

Country Report

- Argentina -

Pilot exercise for evaluating the effect given to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

**A reported submitted to the ILO by a team of consultants led by
Andrés López, and edited by the Internataional Labour Office.**

Buenos Aires, September, 2009

Pilot exercise for evaluating the effect given to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)

Executive Summary¹

Introduction

The project that gave rise to the present report was due to the concern towards the low rate of response obtained in previous surveys performed globally that is intended to assess the level of awareness and compliance with the ILO Tripartite Declaration of Principles concerning the Multinational Enterprises and Social Policy of the International Labour Organization (MNE Declaration).

Owing to the above-mentioned circumstances, the ILO invited Argentina to participate in a pilot survey exercise aimed at developing new methodologies for evaluating the effects that were given by ILO constituents and other actors to the MNE Declaration in its dissemination and application, and to jointly assess challenges for carrying out such tasks². This pilot exercise, besides generating useful information to understand the extent to which the MNE Declaration is known in Argentina and whether its principles are taken into account in practice, had the purpose of drawing lessons to guide future ILO actions toward the promotion and use of the Declaration.

In October 2008, an ILO mission from Geneva visited Argentina and met with the representatives of the government and representatives of the employers' and workers' organizations to explore the possibility and to obtain formal commitment of the country to participate in the pilot exercise. The exercise was then officially launched at a high-level meeting organised in Geneva in November 2008. Representatives of the tripartite constituents in Argentina as well as ILO specialists based in Chile also participated via video-conferencing.

A tripartite working group was established for the purpose of undertaking this exercise, consisting of the representatives of the three groups (both the high-level decision-making and technical representatives). Its work was coordinated and facilitated by a team of external consultants and technically supported by the ILO. The report being submitted is an outcome of the work accomplished through such team effort over the past 10-month period.

The tripartite working group began its work on the pilot survey at the end of 2008. It was in March 2009 that the team of external consultant was recruited,

¹ The present paper is a provisional translation of the executive summary of a 130-page report that was prepared in Spanish. English version of the full report is forthcoming.

² The other country selected for the survey was Ghana.

and the process of discussion, consultation and debating accelerated on the following key issues: a) preparation of the survey questionnaires; b) definition of the actors to be involved; and c) ways in which these actors could be convened to obtain their responses. The survey questionnaire for Argentina was prepared based on an existing global model; however, it was substantially modified and adapted to the country context in order to improve the quantity and quality of the expected responses.

Based on the terms of reference and the technical guidance note prepared by ILO and agreed to by the tripartite working group, the exercise essentially had three key components:

- 1) preparation of a report analyzing the role of foreign direct investment (FDI) and multinational enterprises in Argentina;
- 2) conducting surveys with workers, employers including MNEs and government agencies aimed at evaluating the effect given to the principles contained in the MNE Declaration; and
- 3) organization of focus group discussions for carrying out the survey and to raise awareness of the Declaration and related topics.

Components 2 and 3 were implemented as one, and consisted of a series of specific tasks as detailed in Chapters II and III of this report. On the other hand, Chapter I consolidates the results of component 1, which was primarily undertaken through a desk review. Chapter IV incorporates lessons learned from undertaking the pilot experience.

Chapter I. Foreign investment and multinational enterprises in Argentina: trends, current situation, and a brief analysis of their impact on employment and development

1. Recent foreign direct investment (FDI) trends in Argentina: volume, origin, and destination. MNE presence in the Argentine economy

After a retraction of the FDI flows between 1976 and 1990, FDI grew forcibly again in the 1990s, through the adoption of the convertibility plan and the introduction of a large structural reforms programme. The convertibility plan ended due to the deep crisis that began in 1998 and flared up by the end of 2001. This resulted in another decline of FDI flows; however, the presence of multinational enterprises in Argentina has currently reached an unprecedented level.

1.1. The 1990s

The FDI flow increased through the 1990s, when Argentina increased its share in the global FDI flows, following a low period which was particularly remarkable in the second half of the 1980s.

Below are some stylized facts regarding FDI flows during such period:

***Provisional Translation
(Original in Spanish)***

- Profits: The high volume reached through profit remittance, particularly from the mid-90s (in certain years exceeding the total), vis-à-vis the low reinvestment rates which could be revealing short-term investment strategies of the MNEs.
- Origin: During the 1990s the bulk of FDI flows was extra-regional, with developed countries (specially the USA and Europe) largely prevailing. Countries such as Spain and Chile which were previously not among the main countries of origin for FDI in Argentina stood out, to a great extent connected to the wave of privatization.
- Destination: The service sector received the largest part of the flows during the last decade, both in connection with the privatization process and the arrival of important investment in areas such as banking and trade. On the other hand, the industry took in a significantly lower share of FDI than it had during the import substitution period, simultaneously with the loss of its weight in the economy. Within the industry, food and beverage, chemical and transport equipment (mainly automobiles) were the sectors that received the larger part of the manufacturing FDI, repeating what was observed during the import substitution period. Moreover, purchase of the state oil company YPF by Repsol (Spain) brought about a large amount of FDI in the oil sector.
- Concentration: From 1993 onward, the presence of foreign MNEs' subsidiaries grew significantly in the leading businesses in terms of the number of enterprises, the value added in the country, and wage-earning jobs – just a few amongst other significant variables.
- Investment motivations: FDI directed to Argentina has been predominantly *market seeking* type, firmly established in the service sector – in many cases related to privatizations. The *resource seeking* type of inflows associated with the search for natural resources has also been outstanding. *Efficiency-seeking* type of strategies which are basically regional in scope were also observed due to the dismantling of tariff barriers within the MERCOSUR, which permitted specialisation of production for inter-exchange within the region.
- Global strategies: Inflow modalities of FDI coming into the country have moved in line with global tendencies and those observed in developed countries in that mergers and acquisitions (M&A) accounted for over 60% of the FDI inflow in the 1990s.

1.2. Post-Convertibility

Argentina witnessed a sharp drop in FDI flows since 2000. This decline partly reflects similar trends worldwide. However, this was also in response to specific local determinants while Argentina became less attractive among the nations receiving FDI due to the severe recession that started in the country at the end of 1998 and ended in chaos by the end of 2001/beginning of 2002 with a

mega-devaluation of the peso, the foreign debt *default* and the virtual collapse of the banking system.

Despite this context, it is important to point out that the presence of MNEs in the leading businesses remained practically unchanged in the course of the present decade. Likewise, in 2007 and 2008, there was an increase in FDI flows received by Argentina that were close to the average values for 1996-98, although such turnaround was partly a result of increased global FDI flows during those years.

Below are some stylized facts about FDI flows during the period:

- **Origin:** From 2002 to 2004, an important weight was exerted by South America that included, in this case, the significant Brazilian investment made after the 2001 crisis. The counterpart of the increased weight in these areas was the fall in Europe and the USA. Already in 2005-2007, the European FDI became predominant once again (with a marked growth of Spanish investments) whereas the FDI from other regions dropped dramatically to levels seen in the 1990s. This made South America maintain a high share.
- **Destination:** The tradable sectors experienced FDI gains. Greater importance was given to investment in the manufacturing industry whereas the weight on services decreased. Within the industry, in turn, an increase in the ordinary metal sector (iron and steel) became noticeable in the current decade.
- **Investment motivations:** although an important part of the FDI received in the present decade was market seeking, there was an increase in the investment share associated with the search for export possibilities, including the integration into global and regional value chains.

1.3 A recent "snapshot" of FDI in Argentina

According to a recent survey carried out by the Central Bank of Argentina, FDI in Argentina amounted to 73,130 million USD towards the end of 2007, and there were over 2,300 local enterprises that declared they had non resident investors in their capital.

Following are some stylized facts with regard to the current stock of FDI in Argentina:

- **Origin:** At the end of 2007, 59% belonged to Europe, 20% to North America, 12% to South America and 7% to Central America (mainly proceeding from tax havens).
- **Destination:** At the end of 2007, the manufacturing industry accumulated 36% of the total volume of FDI in Argentina, followed by natural resource exploitation (34%) and services (30%). In each case, there is a large concentration of investment in a few sectors.

- Concentration: The 10 largest FDI-receiving enterprises represented 24% of direct investment amongst local enterprises in 2007 while the top 200 enterprises accounted for three quarters of the same. In turn, enterprises having accumulated FDI accounted for 65% of the total Argentine non-financial private sector foreign debt by the end of December 2007, and constituted 76% of the country's export in 2007.

2. Legal framework for FDI and transnational enterprises in Argentina

The Menem administration's accession to power in 1989 led to an acceleration of the liberalization process for FDI that had begun during the military government in 1976, and through the amendment of Act 21,382 and the liberalization of activities that remained under prior regime's approval including the financial sector.

Likewise, Argentina acceded to the Convention on the Multilateral Investment Guarantee Agency (MIGA) of the World Bank in November 1991. The country also adhered to the ICSID in 1994 and signed a total of 51 bilateral investment treaties and agreements between 1992 and 2000 to avoid double taxation with other countries (Germany, Austria, Brazil, Chile, Spain, France, Italy, etc.).

The entire set of regulatory provisions that were meant to offer guarantees to foreign investors did not prevent the conflicts and claims to accumulate between investors and the government at the end of the Convertibility scheme – a situation that was predictable considering the fact that the latter was accompanied by a widespread breach of contracts.

3. A brief analysis of the impact of FDI in Argentina

Evidence does not suggest that FDI is a panacea for growth or for the general improvement in entrepreneurial performance in Argentina, as the supporters of the so-called "Washington Consensus" have either explicitly or implicitly assumed. However, neither did it endorse the largely negative perception towards FDI that has spread over the last few years.

The macroeconomic impacts of FDI in Argentina have not been significant since their effect on GDP growth and domestic investment was neither positive nor negative. The latest studies carried out on this subject for other countries/regions also point in the same direction. On the other hand, microeconomic and social impacts of FDI seem to have been stronger though heterogeneous. Specifically:

- 1) The subsidiaries of MNEs are more productive and their foreign trade ratios are higher than those of domestic firms.
- 2) Local enterprise acquisitions by foreign firms had no effect on Research and Development (R&D) expenditure of purchased enterprises. However, they increased the likelihood of introducing new products and/or processes.

3) For the most part FDI has not generated either positive or negative spillovers to local firms, although there are some exceptions to be highlighted.

4) Contrary to what is often assumed in Argentina, there is no evidence that total employment has increased (or decreased) as a result of acquisition of domestic firms by foreign investors. The same applies to wages. However, these acquisitions had an impact on the employment structure since they increased the share of skilled jobs within total employment.

5) FDI presence had a positive impact on wage differentials for skilled workers, which in turn widened the gap with income of the non-skilled workers.

In short, these results seem to suggest that foreign investors have transferred *inputs* (such as organizational and production technologies) to the acquired firms, which allowed them to launch new products, increase their labour productivity and trade more extensively abroad without having to raise the R&D activity level in the purchased firms since the subsidiaries of MNEs may have access to the technologies available within their respective enterprises. Meanwhile, the spillover of such processes on domestic firms has been limited and heterogeneous, depending largely on the firms' capabilities and their abilities to connect with foreign affiliates.

FDI, in turn, does not seem to have generated unemployment *per se*. Although it may have contributed towards increasing income inequality due to the wage differential between workers with different skills, it was neither the only or the most significant factor explaining such increase.

4. The presence of MNEs on employment

The latest available data with regard to the dynamics of the impact of MNEs on employment indicates that the aggregate MNE employment grew by 22% between 2005 and 2007, at a higher rate than in locally-owned enterprises (17%). Enterprises that increased their employment the most are found in computing services (50%) - many of the enterprises that belong to this sector have been recently established in Argentina -, retail (40%) and automobile (35%). At present, the presence of MNE subsidiaries in terms of employment is greater than the average for the total economy in sectors such as industry, banking, transport, communication, and corporate services, whereas it is almost non-existent in other sectors such as health services, teaching, and in personal services.

5. Industrial relations and working conditions in MNEs: some evidence on the matter

Although evidence available on the impact of MNEs on industrial relation in the recent period is incomplete and fragmented, it suggests that the subsidiaries operating in Argentina typically operate in accordance with the existing labour laws and employ staff under non-permanent contracts. There is, however, no systematic evidence to suggest that they go beyond the statutory provisions on

many industrial relations-related aspects although the concept of Corporate Social Responsibility (CSR) seems to have gained importance over the last few years. Also, some studies presented evidence that MNEs do not always operate with subcontractors and suppliers who adhere to labour standards. Nor is there evidence to suggest that there is a general convergence between the labour standards applied by the subsidiaries of the MNEs based in Argentina with those applied in other subsidiaries and/or within their head offices. Lastly, MNEs have generally advanced in recent years towards the introduction of flexibility criteria, transfer of new skills to the labour force, and the decentralization of wage bargaining. Yet, the same seems to have occurred within most of the major enterprises operating in Argentina as a result of the new economic and production environment in which these enterprises placed locally and internationally.

Chapter II: Pilot survey on the MNE Declaration with the workers, employers, and government agencies

1. Elaboration of the survey questionnaire

Using the “global model” as a basis, survey questions were redeveloped to adapt to fit the context and situation in Argentina. Such adaptation process resulted in the elaboration of 4 separate versions of the survey questionnaire that integrated elements of the “global model” and specifically designed to target: i) workers and union representatives, ii) employer organizations, iii) multinational enterprises, and iv) government agencies.

This process of re-formulating the survey questionnaire was led by the external consultant recruited by the ILO in consultation with the Tripartite Working Group which consisted of the representatives of the General Labour Confederation (CGT); the Argentine Industrial Union (UIA), and the Ministry of Labour, Employment and Social Security (MTESS), with technical inputs provided by the ILO Office in Geneva. Series of discussions were held to review the “global model”. These representatives then suggested different amendments and additions to the newly developed Argentine version of the questionnaires proposed by the external consultant.

The main amendments made to the survey questionnaire were to improve and modify the existing “global model” questions so that they could be better understood by the survey respondents and to adjust them to the Argentine local context (eg. sector structure, situation in the world of work). Going beyond mere inquiry of the Declaration’s general principles, additional questions were introduced in order to acquire a more thorough knowledge on the application of the principles of the MNE Declaration on the basis of the responses provided by survey respondents. Furthermore, an attempt was made to facilitate survey respondents’ interpretation of the questions and processing of their responses by rephrasing the questions from the “global model” that were very open and had no response options that were clear and easy to compare.

2. Implementation of the survey

Survey implementation strategies that are specific to each group were drawn in collaboration with the members of the Tripartite Working Group. This included how to reach-out to target survey respondents.

Survey of workers and union representatives:

Under the leadership of CGT, two workshops were organized with union representatives (national and sectoral) and representatives of workers' organisations of the multinational enterprises; one in Buenos Aires and another in the city of Córdoba. Contents of the Tripartite Declaration were presented by several resource persons, and participants were asked to respond to the survey during the workshops. Immediately after, an inter-active discussion took place with participants where they were asked to share doubts and opinions about the survey questionnaire as well as suggestions for its improvement. This was followed by discussions on employment-related issues within multinational enterprises where the workers discussed their experiences and the complexities that arise in relation to the compliance or non-compliance of the recommendations contained in the MNE Declaration within the MNEs in which they work or know.

These activities had a significant attendance and it was possible to carry out a survey with a large number of workers (total of 80 workers for the two workshops).

Survey of employers' organizations and multinational enterprises:

Coordinated by UIA, a workshop was organized in Buenos Aires for the representatives of employers' organization and the multinational enterprises. After the presentation of the MNE Declaration, the survey was responded by participants. Since attendance was very limited, an attempt was made to implement the survey via e-mail. This time, the survey was answered by 24 MNEs that have CSR-related activities and are members of the CSR Group coordinated by the Ministry.

Survey of government agencies:

The implementation of the survey for this group was carried out in collaboration with MTESS. The 9 target government agencies were proposed by the Tripartite Working Group by identifying the agencies that have at least a partial jurisdiction on the subject matter of this study. Then the officials commissioned to answer the survey questionnaires were appointed by the Cabinet Chief of Staff (or equivalent) in each participating government agency. MTESS handled the questionnaire distribution and followed-up to obtain the responses from all respective officials.

3. Analysis of survey results³.

Main results from the survey with workers and union representatives:

i) Training and skills development:

- Opinions about the training activities undertaken by the MNEs were concentrated in the “positive” and “no impact” categories. On the details of such initiatives, the majority of respondents did not have sufficient information to provide an answer.
- Opinions on the contribution of MNEs toward the government’s skill development policies were mainly negative.
- Most respondents stated that the unions’ skill development activities articulate with those offered within MNEs.
- On the other hand, a significant percentage answered that MNEs “do not” contribute to skill development of their supplier firms, although about the same percentage of participants did not know or could not answer the question (39% and 36% respectively).

ii) Labour practices and employment:

- On average, over 60% of the respondents have expressed that the MNEs “do not” have policies that promote the inclusion of differently-abled persons and vulnerable groups or those that promote the employment of youths and adults who have difficulties integrating into the labour market.
- Workers did not provide conclusive opinions regarding whether the MNEs require that their supplier companies comply with the existing labour regulations.
- A large number of claims filed against the MNEs were submitted by their unions to which participants are members of, and very few by the government.
- With regard to the labour standards applied by MNEs, the majority of respondents did not know whether differences exist with those applied in other countries.

iii) Consultation and exchange of information:

- Two thirds of the participants responded that their organizations have either statistical data or updated studies on the labour and employment practices found within different types of enterprises.

³ The full report consists of tabulated data and details of survey results. These results have been used by the Tripartite Working Group to identify areas for follow-up activities. Seminars are scheduled where the results will be fed back to the exercise participants. Training activities are also programmed in conjunction with these seminars to help build the capacity of ILO constituents and other relevant actors in putting into practice the MNE Declaration principles.

***Provisional Translation
(Original in Spanish)***

- Three quarters of the participants stated that their organizations follow-up on the measures adopted by the Government in relation to the MNEs.

iv) Collective bargaining and relation with workers:

- Almost seven out of every ten workers declared that the freedom of association and right to collective bargaining are fully exercised.
- Slightly less than half of those interviewed also agreed to the opinion that there had been “no” significant changes to either the practices or the issues that relate to collective bargaining with the MNEs during the 2003-2008 period.
- Two thirds of the workers agreed that collective agreements were effectively complied with.

v) Integration into the local economy and contributions to development:

- The results of the responses regarding the MNEs’ impact on the country are almost equally distributed among the positive, negative and neutral categories. Separating the answers by category, the MNEs’ impact on the country is mainly acknowledged as “positive” with regard to technological innovation. The highest number of negative responses was on aspect related to “general economic and social welfare”.
- Slightly less than half of the answers deemed the social dialogue situation among enterprises to be “positive”. Some suggestions to improve dialogue between the actors have emphasized the need for greater government participation in monitoring compliance with the labour law.

vi) Efforts to disseminate agreements, pacts, and international and national plans:

- Very few participants are aware of the ILO MNE Declaration and the OECD Guidelines. Moreover, none of them knew whether dissemination activities of these documents have been done previously. Over three quarters of participants considered that actions to disseminate these matters are “positive”.
- Due to the low level of awareness of the MNE Declaration in the past, most respondents also did not know whether the MNEs have taken into account the topics contained in the Declaration.

Main results from the survey with employers’ organizations and multinational enterprises:

i) Training and skills development:

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- According to the data collected, most MNEs declared that they carry out various training and skill development initiatives. The participating MNEs provided abundant information describing these activities.
- Two thirds of the surveyed enterprises stated that they had participated in several national government programmes directed to improving training and skill development in Argentina. Moreover, almost 57% of the enterprises stated that they have facilitated dissemination of training and skill development programmes along their supplier chains.
- Two thirds of the MNEs answered that they promote the enhancement of training and skill development in their supplier companies.

ii) Labour practices and employment:

- Almost all of the participating MNEs responded that the standards they apply in Argentina do not differ from those applied in other subsidiaries or at their head offices.
- With respect to policies to include persons having various difficulties integrating into the labour market, over half of the MNEs answered that they take actions to promote the employment of youths with difficulties and carry out initiatives to facilitate the inclusion of persons with different capacities and vulnerable groups.
- With regard to worker assistance programmes, there were a number of cases in which the MNEs answered that they actually implement actions in this area although some aspects are receiving more assistance than others.
- In practically every case assurance was given that suppliers are required to comply with labour regulations in different ways.
- Finally, in connection with the complaints received concerning various labour-related matters, the MNEs indicated that there have not been many and that most of them were filed by the unions and satisfactorily solved.

iii) Consultation and exchange of information:

- The majority of participating enterprises stated that they have statistical data related to labour practices that are put into practice by other enterprises.
- Over three quarters of the MNEs responded that they follow-up on actions taken by the government on employment-related matters.
- Furthermore, just over a half of the MNEs expressed that they had participated in surveys promoted by the government aimed at collecting information on the labour profiles required by the production sector. In addition, most of them considered that the results of such consultation were positive.

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- Most enterprises said that they contributed towards informing their suppliers about the MTESS' national plans designed to promote formal employment.

iv) Collective bargaining and relation with workers:

- Half of the respondents declared that the MNEs' human resource and labour relation strategies are determined by their local subsidiaries.
- In relation to the practices and content of collective bargaining, over a half of the enterprises stated that no changes have been introduced.

v) Integration into the local economy and contributions to development:

- Approximately half of the enterprises surveyed said that they were consulted by the government on issues and priorities for economic and social development.
- In this regard, most enterprises considered the dialogue between enterprises, unions, and government to be "positive".
- Moreover, 90% of the enterprises stated that they had taken action to improve the environment; 83.3% to improve health, safety and hygiene at work, and 46.6% for the eradication of child labour.

vi) Efforts to disseminate agreements, pacts and international and national plans:

- Two thirds of the surveyed enterprises stated that they had taken initiatives to promote the rights of workers.
- With regard to international documents to promote labour rights and good working conditions are concerned, 73.3% of the enterprises expressed that they knew the UN Global Compact; 56.6% said that they knew the ILO MNE Declaration; and only 43.3%, stated that they were aware of OECD guidelines.
- Finally, only a third of the surveyed enterprises admitted to be aware of dissemination efforts carried out in relation to the above-mentioned international documents.

Main results from the survey with government agencies:

i) Training and skills development:

- Training and skill development activities performed by MNEs are in no case considered "negative".
- None of the respondents considered that the level of expenditure by MNEs on training and skill development has declined over the last 5 years.
- On the other hand, although none of the participants considered that the MNEs spend "less" in training and skill development than the state-owned

enterprises, most of them either did not know the answer or abstained from giving one.

- More than half of the survey respondents either did not know or answer whether MNEs contribute towards strengthening skills development policies of the national government. This is largely explained by the fact that they belong to agencies that are not directly related with the issue concerned (this explanation also applies to several questions whose results are described herebelow).
- Most participants did not know or answer either whether MNEs diffuse such programmes throughout their supplier chain.

ii) Labour practices and employment:

- Most government agencies did not know or answer whether MNEs have policies to include persons with different capacities, vulnerable individuals, or persons having difficulties integration into the labour market.
- Moreover, two thirds of the respondents either did not know or answer whether MNEs have received different types of complaints between 2003 and 2008.
- Five of the nine agencies either did not know or answer whether MNEs monitor compliance with labour regulations within their supplier companies.

iii) Consultation and exchange of information:

- Two thirds of the surveyed government agencies have no data concerning labour and employment-related practices in different types of enterprises.
- In seven of the nine cases respondents indicated that their agencies have not consulted with the MNEs on the labour profiles required in the production sector where they operate. The two agencies that have held consultations have reported positive results.
- Two thirds of the agencies have not exchanged information on labour practices in MNEs with other actors.
- Most respondents in this group either did not know or answer whether MNEs help their suppliers become aware of MTESS' national plans for promoting formal employment.

iv) Collective Bargaining and Worker Relations:

- Four of the nine agencies were of the opinion that workers in Argentina fully exercise freedom association and the right to collective bargaining. The remaining five agencies either did not know or answer this question.

- Most agencies either did not know or answer whether any changes were introduced to practices and issues in relation to collective bargaining with MNEs between 2003 and 2008.
- Six out of the nine interviewed representatives expressed that the social dialogue among enterprises, unions, and the government is “positive”. There were no “negative” answers.

v) Integration into the local economy and contributions to development:

- The opinions of government agency representatives are more optimistic than those of the workers with regard to MNEs’ impact on different areas of activity. It is highlighted by the fact that six out of nine government representatives coincided in considering the impact on “technological innovation” as “positive”, and another five agreed on the “positive” impact to the “general economic and social welfare” and “working conditions”. On the other hand, very few cases reported “negative” impacts in topic areas listed in the questionnaire.
- Eight out of the nine government representatives stated that their agencies have never consulted with MNEs on economic and social development issues and priorities.
- Regarding Corporate Social Responsibility (CSR) practices of MNEs, four of the nine respondents indicated that their agencies have information on this subject while the remaining five agencies stated the opposite.

vi) Efforts to disseminate agreements, pacts and international and national plans:

- Four out of the nine government agency representatives stated that they knew the ILO MNE Declaration and only two of them knew of the OECD Guidelines and the UN Global Compact.
- Those who knew some of these documents said they believed that these documents are favourable in that they promote good corporate performance that respect international labour standards as well as national practices and legal frameworks.

Chapter III: Focus group discussions

From the group discussions held as integral components of each workshop, following observations have been made. They have been categorised in three areas:

On the survey questionnaires:

- Considering the characteristics of the workers’ organization in Argentina, it is necessary to make a distinction between the different sub-groups that

receive the survey questionnaire. For example, workers in factories and union representatives hold different types of information, and therefore the questions should be different.

- In the case of workers, it was concluded that questions should specifically refer to the enterprises in which the survey participants perform their duties.
- Difficulties were encountered in answering some of the questions included in the survey questionnaire that sought information which workers or union representatives usually do not have or know.
- Regarding the survey questionnaire in general, the participants felt that it was too long. They suggested, as an alternative, that the follow-up exercise be conducted more frequently and by using shorter questionnaires (by focusing on a topic areas).
- Workers and their representatives also made specific suggestions on several questions with the aim of making them more easily understood by the respondents. They also indicated missing categories to be incorporated in the coded responses.

About the MNE Declaration:

- The representatives of the workers that participated in the workshops expressed their interest in learning more in depth about the contents of the MNE Declaration. They also expressed interest and willingness to disseminating them among their colleagues and workers in general.

Chapter IV: Lessons learnt

Although this exercise did not aim at seeking statistical representativeness, the Tripartite Working Group agrees that the pilot experience performed was successful since a significant number of responses was obtained from every surveyed sector, and these responses could be tabulated and processed so as to obtain a fairly clear view of the opinions of the workers, employers, and the governments on the dissemination of the MNE Declaration and application of its principles. In future exercises, statistical representativeness could be sought, and sectorial profiles could be defined similar to those made for the participants in the worker and enterprise groups so that the responses obtained in both groups may be comparable.

More lessons on specific aspects of the exercise:

- It is suggested for the workers' group that, based on the methodology implemented in this pilot exercise and the good results obtained, future surveys be implemented in the course of workshops such as the ones organized during this current exercise. In this process, it would be convenient to provide together with the survey questionnaire a list of instructions to guide the participants. It is also recommended that the

instructions be written, yet they should be orally rendered prior to answering the questionnaire. It would perhaps be desirable to have two different survey questionnaire forms, one for the workers and another for union representatives or, if a single form is maintained, at least differentiate the questions addressed to the two sub-groups.

- With regard to the enterprise sector, considering that the strategy to distribute the survey via e-mail turned out to be more effective, it is recommended to adopt this procedure in future survey exercises. Moreover, in relation to the contents of the survey questionnaire, it is suggested that further adjustments be made to improve the collection of specific information concerning the implementation, actions taken or difficulties faced by MNEs in trying to realise the principles of the MNE Declaration. It has been clearly demonstrated that it is difficult for a single representative of each enterprise to answer the entire questionnaire, given the variety of issues it inquires and the high degree of specialization and departmentalization of functions within the organizations. Similar situation happens with the level of details required in answering several sectorial questions. As an alternative, each enterprise could appoint a coordinator to be in charge of the questionnaire and then s/he requests relevant departments within the MNE to provide the appropriate information for each area.
- Another point that should be emphasized is that most of the government agencies (except those that are more directly involved in the subject) have little knowledge about the topics raised in the survey, as evidenced by the high percentage of questions that remained unanswered. It would probably be useful to organize workshops for disseminating the contents of the MNE Declaration to the government group as well. Another alternative is to submit the survey questionnaire only to those government agencies that are more directly involved with this subject matter and to hold interviews with other government entities.
- Moreover, it is suggested to develop questionnaire instruments that are flexible and dynamic considering the influence of context and its continuous changes. The design of the questionnaire addressed to each group should be carefully analyzed on the basis of the experiences gained in this current exercise. Units of analysis and the subjects questioned should also be carefully thought through in order to obtain comparable answers. Development of verifiable indicators is also recommended to monitor the situation over time.
- Finally, with a view to further improving the mechanism for consultation and enhancing the knowledge of actual working conditions in each country, it is also suggested to complement the survey of the Declaration with the organization of training workshops and furthermore carrying out focus groups discussions specifically intended to understand the main issues affecting workers in the MNEs.

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(Original in Spanish)***

In short, the Tripartite Working Group considers that the instruments used (survey questionnaires) as well as the methodology applied in this exercise is valid, including the points of correction and suggestions mentioned above. The creation of a tripartite working group has also been important for the successful implementation of the exercise. Lastly, it would be advisable to perform these exercises on a continuous basis. This would enable monitoring of the latest knowledge and situation with regard to the application of the principles of the MNE Declaration. It would also increase the level of dissemination of such information amongst the actors concerned.

Regardless of the frequency of this type of exercise, it would be of interest to the three groups - government, workers, and enterprises - to establish permanent mechanisms for monitoring the practices in accordance with the MNE Declaration principles. This would then be useful for, among other things, defining the topic areas/themes to be introduced in the next survey.

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