Committee. Participation in the Global Compact was useful if it helped to promote the MNE Declaration and emphasized social dialogue. It was thanks to intervention by the Italian trade unions that this would now be the case for the project funded by Italy. Clear objectives had to be defined, however, for the Global Compact to become a useful tool in disseminating knowledge on the ILO and its standards. Her group would like to review the Global Compact training materials. It would be even better to develop specific training materials on the MNE Declaration itself since the proposed activities seemed to over-emphasize the Global Compact.
19. The proposed research on private labour inspection mechanisms should involve the constituents and take account of the importance and role of public labour inspection. She requested more information on follow-up activities on the project funded by the Government of the United Kingdom. Follow-up should be undertaken in collaboration with the Bureaux for Employers’ and Workers’ Activities to ensure tripartite involvement and support as well as to maximize potential synergies with their work.
20. Cooperation with other international organizations should not be limited to those supporting the Global Compact but should also include UNCTAD, OECD, the World Bank and export credit agencies. In this context she requested information on the upcoming symposium on the MNE Declaration and related multilateral initiatives, which should provide a good starting point for future cooperation.
21. In a preliminary reply, the representative of the Director-General noted that the upcoming symposium would be an informal exchange of views between the tripartite constituents and five international organizations (the European Union, the OECD, the United Nations, the Office of the High Commissioner for Human Rights and the World Bank). It would highlight the importance and relevance of the MNE Declaration for the work of these organizations and identify potential complementarities and synergies.
22. He confirmed that the MNE Declaration would be updated rather than revised to incorporate references to relevant new ILO instruments. The proposed research on private labour inspection, monitoring and auditing was relevant as multinational enterprises were engaging in a wide range of monitoring, certification and accreditation schemes. Consultations on the proposal had taken place with the Bureaux for Employers’ and Workers’ Activities, which would also be involved in project execution. The business and social initiatives database only provided text references and did not highlight particular initiatives. Framework agreements had been mentioned since they represented a relatively new development. He noted the proposal for a high-level meeting in Europe and would explore extra-budgetary funding possibilities.
23. No information had been included on possible collaboration with the Management and Corporate Citizenship Programme, since it was not yet clear whether the programme would undertake work of direct relevance to the MNE Declaration in 2004-05. Although

work on export processing zones was the explicit responsibility of the Policy Integration Department, the Multinational Enterprises Programme cooperated closely with the Department on this issue. He considered that participation in meetings of other organizations provided a good opportunity to better position the MNE Declaration in the broader debate on corporate social responsibility. Although the Global Compact labour principles reflected only the fundamental principles and rights at work, its activities under the human rights principles were highly relevant to other areas of the MNE Declaration, particularly safety and health. The Office involvement in the Global Compact also ensured that national employers' and workers' organizations were not bypassed in country-level activities.

24. The representative of the Government of the United States welcomed the proposed subregional symposia but wondered about their expected outputs, the way in which participants would be selected and possible follow-up activities. He also wondered about the Office plans to promote the business and social initiatives database. While supporting country-level advisory services he enquired how these would be undertaken. Increased reference to the MNE Declaration was not necessarily an adequate indicator of success. He agreed on the importance of strengthening relations with other organizations and considered that the Office should consult more closely with governments, not just with employers and workers.
25. The representative of the Government of the United Kingdom appreciated the proposed plan of action. Supporting the suggestion to organize a meeting on the MNE Declaration in Europe, he indicated that his Government would consider contributing to its funding.
26. The representative of the Government of Japan emphasized the importance of the MNE Declaration and its significance in the process of globalization. He appreciated the clear goals and evaluation criteria proposed and wondered if a similar plan of action had been prepared for the period 2002-03.
27. The representative of the Director-General explained that the subregional symposia would bring together constituents involved with multinational enterprises and corporate social responsibility issues to identify actions that could be undertaken to apply the MNE Declaration. The business and social initiatives database was mentioned prominently at meetings in which the Office participated. It received some 900 searches per month and an email helpdesk had been envisaged to complement the database; however, it had not yet been put in place due to a lack of resources.
28. The Employer Vice-Chairperson thanked the Government of the United Kingdom for considering the possibility of providing financial support for the proposed meeting in Europe. Regarding the subregional symposia, she considered that a paper of this kind did not need to include all details since these would be worked out in close consultation with constituents. The activities proposed would help give greater visibility to the MNE Declaration. Many employers were willing to improve their practices and the MNE Declaration could be of great benefit to them as a point of reference. She did not understand the lack of satisfaction on the part of the Workers regarding some of the proposed activities and the priority listing, which provided a very clear and practical overview of the efforts planned by the Office to promote the MNE Declaration. She considered that the Subcommittee should restrict its discussions to its mandate, which consisted in overseeing the promotion and follow-up of the MNE Declaration. Other activities of the Employment Sector should be discussed elsewhere.
29. Ms. Brighi (Worker, Italy) thanked the representative of the Director-General for his reply but felt that the strategy still remained somewhat unclear. There seemed to be an imbalance between activities on the MNE Declaration and those on the Global Compact. Clearer

procedures for consultations and evaluation were necessary. Stressing that the limited available resources should be dedicated to the promotion of the MNE Declaration, she requested a more precise explanation on how the MNE Declaration would effectively be promoted in the context of activities dealing with other instruments. She welcomed the establishment of a steering committee for the research project on private labour inspection and monitoring and emphasized that trade unions would like to play an active role in it. The Workers were ready to help prepare the proposed meeting in Europe. She trusted that the Office would take her group's comments into account in the implementation of the plan of action.

30. The representative of the Director-General indicated that the training materials on the MNE Declaration that the Office had used in the past were now out of date. It would try to develop new ones within the existing resource constraints. He invited Ms. Brighi, as well as the other members of the Subcommittee who had asked for more detailed information, to contact him directly so that he could share more details on the planned activities.

Draft questionnaire for the Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

31. The representative of the Director-General noted that the draft questionnaire in the Office paper³ was the result of extensive consultations. Compromises had been made on all sides to arrive at the current text. The language had been simplified and the number of questions reduced to lighten the burden on respondents. He hoped that the Subcommittee would be able to agree on the text so that the Governing Body could approve the questionnaire at its current session. Failing this, the process would take considerably more time and the results of the survey would not be known until late 2005.
32. The Employer Vice-Chairperson agreed that the draft questionnaire was a compromise solution. Although it did not reflect all of the concerns the Employers had expressed earlier, it was a compromise they could accept. She appreciated that the wording was lighter and simpler than in the past. She called on governments to ensure tripartite participation in responding to the questionnaire. Although she was not proposing changes at this stage, she reserved the right to do so if others proposed substantial changes. Considering the need to approve the questionnaire quickly she suggested that the groups meet separately and then authorize the Officers to finalize the text.
33. The Worker Vice-Chairperson confirmed that the consultative process had led to broad agreement on substance. This notwithstanding she still had a few proposals for changes to streamline the text. She gave a few examples of the changes her group was proposing in order to demonstrate that they mainly aimed at providing more guidance to respondents and eliciting partial responses if complete information could not be provided. Other proposed changes aimed at making the language more neutral. She supported the proposal to discuss in group meetings and authorize the Officers to finalize the text.
34. The representative of the Government of Kenya proposed to maintain the current follow-up process for the MNE Declaration, taking into account the decisions taken at earlier sittings. It was very important that the Office mobilize the field structure to assist

³ GB.288/MNE/2.

constituents in responding. The Office should also make it possible to submit replies electronically. The survey helped determine to what extent ILO constituents and multinational enterprises applied the provisions of the MNE Declaration. The survey report could also reflect whether framework agreements were being respected.

35. The representative of the Government of the United States regretted that his Government had not been consulted after the last sitting of the Subcommittee. While supporting the efforts to gather information on social practices of multinational enterprises and disseminate such information, he questioned the usefulness of the survey. His Government had not replied to the last survey because it did not keep separate data on multinational enterprises. Replying to the questionnaire involved extensive research. He preferred to delay the process and redraft the questionnaire so that it could be more effective.
36. The representative of the Government of the United Kingdom reiterated his Government's support for the MNE Declaration. While agreeing that the survey should go ahead, he shared the concern regarding the value of the exercise, considering the time and resources required on the part of respondents and the Office. It would be useful to reflect on lessons learned from the last survey. His Government would have difficulty in replying to some of the questions since it did not keep separate data for multinational enterprises. He agreed with some of the suggested changes and had a few additional suggestions. He also agreed that tripartite consultations to complete the reply to the questionnaire would be useful. Since the Office was expecting information from governments in the context of a number of other exercises in June 2004 he proposed that the deadline for replies be December 2004.
37. The representative of the Government of Canada shared the concerns just expressed. Some key questions had not been answered. Was a survey the most effective means to follow up on the MNE Declaration? Past surveys had involved lots of work and resources but not all issues had been adequately addressed. Maybe it would be better to use the resources more for promotional activities. The Subcommittee could perhaps discuss new proposals for the survey process at its next sitting. Nevertheless, she appreciated the efforts to streamline the survey questionnaire, proposing some further refinements where she felt that it remained too general. The proposed time frame overlapped with other Office deadlines and a 31 December 2004 deadline would be more appropriate.
38. The Employer Vice-Chairperson regretted that some Government members had again raised questions that had been discussed and decided on in November 2002. A number of alternatives had been examined then and as recommended by the Subcommittee, the Governing Body had asked the Office to prepare a simplified survey. It was not useful to call this decision into question at this stage.
39. The Worker Vice-Chairperson agreed with the Employer Vice-Chairperson. She called upon the members of the Subcommittee to propose alternatives for the future. The draft questionnaire was a compromise and the Subcommittee had earlier agreed to go ahead, fully aware of the fact that the survey was an imperfect but important instrument. Another compromise seemed to be called for regarding the time frame and she was ready to support the December 2004 deadline. She reminded the Subcommittee that the role of the survey was not only to promote the MNE Declaration, but also to provide constituents with a picture of the situation that would allow the Subcommittee to adopt a more strategic approach to promote the MNE Declaration. She was a little disappointed at Government members stating that they did not have enough information since in most countries detailed studies on the operations of multinational enterprises were available. She agreed that a higher response rate was desirable. The guidance provided in the questionnaire should encourage governments to prepare replies on a tripartite basis. The ILO field structure

should, where possible, assist in the process. She again supported the suggestion that the groups meet separately and authorize the Officers to finalize the text.

40. The Chairperson recalled that the Subcommittee had asked the Office to prepare a draft questionnaire for approval at its current sitting. Although some governments might have to answer negatively to certain questions, she welcomed the suggestion of the Worker Vice-Chairperson to provide clearer guidance to respondents. This would help address some of the issues raised.
41. The Employer Vice-Chairperson recognized that quantitative data were not available in all countries. The survey was not limited to statistical data, however, but should also provide a qualitative picture of the social practices of multinational enterprises.
42. The representative of the Government of Kenya recalled that the survey was the only tripartite mechanism to monitor the activities of multinational enterprises in developing countries and identify good practices. It was undertaken every four years and therefore constituted only a limited burden.
43. The Worker Vice-Chairperson shared the view of the representative of the Government of Kenya. While there were some great examples of multinational enterprises contributing to growth, there were also negative examples, particularly in cases where they were exempted from certain provisions of national labour legislation. The behaviour of multinational enterprises was also highly relevant in the context of global trade, which needed to be based on global rules that respect the fundamental principles and rights at work. She hoped that the Government of the United States would respond to the questionnaire since it was home to a large number of multinational enterprises. Economists worked with imperfect data all the time and if disaggregated data were not available for multinational enterprises, data based on the size of enterprises or some other means could be used as a proxy.
44. The Subcommittee then authorized the Officers to finalize the text of the questionnaire and agreed that the deadline for replies would be December 2004.
45. *The Subcommittee recommends that the Governing Body, when reviewing its functioning and structure, consider how to achieve a better balance between representatives of home and host countries of multinational enterprises in the Subcommittee on Multinational Enterprises.*
46. *The Subcommittee recommends that the Governing Body request the Office to take into account its observations as reflected in this report when implementing the 2004-05 action plan of the Multinational Enterprises Programme.*
47. *The Subcommittee recommends that the Governing Body request the Office to conduct the Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy on the basis of the attached report form.*

Geneva, 14 November 2003.

Points for decision: Paragraph 45;
Paragraph 46;
Paragraph 47.

Appendix

Report form for the Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

1. In accordance with the decision adopted by the Governing Body at its 288th Session (November 2003), the International Labour Office is now conducting the Eighth Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).
2. **The survey covers the years 2000-03. Replies should be received by 31 December 2004 at the latest.**
3. In keeping with past practice and in order to facilitate the preparation of replies, the attached questionnaire is being sent to governments, as well as to the most representative national employers' and workers' organizations of all member States.
4. While a joint reply by the government, employers and workers of each country is most desirable, the employers' and workers' organizations receiving the questionnaire have the possibility, if they so wish, of transmitting their observations directly to the Office. In such cases, the Office will, in compliance with a previous decision of the Governing Body, refer these reports to the government concerned for comment.
5. The reports are expected to outline the developments that have taken place during the reporting period in areas covered by the MNE Declaration. Respondents are accordingly urged to provide specific data and concrete information pertinent to the questions asked. When disaggregated information on MNEs is not available respondents are requested to provide any relevant enterprise-level data. They should highlight recent developments and policy changes which have taken place in the years concerned, and reflect to the fullest extent possible the reactions of all parties affected by such changes.
6. The information should provide a reliable indication of the extent to which the principles contained in the MNE Declaration are being observed and the areas in which there may be divergences between certain policies or practices of the social partners.
7. Where matters dealt with in the MNE Declaration may, in part, go beyond the competence of the ministry responsible for labour and social issues, close consultation with the competent authorities is highly recommended in the interest of obtaining as complete and clear a picture as possible.

Report form

The context in which the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was adopted is reflected in its Preamble, which reads as follows:

The Governing Body of the International Labour Office:

Recalling that the International Labour Organization for many years has been involved with certain social issues related to the activities of multinational enterprises;

Noting in particular that various Industrial Committees, Regional Conferences, and the International Labour Conference since the mid-1960s have requested appropriate action by the Governing Body in the field of multinational enterprises and social policy;

Having been informed of the activities of other international bodies, in particular the United Nations Commission on Transnational Corporations and the Organisation for Economic Co-operation and Development (OECD);

Considering that the ILO, with its unique tripartite structure, its competence, and its long-standing experience in the social field, has an essential role to play in evolving principles for the guidance of governments, workers' and employers' organizations, and multinational enterprises themselves;

Recalling that it convened a Tripartite Meeting of Experts on the Relationship between Multinational Enterprises and Social Policy in 1972, which recommended an ILO programme of research and study, and a Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy in 1976 for the purpose of reviewing the ILO programme of research and suggesting appropriate ILO action in the social and labour field;

Bearing in mind the deliberations of the World Employment Conference;

Having thereafter decided to establish a tripartite group to prepare a Draft Tripartite Declaration of Principles covering all of the areas of ILO concern which relate to the social aspects of the activities of multinational enterprises, including employment creation in the developing countries, all the while bearing in mind the recommendations made by the Tripartite Advisory Meeting held in 1976;

Having also decided to reconvene the Tripartite Advisory Meeting to consider the Draft Declaration of Principles as prepared by the tripartite group;

Having considered the report and the Draft Declaration of Principles submitted to it by the reconvened Tripartite Advisory Meeting;

Hereby approves the following Declaration, which may be cited as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body of the International Labour Office, and invites governments of States Members of the ILO, the employers' and workers' organizations concerned and the multinational enterprises operating in their territories to observe the principles embodied therein.

Part 1. General questions

Background, aim and general policies

(Paragraphs 1-12)

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments as well as to employers and workers and their respective organizations. Through international direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.
2. The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the United Nations resolutions advocating the establishment of a new international economic order.
3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments and by cooperation among the governments and the employers' and workers' organizations of all countries.
4. The principles set out in this Declaration are commended to the governments, the employers' and workers' organizations of home and host countries and to the multinational enterprises themselves.
5. These principles are intended to guide the governments, the employers' and workers' organizations and the multinational enterprises in taking such measures and actions and

adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress.

6. To serve its purpose this Declaration does not require a precise legal definition of multinational enterprises; this paragraph is designed to facilitate the understanding of the Declaration and not to provide such a definition. Multinational enterprises include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise" is used in this Declaration to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the distribution of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in the Declaration.
7. This Declaration sets out principles in the fields of employment, training, conditions of work and life and industrial relations which governments, employers' and workers' organizations and multinational enterprises are recommended to observe on a voluntary basis; its provisions shall not limit or otherwise affect obligations arising out of ratification of any ILO Convention.
8. All the parties concerned by this Declaration should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should respect the Universal Declaration of Human Rights and the corresponding international covenants adopted by the General Assembly of the United Nations as well as the Constitution of the International Labour Organization and its principles according to which freedom of expression and association are essential to sustained progress. They should contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted in 1998. They should also honour commitments which they have freely entered into, in conformity with the national law and accepted international obligations.
9. Governments which have not yet ratified Conventions Nos. 87, 98, 111, 122, 138 and 182 are urged to do so and in any event to apply, to the greatest extent possible, through their national policies, the principles embodied therein and in Recommendations Nos. 111, 119, 122, 146 and 190.¹ Without prejudice to the obligation of governments to ensure compliance with Conventions they have ratified, in countries in which the Conventions and Recommendations cited in this paragraph are not complied with, all parties should refer to them for guidance in their social policy.
10. Multinational enterprises should take fully into account established general policy objectives of the countries in which they operate. Their activities should be in harmony with the development priorities and social aims and structure of the country in which they operate. To this effect, consultations should be held between multinational enterprises, the government and, wherever appropriate, the national employers' and workers' organizations concerned.
11. The principles laid down in this Declaration do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good

¹ Convention (No. 87) concerning freedom of association and protection of the right to organize; Convention (No. 98) concerning the application of the principles of the right to organize and to bargain collectively; Convention (No. 111) concerning discrimination in respect of employment and occupation; Convention (No. 122) concerning employment policy; Convention (No. 138) concerning minimum age for admission to employment; Convention (No. 182) concerning the prohibition and immediate action for the elimination of the worst forms of child labour; Recommendation (No. 111) concerning discrimination in respect of employment and occupation; Recommendation (No. 119) concerning termination of employment and occupation; Recommendation (No. 122) concerning employment policy; Recommendation (No. 146) concerning minimum age for admission to employment; Recommendation (No. 190) concerning the prohibition and immediate action for the elimination of the worst forms of child labour.

practice for all. Multinational and national enterprises, wherever the principles of this Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.

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

- Q.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).
- Q.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?
- Q.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.²
- Q.4** Please provide information on intergovernmental dialogue to promote good social practice by MNEs as recommended in paragraph 12 of the MNE Declaration. (Examples 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.)
- Q.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)?

1 2 3 4 5

General economic and social welfare

Living standards

Employment

Equality of opportunity and treatment

Working conditions

Respect for fundamental principles and rights at work

- Q.6** Please indicate in which sectors MNE operations in your country have led to a concentration of economic power.
- Q.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.

² When disaggregated information on MNEs is not available, please provide any relevant enterprise data.

Employment

(Paragraphs 13-28)

13. With a view to stimulating economic growth and development, raising living standards, meeting manpower requirements and overcoming unemployment and underemployment, governments should declare and pursue, as a major goal,³ an active policy designed to promote full, productive and freely chosen employment.
14. This is particularly important in the case of host country governments in developing areas of the world where the problems of unemployment and underemployment are at their most serious. In this connection, the general conclusions adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, June 1976) should be kept in mind.⁴
15. Paragraphs 13 and 14 above establish the framework within which due attention should be paid, in both home and host countries, to the employment impact of multinational enterprises.
16. Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise.
17. Before starting operations, multinational enterprises should, wherever appropriate, consult the competent authorities and the national employers' and workers' organizations in order to keep their manpower plans, as far as practicable, in harmony with national social development policies. Such consultation, as in the case of national enterprises, should continue between the multinational enterprises and all parties concerned, including the workers' organizations.
18. Multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country at all levels in cooperation, as appropriate, with representatives of the workers employed by them or of the organizations of these workers and governmental authorities.
19. Multinational enterprises, when investing in developing countries, should have regard to the importance of using technologies which generate employment, both directly and indirectly. To the extent permitted by the nature of the process and the conditions prevailing in the economic sector concerned, they should adapt technologies to the needs and characteristics of the host countries. They should also, where possible, take part in the development of appropriate technology in host countries.
20. To promote employment in developing countries, in the context of an expanding world economy, multinational enterprises, wherever practicable, should give consideration to the conclusion of contracts with national enterprises for the manufacture of parts and equipment, to the use of local raw materials and to the progressive promotion of the local processing of raw materials. Such arrangements should not be used by multinational enterprises to avoid the responsibilities embodied in the principles of this Declaration.
21. All governments should pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin.⁵
22. Multinational enterprises should be guided by this general principle throughout their operations without prejudice to the measures envisaged in paragraph 18 or to government policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment. Multinational enterprises should

³ Convention No. 122 and Recommendation No. 122 concerning employment policy.

⁴ ILO, World Employment Conference, Geneva, 4-17 June 1976.

⁵ Convention (No. 111) and Recommendation (No. 111) concerning discrimination in respect of employment and occupation; Convention (No. 100) and Recommendation (No. 90) concerning equal remuneration for men and women workers for work of equal value.

accordingly make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.

23. Governments should never require or encourage multinational enterprises to discriminate on any of the grounds mentioned in paragraph 21, and continuing guidance from governments, where appropriate, on the avoidance of such discrimination in employment is encouraged.
24. Governments should carefully study the impact of multinational enterprises on employment in different industrial sectors. Governments, as well as multinational enterprises themselves, in all countries should take suitable measures to deal with the employment and labour market impacts of the operations of multinational enterprises.
25. Multinational enterprises equally with national enterprises, through active manpower planning, should endeavour to provide stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.
26. In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.
27. Arbitrary dismissal procedures should be avoided.⁶
28. Governments, in cooperation with multinational as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated.⁷

Q.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:

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

Q.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).

Q.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.⁸

⁶ Recommendation (No. 119) concerning termination of employment at the initiative of the employer.

⁷ *ibid.*

⁸ When disaggregated information on MNEs is not available, please provide any relevant enterprise data.

Training

(Paragraphs 29-32)

29. Governments, in cooperation with all the parties concerned, should develop national policies for vocational training and guidance, closely linked with employment.⁹ This is the framework within which multinational enterprises should pursue their training policies.
 30. In their operations, multinational enterprises should ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.
 31. Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. These programmes should have the aim of encouraging skill formation and development as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development.
 32. Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations.
- Q.11** Please provide statistical data or examples of initiatives concerning human resources development and vocational training undertaken by MNEs for their employees in your country.¹⁰
- Q.12** 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.¹¹

Conditions of work and life (including safety and health)

(Paragraphs 33-40)

33. Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.
34. When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies.¹² These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic

⁹ Convention (No. 142) and Recommendation (No. 150) concerning vocational guidance and vocational training in the development of human resources.

¹⁰ When disaggregated information on MNEs is not available, please provide any relevant enterprise data.

¹¹ *ibid.*

¹² Recommendation (No. 116) concerning reduction of hours of work.

needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard.¹³

35. Governments, especially in developing countries, should endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises.
36. Multinational enterprises, as well as national enterprises, should respect the minimum age for admission to employment or work in order to secure the effective abolition of child labour.¹⁴
37. Governments should ensure that both multinational and national enterprises provide adequate safety and health standards for their employees. Those governments which have not yet ratified the ILO Conventions on Guarding of Machinery (No. 119), Ionising Radiation (No. 115), Benzene (No. 136) and Occupational Cancer (No. 139) are urged nevertheless to apply to the greatest extent possible the principles embodied in these Conventions and in their related Recommendations (Nos. 118, 114, 144 and 147). The codes of practice and guides in the current list of ILO publications on occupational safety and health should also be taken into account.¹⁵
38. Multinational enterprises should maintain the highest standards of safety and health, in conformity with national requirements, bearing in mind their relevant experience within the enterprise as a whole, including any knowledge of special hazards. They should also make available to the representatives of the workers in the enterprise and, upon request, to the competent authorities and the workers' and employers' organizations in all countries in which they operate, information on the safety and health standards relevant to their local operations, which they observe in other countries. In particular, they should make known to those concerned any special hazards and related protective measures associated with new products and processes. They, like comparable domestic enterprises, should be expected to play a leading role in the examination of causes of industrial safety and health hazards and in the application of resulting improvements within the enterprise as a whole.
39. Multinational enterprises should cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards.
40. In accordance with national practice, multinational enterprises should cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations. Where appropriate, matters relating to safety and health should be incorporated in agreements with the representatives of the workers and their organizations.

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

¹³ Convention (No. 110) and Recommendation (No. 110) concerning conditions of employment of plantation workers; Recommendation (No. 115) concerning workers' housing; Recommendation (No. 69) concerning medical care; Convention (No. 130) and Recommendation (No. 134) concerning medical care and sickness benefits.

¹⁴ Convention No. 138, Article 1; Convention No. 182, Article 1.

¹⁵ The ILO Conventions and Recommendations referred to are listed in the *Catalogue of ILO Publications on Occupational Safety and Health*, 1999 edition, ILO, Geneva. See also <http://www.ilo.org/public/english/protection/safework/publicat/index.htm>.

Industrial relations

(Paragraphs 41-59)

41. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.
42. Workers employed by multinational enterprises as well as those employed by national enterprises should, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.¹⁶ They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment.¹⁷
43. Organizations representing multinational enterprises or the workers in their employment should enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration.¹⁸
44. Where appropriate, in the local circumstances, multinational enterprises should support representative employers' organizations.
45. Governments, where they do not already do so, are urged to apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing.
46. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.
47. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.
48. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.
49. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.
50. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.¹⁹
51. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.²⁰

¹⁶ Convention No. 87, Article 2.

¹⁷ Convention No. 98, Article 1(1).

¹⁸ Convention No. 98, Article 2(1).

¹⁹ Convention No. 98, Article 4.

²⁰ Convention (No. 135) concerning protection and facilities to be afforded to workers' representatives in the undertaking.

52. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.
53. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.
54. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.
55. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.²¹
56. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.
57. In multinational as well as in national enterprises, systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining.²²
58. Multinational as well as national enterprises should respect the right of the workers whom they employ to have all their grievances processed in a manner consistent with the following provision: any worker who, acting individually or jointly with other workers, considers that he has grounds for a grievance should have the right to submit such grievance without suffering any prejudice whatsoever as a result, and to have such grievance examined pursuant to an appropriate procedure.²³ This is particularly important whenever the multinational enterprises operate in countries which do not abide by the principles of ILO Conventions pertaining to freedom of association, to the right to organize and bargain collectively and to forced labour.²⁴
59. Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers.

²¹ Recommendation (No. 129) concerning communications between management and workers within the undertaking.

²² Recommendation (No. 94) concerning consultation and cooperation between employers and workers at the level of the undertaking; Recommendation (No. 129) concerning communications within the undertaking.

²³ Recommendation (No. 130) concerning the examination of grievances within the undertaking with a view to their settlement.

²⁴ Convention (No. 29) concerning forced or compulsory labour; Convention (No. 105) concerning the abolition of forced labour; Recommendation (No. 35) concerning indirect compulsion to labour.

The voluntary conciliation machinery should include equal representation of employers and workers.²⁵

- Q.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 headquarters, lack of trade union facilities, relevant information on overall company performance not provided by local MNE affiliate).²⁶
- Q.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.²⁷
- Q.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.
- Q.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.
- Q.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).
- Q.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.²⁸
- Q.20** Do MNEs support employers' organizations in your country (through membership, joint activities, representation or otherwise)?

Consultation with the representative employers' and workers' organizations concerning this questionnaire

In the event that the replies to the questionnaire were not prepared on a tripartite basis, governments are requested to provide copies of their replies to this questionnaire to the most representative employers' and workers' organizations in the country and to invite them to make such observations as they may consider relevant. While it would be desirable for such observations to be incorporated in the governments' replies, the employers' and workers' organizations may also transmit their comments directly to the ILO.

Governments

- Q.21** (a) 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.

²⁵ Recommendation (No. 92) concerning voluntary conciliation and arbitration.

²⁶ When disaggregated information on MNEs is not available, please provide any relevant enterprise data.

²⁷ *ibid.*

²⁸ *ibid.*

Employers' and workers' organizations

- Q.22** (b) 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.

Promotion of the observance of the MNE Declaration

- Q.23** 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.
- Q.24** 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.

Disputes concerning interpretation of the provisions of the Declaration

At its 232nd (March 1986) Session, the Governing Body adopted the procedure (appended hereto) for the examination of disputes arising out of the application of the Tripartite Declaration.

- Q.25** 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.

Part 2. Detailed questions on employment

- Q.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.
- Q.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.
- Q.28** Please provide any information available on employment issues in export processing zones, special economic zones, 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.

Annex

Procedure for the examination of disputes concerning the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by means of interpretation of its provisions

1. The purpose of the procedure is to interpret the provisions of the Declaration when needed to resolve a disagreement on their meaning, arising from an actual situation, between parties to whom the Declaration is commended.
2. The procedure should in no way duplicate or conflict with existing national or ILO procedures. Thus, it cannot be invoked:
 - (a) in respect of national law and practice;
 - (b) in respect of international labour Conventions and Recommendations;
 - (c) in respect of matters falling under the freedom of association procedure.

The above means that questions regarding national law and practice should be considered through appropriate national machinery; that questions regarding international labour Conventions and Recommendations should be examined through the various procedures provided for in articles 19, 22, 24 and 26 of the Constitution of the ILO, or through government requests to the Office for informal interpretation; and that questions concerning freedom of association should be considered through the special ILO procedures applicable to that area.

3. When a request for interpretation of the Declaration is received by the International Labour Office, the Office shall acknowledge receipt and bring it before the Officers of the Committee on Multinational Enterprises. The Office will inform the government and the central organizations of employers and workers concerned of any request for interpretation received directly from an organization under paragraph 5(b) and (c).
4. The Officers of the Committee on Multinational Enterprises shall decide unanimously after consultations in the groups whether the request is receivable under the procedure. If they cannot reach agreement the request shall be referred to the full Committee for decision.
5. Requests for interpretation may be addressed to the Office:
 - (a) as a rule by the government of a member State acting either on its own initiative or at the request of a national organization of employers or workers;
 - (b) by a national organization of employers or workers, which is representative at the national and/or sectoral level, subject to the conditions set out in paragraph 6. Such requests should normally be channelled through the central organizations in the country concerned;
 - (c) by an international organization of employers or workers on behalf of a representative national affiliate.
6. In the case of 5(b) and (c), requests may be submitted if it can be demonstrated:
 - (a) that the government concerned has declined to submit the request to the Office; or
 - (b) that three months have elapsed since the organization addressed the government without a statement of the government's intention.
7. In the case of receivable requests the Office shall prepare a draft reply in consultation with the Officers of the Committee on Multinational Enterprises. All appropriate sources of information shall be used, including government, employers' and workers' sources in the country concerned. The Officers may ask the Office to indicate a period within which the information should be provided.
8. The draft reply to a receivable request shall be considered and approved by the Committee on Multinational Enterprises prior to submission to the Governing Body for approval.

9. The reply when approved by the Governing Body shall be forwarded to the parties concerned and published in the *Official Bulletin* of the International Labour Office.