



THIRD ITEM ON THE AGENDA

Composition and size of the Subcommittee on Multinational Enterprises

1. As requested by the members of the Subcommittee at its sitting in March 2003, this paper outlines the history of the Subcommittee on Multinational Enterprises (MNE Subcommittee), the reasons that led to its establishment and its current size and composition. The paper aims at providing the Subcommittee with the information it needs for a discussion on possible changes in its size and composition.¹
2. At its 209th Session (February-March 1979), the Governing Body established a committee concerned with the follow-up to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). This ad hoc committee was specifically set up to consider the first reports on the effect given to the MNE Declaration. It was composed of 15 regular members (five from each group) and an equal number of substitute members. When deciding on the size of the committee the Governing Body took the following three criteria into account: the need for proper representation of the different regions; a sufficiently wide range of expertise; and the need for efficiency and flexibility.²
3. The members of the ad hoc committee were appointed at the 210th Session (May 1979) of the Governing Body on the basis of a proposal made by the Director-General following consultations with the three groups. A fair geographical balance was achieved, with the regular Government members representing Australia, Tunisia, the USSR, the United Kingdom and Venezuela and the substitute Government members representing Côte d'Ivoire, Pakistan, Peru, Sweden and Yugoslavia.
4. In its report to the 214th Session (November 1980) of the Governing Body, the ad hoc committee recommended that a standing committee be established to monitor the follow-up to the MNE Declaration. It also recommended that the new committee should be similar in size and composition to the ad hoc committee and should meet at least once a year. It further proposed that, in addition to considering the reports on the effect given to the MNE

¹ GB.286/14, para. 35.

² GB.209/2/3.

Declaration, the committee should handle the disputes to which the application of the MNE Declaration might give rise and should review other activities undertaken by the Office, including research and studies.³ The Governing Body endorsed these recommendations and the Committee on Multinational Enterprises (MNE Committee) was thus established.

5. At its 216th Session (May 1981), the Governing Body modified the composition of the MNE Committee by adopting a proposal made by the Director-General, following consultations with the officers of the Governing Body, to increase the membership of the MNE Committee from 15 to 18, with six members from each group instead of five, in order to ensure better geographical representation. With regard to the substitute members, he proposed that each group should be free to appoint up to six members. The Director-General pointed out that while the Governing Body had decided that the composition of the MNE Committee would be similar to that of the ad hoc committee, this did not mean that it would be “identical”. His suggestion to enlarge the MNE Committee was a response to certain questions that had been raised and also took account of the fact that the United States had not been a member of the Organization when the proposal to establish a standing committee had first been introduced.⁴
6. In 1993, as a consequence of an in-depth review of the entire Governing Body structure and functioning, the MNE Committee became a Subcommittee of the Committee on Legal Issues and International Labour Standards (LILS). The MNE Subcommittee’s numerical composition and operational mandate remained the same as those of the former MNE Committee. The Governing Body also decided that the MNE Subcommittee would continue to report directly to the Governing Body.⁵
7. Initially, the Officers of the MNE Subcommittee were the same as those of the LILS Committee. During its 266th Session (June 1996) the Governing Body decided however that the MNE Subcommittee would henceforth be free to appoint its own officers, independent of those of the LILS Committee.⁶
8. The appendix shows the developments in the composition of the Government membership of the MNE (Sub-)Committee over the years. Although initially, membership was fairly balanced between home and host countries, in later years Government members have mostly represented home countries of multinational enterprises. It should also be noted that while membership has varied and, in general terms, has included representatives from all regions, five countries (Canada, Italy, the Russian Federation, the United Kingdom and the United States) have had virtually continuous representation as either regular or substitute member. This is, however, not the result of any formal or informal rule or arrangement, as the Subcommittee’s members are appointed on the basis of nominations made by the respective regional groups. It is also important to note that for a number of years interest in membership was rather limited, as reflected by the fact that during some periods only two or three countries were represented as substitute members.

³ GB.214/6/3, para. 85.

⁴ GB.216/17/7 and GB.216/PV(Rev.), Minutes of the 216th Session of the Governing Body, Geneva, 28-30 May, IV/5.

⁵ GB.256/13/24, para. 6(i).

⁶ GB.266/205, para. 3.

9. As there will be a discussion in the Governing Body on a review and possible reform of its structures, the discussion in the Subcommittee on its composition and size should contribute to but not prejudice the outcome of that more comprehensive discussion which might in due time have consequences for the whole committee structure of the Governing Body as well as the functioning and size of its committees. Furthermore, the financial implications of any recommendations from the Subcommittee would, in accordance with article 22 of the Standing Orders of the Governing Body, have to be referred to the Programme, Financial and Administrative Committee of the Governing Body prior to their consideration by the Governing Body.
10. *On the basis of the information provided above and in the Appendix, the Subcommittee may wish to discuss the need for changes in its size and composition and possible recommendations to the attention of the Governing Body.*

Geneva, 15 September 2003.

Point for decision: Paragraph 10.

Appendix

Government members of the MNE (Sub-)Committee 1979–2005

Period	Regular members	Substitute members
Ad hoc committee		
1979–1981	Australia, Tunisia, USSR, United Kingdom, Venezuela	Côte d'Ivoire, Pakistan, Peru, Sweden, Yugoslavia
MNE Committee		
1981–1984	Australia, India, Italy, USSR, United States, Venezuela	Algeria, Colombia, German Democratic Republic, Madagascar
1984–1987	Australia, India, Italy, USSR, United States, Venezuela	Canada, Mongolia, United Kingdom, Upper Volta
1987–1990	Antigua and Barbuda, Australia, India, Italy, USSR, United States	Canada, United Kingdom
1990–1993	Australia, India, Italy, Peru, USSR (Russian Federation since 1992), United States	Canada, United Kingdom
MNE Subcommittee		
1993–1996	Australia, Canada, India, Italy, Russian Federation, United States	Chile, China, United Kingdom
1996–1999	Canada, Italy, Japan, Namibia, Russian Federation, United States	China, Colombia, United Kingdom
1999–2002	Canada, Italy, Japan, Namibia, United Kingdom, United States	China, Guatemala
2002–2005	Italy, Japan, Kenya, Russian Federation, United Kingdom, United States	Argentina, Belgium, Canada, Islamic Republic of Iran, Republic of Korea, Mexico