



# MULTINATIONAL ENTERPRISES, DEVELOPMENT AND DECENT WORK

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Report on the promotion and application  
of the Tripartite Declaration of Principles  
concerning Multinational Enterprises  
and Social Policy in Asia and the Pacific

ASIA AND THE PACIFIC



Bali, Indonesia  
6–9 December 2016

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of the Tripartite Declaration of Principles  
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# Foreword

**T**he present report is part of a new strategy that the Governing Body of the International Labour Office adopted in March 2014 to enhance the promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The strategy comprises promotional activities – including awareness raising, capacity building and country-level assistance – and an information-gathering mechanism.

The information-gathering mechanism consists of a brief questionnaire sent to the tripartite constituents of the member States of the International Labour Organization (ILO) in a particular region coinciding with ILO regional meetings. On the basis of the responses received the Office prepares a report, which then serves as an input for a tripartite discussion on the promotion and application of the MNE Declaration during the particular ILO regional meeting.

The first such exercise was conducted for the 18th American Regional Meeting (Lima, Peru, 13–16 October 2014). The second was prepared for the 13th African Regional Meeting (Addis Ababa, Ethiopia, 30 November–3 December 2015). The present report, the third one in the series, has been prepared on the basis of the responses received from tripartite constituents of the ILO member States in the Asia and the Pacific region and will serve as an input for a special session on the MNE Declaration during the 16th Asia and the Pacific Regional Meeting (Bali, Indonesia, 6–9 December 2016).

The report provides important elements for consideration regarding further promotion and application of the MNE Declaration in the region. We trust that the report will encourage further dialogue among constituents, facilitate the exchange of experiences and lessons learned, and contribute to the identification of opportunities and challenges in the areas covered by the MNE Declaration at national and regional levels. It will also inform the development of a global report to go to the Governing Body of the International Labour Office in 2018, synthesizing the findings of all the regional reports conducted as well as tripartite discussions and recommendations formulated during ILO regional meetings.

The Multinational Enterprises and Enterprise Engagement Unit of the Enterprises Department, responsible for the development of this report, wishes to warmly thank the governments and employers' and workers' organizations who took the time to complete and return the questionnaire. We also express our thanks to the staff and the members of the MNE Declaration global focal points network in ILO headquarters and in the regions for their support, guidance and inputs in the different stages of the information-gathering process and development of this report.

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# Abbreviations

<b>ASEAN</b>	Association of Southeast Asian Nations
<b>FDI</b>	foreign direct investment
<b>GCC</b>	Cooperation Council for the Arab States of the Gulf
<b>GDP</b>	gross domestic product
<b>ILO</b>	International Labour Organization
<b>MNE</b>	multinational enterprise
<b>MNE Declaration</b>	Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SASAC</b>	State-owned Assets Supervision and Administration Commission
<b>UNCTAD</b>	United Nations Conference on Trade and Development





# Executive summary

**T**his report presents an overview of trends in foreign direct investment (FDI) in Asia and the Pacific and the opportunities and challenges that such investment represents towards decent work. Also, it details the initiatives undertaken by governments, employers' organizations and workers' organizations in the ILO member States of the region to raise awareness and promote the application of the recommendations set forth in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

Both inflows and outflows of FDI in Asia and the Pacific have recently shown an increasing trend, and the region now accounts for just under one-third of the world's flows. Intraregional FDI flows are also important, particularly in East Asia, and the region is home to an increasing number of the world's largest multinational enterprises (MNEs). Generally, the manufacturing and service sectors attract most of the investment; increasingly, these investments target higher-value-added industries. While these flows have been accompanied by the creation of jobs, some decent work deficits in the region remain entrenched, such as unemployment (especially with regard to youths), as well as non-standard forms of work, informality and forced labour. Adequate policies and frameworks and a strong industrial relations system are crucial elements to ensure that FDI contributes to the creation of more and better jobs in the region.

As part of the follow-up mechanism of the MNE Declaration, adopted by the Governing Body at its 320th Session in March 2014, a questionnaire was distributed through various channels to the tripartite constituents of the member States taking part in the 16th Asia and the Pacific Regional Meeting. Responses were received from 70 constituents from a total of 29 countries, representing 62% of the region's member States. Although each country's experience to boost the positive impact of FDI is unique, respondents' views often converged on which areas of the MNE Declaration are relevant in their national context.

Areas identified as relevant almost uniformly across constituents were wages, benefits and conditions of work (82% for governments, 77% for employers' organizations and 83% for workers' organizations), and training (88%, 82% and 83% respectively). Training was also the most often cited area on average across all three groups (selected by 84% of respondents).

Discrepancies in the relevance attributed by constituents were noted concerning the areas of freedom of association and the right to organize (65% for government, compared to 46% for employers' organizations and 90% for workers' organizations) and collective bargaining (71%, 55% and 93%, respectively).

Respondents also shared their views regarding the challenges and opportunities posed by FDI. Many of them pointed out that although they considered the recommendations of the

MNE Declaration to be relevant, challenges often kept them from being fully implemented. Challenges mentioned by respondents relating to the operations of MNEs in their countries included skills mismatch and the lack of training opportunities, the risk of divestment, informality, weak labour inspection, subcontracting practices, low wages, differentiated treatment of workers, child labour, safety and health concerns, the complexity or perceived weakness of the industrial relations system and lack of dialogue, and discrepancies between law and practice. However, respondents also noted opportunities, such as the higher capacity of MNEs to create more and better jobs compared to domestic enterprises, the implementation of policies that give priority to the employment of nationals, and opportunities that can arise from home–host dialogue to strengthen industrial relations.

Respondents described diverse mechanisms that are in place to facilitate dialogue and consultations on the operations of MNEs. The responses indicated a significant level of formal outreach and engagement of governments and employers' and workers' organizations with MNEs: many of them indicated having established a contact point for foreign MNEs. Also, more than a third of the respondents in each group organized consultations on MNE activity with foreign MNEs, or with employers' and workers' organizations from other countries.

Almost half of the respondents recently organized events that promoted the principles of the MNE Declaration. More than half of these events or initiatives were organized with ILO technical assistance, more than two-thirds with governments or other organizations, and more than half with governments or organizations from other countries.

Numerous respondents requested the Office to increase efforts to promote the MNE Declaration in Asia and the Pacific and expressed willingness to step up their own promotional efforts. In this line, several of them highlighted the relevance of sharing knowledge on the implementation of the MNE Declaration in other countries of the region. A number of constituents also underlined the importance of appropriate regulatory and policy frameworks to advance the application of the principles of the MNE Declaration, and a few of them emphasized the need to conduct research on the impact of MNE activity on labour markets.

Finally, numerous respondents expressed the need for more advocacy and further capacity building, as well as for other assistance from the Office.



# Introduction

**T**he present report provides an overview of activities undertaken by governments and employers' and workers' organizations in the International Labour Organization (ILO) member States in Asia and the Pacific<sup>1</sup> to raise awareness and promote application of the recommendations set forth in the Tripartite Declaration of Principles concerning Multi-national Enterprises and Social Policy (MNE Declaration).

The present report has been elaborated on the basis of information collected through a questionnaire sent to the tripartite constituents of the 47 ILO member States of Asia and the Pacific. The questionnaire was distributed in April 2016 through various channels to tripartite constituents of the ILO member States taking part in the 16th Asia and the Pacific Regional Meeting. Responses were received until 15 July 2016.

The high number of responses received from governments and from employers' and workers' organizations – 70 in total – is a clear indication of their interest in the opportunities and challenges posed by foreign direct investment (FDI) and the operations of multinational enterprises (MNEs) for decent work and inclusive growth in the region.

This is important in the context of the new 2030 Agenda for Sustainable Development, which is critical to Asia and the Pacific. The region is a highly diverse one, marked by contrasts. While being home to some of the biggest economies of the world, including China, India, Indonesia and Japan, it is also home to several least developed countries.<sup>2</sup> The region exports some of the most sophisticated manufactures of parts, components and final products, alongside a significant share of low-end products and unprocessed natural resources. And while some of its countries have seen significant advances in terms of poverty reduction, in others, including some middle-income countries, poverty, inequality and informality remain deeply entrenched. In the region, a sizeable share of workers still live just above the poverty line and thus remain highly vulnerable. Thus, the creation of more and better jobs remains a key challenge and a motivation to attract FDI while putting in place a smart mix of policies that can promote a greater contribution of FDI to job creation and the improvement of working conditions.

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1. For the purposes of this report, Asia and the Pacific covers the Arab States in West Asia, the developing countries of South, East and South-East Asia, the Pacific island countries and the developed (industrialized) economies of Australia, Japan and New Zealand.

2. List produced by the United Nations Development Committee (as of May 2016), available at: [http://www.un.org/en/development/desa/policy/cdp/ldc/ldc\\_list.pdf](http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf).

The present report on the promotion and application of the MNE Declaration – which provides a framework to encourage the positive contribution of FDI to decent work – in Asia and the Pacific is organized as follows:

- Chapter 2 provides an overview of the MNE Declaration and its recommendations to harness the potential of FDI and the operations of MNEs for decent work and development.
- Chapter 3 describes key characteristics of FDI in the region, the sectoral composition of FDI, the intersection between FDI and decent work, and policy initiatives taken to better align FDI with regional and national development agendas.
- Chapter 4 analyses the responses to the questionnaire of governments and of employers' and workers' organizations in ILO member States in Asia and the Pacific, including the way in which they have promoted and applied the principles of the MNE Declaration at the country level.
- Chapter 5 concludes with remarks on key issues and suggestions for further promotion of the principles of the MNE Declaration in view of a broader application in the region.



# About the MNE Declaration

## 2

### 2.1 Recommendations of the MNE Declaration

MNEs can contribute to more efficient utilization of capital, technology and labour; and to more employment opportunities, improved living standards and the satisfaction of basic needs where they operate. However, their operations can also lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interests of workers.

The ILO MNE Declaration recognizes the important role of MNEs in social and economic development and seeks to encourage their positive contribution and minimize and resolve potential negative impacts. The MNE Declaration is the only tripartite-agreed global instrument with recommendations addressed to MNEs,<sup>3</sup> whether they are of public, mixed or private ownership. But it also speaks to governments and the social partners, and is “intended to guide the governments, the employers’ and workers’ organizations and the multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress” (ILO, 1977, p. 2). The MNE Declaration encourages MNEs – and all other enterprises – to obey national laws, respect international standards (including international labour standards<sup>4</sup> and United Nations human rights instruments), and support development priorities.

The MNE Declaration clarifies the roles of governments, enterprises and employers’ and workers’ organizations and draws attention to the importance of closer alignment of corporate policies and programmes with public policy and development objectives in the country of operation. It strongly encourages dialogue between home and host governments; enterprises, governments and employers’ and workers’ organizations; and management and workers at the enterprise level. The MNE Declaration addresses five key areas: general policies, employment, training, conditions of work and life, and industrial relations.<sup>5</sup>

It is worth noting that at its 326th Session in March 2016, the Governing Body of the International Labour Office decided to establish a tripartite ad hoc working group of eight members representing Governments, four members representing Workers and four members

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3. It is important to note that the definition of “multinational enterprise” in the MNE Declaration includes enterprises, of either public, mixed or private ownership, that own or control production, distribution, services or other facilities outside the country in which they are based. The term also includes parent companies or local entities, or both, or the organization as a whole.

4. A list of these Conventions and Recommendations can be found in the Annex to the MNE Declaration (p. 11).

5. A summary of the provisions of the MNE Declaration pertaining to governments and enterprises is provided in Appendix III.

representing Employers that will meet twice before March 2017 to review the text of the MNE Declaration, including its annex and addenda, and the interpretation procedure. The recommendations of the working group, arrived at through consensus, will be presented for possible adoption at the 329th Session (March 2017) of the Governing Body.

## 2.2 Link to sustainable enterprises and development

Enterprises obeying national law and observing the recommendations of the MNE Declaration contribute to sustainable development, especially to its social pillar.

There is a broad and wide-ranging international debate on the promotion of sustainable enterprises and a growing recognition of the central role of the private sector in addressing key development challenges, including employment creation (ILO, 2007a, p. 1).

According to estimates by the Asian Development Bank, Asia and the Pacific generates nearly 40% of global gross domestic product (GDP), contributes 60% to global growth and accounts for about one-third of the world's merchandise exports. The region is also facing increased emissions of greenhouse gases and other pollutants, as well as increased consumption of scarce resources (ADB, 2015).

The new 2030 Agenda for Sustainable Development, which includes goals on inclusive and equitable quality education and lifelong learning opportunities, environmental sustainability and inclusive economic growth, and full and productive employment and decent work for all, therefore provides valuable guidance for the region, as well as a unique opportunity for businesses to engage on sustainable development, re-evaluate their strategies and assess their performance.

The promotion of sustainable enterprises is a key element of ILO's Decent Work Agenda, which focuses on strengthening the rule of law, institutions and governance systems that nurture enterprises, and encouraging them to operate in a sustainable manner. Tripartism, including social dialogue and collective bargaining, is a vital element to achieve this. Moreover, the 2008 ILO Declaration on Social Justice for a Fair Globalization confirms that the commitment and efforts of the ILO and its members to implement the ILO's constitutional mandate and to place full and productive employment and decent work at the centre of economic and social policies should be based on the four inseparable, interrelated and mutually supportive strategic objectives of the Decent Work Agenda, namely employment; social protection; social dialogue and tripartism; and fundamental principles and rights at work. The role of MNEs is noted in the preamble of the Declaration on Social Justice for a Fair Globalization, which also recognizes the particular relevance of the MNE Declaration in addressing the growing role of such actors in the realization of the Organization's objectives.

Sustainable enterprises can be of any size, from micro to large; and of any type, including State-owned and multinational enterprises, as well as cooperatives and social enterprises. However, given the ever-increasing levels of FDI, the operational scale of MNEs and the number of direct, indirect and induced jobs they create worldwide, the concept of sustainable enterprises is all the more relevant for large enterprises. Thus, a sustainable MNE is one that seeks to maximize the positive economic, social and environmental impact of its business activities, and takes a proactive and consistent stance in limiting and mitigating its negative impact.

The "Conclusions concerning the promotion of sustainable enterprises" adopted by the International Labour Conference (2007) emphasize the important role of governments to create an enabling environment for sustainable enterprise development through an appropriate legislative and policy framework and strengthened institutions and governance systems in which enterprises operate (ILO, 2007b); and the "Conclusions concerning decent work in global supply chains" (ILO, 2016a) also contain relevant recommendations for governments and employers' and workers' organizations to strengthen governance systems and measures to achieve coherence between economic outcomes and decent work in global supply chains.

The MNE Declaration invites governments of ILO member States, employers' and workers' organizations, and the MNEs operating in their territories to observe the principles embodied in the Declaration.





# Foreign direct investment and multinational enterprises in Asia and the Pacific

**F**oreign direct investment (FDI) flows and the multinationals that are making these investment decisions play an essential role in the economies and labour markets of the Asia and the Pacific region.

Asia and the Pacific attracted 31% of FDI inflows in 2015 (UNCTAD, 2016a). While global FDI flows have been volatile in recent years (decreasing from US\$1,567 billion in 2011 to US\$1,277 billion in 2014, before bouncing back up to US\$1,762 billion in 2015), the region attracted year after year higher levels of foreign investments (from US\$472 billion in 2011 to US\$543 billion in 2015). In recent decades, some countries in the region have also become important sources of outward investment, with Asia and the Pacific accounting for 30% of the world's FDI outflows in 2015. Intraregional flows are also substantial, particularly between China, Japan and South-East Asian countries. Illustrating this fact, an estimated 45% of outward investment by Asian MNEs in infrastructure industries targeted the East and South-East Asia region (UNCTAD, 2015, p. 44).

While the region accounts for a substantial portion of both FDI inflows and outflows, it also accounts for approximately half of the world's economic growth (41% of the yearly growth in 2014, 55% in 2013). Although the annual growth rate of the region has slowed down recently, decelerating from 4.2% in 2013 to 3.8% in 2014<sup>6</sup> (UNCTAD, 2016b), it remains higher than the global growth of 2.5% in 2014. However, it is also important to note that Asia and the Pacific is a highly diverse region, with substantial variations between countries. Economic growth has mainly been driven by China, India and South-East Asian countries (with a combined yearly growth between 6.5% and 7.9% between 2010 and 2014). Australia, New Zealand and the Republic of Korea have also grown steadily, while Japan has experienced low or negative growth in recent years. In the Arab States, growth between 2010 and 2015 was mainly driven by the economies of Qatar, Saudi Arabia and the United Arab Emirates.

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6. Excluding the Syrian Arab Republic and Iraq, for which the GDP in 2014 was not reported.

### 3.1 FDI trends in the region

The Asia and the Pacific region hosts the largest FDI destination countries in the world, as well as some of the most important FDI source countries. The FDI flows in and out of the region, as well as between the region's countries, have been increasing since 2009 mainly as a result of an improving investment environment, with national and regional investment measures targeting FDI liberalization, facilitation and promotion, as well as deeper levels of economic integration (UNESCAP, 2016, p. 16).

#### 3.1.1 FDI inflows

Large developing economies of the region attract high amounts of FDI. In 2015, China<sup>7</sup> alone captured US\$136 billion of FDI, representing 25% of the region's flows; and FDI inflows have grown steadily over the past decade (from 5% of global flows in 2006 to 8% in 2015), making it the second-largest recipient country of FDI inflows in the world, after the United States of America. India, thanks to recent policy reforms (UNESCAP, 2016), has grown rapidly in the past two years; although it accounted for only 8% of the region's flows in 2015, it is the world's second most important destination country in terms of greenfield<sup>8</sup> investments (with US\$63 billion of announced greenfield FDI, slightly less than the United States). China, India and Indonesia together accounted in 2015 for 50% of the region's inward greenfield FDI (FDI Intelligence, 2016).

The more developed countries in the region have seen the value of their FDI inflows decrease in recent years, partly due to slower economic growth (ECN, 2016). From 5% of global flows in 2013, the combined FDI flows received by Australia, Japan, New Zealand and the Republic of Korea represented just 1% of these flows in 2015. Australia and the Republic of Korea are the industrialized economies in the region with the highest growth rates (2.7% and 3.3% respectively in 2014). Together, they receive the bulk of investments flowing to developed countries in Asia and the Pacific (US\$22 billion for Australia and US\$5 billion for the Republic of Korea in 2015).

Some smaller economies have also been exceptionally successful in attracting investment. Least developed countries in the Asia and the Pacific region have improved their capacities over time, almost tripling FDI inflows into these countries in the past 10 years (UNESCAP, 2016, p. 16). Bangladesh stands out for being one of the least developed countries while managing nonetheless to attract a steady inflow of FDI for several decades as a result of its liberal investment policy and incentive regimes. Other less developed economies also attract investment, but they continue to rely on natural resources or lower-productive industries that prevent them from attracting higher levels of value-added FDI flows (UNESCAP, 2016, p. 16). Among them, Myanmar recently saw a surge of its FDI flows through foreign investments in the country's oil and gas sector at the same time that the country was going through a political transition<sup>9</sup> (Reuters, 2016).

The most important investors in the region<sup>10</sup> are MNEs from the European Union (mainly from France, Germany and the United Kingdom) and from the United States. They represented respectively 18% and 13% of the value of the announced greenfield projects to the region in 2015. Intraregional investments represented 63% of this value, other regions accounting for the remaining 6% (UNCTAD, 2016c, p. 44).

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7. The measure for FDI in China excludes Hong Kong, China, and Macau, China. Hong Kong, China is the highest FDI recipient of the region, with flows of US\$175 billion in 2015.

8. "Greenfield FDI", as opposed to "brownfield FDI", concerns new projects that foreign investors engage in: they represent "new net capital investment and job creation for the host economy". These exclude mergers and acquisitions investments, which relate to the change in ownership of the equity of existing enterprises (FDI Intelligence, 2016).

9. National elections took place in November 2015.

10. The region is defined by the United Nations Conference on Trade and Development (UNCTAD) as "Developing Asia", which includes Turkey and excludes Australia, Japan and New Zealand.



Taking a closer look by subregion, FDI inflows have grown in the countries of South-East Asia every year since 2011 at a rate exceeding the growth rate of the region as a whole. In 2015, the countries of the Association of Southeast Asian Nations (ASEAN) Economic Community<sup>11</sup> (box 3.1) received 23% of the FDI captured in the Asia and the Pacific region. Among them, Singapore and Indonesia were the largest recipients, attracting US\$65 billion and US\$16 billion, respectively.

### Box 3.1 ASEAN Economic Community

The ten member countries of ASEAN (Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam\*) established the Economic Community at the end of 2015 to strengthen their economic integration. Its objectives include the creation of a single market and production base, as well as the full integration of the region into the global economy. Towards these objectives, it has eliminated its internal tariffs in the service sector and improved investment regimes (including foreign investments), and its member countries have adhered to common frameworks, standards and mutual cooperation in various areas of the economy. The ASEAN Economic Community has recently adopted a blueprint to guide its economic integration in the next decade. In this document, it lists sustainable economic development among the objectives that will guide the community towards building a "competitive, innovative, and dynamic ASEAN".

Alongside the creation of the Economic Community, ASEAN member countries also agreed in 2009 to build an ASEAN Socio-Cultural Community. Its core objectives relate to the development of decent work in the region: human development, social welfare and protection, as well as social justice and rights.

\* Timor-Leste applied for ASEAN membership in 2011; however, the country is not currently part of the community.

Sources: ASEAN, 2009, 2015a, 2015b.

The member countries of the Cooperation Council for the Arab States of the Gulf (GCC) (box 3.2) capture most of the inflows of the Arab States subregion, which amounted to US\$20 billion in 2015, representing 4% of the entire region's flows and 1% of world flows. Among them, the United Arab Emirates and Saudi Arabia received the bulk of these investments (US\$11 billion and US\$8 billion respectively). The global economic crisis curbed inflows to the Arab States, which have steadily declined since 2008. Also, regional conflicts and political tensions continue to deter investors, particularly to Iraq, the Syrian Arab Republic and Yemen.

### Box 3.2 Cooperation Council for the Arab States of the Gulf

The Cooperation Council for the Arab States of the Gulf (GCC) is composed of six countries within the Arab States region: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Established in 1981, the political and economic union aims to enhance coordination, integration and interconnection among its members, as well as to harmonize regulations regarding financial affairs and commerce.

The Economic Agreement signed in 2001 paved the way for achieving a common market and monetary union. In 2008, the GCC created a customs union and unified the tariffs imposed on all imports into the member States, and established a common market for goods, services and capital. Also, "economic equality" was provided to GCC citizens, allowing them to have the same employment rights and free movement within the member States.

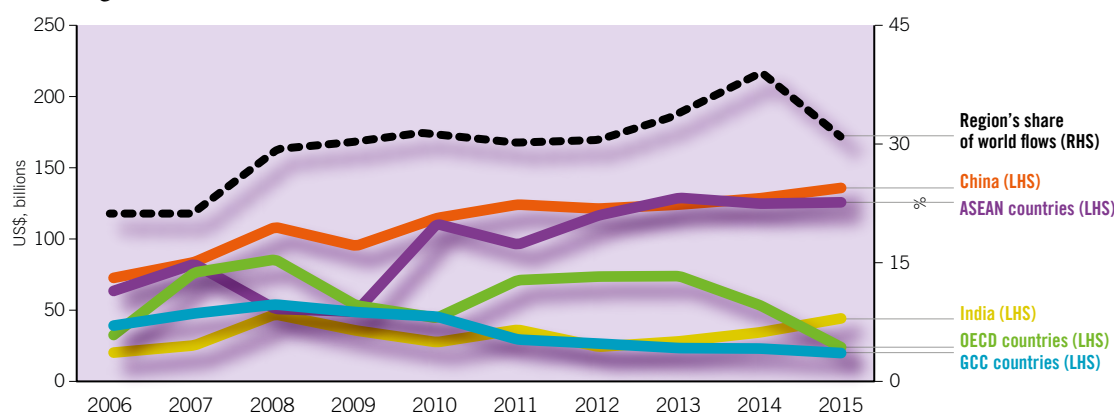
Sources: GCC, 1981; Shediak et al., 2011.

11. The ASEAN member States comprise Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam.

With the recent drop in oil and gas prices, oil-exporting Arab States have the opportunity to attract FDI to diversify their economies. Currently, oil extraction in these economies accounts for a substantial portion of GDP (between 20% for Yemen and 63% for Kuwait), although this industry employs less than 5% of the employed population.<sup>12</sup> The public sector is a major source of employment for most countries in the subregion (especially for nationals – for example, approximately 90% of employed nationals of the United Arab Emirates work in the public sector). A diversification of these economies through FDI would therefore allow for the growth of the private sector in industries aside from oil and gas, which typically generate more jobs, while public investments focus on developments in infrastructure, human capital and social safety nets (IMF, 2016).

Figure 3.1 presents an overview of FDI inflows to the region over the period 2006 to 2015.

**Figure 3.1 FDI inflows 2006–2015**



LHS = left-hand side axis, RHS = right-hand side axis.

Note: Although the FDI flows into Asia and the Pacific have continued to rise in 2015, the growth of FDI in the region has been less than the growth of FDI globally (9% versus 38%), related to the surge of FDI flows – and particularly cross-border mergers and acquisitions – in Europe and North America. This growth in global flows explains why Asia and the Pacific's share of world flows decreased between 2014 and 2015.

Source: UNCTAD, 2016b.

### 3.1.2 Outward FDI

Outward FDI from the region has grown rapidly in recent years, from US\$310 billion in 2009 to US\$441 billion in 2015. In 2015, the region accounted for 30% of world outflows. Focusing specifically on greenfield investments, the region generated 40% of world outflows<sup>13</sup> (UNCTAD, 2016a), with half of these flows coming from China and Japan alone (FDI Intelligence, 2016).

The growth in Chinese outward FDI is particularly striking: its value has multiplied by a factor of more than seven over the past decade (from US\$18 billion in 2006 to US\$128 billion in 2015). In 2015, the country represented 29% of the region's total outward FDI and 9% of world FDI flows (UNCTAD, 2016b). Driving factors include the initiatives by the Chinese Government, such as the Going Global Strategy<sup>14</sup> and the One Belt One Road initiative,<sup>15</sup> which provide incentives for Chinese investments abroad (UNESCAP, 2015, p. 45). Although the South-East Asia subregion continues to be the main investment

12. The countries considered by the IMF in the report from which these data are drawn are Algeria, Bahrain, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, the United Arab Emirates and Yemen.

13. Outflows include intraregional investments and sometimes investments within countries (for example, the flows between mainland China and Hong Kong, China are considered as outflows).

14. The Going Global Strategy was adopted by the Government of China in 2001 and adjusted in 2013. The strategy encourages Chinese firms to look for opportunities overseas and to be more competitive.

15. The One Belt One Road initiative is aimed at China and its neighbours investing in infrastructure to build a "Silk Road Economic Belt" and a "21st Century Maritime Silk Road".

destination, Chinese investment has recently increased in Brazil, India, Russian Federation and South Africa as well as in developed markets; in 2014, it became the largest investor in the United States (UNESCAP, 2015, p. 45) and the fourth-largest investor in Africa (UNCTAD, 2016c).<sup>16</sup>

Overseas investments from MNEs in the region have grown to a point where 18 of them appeared on the list of the top 100 non-financial MNEs in the world in 2015,<sup>17</sup> a number that is comparable to the number of North American firms in this list.<sup>18</sup> The company from the region with the highest-valued foreign assets is the Japanese car manufacturer Toyota Motor Corporation, which holds US\$273 billion in assets outside Japan and employs more than 148,000 workers overseas. In terms of the number of foreign workers, the highest-ranked firm is Hon Hai Precision Industries, better known as Foxconn Technology Group, which employs over 650,000 employees outside Taiwan, China, where it is headquartered.

Of the top 100, Japan is home to the most MNEs of the region, followed by China,<sup>19</sup> the Republic of Korea, Australia and Malaysia (table 3.1). The sectors represented are also diverse, demonstrating a wide array of specializations within the region. Retail and wholesale trade, mining, electronics and auto manufacturing are the most represented industries. Also, the growth of Chinese MNEs is particularly striking. No mainland Chinese company

**Table 3.1 Asia and the Pacific companies in UNCTAD's top 100 non-financial MNEs, ranked by foreign assets, 2015**

Rank	Company name	Home country	Industry
2	Toyota Motor Corporation	Japan	Motor vehicles
12	Softbank Corp.	Japan	Telecommunications
13	Honda Motor Co. Ltd	Japan	Motor vehicles
17	CK Hutchison Holdings Limited	Hong Kong, China	Retail trade
21	Nissan Motor Co. Ltd	Japan	Motor vehicles
24	Mitsubishi Corporation	Japan	Wholesale trade
35	Mitsui & Co. Ltd	Japan	Mining, quarrying and petroleum
39	China National Offshore Oil Corp.	China	Mining, quarrying and petroleum
45	Hon Hai Precision Industries	Taiwan, Province of China	Electronic components
47	Samsung Electronics Co. Ltd	Korea, Republic of	Communications equipment
48	BHP Billiton Group Ltd	Australia	Mining, quarrying and petroleum
60	Marubeni Corporation	Japan	Wholesale trade
65	Sony Corporation	Japan	Electric equipment
67	Petronas - Petroliaam Nasional Bhd	Malaysia	Mining, quarrying and petroleum
70	China Ocean Shipping (Group) Company	China	Transport and storage
71	Sumitomo Corporation	Japan	Wholesale trade
80	ITOCHU Corporation	Japan	Wholesale trade
99	Hitachi Ltd	Japan	Computer equipment

Source: UNCTAD, 2016a.

16. The 2014 report on the promotion of the MNE Declaration in the Americas and the one for the African Regional Meeting in 2015 both mention the recent rise of investments from MNEs from China in the respective regions (ILO, 2014b, 201b).

17. The list, published by UNCTAD, ranks companies by the value of their foreign assets. The largest of these companies owns US\$288 billion outside its home country (Royal Dutch Shell PLC, which is based in the United Kingdom).

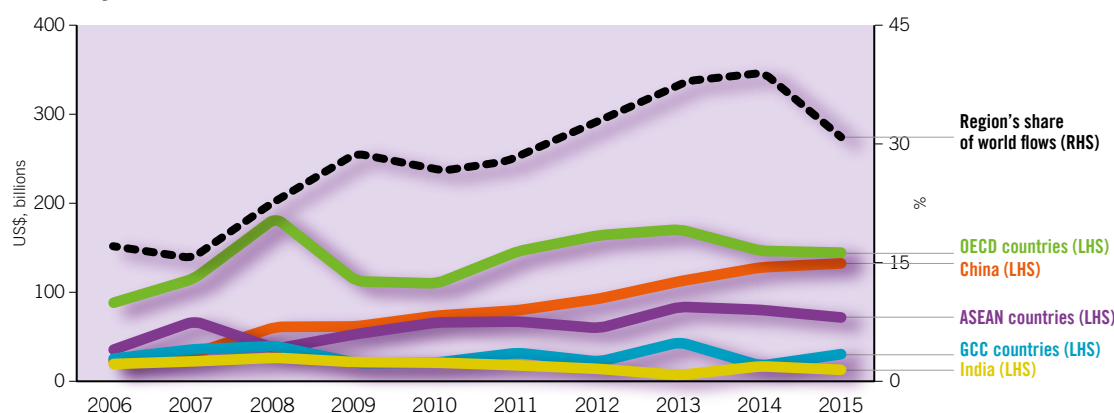
18. There are 21 firms from North America among the top 100 non-financial MNEs.

19. Combining companies based in Hong Kong (China), Taiwan (China), and mainland China.

was part of this list a decade ago (UNCTAD, 2008); today, two of these multinationals are from China.

Figure 3.2 presents an overview of FDI outflows from the region over the period 2006 to 2015.

**Figure 3.2 FDI outflows 2006–2015**



LHS = left-hand side axis, RHS = right-hand side axis.

Note: The drop in the region's share of world flows in 2015 (from 38% to 30%) is explained by the decline in outflows from Hong Kong, China, and the divestment of holding companies. For example, one conglomerate's corporate restructuring (Cheung Kong Holdings partly relocated to the Cayman Islands) led to a divestment of US\$13 billion from Hong Kong, China. Divestments are recorded as negative outflows in FDI statistics (UNCTAD, 2016c, p. 48).

Source: UNCTAD, 2016b.

### 3.1.3 Intraregional FDI

The region increasingly relies on investments originating in Asia and the Pacific. This is particularly true in East and South Asia, where deeper levels of economic integration have fostered investment flows. Increased integration has helped to increase intraregional FDI flows as well as overall FDI flows to and from the region (UNESCAP, 2015, p. 48).

The countries of Asia and the Pacific that have large amounts of outward FDI have focused their investments on projects within the region. As an example, 53% of announced greenfield projects in developing Asia<sup>20</sup> by value in 2015 were intraregional (UNESCAP, 2015, p. 50). In particular, China, Japan and the Republic of Korea were the major investors in the Asia and the Pacific region, with China and ASEAN members being the most attractive destinations (UNESCAP, 2015, p. 39) for these investments. China is now the biggest intraregional investor, accounting for 21% of the total intraregional<sup>21</sup> greenfield FDI inflows in 2014 (UNESCAP, 2015, p. 38). A large portion of investment flows from Australia, China, Japan and the Republic of Korea since 2012 have focused on member countries of the ASEAN Economic Community (see box 3.1) (UNESCAP, 2015, p. 39).

The trend towards greater economic integration through megaregional trade agreements, such as the Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership, will further promote intraregional and interregional investment flows (UNESCAP, 2015, p. 49). Furthermore, extensive Chinese infrastructure investments in the region have contributed to a better-integrated market environment that attracts intraregional investors (UNESCAP, 2015, p. 49).

The Arab States subregion<sup>22</sup> tells a different story, with very few flows between countries. In 2014, only US\$5 billion (UNCTAD, 2015, p. 53) or 17% of total FDI inflows were from

20. Countries of the region, excluding Australia, Japan and New Zealand, and including Turkey.

21. Including the Russian Federation and Turkey and excluding the countries of the Arab States.

22. Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates and Yemen.

within the subregion. However, GCC countries have shown greater investment relations: in 2011, almost 50% of its greenfield FDI inflows came from GCC countries (UNCTAD, 2012). The economic agreement that these countries signed in 2001 set the stage for enhanced intraregional FDI flows within the GCC.<sup>23</sup>

### 3.2 Sectors attracting FDI to Asia and the Pacific

Between 2009 and 2014, in East and South Asia, the predominance of FDI flowing into the primary sector declined in many countries as manufacturing and, more recently, services developed and expanded (UNESCAP, 2015, p. 40). Manufacturing is still strategically important for several economies, especially those in South-East Asia, where increasing amounts of FDI have been invested in manufacturing as a result of increased labour costs in China. However, a number of economies have strategically striven to attract investment in services and technology-related areas (UNESCAP, 2015, p. 48). Intraregional flows are mainly driven by investments in infrastructure and electronics (UNCTAD, 2016c, p. 50).

Looking to specific countries, China's greenfield FDI inflows are still largely focused on manufacturing (60% in 2014), with the remainder concentrated almost entirely in the service sector. In India, the Make in India programme has been introduced in order to attract new FDI in the manufacturing sector (UNESCAP, 2015, p. 46), allowing the country to become the dominant recipient of FDI in the automotive industry in South Asia (UNESCAP, 2015, p. 49). Analysts anticipate that the investments of global automakers and first-tier part suppliers in India will have spillover effects in the future in other South Asian countries, such as Bangladesh, Nepal, Pakistan and Sri Lanka.

South-East Asia continues to receive a larger portion of its greenfield investments in the primary sector, which amounted to 26% in 2014. The rest is divided equally between manufacturing and services (UNESCAP, 2015, p. 42).

Economies of the Arab States remain highly dependent on the extraction of oil and gas. However, certain countries have started to diversify their economies, with the growth of banking services in Bahrain and shipping in the United Arab Emirates (IMF, 2016). While most FDI inflows continue to target predominantly the extractive sector (for example, 50% of Oman's inflows concern the oil industry), other sectors such as manufacturing and non-tradable goods (including real estate and construction) are beginning to attract foreign investors. For example, General Electric has committed to invest at least US\$1.4 billion in Saudi Arabia by 2017, in manufacturing for the energy and marine sector, as well as in other sectors such as water and aviation (Parasie, 2016).

### 3.3 FDI and decent work

Despite economic growth in Asia and the Pacific and a general increase in real average wages – driven largely by growth in China – economic prospects and labour markets in the region are facing uncertainty. In 2015, employment growth in most of the region slowed down, income inequality indicators have worsened in recent years and progress towards improving job quality has been uneven. This is particularly worrisome when considering that over half of the world's population living in extreme poverty reside in Asia and the Pacific, that a low share of workers are in wage employment, and that poor job quality is pervasive and hinders progress towards improving living standards. Moreover, high-skilled jobs, which command higher wages and better working conditions, made up just 12% of total employment in the region (ILO, 2015a).

Youths, particularly in the developing countries of the region, face considerable obstacles to finding decent work. Barriers in accessing secondary and tertiary education persist,

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23. Article 5 of the agreement promotes a unified and integrated investment climate between member countries.

particularly for youths in rural areas; and poor alignment of the education and training systems with the needs of the labour market hinder school-to-work transitions. In the region, millions of youths are unemployed. In the Arab States, for example, one in three male youths and almost one in two female youths are unemployed (ILO, 2016b). Of those who are working, many find themselves employed in non-standard forms of work or in informal or vulnerable jobs, with no adequate training to allow them to improve their prospects. In Cambodia, for example, the share of youths in informal employment is estimated to be 98.3%, and in Viet Nam, 76.4%<sup>24</sup> (ILO, 2014a).

Against this backdrop, job creation and the improvement of working conditions across the region are crucial priorities, particularly in view of the 2030 Agenda for Sustainable Development.

While it is true that investment decisions of MNEs in many cases hold the potential to have a positive impact on job creation, skills development and working conditions, this will largely depend on a series of factors, such as the type of investment, the sector targeted, the existence of performance requirements, the degree of integration into the local economy, the strength of labour market institutions and compliance with national legislation in MNE operations. Governments, therefore, have a crucial role to play in putting in place a smart mix of policies and programmes to promote the positive impact of FDI in their economies and limit or resolve their negative impacts. MNEs should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards.

When it comes to job creation, investments in certain sectors are likely to have a higher impact than in others. Job creation linked to FDI is generally higher in manufacturing and services, sectors that are prevalent in economies such as China, Thailand and Viet Nam. On the other hand, countries attracting investments mainly in primary commodity sectors – more prevalent in some member States of the GCC – rely more on the public sector to generate employment. This highlights the importance, particularly for countries highly dependent on natural resources, of diversifying into new economic activities and into the production of more complex products across sectors. In this regard, skills development and vocational training policies have a crucial role to play in equipping the local population with the skills required by more developed industries.

This is particularly urgent in many ASEAN countries, where the prevalent lower-skilled jobs in labour-intensive sectors are particularly vulnerable to disruptive technologies, such as additive manufacturing and automation, which can render such jobs obsolete (ILO, 2016c).

FDI flowing to greenfield projects – which lead to the establishment of new enterprises – create new jobs, both directly and indirectly. Investments targeting existing companies have a lower positive impact, and may adversely affect job creation if restructuring and layoffs are involved or the investment crowds out domestic competitors, among other factors (ILO, 2014b). Likewise, FDI in capital-intensive sectors creates fewer jobs.

In a recent survey of investment promotion agencies (UNCTAD, 2014a), Asian investment promotion agencies report positive prospects in construction, agriculture and machinery, which can have positive impacts on job creation. It is important to note however that in order to advance towards decent work, it is not only the quantity of jobs that matters but also their quality (that is, how workers experience their working conditions and whether their labour rights are respected).

Governments in the region have actively pursued as part of their development policies the establishment of export processing zones. These play an active role in the expansion of exports and export-led growth, and are often an important source of employment, especially for women. Female workers account for two-thirds of the workers in export processing zones in Bangladesh, the Philippines, the Republic of Korea and Sri Lanka. While there is evidence that, in several cases, wages in the 1980s and 1990s were reportedly lower than outside the zones, as a whole, they have since caught up with or even surpassed them. Nonetheless,

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24. Estimates based on the school-to-work transition surveys undertaken in 2012–2013 as part of ILO's Work4Youth Project.



freedom of association, collective bargaining and other fundamental rights remain a concern in many export processing zones in the region (ADB, 2013, pp. 56–59); however, these challenges in protecting workers' rights are not exclusive to export processing zones. Concerns regarding the use of forced labour in the region have also been reported in industries that attract a high share of FDI, such as construction, manufacturing, agriculture, fishing and mining (ILO, 2014c).

The stymied progress in achieving full respect for fundamental rights highlights the crucial role tripartite social dialogue has to play in developing strong labour market institutions and effective FDI policies that stimulate inclusive growth and decent work opportunities. Social dialogue is also key to fostering an enabling environment for attracting FDI that creates more and better jobs and increases productivity and competitiveness while preventing a “race to the bottom” in respect of workers' rights.

### 3.4 Investment policies and initiatives to boost the positive impact of FDI

National investment policies, in Asia as well as in other regions of the world, have primarily targeted the liberalization of economic sectors and the facilitation of investment procedures in order to attract new investors and foster economic growth. Nearly half of all policy measures adopted throughout the world in 2015 affecting foreign investment were undertaken by developing economies in Asia. China and India were the most active countries in the world in opening up various industries to foreign investors (UNCTAD, 2016c, p. 90).

Beyond liberalization and the promotion of investments, governments – both in the region and those concluding trade agreements with the region – are increasingly integrating labour issues in international trade agreements. These bilateral and multilateral agreements establish the rules and regulations of cross-border investments while also explicitly seeking to enhance the contribution of FDI to socioeconomic development. In affecting investment decisions, they often provide the frameworks to promote the quantity and the quality of jobs created through foreign investments. Specific provisions refer to ensuring occupational safety and health standards and respect for other labour rights, as well as protection of the environment or sustainable development. Also, such provisions are included in trade agreements more often than in the past: while 11% of bilateral investment treaties signed between 1962 and 2011 included these types of provisions, 63% of the treaties signed between 2012 and 2014 included them (UNCTAD, 2016c, p. 114).

Looking specifically at the Asia and the Pacific region, there are many examples of how governments are institutionalizing mechanisms in trade agreements to promote greater positive development impacts of FDI. India has developed a new model bilateral investment treaty, which includes an entire chapter on investor obligations and corporate social responsibility. Indonesia is currently formulating its own model bilateral investment treaty, which will include a provision on the right of the State to regulate in the public interest.

At the multilateral level, the Trans-Pacific Partnership was signed in 2016 by 12 countries,<sup>25</sup> seven of which are in the Asia and the Pacific region. The trade agreement requires the countries to adopt and maintain in their laws and practices, the fundamental labour rights as recognized in the ILO Declaration on Fundamental Principles and Rights at Work (1998), namely freedom of association and the right to collective bargaining; elimination of forced labour; abolition of child labour; and elimination of discrimination in employment. Parties to the Trans-Pacific Partnership also agree to have laws governing minimum wages, hours of work, and occupational safety and health, which also apply to export processing zones (Oustr, 2015). The United States is also signing bilateral consistency plans with some of the countries with the most serious labour rights violation records. These plans require countries to enact legal reforms prior to the date of entry into force of the

25. Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States of America, Viet Nam.

Trans-Pacific Partnership Agreement. Nonetheless, concerns have been expressed by organized labour regarding the feasibility and effectiveness of these reforms.

In an effort to provide guidance on corporate social responsibility and labour issues for governments, enterprises, and employers' and workers' organizations, ASEAN countries adopted in May 2016 the ASEAN Guidelines for Corporate Social Responsibility on Labour. The objective of the guidelines are manifold: to raise awareness of corporate social responsibility among enterprises in ASEAN member States; to continuously and proactively encourage enterprises to integrate corporate social responsibility initiatives, human rights and decent work in their business practices; to promote compliance with core labour standards set forth in national labour laws, ILO Conventions and other relevant international instruments; and to promote social dialogue among governments, employers' organizations and workers' organizations at all levels, while strengthening industrial relations.

Similarly, governments in the region are implementing frameworks to examine the impact of domestic companies going global, and to ensure that their investments contribute to their country's socioeconomic development. In 2008, the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council of China issued a policy directive on *Guidelines to the State-owned Enterprises Directly Managed under the Central Government on Fulfilling Corporate Social Responsibilities* in 2008. While not binding, the directive is the first of its kind in the country. In 2009, SASAC took an active role in encouraging State-owned enterprises to improve their corporate social responsibility management systems and release corporate social responsibility reports.

At the same time that governments are integrating labour issues in trade communities and international trade agreements, they are also promoting the positive impact of FDI through national policies and initiatives. For instance, policies that promote development of small and medium-sized enterprises help create backward and forward linkages between MNEs and local enterprises. Other measures help increase the export of local products or provide opportunities for skills transfer and development.

Governments also have the possibility to steer the work of investment promotion agencies towards fostering the positive impact of FDI.<sup>26</sup> In Malaysia, the Penang State Government is focusing on attracting high-value-added investments to help diversify the local economy. In 2004, it created Invest Penang, the Penang State Government investment promotion agency charged with establishing Penang as an attractive location for all types of high-value-added activities. Invest Penang operates in close coordination with the Penang Skill Development Centre to ensure that an adequately skilled workforce meets investor demand. Invest Penang follows FDI trends and identifies the skills needs of high-value industries that the state seeks to develop, and provides this information to the Penang Skill Development Centre and other training institutions to tailor their curricula. Invest Penang partners with the Malaysian Industrial Development Authority, the national agency in charge of the promotion and coordination of industrial and services investments in the country. It is also facilitating the establishment of foreign universities in the state in order to attract top talent and expand the local skills supply in critical areas (UNCTAD, 2014b).

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26. The ILO has participated in the training of personnel of investment promotion agencies. In 2016, it contributed to a training organized by the Islamic Development Bank and UNCTAD, sharing examples of how countries have introduced investment policies to attract FDI, which will create more and better jobs in their countries. Participants included investment promotion agencies from Indonesia, the Islamic Republic of Iran, Jordan, Lebanon, Pakistan, Palestine, Saudi Arabia and the United Arab Emirates.



# Promotion of the principles of the MNE Declaration in Asia and the Pacific

## 4

This chapter provides an overview of responses to the questionnaire received from the tripartite constituents in the Asia and the Pacific region.<sup>27</sup> The ILO has not verified the accuracy of the information provided, and thus mention of particular laws, policies, measures and actions, and other comments by respondents, do not entail an endorsement by the ILO. Likewise, any failure to mention any of the above is not a sign of disapproval.

The questionnaire was distributed in the beginning of April 2016 through various channels to the tripartite constituents of the 47 member States participating in the 16th Asia and the Pacific Regional Meeting, which include member States in Asia and the Pacific and the Arab States. Training courses organized by the Office were used to give further visibility to the information-gathering process. The Office accepted replies until 15 July 2016, after having twice extended the initial deadline. In total, 70 questionnaires<sup>28</sup> were received from 29 of the 47 member States participating in the Regional Meeting. This is to say that at least one response was received from constituents for 61.7% of the ILO member States in the region (table 4.1).

**Table 4.1 Responses received from governments and employers' and workers' organizations**

Responses received from	Number
Governments	18
Employers' organizations	22
Workers' organizations	30
<b>Total</b>	<b>70</b>

In the case of 11 countries, replies were received from all three constituents (Cambodia, China, Cook Islands, Indonesia, Japan, Republic of Korea, Nepal, the Philippines, Samoa, Sri Lanka and Tonga). No replies were received from any of the constituents from Brunei Darussalam, Islamic Republic of Iran, Jordan, Kiribati, Kuwait, Lao People's Democratic Republic, Maldives, Marshall Islands, Palau, Papua New Guinea, Saudi Arabia, Solomon

27. The questionnaires that were distributed among governments, employers' organizations and workers' organizations can be found in Appendix I.

28. The list of respondents can be found in Appendix II.

Islands, Syrian Arab Republic, Tuvalu, United Arab Emirates, Vanuatu or Yemen. The Government of Australia responded to the questionnaire through a letter without submitting the questionnaire itself; therefore, the report took into account its detailed response in the qualitative analysis but not in compiling quantitative information on the responses to the questionnaire. Replies from the Government of Singapore and from the Government of Malaysia were received after the final submission date of 15 July 2016 and therefore could not be included in the present report. They will be incorporated in the global report which will be submitted to the Governing Body in 2018 for discussion.

## 4.1 Awareness of the principles of the MNE Declaration

*“Taking into account the political and economic situation in your country, which areas of the MNE Declaration are relevant when it comes to operations of multinational enterprises?”*

The areas covered by the MNE Declaration are shown in table 4.2.

**Table 4.2 Areas covered by the MNE Declaration**

Employment	Employment promotion
	Equality of opportunity and treatment
	Security of employment
Training	Training
Conditions of work and life	Wages, benefits and conditions of work
	Minimum age
	Safety and health
Industrial relations	Freedom of association and the right to organize
	Collective bargaining
	Consultation
	Examination of grievances
	Settlement of industrial disputes

A large majority of government respondents (88%) indicated the relevance of security of employment and training, followed by safety and health (82%), employment promotion (82%), wages, benefits and conditions of work (82%) and consultation (82%). Collective bargaining, together with settlement of industrial disputes, minimum age and equality of opportunity and treatment, were less often indicated as relevant but were still selected by 71% of the respondents. All areas of the MNE Declaration were deemed relevant by more than 65% of the responding governments.

Almost all of the responding employers' organizations (96%) indicated the relevance of employment promotion, followed by training (82%) and wages, benefits and conditions of work (77%). The areas that received the least mentions of relevance by employers' organizations were minimum age as well as freedom of association and the right to organize (45%).

The vast majority of responding workers' organizations indicated collective bargaining (93%), freedom of association and the right to organize (90%), security of employment (90%), training (83%) and wages, benefits and conditions of work (83%) as relevant; several also indicated minimum age (63%) and the examination of grievances (60%) as relevant areas of the Declaration.

More details about the responses of the tripartite constituents to this question can be found in table 4.3.

**Table 4.3 Relevance attributed to areas of the MNE Declaration by governments, employers' organizations and workers' organizations (%)**

Areas		Average	Governments	Employers' organizations	Workers' organizations
Employment	Employment promotion	82.6	82.4	95.5	73.3
	Equality of opportunity and treatment	66.7	70.6	54.5	73.3
	Security of employment	79.7	88.2	59.1	90.0
Training	Training	84.1	88.2	81.8	83.3
Conditions of work and life	Wages, benefits and conditions of work	81.2	82.4	77.3	83.3
	Minimum age	59.4	70.6	45.5	63.3
	Safety and health	75.4	82.4	68.2	76.7
Industrial relations	Freedom of association and the right to organize	69.6	64.7	45.5	90.0
	Collective bargaining	75.4	70.6	54.5	93.3
	Consultation	73.9	82.4	68.2	73.3
	Examination of grievances	59.4	64.7	54.5	60.0
	Settlement of industrial disputes	71.0	70.6	63.6	76.7
Others		2.9	–	4.5	3.3
None		13.0	17.6	9.1	13.3

In terms of similarities between constituent groups, areas identified as relevant almost uniformly were wages, benefits and conditions of work (82% for governments, 77% for employers' organizations and 83% for workers' organizations), and training (88%, 82% and 83% respectively). Training was also the most often cited area on average across all three groups (selected by 84% of respondents).

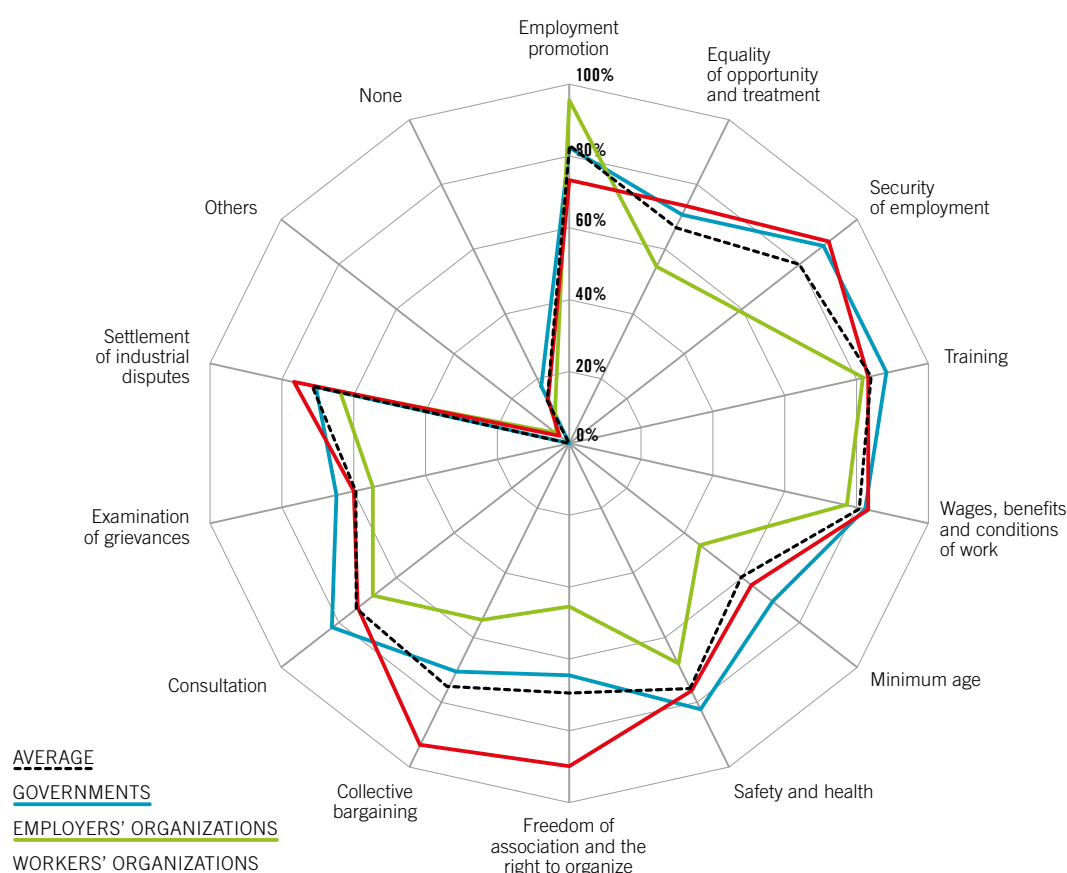
Discrepancies in the assessment of relevance among the respondents from the different constituents were noted, particularly concerning freedom of association and the right to organize (65% for governments, compared to 46% for employers' organizations and 90% for workers' organizations), and collective bargaining (71%, 55% and 93%, respectively).

Nine respondents<sup>29</sup> replied to the question about other relevant areas, noting the relevance of the green economy and environmental concerns, community empowerment, tax avoidance practices, as well as matters of global supply chains (see section 4.2.5 for details).

29. Australian Council of Trade Unions; Cambodian Federation of Employers and Business Associations; International Cooperation Bureau (representing the Government of Indonesia); Konfederasi Serikat Buruh Sejahtera Indonesia (workers' organization); Pakistan Workers' Federation; Federation of Free Workers, the Philippines; Ministry of Commerce, Industry and Labour, Government of Samoa; Ministry of Labour and Trade Union Relations, Government of Sri Lanka; and Employers' Federation of Ceylon, Sri Lanka.

Figure 4.1 captures similarities and differences among the responses provided by governments, employers' organizations and workers' organizations.

**Figure 4.1 Relevance attributed to areas of the MNE Declaration by governments, employers' organizations and workers' organizations (%)**



Note: Percentages have been calculated by dividing the total marks by area per constituent by the number of responses by constituent group, being 17, 22 and 30 for governments, employers' organizations and workers' organizations respectively. The average corresponds to the total marks by area divided by the total number of responses (69). Example: 57 responses out of 69 marked "employment promotion" as one of the relevant areas of the MNE Declaration, which results in an average of 83% (57/69).

## 4.2 Challenges and opportunities regarding the operations of MNEs in Asia and the Pacific

Building on the first question, constituents were invited to provide more information about the challenges and opportunities encountered regarding the operations of MNEs in the areas they considered the most relevant.

*"Please provide further information on the areas that you have indicated above, including specific challenges and opportunities, and indicate which of these areas are most relevant and why."*

*"Please describe initiatives taken ... to address the areas indicated above (legislation, policies, measures and actions)."*

The sections below present a few examples of the challenges and opportunities mentioned, as well as initiatives taken by governments, employers' organizations and workers' organizations.

### 4.2.1 Employment

The employment chapter of the MNE Declaration includes employment promotion, equality of opportunity and treatment, and security of employment.

Employment promotion was mentioned by the majority of respondents as one of the most relevant areas when it comes to the operations of MNEs.

Accelerating GDP growth and promotion of employment require increased investment including from the private sector. To maintain and absorb the labour force, Bangladesh is keen to attract foreign direct investment. ... It is therefore clear that Bangladesh welcomes increasing [the] role of the MNEs in the economy in the future, particularly to contribute to more and better jobs. (Ministry of Labour and Employment, Government of Bangladesh)

We are interested in investment issues to motivate business [development] and [address] unemployment. (Iraqi Federation of Industries, Iraq)

When MNEs come to Samoa, they must ensure first and foremost ... that locals are employed and that the jobs are secure and that they are decent. (Samoa Workers' Congress, Samoa)

Stressing the importance of employment promotion and other areas of the MNE Declaration, one employers' organization indicated that enterprises consider employment creation to be one of their only obligations related to decent work.

[Awareness of the MNE Declaration needs to be further developed] as most employers are not familiar with the principles [of the Declaration, and they] view employment creation and community project sponsorships as the only ... social obligations. (Fiji Commerce and Employers' Federation, Fiji)

It was noted however that for MNEs to have a positive impact on employment promotion, governments should put in place an adequate policy framework and ensure policy coherence.

While generally any FDI that comes into the country generates employment, government should be able to provide guidelines and investment policies for multinationals to be invited in. These already exist in the country, which [multinational corporations] can and should follow. ... These could generate not only just any job, but jobs that are better and more decent, provided ... that government can coordinate and cohere its various policies, in particular, as related to economic, labour and governance. (Federation of Free Workers, the Philippines)

The relevance of reliable and up-to-date labour market information and the role of employment promotion agencies were mentioned by certain governments<sup>30</sup> as necessary elements for employment promotion.

In order to promote employment, the government provides efficient employment services. Nowadays, most public employment agencies use "one-stop" service to enhance efficiency. This means that most formalities for employment service process[es] are done at one stop. (Ministry of Human Resources and Social Security, Government of China)

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30. Ministry of Human Resources and Social Security, Government of China; Ministry of Labour, Immigration and Population, Government of Myanmar; Department of Labour and Employment, Government of the Philippines.

## Challenges

In regard to challenges linked to employment promotion, having in place a clear policy was noted as a prerequisite.

[In Lebanon there is a need for] a clearer policy to promote employment and vocational training. [Non-official translation] (General Confederation of Lebanese Workers, Lebanon)

Skills mismatch was mentioned often by respondents. The term describes various types of imbalance between the skills of the local labour force and the actual skills needed by enterprises.

Some employers experience difficulty in hiring workers since the competencies of the job-seekers do not match the qualifications needed by the industry. (Department of Labour and Employment, Government of the Philippines)

Main challenges for employment promotion in Bangladesh include ... addressing the skills mismatch and expansion of [technical vocational education and training] to meet the requirement of the industry. (Ministry of Labour and Employment, Government of Bangladesh)

The informal economy was also mentioned.<sup>31</sup> The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.<sup>32</sup>

[Challenges include] a large population of jobseekers; a large section of workforce in unorganized or informal sector. (Employers' Federation of India)

[We have] pushed forward the Thai Government to formalize informal workers who are working under [MNEs] to be protected by Thai Labour Law. (State Enterprises Workers' Relations Confederation, Thailand)

In relation to equality of opportunity and treatment, several replies expressed concern about discriminatory practices of MNEs.

Equality of opportunity and treatment is limited to local workers in terms of career progression and opportunities [abroad] as well as management positions within the organization. (Fiji Trades Union Congress, Fiji)

The entire areas [of the MNE Declaration] are relevant [as] means to achieve decent work, but it is necessary to stress on equality of opportunity and treatment. In Indonesia, implementation [of] equal employment opportunity [policy is being undertaken], in which ... workers must have equal treatment on every action related with work. This policy has the purpose to eliminate discrimination in [the] workplace. (International Cooperation Bureau, Ministry of Manpower, Government of Indonesia)

One response noted problems specifically concerning equal pay for work of equal value.

A major issue currently under tripartite negotiation in New Zealand is that of equal pay for women. The trigger for this negotiation (though far from the only occurrence of inequitable treatment of women workers in New Zealand) was the low pay of women who care for the elderly and people with disabilities ... . Among the companies employing these workers are MNEs. (New Zealand Council of Trade Unions, New Zealand)

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31. Employers' Federation of India; National Trade Union Federation, Sri Lanka; State Enterprises Workers' Relations Confederation, Thailand.

32. Definition contained in the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

Several respondents, including employers' organizations, workers' organizations and governments, linked security of employment and limited access to social protection to subcontracting practices by MNEs.<sup>33</sup>

Some workers occupy contractual positions which limit their access to social protection schemes such as insurance and other benefits accorded to regular employees. (Department of Labour and Employment, Government of the Philippines)

In many cases workers are contracted on a fixed duration for the period of their contract, therefore full-time permanent employment is not always guaranteed. (Fiji Trades Union Congress, Fiji)

Employment security is not prevalent since most of the employment offered by MNEs is on contract basis and the worker is left at the mercy of the contractor. (Council of Indian Employers, India)

Another issue mentioned by various respondents<sup>34</sup> is the risk of job loss from divestment and offshoring.

Many MNEs easily move the factory or the branch to another country [in the pursuit of] cheaper [labour]. (Konfederasi Serikat Pekerja Indonesia, workers' organization, Indonesia)

MNE takeovers of companies in New Zealand ... have accelerated offshoring of jobs. We are concerned it will also lead to offshoring of investment and design and development expertise. There are no legal requirements on MNEs to create substantial employment in business investment. (New Zealand Council of Trade Unions, New Zealand)

Massive layoffs can occur when MNEs ... sell their local branches at a cheap price without making an investment in facilities and research for long-term business operation after only acquiring business elements (technology and assets) necessary for short-term return on investment. ... Therefore, [employment promotion and employment security] are increasingly becoming important. (Ministry of Employment and Labour, Government of the Republic of Korea)

### Opportunities

Several respondents<sup>35</sup> noted that the presence of MNEs opened up employment opportunities for nationals of the host countries, several of which had frameworks in place to ensure that MNEs prioritized the hiring of nationals. Others noted a strong need to put such frameworks and policies in place.

Priority is given to Lebanese employment. Foreign labour is used in sectors and occupations in which there is a shortage of Lebanese workers (domestic work, agriculture, construction, etc.) [Non-official translation] (Professional Relationships Service, Ministry of Labour, Government of Lebanon)

MNEs created jobs for more than 3 million workers which marked a significant shift in the pattern of labour absorption in the economy from agriculture to manufacturing. The Vietnamese Labour Code states that foreign companies, branches and representative

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33. Council of Indian Employers; Fiji Trades Union Congress; Department of Labour and Employment, Government of the Philippines; Employers' Confederation of the Philippines; Trade Union Congress of the Philippines; Federation of Free Workers, the Philippines; National Trade Union Federation, Sri Lanka; New Zealand Council of Trade Unions; General Confederation of Lebanese Workers.

34. Konfederasi Serikat Pekerja Indonesia (workers' organization); New Zealand Council of Trade Unions; Ministry of Employment and Labour, Government of the Republic of Korea; International Cooperation Bureau, Ministry of Manpower, Government of Indonesia; General Federation of Bahrain Trade Unions.

35. Professional Relationships Service, Ministry of Labour, Government of Lebanon; Viet Nam Chamber of Commerce and Industry, Viet Nam; Ministry of Commerce, Industry and Labour, Government of Samoa; Ministry of Labour and Employment, Government of Bangladesh.



offices must provide Vietnamese citizens with priority of employment opportunity. (Viet Nam Chamber of Commerce and Industry, Viet Nam)

[In regard to the] development of a foreign employee employment permit framework: the assessment and issuance of employment permit for non-citizens who wish to work in Samoa is governed under ... the Act. Therefore it is important [that] a framework is developed to ensure equal treatment of foreign nationals working in Samoa while at the same time priority is vested in the local labour market. (Ministry of Commerce, Industry and Labour, Government of Samoa)

Opportunities to promote equality of opportunity and treatment were also highlighted by one respondent.

Australia has a robust Commonwealth anti-discrimination legislative framework, which applies to all businesses operating in Australia, including multinational enterprises. This framework prohibits discrimination on the basis of a number of protected attributes, including age, disability, race, sex, intersex status, gender identity and sexual orientation in certain areas of public life, including employment. (Department of Employment, Government of Australia)

#### 4.2.2 Training

Almost all respondents highlighted the relevant role that training plays in employment promotion (as addressed in the section above), workforce development and industrial transformation, while identifying challenges and opportunities in this area.

##### Challenges

Respondents did not particularly single out MNEs for lack of training, but rather situated their programmes in the broader context of weak government workplace training schemes at the national level and limited training opportunities provided by public institutions.

Workplace training is weak in New Zealand. MNEs have not been noticeably better in providing it. (New Zealand Council of Trade Unions, New Zealand)

In training, the performance of [multinational corporations] is mixed: some train workers; others merely pirate the trained. Again, what is necessary is a better national framework and policy of training, including the financing of training, that makes it mandatory for employers in general, and [multinational corporations] in particular, to train their workers. (Federation of Free Workers, the Philippines)

One government respondent described the spillover effect of gender barriers to skills development programmes, leading to access to employment and wage gaps.

[Challenges include] low female participation in [technical vocational education and training], resulting in low wages and less-skilled work for ... females in the industry. A good example is the garment industry where females dominate the less-skilled workers category. (Ministry of Labour and Employment, Government of Bangladesh)

Government programmes targeted at youths could play an important role.

Training is very important for the young people [providing them with the specific skills to access the] labour market. Currently we have few training centres that [operate with public funding] but most of the training centres are located in the capital which [are] not accessed by the youth in urban and rural areas. (Timor-Leste Trade Union Confederation, Timor-Leste)

The important contribution employers should make was also highlighted in one response.



[On the challenges relating to training, there is a] lack of engagement from employers' sector in formulating national policies and curriculum design. (Employers' Confederation of the Philippines)

### Opportunities

Various respondents noted the relevance of having policies in place to harness the potential of FDI to improve skills development, and provided examples of policies and legislation in this regard.

Training as a means of human resource development has received special attention and priority from the government. Particularly, to meet the current skills shortages in the rapidly growing manufacturing and service sectors, Bangladesh has embarked on a major reform and expansion of the skills training, particularly the technical and vocational education and training (TVET). (Ministry of Labour and Employment, Government of Bangladesh)

Training and skill transfer is [of major relevance], training and retraining of workers gains utmost importance, to match the skills as per job requirement. (Council of Indian Employers, India)

One respondent shared an employers' organization initiative to address sector-specific skills development.

[The organization has promoted] vocational training needs; Garment Manufacturers Association in Cambodia (GMAC), a member of [the Cambodian Federation of Employers and Business Associations], is in the process of constructing a training institution for garment industry workers. (Cambodian Federation of Employers and Business Associations, Cambodia)

## 4.2.3 Conditions of work and life

This section covers responses received concerning wages, benefits and conditions of work; minimum age; and occupational safety and health.

### Challenges

Many governments and employers' and workers' organizations<sup>36</sup> highlighted the role of labour inspection, and noted that labour inspection practices towards MNEs are either insufficient or ineffective. Funding for labour inspection was flagged as an issue by one workers' organization.

One challenge faced is carrying out labour inspection in the areas relating to "wages, benefits and conditions of work" and "safety and health" to ensure that these obligations are being met by both MNEs and national employers due to limited staff and funding in the Labour Division. (Ministry of Internal Affairs, Government of the Cook Islands)

Regarding wages and conditions of work in particular, various respondents<sup>37</sup> expressed disappointment concerning the wages paid by MNEs to their workers, as well as limited social protection benefits.

Many of the MNEs prefer to only give the minimum wages as prescribed which is much below the national average – this has been seen especially in the service sector. (Council of Indian Employers, India)

36. Ministry of Internal Affairs, Government of the Cook Islands; Konfederasi Serikat Buruh Sejahtera Indonesia (workers' organization); Pakistan Workers' Federation; Employers' Confederation of the Philippines.

37. Ministry of Labour and Employment, Government of Bangladesh; Department of Labour and Employment, Government of the Philippines; Ministry of Employment and Labour, Government of the Republic of Korea; Council of Indian Employers; Konfederasi Serikat Pekerja Indonesia (workers' organization); Samoa Workers' Congress.

Some respondents mentioned differentiated treatment of workers regarding their conditions of work. For instance, the General Federation of Oman Trade Unions indicated that foreign staff of MNEs often received higher benefits than local staff, because of the regulations in place in their country of origin. Similarly, the Pakistan Workers' Federation indicated that MNEs do not maintain the same working conditions across the different countries in which they operate.

In addition, some workers' organizations<sup>38</sup> pointed to the advantages and incentives given by certain governments to MNEs investing in their country, which are often at the expense of decent working conditions.

In the Free Economic Zone in Korea where plenty of MNEs are concentrated, workers suffer from unfavourable treatment in terms of wages, benefits and other working conditions due to the exemption of [compliance with] national legislation. For example ..., any foreign-invested enterprise located in a free economic zone may allow its employees unpaid days off. (Federation of Korean Trade Unions, Republic of Korea)

On the issue of minimum age, some respondents<sup>39</sup> expressed concerns related to child labour in their countries. In particular, they mentioned that age limits were not set for all sectors in which MNEs operate.

[Some MNEs in the media industry take] advantage of the fact that there is no minimum wage for people under the age of 16 or lower age limit for employment. [Research] showed that children working in [this industry] are exposed to significant health and safety hazards and experience injuries as a result. (Council of Trade Unions, New Zealand)

Regarding safety and health, some respondents<sup>40</sup> indicated that work-related injuries are an important concern or that the number of these injuries has recently increased, affecting particular sectors: the manufacturing sector in India, according to the Council of Indian Employers; the forestry industry in New Zealand, according to the Council of Trade Unions of New Zealand; and the chemical industry, according to Konfederasi Serikat Pekerja Indonesia.<sup>41</sup> Others noted a lack of operational frameworks and non-compliance with international standards.

Occupational safety and health of the workers are a very important fact to take into account because the rates of employment injury are [increasing]. (Ministry of Labour, Immigration and Population, Government of Myanmar)

[One of the challenges with MNEs relates to their] compliance with international standards in the area of safety and health. [Non-official translation] (General Federation of Bahrain Trade Unions, Bahrain)

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38. Fiji Trades Union Congress; Federation of Korean Trade Unions.

39. International Cooperation Bureau, Government of Indonesia; Ministry of Labour, Immigration and Population, Government of Myanmar.

40. General Federation of Bahrain Trade Unions; Council of Indian Employers; Konfederasi Serikat Pekerja Indonesia (workers' organization); General Federation of Workers' Councils and Unions in Iraq; Confédération Générale des Travailleurs au Liban (workers' organization in Lebanon); Ministry of Labour, Immigration and Population, Government of Myanmar; Council of Trade Unions of New Zealand.

41. Workers' organization from Indonesia.

## Opportunities

In terms of opportunities, some replies<sup>42</sup> underlined the fact that, when compared to small and medium-sized enterprises operating locally, MNEs in some countries offer – or have the capacity to offer – better conditions of work to their employees.

The monthly salary in MNEs is already higher than the minimum wage regulated by law. (Viet Nam Chamber of Commerce and Industry, Viet Nam)

[MNEs also provide staff incentives] and benefits such as medical and insurance cover ... Health and safety is [also] highly prioritized without compromise. (Fiji Trades Union Congress, Fiji)

Multinational companies are able to improve their system of wages for workers, to provide more employment opportunity and improving skills. (International Cooperation Bureau, Government of Indonesia)

Thanks to their strength, no other enterprise is in a better position to offer better wages and working conditions. [Non-official translation] (General Federation of Bahrain Trade Unions, Bahrain)

Also, some government respondents<sup>43</sup> stressed that the minimum conditions set by public regulations and legislation ensure adequate working conditions for workers.

A strong safety net of minimum terms and conditions of employment, including a maximum standard week of 38 hours, leave entitlements and a relatively high minimum wage. (Department of Employment, Government of Australia)

Other respondents indicated recent initiatives that have been or are being implemented in their countries, and which are aimed at improving wages, benefits and conditions of work: regulations providing government oversight on the payment of wages,<sup>44</sup> implementation of a two-tiered minimum wage system,<sup>45</sup> regulations on working hours,<sup>46</sup> enforcement of minimum wage policies,<sup>47</sup> and implementation of a retirement and social insurance scheme for workers.<sup>48</sup>

Concerning occupational safety and health, some respondents<sup>49</sup> reported that awareness of issues in this area is growing. One respondent, the Department of Labour and Employment, Government of the Philippines, said that it has supported legislation aimed at criminalizing non-compliance with standards in certain industries.

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42. General Federation of Bahrain Trade Unions; Fiji Trades Union Congress; International Cooperation Bureau, Government of Indonesia; Employers' Federation of Pakistan; Viet Nam Chamber of Commerce and Industry (employers' organization).

43. Department of Employment, Government of Australia; Ministry of Labour and Vocational Training, Government of Cambodia; Government of Qatar.

44. Ministry of Labour, Immigration and Population, Government of Myanmar; Government of Qatar.

45. Department of Labour and Employment, Government of the Philippines.

46. Government of Qatar.

47. Ministry of Employment and Labour, Government of the Republic of Korea; All China Federation of Trade Unions.

48. Iraqi Federation of Industries.

49. General Federation of Oman Trade Unions; Ministry of Labour and Employment, Government of Bangladesh.

#### 4.2.4 Industrial relations

This section covers the areas of freedom of association and the right to organize, collective bargaining, consultation, examination of grievances and settlement of industrial disputes.

##### Challenges

Many workers' organizations<sup>50</sup> indicated that freedom of association was one of the most challenging issues regarding MNEs. Some of these organizations<sup>51</sup> described how workers were afraid to unionize and were sometimes penalized by their employers.

The biggest issue is to allow unions and respective collective bargaining process by [MNEs], as that is the area they falter and victimize workers on forming unions. The rest of the [issues could be resolved if this issue was] settled to allow unions and to recognize unions. (All India Trade Union Congress, India)

Where [multinational corporations] have contributed the worst is in the area of freedom of association and free collective bargaining. In this area, all employers are similar in their rabid opposition to unionism and, by extension, to free collective bargaining. (Federation of Free Workers, the Philippines)

In MNEs, employers are reluctant to recognize [the] formation of trade unions. If and when workers take the initiative to form a trade union ..., such workers are penalized by transfers, loss of promotions, or dismissals. (National Trade Union Federation, Sri Lanka)

A few respondents<sup>52</sup> indicated that challenges mainly stemmed from the underdevelopment of a dialogue culture within enterprises to support good industrial relations.

In the host countries of MNEs in Asia, MNEs face various difficulties in the implementation of the dialogue within the company for the reason that industrial relations [are] ... immature. (Government of Japan)

One employers' organization explained that challenges arose due to gaps between law and practice at the enterprise level.

Strikes document inefficient dialogue and negotiations between workers and their employers. ... Strikes mostly occur in FDI sector in the south of Viet Nam with strong concentration in labour-intensive industries such as textiles, garments and footwear, and strikes are spontaneous reaction of workers to violations of workers' rights by employers rather than organized industrial actions. ... Employer-employee disputes often result when State policies aren't appropriately implemented by businesses. (Viet Nam Chamber of Commerce and Industry, Viet Nam)

A challenge commonly cited by responding workers' organizations<sup>53</sup> concerned special economic zones and export processing zones. Government regulations and policies aimed at attracting investment are often seen as a threat to respect for workers' rights, particularly in regard to freedom of association.

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50. Collective Union of Movement of Workers of Cambodia; All India Trade Union Congress; Konfederasi Serikat Pekerja Indonesia (workers' organization); Council of Trade Unions of New Zealand; Trade Union Congress of the Philippines; Federation of Free Workers, the Philippines; Singapore National Trades Union Congress.

51. Malaysian Trades Union Congress; National Trade Union Federation of Sri Lanka; Timor-Leste Trade Union Confederation.

52. Government of Japan; Ministry of Labour, Immigration and Population, Government of Myanmar; Viet Nam Chamber of Commerce and Industry (employers' organization).

53. Bangladesh Labour Federation; Trade Union Congress of the Philippines; Federation of Korean Trade Unions; State Enterprises Workers' Relations Confederation of Thailand.

Workers in multinational enterprises (industrial zone) in Thailand ... are not allowed to form trade union by Labour Relations Act [of] 1975. (State Enterprises Workers' Relations Confederation, Thailand)

According to one workers' organization, even in the absence of a specific policy that explicitly weakens or restricts freedom of association and collective bargaining, some MNEs do not respect national law concerning freedom of association and collective bargaining and principles of international labour standards.

MNEs [some of which are located in special economic zones] continue to resist unions, actively and forcefully. (Trade Union Congress of the Philippines)

Several responding workers' organizations<sup>54</sup> reported difficulties in bargaining collectively with MNEs, which can be attributed to various factors: the complexity of decision-making processes in these enterprises; unfamiliarity of MNEs with local practices; fear of job loss among the workers; and local management of MNE subsidiaries lacking full decision-making authority.

In some MNEs, HR personnel are expatriates who are not familiar with local labour practices, which can be seen as a drawback in terms of consultation, negotiation or industrial relation disputes. (Fiji Trades Union Congress, Fiji)

Workers in MNEs have difficulties in exercising the right to organize and collective bargaining due to their inability to negotiate with their virtual employers in the mother company overseas. Often, they [fear losing] their jobs at the threat of investment withdrawal by the MNEs. (Federation of Korean Trade Unions, Republic of Korea)

Concerning consultation between management and workers, a few workers' organizations<sup>55</sup> qualify it as either non-existent or too rare to be effective.

Many MNEs have no consultation processes as described in paragraph 57 [of the MNE Declaration], and hostility to unions means their involvement is not welcomed. (Council of Trade Unions, New Zealand)

Regarding the examination of grievances and the settlement of disputes (paragraphs 58 and 59 of the MNE Declaration), some respondents<sup>56</sup> noted an increase in the disputes brought before the courts.

There is ample evidence on rising industrial disputes amongst the workers especially in the manufacturing sector due to the [arbitrary] functioning style of MNEs. (Council of Indian Employers, India)

Other respondents<sup>57</sup> considered that the dispute settlement mechanisms available were either ineffective or too one-sided.

Improving the personal grievance and disputes resolution process [is challenging], as many workers that have experienced issues in employment, national and foreign, find the process places too much pressure/responsibility on the worker to seek redress. (Ministry of Internal Affairs, Government of the Cook Islands)

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54. Cambodian Labour Confederation; Fiji Trades Union Congress; Confédération Générale des Travailleurs au Liban (workers' organization from Lebanon); Federation of Korean Trade Unions.

55. Konfederasi Serikat Pekerja Indonesia; Council of Trade Unions of New Zealand; Ministry of Commerce, Industry and Labour, Government of Samoa; Samoa Workers' Congress.

56. Government of China; Council of Indian Employers; Ministry of Labour, Immigration and Population, Government of Myanmar.

57. Ministry of Internal Affairs, Government of the Cook Islands; Konfederasi Serikat Pekerja Indonesia (workers' organization).

## Opportunities

Many respondents<sup>58</sup> from all three constituent groups shared initiatives and practices to strengthen industrial relations, in particular concerning MNEs. An employers' organization mentioned initiatives directed both at inward investors to their country, and at improving industrial relations of their investors abroad.

With concerted efforts from the government, the Korea Employers' Federation has signed memorandums of understanding with foreign investors' organization in Korea, with a view to establishing peaceful industrial relations in foreign companies doing business in Korea. Also, when any industrial disputes occur at foreign companies in Korea, the Korea Employers' Federation provides them with consulting services to mediate disputes peacefully. (Korea Employers' Federation, Republic of Korea)

One respondent flagged the value of cross-border exchange of experiences towards developing good industrial relations in host and home countries.

The presence of unions in the [headquarters] of the parent enterprises affords an opportunity to interact with them with a view to unify interests. [Non-official translation] (General Federation of Bahrain Trade Unions, Bahrain)

Similarly, respondents<sup>59</sup> indicated successful developments with collective bargaining agreements.

The All Nepal Federation of Trade Unions has [, in many cases, been successful at ensuring] the rights of its members at the enterprises [through] movement and dialogue .... This has also resulted in more and better [collective bargaining agreements]. (All Nepal Federation of Trade Unions, Nepal)

One of the few collective agreements that currently apply to certain categories of employees in the garment trade has been entered into by [an MNE]. (Employers' Federation of Ceylon, Sri Lanka)

One workers' organization<sup>60</sup> pointed out potential positive spillover effects: in China, the successful creation of a union in 2006 within a large MNE operating in China became a benchmark for other MNEs to emulate this practice.

Many responding workers' organizations<sup>61</sup> also saw global framework agreements, negotiated between MNEs and global union federations, as an opportunity to strengthen industrial relations in all countries in which these MNEs operate.

Some [MNEs] have signed international agreement[s], global framework agreement[s] and protocol[s]. (Konfederasi Serikat Buruh Sejahtera Indonesia, workers' organization, Indonesia)

There should be a framework to regulate [the] behaviour of MNEs, e.g. ILO standards and soft laws including the OECD guidelines and ILO Tripartite Declaration, and also promote social dialogues at the global level, e.g. global framework agreements, etc. (Japanese Trade Union Confederation, Japan)

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58. Department of Employment, Government of Australia; General Federation of Bahrain Trade Unions; Cambodian Federation of Employers and Business Associations; Asosiasi Pengusaha Indonesia (employers' organization); Department of Labour and Employment, Government of the Philippines; Ministry of Commerce, Industry and Labour, Government of Samoa.

59. All Nepal Federation of Trade Unions; Employers' Federation of Ceylon, Sri Lanka.

60. All China Federation of Trade Unions.

61. Australian Council of Trade Unions; Konfederasi Serikat Buruh Sejahtera Indonesia; Konfederasi Serikat Pekerja Indonesia; Japanese Trade Union Confederation; Pakistan Workers' Federation; State Enterprises Workers' Relations Confederation from Thailand.

#### 4.2.5 Others

In this section, some governments and employers' and workers' organizations provided information about other areas that they considered relevant but that are not included in the MNE Declaration.

A government<sup>62</sup> noted the relevance of the green economy, particularly in countries and cities heavily affected by pollution, and linked it to the area of occupational safety and health, covered by the MNE Declaration.

An employers' organization<sup>63</sup> mentioned the relevance of creating a culture of cooperation in the workplace. Another<sup>64</sup> noted the relevant role played by MNEs in recovery and rehabilitation efforts following natural disasters, and the positive example set forth for domestic companies.

A workers' organization described the obstacles it has faced in gaining a seat at the table for tripartite consultations.

In the newly set up tripartite system within the Labour Employment Relations Act 2013 ..., the Samoa Workers' Congress has had to fight for recognition by the system. Samoa Workers' Congress is now on the verge of being a member in the Tripartite Forum, [but it has] yet to attend its first meeting. (Samoa Workers' Congress, Samoa)

A workers' organization raised the issue of tax avoidance, described campaigns they have undertaken in relation to this issue, and explained its relevance to the overall objective of the MNE Declaration.

While we recognize that [the issue of tax avoidance] is not directly addressed by the MNE Declaration, it is indirectly addressed through the instrument's concern with social policy guidelines that seek to ensure multinational enterprises act in a way that promotes economic growth and social development [in the country of operations]. (Australian Council of Trade Unions, Australia)

Three workers' organizations<sup>65</sup> stressed that the principles of the MNE Declaration are not only relevant for MNEs, but also for all companies along their supply chains.

### 4.3 Dialogue and consultation

*"In your country, does your organization provide an official representative or office that serves as a contact point for representatives of foreign MNEs, or peers of other countries regarding the conduct of MNEs?"*

*"In your country, does your organization hold any institutional consultations on MNE activity with foreign MNEs, governments, employers' or workers' organizations?"*

*"In addition to institutional consultations, has your organization organized any events in recent years dealing with the areas covered in the MNE Declaration?"*

The responses received indicate a significant level of formal outreach and engagement of all three constituents with MNEs.

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62. Ministry of Manpower, Government of Indonesia.

63. China Enterprise Confederation.

64. Employers' Federation of Ceylon, Sri Lanka.

65. Federation of Free Workers, the Philippines; Konfederasi Serikat Pekerja Indonesia; Pakistan Workers' Federation.



### 4.3.1 Governments

Of the responding governments, 47% confirmed that there were official representatives or a specific office serving as a contact point for representatives of foreign MNEs. In several countries, this responsibility is located in boards of investments or similar bodies dedicated to investment promotion and facilitation. This is the case for Bangladesh (Board of Investment), Cook Islands (Business Trade and Investment Board), Sri Lanka (Board of Investment) and Cambodia (Council for the Development of Cambodia, composed of the Cambodian Investment Board and the Cambodian Special Economic Zone Board). Similarly, Indonesia established in 2015 a one-stop shop service centre at the Indonesia Investment Coordinating Board. In the cases of Lebanon, Qatar, Samoa and Tonga this responsibility falls under the ministries of labour, trade, commerce or foreign affairs. In Japan, it is the Japanese National Contact Point Committee – the advisory body of the Japanese national contact point for the Organisation for Economic Co-operation and Development (OECD)<sup>66</sup> – which consists of the Japanese Business Federation (Keidanren), the Japanese Trade Union Confederation (Rengo) and the national contact point (which represents the Ministry of Foreign Affairs, the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade and Industry).

Countries that stated that they do not have contact points for representatives of foreign MNEs include Bahrain, China and Mongolia. The Republic of Korea replied that it has contact points with major foreign chambers of commerce. In the cases of Myanmar, Nepal and the Philippines, no information was available on this issue.

Of responding governments, 29% stated that they have an official representative or office contact point for consultations with foreign governments regarding MNE activities.<sup>67</sup> In most cases, the contact point was the same ministry or institution serving as the contact point for representatives of foreign MNEs. Bahrain, China, Indonesia and Mongolia replied in the negative; and Bangladesh, Myanmar, Nepal, the Philippines, the Republic of Korea and Sri Lanka indicated that no information was available.

Of responding governments, 41% said that they also have institutional consultations on MNE activity with foreign MNEs, other governments, and employers' or workers' organizations, albeit mostly on an informal or ad hoc basis.<sup>68</sup>

There are communication channels established through [the] Korea Labour Foundation and consultative bodies for foreign invested companies in order to explain Korea's employment and labour policies and listen to MNEs' business management grievances. [For example]: breakfast meeting for CEOs of foreign invested companies, employment and labour policy explanation for CEOs of foreign invested companies, [human resource development] workshop by the American Chamber of Commerce, etc. (Ministry of Employment and Labour, Government of the Republic of Korea)

One government respondent flagged tripartite consultations on establishing more formal dialogue mechanisms for reviewing law and policy relating to MNE operations.

Consultations on establishing a tripartite labour advisory committee has been the most important development as this will establish a formal mechanism to consider legislation, policies and activities in a systematic way, including on the MNE Declaration. (Ministry of Internal Affairs, Government of the Cook Islands)

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66. National contact points for the OECD Guidelines for Multinational Enterprises are agencies established by adhering governments to promote and implement the OECD Guidelines. National contact points assist enterprises and their stakeholders to take appropriate measures to further the observance of the Guidelines and provide a mediation and conciliation platform for resolving practical issues that may arise with the implementation of the Guidelines (more information available at [www.oecd.org](http://www.oecd.org)).

67. Countries that mentioned having an official representative or office contact point for such consultations included Cambodia, the Cook Islands, Japan, Samoa and Tonga.

68. Bangladesh, Cambodia, the Cook Islands, Indonesia, Japan, the Republic of Korea and Samoa.



One government has organized a sector-specific forum for dialogue involving MNEs sourcing from the country.

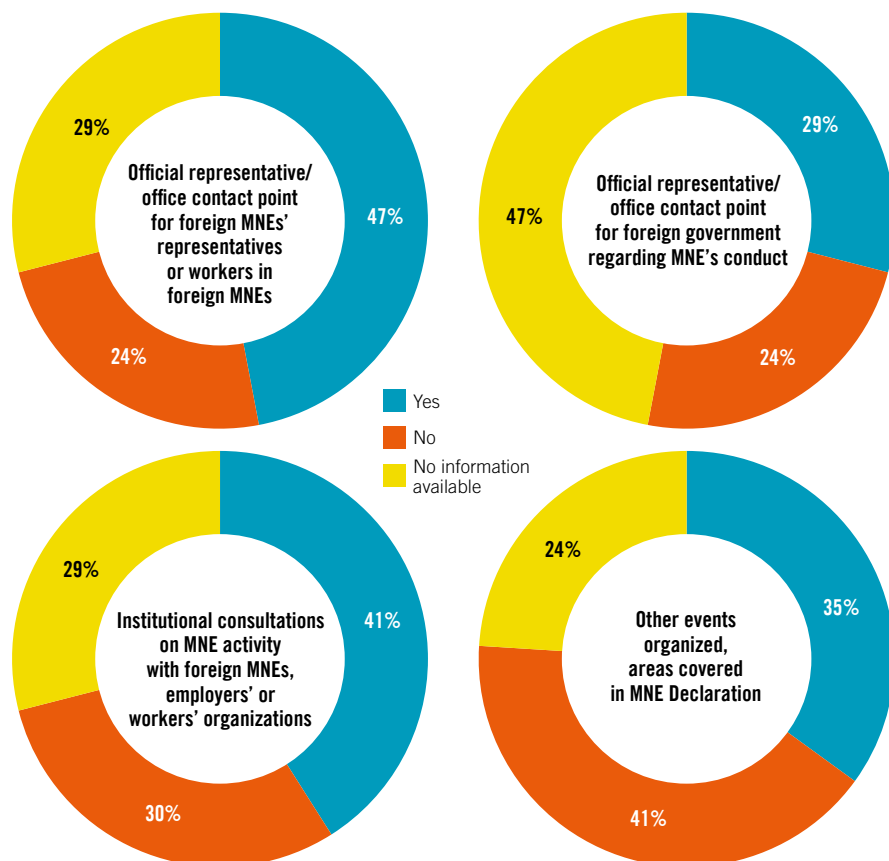
For the RMG [ready-made garment] sector, a national compliance forum is operating which is co-chaired by the Ministries of Labour and Commerce. Representatives of the foreign buyers and investors in the RMG sector participate in the meeting and provide their feedback and suggestions. (Ministry of Labour and Employment, Government of Bangladesh)

Finally, one government described a dialogue and support programme for outward investment.

Every year, labour management supportive teams (the government, Korea Labour Foundation, experts and diplomatic missions) are sent to countries where many Korean companies operate their business to hold information sessions to raise understanding of labour laws and systems in local countries as well as of social responsibility in order to encourage the companies to operate their business by [complying] with labour laws, systems, and working conditions in local countries in accordance with the MNE Declaration. (Ministry of Employment and Labour, Government of the Republic of Korea)

Figure 4.2 summarizes the questionnaire results for the government constituent in the dialogue and consultation section.

**Figure 4.2 Dialogue and consultation, governments**



Note: Percentages have been calculated by dividing the number of government responses to each specific question ("yes", "no", "no information available") by the total number of responding governments. Example: 8 out of 17 (47%) responding governments responded "Yes" to the question "In your country, does the government provide an official representative or office that serves as a contact point for representatives of foreign MNEs, including workers' representatives in foreign MNEs?"

### 4.3.2 Employers' organizations

Among the responding employers' organizations, 36% indicated they had official representatives serving as contact points for foreign MNEs (figure 4.3), which are part of the regular advisory services they provide to their members.

Most MNEs operating in Sri Lanka are members of the [Employers' Federation of Ceylon]. Many have been within the [Employers' Federation of Ceylon] membership for well over 20–30 years. The MNEs have consistently made use of the portfolio services that we have on offer to our members .... This has helped the MNEs not only to comply with local labour laws but also to be a part of an employer organization that has regional as well as international links. (Employers' Federation of Ceylon, Sri Lanka)

In addition, 27% have an official representative or office that serves as a contact point for employers' organizations from other countries regarding the conduct of MNEs in order to enable close cooperation with them.

A greater percentage of respondents (64%) said that they held consultations on MNE activity with foreign MNEs, the government or workers' organizations, although more often on an ad hoc basis. The modalities of these consultations vary. In some cases, they include national, bilateral or trilateral consultations, as in the case of the Chamber of Commerce and Industry of Timor-Leste. In others, they take place in the form of conferences, focus group discussions, seminars and trainings, as is the case of Asosiasi Pengusaha Indonesia, an employers' organization from Indonesia.

The issues being addressed in those consultations varied from more general topics to addressing specific issues. Asosiasi Pengusaha Indonesia conducts consultations to ensure alignment between MNE operations and government laws and regulations. The Employers' Federation of Ceylon, Sri Lanka, exchanges information regarding best practices by MNEs, among other topics. The Cambodian Federation of Employers and Business Associations holds consultations focused on minimum wage mechanisms and union law. Similarly, the Viet Nam Chamber of Commerce and Industry conducts consultations on minimum wage increases, labour law and revisions to existing regulations, and the Employers' Confederation of the Philippines organizes capacity-building events on industrial relations issues.

In addition to consultations, 45% of responding employers indicated that they organized events on the areas of the MNE Declaration, including the impact of minimum wage adjustments in the national economy,<sup>69</sup> consultations with important home countries of investments,<sup>70</sup> consultation meetings on industrial relations,<sup>71</sup> best employment practices and participation of small and medium-sized enterprises in supply chains,<sup>72</sup> raising awareness on the MNE Declaration,<sup>73</sup> consultations to discuss labour legislation,<sup>74</sup> and consultations with major investors to share information on labour issues and difficulties in the enabling environment for business,<sup>75</sup> among others.

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69. Cambodian Federation of Employers and Business Associations.

70. Chamber of Commerce and Industry, Timor-Leste.

71. Employers' Federation of Pakistan.

72. Employers' Federation of Ceylon, Sri Lanka.

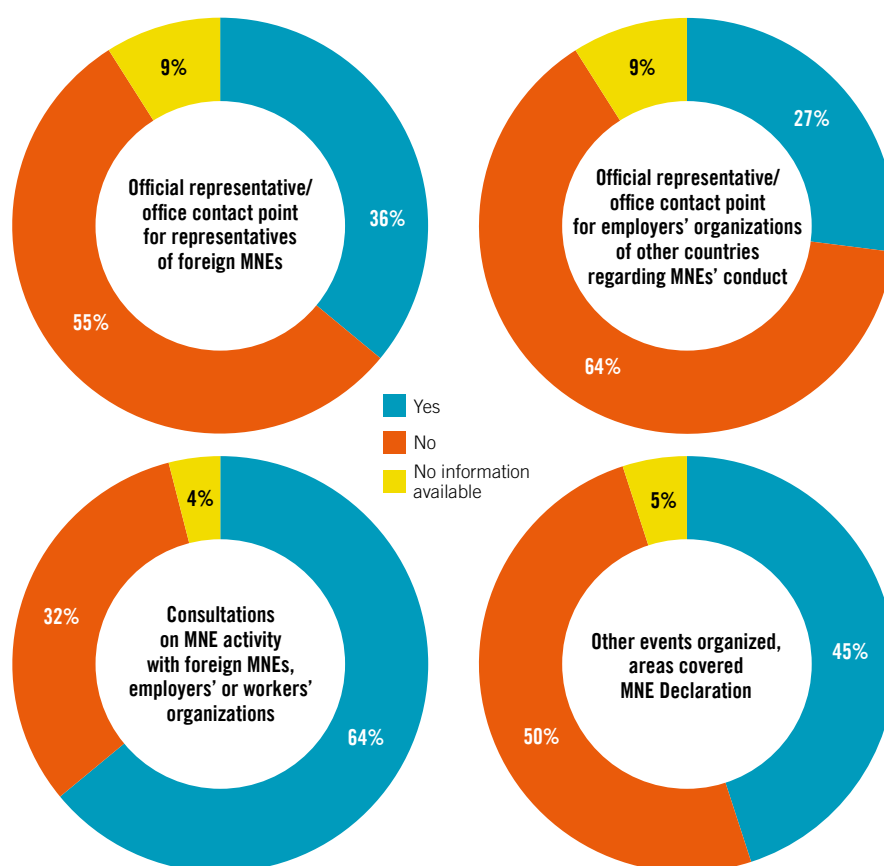
73. Employers' Federation of India.

74. Federation of Nepalese Chambers of Commerce and Industry.

75. Korea Employers' Federation.

Figure 4.3 summarizes the questionnaire results for employers' organizations in the dialogue and consultation section.

**Figure 4.3 Dialogue and consultation, employers' organizations**



Note: Percentages have been calculated by dividing the number of employers' organizations responses to each specific question ("yes", "no", "no information available") by the total number of responding employers' organizations. Example: 8 out of 22 (36%) responding employers' organizations responded "Yes" to the question "In your country, does your organization provide an official representative or office that serves as a contact point for representatives of foreign MNEs?"

### 4.3.3 Workers' organizations

More than half of responding workers' organizations (53%) confirmed that they had contact points for representatives of workers of foreign MNEs (figure 4.4). Often, the contact point is located within trade unions' departments or branches, such as in the Federation of Free Workers of the Philippines, the Japanese Trade Union Confederation and the Federation of Korean Trade Unions. In other cases, the contact point is located in an affiliate or member, as indicated by the Samoa Workers' Congress and the All Nepal Federation of Trade Unions. In several cases, as indicated by Konfederasi Serikat Buruh Sejahtera Indonesia, the Trade Union Congress of the Philippines and the All India Trade Union Congress, the contact point operates at several levels – local, national and regional – and addresses diverse areas.

[In the case of Trade Union Congress of the Philippines] local/enterprise-based union presidents serve as representatives or contact points in specific individual organized foreign MNEs; [the Trade Union Congress of the Philippines] also designated a human and trade union rights (HTUR) focal point who participates in consultations and policy discussions on human and trade union rights at the national, regional, and global levels ...; a labour representative also sits in the Board of Directors of the Philippine Economic Zone Authority (PEZA) where many if not most foreign MNEs are located. (Trade Union Congress of the Philippines)

One trade union, the Fiji Trades Union Congress, indicated lack of funds as a constraint to having such a contact point.

In regard to consultations with workers' organizations of other countries on the conduct of MNEs, 43% of responding workers' organizations indicated having contact points designated for them. The structure and modalities of such consultations vary but some common patterns can be observed. In some cases,<sup>76</sup> the focal point is located in a unit, within the trade union, dedicated to international affairs. In others,<sup>77</sup> such consultations take place through global union federations, such as IndustriALL or UNI. The Cambodian Labour Confederation and the All India Trade Union Congress indicated having bilateral or multilateral consultations with trade unions from various countries. In the case of the Australian Council of Trade Unions, these consultations take place when concerns or complaints are received from workers' organizations from other countries concerning the conduct of Australia-based MNEs and are sometimes conducted through the Australian national contact point for the OECD Guidelines, when appropriate. Similarly, the Japanese Trade Union Confederation indicated that it is monitoring the conduct of Japanese MNEs, particularly in the Philippines.

Of responding trade unions, 47% noted their engagement in consultations on MNE activity with foreign MNEs, the government or workers' organizations. These range from consultations on general discussions<sup>78</sup> to specific issues.<sup>79</sup> The Australian Council of Trade Unions participates in consultations on business and human rights issues such as those held through the Australian OECD national contact point. Others reported participating in bipartite or tripartite consultations at the international level<sup>80</sup> or national level.<sup>81</sup>

Finally, 33% of responding trade unions indicated conducting events in recent years dealing specifically with the areas covered in the MNE Declaration. Among those regarded as most important, the General Federation of Bahrain Trade Unions cited the example of having facilitated the participation of some unionists in international and regional conferences, as well as having contributed to the reinstatement of some dismissed employees who were made redundant following the series of demonstrations that took place in Bahrain in 2011. The General Federation of Workers' Councils and Unions in Iraq described a tripartite conference on health and safety. The Trade Union Congress of the Philippines mentioned that the Japan–Philippines Bilateral Seminar on Japanese Multinational Enterprises in the Philippines was of particular importance for pursuing decent work and promoting compliance with international labour standards through the promotion and implementation of the MNE Declaration and the OECD MNE Guidelines; and helped to develop a joint understanding of Japanese and Philippine unions on labour and employment realities in Japanese MNEs operating in the Philippines. Two trade unions<sup>82</sup> noted more generally the relevance of training and capacity-building events and dialogue to resolve disputes.

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76. All China Federation of Trade Unions; Japanese Trade Union Confederation; Federation of Free Workers, the Philippines.

77. General Federation of Bahrain Trade Unions; Fiji Trades Union Congress; Konfederasi Serikat Pekerja Indonesia.

78. Cambodia Labour Confederation; Trade Union Congress of the Philippines.

79. General Federation of Bahrain Trade Unions; National Trade Union Federation of Sri Lanka.

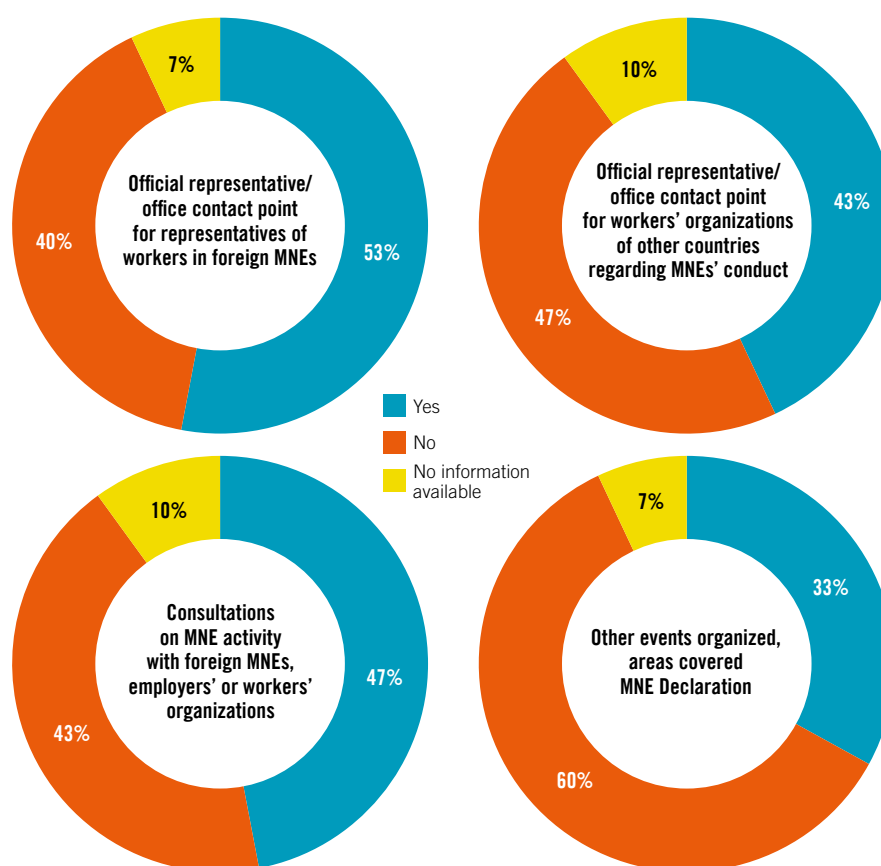
80. All China Federation of Trade Unions.

81. All India Trade Union Congress; General Federation of Oman Trade Unions; Federation of Free Workers, the Philippines.

82. Coalition Union of Movement of Khmer Workers; All India Trade Union Congress.

Figure 4.4 summarizes the questionnaire results for workers' organizations in the dialogue and consultation section.

**Figure 4.4 Dialogue and consultation, workers' organizations**



Note: Percentages have been calculated by dividing the number of workers' organizations responses to each specific question ("yes", "no", "no information available") by the total number of responding workers' organizations. Example: 16 out of 30 (53%) responding workers' organizations responded "Yes" to the question "In your country, does your organization provide an official representative or office that serves as a contact point for representatives of workers of foreign MNEs?"

## 4.4 Promotion of the principles of the MNE Declaration

*“Did your organization organize any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?”*

*“If so, were any of these events organized or initiatives taken (1) jointly with or including governments, employers’ organizations or workers’ organizations; (2) jointly with peers of other countries; (3) with assistance from the ILO?”*

*“Has your organization developed or commissioned any promotional materials on the principles of the MNE Declaration which are available to the public in languages spoken in your country?”*

Overall, 45% of respondents indicated that they had undertaken some sort of promotional activity: 41% of governments, 50% of employers’ organizations and 43% of workers’ organizations answered “yes” (table 4.4). More than half of these respondents indicated having organized events with ILO technical assistance, more than two-thirds with governments or other organizations, and more than half with governments or organizations from other countries.

**Table 4.4 Events or initiatives to promote the principles of the MNE Declaration by governments, employers’ organizations and workers’ organizations**

Entity	Yes	No	No information available
Governments	41%	35%	24%
Employers’ organizations	50%	50%	0%
Workers’ organizations	43%	53%	3%

### 4.4.1 Governments

Seven governments have organized events or implemented initiatives promoting the principles of the MNE Declaration. Of these governments, 86% indicated that the events were organized jointly with or including employers’ or workers’ organizations, 29% with governments of other countries and 71% with ILO assistance.

On the topic of safety and health, Australia mentioned that, under its presidency in 2014, the labour and employment ministers of the G20 agreed to improve safety and health issues in business practices and particularly in supply chains. Bangladesh mentioned its involvement in various projects on improving building safety in the ready-made garments sector.

On industrial relations, the Republic of Korea mentioned the support that the government provides to both MNEs and their employees towards improving labour relations in free economic zones, as well as the promotion of a particular collective bargaining agreement signed with MNEs in 2011.

On the promotion of the MNE Declaration as a whole, Australia indicated that it endorsed a declaration towards promoting the instrument at the Asia-Europe Meeting’s Labour and Employment Ministers’ Conference. Japan mentioned that it participated in a seminar on corporate social responsibility and supply chains hosted by the ILO Country Office. The Republic of Korea organized seminars for MNEs investing abroad which promoted the principles of the MNE Declaration. Qatar indicated having hosted a regional forum on the United Nations’ Guiding Principles on Business and Human Rights, which indirectly also promoted the principles of the MNE Declaration.

Among the responding governments, six indicated having developed or commissioned promotional materials on the principles of the MNE Declaration. For example, Cambodia and Indonesia have developed or translated materials relating to the MNE Declaration.

#### 4.4.2 Employers' organizations

Eleven responding employers' organizations stated that they have organized events to promote the different areas of the MNE Declaration. Of these organizations, 73% indicated having organized events with governments or workers' organizations, 55% with employers' organizations of other countries and 36% with assistance from the Office.

The China Enterprise Confederation organized meetings targeting Chinese companies investing in Africa, in partnership with employers' organizations from Norway, towards promoting responsible business practices. The Fiji Commerce and Employers' Federation conducted a survey relating to corporate social responsibility, based on the principles of the MNE Declaration. The Mongolian Employers' Organization collaborated with the Dutch Employers' Federation to organize a training that promoted the principles of the MNE Declaration. The Employers' Federation of Pakistan shared its experience of the promotion of the MNE Declaration within the sporting goods industry, including at a Pakistani–Japanese Business Forum (box 4.1).

##### **Box 4.1 More and better jobs through socially responsible labour practices in Pakistan: Promoting decent work in the Sialkot sports goods manufacturing sector**

The sports goods industry has historically played an important role in the Pakistani economy. Over 100 sporting brands from around the world source their products from some 2,000 Sialkot-based factories that manufacture sports goods for export. Buyers include top global brands that are sponsors and suppliers to mega sporting events, including the football World Cup and the Olympic Games.

While the prevalence of child labour in the Sialkot soccer ball factories has decreased, challenges still remain in addressing decent work deficits in the sector. Building on their past efforts supported by the ILO in tackling child labour, a project was launched with the support of the Government of Japan with the aim of maximizing the positive contribution of FDI and MNEs to ensure inclusive growth and sustainable development in Pakistan. The “More and better jobs through socially responsible labour practices” project addresses the need to strengthen socially responsible labour practices amongst MNEs and their direct suppliers, and also aims to promote decent work in the sports goods industry by engaging with MNEs operating in Sialkot.

Since the project was launched in August 2015, several awareness-raising seminars on the MNE Declaration have been organized in Karachi and in Sialkot. This includes a CEOs' moot in August 2016 entitled “Towards compliance plus: engaging MNEs and national companies in socially responsible business agenda for promoting more and better jobs”, which was attended by around 130 representatives of business, including over 100 CEOs.

In Sialkot, an exploratory study was conducted to identify the employment and labour challenges in the sports goods industry and to explore the roles that MNEs play in advancing decent work in Sialkot. Based on the findings of the study, a consultation workshop was jointly organized in August 2016 by the Employers' Federation of Pakistan, the Sialkot Chamber of Commerce and Industry, and the ILO to identify ways in which more and better jobs could be generated in small and medium-sized enterprises in collaboration with sourcing MNEs. Indicative of the commitment of the business community and ILO constituents, the workshop concluded with the agreement to form a task force on promoting responsible business and compliance in the Sialkot sports goods manufacturing sector. This task force aims to promote decent work in the sports goods sector through multistakeholder dialogue and joint action. Specific challenges that were identified as priority areas for the sector include industrial relations, working conditions and skills gaps in the labour force.

The second phase (2016–2017) will continue to support the efforts of the task force, especially in its implementation of the joint plan of action through various strategies, such as facilitating the private sector to align its policies with public objectives for decent work and establishing the business case for global brands, buyers and their suppliers to implement socially responsible labour practices, and to directly tackle the priority decent work deficits through joint public–private action.



The Viet Nam Chamber of Commerce and Industry collaborated with other constituents, the ILO and the Government of Japan to promote the uptake of the principles of the MNE Declaration in the electronics sector (box 4.2).

#### **Box 4.2 More and better jobs through socially responsible labour practices in Viet Nam**

Electronics has become the largest export-oriented industry in Viet Nam. The industry is primarily led by major MNEs, and employs approximately 250,000 workers in over 500 companies. While new job opportunities have emerged as a result of Viet Nam's successful integration into the global production system, there is growing concern on the consequences for working conditions. Given the dominant roles that MNEs play in terms of employment and value chain coordination, the ILO, supported by the Government of Japan, launched the "More and better jobs through socially responsible labour practices" project in October 2015, aimed at fostering a partnership approach between MNEs and their direct suppliers in order to advance socially responsible labour practices in the Vietnamese electronics sector.

Drawing from the principles of the MNE Declaration, the project takes a two-pronged approach: (a) to strengthen the government's capacity to enforce its national laws; and (b) to encourage socially responsible labour practices by enterprises in line with the principles of the MNE Declaration. Workplace compliance and a culture of good governance within the enterprises will be strengthened, including through improved social dialogue, building on other ongoing ILO projects in Viet Nam. The project also looks into how the labour and business practices of MNEs could affect local working conditions and collects model cases of good practices to extract the guiding principles on which key stakeholders in Viet Nam can build to formulate a concrete future action plan. Moreover, an important component of the project is the home–host dialogue forums, which will contribute to an effective model of partnership between the investor countries and Viet Nam, creating a mutually beneficial situation for both sides.

Since the project launch, a series of awareness-raising workshops have been organized in the north as well as the south, where the electronics factories are based. Two studies have been undertaken to map out the employment and labour practices in the electronic sector and to explore the roles that MNEs could play in generating more and better jobs. Findings and recommendations served as inputs for organizing an evidence-based high-level policy dialogue in September 2016 entitled "Maximizing the development and employment impact of foreign direct investment and operations of multinational enterprises in the Vietnamese electronics sector in context of Viet Nam's deeper global integration through Trans-Pacific Partnership and free trade agreements (FTA)".

As the project enters its second year, it will focus on implementing the priority areas identified in the policy dialogue (joint plan of action), with a specific emphasis on the risk mapping methodology and capacity building of labour inspectorates. The project also seeks to contribute towards establishing a national dialogue platform to promote compliance in the FDI-led sectors.

Five organizations have developed promotional materials on the MNE Declaration. Among them, the Fiji Commerce and Employers' Federation was in the process of developing a corporate social responsibility guidebook based on the principles of the MNE Declaration. Other organizations have distributed guides on industrial relations, vocational education and training, and the promotion of equality of employment.

#### **4.4.3 Workers' organizations**

Thirteen responses from workers' organizations indicated that they have organized events to promote the different areas of the MNE Declaration. Of these organizations, 54% have organized events with governments or employers' organizations, 62% with workers' organizations from other countries, and 62% with assistance from the Office (figure 4.5).

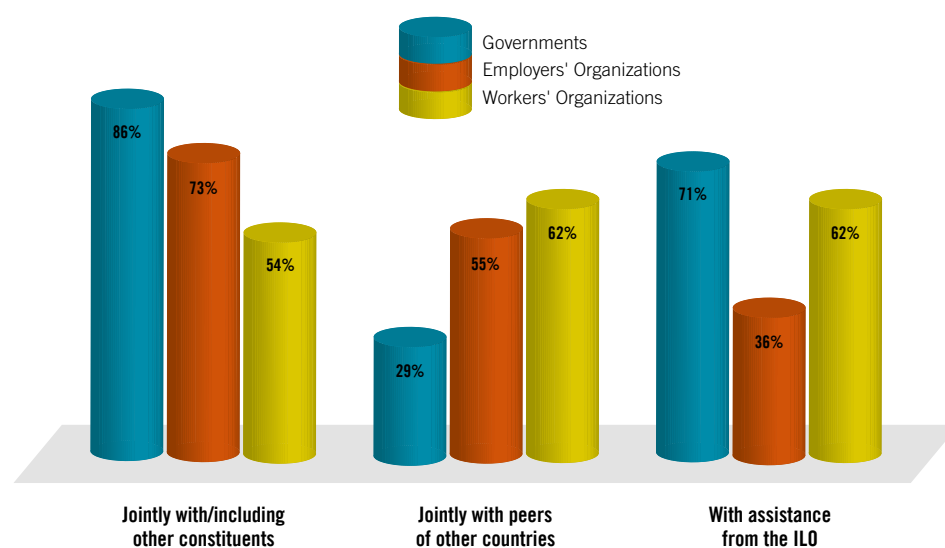
A range of activities were mentioned, including the organization of training sessions, workshops and surveys. The responding organizations mentioned that these events raised

awareness of the principles of the MNE Declaration. Among them, both of the responding workers' organizations from Indonesia<sup>83</sup> participated in events relating to labour rights in global supply chains. The Trade Union Congress of the Philippines participated in a training session organized by the Office on the same topic, and a training session on the issue of industrial relations in MNEs. The Federation of Free Workers of the Philippines and the National Trade Union Federation of Sri Lanka have both organized workshops on the issue of freedom of association within MNEs. The Samoa Workers' Congress has collaborated on a programme to eliminate child labour practices. The responding workers' organization of Lebanon<sup>84</sup> organized various events aimed at clarifying the principles of the MNE Declaration, in partnership with a global union federation.

Various respondents participated in events concerned with the activity of MNEs overseas. The All China Federation of Trade Unions conducted surveys of overseas operations of Chinese MNEs on the issue of industrial relations.<sup>85</sup> On the issue of working conditions, the Federation of Korean Trade Unions shared its experience of having staged a protest relating to the conduct of enterprises of the Republic of Korea operating overseas. Finally, both the Japanese Trade Union Confederation and the Trade Union Congress of the Philippines mentioned their joint collaboration on a bilateral seminar targeting employment promotion and industrial relations within MNEs.

Concerning promotional materials, three organizations have developed materials on the MNE Declaration. The National Trade Union Federation of Sri Lanka has distributed a booklet on local labour legislation to workers of MNEs in Sri Lanka's free trade zones.

**Figure 4.5 Overview of co-organized events and initiatives by governments, employers' organizations and workers' organizations**



Note: This graph represents the frequency with which events were organized or initiatives were taken by each constituent group jointly with/including other constituents, and/or jointly with peers of other countries, and/or with assistance from the ILO. Percentages have been calculated on the number of positive responses ("Yes") per constituent who indicated having organized events or taken initiatives in recent years that sought to promote the principles of the MNE Declaration.

83. Konfederasi Serikat Pekerja Indonesia; Konfederasi Serikat Buruh Sejahtera Indonesia.

84. Confédération Générale des Travailleurs au Liban.

85. The All China Federation of Trade Unions organized, with the participation of the ILO, a China-African Trade Union Leaders Seminar in May 2014. The seminar gathered Chinese MNEs and trade union leaders from nine African countries, focusing on labour relations and the role of trade unions.

## 4.5 Other information

*“Please provide any other information that you find important regarding the promotion of the MNE Declaration at the national, regional and international levels.”*

The questionnaire gave tripartite constituents the opportunity to provide additional information related to the promotion of the MNE Declaration at the national, regional and international levels.

Many respondents<sup>86</sup> from governments, employers’ organizations and workers’ organizations requested the Office and its constituents to increase efforts to promote the MNE Declaration in Asia and the Pacific. Aside from organizing trainings, workshops and other awareness-raising activities, some respondents<sup>87</sup> suggested sharing knowledge on the implementation of the MNE Declaration in different countries. Also, a few respondents<sup>88</sup> indicated that there was a lack of information on the activities of MNEs, and that further research could help evaluate the impact of MNEs on local economies and labour markets.

[The Office] may also consider developing a tripartite consultative machinery for evaluating the impact of MNEs and assist both governments and the employers’ associations to develop a method to monitor the effects of MNEs and its delivery systems at the national, sectoral and enterprise level. (Council of Indian Employers, India)

The Employers’ Federation of India mentioned that, while MNEs are considered large transnational corporations, some small and medium-sized businesses also have multinational activities.

Although the questionnaire did not refer to the review process of the MNE Declaration, which was decided by the ILO’s Governing Body in March 2016 and is currently underway,<sup>89</sup> two constituents explicitly referred to this process in their responses. The employers’ organization from Japan (Keidanren) mentioned that Japanese employers “agree to just update the MNE Declaration without introducing new mechanisms”, while the Australian Council of Trade Unions considered that the topic of global supply chains should be a point of focus and that the review process should also “revise and reinvigorate” the interpretation and complaints mechanism currently in the MNE Declaration.

Respondents also expressed their concern over the implementation of the MNE Declaration in their countries. The Fiji Trades Union Congress indicated that some MNEs had threatened to divest from the country and to move their activities offshore. To make the implementation of the MNE Declaration more effective, two workers’ organizations<sup>90</sup> suggested enforcing the principles of the MNE Declaration through national legislation.

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86. General Federation of Bahrain Trade Unions; Ministry of Labour and Employment, Government of Bangladesh; Fiji Commerce and Employers’ Federation; Council of Indian Employers; Government of Indonesia; Konfederasi Serikat Buruh Sejahtera Indonesia (workers’ organization); Keidanren (Japan Business Federation); Confédération Générale des Travailleurs au Liban (workers’ organization in Lebanon); Malaysian Trades Union Congress; Mongolian Employers’ Organization; Union of Myanmar Federation of Chambers of Commerce and Industry; Employers’ Federation of Pakistan; Pakistan Workers’ Federation; Samoa Chamber of Commerce and Industry; Ceylon Workers’ Congress (Sri Lanka); Public Service Association (workers’ organization in Tonga); Viet Nam Chamber of Commerce and Industry.

87. Government of Indonesia; Samoa Workers’ Congress; Viet Nam Chamber of Commerce and Industry.

88. Council of Indian Employers; Confédération Générale des Travailleurs au Liban (workers’ organization in Lebanon); Korea Employers’ Federation; Viet Nam Chamber of Commerce and Industry.

89. The tripartite ad hoc working group of the Governing Body, established for the review process, is due to present its recommendations to the Governing Body in March 2017.

90. Konfederasi Serikat Buruh Sejahtera Indonesia; Pakistan Workers’ Federation.



# Final remarks

## 5

**T**he high number of responses received from governments, employers' organizations and workers' organizations in the Asia and the Pacific region are an indication of their interest in the opportunities and challenges posed by FDI and the operations of MNEs with regard to decent work and inclusive, sustainable development.

Areas of the MNE Declaration identified as relevant almost uniformly across respondents from the different constituents were training (88% for government, compared to 82% for employers' organizations and 83% for workers' organizations), and wages, benefits and conditions of work (82%, 77% and 83% respectively). Training was also the most often cited area on average across all three groups (selected by 84% of respondents).

Discrepancies in the relevance attributed by respondents from the different constituents were noted concerning freedom of association and the right to organize (65% for government, compared to 45% for employers' organizations and 90% for workers' organizations) and collective bargaining (71%, 55% and 93% respectively).

Many governments and employers' and workers' organizations stated having diverse mechanisms in place for dialogue and consultation regarding MNE operations. The responses indicated a significant level of formal outreach and engagement of governments, employers' organizations and workers' organizations with MNEs: 47% of responding governments, 36% of employers' organizations and 53% of workers' organizations have established a contact point for foreign MNEs. Respondents less often established contact points for counterparts from other countries; however, at least 40% of the respondents in each group organized consultations on MNE activity with foreign MNEs, or with employers' and workers' organizations from other countries.

Almost half of the respondents mentioned having recently organized events or initiatives that covered topics based on the principles of the MNE Declaration, and more than half of these were organized with ILO technical assistance.

The information gathered directly from the tripartite constituents indicated that there is significant scope for further promotion of the MNE Declaration in Asia and the Pacific. Many respondents, including from governments and employers' and workers' organizations, requested the ILO to increase efforts to promote the MNE Declaration in Asia and the Pacific and expressed willingness to step up their own promotional efforts. In this line, several of them highlighted the relevance of sharing knowledge on the implementation of the MNE Declaration in other countries of the region to contribute to a better understanding

of the impacts its application can have on decent work. A number of constituents also underlined the importance of appropriate regulatory and policy frameworks to advance the application of the principles of the MNE Declaration, and some emphasized the need to conduct research on the impact of MNE operations in host economies. Finally, several respondents also emphasized the need for more advocacy and further capacity building.

This information-gathering exercise clearly stimulated thinking among the ILO constituents in Asia and the Pacific on what could be done to better promote and apply the MNE Declaration in the region.



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## Appendices

## Appendix I. Questionnaires for governments, employers' and workers' organizations

### Governments

#### 1. Awareness of the principles of the MNE Declaration

- 1.1 Taking into account the political and economic situation in your country, which areas of the MNE Declaration are relevant when it comes to operations of multi-national enterprises?
- ☐ Employment promotion
  - ☐ Equality of opportunity and treatment
  - ☐ Security of employment
  - ☐ Training
  - ☐ Wages, benefits and conditions of work
  - ☐ Minimum age
  - ☐ Safety and health
  - ☐ Freedom of association and the right to organize
  - ☐ Collective bargaining
  - ☐ Consultation
  - ☐ Examination of grievances
  - ☐ Settlement of industrial disputes
  - ☐ None
  - ☐ Other. If so, please elaborate: .....
- 1.2 Please provide further information on the areas that you have indicated above, including specific challenges and opportunities, and indicate which of these areas are most relevant and why.
- 1.3 Please describe initiatives taken by the government to address the areas indicated above (legislation, policies, measures and actions).

#### 2. Dialogue and consultation

- 2.1 In your country, does the government provide an official representative or office that serves as a contact point for:
- 2.1.a ... representatives of workers of foreign MNEs?
- ☐ yes. If so, please specify .....
  - ☐ no
  - ☐ no information available
- 2.1.b ... governments of other countries regarding the conduct of MNEs?
- ☐ yes. If so, please specify .....
  - ☐ no
  - ☐ no information available
- 2.2 In your country, does the government hold any institutional consultations on MNE activity with foreign MNEs, employers' organizations or workers' organizations?
- ☐ yes. If so, please specify .....
  - ☐ no
  - ☐ no information available
- 2.3 In addition to these institutional consultations, has the government organized any events in recent years dealing with the areas covered in the MNE Declaration?
- ☐ yes. If so, please specify .....
  - ☐ no
  - ☐ no information available
- 2.4 Please describe the institutional consultation or event that you regard as the most important one and indicate why.

### 3. Promotion of the principles of the MNE Declaration

- 3.1 Did the government or any governmental agency organize any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?
- ☐ yes  
☐ no  
☐ no information available
- 3.2 If yes: Were any of these events organized or initiatives taken:
- 3.2.a ... *jointly with or including employers' or workers' organizations?*
- ☐ yes  
☐ no  
☐ no information available
- 3.2.b ... *jointly with governments of other countries?*
- ☐ yes  
☐ no  
☐ no information available
- 3.2.c ... *with assistance from the ILO?*
- ☐ yes  
☐ no  
☐ no information available
- 3.3 Please give examples of such promotional activities and describe the most successful ones.
- 3.4 Has the government developed or commissioned any promotional materials on the principles of the MNE Declaration which are available to the public in languages spoken in your country? Please give examples of the types of material on offer.

### 4. Any other information

- 4.1 Please provide any other information that you find important regarding the promotion of the MNE Declaration at the national, regional and international levels.

## Employers' organizations

### 1. Awareness of the principles of the MNE Declaration

- 1.1 Taking into account the political and economic situation in your country, which areas of the MNE Declaration are relevant when it comes to operations of multinational enterprises?
- ☐ Employment promotion  
☐ Equality of opportunity and treatment  
☐ Security of employment  
☐ Training  
☐ Wages, benefits and conditions of work  
☐ Minimum age  
☐ Safety and health  
☐ Freedom of association and the right to organize  
☐ Collective bargaining  
☐ Consultation  
☐ Examination of grievances  
☐ Settlement of industrial disputes  
☐ None  
☐ Other. If so, please elaborate: .....

- 1.2 Please provide further information on the areas that you have indicated above, including specific challenges and opportunities, and indicate which of these areas are most relevant and why.
- 1.3 Please describe initiatives taken by your organization to address the areas indicated above.

## 2. Dialogue and consultation

- 2.1 In your country, does your organization provide an official representative or office that serves as a contact point for:
  - 2.1.a ... *representatives of workers of foreign MNEs?*
    - ☐ yes. If so, please specify
    - ☐ no
    - ☐ no information available
  - 2.1.b ... *employers' organizations of other countries regarding the conduct of MNEs?*
    - ☐ yes. If so, please specify
    - ☐ no
    - ☐ no information available
- 2.2 In your country, does your organization hold any consultations on MNE activity with foreign MNEs, the government or workers' organizations?
  - ☐ yes. If so, please specify
  - ☐ no
  - ☐ no information available
- 2.3 In addition to these consultations, has your organization organized any events in recent years dealing with the areas covered in the MNE Declaration?
  - ☐ yes. If so, please specify
  - ☐ no
  - ☐ no information available
- 2.4 Please describe the consultation or event that you regard as the most important one and indicate why.

## 3. Promotion of the principles of the MNE Declaration

- 3.1 Did your organization host any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?
  - ☐ yes
  - ☐ no
  - ☐ no information available
- 3.2 If yes: Were any of these events organized or initiatives taken:
  - 3.2.a ... *jointly with or including the government or workers' organizations?*
    - ☐ yes
    - ☐ no
    - ☐ no information available
  - 3.2.b ... *jointly with employers' organizations of other countries?*
    - ☐ yes
    - ☐ no
    - ☐ no information available
  - 3.2.c ... *with assistance from the ILO?*
    - ☐ yes
    - ☐ no
    - ☐ no information available
- 3.3 Please give examples of such promotional activities and describe the most successful ones.

- 3.4 Has your organization developed or commissioned any promotional materials on the principles of the MNE Declaration which are available to the public in languages spoken in your country? Please give examples of the types of material on offer.

**4. Any other information**

- 4.1 Please provide any other information that you find important regarding the promotion of the MNE Declaration at the national, regional and international levels.

**Workers' organizations**

**1. Awareness of the principles of the MNE Declaration**

- 1.1 Taking into account the political and economic situation in your country, which areas of the MNE Declaration are relevant when it comes to operations of multinational enterprises?
- ☐ Employment promotion
  - ☐ Equality of opportunity and treatment
  - ☐ Security of employment
  - ☐ Training
  - ☐ Wages, benefits and conditions of work
  - ☐ Minimum age
  - ☐ Safety and health
  - ☐ Freedom of association and the right to organize
  - ☐ Collective bargaining
  - ☐ Consultation
  - ☐ Examination of grievances
  - ☐ Settlement of industrial disputes
  - ☐ None
  - ☐ Other. If so, please elaborate:
- 1.2 Please provide further information on the areas that you have indicated above, including specific challenges and opportunities, and indicate which of these areas are most relevant and why.
- 1.3 Please describe initiatives taken by your organization to address the areas indicated above.

**2. Dialogue and consultation**

- 2.1 In your country, does your organization provide an official representative or office that serves as a contact point for:
- 2.1.a ... *representatives of workers of foreign MNEs?*
- ☐ yes. If so, please specify
  - ☐ no
  - ☐ no information available
- 2.1.b ... *workers' organizations of other countries regarding the conduct of MNEs?*
- ☐ yes. If so, please specify
  - ☐ no
  - ☐ no information available
- 2.2 In your country, does your organization hold any consultations on MNE activity with foreign MNEs, the government or employers' organizations?
- ☐ yes. If so, please specify
  - ☐ no
  - ☐ no information available

- 2.3 In addition to these consultations, has your organization hosted any events in recent years dealing specifically with the areas covered in the MNE Declaration?
- ☐ yes. If so, please specify
- ☐ no
- ☐ no information available
- 2.4 Please describe the consultation or event that you regard as the most important one and indicate why.
3. Promotion of the principles of the MNE Declaration
- 3.1 Did your organization hold any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?
- ☐ yes
- ☐ no
- ☐ no information available
- 3.2 If yes: Were any of these events organized or initiatives taken:
- 3.2.a ... *jointly with or including the government or employers' organizations?*
- ☐ yes
- ☐ no
- ☐ no information available
- 3.2.b ... *jointly with workers' organizations of other countries?*
- ☐ yes
- ☐ no
- ☐ no information available
- 3.2.c ... *with assistance from the ILO?*
- ☐ yes
- ☐ no
- ☐ no information available
- 3.3 Please give examples of such promotional activities and describe the most successful ones.
- 3.4 Has your organization developed or commissioned any promotional materials on the principles of the MNE Declaration which are available to the public in languages spoken in your country? Please give examples of the types of material on offer.
- 4. Any other information**
- 4.1 Please provide any other information that you find important regarding the promotion of the MNE Declaration at the national, regional and international levels.

## Appendix II. List of responding governments and employers' and workers' organizations

Country	Government	Employers	Workers
Afghanistan			
Australia	Department of Employment		Australian Council of Trade Unions
Bahrain	Ministry of Labour		General Federation of Bahrain Trade Unions
Bangladesh	Ministry of Labour and Employment		Bangladesh Labour Federation
Brunei Darussalam			
Cambodia	Ministry of Labour and Vocational Training	Cambodian Federation of Employers and Business Associations	Cambodian Labour Confederation Collective Union of Movement of Workers
China	Government of China	China Enterprise Confederation	All China Federation of Trade Unions
Cook Islands	Ministry of Internal Affairs	Cook Islands Chamber of Commerce	Cook Islands Workers' Association
Fiji		Fiji Commerce and Employers' Federation	Fiji Trades Union Congress
India		Employers' Federation of India Council of Indian Employers	All India Trade Union Congress
Indonesia	International Cooperation Bureau	Asosiasi Pengusaha Indonesia	Konfederasi Serikat Pekerja Indonesia Konfederasi Serikat Buruh Sejahtera Indonesia
Islamic Republic of Iran			
Iraq		Iraqi Federation of Industries	General Federation of Workers' Councils and Unions in Iraq
Japan	Government of Japan	Keidanren (Japan Business Federation)	Japanese Trade Union Confederation
Jordan			
Kiribati			
Republic of Korea	Ministry of Employment and Labour	Korea Employers' Federation	Federation of Korean Trade Unions
Kuwait			
Lebanon	Ministry of Labour		Confédération Générale des Travailleurs au Liban
Malaysia			Malaysian Trades Union Congress
Maldives			
Marshall Islands			
Mongolia	Government of Mongolia	Mongolian Employers' Organization	
Myanmar	Ministry of Labour, Immigration and Population	Union of Myanmar Federation of Chambers of Commerce and Industry	
Nepal	Government of Nepal	Federation of Nepalese Chambers of Commerce and Industry	All Nepal Federation of Trade Unions General Federation of Nepalese Trade Unions



Country	Government	Employers	Workers
New Zealand		Business New Zealand	Council of Trade Unions
Oman			General Federation of Oman Trade Unions
Pakistan		Employers' Federation of Pakistan	Pakistan Workers' Federation
Palau			
Papua New Guinea			
Philippines	Department of Labour and Employment	Employers' Confederation of the Philippines	Trade Union Congress of the Philippines Federation of Free Workers
Qatar	Government of Qatar		
Lao People's Democratic Republic			
Samoa	Ministry of Commerce, Industry and Labour	Samoa Chamber of Commerce and Industry	Samoa Workers' Congress
Saudi Arabia			
Singapore		Singapore National Employers' Federation	Singapore National Trades Union Congress
Solomon Islands			
Sri Lanka	Ministry of Labour and Trade Union Relations	Employers' Federation of Ceylon	Ceylon Workers' Congress National Trade Union Federation
Syrian Arab Republic			
Thailand			State Enterprises Workers' Relations Confederation
Timor-Leste		Chamber of Commerce and Industry of Timor-Leste	Timor-Leste Trade Union Confederation
Tonga	Ministry of Commerce and Labour	Tonga Chamber of Commerce and Industry	Public Service Association
Tuvalu			
United Arab Emirates			
Vanuatu			
Viet Nam		Viet Nam Chamber of Commerce and Industry	
Yemen			

## Appendix III. Principles of the MNE Declaration

	Principles directed to governments	Principles directed to enterprises
<b>General policies</b>	<p>Ratify all the Fundamental Conventions and apply to the greatest extent possible, through their national policies, the principles embodied therein;</p> <p>Promote good social practice in accordance with the MNE Declaration and be prepared to have consultations with other governments whenever the need arises.</p>	<p>Obey national laws and respect international standards;</p> <p>Contribute to the realization of the fundamental principles and rights at work;</p> <p>Consult with government, employers' and workers' organizations to ensure that operations are consistent with national development priorities.</p>
<b>Employment</b>	<p>Declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment;</p> <p>Pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin;</p> <p>Never require or encourage multinational enterprises to discriminate and provide guidance, where appropriate, on the avoidance of discrimination;</p> <p>Study the impact of multinational enterprises on employment in different industrial sectors;</p> <p>In cooperation with multinational and national enterprises, provide income protection for workers whose employment has been terminated.</p>	<p>Endeavour to increase employment opportunities and standards, taking the employment policies and objectives of governments into account;</p> <p>Give priority to the employment, occupational development, promotion and advancement of nationals of the host country;</p> <p>Use technologies which generate employment, both directly and indirectly;</p> <p>Build linkages with local enterprises by sourcing local inputs, promoting the local processing of raw materials and local manufacturing of parts and equipment;</p> <p>Extend equality of opportunity and treatment in employment;</p> <p>Promote security of employment, providing reasonable notice of intended changes in operations and avoiding arbitrary dismissal.</p>
<b>Training</b>	<p>Develop national policies for vocational training and guidance, closely linked with employment, in cooperation with all the parties concerned.</p>	<p>Provide training for all levels of employees to meet the needs of enterprises as well as development policies of the country;</p> <p>Participate in programmes to encourage skill formation and development;</p> <p>Afford opportunities within MNEs for local management to broaden their experience.</p>
<b>Conditions of work and life</b>	<p>Endeavour to adopt suitable measures to ensure that lower-income groups and less developed areas benefit as much as possible from the activities of multinational enterprises;</p> <p>Ensure that both multinational and national enterprises provide adequate safety and health standards for their employees.</p>	<p>Provide wages, benefits and conditions of work not less favourable than those offered by comparable employers in the country concerned;</p> <p>Provide the best possible wages, benefits and conditions of work, within the framework of government policies, to meet the basic needs of employees and their families;</p> <p>Respect the minimum age for admission to employment;</p> <p>Maintain highest standards of safety and health at work;</p> <p>Examine the causes of industrial safety and health hazards, provide information on good practice observed in other countries, and effect necessary improvements.</p>
<b>Industrial relations</b>	<p>Apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing;</p> <p>Not include in their incentives to attract foreign investment any limitation of the workers' freedom of association or the right to organize and bargain collectively.</p>	<p>Observe industrial relations no less favourable than those observed by comparable employers;</p> <p>Respect freedom of association and the right to collective bargaining, providing the facilities and information required for meaningful negotiations;</p> <p>Support representative employers' organizations;</p> <p>Provide for regular consultation on matters of mutual concern;</p> <p>Examine the grievances of worker(s), pursuant to an appropriate procedure.</p>

## Appendix IV. List of ratifications of core ILO Conventions by member States of Asia and the Pacific

Country	Freedom of association		Forced labour		Discrimination		Child labour	
	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	Forced Labour Convention, 1930 (No. 29)	Abolition of Forced Labour Convention, 1957 (No. 105)	Equal Remuneration Convention, 1951 (No. 100)	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	Minimum Age Convention, 1973 (No. 138)	Worst Forms of Child Labour Convention, 1999 (No. 182)
Afghanistan				1963	1969	1969	2010	2010
Australia	1973	1973	1932	1960	1974	1973		2006
Bahrain			1981	1998		2000	2012	2001
Bangladesh	1972	1972	1972	1972	1998	1972		2001
Brunei Darussalam							2011	2008
Cambodia	1999	1999	1969	1999	1999	1999	1999	2006
China					1990	2006	1999	2002
Cook Islands			2015	2015				
Fiji	2002	1974	1974	1974	2002	2002	2003	2002
India			1954	2000	1958	1960		
Indonesia	1998	1957	1950	1999	1958	1999	1999	2000
Iraq		1962	1962	1959	1963	1959	1985	2001
Islamic Republic of Iran			1957	1959	1972	1964		2002
Japan	1965	1953	1932		1967		2000	2001
Jordan		1968	1966	1958	1966	1963	1998	2000
Kiribati	2000	2000	2000	2000	2009	2009	2009	2009
Kuwait	1961	2007	1968	1961		1966	1999	2000
Lao People's Democratic Republic			1964		2008	2008	2005	2005
Lebanon		1977	1977	1977	1977	1977	2003	2001
Malaysia		1961	1957	1958, den.: 1990	1997		1997	2000
Maldives	2013	2013	2013	2013	2013	2013	2013	2013
Marshall Islands								
Mongolia	1969	1969	2005	2005	1969	1969	2002	2001
Myanmar	1955		1955					2013
Nepal		1996	2002	2007	1976	1974	1997	2002
New Zealand		2003	1938	1968	1983	1983		2001
Oman			1998	2005			2005	2001
Pakistan	1951	1952	1957	1960	2001	1961	2006	2001
Palau								

Country	Freedom of association		Forced labour		Discrimination		Child labour	
	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	Forced Labour Convention, 1930 (No. 29)	Abolition of Forced Labour Convention, 1957 (No. 105)	Equal Remuneration Convention, 1951 (No. 100)	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	Minimum Age Convention, 1973 (No. 138)	Worst Forms of Child Labour Convention, 1999 (No. 182)
Papua New Guinea	2000	1976	1976	1976	2000	2000	2000	2000
Philippines	1953	1953	2005	1960	1953	1960	1998	2000
Qatar			1998	2007		1976	2006	2000
Republic of Korea					1997	1998	1999	2001
Samoa	2008	2008	2008	2008	2008	2008	2008	2008
Saudi Arabia			1978	1978	1978	1978	2014	2001
Singapore		1965	1965	1965, den.: 1979	2002		2005	2001
Solomon Islands	2012	2012	1985	2012	2012	2012	2013	2012
Sri Lanka	1995	1972	1950	2003	1993	1998	2000	2001
Syrian Arab Republic	1960	1957	1960	1958	1957	1960	2001	2003
Thailand			1969	1969	1999		2004	2001
Timor-Leste	2009	2009	2009					2009
Tonga								
Tuvalu								
United Arab Emirates			1982	1997	1997	2001	1998	2001
Vanuatu	2006	2006	2006	2006	2006	2006		2006
Viet Nam			2007		1997	1997	2003	2000
Yemen	1976	1969	1969	1969	1976	1969	2000	2000

Source: International Labour Office. Normlex: Information System on International Labour Standards. [www.ilo.org/normlex](http://www.ilo.org/normlex).

## Appendix V. List of ratifications of other Conventions referred to in the MNE Declaration

Country	Conditions of Employment of Plantation Workers, 1958 (No. 110)	Protection of Workers against Ionising Radiations, 1960 (No. 115)	Guarding of Machinery, 1963 (No. 119)	Employment Policy Convention, 1964 (No. 122)	Medical Care and Sickness Benefits, 1969 (No. 130)	Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking, 1971 (No. 135)	Protection against Hazards of Poisoning arising from Benzene, 1971 (No. 136)	Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974 (No. 139)	Vocational Guidance and Vocational Training in the Development of Human Resources, 1975 (No. 142)
Afghanistan								1979	1979
Australia				1969		1993			1985, Norfolk: 1992
Bahrain									
Bangladesh									
Brunei Darussalam									
Cambodia				1971					
China		HK: 1997, Macau: 1999		1997, Macau: 1999					HK: 1997
Cook Islands									
Fiji				2010					
India		1975		1998			1991		2009
Indonesia									
Iraq		1962	1987	1970		1972	1972	1978	1978
Islamic Republic of Iran				1972					2007
Japan		1973	1973	1986				1977	1986
Jordan			1964	1966		1979			1979
Kiribati									
Kuwait			1964				1974		
Lao People's Democratic Republic									
Lebanon		1977		1977			2000	2000	2000
Malaysia			1974						
Maldives									
Marshall Islands									
Mongolia				1976		1996			
Myanmar									

Country	Conditions of Employment of Plantation Workers, 1958 (No. 110)	Protection of Workers against Ionising Radiations, 1960 (No. 115)	Guarding of Machinery, 1963 (No. 119)	Employment Policy Convention, 1964 (No. 122)	Medical Care and Sickness Benefits, 1969 (No. 130)	Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking, 1971 (No. 135)	Protection against Hazards of Poisoning arising from Benzene, 1971 (No. 136)	Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974 (No. 139)	Vocational Guidance and Vocational Training in the Development of Human Resources, 1975 (No. 142)
Nepal									
New Zealand				1965					
Oman									
Pakistan									
Palau									
Papua New Guinea				1976					
Philippines	1968			1976					
Qatar									
Republic of Korea				1992		2001			1994
Samoa									
Saudi Arabia									
Singapore									
Solomon Islands									
Sri Lanka	1995	1986				1976			
Syrian Arab Republic		1964	1965			1975	1977	1979	
Thailand				1969					
Timor-Leste									
Tonga									
Tuvalu									
United Arab Emirates									
Vanuatu									
Viet Nam									
Yemen				1989		1976			

Source: International Labour Office. Normlex: Information System on International Labour Standards. [www.ilo.org/normlex](http://www.ilo.org/normlex).

## Appendix VI. Unemployment rate (%), selected countries of Asia and the Pacific, 2011–2015

Country	2011	2012	2013	2014	2015	Average un-employment rate 2011–2015 (%)	Variation of unemployment rate 2011–2015
Afghanistan	8.2	8.3	8.3	9.1	9.6	8.7	1.4
Australia	5.1	5.2	5.7	6.1	6.2	5.7	1.1
Bahrain	1.2	1.2	1.2	1.2	1.2	1.2	0.0
Bangladesh	4.5	4.5	4.5	4.4	4.4	4.5	–0.1
Brunei Darussalam	1.7	1.5	1.2	1.6	1.9	1.6	0.2
Cambodia	0.2	0.2	0.3	0.4	0.5	0.3	0.3
China	4.3	4.5	4.6	4.6	4.6	4.5	0.3
Cook Islands	8.4					8.4	
Fiji	9.0	9.0	9.4	8.3	7.7	8.7	–1.3
India	3.5	3.6	3.6	3.5	3.5	3.5	0.0
Indonesia	6.6	6.1	6.4	5.9	5.8	6.2	–0.8
Iraq	15.2	15.2	15.1	16.0	16.9	15.7	1.7
Islamic Republic of Iran	12.5	12.7	10.4	10.8	10.5	11.4	–2.0
Japan	4.8	4.6	4.2	3.8	3.5	4.2	–1.3
Jordan	12.9	12.2	12.6	11.9	12.8	12.5	–0.1
Kiribati							
Kuwait	3.6	3.6	3.5	3.5	3.5	3.5	–0.1
Lao People's Democratic Republic	1.4	1.4	1.4	1.5	1.6	1.5	0.2
Lebanon	6.2	6.2	6.3	6.7	7.1	6.5	0.9
Malaysia	3.1	3.0	3.1	2.9	2.9	3.0	–0.2
Maldives	11.5	11.2	10.9	11.6	11.8	11.4	0.3
Marshall Islands							
Mongolia	7.8	8.3	8.0	8.0	7.1	7.8	–0.7
Myanmar	4.2	4.4	4.5	4.6	4.7	4.5	0.5
Nepal	3.5	2.6	3.3	3.1	3.1	3.1	–0.4
New Zealand	6.7	7.2	6.4	6.0	6.0	6.5	–0.7
Oman	6.5	6.4	6.2	6.3	6.3	6.3	–0.2
Pakistan	5.7	5.7	6.0	5.6	5.4	5.7	–0.3
Palau							
Papua New Guinea	3.9	3.6	3.4	3.3	3.1	3.5	–0.8
Philippines	7.3	7.2	7.3	6.8	6.7	7.1	–0.6
Qatar	0.6	0.5	0.3	0.2	0.2	0.4	–0.4
Republic of Korea	3.5	3.3	2.6	3.6	3.7	3.3	0.2
Samoa	5.7	9.0	8.6	9.0	5.8	7.6	0.1
Saudi Arabia	5.8	5.6	5.6	5.8	5.8	5.7	0.0
Singapore	2.9	2.8	2.8	2.8	3.3	2.9	0.4



Country	2011	2012	2013	2014	2015	Average un-employment rate 2011–2015 (%)	Variation of unemployment rate 2011–2015
<b>Solomon Islands</b>	39.5	34.2	33.2	33.9	34.8	35.1	–4.7
<b>Sri Lanka</b>	4.3	4.1	4.7	4.6	4.7	4.5	0.4
<b>Syrian Arab Republic</b>	15.1	14.7	14.6	13.2	12.3	14.0	–2.8
<b>Thailand</b>	0.7	0.6	0.8	0.9	1.1	0.8	0.4
<b>Timor-Leste</b>	3.6	3.7	3.6	4.4	5.0	4.1	1.4
<b>Tonga</b>	5.0	4.8	4.9	5.3	5.2	5.0	0.2
<b>Tuvalu</b>							
<b>United Arab Emirates</b>	4.1	4.1	4.0	3.8	3.7	3.9	–0.4
<b>Vanuatu</b>	4.3	4.3	4.3	4.5	4.3	4.3	0.0
<b>Viet Nam</b>	2.0	1.8	2.0	1.9	2.1	2.0	0.1
<b>Yemen</b>	17.7	17.7	17.6	16.4	15.9	17.1	–1.8

Note: Unemployment rate as reported to the ILO by the respective countries. When not available, the unemployment rate that is indicated in the table is derived from estimates and projections made by the ILO.

Source: International Labour Office. ILOSTAT: ILO database of labour statistics, unemployment rate by sex and age, ILO estimations and projections. <http://www.ilo.org/ilostat>.

