



FIRST ITEM ON THE AGENDA

**Follow-up and promotion on the
Tripartite Declaration of Principles
concerning Multinational Enterprises
and Social Policy****(a) Seventh Survey on the effect given to
the Tripartite Declaration of Principles
concerning Multinational Enterprises
and Social Policy: Analytical report of
the Working Group on the reports
submitted by governments and by
employers' and workers' organizations
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I. Introduction

This introduction sets forth the institutional context of the Seventh Survey (“Survey”) on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (“MNE Declaration”), response rates and patterns, quality of replies, observations by respondents regarding the questionnaire, and the methodology used. It then relates the pattern of FDI flows during the reporting period to the survey sample represented by the replies.

1. Institutional context

1. At its 229th Session (Geneva, February-March 1985), the Governing Body, on the basis of a proposal made by the Committee on Multinational Enterprises,¹ set up a Working Group comprising the Officers of that Committee. The group was entrusted with the responsibility of analysing the reports submitted by governments and by employers’ and workers’ organizations, for the periodic surveys on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, prior to their examination by the Committee (now Subcommittee) itself.²
2. Since its establishment, the Working Group has met in November 1986, November 1989, October 1992 and January 1997 to analyse the respective reports for the Third, Fourth, Fifth and Sixth Surveys.³ On each occasion the reports of the Working Group⁴ were submitted to the Committee on Multinational Enterprises, which in turn reported thereon to the Governing Body.
3. At its 248th (November 1990) Session, the Governing Body decided that the questionnaire for the Fifth Survey should be sent not only to governments, but also to the most representative employers’ and workers’ organizations.⁵ This was done to underline the importance of the role of employers’ and workers’ organizations in the Survey, to help advance the preparatory work they would need to undertake in the event of a joint government-employer-worker reply, or to enable them, should they wish, to send their reports directly to the ILO. A decision to follow the same procedure for the Sixth Survey was taken by the Governing Body at its 258th (November 1993) Session.⁶ The periodicity

¹ The Committee on Multinational Enterprises is now the Subcommittee on Multinational Enterprises, operating within the framework of the Committee on Legal Issues and International Labour Standards (GB.256/13/24, para. 6(b)(1)), May 1993.

² GB.229/PV(Rev.), p. VII/3.

³ The reporting periods for the Surveys consisted of: Third Survey (1983, 1984, 1985); Fourth Survey (1986, 1987, 1988); Fifth Survey (1989, 1990, 1991); Sixth Survey (1992, 1993, 1994, 1995).

⁴ GB.234/MNE/1/7(Rev.), Nov. 1986 (Third Survey); GB.244/MNE/1/3(Rev.), Nov. 1989 (Fourth Survey); GB.254/MNE/1/4, Nov. 1992 (Fifth Survey); GB.268/MNE/1/2, Mar. 1997 (Sixth Survey).

⁵ GB.248/15/26, para. 11(c); GB.248/205, para. 84(c).

⁶ GB.258/10/21, para. 15(c).

of the Survey was also changed from three to four years.⁷ The Seventh Survey therefore focused on the years 1996, 1997, 1998 and 1999.

4. The Working Group, comprising the Chairperson of the Subcommittee, Ms. D. Robinson (Government, Canada), the Employer Vice-Chairperson, Mr. B. Noakes (Employers, Australia) and the Worker Vice-Chairperson, Mr. E. Patel (Workers, South Africa), met in Geneva on 27, 28 and 29 September 2000, 6 November 2000, and 29, 30 and 31 January 2001, to analyse the reports submitted for the Seventh Survey.
5. The Working Group had before it a document summarizing all the replies received up to 1 August 2000. In addition, all the original reports, as well as accompanying documentation and communications used in the preparation of the summaries, were at its disposal.
6. The Working Group considered that it would be useful to provide the Subcommittee with information on the origin and character of the replies, and the means by which they were sent to the Office. It also agreed to follow precedent and make suggestions with regard to the next survey or other types of activities that may be undertaken by member States, employers' and workers' organizations, multinational enterprises (MNEs), and the Office, with a view to enhancing the effectiveness of the MNE Declaration.

2. Response rates and patterns

7. Replies from 100 countries arrived in time for consideration by the Subcommittee as compared to 52 countries for the First Survey (1980); 62 for the Second (1983); 68 for the Third (1986); 70 for the Fourth (1989); 73 for the Fifth (1992); and 74 for the Sixth (1996). The deadline for submitting replies for the Seventh Survey was 29 February 2000. However, in line with its discretion exercised in past surveys, the Office has included in the summary and analysis all replies received up to 1 August 2000.
8. Table I.2.1 shows the origins of the replies by region, country and type of respondent. In ten countries, the government and employers' and workers' organizations provided a consolidated tripartite report to the Survey.⁸ Notably, six of the ten tripartite respondents in the sample were from Europe. A number of the tripartite reports contained divergent views attributed to the participating respondents on certain aspects of the survey questions, which are reflected in the Summary of replies, GB.280/MNE/1/2. The pattern of those responses varied considerably: from the fully integrated model adopted by the Finnish respondents (with an appendix for the separate views of the workers' organizations on some issues), to the separate replies listed side by side in the Hungarian model, to a model presenting common views with some diverging opinions (Estonia, Malaysia, Slovakia, Sweden), to one that refers to a "report prepared *in consultation* with" the employers' and workers' organizations (Saint Vincent and the Grenadines), to one where the Government transmits its final compilation of the views of the tripartite respondents (Denmark, Kuwait, Uganda).

⁷ GB.258/10/21, para. 15(b).

⁸ Para. 4 of the report form sent to constituents stated that "a joint reply by the government, employers and workers of each country would be most desirable"; see GB.275/6, appendix. These countries were Denmark, Estonia, Finland, Hungary, Kuwait, Malaysia, Slovakia, Saint Vincent and the Grenadines, Sweden and Uganda. For identification of the employers' and workers' organizations which joined in tripartite replies, see table I.2.2.

Table I.2.1. Replies to the Seventh Survey by region, country and respondent¹

Africa	Americas	Asia	Europe
Angola (G, W)	Antigua and Barbuda (G, E)	Australia (G, W)	Austria (G, W)
Burkina Faso (E)	Argentina (G)	Bahrain (G)	Belarus (G)
Cameroon (W)	Bahamas (G)	Bangladesh (G, E, W)	Belgium (G, E, W)
Cape Verde (G)	Barbados (G, E, W)	China (G)	Bulgaria (G)
Côte d'Ivoire (G)	Brazil (G, E, W)	India (G)	Croatia (G, W)
Congo, Democratic Republic of the (E, W)	Canada (E)	Indonesia (G)	Cyprus (G, W)
Egypt (G, E)	Colombia (G, W)	Japan (G, E, W)	Denmark (TP)
Eritrea (G)	Costa Rica (G)	Jordan (G, E)	Estonia (TP)
Ethiopia (W)	Dominican Republic (W)	Korea, Republic of (G, W)	Finland (TP)
Gabon (E)	Ecuador (G)	Kuwait (TP)	France (W)
Ghana (W)	El Salvador (G)	Lebanon (G)	Germany (G, E, W)
Kenya (G)	Guatemala (G, E)	Malaysia (TP)	Greece (G, E)
Madagascar (W)	Guyana (G)	Myanmar (G)	Hungary (TP)
Mauritius (G)	Mexico (G, W)	Nepal (W)	Ireland (W)
Morocco (W)	Nicaragua (G)	New Zealand (G, E, W)	Israel (W)
Mozambique (W)	Panama (G, W)	Oman (E)	Italy (G, W)
Rwanda (G, W)	Peru (G, W)	Pakistan (G, W)	Latvia (W)
Senegal (G)	Saint Vincent and the Grenadines (TP)	Philippines (G)	Lithuania (G, E, W)
South Africa (E, W)	Trinidad and Tobago (E)	Singapore (G)	Malta (W)
Tanzania, United Republic of (W)	United States (W)	Sri Lanka (G, E, W)	Moldova, Republic of (G)
Togo (G, E, W)	Venezuela (E)	Thailand (G)	Netherlands (G)
Uganda (TP)	(21/35 countries)	Viet Nam (E)	Norway (G)
Zambia (E)		(22/38 countries)	Poland (G, W)
Zimbabwe (G)			Portugal (G, W)
(24/53 countries)			Romania (G)
			Slovakia (TP)
			Slovenia (G)
			Spain (G, E, W)
			Sweden (TP)
			Switzerland (G, E, W)
			Turkey (G, E, W)
			Ukraine (G, E)
			United Kingdom (G)
			(33/48 countries)

Key: G = government; E = employers' organization; W = workers' organization; TP = tripartite.

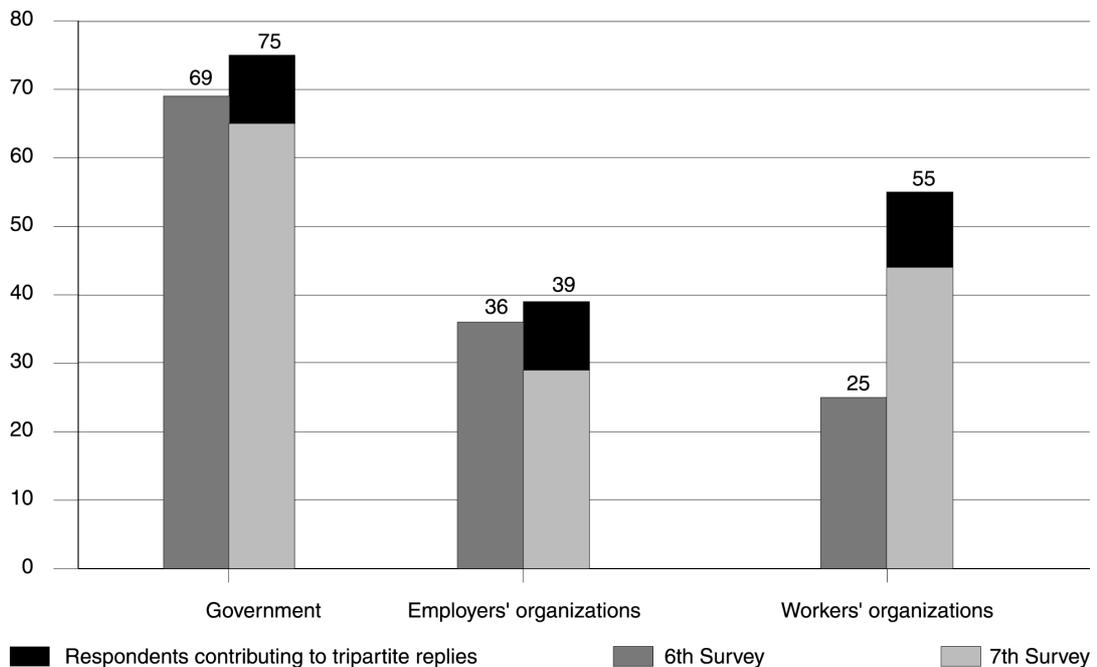
Replies: 65 governments; employers' organizations from 29 countries; and workers' organizations from 45 countries; and 10 tripartite (see para. 8). In some cases more than one employers' or workers' organization from a given country replied. In addition, a number of governments stated that they consulted the social partners for the preparation of their reports.

¹ These refer to replies to all or part of the questionnaire submitted to the Office by governments, and employers' and workers' organizations, either separately, or jointly in tripartite replies. For details on the means by which the employers' or workers' replies were sent to the Office, see table I.2.2. Those organizations which governments identified as having been consulted, and those which made observations that were incorporated in the government's reply, are specified in table I.2.2. For information on communications from governments, employers' and workers' organizations which did not submit reports, see GB.280/MNE/1/2, Appendix 1.

It must be noted that the contribution of the social partners may be understated in light of the number of governments which consulted employers' and workers' organizations and whose views may have been taken into account in the preparation of the governments' reports. Those organizations may not have been named in all relevant cases, nor did all such organizations necessarily send copies of their contributions to the Office. For details on the employers' and workers' organizations that were consulted by governments and those which were clearly identified as having contributed to governments' replies, see table I.2.2, and Part II of the Summary of replies (GB.280/MNE/1/2).

9. Replies were received in consolidated tripartite responses from respondents in ten countries and separately from governments in 65 countries, employers' organizations in 29 countries, and workers' organizations in 45 countries. Considering the tripartite respondents in their respective groupings, replies were thus received from governments in 75 countries (including the ten respondents which submitted tripartite replies) compared to 69 in the Sixth;⁹ employers' organizations in 39 countries (including the respondents which submitted tripartite replies) compared to 36 in the Sixth;¹⁰ and workers' organizations in 55 countries (including the respondents which submitted tripartite replies) compared to 25 countries in the Sixth¹¹ (see figure I.2.1). These results reflect a higher overall participation in the Seventh Survey by each type of respondent (governments, employers' and workers' organizations) than in the Sixth (see para. 7 *supra*), with the most notable increase from workers' organizations (see figure I.2.2). Similarly, each of the four ILO regions experienced an increase in a number of countries participating in the Seventh Survey. The highest increase was reflected in Africa, which doubled from 12 countries participating in the Sixth Survey to 24 countries in the Seventh. Europe increased from 24 countries in the Sixth to 33 in the Seventh; country representation in Asia increased from 19 countries in the Sixth to 22 in the Seventh; and the Americas increased from 19 countries in the Sixth to 21 in the Seventh.

Figure I.2.1. Numbers of respondents to Sixth and Seventh Surveys

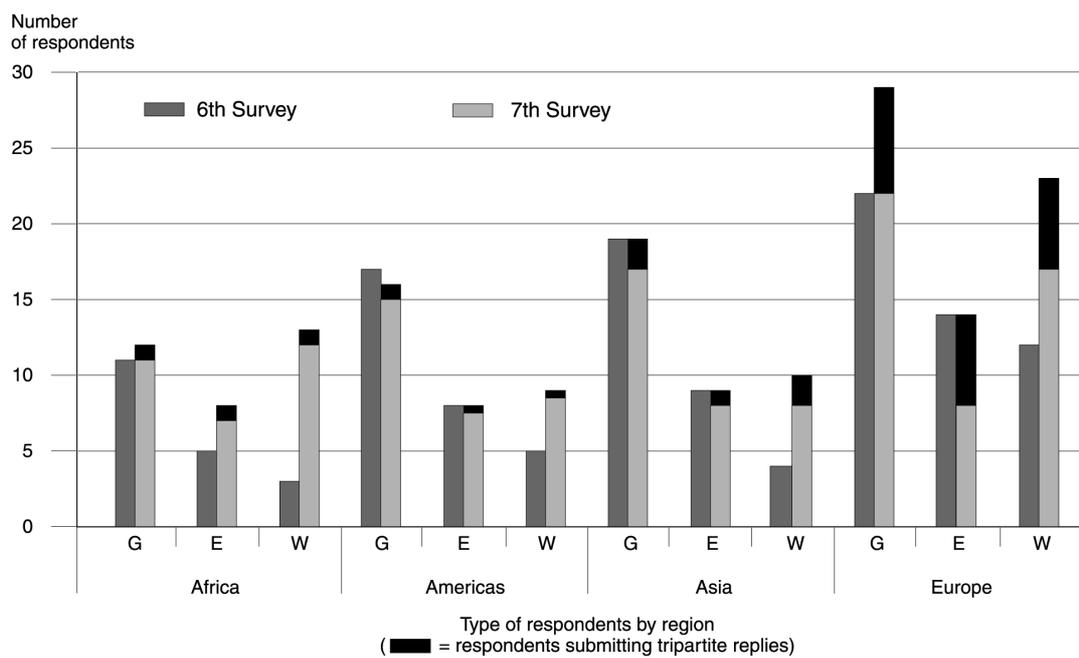


⁹ Notably, governments with significant FDI activity which replied to the Sixth but not the Seventh Survey include Chile, Nigeria and the United States. Several governments of significant FDI activity which did not reply to either Survey include France, the Russian Federation, Saudi Arabia and South Africa.

¹⁰ Replies were submitted from employers' organizations in 39 out of 100 countries in the Seventh (39 per cent) compared to 36 out of 74 countries in the Sixth (48.6 per cent).

¹¹ Replies were received from workers' organizations in 55 out of 100 countries in the Seventh (55 per cent) compared to 25 out of 74 countries in the Sixth (33.8 per cent).

Figure I.2.2. Comparison of respondents in Sixth and Seventh Surveys



10. Table I.2.2 contains the names of the employers' and workers' organizations which replied to all or part of the questionnaire for the Seventh Survey and the means by which they transmitted their replies to the Office. There was a total of 25 countries from which only employers' and/or workers' organizations submitted reports,¹² compared to five (5) countries in the Sixth Survey.¹³ In eight of these countries, governments that had replied to the Sixth Survey did not reply to the Seventh Survey.¹⁴ In addition, in 15 countries, more than one employers' or workers' organization in the same country replied to the questionnaire.¹⁵ In accordance with the decision taken by the Governing Body at its 248th (November 1990) Session, copies of replies from employers' and workers' organizations

¹² Burkina Faso (E), Cameroon (W), Canada (E), Democratic Republic of the Congo (E, W), Dominican Republic (W), Ethiopia (W), France (W), Gabon (E), Ghana (W), Ireland (W), Israel (W), Latvia (W), Madagascar (W), Malta (W), Morocco (W), Mozambique (W), Nepal (W), Oman (E), South Africa (E, W), United Republic of Tanzania (W), Trinidad and Tobago (E), United States (W), Venezuela (E), Viet Nam (E), Zambia (E) (total: ten employers' organizations and 17 workers' organizations).

¹³ See GB.268/MNE/1/2, note 8 (listing Dominica, France, Luxembourg, Mauritania, Saint Vincent and the Grenadines).

¹⁴ The eight governments were from the following countries: Canada, Ethiopia, Gabon, Ireland, Trinidad and Tobago, United States, Venezuela and Zambia. For a communication by the Government of Canada, see Appendix 1 to GB.280/MNE/1/2.

¹⁵ More than one employers' organization replied in the following countries: Finland, Hungary, Sweden and Ukraine. More than one workers' organization replied in the following countries: Denmark, Finland, France, Italy, Lithuania, Pakistan, Poland, Sweden, South Africa, Sri Lanka and Togo. In the cases of Italy and Ukraine, the respective workers' and employers' organizations presented a joint response under their separate names. In four countries with tripartite replies, multiple worker' organizations and multiple employers' organizations joined together with the government in responding (Denmark, Finland, Hungary, Sweden). For details on replies from workers' or employers' organizations in the same country, see GB.280/MNE/1/2.

which were sent directly to the Office were forwarded to governments for their information and comments. Comments from employers' and/or workers' organizations, or governments, were not sent by the Office to the other parties concerned. For comments received from the respondent Governments of Australia, Bangladesh and Colombia, as well as the Government of Malta, which did not reply to the Survey itself, see Appendix 2 to GB.280/MNE/1/2.

Table I.2.2. Details of the participation of employers' and workers' organizations in the Seventh Survey

Employers' organizations

Employers' organizations which governments ¹⁶ identified as having been consulted in the preparation of their replies ¹⁷

- Argentine Chamber of Commerce
- National Labour Council (CNT – Belgium)* an organization comprising representative workers' and employers' organizations)
- National Trade Confederation (CNC – Brazil)
- Cyprus Employers' and Industrialists' Federation (OEB)
- General Federation of Italian Industry (CONFINDUSTRIA)
- Italian General Confederation of Employers in Commerce, Tourism and Services (CONFCOMMERCIO)
- Italian Confederation of Small and Medium-Sized Industry (CONFAPI)
- National League of Cooperatives and Mutual Associations (Italy)
- General Association of Italian Cooperatives (AGCI)
- Confederation of Italian Cooperatives (CONFCOOPERATIVE)
- National Union of Italian Cooperatives
- Italian Banking Association (ABI)
- General Confederation of Italian Agriculture (CONFAGRICOLTURA)
- Italian Farmers' Confederation (CIA)
- National Small Farmers' Confederation (COLDIRETTI) (Italy)
- National Confederation for the Craft Sector and Small and Medium-Sized Enterprises (Italy)
- General Italian Confederation of Artisans (CONFARTIGIANATO)
- Confederation of Free Associations of Italian Artisans
- Italian Confederation of Employers (CIDA)
- Association of Banks in Lebanon (ABL)
- Union of Myanmar Chamber of Commerce and Industry (UMCCI)
- New Zealand Employers' Federation (NZEf)
- National Society of Industries (Peru)
- Singapore National Employers' Federation (SNEF)
- Swiss Union of Trade and Industry (USCI)
- Confederation of Swiss Employers (UPS)*
- Confederation of Employers of Ukraine*

¹⁶ Certain governments reported that employers' and/or workers' organizations were invited to contribute but did not send any comments to the government. See generally GB.280/MNE/1/2, Part II. Those organizations that were not listed by governments having participated are not included.

¹⁷ Employers' organizations marked with an * provided a separate response in addition to having been identified as contributing to the government reply.

Employers' organizations' replies transmitted through governments

- National Labour Council (CNT – Belgium) (an organization comprising representative workers' and employers' organizations)
- National Confederation of Industry (CNI – Brazil)
- Federation of Egyptian Industries (FEI)
- Japan Federation of Employers' Associations (NIKKEIREN)
- Amman Chamber of Industry (ACI – Jordan)
- New Zealand Employers' Federation (NZEI)
- Oman Chamber of Commerce and Industry (OCCI)
- Confederation of Employers of Ukraine
- Ukrainian League of Industrialists and Entrepreneurs (ULIE)
- Zambia Federation of Employers (ZFE)

Employers' organizations' replies sent direct to ILO Geneva or through ILO's field offices*(a) Employers' organizations which indicated a copy was sent to government*

- Bangladesh Employers' Association (BEA)
- National Council of Employers of Burkina Faso (CNPB)
- Canadian Employers' Council (CEC)
- Enterprise Federation of Congo (FEC)
- Federation of Employers of Congo (FEC)
- Confederation of German Employers' Associations (BDA)
- Confederation of Lithuanian Industrialists (CLI)
- Oman Chamber of Commerce and Industry (OCCI)
- Business South Africa (BSA)
- Confederation of Swiss Employers (UPS)
- Turkish Confederation of Employers' Associations (TISK)
- Viet Nam Chamber of Commerce and Industry (VCCI)

(b) Employers' organizations which indicated that no copy was sent to government

- Confederation of Gabonese Employers (CPG)
- Federation of Greek Industries (FIG)

(c) Employers' organizations which gave no indication as to whether or not copy was sent to government

- Antigua Employers' Federation
- Barbados Employers' Confederation (BEC)
- National Confederation of Industry (CNI – Brazil)
- Federation of Egyptian Industries (FEI)
- Japan Federation of Employers' Associations (NIKKEIREN)
- Spanish Employers' Confederation (CEOE)
- Employers' Federation of Ceylon (EFC – Sri Lanka)
- Conseil National du Patronat (CNP – Togo)
- Employers Consultative Association (of Trinidad and Tobago) (ECA)
- Venezuelan Federation of Chambers of Commerce and Manufacturers' Associations (FEDECAMARAS)

Employers' organizations' replies sent through international employers' organizations

- The Amman Chamber of Industry (ACI – Jordan) sent its reply through the IOE
- The Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF – Guatemala) sent its reply through the IOE

Employers' organizations which participated in tripartite replies¹⁸

- Danish Confederation of Professional Associations (AC)
- Danish Employers' Confederation (DA)
- Confederation of Estonian Industry and Employers (ETTK)
- Confederation of Finnish Industry and Employers (TT)
- Employers' Confederation of Service Industries in Finland (LTK)
- Commission for local Authority Employers (KT – Finland)
- State Employers' Office (VTML) (Finland)
- National ILO Council (composed of Hungarian employers' and workers' organizations)¹⁹
- Kuwait Chamber of Commerce and Industry (KCCI)
- Malaysian Employers' Federation (MEF)
- Saint Vincent Employers' Federation (SVEF – Saint Vincent and the Grenadines)
- Association of Employers' Organizations of the Slovak Republic (KOZ SR)
- Federation of Swedish Industries (SIF)
- Swedish Employers' Confederation (SAF)
- Federation of Uganda Employers (FUE)

Other

- The reply prepared by the Chamber of Commerce and Industry was transmitted and endorsed by the Government of Angola, and was therefore considered as a government reply.
- The Government of the Republic of Korea indicated that the Korean Employers' Federation (KEF) had received a copy of the Government's report, and informed the Government that it had no particular comments to make.
- The China Enterprise Confederation (CEC) informed the Office that the reply of the Government had included its opinion.

Workers' organizations

Workers' organizations which governments identified as having been consulted in the preparation of their replies²⁰

- General Confederation of Labour (CGT – Argentina)
- National Labour Council (CNT – Belgium)* an organization comprising representative workers' and employers' organizations)
- General Workers' Confederation (CGT – Brazil)*
- National Confederation of Bulgarian Trade Unions
- Superior Council of Labour (Costa Rica) (a tripartite body comprised of representatives of government, employers and workers)
- Cyprus Workers' Confederation (SEK)
- Autonomous Confederation of Artisans' Unions (CASA – Italy)
- General Union of Labour (UGL – Italy)
- Italian Confederation of Workers' Unions (CISL)*
- Italian General Confederation of Labour (CGIL)*

¹⁸ For a discussion of tripartite replies, see *supra* para. 8.

¹⁹ Employers' organizations in the National ILO Council were named as follows: Union of Agrarian Employers (AMSZ); National Federation of General Consumer Cooperatives (ÁFEOSZ); National Association of Industrial Corporations (IPOSZ); National Federation of Traders and Caterers (KISOSZ); Federation of Hungarian Industrialists (MGYOSZ); Hungarian Industrial Association (OKKISZ); Confederation of Hungarian Employers and Industrialists (MMSZ); National Federation of Agricultural Cooperators (MOSZ); National Association of Entrepreneurs and Employers (VOSZ); Confederation of Public Utility Companies (STRATOSZ). For workers' organizations, see note 22.

²⁰ Workers' organizations marked with an * provided a separate response in addition to having been identified as contributing to the government reply.

- Italian Labour Union (UIL)*
- Workers' Welfare Associations (Myanmar)
- New Zealand Council of Trade Unions (NZCTU)*
- General Union of Workers (UGT – Portugal)
- National Trade Unions Congress (NTUC – Singapore)
- Swiss Federation of Trade Unions (USS/SGB)
- Federation of Swiss Salaried Employees' Associations (FSE/VSA)
- Swiss Confederation of Christian Trade Unions (CSC/CNG)
- Swiss Union of Arts and Crafts (USAM)
- Swiss Farmers' Union (USP)
- Zimbabwe Congress of Trade Unions (ZCTU)

Workers' organizations' replies transmitted through governments

- Austrian Confederation of Trade Unions (ÖGB) (transmitting comments of: Metal, Mining and Power Workers' Union (GMBE); Construction and Timber Union (GBH); Agriculture, Food and Allied Industries Union (ANG))
- National Labour Council (CNT – Belgium) (an organization comprising representative workers' and employers' organizations)
- General Confederation of Workers (CGT – Brazil)
- Single Confederation of Workers of Colombia (CUT) (transmitting comments of Colombian Association of Flight Attendants)
- Confederation of Independent Trade Unions of Croatia (KNSH)
- Pan-Cyprian Federation of Labour (PEO)
- Italian Confederation of Workers' Union (CISL)
- Italian General Confederation of Labour (CGIL)
- Italian Labour Union (UIL)
- Japanese Trade Union Federation (JTUC-RENGO)
- Federation of Korean Trade Unions (FKTU)
- Centre of Lithuanian Trade Unions (LTUC)
- New Zealand Council of Trade Unions (NZCTU)
- All-Poland Trade Union Alliance (OPZZ)
- Independent Self-Governing Trade Union "Solidarność" (Solidarity) (NSZZ Solidarność)
- Ceylon Workers' Congress (CWC – Sri Lanka)
- Lanka Jathika Estate Workers' Union (LJEWU – Sri Lanka)

Workers' organizations' replies sent directly to ILO Geneva or through ILO's field offices

(a) Workers' organizations which indicated a copy was sent to government

- Barbados Workers' Union (BWU)
- Cameroon Confederation of Free Trade Unions
- Pan-Cyprian Federation of Labour (PEO)
- National Workers' Union of Congo (UNTC)
- Free Trade Union Federation of Latvia (LBAS)
- Unification of Lithuanian Trade Unions (LPSS)
- Confederation of Mexican Workers (CTM)
- Pakistan Labour Federation (PLF)
- Convergencia Sindical (Panama)
- All-Poland Trade Union Alliance (OPZZ)
- Confederation of Trade Unions of Rwanda (CESTRAR)
- Congress of South African Trade Unions (COSATU)
- General Union of Workers (UGT – Spain)
- Ceylon Workers' Congress (CWC – Sri Lanka)
- Organization of Tanzania Trade Unions (OTTU/TFTU)

(b) Workers' organizations which indicated that no copy was sent to government

- National Confederation of Free Trade Unions of Angola
- National Confederation of Dominican Workers (CNTD)
- Irish Congress of Trade Unions (ICTU)
- General Workers' Union (GWU – Malta)
- General Federation of Nepalese Trade Unions (GEFONT)
- Federation of Unions of South Africa (FEDUSA)
- Group of Autonomous Trade Unions (GSA – Togo)

(c) Workers' organizations which did not indicate whether copy was sent to government

- Australian Council of Trade Unions (ACTU)
- Bangladesh Workers' Federation (BWF)
- General Confederation of Workers (CGT – Brazil)
- Single Confederation of Workers of Colombia (CUT) (transmitting comments of Colombian Association of Flight Attendants)
- Federation of Ethiopian Trade Unions
- General Confederation of Labour (CGT – France)
- French Confederation of Executive Staff (CFE-CGC)
- German Confederation of Trade Unions (DGB)
- Trades Union Congress (TUC – Ghana)
- General Federation of Labour in Israel (HISTADRUT)
- Independent Trade Unions of Madagascar (USAM)
- Democratic Labour Confederation (CDT – Morocco)
- Workers' Organization of Mozambique, Union Headquarters (OTM-CS)
- National Labour Federation of Pakistan (NLF)
- General Confederation of Workers of Peru (CGTP)
- Independent and Self-Governing Trade Union (NSZZ Solidarność)
- Swiss Federation of Trade Unions (USS/SGB)
- Workers' Trade Union Confederation of Togo (CSTT)
- Confederation of Turkish Trade Unions (TÜRK-İS)
- American Federation of Labor and Congress of Industrial Organizations (AFL-CIO – United States)

Workers' organizations which participated in tripartite replies ²¹

- Danish Confederation of Trade Unions (LO)
- Danish Confederation of Professional Associations (AC)
- Salaried Employees' and Civil Servants' Confederation (FTF) (Denmark)
- Estonian Association of Trade Unions (EAKL)
- Central Organization of Finnish Trade Unions (SAK)
- Finnish Confederation of Salaried Employees (STTK)
- Confederation of Unions for Academic Professionals in Finland (AKAVA)
- National ILO Council (composed of Hungarian employers' and workers' organizations) ²²
- General Confederation of Trade Unions in Kuwait
- Malaysian Trades Union Congress (MTUC)
- National Labour Congress (Saint Vincent and the Grenadines)
- Trade Union Confederation of the Slovak Republic
- Swedish Trade Union Confederation (LO)
- Swedish Confederation of Professional Employees (TCO)
- National Organization of Trade Unions (NOTU – Uganda)

²¹ For a discussion of tripartite replies, see *supra* para. 8.

²² Workers' organizations in the National ILO Council were named as follows: National Federation of Autonomous Trade Unions (ASZSZ); Trade Union Group of Intellectuals (ÉSZT); Democratic

11. The Working Group notes with appreciation that, of the countries listed from which no reports for any of the past six Surveys were received,²³ ten submitted reports for the Seventh Survey (see table I.2.3). Among these newcomers were four least developed countries (LDCs): Angola, Burkina Faso, Nepal and Togo.²⁴ In addition, three States formerly a part of the Union of Soviet Socialist Republics (USSR) replied to the Survey for the first time since becoming ILO member States: Latvia, Lithuania and the Republic of Moldova.²⁵ In the past, the Office has not been in a position to take into account the dissolution of the USSR; this has been done in table I.2.3.

Table I.2.3. First-time participants in the MNE Declaration Survey

Africa	Americas	Asia	Europe
Angola (G)		Nepal (W)	Bulgaria (G)
Burkina Faso (E)			Latvia (W)*
Morocco (W)			Lithuania (G, E, W)*
Senegal (G)			Republic of Moldova (G)*
Togo (G, E, W)			

* Latvia and Lithuania rejoined the ILO as member States in 1991 following the dissolution of the USSR; the Republic of Moldova became a member State of the ILO in 1992.

12. As reflected above, the Office received replies from 26 more countries than were received in the previous Survey, resulting in a net increase in the number of countries represented in each of the four regions, compared to the Sixth Survey.²⁶ The number of countries in the Africa region doubled, from 12 countries in the Sixth Survey to 24 countries in the Seventh. The Americas region gained two countries (from 19 in the Sixth to 21 in the Seventh), and the Asian region gained three (from 19 to 22). The number of countries in the Europe region increased by nine, from 24 in the Sixth to 33 in the Seventh, reflecting, in part, greater participation by transition economies.

League of Independent Trade Unions (FSZDL); National Confederation of Hungarian Trade Unions (MSZOSZ); National Federation of Workers Councils (MTOSZ); Cooperation Forum of Trade Unions (SZEF). For employers' organizations, see note 19.

²³ For a list of countries from which the Office received no replies from governments, employers' or workers' organizations for any of the first six Surveys, see GB.268/MNE/1/2, table 3. That table notes that account was not taken of the situation following the dissolution of the Union of Soviet Socialist Republics (USSR); in table I.2.3 below, account is taken of the participation of member States formerly a part of the USSR.

²⁴ Previously, 18 of the countries which had never replied were among the world's 48 LDCs. See GB.268/MNE/1/2, para. 17 and notes 24-25. For a discussion on LDCs in this Survey, see *infra* para. 23.

²⁵ For the Sixth Survey, the Office received communications from the three countries as follows: the Government of Latvia reported that MNEs had only begun operating in the country so there was not enough information to prepare a comprehensive reply; the Lithuanian Entrepreneur Association reported that, since its membership did not include large MNEs, it did not have the necessary information for preparing a reply; and the Government of the Republic of Moldova indicated that there were no MNEs in the country at that time, and consequently it was not in a position to prepare a reply. See GB.268/MNE/1/2, Annex 3.

²⁶ Compare *supra* para. 7 and table I.2.1 with GB.268/MNE/1/2, para. 8, and GB.268/MNE/1/1.

13. The Working Group notes with regret that there were 14 countries from which governments and/or employers' or workers' organizations replied to the Sixth Survey, but not to the Seventh (see table I.2.4). The Office received communications from three countries indicating that constituents were not in a position to submit reports for the Seventh Survey, as compared to 18 such responses in the Sixth Survey²⁷ (see GB.280/MNE/1/2, Appendix 1). Further study of the reasons given in the Sixth and Seventh Surveys for not submitting reports²⁸ may be advisable with a view to considering implications for ILO action.

Table I.2.4. Countries replying to the Sixth but not the Seventh Survey (represented by any of the three constituents)

Africa	Americas	Asia	Europe
Chad	Chile	Cambodia	Czech Republic
Mauritania	Dominica	Syrian Arab Republic	Luxembourg
Namibia	Grenada		
Nigeria	Uruguay		
Swaziland			
Tunisia			

3. Quality of replies

14. The replies were highly varied in level of detail and relevance of the information provided. The degree of specificity and the comprehensiveness of the information varied, as did assessments of the impact and implications of developments during the period under review. There were differences in the emphasis given to certain questions, and some respondents chose to reply selectively to certain questions rather than to the entire questionnaire. Further comments on the scope and content of the reports are provided in the analyses of replies to specific sections, *infra* Part II ("Analysis of replies").

4. Observations regarding the questionnaire

15. Some respondents provided observations and suggestions regarding aspects of the questionnaire and the survey process generally. Many of these, from governments, employers' and workers' organizations alike, focused on the lack of information available to adequately answer the questions,²⁹ in many cases due to the fact that data are not

²⁷ A number of respondents which had stated that they were not in a position to submit reports for the Sixth Survey did submit responses for the Seventh Survey: Bulgaria (G), Canada (E), Jordan (E), Lithuania (E), Republic of Moldova (G), Oman (E), Rwanda (W), South Africa (E). Employers' organizations in Denmark and Malaysia, which had communicated they were not in a position to answer the many questions in the Sixth Survey, joined in tripartite replies in the Seventh Survey. For details, see GB.268/MNE/1/1, Annex 3.

²⁸ See GB.268/MNE/1/1, Annex 3; GB.280/MNE/1/2, Appendix 1.

²⁹ E.g., Angola (W), Bangladesh (W), Brazil (G, E), Cameroon (W), China (G), Cyprus (G), Democratic Republic of the Congo (E), Denmark (TP), Guatemala (G), Rwanda (W), United States (W).

collected in methods that distinguish between MNEs and national enterprises.³⁰ One respondent commented that the focus of the questionnaire was not appropriate in that it was perceived to target only the operations of MNEs in host and not home countries.³¹ Another stated that the questionnaire was irrelevant to development and based to a large extent on the model of the MNE as an industrial enterprise rather than a transnational service enterprise, and urged the ILO to monitor the “transformation process of the new ‘multis’”.³² One view was expressed that there was difficulty in filling out the questionnaire due to the respondent’s individual country situation.³³ Another stated that the questionnaire should address specific problems on a national rather than a global perspective.³⁴ One respondent noted the need for a major information campaign in view of inadequate public information on the MNE Declaration, and further proposed that MNEs become involved in round table discussions with trade unions, through the ILO, to evaluate the implementation of the MNE Declaration.³⁵ Finally, general observations on the character and effectiveness of the MNE Declaration were made that helped to demonstrate the context in which survey respondents operated.³⁶

5. Methodology

16. To the fullest extent possible, all relevant information in reports and accompanying official documents is reflected in the summaries. Other sources of information were also used in the preparation of the report of the Working Group. In the interest of conveying accurately the emphasis that some respondents placed on certain issues, excerpts of their original comments are quoted. Where tables or data were supplied by respondents, certain data were extracted and incorporated into the summaries as appropriate; in some cases calculations based on the data supplied are included. Where respondents said that they shared the governments’ views, this is indicated. If this was not stated, but the information provided was similar to that in the governments’ reports, the Office may have repeated some of the observations made or stated that the respondents expressed views similar to those of the government.
17. Some respondents stated that information provided for past surveys was still applicable, and the Office reflected such indications in the summaries. In some cases, respondents indicated that reference should be made to a country’s reports to the ILO’s Committee of Experts on the Application of Conventions and Recommendations, or to cases before the

³⁰ E.g., Angola (W), Australia (G), Brazil (G), Republic of Korea (G), New Zealand (G, E), Rwanda (W), Spain (G), and United Kingdom (G). See also communication from the Government of Canada in Appendix 1, GB. 280/MNE/1/2.

³¹ Finland (TP).

³² Germany (W).

³³ Israel (W).

³⁴ Mexico (W).

³⁵ South Africa (W – COSATU).

³⁶ E.g., Switzerland (W) (owing to the non-binding nature of the MNE Declaration, no particularly positive effects can be expected of it, and consequently its importance must be kept firmly in perspective); United States (W) (the MNE Declaration has not been used by companies to improve workers’ rights and the law provides MNEs opportunity to violate the language and intent of the MNE Declaration).

Committee on Freedom of Association, or to reports under the follow-up to the Declaration on Fundamental Principles and Rights at Work. The Working Group wishes to note that, in such cases, the Office consulted the reports referenced. Certain respondents mentioned laws that were passed, as well as policies and programmes initiated in years not covered by the Survey. Where this was the case, the Summary of replies may mention them if they are deemed relevant to work on legal developments done during the period under review. In this way, they were not disregarded, but neither were they highlighted in a survey to which they are not relevant. A number of responses to questions pertaining to paragraphs 1-7 and 8-12 contained information which had a bearing on topics discussed in other sections of the report. Consequently, information was often drawn from these responses when preparing the summaries and analysis for the other sections. In other cases of similar overlapping, this procedure was also used. No attempts were necessarily made to verify that which was said, except when respondents mentioned their ratification of ILO Conventions during the reporting period.

6. FDI flows³⁷ and the survey sample

18. The 100 countries from which the Office received replies for the Seventh Survey constitute a good sample, as far as the origin and destination of global foreign direct investment (FDI) stocks and flows are concerned. As discussed below, almost all of the major countries from which MNEs originate, and the countries in which they have their most significant levels of activities, are represented.³⁸ This section reviews major trends in FDI and MNE activity during the reporting period and relates those trends, as appropriate, to the survey sample.
19. The reporting period (1996-99) saw an increase in the number of MNEs worldwide, and with notable growth of MNEs in some developing countries and economies in transition.³⁹ The world's level of FDI stocks and flows rose significantly, but the ownership of FDI remained highly concentrated in both host and home countries.⁴⁰ During the reporting period, the nominal value of FDI inflows more than doubled from US\$377 billion per annum to US\$865 billion per annum, in keeping with a decade-long trend of increased flows. By the end of the reporting period (1999), there were approximately 60,000 parent companies of MNEs and 700,000 foreign affiliates⁴¹ globally. Available data estimated

³⁷ Unless otherwise stated, numerical data on FDI flows in this section are attributable to UNCTAD, *World Investment Report 2000 (WIR 2000)*; all figures have been rounded.

³⁸ In line with the Governing Body decision discussed *supra* para. 3, a country may be represented in the Survey by one or more type of respondent. Nevertheless, it should be noted that representation by all three types of respondents, in tripartite replies or separately, is the most desirable.

³⁹ *WIR 2000*, p. 8.

⁴⁰ *idem*.

⁴¹ *idem*, p. 9. In contrast, 45,000 parent companies and 280,000 foreign affiliates were reported globally in 1996 (*WIR 1997*, p. xv); 53,000 parent companies and 450,000 foreign affiliates in 1997 (*WIR 1998*, p. xvii); and 60,000 parent companies and 500,000 foreign affiliates in 1998 (*WIR 1999*, p. xvii). The term "foreign affiliates", which is not used in the MNE Declaration (see "local entities", MNE Declaration, para. 6), refers to operations in host countries by foreign direct investors or parent enterprises; it does not include parent enterprise operations in the home country or non-equity forms of investment, such as subcontracting, management contracts, franchising, licensing and product sharing. The available data on employment in MNEs define a "foreign

total employment by multinational enterprises globally at 86 million direct employees in 1998, up from 78 million in 1995.⁴² Employment in foreign affiliates alone was reported at approximately 40 million people in 1999, and increased over the reporting period with an average annual growth rate of 8.3 per cent.⁴³ The world labour force in 1998 stood at 3 billion,⁴⁴ of which, approximately 1 billion were outside agriculture, the public sector and unemployed⁴⁵ (areas of less or no MNE activity). The world's 100 largest (non-financial) MNEs, ranked by foreign assets, were based almost exclusively in developed countries, almost all of which are represented in the survey sample.⁴⁶

- 20.** Several notable features of the volume and pattern of FDI flows occurred during the reporting period (1996-99). First, of the total world inflows of FDI which more than doubled during the reporting period,⁴⁷ a significant share of inward and outward flows continued to be attributed to developed countries. As a group, developed countries accounted for more than 70 per cent of world FDI inflows and 90 per cent of world FDI outflows during the reporting period. The United States and the United Kingdom continued to retain their traditional roles as the largest sources and hosts of FDI.⁴⁸
- 21.** Second, the volume of FDI flows to developing countries continued to increase during the reporting period, despite the financial crises that swept the developing world between 1997 and 1999. In 1999, the global volume of FDI flows into developing countries was reported at US\$207.6 billion, representing 24 per cent of global inflows, and increased from US\$145 billion in 1996.⁴⁹ China was the greatest recipient of FDI among developing

affiliate" as an incorporated or unincorporated enterprise in which an investor, who is resident in another economy, owns a stake that permits a lasting interest in the management of that enterprise (an equity stake of 10 per cent for an incorporated enterprise or its equivalent for an unincorporated enterprise); the term applies to subsidiaries, associates or branches. *WIR 2000*, p. 267.

⁴² UNCTAD, *World Investment Report 1999 (WIR 1999)*, p. 265 (table IX.2) (estimating employment by foreign affiliates in 1998 at 36 million).

⁴³ This figure does not include employment in parent companies or indirect employment in non-equity forms of FDI.

⁴⁴ ILO, *World Employment Report 1998-99*, p. 1. Compare the estimate for direct and indirect employment by MNEs available in 1994 (150 million). GB.268/MNE/1/2, para. 62 and note 132 citing UNCTAD, *World Investment Report 1994*.

⁴⁵ The world unemployed is estimated at 140 million (ILO, *World Employment Report 1988-89*, p. 1); approximately 47 per cent of the world labour force is employed in the agricultural sector (<http://www.ilo.org/public/english/dialogue/sector/sectors/agri.htm>; agriculture; plantations; other rural sectors) visited 2 Feb. 2001; 450 million of the world's labour force are employed in the public sector (ILO, Working Paper SAP2.85/WP.144: *Statistics on public sector employment: Methodology, structure and trends*, by Messaoud Hammouya, ILO Bureau of Statistics).

⁴⁶ All but one MNE in the top 100 list was from the developed world, primarily EU, Japan and the United States; the developing country MNE was from Venezuela (petroleum exploration/refining/distribution). *WIR 2000*, p. 74 (1998 figures).

⁴⁷ US\$377.5 billion in 1996 to US\$473 billion in 1997, US\$680 billion in 1998 and US\$865.4 billion in 1999.

⁴⁸ In 1999, the United States was the largest recipient of FDI and the United Kingdom was the largest source.

⁴⁹ Developing country FDI inflows reported at US\$178.7 billion in 1997 and US\$179.4 billion in 1998. See also *supra* para. 19 (discussing global FDI flows).

countries during the reporting period with inflows consistently around US\$40 billion, representing a 4.6 per cent share of the global inflows in 1999, or approximately 20 per cent of inflows to developing countries.⁵⁰ Brazil remained the largest recipient in Latin America with FDI flows at US\$31.4 billion in 1999, up from US\$10.5 billion in 1996. Argentina saw one of the most dramatic changes in FDI flows during the reporting period; FDI flows to that country amounted to US\$6.5 billion in 1996 and US\$23 billion in 1999.⁵¹ Notably, among the countries most affected by the financial crisis in South-East Asia during the reporting period (Indonesia, Republic of Korea, Philippines, Malaysia and Thailand), only the Republic of Korea experienced an increase in FDI inflows by the end of the reporting period.⁵² In general, the financial crises during the reporting period affected the way communities and policy-makers perceived the social benefits of globalization, and, in some cases, FDI in particular, which was in turn reflected in certain survey responses from developing countries.⁵³

22. Third, cross-border mergers and acquisitions (M&As) became an increasingly common mode of entry of MNEs into host markets. During the reporting period the value of cross-border M&As⁵⁴ (and its share in global GDP) increased from US\$220 billion in 1996 to US\$720 billion in 1999. Thus, the rate of increase in the value of cross-border M&As over the reporting period was 217 per cent, compared to a rate of increase in global FDI flows over the period of 129 per cent. Although the bulk of activity occurred within/among the EU, Japan and the United States,⁵⁵ cross-border M&As in developing countries increased during the reporting period as well.⁵⁶ Market concentration increased in various industries,

⁵⁰ The figure applies to China alone, and does not include Hong Kong (China) or Macau (China). World Bank, *East Asia: Recovery and beyond* (2000). China's FDI inflows have varied during the reporting period: US\$40.1 billion in 1996; US\$44.2 billion in 1997; US\$43.8 billion in 1998; US\$40.4 billion in 1999. This record contrasts with China's inflows in 1990, which stood at only US\$3.4 billion. *WIR 1999*, p. 18.

⁵¹ Inflows for Brazil rose steadily during the reporting period: in 1997, US\$18.7 billion; in 1998, US\$28.5 billion. In Argentina, inflows rose between 1996 and 1997 to US\$8.7 billion and then fell back to US\$6.5 billion in 1998 before rising again in 1999.

⁵² A decrease in FDI inflows over the reporting period occurred in Indonesia, Philippines and Thailand, with Indonesia experiencing the worst decline; Malaysia rebounded somewhat between 1998 and 1999.

⁵³ See Summary of replies, GB.280/MNE/1/2.

⁵⁴ Cross-border M&As are defined as cross-border mergers (establishment of a new entity or an amalgamation into an existing firm after assets and operations of local and foreign firms are combined) plus cross-border acquisitions (acquiring a controlling stake (more than 10 per cent equity) in an existing local firm (private, public enterprise or nationalized firm) or foreign affiliate). Less than 3 per cent of M&As in 1999 were mergers; the rest were acquisitions. *WIR 2000*, pp. 99, 105-106, fig. IV.5 (a rise from approximately 4 per cent (1996) to 8 per cent (1998)), 240 (Annex table A.IV.6).

⁵⁵ See *WIR 2000*, p. 33, table II.1 (cross-border M&As, 1987-99) and accompanying text. UNCTAD reported that, in the case of developed countries, the bulk of FDI inflows entered through M&As. *WIR 2000*, pp. 113-114.

⁵⁶ The ratio of the value of cross-border M&As to FDI inflows in developing countries rose from one-tenth in 1987-89 to more than one-third in 1997-99, with the highest ratio in countries of Latin America and the Caribbean. However, the overall trend in the case of Central and Eastern Europe indicated that greenfield FDI was more important than M&As. *WIR 2000*, p. 114. For data on cross-border M&As, by region/economy of purchasers and sellers and by sector and industry, for years

though with different patterns in different regions, including automobiles, banking, pharmaceuticals, telecommunications, insurance and energy; deregulation and liberalization stimulated M&As in the service sectors as well.⁵⁷ Foreign acquisitions of privatized firms, which constitute one form of cross-border M&As, reached about one-tenth of the total value of cross-border M&As in the mid-1990s, but fell to 6 per cent in 1999; the most significant trends involving FDI were reported in countries in Latin America and Central and Eastern Europe.⁵⁸

23. Each of the four trends identified above was captured in one or more of the responses from the 100 countries in the survey sample. Furthermore, the economic diversity of the responding countries represents an interesting cross-section of the different effects that FDI can have on the labour markets of home and host countries. Among the sample are 26 of the 29 States which belonged to the OECD as of 1999; among these, three became members during the reporting period: Hungary, Republic of Korea and Poland.⁵⁹ As discussed below, the industrialized countries of the OECD continued to account for the bulk of the world's FDI inflows and outflows; most of the major recipients of FDI from within each region were included in the sample. Moreover, 14 of the world's 48 least developed countries⁶⁰ replied to the Seventh Survey compared to six countries in the Sixth Survey.⁶¹ As a group, LDCs received 1.4 per cent of global FDI in the 1990s;⁶² one of the LDCs included in the survey sample was Bangladesh, which accounts for one-quarter of the economic size of the LDC group⁶³ – a significant exporter of garments. Although earnings among LDCs, as with the case of international trade in goods and services,

covering the reporting period, see *WIR 1999*, Annex tables B1, 8-9, pp. 525-36. For a discussion of cross-border M&As involving Latin America, see *WIR 2000*, pp. 57-63.

⁵⁷ For sectoral distribution of cross-border M&As in the world, and by developed and developing countries, see *WIR 2000*, pp. 124-126, figures IV.17-19.

⁵⁸ *WIR 2000*, p. 131. See also annex table A.IV.22, p. 263 (1987-99 figures, cross-border M&As of privatized firms). However, although it is possible to distinguish types of financing for M&As, it is not possible to trace the origin or country sources of the funds used. Available data in general almost certainly include funds not categorized as FDI. In addition, transaction amounts recorded in M&A statistics are for the time of announcement or closure of the deals, and the values are not necessarily for a single year. *WIR 2000*, p. 105.

⁵⁹ Hungary, Republic of Korea and Poland all became members in 1996. In addition, Slovakia, which is included in the sample, has since become an OECD member (date of accession 28 September 2000). The three OECD countries that did not respond to the Survey were Czech Republic, Iceland and Luxembourg. It should be noted that Argentina, Brazil and Chile, which are in the survey sample, adhere to the OECD Declaration on International Investment and Multinational Enterprises.

⁶⁰ The UN classification criteria for the category "Least Developed Country (LDC)" includes GDP per capita below US\$900 per annum. UNCTAD, *The Least Developed Countries 2000 Report* (New York and Geneva, 2000), p. I.

⁶¹ Angola (G, W), Bangladesh (G, E, W), Burkina Faso (E), Cape Verde (G), Democratic Republic of the Congo (E, W), Eritrea (G), Ethiopia (W), Mozambique (W), Myanmar (G), Nepal (W), Rwanda (G, W), Togo (G, E, W), Uganda (TP), and Zambia (E). Of these, Bangladesh, Ethiopia and Zambia also replied to the Sixth Survey. See GB.268/MNE/1/2, note 18 and accompanying text.

⁶² *The Least Developed Countries 2000 Report*, *supra*, p. 56.

⁶³ *idem.*, p. 1.

continued to reflect their heavily marginalized position in the global economy,⁶⁴ FDI remained important to those countries as they seek to meet their development objectives.

24. In the African region, four major recipients of FDI during the reporting period replied to the Survey: Angola, Egypt, Morocco and South Africa; another major recipient, Nigeria, was not included in the survey sample.⁶⁵ The growth rate of FDI inflows to Africa rose during the reporting period, but not enough for Africa to maintain its *global* share in FDI inflows, which fell during the period in relation to the large increases in world FDI inflows.⁶⁶ Evidence of diversification of FDI sources to Africa saw an increasing number of countries becoming important sources for FDI into Africa and correlated with a sectoral distribution across natural resource extraction, manufacturing, and service industries.⁶⁷ Privatization-related FDI was reported at approximately 14 per cent of FDI flows into Africa during 1990-98, with Côte d'Ivoire, Ghana, Nigeria, South Africa and Zambia as notable recipients;⁶⁸ all but Nigeria were included in the survey sample.
25. The Asian region received a substantial portion of FDI flows into the developing world over the reporting period.⁶⁹ The major sources and recipients of FDI in Asia were represented in the survey sample: Australia, China, Japan and the Republic of Korea.⁷⁰ In addition, all five of the countries most affected by the financial crises from 1997 to 1999 responded to the Survey: Indonesia, Republic of Korea, Malaysia, Philippines and Thailand.⁷¹ These countries differ from other developing countries in that they are part of a region with a significant amount of intraregional FDI flows which, over the past decade, have evolved into important source countries contributing, to a significant extent, to an increasing share of world FDI inflows. During part of the reporting period (1997-99),

⁶⁴ FDI as a share of gross fixed capital formation, in line with countries with low levels of development, was quite high in proportion to their capital base. Inward FDI flows as a percentage of gross fixed capital formation for LDCs: 1996: 5.5 per cent; 1997: 5.3 per cent; 1998: 8.1 per cent (data for 1999 not available); outward FDI flows as a percentage of gross fixed capital formation for LDCs: 1996: -2.3 per cent; 1997: 7.2 per cent; 1998: 0.6 per cent (data for 1999 not available). *WIR 2000*, pp. 306 ff., Annex table B.5.

⁶⁵ Angola (G, W); Egypt (G, E); Morocco (W); South Africa (E, W). Nigeria was a major FDI recipient in the latter part of the reporting period. Tunisia, which was not in the survey sample, also attracted sizeable amounts of FDI in recent years. *WIR 2000*, p. 42 (figure II.10, 1998 and 1999), pp. 283-284 (annual data 1996-99).

⁶⁶ The rise was not consistent over the reporting period: US\$6.3 billion (1996; accounting for 1.7 per cent of world FDI flows); US\$10.7 billion (1997; accounting for 2.3 per cent of world FDI flows); US\$8.1 billion (1998; accounting for 1.5 per cent of world FDI flows); US\$10.3 billion (1999; accounting for 1.2 per cent of world FDI flows). *WIR 2000*, p. 40 and p. 283.

⁶⁷ *WIR 2000*, pp. 41-42.

⁶⁸ *WIR 2000*, p. 42.

⁶⁹ Approximately 51 per cent of all FDI flows into the developing world went into the Asian region in 1999 (in 1996, 63 per cent; in 1997, 56 per cent; in 1998, 54 per cent).

⁷⁰ Australia (G, W), China (G), Japan (G, E, W), Republic of Korea (G, W). Hong Kong (China) and Japan represented the top sources of FDI outflows from Asia in 1999, while China and Hong Kong (China), Japan and the Republic of Korea were the major recipients of FDI in 1999.

⁷¹ Indonesia (G), Republic of Korea (G, W), Malaysia (TP), Philippines (G) and Thailand (G).

M&As became an important mode of entry for MNEs investing in countries in the east and south-east of Asia.⁷²

26. The key countries in the south Asian subregion, which as a group continued to lag behind the rest of Asia as a host for FDI,⁷³ were all included in the Survey: Bangladesh, India, Pakistan and Sri Lanka.⁷⁴ During the reporting period, many of these countries actively tried to attract FDI through liberalization of FDI policies. In addition to attempts by these countries to move into higher skill industries and manufacturing, India moved ahead as a base for software production with a role played by multinational enterprises,⁷⁵ while the neighbouring countries focused primarily on traditional labour-intensive industries.⁷⁶
27. Australia and New Zealand, key host and home economies in the Asia-Pacific, replied to the Survey.⁷⁷ FDI inflows to that area declined substantially during the reporting period, particularly in New Zealand. Regrettably, there was no response to the Survey from countries in the Pacific islands and in central Asia. Although FDI in the central Asian area increased by US\$7 billion between 1996 and 1999, the principal beneficiaries were Azerbaijan and Kazakhstan with FDI primarily in exploration and natural resource industries.⁷⁸ Two major recipients of FDI in western Asia responded to the Survey: Jordan and Kuwait.⁷⁹ Saudi Arabia is by far the largest recipient of FDI in the area, with Kuwait and Jordan next in accounting for the majority of FDI in that area of Asia, which has typically been in the oil industry.⁸⁰ FDI inflows to that area increased during the reporting period from US\$2.4 billion in 1996 to US\$6.7 billion in 1999.⁸¹
28. The growth of FDI in the Americas and, as noted above, particularly inflows to Latin America, constituted a major development during the reporting period. The four major recipients of FDI in the region which experienced notable increases in FDI inflows were included in the survey sample: Argentina, Brazil, Canada and United States.⁸² The United

⁷² M&As in that area averaged US\$20 billion during the period 1997-99, compared with an average of US\$7 billion during the period 1994-96.

⁷³ FDI in 1999 declined for the second year in a row. Notably, Bangladesh FDI inflows declined in 1999 after increases in the previous two years of the reporting period.

⁷⁴ Bangladesh (G, E, W), India (G), Pakistan (G, W) and Sri Lanka (G, E, W).

⁷⁵ Lateef, A., 1997. *Linking up with the global economy. A case study of the Bangalore software industry*, Institute of International Labour Studies, Discussion Paper No. 96 (Geneva, 1997).

⁷⁶ See, e.g., GB.274/WP/SDL/2, appendix (country study summary, Bangladesh).

⁷⁷ Australia (G, W), New Zealand (G, E, W).

⁷⁸ E.g., *WIR 2000*, p. 56. See also *WIR 1999*, p. 59.

⁷⁹ Jordan (G, E); Kuwait (TP). Other respondents in the western Asia area were Bahrain (G), Lebanon (G) and Oman (E).

⁸⁰ *WIR 2000*, p. 56. See also Report on survey of economic and social developments in the ESCWA region, 1996-97: Summary, ESCWA (1997).

⁸¹ FDI inflows in 1997 were US\$4.9 billion and in 1998 were US\$6.2 billion.

⁸² During the reporting period, FDI inflows to the United States increased from US\$84.4 billion in 1996 to US\$275.5 billion in 1999; and Canada from US\$9.6 billion in 1996 to US\$25 billion in

States also led the region in increased FDI outflows.⁸³ Latin American and other countries in the region experienced a sequence of policy reforms, which included tariff liberalization through the Uruguay Round Agreement, monetary reform and privatization programmes resulting in FDI inflows in a number of countries in Latin America, in such areas as finance and utility services industries.⁸⁴ In addition, FDI flows into Mexico, which was included in the sample as well,⁸⁵ increased during the reporting period.⁸⁶ The most notable FDI recipient that did not respond from this region was Chile, which received significant FDI in its finance and resource industries during the reporting period.⁸⁷

29. Europe's steady increase of FDI inflows over the reporting period⁸⁸ was primarily experienced in the EU countries, all but one of which were included in the sample.⁸⁹ The largest recipients of FDI in Europe were France, Netherlands, Sweden and United Kingdom, all of which were included in the survey sample.⁹⁰ For most of the reporting period, the United States led as the world's largest source of FDI outflows, with the United Kingdom overtaking it in 1999.⁹¹ Thirteen transition economies of this region were encompassed in the sample,⁹² including some of the largest recipients of FDI among those economies: Croatia, Hungary and Poland. Two of these became OECD members during

1999. For data on Argentina and Brazil, see *supra* notes 56 and 57. Participating in the survey sample were Argentina (G), Brazil (G, E, W), Canada (E) and United States (W).

⁸³ FDI outflows from the United States climbed steadily from US\$84.4 billion in 1996 to US\$150.9 billion in 1999; Canada experienced an increase of more than US\$4 billion, from US\$13 billion in 1996 to US\$17.8 billion in 1999. Two other countries in the region with notable increases in outflows (Chile from US\$1.1 billion to US\$4.8 billion and Bermuda from US\$-.1 billion to US\$15 billion) were not included in the sample.

⁸⁴ E.g., Argentina (G), Brazil (G, E, W), Colombia (G, W), Peru (G, W) and Venezuela (E). UN Economic Commission for Latin America and the Caribbean, *Foreign investment in Latin America and the Caribbean, 1999* (Santiago, 2000), pp. 139-147, 157-167 (largely investment by Spanish MNEs).

⁸⁵ Mexico (G, W).

⁸⁶ FDI inflows to Mexico rose from US\$9.2 billion in 1996 to US\$11.2 billion in 1999.

⁸⁷ *idem*, FDI inflows to Chile doubled during the reporting period, rising from US\$4.6 billion in 1996 to US\$9.2 billion in 1999.

⁸⁸ In 1999, Europe received approximately 40.7 per cent (US\$352 billion) of the world's FDI flows.

⁸⁹ The EU countries experienced a 61 per cent increase in FDI inflows from US\$108.6 billion in 1996 to US\$305.1 billion in 1999. For EU countries in the sample, see *supra* table I.2.1 (Europe column; excluding Luxembourg).

⁹⁰ Participants in the sample were United Kingdom (G); Sweden (TP); France (W); Netherlands (G).

⁹¹ Outflows from the United Kingdom rose from US\$34 billion in 1996 to US\$199 billion in 1999; the 1999 gain made it the world's largest source of FDI outflows.

⁹² Belarus (G), Bulgaria (G), Croatia (G, W), Estonia (TP), Hungary (TP), Latvia (W), Lithuania (G, E, W), Republic of Moldova (G), Poland (G, W), Romania (G), Slovakia (TP), Slovenia (G), and Ukraine (G, E).

the reporting period: Hungary (1996) and Poland (1996).⁹³ As a whole, FDI flows into Central and Eastern Europe increased for three consecutive years of the reporting period (1997-98), although mainly concentrated in the Czech Republic, Hungary, Poland and the Russian Federation. For transition economies in general, FDI inflows over the reporting period remained a part of the transition to a market-based economy and privatization programmes played a role in some of those countries in attracting FDI, especially from Western Europe.⁹⁴

II. Analysis of replies

1. Principles contained in the Declaration

1.1. **Background and aim (paragraphs 1-7 of the Declaration: Survey questions 1, 2 and 3)**

Q.1. Within the framework of development policies established by governments, MNEs can make an important contribution to the promotion of economic and social welfare, the improvement of living standards, satisfaction of basic needs, creation of employment opportunities and the enjoyment of basic human rights. In the above context, what has been the experience in your country?

Q.2 Has the way that MNEs organized their operations led to a concentration of economic power? If so, has this led to any abuse and to conflicts with national policy objectives and with the interests of workers in your country?

Q.3 Have any new laws, policies, measures and actions with regard to MNEs' activities been adopted by your government since 1996, to further the aim of the Declaration? If so, please explain briefly and specify if this was done in consultation with the employers' and workers' organizations.

Total No. of respondents: 163/169 (30 of which responded in tripartite replies): ⁹⁵
<ul style="list-style-type: none"> ■ Governments from 71/75 countries (10 of which responded in tripartite replies) ■ Employers' organizations from 39/39 countries (10 of which responded in tripartite replies) ■ Workers' organizations from 53/55 countries (10 of which responded in tripartite replies)

30. Question 1. A diversity of views were reported on experiences with multinational enterprises (MNEs). Many respondents took the view that MNEs had contributed to the

⁹³ Croatia (G, W), Hungary (TP), Poland (G, W). Regrettably, two other major FDI recipients among transition economies were not included in the sample: Czech Republic and the Russian Federation. idem, Slovakia, which is also in the sample, has subsequently become an OECD member.

⁹⁴ *WIR 2000*, pp. 64-67 (noting increases in FDI inflows and privatization programmes in, inter alia, Bulgaria, Croatia and Romania), figure II.29 (geographical sources of inward FDI stock), table B.1, pp. 283-287 (FDI inflows 1996-99 figures).

⁹⁵ See para. 8 *supra*.