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► **Multinational enterprises, development and decent work**

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

Second cycle of regional reports (2018–2023)

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Multinational enterprises, development and decent work: Report on the promotion and application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in Asia and the Pacific and the Arab States

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► Foreword

Regional reports on the promotion and application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) are an integral part of the regional promotion of the instrument. The MNE Declaration is the only instrument of the International Labour Organization (ILO) that provides direct guidance to enterprises (multinational and national), governments, and employers' and workers' organizations on the labour dimension of responsible business conduct.

As part of the promotional strategy of the MNE Declaration adopted by the Governing Body in 2014, a first cycle of regional reports was produced from 2014 to 2018 in preparation for the 18th American Regional Meeting (Lima, Peru, 13–16 October 2014), the 13th African Regional Meeting (Addis Ababa, Ethiopia, 30 November – 3 December 2015), the 16th Asia and the Pacific Regional Meeting (Bali, Indonesia, 6–9 December 2016), and the 10th European Regional Meeting (Istanbul, Türkiye, 2–5 October 2017). A global report on the main trends and findings of those four reports and the outcomes of the special sessions during these Regional Meetings was discussed in the ILO Governing Body in March 2018.

The present report is the third of a new cycle of regional reports prepared under the regional follow-up operational tool of the revised MNE Declaration (2017) as outlined in its Annex II. The first regional report of the current cycle was produced in preparation for the 19th American Regional Meeting (Panama, 2–5 October 2018), and the second report was produced in preparation for the 14th African Regional Meeting (Abidjan, Côte d'Ivoire, 3–6 December 2019). A special session during ILO Regional Meetings provides a tripartite dialogue platform to discuss further promotional activities at the regional level.

The Bali Declaration adopted at the 16th Asia and the Pacific Regional Meeting indicates, among the policy priorities for member States in the region to be implemented in the period leading up to the 17th Asia and the Pacific Regional Meeting, "maximizing the opportunities for decent work arising from investment, trade and the operation of multinational enterprises, through the promotion and application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy". This report, based primarily on inputs received from governments and employers' and workers' organizations in these Member States through a questionnaire, takes stock of the enhanced support to achieve the above mentioned policy priority in the region through a number of interventions, including awareness raising and capacity building, research, technical advice, support for the appointment process of national focal points for the promotion of the MNE Declaration, dialogue facilitation at the national and cross-border level, and support for collective action and specific initiatives to address decent work deficits identified. All these interventions – based on the MNE Declaration – aimed at enhancing the opportunities for member States in Asia and the Pacific and the Arab States to better harness the opportunities offered by trade and investment agreements and operations of multinational enterprises to advance decent work for all.

The report also provides elements for consideration regarding the further promotion and application of the MNE Declaration in Asia and the Pacific and the Arab States. We trust that the report will foster further dialogue among governments, employers, and workers regarding the opportunities and challenges for decent work linked to foreign direct investment and the operations of multinational enterprises at national and regional levels; and facilitate the exchange of experiences and lessons learned.

The Multinational Enterprises and Enterprise Engagement Unit of the Enterprises Department, responsible for the production 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 ILO staff in headquarters and field offices, particularly the Bureau for Employers' Activities and the Bureau for Workers' Activities, 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

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
FDI	foreign direct investment
FTZs	free-trade zones
GDP	gross domestic product
ILO	International Labour Organization
MNE	multinational enterprise
MNE Declaration	Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
MOOC	massive open online course
NAP	national action plan
NCP	national contact point
OECD	Organisation for Economic Co-operation and Development
RCEP	Regional Comprehensive Economic Partnership
RSCA	Responsible Supply Chains in Asia (programme)
SCORE	Sustaining Competitive and Responsible Enterprises
SDGs	Sustainable Development Goals
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNGPs	United Nations Guiding Principles on Business and Human Rights
WAIPA	World Association of Investment Promotion Agencies
WTO	World Trade Organization

1

1. Introduction

The present report, part of the regional follow-up to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), 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 and the Arab States¹ to raise awareness on and promote the application of the recommendations set forth in the MNE Declaration.

The report is the second one produced for Asia and the Pacific and the Arab States. The first report was produced in preparation of the 16th Asia and the Pacific Regional Meeting (Bali, Indonesia, 6–9 December 2016), and discussed in a special session during Regional Meeting. The Bali Declaration, adopted at the 16th Asia and Pacific Regional Meeting in December 2016, served as a call to action for governments, workers' and employers' organizations in the region to do more to promote inclusive growth, social justice and decent work. It indicates, among the policy priorities for member States in the region to be implemented in the period leading up to the 17th Asia and the Pacific Regional Meeting, "maximizing the opportunities for decent work arising from investment, trade and the operation of multinational enterprises, through the promotion and application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy".

¹ ILO member States in Asia and the Pacific include: Afghanistan, Australia, Bangladesh, Brunei Darussalam, Cambodia, China, Cook Islands, Fiji, India, Indonesia, Islamic Republic of Iran, Japan, Kiribati, Republic of Korea, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nepal, New Zealand, Pakistan, Palau, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, and Vanuatu; and in the Arab States: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, and Yemen.

This report has been elaborated on the basis of information collected directly through a questionnaire sent to governments and employers' and workers' organizations of the 47 ILO member States of Asia and the Pacific and the Arab States, which will be taking part in the 17th Asia and the Pacific Regional Meeting, 6–9 December 2022. The questionnaire was distributed in February 2020 through various channels. Responses were accepted for inclusion in the report through August 2020.

The response rate was slightly lower than that in 2016, when the first regional report in follow-up to the MNE Declaration in Asia and the Pacific and the Arab States was produced. From 47 member States, a total of 64 responses were received – 22 from governments, employers' organizations in 18 countries and workers' organizations in 12 countries. In several cases, more than one response per constituent group was received per member State. The responses provide information from the constituents on the range of opportunities and challenges they face in regard to the application of the recommendations of the MNE Declaration, dialogue and consultation, and the promotional activities they have undertaken to raise awareness on the areas of the MNE Declaration (general policies, employment, training, conditions of work and life, and industrial relations).

This information collection exercise took place under very challenging circumstances, given the emergence of the COVID-19 pandemic, a health crisis that quickly turned into an economic and social crisis, putting at risk not only the health but the jobs, incomes and livelihoods of millions of people. The pandemic has had a strong impact on enterprises based in the region or trading and investing within it. Foreign direct investment (FDI) into and out of the Asia and the Pacific region was hit hard in 2020. International trade with and within the region also plummeted during the pandemic. Enterprises and their supply chains were heavily affected, and as a result many – large and small, multinational and national – had to downsize, shift, or halt operations altogether, with millions of workers suffering adverse impacts. The crisis put the spotlight on persistent inequalities and decent work deficits with regard to wages, stability of employment, occupational safety and health, and freedom of association. Vulnerable groups such as women, young people and migrant workers have been disproportionately affected.

Policies and initiatives at the international, regional and national levels are required to support the transition towards more responsible and resilient supply chains and mitigate the negative impacts on workers in the aftermath of the crisis. As highlighted by the ILO Centenary Declaration for the Future of Work (2019), "social dialogue contributes to the overall cohesion of societies and is crucial for a well-functioning and productive economy". In the context of the COVID-19 crisis and its aftermath, such dialogue is key to designing effective policies for a human-centred, robust and broad-based recovery. Not only governments but also employers' and workers' organizations have a key role to play in the crisis response.

The present report on the promotion and application of the MNE Declaration in Asia and the Pacific is organized as follows:

- ▶ **Chapter 2** provides an overview of the MNE Declaration, its principles and operational tools, and highlights ILO activities in Asia and the Pacific and the Arab States in support of governments, employers and workers for the promotion and application of the instrument.
- ▶ **Chapter 3** describes the main FDI and trade trends in the Asia and the Pacific region and briefly reflects on the challenges they pose for decent work and the role that trade and investment policies, in particular, can play in improving decent work outcomes.
- ▶ **Chapter 4** analyses the responses of governments and employers' and workers' organizations in ILO member States in Asia and the Pacific and the Arab States, as captured in the questionnaire, on how they have promoted and applied the principles of the MNE Declaration in their countries.
- ▶ **Chapter 5** concludes with remarks on key issues and suggestions for the further promotion of the MNE Declaration with a view to achieving broader application of its principles in Asia and the Pacific and the Arab States.

2

2. The MNE Declaration and its promotion and application in Asia and the Pacific and the Arab States

► 2.1 Principles of the MNE Declaration

The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) sets out principles in the fields of employment, training, conditions of work and life, and industrial relations, as well as general policies that governments, employers' and workers' organizations, and multinational enterprises (MNEs) are recommended to observe on a voluntary basis. As such, it is the only ILO instrument that provides direct guidance to national and multinational enterprises, and is the only global tripartite instrument on social policy that has been elaborated and adopted by governments, employers and workers around the world. First adopted in 1977, the instrument was most recently amended in March 2017 (ILO 2017).

The aim of the MNE Declaration is "to encourage the positive contribution which multinational enterprises can make to economic and social progress and the realization of decent work for all; and to minimize and resolve the difficulties to which their various operations may give rise" (paragraph 2). That aim is "furthered by appropriate laws and policies, measures and actions adopted by the governments, including in the fields of labour administration and public labour inspection, and by cooperation among the governments and employers' and workers' organizations" (paragraph 3). The principles do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises, and reflect good practice for all enterprises.

The guidance contained in the MNE Declaration is rooted in international labour standards and reflects good practices in the above-mentioned areas. The MNE Declaration outlines the distinct roles and responsibilities that the State and business have in achieving its aim, an approach that is also taken in the *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework in the area of human rights* (United Nations 2011).

The MNE Declaration does not contain a precise legal definition of MNEs, but these include "enterprises – whether fully or partially state-owned or privately owned – which own or control production, distribution, services or other facilities outside the country in which they are based. They may be large or small; and can have their headquarters in any part of the world. ... Unless otherwise specified, the term 'multinational enterprise' is used ... to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the degree of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in this Declaration." The MNE Declaration also recognizes that "MNEs often operate through relationships with other enterprises as part of their overall production process, and that this can contribute to furthering the aim of the MNE Declaration."

In its “general policies” chapter, the MNE Declaration highlights that all the parties should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should also honour commitments that they have freely entered into, in conformity with national law and accepted international obligations. They should respect the Universal Declaration of Human Rights (1948) and the corresponding International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights (1966), as well as the ILO Constitution and its principles, according to which freedom of expression and association are essential to sustained progress. It also states that all parties should contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work (1998), and highlights in this regard the corporate responsibility to respect human rights and the guidance on due diligence as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs). For the purpose of achieving the aims of the MNE Declaration, the due diligence process should take account of the central role of freedom of association and collective bargaining, as well as industrial relations and social dialogue, as part of the continuing process.

The “general policies” chapter also states that MNEs should take into account the general policy objectives of the countries in which they operate, and that their activities should be consistent with national law and in harmony with the development priorities and social aims and structure of those countries. To this effect, consultations should be held between MNEs, the government and, wherever appropriate, the national employers’ and workers’ organizations concerned. Governments of host countries should promote good social practice in accordance with the Declaration among MNEs operating in their territories, and governments of home countries should promote good social practice in accordance with the Declaration among their MNEs operating abroad. Both host and home country governments should be prepared to have consultations with each other whenever the need arises.

The remaining chapters of the MNE Declaration set out principles in the fields of employment (employment promotion, social security, elimination of forced or compulsory labour, effective abolition of child labour, equality of opportunity and treatment and security of employment); training; conditions of work and life (wages, benefits and conditions of work, safety and health); and industrial relations (freedom of association and the right to organize, collective bargaining, consultation, access to remedy and examination of grievances, and settlement of industrial disputes). The most recent revision strengthened the MNE Declaration by adding and reformulating principles that address specific issues related to social security, forced labour, transition from the informal to the formal economy, wages, safety and health, access to remedy and compensation of victims of labour rights abuses.

The revised MNE Declaration includes two annexes. Annex I provides a list of ILO instruments and guidance documents relevant to the MNE Declaration, and Annex II outlines a series of operational tools to stimulate the uptake of the principles of the MNE Declaration by governments, enterprises, and employers’ and workers’ organizations.

► 2.2 Operational tools

The operational tools in Annex II of the MNE Declaration include regional follow-up; promotion at the national level/promotion by tripartite appointed national focal points; promotion by the International Labour Office (technical assistance and information and guidance through the ILO Helpdesk for Business on International Labour Standards); company–union dialogue; and the procedure for the examination of disputes concerning the application of the MNE Declaration by means of interpretation of its provisions (interpretation procedure).

The regional follow-up mechanism comprises a regional report on the promotion and application of the MNE Declaration in the ILO member States in the region. The report informs a special session during the Regional Meetings, which provides a tripartite dialogue platform to discuss further promotional activities at the regional level.

At the national level, governments, employers and workers are encouraged to appoint national focal points on a tripartite basis (taking guidance from Convention No. 144)² to promote the use of the MNE Declaration and its principles, whenever appropriate and meaningful in the national context. Where similar tools or processes exist in relation to the principles of the MNE Declaration, governments are encouraged to facilitate involvement of social partners in applying them. National focal points are invited to communicate and collaborate with their counterparts in other countries in order to exchange ideas and raise awareness of the MNE Declaration globally.

The ILO provides technical assistance to support the promotion and application of the principles of the MNE Declaration at the national level and through the ILO Helpdesk for Business, which provides further information and guidance on the application of the principles in company operations.

The ILO, as the global authority on international labour standards, is uniquely placed to support or facilitate company–union dialogue as part of its overall strategy to promote the uptake of the principles of the MNE Declaration. Where a company and a union voluntarily agree to take advantage of the facilities of the ILO to meet and talk, the Office will provide a neutral ground for discussion on issues of mutual concern and maintain strict confidentiality of the dialogue process.

Finally, in the procedure for the examination of disputes concerning the application of the MNE Declaration, the ILO Governing Body interprets the provisions of the MNE Declaration when needed to resolve a disagreement on their meaning, arising from an actual situation, between parties to whom the Declaration is commended.

► 2.3 Activities for the promotion and application of the MNE Declaration in Asia and the Pacific and the Arab States

As part of the first cycle of the regional follow-up mechanism to the MNE Declaration, questionnaires were sent to governments and employers' and workers' organizations in Asia and the Pacific in 2016, requesting them to provide information on how they had promoted and applied the principles of the Declaration nationally. The results were synthesised in a report that was presented at a special session on the follow-up to the MNE Declaration at the 16th Asia and the Pacific Regional Meeting (Bali, Indonesia, 6–9 December 2016).

The Bali Declaration adopted by the tripartite delegates requested that during the period leading up to the 17th Asia and the Pacific Regional Meeting, policy priorities for member States in the region – to be implemented in consultation with the social partners – include “maximizing the opportunities for decent work arising from investment, trade and the operation of multinational enterprises, through the promotion and application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy” (paragraph 10).

During the special session on the MNE Declaration in the 17th Asia and the Pacific Regional Meeting, governments, employers and workers formulated various concrete recommendations that have since informed ILO activities in the region for the promotion and application of the MNE Declaration. These include, notably, the development of training courses and the provision of technical assistance at country level, which, in the case of several countries in Asia, take place in the framework of technical cooperation projects, at times linked to trade agreements and investment flows. In 2020, given the emergence of the

² Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

COVID-19 pandemic and the ensuing socioeconomic crisis and aftermath, the focus of activities shifted to an emphasis on the relevance of decent work and the labour dimension of responsible business conduct in crisis and recovery policies, to ensure a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient.

Since 2016, a wide range of training courses on the ILO MNE Declaration have been conducted to enhance the understanding of governments, employers and workers in the region of the instrument and its relevance in the national context. For example, the last four editions (from 2017 to 2022) of the annual training course “Multinational enterprises, development and decent work: the approach of the MNE Declaration” saw the participation of a total of 116 representatives of ILO constituents (of which 35 were from countries in Asia and the Pacific³ and 10 from the Arab States⁴). In 2021, a total of 1,264 representatives from the public and private sectors (of which 575 were from countries in Asia⁵ and the Pacific and 10 from the Arab States⁶) participated in a massive online open course (MOOC) on “Business and decent work: how enterprises contribute to achieve decent work for all (SDG 8)”.

Similarly, 29 representatives from investment promotion agencies from countries in Asia and the Pacific⁷ and 29 from the Arab States⁸ participated in the last five editions of the annual training course “Effective investment facilitation and sustainable development”, including the 2020 masterclass series on “Investment promotion, sustainable development and recovery”. The course and masterclass series are jointly run by ILO and the World Association of Investment Promotion Agencies (WAIPA), and aim to strengthen national capacities to better leverage the development impacts of FDI, particularly with regard to the creation of more and better jobs, directly and through linkages with national enterprises. As such, this course contributes to stimulating coherence between the trade and investment agendas and national development, especially decent work priorities.

Since 2016, a number of development cooperation projects have been implemented in several countries in the region. While different in scope and approach, these projects have been instrumental in providing technical assistance to national constituents to gain a better understanding of the MNE Declaration and how to make better use of the instrument in their national contexts and in supply chains. This has been achieved through home and host country dialogues, building the capacity of small and medium-sized enterprises to meet international standards, identifying challenges to promotion of decent work in different sectors, and developing strategies to overcome them. To support constituents in gaining a better understanding of the MNE Declaration it has been translated into Burmese, Chinese, Japanese, Nepali, Thai and Vietnamese.

The projects promoted the ILO Helpdesk for Business so that this unique ILO service becomes more accessible to enterprises in the region. A Japanese mirror site was developed and a set of questions and answers from the Helpdesk website were made available in Chinese. The most recent report of the *ILO Helpdesk for Business: Update Report on the Expert Advice Service and Website (March 2022)* (ILO 2022a) shows that several countries in the region (India, Japan, Philippines and Malaysia) are among the most frequent visitors to the website of the ILO Helpdesk for Business.

3 In the case of Asia and the Pacific, participants came from 14 countries (China, Cook Islands, Fiji, India, Lao People's Democratic Republic, Myanmar, Nepal, Pakistan, Philippines, Republic of Korea, Sri Lanka, Thailand, Tuvalu and Viet Nam).

4 In the case of the Arab States, participants came from four countries (Jordan, Kuwait, Saudi Arabia and Syrian Arab Republic).

5 In the case of Asia and the Pacific, participants came from 21 countries (Afghanistan, Australia, Bangladesh, Cambodia, China, India, Indonesia, Islamic Republic of Iran, Japan, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Republic of Korea, Samoa, Singapore, Sri Lanka, Thailand, and Viet Nam).

6 In the case of the Arab States, participants came from four countries (Iraq, Jordan, Saudi Arabia and Syrian Arab Republic).

7 Countries include Australia, Bangladesh, China, India, Malaysia, Mongolia, Myanmar, Pakistan, Sri Lanka, and Vanuatu.

8 Countries include Bahrain, Jordan, Kuwait, Qatar and United Arab Emirates.

The “More and better jobs through socially responsible labour practices” project, funded by Japan, aimed at fostering a partnership approach between MNEs and their direct suppliers on advancing socially responsible labour practices in the sports goods industry (in the case of Pakistan) and in the electronics sector (in the case of Viet Nam). The project organized awareness-raising and training workshops with government officials, employers’ and workers’ organizations, and enterprise representatives in the two countries.

In Pakistan, two “tripartite-plus” dialogues (consisting of representatives of governments, employers’ organizations, workers’ organizations and enterprises) were conducted, and in follow-up, the Task Force on Promoting Sustainable and Responsible Business in the Sialkot Sports Goods Manufacturing Sector was launched in December 2016. The task force has the objective of spearheading the promotion of responsible business practices in the sector through the establishment of a platform for dialogue for the buyers, brands and suppliers and the introduction of new initiatives to improve productivity and competitiveness in the sector. During the COVID-19 pandemic, the Task Force facilitated dialogue amongst constituents about recovery strategies in the sports goods industry, as it suffered a 70 per cent decline in the first three months of the pandemic. To mitigate the effects of the crisis, training activities were conducted in 2020 with the assistance of the ILO on improving productivity and competitiveness, on occupational safety and health, and on fundamental principles and rights at work. The training also highlighted the importance of the MNE Declaration as a framework for promoting sustainable production and its relevance to the export of sports goods from Pakistan (ILO 2020a, 2021a).

Similarly, in Viet Nam, the project published two studies, one mapping the electronics industry and assessing how more and better jobs could be created, and the other analysing working conditions in the industry in Viet Nam. These studies informed a high-level dialogue in 2016 on the future of the competitive and socially responsible electronics industry in Viet Nam, which brought together more than 80 stakeholders. In the course of the project, and using the MNE Declaration as a comprehensive policy framework, the Tripartite-Plus Task Force on Socially Responsible Labour Practices in the Electronics Sector was launched (ILO 2022b). The coalition, an initiative of the Viet Nam Chamber of Commerce and Industry together with the Viet Nam Electronics Industry Association, is made up of MNEs, their suppliers, business associations and other key players with a stake in Viet Nam’s electronics sector (including the Government and employers’ and workers’ organizations), aims to serve as a platform for dialogue between MNEs, local companies and business associations to exchange information on good workplace practices and take joint action to tackle the challenges faced by the industry, including the impact of the COVID-19 crisis. An important activity includes the facilitation of a home–host country dialogue between tripartite constituents in Viet Nam and Japan to exchange information on opportunities and remaining barriers for a thriving electronics industry in Viet Nam and the role foreign investors can play in that regard.

More recently, the “Building responsible value chains in Asia through the promotion of decent work in business operations” project, which started in April 2022 for a duration of 24 months, seeks to improve the working conditions and well-being of workers and support firms in the selected countries and sectors – Bangladesh (garment), Cambodia (garment), Japan (garment, electronics and automotive parts) and Viet Nam (garment and electronics) – to make improvements in productivity and responsible business practices that sustain these gains. The project, funded by the Japan Ministry of Economy, Trade and Industry, is a joint collaboration between the Multinational Enterprises and Enterprise Engagement Unit and the Better Work programme, and builds on outcomes of projects that have previously been funded by the Government of Japan, such as the “More and better jobs through responsible labour practices in Viet Nam” described above.

In Nepal, the UNNATI–Inclusive Growth Programme, implemented under the partnership between the Government of Denmark and the ILO on Advocacy for Rights and Good Corporate Governance in Nepal, supported sustainable and responsible business practices in four agricultural value chains using the MNE Declaration as the tripartite agreed framework for action by different actors.

The Responsible Supply Chains in Asia (RSCA) programme,⁹ funded by the European Union and implemented jointly by the ILO and the Organisation for Economic Co-operation and Development (OECD), aims to further sustainable and inclusive economic, social and environmental progress by integrating responsible business practices into the operations of multinational companies and their supply chains. The MNE Declaration and the OECD Guidelines for Multinational Enterprises are the two international instruments framing the project, which is operational in selected sectors (agriculture and food processing, auto parts, electronics, textiles, seafood and aquaculture, and wood processing) in six Asian countries (China, Japan, Myanmar, Thailand, Philippines and Viet Nam).

The RSCA programme conducted a wide range of activities to enhance the capacity of ILO constituents and other stakeholders on the labour dimension of responsible business conduct at regional, national and sectoral levels. The project facilitated the translation of the MNE Declaration into various languages to enhance its use. More than 5,864 participants, 48 per cent of them women, took part in project activities, including 1,257 representatives of enterprises (476 from MNEs and 781 from small and medium-sized enterprises).

Activities on the MNE Declaration were also conducted in the context of other ILO projects in the region, such as the Trade for Decent Work project, co-funded by the European Union and Finland, which in the region targets Bangladesh, Mongolia, Myanmar, Pakistan, Philippines and Viet Nam. For example, the project, in collaboration with Better Work Bangladesh, organized a dialogue on mandatory due diligence and responsible business conduct in 2021 to raise awareness on legislative developments in regard to due diligence and its impact in the country. The project also translated the MNE Declaration and other relevant documents into Bengali.

Also, the Japan-funded “Resilient, inclusive and sustainable supply chains” project makes several references to the MNE Declaration, and its tools will be used to support ILO constituents and companies in Japan and in targeted sectors and countries (automotive manufacturing in Thailand, electronics manufacturing in Indonesia, and aquaculture in the Philippines).

As a result of the ILO country-level support and capacity-building activities, constituents in the region have started to take more ownership of the MNE Declaration, as illustrated by the appointment of national focal points for the promotion of the MNE Declaration.

Pakistan established its tripartite national focal points in December 2020, composed of the Ministry of Overseas Pakistanis and Human Resource Development, the Employers’ Federation of Pakistan, and the Pakistan Workers’ Federation. They agreed on a rotating system for chairing the tripartite focal points, with the Employers’ Federation of Pakistan taking the chair for the first three years.

In February 2022, Nepal’s Ministry of Labour, Employment and Social Security officially appointed its Joint Secretary as a national focal point for the promotion and application of the MNE Declaration in Nepal, following an extensive round of tripartite consultations.

All these activities on the MNE Declaration have gone hand in hand with the increased importance of the responsible business conduct and business and human rights agendas in the region, including the focus on responsible and sustainable supply chains and decent work.

In Asia and the Pacific, ILO co-organized the United Nations Forum on Responsible Business and Human Rights: New Challenges, New Approaches (2020), and the United Nations Responsible Business and Human Rights Forum: The New Decade of Action (2021). The forums brought together various United Nations agencies with instruments and initiatives on responsible business as well as over 4,500 and 3,200 participants, respectively, from Asia and the Pacific, as well as international organizations. ILO also co-organized, with the United Nations Development Programme (UNDP) and the Working Group on Business and Human Rights, the United Nations South Asia Forum on Business and Human Rights in 2020, 2021 and 2022.

9 For more information, see www.ilo.org/rsca.

A significant trend in this regard in the region has been the formulation of national action plans (NAPs) on business and human rights or similar national frameworks. NAPs on business and human rights are defined as an “evolving policy strategy developed by a State to protect against adverse human rights impacts by business enterprises in conformity with the United Nations Guiding Principles on Business and Human Rights” (United Nations Working Group on Business and Human Rights 2016).¹⁰ They serve to strengthen coordination and coherence within government on the range of public policy areas that relate to business and human rights, and of which the protection of labour rights is an integral part. NAPs often reference international labour standards, the MNE Declaration, the ILO Declaration on Fundamental Principles and Rights at Work and ILO services such as the ILO Helpdesk for Business on International Labour Standards (box 2.1).

► **Box 2.1 Examples of references to international labour standards, declarations and services in national action plans on business and human rights in Asia and the Pacific**

National Action Plan on Business and Human Rights (2020–2025), Japan

“The Government will implement its labour policy in order to respect, promote and realize the fundamental principles and rights at work as envisaged in the ILO 1998 Declaration [ILO Declaration on Fundamental Principles and Rights at Work], and will make continuous efforts to achieve decent work, including a work–life balance that contributes to the promotion of women’s participation and advancement. ... The Government will make a continued and sustained effort towards the ratification of the fundamental ILO Conventions and other ILO Conventions which it considers appropriate to ratify.”

First Five-Year National Action Plan on Business and Human Rights (2021–2026), Pakistan

“The NAP will also complement frameworks with similar principles related to the protection and promotion of socially inclusive, sustainable, and responsible business operations, for example, Pakistan’s commitment to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). Recently, Pakistan became the first country in the Asia and the Pacific region to appoint a national focal point for the application of the MNE Declaration, that is, the Employers’ Federation of Pakistan. With the launch of the NAP, and in conjunction with complementary principles such as the MNE Declaration, Pakistan demonstrates its ongoing commitment to protect and promote human rights in business activity.”

For more information on how national action plans on business and human rights reference international labour standards, the ILO MNE Declaration, and ILO projects and services, see ILO 2021b.

In Asia and the Pacific, Thailand adopted its NAP in 2019; Japan launched its NAP in October 2020 and is embarking on the drafting of guidelines for human rights due diligence to help companies detect and prevent human rights violations in their supply chains; and Pakistan launched its NAP in 2021. Other countries, while not having a NAP on business and human rights as such, have sought to include national commitments in this area in related frameworks. For example, the Republic of Korea adopted a Human Rights National Action Plan containing a chapter on business and human rights in 2018. As in other regions, it is expected that the trend for governments to develop and adopt NAPs will continue.

¹⁰ See also the NAPs Toolkit developed by The Danish Institute for Human Rights and the International Corporate Accountability Roundtable, available at: <https://globalnaps.org/resources/>.

For the NAP to achieve its objectives, a broad range of stakeholders, such as ministries of labour and national employers' and workers' organizations, need to effectively participate in its development, implementation, evaluation and update. ILO supports the involvement of ministries of labour and national employers' and workers' organizations in the NAP processes by providing capacity-building and technical assistance, and making available relevant ILO expertise, products and services during the development, implementation and review stages of the NAP.

In the Arab States, most promotional activities have focused on facilitating the participation of representatives of government and employers' and workers' organizations in capacity-building courses on the MNE Declaration and how investment can foster decent work and sustainable development more broadly.

In sum, the rising interest of constituents in the region in the responsible business agenda has led to an increase in requests for support on the ILO MNE Declaration and how to make better use of this normative instrument in discussions on trade, investment and supply chains, both in home and host countries of MNEs in the region and at the global level.

3

3. Foreign direct investment trends in Asia and the Pacific

During the last few years, the region has faced a number of significant challenges that have had profound consequences on the world of work. The COVID-19 crisis had a strong impact on Asia and the Pacific, affecting enterprises based in the region or trading and investing within it. These enterprises, including large multinational enterprises and micro, small and medium-sized enterprises, had to put in place stringent measures to prevent the spread of the novel coronavirus. Many of them had to halt part of their operations as a result of temporary workplace closures mandated by some governments in the region on the one hand, and supply chain disruptions on the other. In some cases, changing demand patterns have compelled enterprises to shift or repurpose their production processes. In others, enterprises had to find completely new ways to operate in a challenging and uncertain context. These challenges also affected trade and foreign direct investment (FDI) flows, which in turn had adverse impacts on the world of work, thereby contributing to the toll of this crisis on workers and livelihoods, and counteracting poverty reduction efforts.

As large parts of the region recover from the pandemic, aided by increased vaccination rates and control of COVID-19, there are still significant challenges. While the current wave fuelled by the Omicron variant has allowed economies to remain more open as compared to previous waves, the economic climate is still one of uncertainty due to concerns regarding more serious COVID-19 variants and future outbreaks, geopolitical uncertainties related to the Russian Federation's aggression against Ukraine, continued supply chain bottlenecks, and high energy and commodity prices and the resulting surge in inflation rates worldwide. Even though positive economic growth prospects and resilience in terms of economic integration, FDI and trade are cause for optimism, governments have to carefully balance competing short-term considerations with long-term ones to enable a human-centred recovery from the COVID-19 crisis that is robust and inclusive. The purpose of this chapter¹¹ is to provide an overview of the impact that the COVID-19 crisis has so far had on FDI and trade in the Asia and the Pacific region, and its impacts on decent work.

The COVID-19 crisis has led to a general climate of economic uncertainty and lack of investor confidence. This has had negative consequences for trade, to which multinational enterprises (MNEs) generally make a significant contribution. It has also had adverse impacts on FDI, one of the main factors determining how MNEs operate – in particular whether they decide to expand their business in a given country or to relocate their production (or parts thereof) to another; both decisions can have a considerable impact on jobs.

The Asia and the Pacific region, which accounted for 43 per cent of global gross domestic product (GDP) in 2021, is an important hub for MNEs. In 2021, the region was home to 23 of the top 100 non-financial MNEs worldwide, which altogether employed nearly 5.4 million workers (UNCTAD 2022), and the number of Asia and the Pacific MNEs on this list has been steadily increasing over the past few years.¹² Even though the region has fared better than others in limiting the health impact of the COVID-19 crisis, the economic impact has been significant. Economic growth had decelerated already before the crisis, from 5.1 per cent in 2018 to 4.1 per cent in 2019, driven to a great extent by a decline in trade and investment, and also by greater macroeconomic uncertainty. The COVID-19 crisis caused the Asia and the Pacific regional economy

¹¹ This chapter is based on the ILO brief “COVID-19 and multinational enterprises: Impacts on FDI, trade and decent work in Asia and the Pacific”, published in April 2021, and the result of a collaboration between the Multinational Enterprises Unit of the ILO Enterprises Department; the Globalization, Competitiveness and Labour Standards Unit of the ILO Research Department; and the ILO Regional Office for Asia and the Pacific. The main focus of this chapter is Asia and the Pacific, and data and figures were updated as relevant at the time of drafting this chapter.

¹² See previous editions of the annual *World Investment Report* issued by the United Nations Conference on Trade and Development (UNCTAD). Each edition includes a list of the largest 100 non-financial MNEs worldwide.

to shrink, as reflected in a negative growth rate of -1.3 per cent in 2020. In 2021, economic growth in the region rebounded to 6.3 per cent, mainly driven by relatively strong economic growth in East Asia (6.7 per cent), South Asia (7.8 per cent) and the Pacific Island countries (4.6 per cent), while economic growth in South-East Asia remained below pre-crisis levels (2.9 per cent), as the region was struck by several waves of the pandemic.¹³

While MNEs, thanks to their typically greater financial resources and capacities, tend to cope better with the vicissitudes of business cycles than smaller firms, this does not imply that they – and their workers – have been immune to the adverse impacts of the COVID-19 crisis. Moreover, any negative impacts on MNEs can have considerable ramifications for their supply chains as well. Some sectors in which MNEs have a strong presence, including accommodation and food services, retail, construction and manufacturing, have seen dramatic losses in economic activity. Other sectors, such as transport and storage, or real estate, business and administrative activities, have fared slightly better, but are nevertheless struggling (ILO 2021c).¹⁴

Against this backdrop, governments in Asia and the Pacific have been facing a double challenge: to contain the pandemic while at the same time seeking to reduce its economic and social impacts and to sow the seeds of a sustainable recovery. The nature of the policy responses adopted by individual countries will in large part determine the success and sustainability of the recovery, and whether inequalities within and across countries in the region increase or decrease in the wake of the crisis.

► 3.1 The COVID-19 crisis and FDI in Asia and the Pacific

3.1.1 FDI inflows into the region

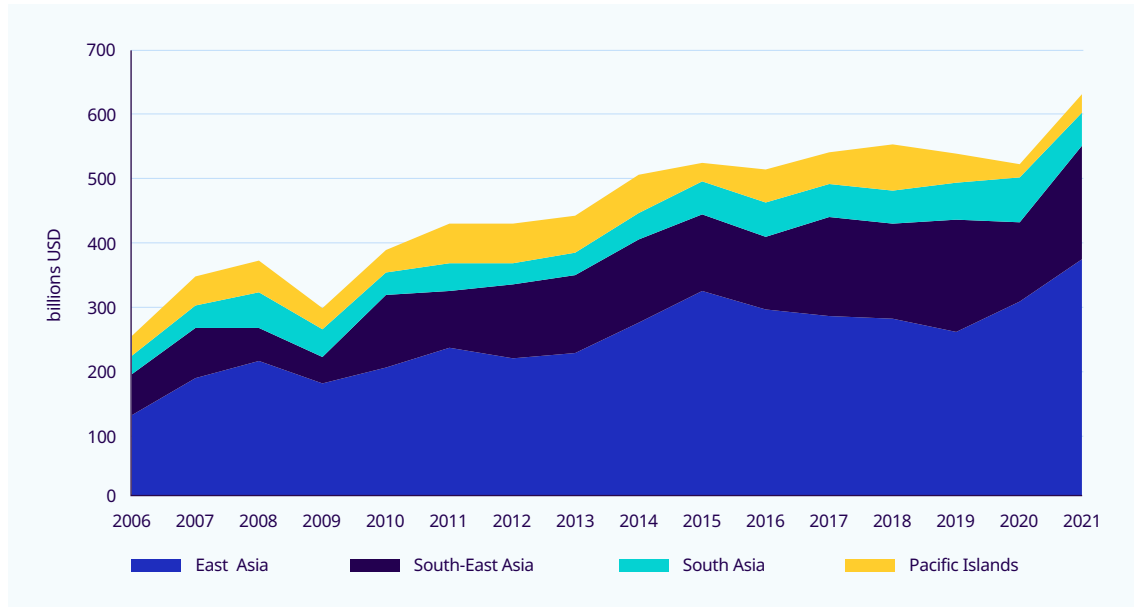
For MNEs, the Asia and the Pacific region is an important destination of international investment. The region has experienced rapid economic growth for many years, and the relatively low labour costs in some of its countries, along with the millions of consumers located in the region as a whole, have made it attractive for investments by such enterprises. Overall, the region accounted for 40 per cent of global FDI inflows in 2021, which is higher than the share of 36 per cent in 2019, before the pandemic.¹⁵ In 2020, this share had even increased to 54 per cent, as global FDI inflows contracted sharply, while FDI inflows into the Asia and the Pacific region decreased only slightly, showing some resilience. Moreover, while global FDI flows had been on a downward trend already before the COVID-19 crisis hit the global economy (decreasing from US\$2,045 billion in 2016 to US\$1,481 billion in 2019), FDI into the Asia and the Pacific region had remained broadly stable during that time period, hovering between US\$500 billion and US\$550 billion between 2016 and 2019 (figure 3.1).

13 Calculations based on International Monetary Fund, World Economic Outlook database, April 2022.

14 Exceptions are information and communication, and financial and insurance activities, which are sectors that have actually experienced an increase in employment.

15 The list of countries included in the Asia and the Pacific region and its subregions can be found here: <https://ilostat.ilo.org/resources/concepts-and-definitions/classification-country-groupings/>. Unless noted otherwise, the same country coverage is followed in this brief.

► **Figure 3.1 Foreign direct investment inflows into the Asia and the Pacific region, 2006–2021 (US\$ billion)**



Note: The values for the four subregions have been stacked on one another. The figure also includes intraregional FDI.

Source: ILO calculations based on UNCTADstat database.¹⁶

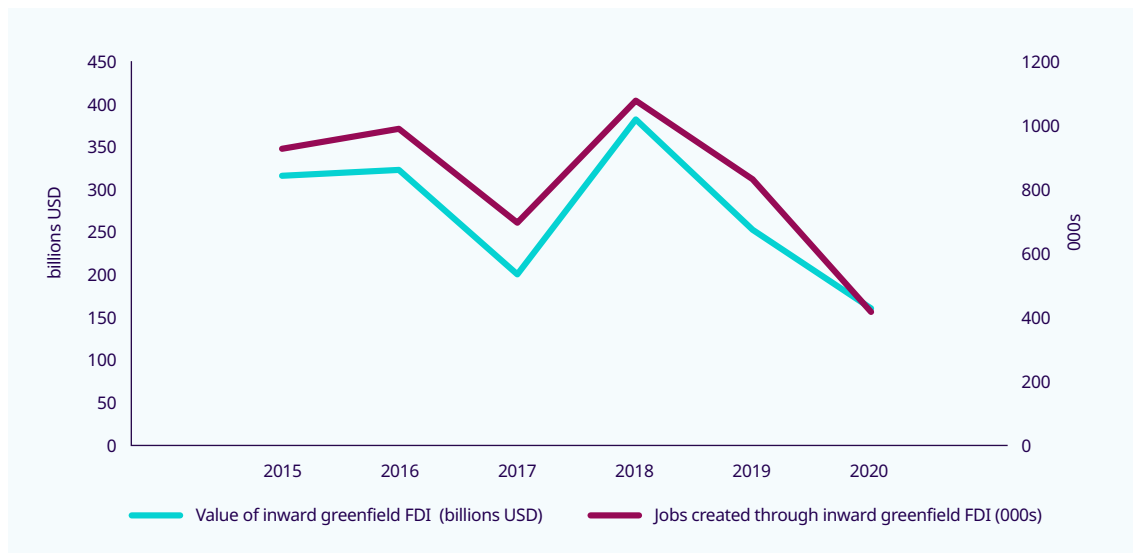
South-East Asia attracted more than 11 per cent of the world's FDI in 2021, slightly less than in 2020, but still considerably higher than the share of less than 6 per cent in 2015. Among all subregions, East Asia remained by far the largest FDI recipient, receiving 23 per cent of total world inflows in 2021. South Asia trailed at just above 3 per cent in 2021, which is in the range observed before the pandemic. FDI inflows into the Pacific Island countries declined from 3 per cent in 2019 to 2.1 per cent in 2020 and 1.8 per cent in 2021.

In terms of individual countries, China attracted the highest FDI amounts. In 2021, China alone captured US\$181 billion of FDI, representing 29 per cent of the region's inflows. FDI inflows into China have been on an upward trend over the past two decades, rising from 7.6 per cent of global inward FDI flows in 2005 to 11.4 per cent in 2021, making it the second-largest recipient country for FDI inflows in the world after the United States of America, which attracted 23 per cent of global FDI inflows. India accounted for 7.1 per cent of the region's inflows and 2.8 per cent of global FDI inflows in 2021, which is a substantial decline compared to 2020. Not only large emerging economies but also trade hubs, such as Hong Kong (China) and Singapore, have been major FDI recipients in recent years, accounting, respectively, for 22 per cent and 16 per cent of the region's inward FDI flows, and for 9 per cent and 6 per cent of global FDI inflows in 2021.

¹⁶ <https://unctad.org/statistics>, accessed in September 2022.

While overall FDI inflows into the Asia and the Pacific region were relatively resilient, data on greenfield FDI¹⁷ for 2020 still suggest a relatively strong impact of the COVID-19 crisis on this type of FDI in the first year of the pandemic (UNCTAD 2021).¹⁸ According to data as of February 2021, overall inward greenfield FDI dropped by 36 per cent relative to the last precrisis year, specifically from US\$254 billion in 2019 to US\$161 billion in 2020 (figure 3.2). The drop was 40 per cent for extraregional FDI coming into the region, while intraregional FDI fell by 33 per cent. Employment created by inward greenfield FDI within Asia and the Pacific has also declined. According to data and estimates from the fDi Markets platform, the number of jobs directly created through greenfield FDI projects located in the region was only about half of that in 2019, which corresponds to a reduction of 416,000 jobs.¹⁹ This illustrates the immense strain that the crisis has put on MNEs and their operations, which has several implications for decent work in such enterprises (as discussed in the penultimate section of this chapter).²⁰

► **Figure 3.2 Greenfield foreign direct investment inflows into the Asia and the Pacific region, 2015–2020**



Note: The figure also includes intraregional FDI.

Source: ILO calculations based on fDi Markets database.

¹⁷ The data on inward greenfield FDI (capital expenditure, number of jobs) presented in this section are based on data and estimates from the fDi Markets database as of 8 February 2021. For more information about the underlying sources, see <https://www.fdimarkets.com/faqs/>.

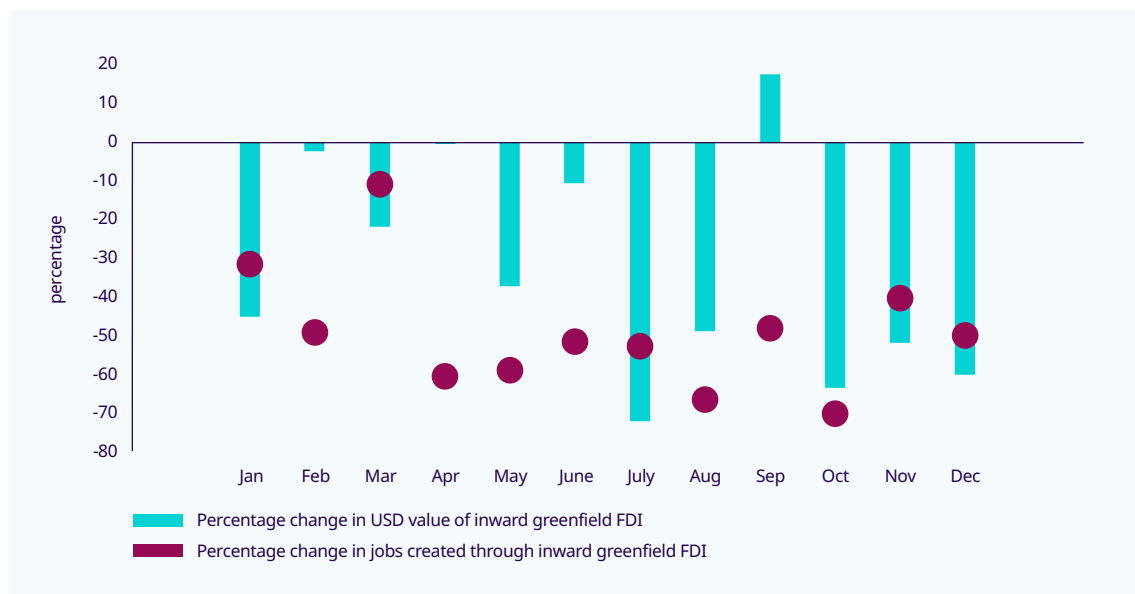
¹⁸ As defined in UNCTAD 2009 (p. 97), “Greenfield FDI relates to investment projects that entail the establishment of new entities and the setting up of offices, buildings, plants and factories from scratch. It is a kind of working capital. The direct investment enterprise established through greenfield FDI can be a branch, an unincorporated enterprise or an incorporated enterprise (that is, a separate unit maintaining its own accounting books).”

¹⁹ ILO estimates based on the ILOSTAT database indicate that total employment in the region declined by 62 million between 2019 and 2020. The above-mentioned loss of 416,000 jobs corresponds to 0.7 per cent of this decline. However, in calculating it, only jobs directly created through FDI projects were considered: the figure does not include jobs that are indirectly created through local supply chains.

²⁰ Jobs directly created through FDI often pay higher wages than jobs in domestic firms, and MNEs offer greater training opportunities to their employees in foreign affiliates (see, for example, Javorcik 2015). However, it is often the case that internationally recruited employees can benefit from these job quality advantages to a greater extent than their locally recruited colleagues. Moreover, any such advantages also hinge on the quality of governance in a country and its labour market institutions (Blanas, Seric and Viegelaun 2019). Jobs in lower tiers of supply chains and in subcontracting for lower tiers continue, in many instances, to be characterized by persistent decent work deficits (ILO 2020b).

The value of inward greenfield FDI decreased in all months of 2020, relative to the corresponding months of 2019, except in September (figure 3.3). The number of jobs directly created through greenfield FDI decreased in all months, without any exception. The decline in jobs has in most months been larger than the decline in investment value, indicating that in 2020 there was on average less investment in labour-intensive sectors than in 2019. The monthly pattern over time suggests that the decline in FDI became more pronounced in the course of 2020, with investment values reduced by 50 per cent or more in the final quarter of the year.²¹

► **Figure 3.3 Greenfield foreign direct investment inflows into the Asia and the Pacific region, year-on-year percentage change, by month, 2020 (%)**



Note: The figure also includes intraregional FDI.

Source: ILO calculations based on fDi Markets database.

In terms of subregions, the COVID-19 crisis has had the largest impact on inward greenfield FDI in South Asia, where it dropped by 61 per cent in 2020 relative to 2019 (figure 3.4). East Asia suffered a high double-digit decline of 38 per cent. Smaller but still significant declines in greenfield FDI were experienced by South-East Asia (23 per cent) and the Pacific Island countries (7 per cent). As for jobs directly created through greenfield FDI projects, the largest drop in 2020 occurred in South-East Asia. In this subregion, the total number of such newly created jobs in 2020 was 55 per cent lower than in 2019. All other subregions experienced significant reductions as well.

Among the 30 countries in the region with at least some inward greenfield FDI in either 2019 or 2020, all but four saw a decline in 2020 relative to 2019. Two of the most important inward FDI destinations in the region, China and India, both experienced sharp drops of 41 and 27 per cent, respectively, in the value of incoming investments.

²¹ The fDi Markets database is updated continuously. Some investment projects that have not yet been reflected in the database are not taken into account in the estimates presented above.

► **Figure 3.4 Greenfield foreign direct investment inflows into the Asia and the Pacific region, year-on-year percentage change, by subregion, 2020 (%)**



Note: The figure also includes intraregional FDI.

Source: ILO calculations based on fDi Markets database.

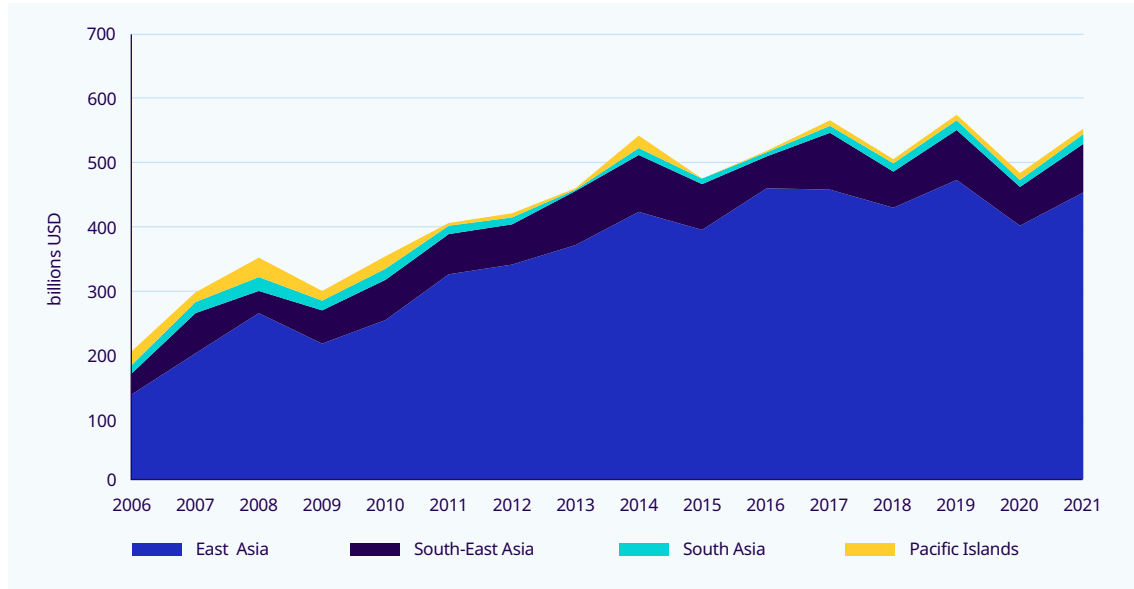
3.1.2 FDI outflows from the region

In recent decades, some countries in Asia and the Pacific have also become important sources of outward investment, with investors in the region accounting for 32 per cent of the world's FDI outflows in 2021, a decrease relative to the share of 51 per cent in 2019 and 62 per cent in 2020. As the COVID-19 pandemic hit the region in 2020, regional outward FDI contracted sharply, but by much less than global outward FDI, leading to an increase in the share of FDI accounted for by investors from the Asia and the Pacific region from 51 to 62 per cent. The substantial contraction in the share seen in 2021 was then mainly driven by a strong increase of global FDI outflows, which more than doubled relative to the previous year, outpacing the moderate increase of FDI outflows from the Asia and the Pacific region observed during the same time period.

Most of the region's outward FDI comes from investors in East Asia, which in 2021 accounted for 82 per cent of the total regional outflow (figure 3.5). South-East Asia is the second-largest subregion in terms of outward FDI, being responsible for 14 per cent of the regional aggregate. South Asia and the Pacific Island countries accounted, respectively, for 2.9 and 1.3 per cent of total outward FDI from the region.

Before the COVID-19 crisis in the period 2015–2019, the outward FDI flows from Asia and the Pacific had grown by 21 per cent relative to the period 2010–2014. This growth was driven by FDI originating in the East Asia subregion, the value of which rose by 30 per cent, while outward FDI flows from South-East Asia, South Asia and the Pacific Island countries declined, relative to the previous five-year period.

► **Figure 3.5 Foreign direct investment outflows from the Asia and the Pacific region, 2006–2021 (US\$ billion)**



Note: The values for the four subregions have been stacked on one another. The 2015 data point for the Pacific Islands is negative at –US\$9.5 billion, implying that the value of disinvestment by foreign investors was higher than the value of new investment. For ease of representation, this data point was set to zero in the figure. The figure also includes intraregional FDI.

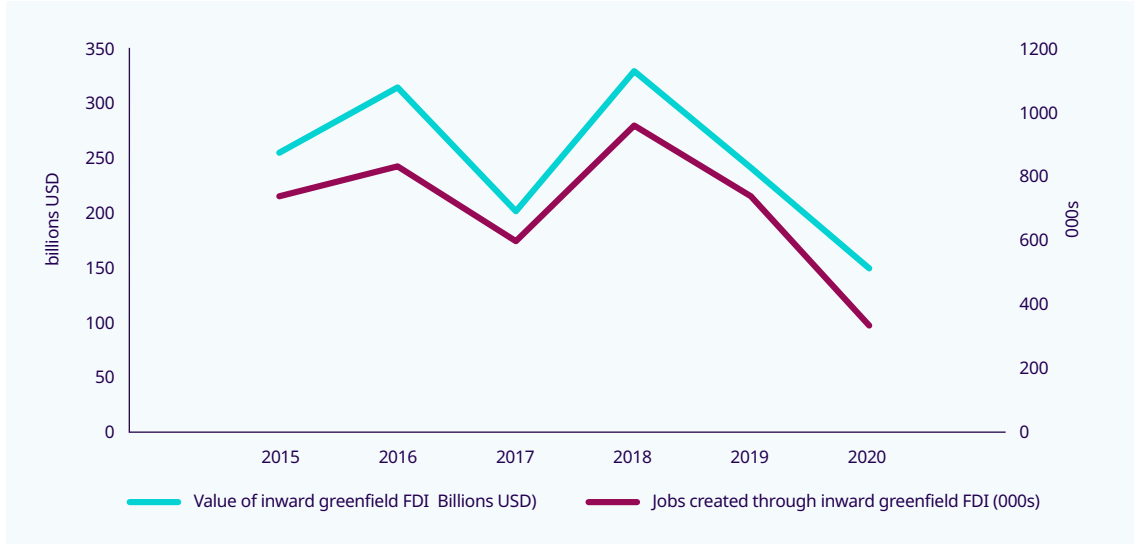
Source: ILO calculations based on UNCTADstat database.

After many years of spectacular growth, Chinese outward FDI has shrunk recently, from US\$196 billion in 2016 to US\$137 billion in 2019, largely owing to more stringent regulations in China on investing abroad (Chen and Findlay 2020). During the COVID-19 pandemic, however, Chinese outward FDI remained relatively resilient, reaching US\$154 billion in 2020 and US\$145 billion in 2021. Moreover, China was the second most important country in the region in terms of outward FDI in 2021, with continued investments being made under the Belt and Road Initiative (UNESCAP 2019a). The region's most important investor country was Japan, which had outward FDI flows of US\$147 billion in 2021, accounting for nearly 9 per cent of global outward FDI and 27 per cent of regional outward FDI. Other important contributors to the region's outward FDI include Hong Kong (China), the Republic of Korea and Singapore, which accounted, respectively, for 16, 11 and 9 per cent of the regional total.

Outward greenfield FDI has also been heavily impacted by the COVID-19 crisis. Data as of February 2021 from countries in the Asia and the Pacific region indicate a drop of 38 per cent during the pandemic, from US\$243 billion in 2019 to US\$150 billion in 2020 (figure 3.6).²² Greenfield FDI flows from Asia and the Pacific investors specifically into countries outside the region experienced a slightly larger decrease of 44 per cent. Outward FDI can create jobs both within the region (in the case of intraregional FDI) and outside. According to data and estimates from the fDi Markets platform as of February 2021, the total number of jobs directly created through greenfield FDI projects of Asia and the Pacific investors, whether located inside or outside the region, declined by 412,000, which is a decrease of 55 per cent.

²² The data on outward greenfield FDI (capital expenditure, number of jobs) presented in this section are based on data and estimates from the fDi Markets database as of 8 February 2021. For more information about the underlying sources of data, see <https://www.fdimarkets.com/faqs/>.

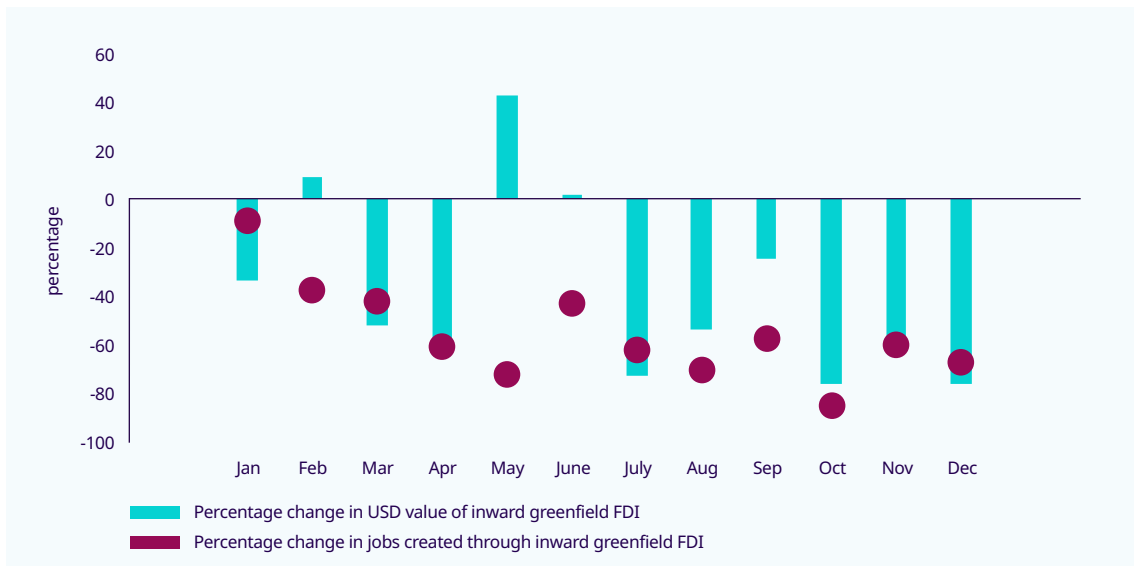
► **Figure 3.6 Greenfield foreign direct investment outflows from the Asia and the Pacific region, 2015–2020**



Note: The figure also includes intraregional FDI.
Source: ILO calculations based on fDi Markets database.

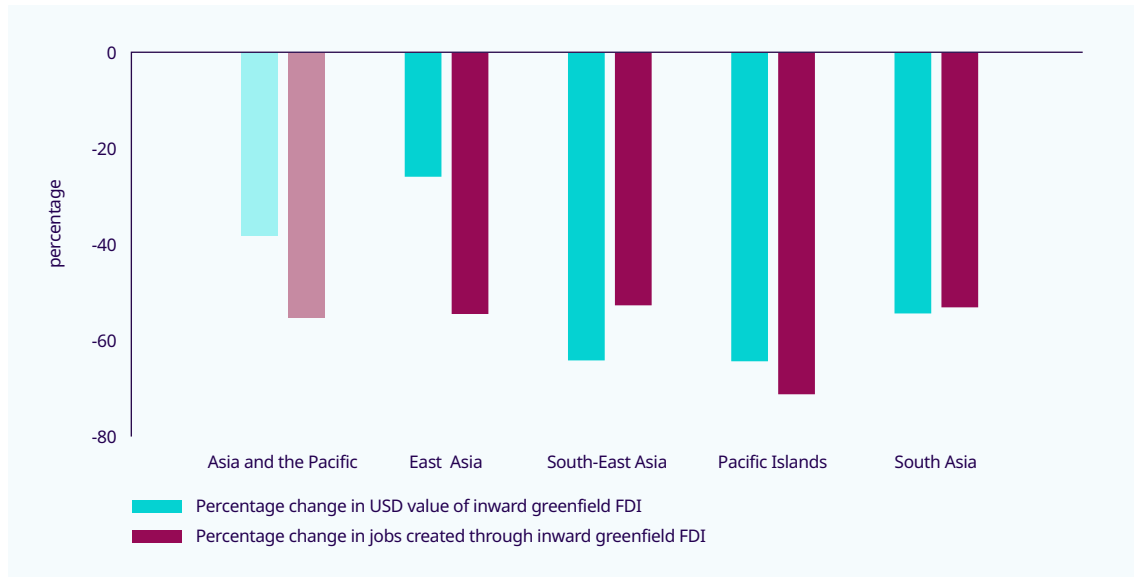
Outward greenfield FDI in terms of value dropped in all months of 2020 relative to the corresponding months of the previous year, except for February, May and June (figure 3.7). The estimated number of jobs directly created through such FDI declined in all months. As with greenfield FDI flowing into the region, outward greenfield FDI is also characterized by a decline in jobs that in most months has been larger than the decline in investment value.

► **Figure 3.7 Greenfield foreign direct investment outflows from the Asia and the Pacific region, year-on-year percentage change, by month, 2020 (%)**



Note: The figure also includes intraregional FDI.
Source: ILO calculations based on fDi Markets database.

► **Figure 3.8 Greenfield foreign direct investment outflows from the Asia and the Pacific region, year-on-year percentage change, by subregion, 2020 (%)**



Note: The figure also includes intraregional FDI.

Source: ILO calculations based on fDi Markets database.

Once again, the decreases were larger in the second half of 2020, with the greatest impact in terms of value observed in July, October and December. Greenfield FDI investments originating in Pacific Island countries and in South-East Asia declined by more than 64 per cent in both cases, the largest declines among all subregions in Asia and the Pacific (figure 3.8). South Asia and East Asia also experienced large drops in outward greenfield FDI, with negative annual growth rates of 55 and 26 per cent, respectively, in 2020.

► 3.2 The COVID-19 crisis and trade in Asia and the Pacific

The Asia and the Pacific region is one of the major players in global trade, accounting for 38.5 per cent of world merchandise exports and 34.5 per cent of imports in 2021. Similarly, the region occupies a prominent role in trade in services, with China, India, Singapore and Japan ranking among the top ten exporters of commercial services worldwide (WTO 2021a). MNEs contribute significantly to the strong position of the region in global trade. They create trade flows by producing goods and services in production facilities established abroad through FDI (as discussed in the previous section). They also outsource the production of goods and services to enterprises in the region through “arm’s length contracts”.²³ These enterprises may in turn procure some of their inputs from other enterprises in the same or different countries, resulting in complex global supply chains. Indeed, many countries in the region are crucial nodes of such chains, particularly in the garment, automotive and electronics sectors.²⁴ Not only MNEs

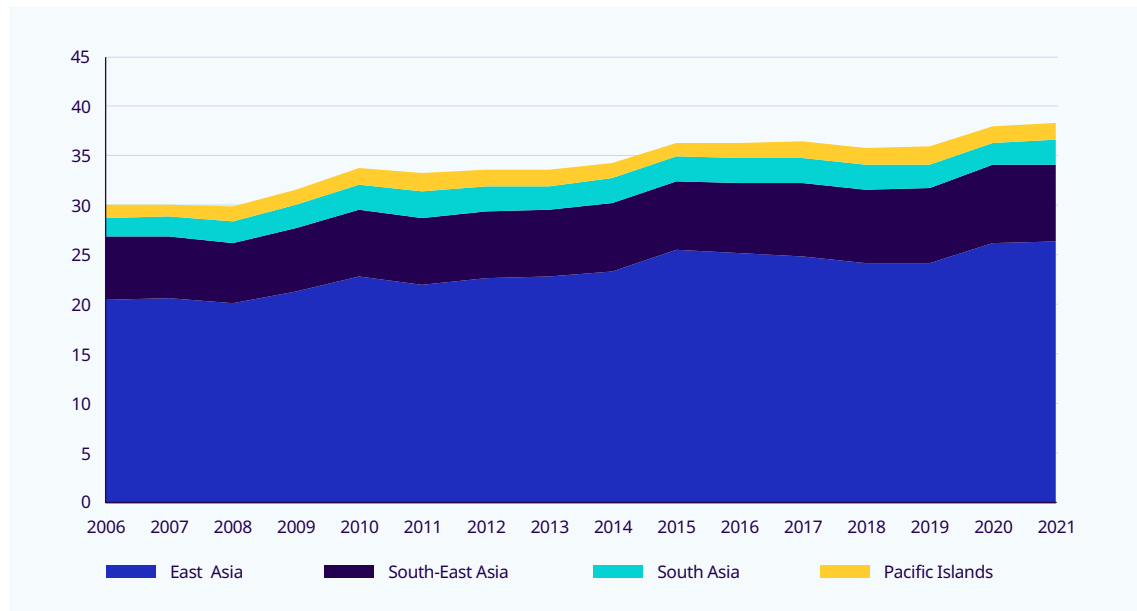
²³ MNEs are estimated to account for 50 to 70 per cent of trade worldwide (Qiang et al. 2020; Cadestin et al. 2018). Arm’s length contracts refer to those concluded between unaffiliated, independent firms.

²⁴ It is estimated that 68 per cent of the region’s exports are intermediate inputs for production elsewhere (UNESCAP 2021a, 25).

headquartered outside Asia and the Pacific, but also those from the region are increasingly setting up at least some parts of their supply chains overseas (Tran 2019).

The role played by the region in global trade has steadily gained in prominence over the past decades, with its share in merchandise exports rising by 8 per cent between 2006 and 2021 (figure 3.9). This rate continued to grow during the COVID-19 pandemic, indicating that the region has been more resilient than other parts of the world. While all subregions of Asia and the Pacific have registered increases, there are considerable disparities between them. East Asia dominates the trade flows, being responsible for 26.5 per cent of exports and 23 per cent of imports worldwide (figure 3.10), with China alone accounting for 15 and 12 per cent, respectively. East Asia’s share in global trade roughly matches its share in global GDP. In contrast, South-East Asia trades more than one would expect from the size of its GDP, while South Asia and the Pacific Islands both trade less.

► **Figure 3.9 Share in world merchandise exports, Asia and the Pacific, 2006–2021 (%)**



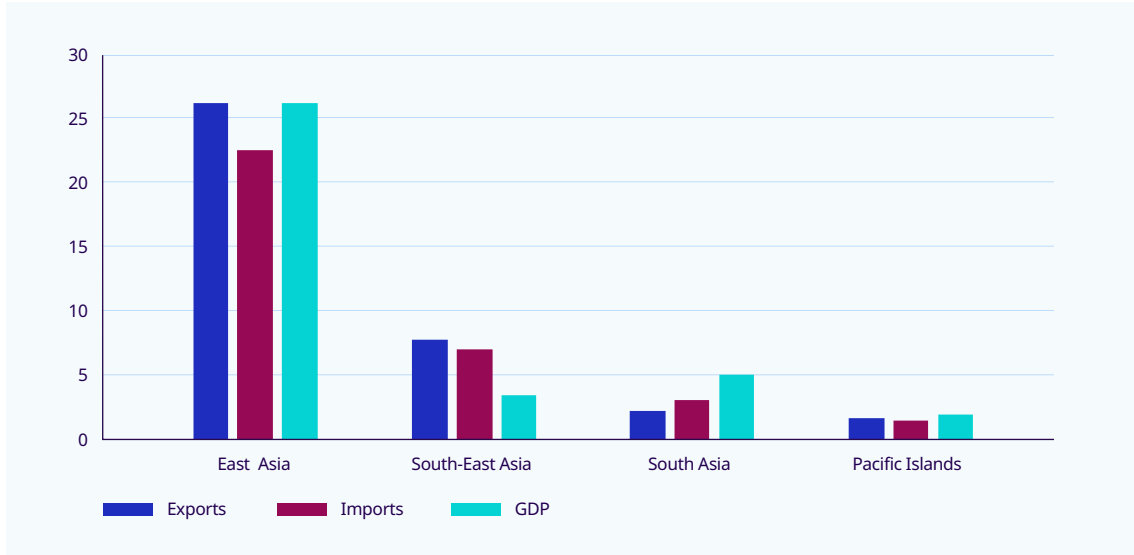
Note: The values for the four subregions have been stacked on one another.

Source: ILO calculations based on UNCTADstat database.

The European Union is the leading trading partner of Asia and the Pacific, accounting for 20 per cent of the region’s total exports, followed by the United States at 16 per cent (UNESCAP 2021a).²⁵ The bulk of trade between Asia and Europe involves Germany and China, which export to and import from each other to a similar extent. In contrast, countries such as the Netherlands and the United Kingdom import more from China than they export to China (UNCTADstat). Intraregional trade also plays an important role, accounting for 54 per cent of exports and 56 per cent of imports. East Asia leads the way in such trade, with China alone absorbing 22 per cent of exports from the region and providing 25 per cent of its imports in 2019 (UNESCAP 2021a). During the pandemic, China has strengthened its place in the region, increasing further its share alongside Viet Nam.

²⁵ The Asia–Pacific grouping used by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) also includes Northern and Central Asian countries, in addition to Türkiye.

► **Figure 3.10 Share in world merchandise exports/imports and global GDP, Asia and the Pacific, by subregion, 2020 (%)**



Source: ILO calculations based on UNCTADstat database.

The region is integrated in global and regional trade also through a large number of trade and investment arrangements. As of June 2022, there were more than 120 trade agreements in force involving at least one country from the region, the majority of which were concluded between partners within the region.²⁶ In addition to various trade agreements, numerous low-income and least developed countries in the region are at the receiving end of unilateral arrangements with the European Union²⁷ and the United States²⁸ (about 20 countries in each case). These arrangements often contain labour provisions that establish a framework for decent work in terms of labour rights and working conditions, as will be discussed in the next section. Numerous investment agreements, which are often the first step towards a more comprehensive trade agreement, have also been concluded in the region.

26 See the ILO Labour Provisions in Trade Agreements Hub: <https://www.ilo.org/LPhub/>.

27 See https://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157889.pdf for a list of beneficiary countries under the European Union’s Generalised Scheme of Preferences.

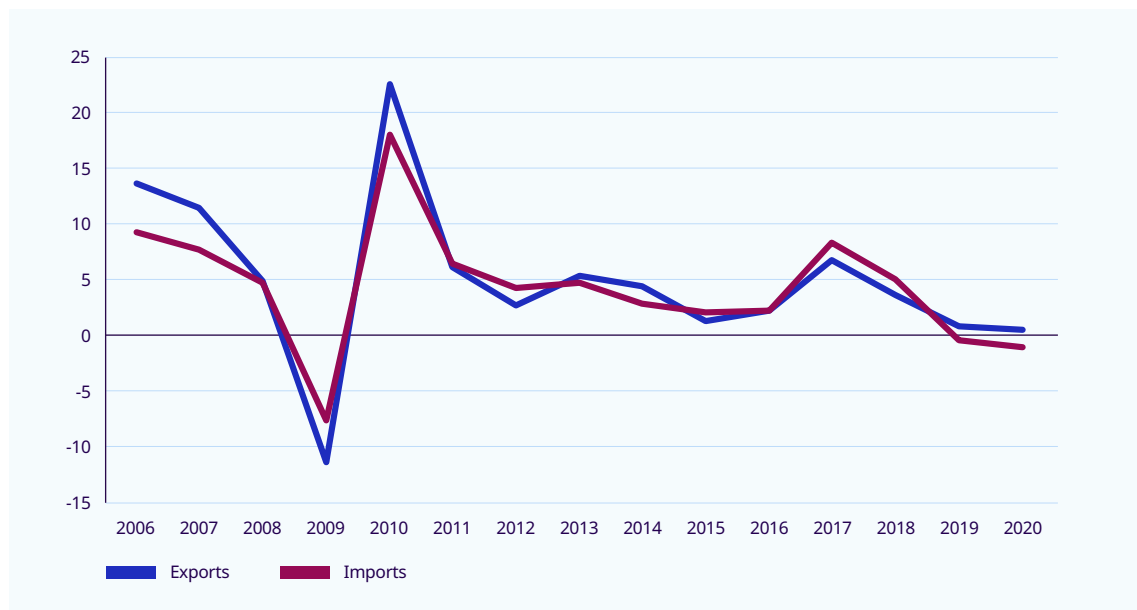
28 See <https://ustr.gov/issue-areas/preference-programs/generalized-system-preferences-gsp/gsp-program-information> for a list of beneficiary countries under the United States Generalized System of Preferences.

3.2.1 Signs of a slow-down in global trade and its effects on the region

Global trade has been in retreat over the past few years, even before the pandemic, mainly because of increased protectionism and the ensuing uncertainty (as illustrated by Brexit and the trade conflict between China and the United States). This situation has affected the Asia and the Pacific region considerably, causing a decline in the growth rates of merchandise trade volumes. Thus, the annual growth rate fell from around 14 per cent in 2006 to less than 1 per cent in 2019 for exports, and from around 9 per cent to a negative rate of -0.4 per cent for imports over the same period (figure 3.11). This decline continued in 2020 due to the effects of the pandemic, and attained a low of 0.5 and -1 per cent respectively. Similarly, the region’s participation in global supply chains slowed down, registering a decline in 2018 and 2019 (ADB 2021). Trade in services was not spared either: export growth in commercial services was expected to be sluggish in 2020 even before the pandemic erupted (UNESCAP 2019b). In addition to global uncertainties, regional tensions took their toll on trade. For example, frictions between Japan and the Republic of Korea led to a decline in the exchange of travel and transport services between the two countries (UNESCAP 2019b).

Already before the COVID-19 crisis, these tensions were prompting MNEs to reshape their supply chains in the region. In particular, the hostility in trade relations between China and the United States served as an incentive to divert some trade from the former to neighbouring countries in Asia and the Pacific. However, it has also been argued that these countries often lack the capacity to satisfy increased demand (UNESCAP 2019c) and could therefore be unable to absorb increased production. Yet, geopolitical uncertainty linked to the invasion of Ukraine by the Russian Federation coupled with recent trade disputes and the latest technological advances could encourage MNEs to relocate production to their home country or nearby countries, leading to potential ramifications for trade flows. The pandemic could contribute to such trends. In this regard, recent data indicate a trend towards stronger regionalization, alongside a decline in the region’s participation in global supply chains (ADB 2022a).

► Figure 3.11 Annual change in volume of merchandise exports and imports, Asia, 2006–2020 (%)



Note: The definition of the Asia region used by the World Trade Organization (WTO) differs slightly from the ILO’s Asia and the Pacific region, as it excludes ten countries from the latter, including the Islamic Republic of Iran and a number of Pacific Island States.

Source: ILO calculations based on WTO data portal (<https://data.wto.org/en>).

3.2.2 Impact of COVID-19 on the region’s trade flows

The COVID-19 crisis, which hit global trade hard, had devastating effects in the Asia and the Pacific region. As can be seen from the data for the first half of 2020, many countries experienced a significant drop in exports of goods (figure 3.12). One sector that particularly suffered was the garment industry, where workers experienced significant losses in working hours, employment and wage incomes (ILO 2020c). The region was able to rebound, starting from the third quarter of the year, reaching a 10.5 per cent increase in volume compared to the previous year. This positive trend continued into the fourth quarter. However, the pace of recovery was slower, around 4 per cent (WTO 2021b). In addition, significant discrepancies were apparent between countries, with Bangladesh, India and Sri Lanka witnessing again negative export growth rates at the end of the year (figure 3.12).

► **Figure 3.12 Merchandise export volume, year-on-year percentage change, selected countries in the Asia and the Pacific region, quarterly, 2020 (%)**



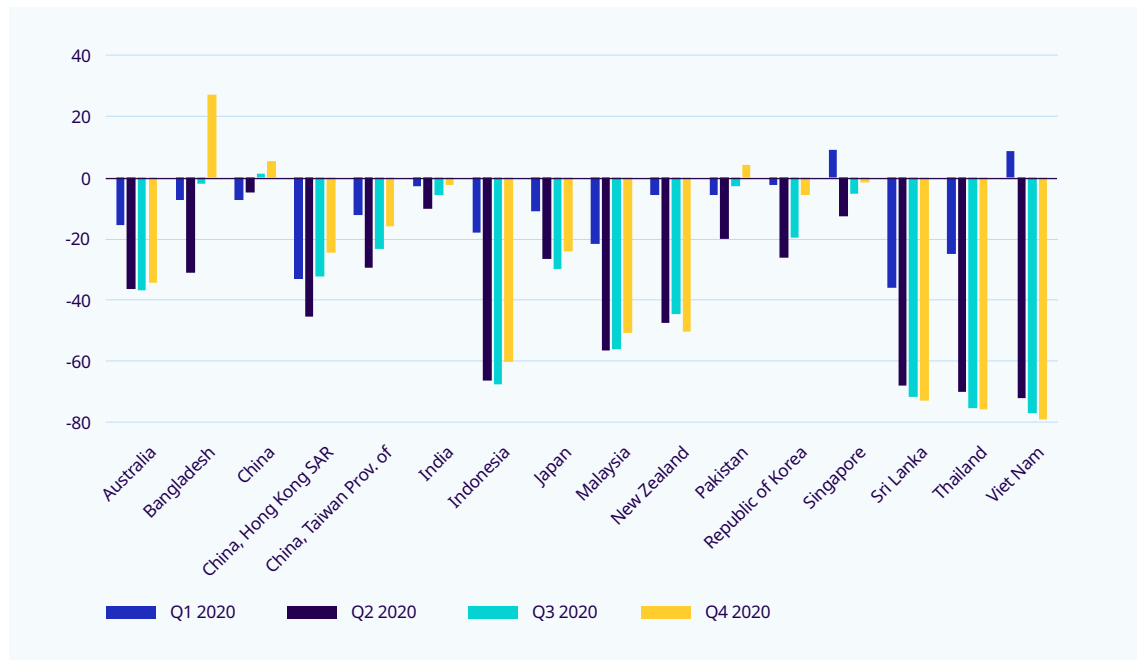
Note: The bars show the changes in the first, second, third and fourth quarters of 2020 relative to the corresponding quarters of 2019.

Source: ILO calculations based on UNCTADstat database.

Trade in services was also severely affected by the restrictions to contain the spread of COVID-19. The export value plunged in the first quarter to -14 per cent and remained depressed throughout the year, with a year-on-year decline of 28, 25 and 20 per cent in the three following quarters. Imports followed a similar trend with a negative 22 per cent in the fourth quarter (WTO 2021b). While all the countries experienced negative growth rates at some point, the magnitude differed across the region (figure 3.13). In the fourth quarter, the drop in Viet Nam reached a negative rate of 80 per cent; in comparison, Bangladesh and China were able to climb up to positive figures by that time. A large contributor to this collapse was the tourism sector, which is fundamental to the economy of many countries in the region. This sector was hit

disproportionately hard by the pandemic as a result of the containment measures that were introduced (Goretti et al. 2021), especially the travel restrictions (ILO 2020d). The number of international tourist arrivals in the region decreased by 95 per cent in December 2020 relative to the same month in the previous year, with the drop being as high as 99 per cent for the Pacific Islands.²⁹ Numerous jobs in the region depend on tourism, a sector in which the prevalence of informal employment is high. Workers in that sector are therefore particularly vulnerable to the economic and social fallout of the pandemic (ILO 2020d).

► **Figure 3.13 Services export value, year-on-year percentage change, selected countries in the Asia and the Pacific region, quarterly, 2020 (%)**



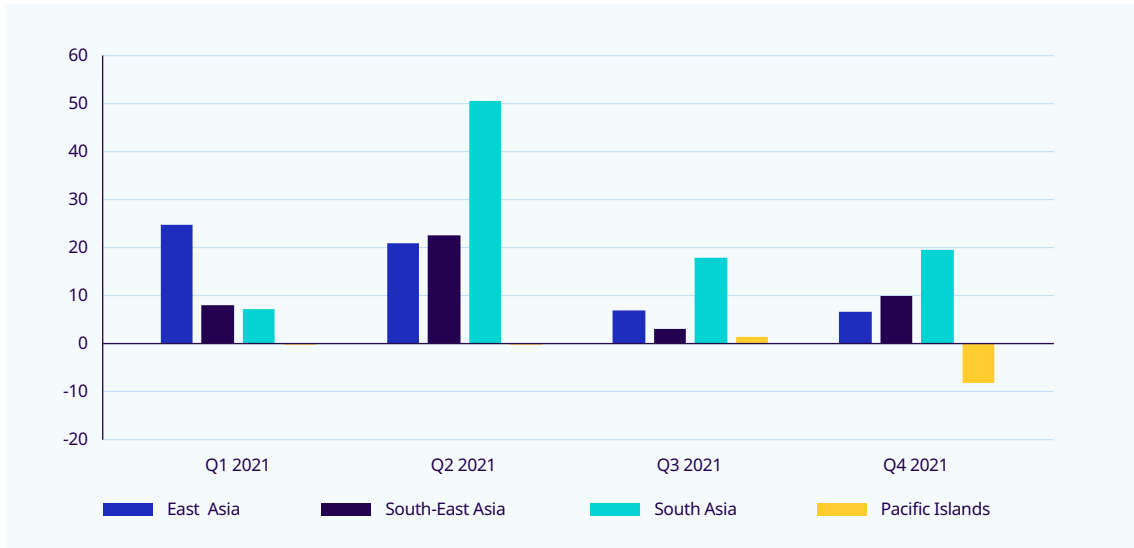
Note: The bars show the changes in the first, second, third and fourth quarters of 2020 relative to the corresponding quarters of 2019.

Source: ILO calculations based on UNCTADstat database.

Asia and the Pacific showed a strong performance in merchandise trade in 2021, overcoming the plunge in 2020 and surpassing the 2019 levels (UNESCAP 2021a). Figure 3.14 shows that, except for Pacific Island countries, all subregions registered significant increases in merchandise exports in the first half of the year. Commercial services trade was also on a rising path, though to a lesser extent. Many countries, starting from the second quarter of the year, showed positive growth rates (figure 3.15).

²⁹ See UNWTO database: International Tourism and COVID-19 (<https://www.unwto.org/tourism-data/international-tourism-and-covid-19>).

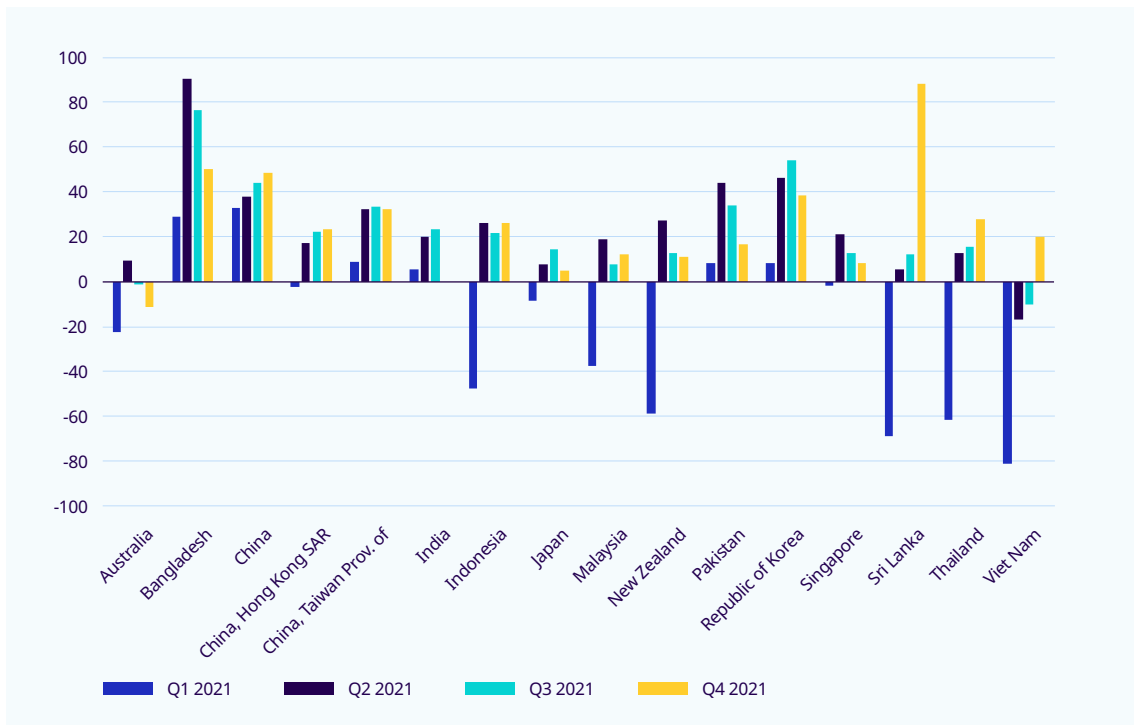
► **Figure 3.14** Merchandise export volume, year-on-year percentage change, Asia and the Pacific subregions, quarterly, 2021 (%)



Note: The bars show the changes in the first, second, third and fourth quarters of 2021 relative to the corresponding quarters of 2020.

Source: ILO calculations based on UNCTADstat database.

► **Figure 3.15** Services export value, year-on-year percentage change, selected countries in the Asia and the Pacific region, quarterly, 2021 (%)



Note: The bars show the changes in the first, second, third and fourth quarters of 2021 relative to the corresponding quarters of 2020.

Source: ILO calculations based on UNCTADstat database.

However, there were signals of a slowdown already in the second half of the year, linked to renewed lockdowns imposed following the spread of the Delta variant. Such restrictions have had adverse effects on both manufacturing and maritime transport, hampering again the supply side (UNESCAP 2021b). In addition, travel and tourism industries remained at lower levels than in the pre-pandemic period, and their recovery is threatened by the new measures imposed. The invasion of Ukraine by Russia in 2022 will also have significant effects for the region. Increased energy and food prices coupled with reduced supplies will most likely alter the current trade structures.

► 3.3 Challenges and policies for multinational enterprises and decent work

In the Asia and the Pacific region, COVID-19-related restrictions were widespread for most of 2020 and 2021, with over 90 per cent of workers affected by some form of workplace closure measures (ILO 2021c). Many MNEs and their global supply chains suffered from disruptions in backward and forward linkages as a result of these measures. Consumer demand was also strongly affected during the peak of the pandemic crisis by the measures to prevent its spread. For example, in February 2021, about 165 million jobs in Asia and the Pacific – which is more than one third of all jobs in global supply chains for manufacturing in the region and about 10 per cent of the total number of jobs in the region – experienced either a medium or high impact from this decline in consumer demand, through job losses, working hour losses, labour income losses or any other deterioration of working conditions.³⁰

In 2022, despite the current Omicron variant wave, economies have been able to gradually open due to increased vaccination rates in the region and less severe health impacts. Even though supply chain disruptions have not been so severe in the region compared with other parts of the world, the risk of some sort of disruption cannot be ruled out due to increased global uncertainty.

As the region grapples with recovery from the pandemic, the challenges that it posed have been compounded by escalating global geopolitical tensions arising from the Russian invasion of Ukraine and tight monetary policy in the United States, as well as factors already present such as climate change and an ageing population. As a result, persistent negative effects can be expected in labour markets, where workers who lost their jobs during the pandemic have seen their skills deteriorate and face greater difficulties in being employed again (ADB, 2022b).

The disruptions to supply chains caused by the pandemic prompted calls for a reassessment of risks and sourcing models (Anukoonwattaka and Mikic 2020). MNEs are considering adapting and optimizing their supply chain configuration with a view to increasing their resilience (ILO 2020e). In this respect, there have been ongoing discussions about strengthening regional or even national supply chains in order to decrease dependency on other regions and countries and avert any future risks of supply chain disruption.³¹ Some analysts argue that this trend, which had already started with the adoption of new technologies and the heightening of trade tensions, could accelerate as a direct consequence of the COVID-19 crisis and ongoing global uncertainty due to geopolitical tensions arising from the Russian Federation's aggression against Ukraine.

When striving for greater supply chain resilience, it is important to ensure that no countries are left behind. The growing demand for digitally enabled services, accelerated by the impact of the COVID-19 pandemic and subsequent redefinition of the nature of service trade, may compel developing countries

30 ILO estimates based on the methodology presented in ILO 2021d.

31 The bans on exports from some key industries, such as medical supplies, that were imposed during the pandemic also intensified the debate on regionalization of global supply chains and reshoring (ILO 2020e).

in the region “to adjust their development priorities and focus on acquiring the capacity to effectively engage in a rapidly digitalizing trade environment” (UNESCAP 2020, 2). This includes the development of skills and infrastructure for the fast-growing digital economy.

Decent work deficits in global supply chains are usually attributed to a combination of factors, including a lack of legislative frameworks and enforcement mechanisms in the host country, the inability of enterprises to enforce their codes of conduct in lower tiers of their supply chains, and insufficient capacity among local suppliers to improve working conditions in their production activities (ILO 2016). Effective policies on a range of areas therefore need to be adopted to support responsible and more resilient supply chains. Regional initiatives and national institutions play a crucial role in this regard. First, particularly as economies in the region recover, it is important to create an enabling environment for business development, continuity and innovation by improving small and medium-sized enterprises’ access to finance; increasing public investment in infrastructure, technology, education and training; and promoting the formalization of enterprises in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Second, promoting a culture of compliance, enforcing labour legislation and providing social protection are essential to ensure positive outcomes for workers, particularly those in the lower tiers of supply chains.

Regional trade integration can also contribute to this process. In November 2020, the Association of Southeast Asian Nations (ASEAN) Comprehensive Recovery Framework and its Implementation Plan were adopted at the 37th ASEAN Summit. The framework outlined measures to foster economic integration in ASEAN and in the wider region, and to strengthen regional supply chains. It also highlighted the relevance of labour laws and policies and social dialogue in reducing the vulnerabilities of at-risk workers and improving their resilience.³² Another important development at the 37th ASEAN Summit was the signing of the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement between 15 Asia and the Pacific countries³³ that is considered to be a major step towards greater regional integration. The RCEP agreement, which entered into force on 1 January 2022, is expected to foster supply chain diversification towards regional trading partners. The agreement, however, does not include provisions on labour rights or the environment.

► 3.4 The role of trade and investment policies in promoting decent work

The ILO Centenary Declaration for the Future of Work, adopted in June 2019, calls for an integrated policy approach with trade policies that “promote decent work and enhance productivity”. The inclusion of labour provisions in trade agreements is one option for governments seeking to pursue such an integrated approach. In fact, the scope of many new agreements signed in Asia and the Pacific has become more comprehensive. Currently, a third of the agreements concluded by countries in the region include labour provisions.³⁴ Safeguarding labour rights in the new generation of trade agreements, particularly given the

32 The ASEAN Comprehensive Recovery Framework outlines five broad strategies for recovery from the COVID-19 crisis: (1) enhancing health systems; (2) strengthening human security; (3) maximizing the potential of the intra-ASEAN market and broader economic integration; (4) accelerating inclusive digital transformation; and (5) advancing toward a more sustainable and resilient future (ASEAN 2020).

33 These 15 countries are Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, Lao People’s Democratic Republic, Malaysia, Myanmar, New Zealand, Philippines, Republic of Korea, Singapore, Thailand, Viet Nam.

34 See the ILO Labour Provisions in Trade Agreements Hub: <https://www.ilo.org/LPhub/>. There is also evidence that countries in the region are coordinating on issues such as food security and other essential goods, including medical and other essential supplies (UNESCAP 2020).

impact of the crisis on workers in the region, is an important tool for advancing towards a broad-based recovery.

In this regard, instruments such as the ILO MNE Declaration, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights provide both governments and enterprises with guidance on how to amplify the positive contribution that enterprises can make to sustainable development, and on applying due diligence to prevent and address negative impacts that may arise from their operations, including their supply chains. These expectations of responsible conduct go beyond legal requirements.³⁵ Reference to the aforementioned three instruments is made in several trade and investment agreements,³⁶ including the recent European Union–Viet Nam Free Trade Agreement, the aim in all such instances being to enhance the contribution of trade and investment to sustainable development in its economic, social and environmental dimensions. Similarly, the European Union–China Comprehensive Agreement on Investment (not yet signed at the time of writing) includes a section on investment and sustainable development, which recognizes the contribution of responsible business conduct to enhancing the positive role of investment in sustainable growth. That section also refers to the MNE Declaration and the ILO Centenary Declaration for the Future of Work.³⁷

In addition, initiatives aimed at integrating responsible business practices into the operations of MNEs and their supply chains, such as the Responsible Supply Chains in Asia programme, and those aimed at helping to expand trade while paying particular attention to the achievement of social objectives (notably reducing poverty and inequalities) and environmental objectives, such as Aid for Trade programmes, can help to advance the sustainable development-related objectives of trade policies.³⁸

35 See ILO 2017, 2018a for further details.

36 See “References made to the MNE Declaration in trade and investment agreements”, available at https://www.ilo.org/empent/areas/mne-declaration/WCMS_797475/lang--en/index.htm.

37 See <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2237>.

38 The Responsible Supply Chains in Asia programme is funded by the European Union and jointly implemented by the ILO and the OECD. For more information, see <https://www.ilo.org/asia/projects/rsca/lang--en/index.htm>.

4

4. Promotion of the principles of the MNE Declaration in Asia and the Pacific and the Arab States: perspectives from governments, employers and workers

This chapter³⁹ provides an overview of responses to the questionnaire received from governments and employers' and workers' organizations in Asia and the Pacific and the Arab States.⁴⁰ The ILO has not verified the accuracy of the information provided, and thus mention of particular laws, policies, measures and initiatives, 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.

In February 2020, the questionnaire was distributed through various channels to governments and employers' and workers' organizations in the 47 member States of Asia and the Pacific and the Arab States participating in the Regional Meeting. The Office accepted replies through August 2020, after extending the initial deadline for receiving submissions.⁴¹

Of the 47 countries, responses were received from governments in 22 countries, employers' organizations in 18 countries and workers' organizations in 12 countries. Workers' organizations in four countries sent more than one response (two were received from Nepal, five from Sri Lanka, four from Thailand and six from Iraq). Compared with the 2016 regional follow-up (table 4.1), the response rate by country in 2020 was slightly higher for governments, slightly lower for employers' organizations and substantially lower for workers' organizations.

► **Table 4.1 Comparison of response rates in 2016 and 2020**

Respondents	2016	2020
Governments	38%	47%
Employers' organizations	43%	36%
Workers' organizations	51%	23%

Note: For each respondents' group, response rates correspond to the number of countries from which one or more response(s) were received, divided by the total number of countries in Asia and the Pacific and the Arab States (47).

39 This chapter was published in March 2021 under the title *Report (chapter) on the Promotion of the MNE Declaration in Asia and the Pacific: Perspectives from Governments, Employers and Workers*, in view of the postponement of the 17th Asia and the Pacific Regional Meeting to 2022 due to the COVID-19 pandemic (ILO 2021e).

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

41 The overview presented in this chapter is based on the responses received from ILO constituents between February and August 2020. Since then, changes of government and other developments have taken place. Thus, in some cases, references or quotes used may not reflect the current situation.

For six member States – China, Iraq, Japan, the Republic of Korea, Sri Lanka and Thailand – replies were received from all three groups, whereas for 19 member States no responses were received from any of the constituents.

Responses came from all three subregions (South Asia, East and South-East Asia and the Pacific, and the Arab States). The majority of government responses and employer responses were received from the East and South-East Asia and the Pacific subregion. In the case of workers' organizations, the responses were distributed more evenly over the three subregions. For the complete list of respondents by country, see Appendix II.

The Government of Australia, the Ceylon Federation of Trade Unions of Sri Lanka and the General Federation of Trade Unions and Employees of Iraq responded to the questionnaire through a letter without submitting the questionnaire itself; therefore, the report took into account their detailed response in the qualitative analysis but not in the quantitative analysis on the responses to the questionnaire. Three workers' organization respondents from Iraq (from the Federation of Workers' Councils and Unions in Iraq) included checklists from the "Tools for Action: Realising the Potential of the MNE Declaration", from *The ILO MNE Declaration: What's in It for Workers?* (ILO 2018b). Where relevant, information from their answers to these checklists was included in the chapter.

► 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**

Areas	
General policies	Obey national laws and regulations
	Promotion of respect for human rights and fundamental principles and rights at work
	Promotion of good social practice in accordance with this Declaration
Employment	Employment promotion
	Social security
	Elimination of forced or compulsory labour
	Effective abolition of child labour: minimum age and worst forms
	Equality of opportunity and treatment
	Security of employment
Training	Training
Conditions of work and life	Wages, benefits and conditions of work
	Safety and health
Industrial relations	Freedom of association and the right to organize
	Collective bargaining
	Consultation
	Access to remedy and examination of grievances
	Settlement of industrial disputes

All government respondents indicated the relevance of obeying national laws and regulations, while 95 per cent of them cited employment promotion and wages, benefits and conditions of work as relevant. Other areas frequently cited (90 per cent) included promotion of respect for human rights and fundamental principles and rights at work, security of employment, training, and access to remedy and examination of grievances. The areas that received fewest mentions were promotion of good social practice in accordance with the Declaration (67 per cent) and collective bargaining (71 per cent).

All employer respondents indicated the relevance of obeying national laws and regulations. Training was the second area most mentioned (94 per cent), while 89 per cent noted the areas of employment promotion, wages, benefits and conditions of work, safety and health, and settlement of industrial disputes as relevant. Promotion of good social practices in accordance with the Declaration was also cited by a high number of respondents from this group (83 per cent). The areas that the employers noted less frequently (67 per cent) were elimination of forced and compulsory labour and effective elimination of child labour.

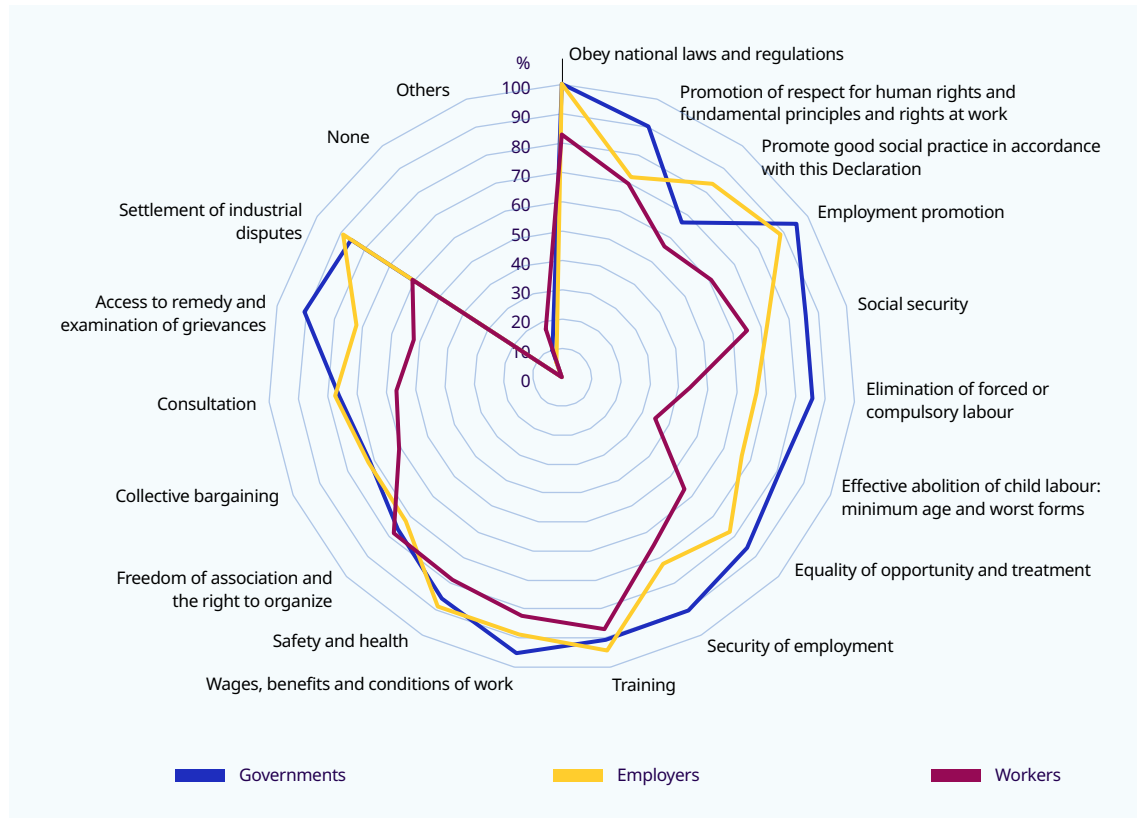
The area most cited by worker respondents was training (87 per cent), followed by the two areas (83 per cent) of obeying national laws and regulations and wages, benefits and conditions of work. Safety and health and freedom of association and the right to organize were also highlighted as important areas (78 per cent). The areas less often mentioned were effective elimination of child labour (35 per cent), elimination of forced or compulsory labour (43 per cent) and access to remedy and examination of grievances (52 per cent).

Table 4.3 presents a summary of the results, while figure 4.1 highlights similarities and differences among the responses provided by governments and employers' and workers' organizations.

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

Areas		Governments	Employers' organizations	Workers' organizations
General policies	Obey national laws and regulations	100	100	83
	Promotion of respect for human rights and fundamental principles and rights at work	90	72	70
	Promotion of good social practice in accordance with this Declaration	67	83	57
Employment	Employment promotion	95	89	61
	Social security	86	72	65
	Elimination of forced or compulsory labour	86	67	43
	Effective abolition of child labour: minimum age and worst forms	81	67	35
	Equality of opportunity and treatment	86	78	57
	Security of employment	90	72	65
Training	Training	90	94	87
Conditions of work and life	Wages, benefits and conditions of work	95	89	83
	Safety and health	86	89	78
Industrial relations	Freedom of association and the right to organize	76	72	78
	Collective bargaining	71	72	61
	Consultation	76	78	57
	Access to remedy and examination of grievances	90	72	52
	Settlement of industrial disputes	86	89	61
None	None	-	-	-
Others	Others	10	6	17

► **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 21, 18 and 23 for governments, employers’ organizations and workers’ organizations respectively. For the purposes of the quantitative analysis, not all the responses received could be taken into account (see introduction to this chapter). This explains the discrepancy between the total number of questionnaires received and the number of questionnaires included in the sections below.

In terms of similarities between the constituents, obeying national laws and regulations received the highest score of relevance by all three groups (100 per cent for governments, 100 per cent for employers’ organizations and 83 per cent for workers’ organizations). Other areas receiving high scores of relevance by all three groups were training (90 per cent for governments, 94 per cent for employers’ organizations and 87 per cent for workers’ organizations), wages, benefits and conditions of work (95 per cent for governments, 89 per cent for employers’ organizations and 83 per cent for workers’ organizations) and safety and health (86 per cent for governments, 89 per cent for employers’ organizations and 78 per cent for workers’ organizations).

Discrepancies in the assessment of relevance among the different constituents were noted, particularly concerning elimination of forced or compulsory labour, effective abolition of child labour, employment promotion, and access to remedy and examination of grievances. A very high number of governments considered the elimination of forced or compulsory labour and the abolition of child labour as relevant in the MNE Declaration (86 per cent and 81 per cent respectively), a majority of employers’ organizations (67 per cent and 67 per cent), and a minority of workers’ organizations (43 per cent and 35 per cent). Respondents from both governments (95 per cent) and employers’ organizations (89 per cent) coincided in the high appreciation of employment promotion as relevant, compared to 61 per cent of workers’ organizations. The appreciation of access to remedy and examination of grievances differed greatly between the three respondent groups, with 90 per cent of government responses indicating this area

as relevant, compared to 72 per cent of employers' organizations' responses and 52 per cent of workers' organizations' responses, although overall still more than half of the respondents considered this as a relevant area of the instrument.

Seven respondents (two from governments, one from employers' organizations and four from workers' organizations) also replied to the question on other areas of relevance (see section 4.2.6 for details).

► 4.2 Most relevant areas of the MNE Declaration and key initiatives by constituents in Asia and the Pacific and the Arab States

Building on the first question, constituents were invited to provide more information about the areas of the MNE Declaration that they regarded as the most relevant, including their opportunities and challenges, and to describe initiatives taken to address these.

"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."

The subsections below present an overview of the responses received, organized in accordance with the five areas of the MNE Declaration. In some cases, excerpts of the responses received have been selected to show a prevailing view among different responding groups; in other cases, they highlight issues that respondents indicated as important in regard to opportunities and challenges posed by the operations of MNEs in the region.

4.2.1 General policies

The chapter of the MNE Declaration on general policies asserts that the activities of MNEs should be consistent with national law and in harmony with development priorities of host countries; and that all parties should contribute to the realization of the fundamental principles and rights at work. A very high percentage of all three groups cited this area of the MNE Declaration ("obey national laws and regulations") as relevant. In terms of opportunities, three employers' organizations emphasized the role that MNEs can play as champions of decent work by upholding the principles of the MNE Declaration.

MNEs in Korea are usually known for their large capacity to offer decent jobs. In other words, MNEs usually abide by national laws very well and are quite open to various requests made by labour. (Korea Enterprises Federation, Republic of Korea)

Multinational companies are known to broadly follow the [MNE Declaration] principles in their operations and the same are ingrained in their policy manuals and organizational handouts. (Employers' Federation of Pakistan, Pakistan)

MNEs operating in Sri Lanka are considered as brand ambassadors of good corporate governance and promoters of sustainable enterprises. (Employers' Federation of Ceylon, Sri Lanka)

Representatives from the three groups noted the relevance of the MNE Declaration principles, with one government noting its relevance for all parties, including for trading partners.

It is important that not only MNEs but also the trading partners and workers of the host countries enhance their recognition of the principles of the MNE Declaration and ILO, so that MNEs fulfil the responsibility in supply chains. (Ministry of Health, Labour and Welfare, Japan)

Respondents also emphasized the role of the regulatory environment at national level to ensure good governance of the world of work.

The Government of Indonesia constantly supports the efforts to encourage economic and social development as well as to realize decent work for all. Hereof, the policies of the MNE Declaration shall become a recommendation for the government to establish regulation in the fields of employment, training, conditions of work and life, as well as industrial relations regarding multinational companies. (Ministry of Manpower, Indonesia)

A number of governments highlighted the importance of respect for human rights. The Government of Australia and the Government of Thailand in particular cited their participation in the Universal Periodic Review of the United Nations Human Rights Council.

Respondents from three groups highlighted efforts to review and amend legislation to comply with international standards on decent work. These include implementing policies to create an enabling environment for business in line with international labour standards, as mentioned by the Government of the Islamic Republic of Iran, and engaging in the amendment of legislation, as highlighted by an employers' organization in the case of Viet Nam and by a workers' organization in the case of Oman.

A number of governments and employers' organizations provided examples of legislation and emphasized the importance of MNEs complying with existing national laws, on the same footing as national enterprises. Workers' organizations in some countries also highlighted challenges regarding the capacity and resources of governments to ensure compliance of MNEs with national law and international labour standards, and the challenges posed by the influence of MNEs in the economy of certain countries.

Thailand welcomes foreign direct investment as a means to stimulate employment and the economy, while ensuring that MNEs comply with national laws and regulations. ... All public and private sectors operating in Thailand, whether national or multinational, must follow national laws and regulations. ... In labour aspects, the Ministry of Labour promotes the fundamental principles and rights at work and monitors compliance of MNEs' activities with relevant labour legislations through effective labour inspections. (Ministry of Labour, Thailand)

Obey national laws and regulation is paramount. ... MEF works with international bodies to get better understanding on the ILO Conventions to ensure that MNEs implement the right policies. (Malaysian Employers Federation, Malaysia)

Insufficient capability and resources of governments to ensure MNEs comply with legally binding rules, including internationally recognized standards, and to regulate problematic business conduct of some enterprises. It is probably because their influence on the country's economy has been growing hugely. (Konfederasi Serikat Buruh Seluruh, Indonesia)

Two governments discussed efforts to strengthen labour inspection within the country and to support labour inspectorates in developing countries as part of its overseas development assistance.

A web-based inspection scheme to allocate random inspections by centralized computer system has been introduced. The inspection scheme envisages assigning a unique number to an inspector cum facilitator, to each establishment, each inspection to bring accountability and transparency. (Ministry of Labour and Employment, India)

The government has been providing continuous support to promote compliance of MNEs. ... Also, workplaces that caused social controversy or workplaces with alleged complaints of unfair labour practices are to be subject to a regular labour inspection. ... In addition, the government should put more effort to improve the labour inspection system and to build capacity of labour inspectors in developing countries so that MNEs can comply with labour laws and regulations in host countries. (Ministry of Employment and Labour, Republic of Korea)

In regard to decent work in supply chains, some respondents highlighted the importance of international normative instruments and the principles of the MNE Declaration to ensure respect for labour rights in the activities of MNEs in different countries.

Australia contributes towards the ILO's Better Work Programme that aims to improve labour standards in global supply chains, and works in partnership with the private sector, bringing together employers and workers to find mutually agreeable solutions to workplace relations issues. (Attorney-General's Department, Australia)

The Employers' Confederation of Thailand (ECOT) is working with the ILO and some business partners to educate about international labour standards and the MNE Declaration in the supply chain especially in each tier, which combines training with many [small and medium-sized enterprises] in Thailand to ... ensure that they comply with international labour standards and the MNE Declaration. (Employers' Confederation of Thailand, Thailand)

We conducted a trade union educational programme inviting trade union officers from Japanese-affiliated companies of certain Asian countries to learn about labour issues, how to prevent labour disputes, etc. (Japanese Trade Union Confederation, Japan)

Several respondents also highlighted the challenges MNEs and their workers faced due to the changing world of work and the COVID-19 epidemic.

The Ministry of Labour is mandated to regulate the labour market through the application of the labour law and to create policy and legislative changes to recover from the coronavirus pandemic, such as business continuity, [stimulate the] market, create a basic, safe, and risk-free work environment, and combat child labour and protect employment in general ... in line with decent work standards. (Ministry of Labour, Jordan)

The changing world of work and the still evolving COVID-19 situation create multiple challenges for both the MNEs and their employees where in some instances protection of the rights of employees might be overlooked. (Ministry of Skills Development, Employment and Labour Relations, Sri Lanka)

Under the present COVID-19 pandemic, the promotion of good social practices of MNEs will be helpful to overcome the immediate challenges that workers are facing. (Free Trade Zones and General Service Employees Union, Sri Lanka)

MNE engagement with local communities and potential tensions was mentioned as an issue. The Mongolian Employers' Federation highlighted issues between multinationals and local communities regarding the environment, whereas the Australian Government mentioned an initiative to guide companies in maintaining a good relationship with local communities and ensuring human rights standards are adhered to in their operations.

4.2.2 Employment

Respondents from the three groups emphasized the importance of employment promotion, especially in the current context of the COVID-19 pandemic and its impact on FDI and employment. Key elements cited include protecting employment by supporting employers and providing adequate social protection to workers when necessary.

In the context of the global COVID-19 pandemic, the promotion of employment and sustainable business and economic activity generally – including that by multinationals – is a key policy priority for the government. ... The New Zealand Government has implemented a multi-billion dollar response, focused on extensive public health measures as well as measures designed to support enterprises, encourage growth and retain/promote workers' employment. (Ministry of Business, Innovation and Employment, New Zealand)

Currently, New Zealand is suffering from the effects of a COVID-19 lockdown and specific measures ... are being taken to support employers and employees alike. The aim is to ensure as many employees as possible retain their jobs and where this cannot be achieved ... that adequate social protection is available to them. (BusinessNZ, New Zealand)

62% of US enterprises operating in Korea have a plan to reduce employment and investment in Korea. ... In these challenging times, adherence to the MNE Declaration by all concerned is necessary more than ever before. Above all, multinational enterprises should give priority to the employment as Article 18 [multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country] of the MNE Declaration specifies. In this regard, multinationals operating both in Korea and other countries have to make utmost efforts to maintain employment and create decent work. (Federation of Korean Trade Unions, Republic of Korea)

Respondents underlined the role of multinationals in employment creation and transfer of technology. The Government of India for example highlighted a number of programmes and projects for the promotion of employment and extension of social security and indicated that it was in the process of drafting a national employment policy to ensure inclusive and equitable economic growth. Others flagged issues related to multinationals' hiring practices and their – at times unfulfilled – potential to create local employment opportunities.

In terms of opportunities, multinational companies brought new advanced technologies and developed our mining industry human resources capacity, and contributed to Mongolian economic growth. ... Challenges we are facing are that multinational companies did not create enough jobs as they promised to Mongolian Government. (Mongolian Employers' Federation, Mongolia)

Related to this, respondents from the three groups highlighted the need for adequate legislation and policy to ensure fair recruiting practices.

Legislative reforms were adopted in the recent period, the most important of which were ... the adoption of best practices in labour recruitment, fair employment and the prohibition of recruitment fees. (Ministry of Administrative Development, Labour and Social Affairs, Qatar)

Several governments shared examples of legislation, programmes and schemes to extend social security and social protection. The Government of Jordan for example mentioned the need for social protection systems to cover all workers, while the Government of India listed a number of schemes aiming to increase coverage of workers both in the formal and in the informal economy.

Two governments pointed out the need to extend social security to foreign workers and vulnerable groups, including workers in emerging forms of jobs such as remote working or digital platforms. They described efforts to develop laws, regulations and measures that expand the coverage of social security services. Two workers' organizations from Sri Lanka indicated that social security benefits in their country were insufficient and described their lobbying efforts to reinforce social protection in the context of the COVID-19 crisis.

The right of individuals to access social security and related services and equality in access to such services, in addition to playing an important role in job and psychological security and life of the employees, is an important issue in the activities of multinational companies. Differences in countries' social security laws or unwillingness to face new forms of businesses [job arrangements through cyberspace or digital platforms] may have a negative impact on how such services are provided to employees. It is essential to address the challenges of providing social security services to people working in a diverse range of jobs. (Ministry of Cooperatives, Labour and Social Welfare, Islamic Republic of Iran)

To cater to emerging new forms of employment, new definitions like aggregator, gig worker, and platform worker have been introduced [in the Social Security Fund]. For such workers, a small contribution from the aggregator between 1 to 2 per cent of turnover subject to limit of 5 per cent payable to gig and platform workers has been introduced. (Ministry of Labour and Employment, India)

Several trade unions have recently submitted proposals to the government authorities about the need for social security legislation on unemployment benefit schemes especially needed due to high unemployment during the coronavirus epidemic period which is likely to last for more years. (Ceylon Federation of Trade Unions, Sri Lanka)

A number of government respondents also raised challenges related to recruitment practices and labour rights of migrant and temporary workers in MNEs. Several governments and one employers' organization provided examples of legislative or policy reforms and initiatives, oversight mechanisms, signature of memoranda of understanding and awareness-raising efforts among such workers. One workers' organization described its efforts to organize temporary agency workers and lobby for their labour rights.

The UAE also signed several memoranda of understanding with the origin countries for workers, with the aim of strengthening cooperation in protecting their rights. (Federation of Chambers of Commerce and Industry, United Arab Emirates)

Unions demand employers to turn outsourced workers, who work for employers through recruitment agencies, to become their permanent workers. ... Promote organizing of outsourced workers to increase bargaining power for workers. ... Employment of outsourced workers with one year contracts has made the labour capital in enterprise cheaper but worsened workers' welfare. (State Enterprises Workers' Relations Confederation (SERC), Thailand)

A number of government respondents highlighted their laws prohibiting child labour and forced labour and emphasized the need for effective implementation of such laws through monitoring, especially in supply chains. Two governments gave examples of their efforts to eliminate forced or compulsory labour in supply chains of MNEs, including in state-owned multinationals.

Occurrence of child labour [including its worst forms] in the supply chains of MNEs is currently being addressed through national child labour elimination activities conducted by the government. (Ministry of Skills Development, Employment and Labour Relations, Sri Lanka)

All multinational enterprises in the UAE are committed to ensuring that there is no modern slavery or human trafficking practices within any part of their business and to seeking to ensure that their supply chains globally are also free. ... Example of a policy by a state-owned multinational company ... includes development of procurement policies and procedures, company standards and conduct policy and procedure, and recruitment and selection policy. As well as self-assessment tool as part of vendor screening process, a vendor code of conduct and prospective risk factored into their procurement decisions. Conducted modern slavery audits and knowledge-sharing sessions, whistleblowing hotline. (Ministry of Human Resources and Emiratization, United Arab Emirates)

Three workers' organizations from Iraq pointed out that MNEs were committed to eliminating the worst forms of child labour, including in their global supply chains. They noted, however, the lack of effective measures by government and enterprises to prevent and eliminate forced labour or provide victims with access to appropriate and effective remedies.

Several governments provided examples of legislation and policies to prevent child and forced labour. The Government of Myanmar, for example, highlighted the establishment of national committees, developing national action plans, setting up complaint mechanisms and conducting awareness-raising activities. The Government of Australia highlighted the need for strong coordination and collaboration between different government institutions. The Australia Modern Slavery Act requires companies with their headquarters based in the country or with a minimum annual consolidated revenue of 100 million Australian dollars to report on their actions to address forced labour in their supply chains and in certain sectors.

The Fair Work Ombudsman (FWO) has developed strong relationships with other government regulators ... to effectively respond to suspected instances of people trafficking and forced labour. ... The FWO is committed to ensuring that it identifies and responds appropriately to potential instances of human trafficking and forced labour and has established operational processes, created educational resources and delivered training to support staff in doing this. (Attorney-General's Department, Australia)

Several governments provided details on policies, schemes and efforts for prevention and prosecution of forced and child labour and rehabilitation of the victims. The Government of India highlighted a scheme for the rehabilitation of former victims of forced labour, including financial assistance, and described the efforts of various states to gather data and raise awareness. It also provided information on a scheme for rehabilitation of children withdrawn from work that includes special training centres and integration into formal education, as well as an online platform for enforcement of legislative provisions and effective implementation of the scheme. The Government of China described its efforts to prosecute forced and child labour and emphasized the role of inspection in its prevention. The Governments of Australia and Bahrain highlighted their efforts to prevent child labour through access to education and social protection.

Bahrain granted [many advantages and care] to children, such as compulsory and free basic education, in addition to the availability of national manpower and accessibility to labour in many labour-exporting countries. ... A national committee was also established to work on the educational, cultural and psychological development of children of all ages and is responsible for all activities and matters relating to childhood. (Ministry of Labour and Social Development, Bahrain)

In terms of ensuring equality of opportunity and treatment of workers, primarily government respondents highlighted the role that legislation, complaints mechanisms and public policies and measures play in preventing discrimination in the world of work.

India has taken numerous and varied measures to promote equality of opportunity and treatment in work by ensuring decent work conditions for women, stepping away from gender-based occupational segregation and promoting balance between men and women in terms of care work to avoid trade-offs between work and family life/childcare. ... The government ... has also made efforts to remove social discrimination [of people based on their caste, tribe, class, religion (Dalit Muslims and Christians), HIV/AIDS and transgender status]. (Ministry of Labour and Employment, India)

The Kingdom of Bahrain provided many support services for migrant workers who suffer arbitrary treatment at the hands of their employers, such as mechanisms whereby individual complaints may be submitted ... with a view to reaching an amicable settlement. At the same time, migrant workers have the right to take direct legal action and are exempt from court fees at all stages of the process. ... There shall be no discrimination between them on the grounds of gender, origin, language, religion, confession or affiliation, and the Kingdom of Bahrain strengthens practices in line with these trends, including the activation of the principle of tripartite consultation ... on issues affecting labour. (Ministry of Labour and Social Development, Bahrain)

Three workers' organizations reported challenges regarding the difference in the way local and foreign workers were treated, and also between full-time and subcontracted workers.

In regard to security of employment, mainly government respondents provided information and examples on legislation and strategies in this area, including in response to the COVID-19 crisis. The Government of Australia noted that protection against unfair and unlawful termination of employment was included in its workplace legislation. The Government of India highlighted the adoption of a new Industrial Relations Code in 2020, according to which fixed-term employees are entitled to the same benefits as permanent workers.

The government is providing foreign-invested companies with information on support measures and subsidies available in order to ease COVID-19's impact on the labour market. Also, efforts to promote job security and create jobs for young people have been continued by ... introducing voluntary wage peak system [the gradual reduction of salaries after a certain age in exchange for extending the retirement age]. (Ministry of Employment and Labour, Republic of Korea)

Support national efforts to address layoffs, establish a job security fund and address the impact of coronavirus pandemic on the economic sector in general and workers in particular. (General Federation of Oman Workers, Oman)

Also in regard to response measures to the COVID-19 crisis, two respondents highlighted the important role of tripartism.

Singapore's priority is to save jobs, support our workers, and protect livelihoods. Together with our tripartite partners, we are taking unprecedented measures to address the challenges and the opportunities under the following MNE Declaration areas. ... The government has committed more than a third of the overall budget to job and wage support to help businesses retain workers. (Ministry of Manpower, Singapore)

The following landmark tripartite agreement was negotiated and unanimously approved: (1) In establishments closed due to coronavirus epidemic the employees should be retained without termination. (2) The employers who are unable to provide work to employees in their institutions ... are to adopt a shift system or other suitable system so that all employees ... are proportionately provided with work every month. (3) If there are employers who are unable to adhere to the above they shall inform the Commissioner General of Labour. ... This decision ... is a national tripartite agreement binding on all employers. (Ceylon Federation of Trade Unions, Sri Lanka)

However, many workers' organizations raised challenges in relation to security of employment.

Security of employment is another area of concern as there are ad hoc layoffs and terminations. Another challenge is that most of the MNEs opt for contract labour with a view to terminate their services as and when they want. (National Trade Union Federation, Sri Lanka)

Under the present COVID-19 pandemic situation, it will not be able to prevent job losses, especially the employees of the export sector. A vast majority of the export sector employees are migrants and females as well and they are unskilled workers. It is not easy for them to find alternative employment. Therefore, there should be an unemployment benefit scheme coupled with retraining scheme for them to find alternative employment. *(Free Trade Zones and General Service Employees Union, Sri Lanka)*

4.2.3 Training

Governments and employers' and workers' organizations all indicated training as a relevant area of the MNE Declaration. Several respondents noted the need to ensure that the skills available in the host countries matched the needs of MNEs.

The host country needs to prepare training programmes for local workers to get quality and well-paid jobs in the MNEs according to their skill level. *(Ministry of Labour, Immigration and Population, Myanmar)*

FDI enterprises also require skilled workers. Viet Nam only engages in the lowest midstream activities of the electronics value chain. These are the lowest value-added activities. ... Therefore, FDI enterprises have to spend additional expenses and training time. *(Chamber of Commerce and Industry, Viet Nam)*

Training ... so as to raise efficiency and skill of the worker in a manner proportionate to the needs of the labour market. *(General Federation of Workers Unions in Iraq, Iraq)*

Several governments and one employers' organization described mechanisms to identify and bridge the skills mismatch in their country.

In addition, the Government has set up a division to identify the human capital needs of investors and help bridge the gaps that exist between industry and education/training providers as well as assist with foreign expatriates. The division engages with various policymakers as well as supply-side and demand-side stakeholders in order to develop an appropriate facilitation framework. *(Ministry of Human Resources, Malaysia)*

Oman Chamber of Commerce and Industry provides training for [small and medium-sized enterprises] on different fields that include providing data on investment opportunities and how to promote local products. Take part in organizing workshops and training courses for businesspeople. Submit proposals on the participation of [small and medium-sized enterprises] owners at the trade delegations. *(Chamber of Commerce and Industry, Oman)*

Two employers' organizations provided examples of training services on offer for their members.

China Enterprise Confederation has three key work areas: ... improving enterprise management, innovation and competitiveness by means of training. ... The opportunities are ... advanced management and training experiences, especially in occupational safety and health. *(China Enterprise Confederation, China)*

The Employers' Confederation of Thailand (ECOT) has conducted the training and seminar classes to educate and develop both member and non-member employers and employees in business organizations, over 10,000 people each year. *(Employers' Confederation of Thailand, Thailand)*

4.2.4 Conditions of work and life

This section of the MNE Declaration covers wages, benefits and conditions of work, and occupational safety and health. Several governments provided specific examples of policies, regulations and programmes in these areas. A government noted also the role of labour inspection in this regard. Respondents from workers' organizations emphasized the importance of these areas, especially during the COVID-19 pandemic.

The inspection bodies ... provide oversight on employers' commitment to apply all the requirements set out in the labour law in the civil sector and the ministerial decisions implementing them, which regulate working conditions, including protection of wages, hours of work, annual leave, employment contract and occupational safety and health. Labour inspectors prepare official reports on these visits and impose monetary fines determined by the competent judiciary on employers who breach such procedures.
(Ministry of Labour and Social Development, Bahrain)

Under the present pandemic situation the responsibility of the MNEs should be to assure wages, benefits and conditions of work to ensure a decent work environment. ... As a workers' organization, our main priorities are ... income assurance. *(Free Trade Zones and General Service Employees Union, Sri Lanka)*

One government and two employers' organizations indicated that this was precisely an area where MNEs could lead by example with their overall good practices and share these with other companies. One government and one employers' organization also stressed the important role MNEs could play to advance decent work in global supply chains.

Measures need to be taken to ensure appropriate working conditions. In particular, the role of MNEs in achieving "decent work in the global supply chain" is being stressed.
(Ministry of Employment and Labour, Republic of Korea)

We are due to enact the health and safety legislation this year, however, our multinationals already are good employers and that will only require incremental changes to be made. *(Chamber of Commerce, Cook Islands)*

Much has been done [by MNEs] to support the development of communities and supply chains with whom they engage. *(Employers' Federation of Ceylon, Sri Lanka)*

Three workers' organizations from Iraq all stated that MNEs maintain high standards of safety and health, including by examining causes of industrial safety and health hazards and making improvements within the enterprises.

Main challenges highlighted by respondents from all three groups pertain to wages, including regulating and harmonizing wages, managing wage differences in the market, and setting a minimum wage.

In the field of wages, there are several challenges such as realizing a systematic and realistic national wages system to overcome differences in perceptions and views concerning wages regulations. *(Ministry of Manpower, Indonesia)*

Our main challenge in Kiribati is to bridge the gap between the benefits offered in the public service and private sector. This needs government support and policy. ... The KCCI has recently ramped up their lobbying work to meet standards of minimum wage. *(Kiribati Chamber of Commerce and Industry, Kiribati)*

Inequality of wages between foreign and domestic workers. *(Federation of Oil Unions, Iraq)*

Respondents from all three groups underlined the role of tripartite dialogue and collective bargaining related to wages, benefits and conditions of work.

Similarly, in reviewing the minimum wages rates and coverage, all stakeholders are engaged and several elements are taken into consideration in setting up minimum wages level including median wage (indication of employers' ability to pay wages), poverty line income, labour productivity, cost of living, and unemployment rate. (Ministry of Human Resources, Malaysia)

The Wages Boards Ordinance provides for the wage fixing mechanism with the tripartite participation. (Ministry of Skills Development, Employment and Labour Relations, Sri Lanka)

The Ceylon Workers' Congress lobbies the Employers' Federation of Ceylon and the plantation companies quite aggressively during the Collective Bargaining process, even resorting to industrial action on occasion. (Ceylon Workers' Congress, Sri Lanka)

As shown in figure 4.1, respondents from all three groups noted the importance of occupational safety and health, and shared examples of measures taken as well as pending challenges. The Governments of Jordan and Myanmar both highlighted the role of labour inspection to enforce relevant legislation and regulations. The Government of India highlighted the relevance of tripartism for coordinated policymaking in the area of occupational safety and health, and the Government of the Islamic Republic of Iran noted the importance of adopting a more holistic definition for safety at work.

Safety is not just about work-related accidents but also about mental, psychological, intellectual, and post-employment dimensions. ... Today's changing world ... requires taking a new aspect of work safety into consideration [and] strengthening the standards of this issue [to ensure the needs of employees]. (Ministry of Cooperatives, Labour and Social Welfare, Islamic Republic of Iran)

Respondents from the three groups described actions to minimize the spread of COVID-19 in the workplace, including through tripartite consultation. One employers' organization and one workers' organization, in particular, highlighted activities led by the ILO Bureau for Workers' Activities and Bureau for Employers' Activities, respectively, as sources of information on guidance and new resources in this regard.

The Government of Japan highlighted the important role of development cooperation projects in improving standards and compliance with international labour standards on occupational safety and health. Several workers' organizations mentioned the existing challenges in relation to ensuring compliance, and described their relevant awareness-raising activities.

4.2.5 Industrial relations

This section of the MNE Declaration covers the areas of freedom of association and the right to organize, collective bargaining, consultation, examination of grievances and settlement of industrial disputes. Many government and employers' organizations noted the importance of effective industrial relations and social dialogue, and provided examples of legislation and mechanisms, including in response to COVID-19.

Effective collective bargaining practices and ensuring freedom of association for workers is essential to maintain a successful level of industrial relations in a workplace. ... Major policy decisions are always consulted with stakeholders through established mechanisms. [Effective social dialogue] greatly assisted in development of successful responses in the face of COVID-19 and associated challenges. (Ministry of Skills Development, Employment and Labour Relations, Sri Lanka)

All MNEs seek services offered by the EFC and these include advisory, representative, facilitating collective bargaining, training as well as value-added services, which include development of policies to suit local conditions. Quite a number engage in collective bargaining and are sources of good work practices as well. (Employers' Federation of Ceylon, Sri Lanka)

Governments and employers' and workers' organizations highlighted their efforts to support tripartite social dialogue and institutions.

Strengthening of social dialogue through regular tripartite meetings. (*Ministry of Internal Affairs, Cook Islands*)

ECOT is also a member of tripartite activities ... to implement, develop, and promote [industrial relations]. ... We also conduct bipartite meetings between the employers' organizations and workers' organizations to discuss on situation and plan, including implementation of some related activities. (*Employers' Confederation of Thailand, Thailand*)

Campaigning to enact [International Relations] act. [We have] requested to establish a national tripartite labour advisory council, and to establish social dialogue mechanism. [We have also made] calls to strengthen labour-related institutional capacity. (*Trade Union Congress, Maldives*)

One employers' organization commended the government's role in promoting the use of memoranda of understanding as a means of strengthening industrial relations within MNEs operating in the country, and a government described its measures to support collective bargaining.

The Kingdom of Bahrain has also begun to define rules and procedures to be followed at every stage of collective bargaining and the supportive role granted by the Ministry of Labour and Social Development to trade unions and their right to trade union representation and instilling the social dialogue aiming to improve the work environment and preserve the acquired rights. (*Ministry of Labour and Social Development, Bahrain*)

With concerted efforts from the government, the KEF has signed memorandums of understanding (MoUs) with foreign investors' organizations in Korea with a view to establishing peaceful industrial relations in MNEs doing business in Korea. (*Korea Enterprises Federation, Republic of Korea*)

The Government of China viewed collective consultation and agreements as key for harmonious industrial relations and described initiatives for their promotion at the national level, including through the establishment of a reward system for enterprises and technical cooperation with the ILO.

The Governments of Malaysia and Myanmar shared examples of challenges in managing social dialogue processes, while a workers' organization from Maldives stressed that challenges persisted because of a lack of legislation or social dialogue mechanism. An employers' organization from Kiribati noted the need to strengthen the capacity of workers' organizations for successful tripartite dialogue.

Among the issues faced by the government in this regard is the prolonged discussion process due to the different needs and demands from employers' and workers' groups, which resulted in misinterpretation by the parties involved. (*Ministry of Human Resources, Malaysia*)

Mainly workers' organizations highlighted particular challenges related to freedom of association, especially the lack of effective recognition of this right in some countries and violations by some MNEs.

Government of Thailand still do not endorse/accept fundamental rights of labour and trade unions. Interference of employers, and unfair treatment occur often when workers in the enterprises are engaged with activities of trade unions, i.e. organizing and submitting demands to bargain on improving working conditions. We often see dismissals of union leaders, using managerial power to put pressure on working conditions of union leaders, and non-compliance of collective bargaining agreement. (*State Enterprises Workers' Relations Confederation (SERC), Thailand*)

The Government of Korea has not yet ratified Convention No. 87, which is related to fundamental workers' rights at work. In order for workers in multinational enterprises operating in Korea to enjoy freedom of association and the right to organize, the Korean Government has to rush to ratify ILO core Conventions. (*Federation of Korean Trade Unions, Republic of Korea*)

The Government of the Philippines highlighted challenges regarding freedom of association and collective bargaining in special economic zones, which include industrial estates, export processing zones, free trade zones and tourist or recreational centres. It described measures it has taken to ensure labour inspection and protection against anti-union discrimination, such as issuing new regulations on labour law inspection.

Against this backdrop, workers' organizations described their initiatives to promote freedom of association, including lobbying the government and awareness-raising among employees of MNEs.

We conduct awareness programmes on freedom of association and right to organize to employee groups and also for prospects in MNEs especially in the free-trade zones (FTZs). (*National Trade Union Federation, Sri Lanka*)

Along with the workers' organizations from Indonesia and Japan, two governments reported difficulties in terms of social dialogue within MNE operations, including their supply chains, in some cases making the link with freedom of association and collective bargaining.

In the host countries of MNEs in Asia, MNEs face various difficulties in the implementation of the dialogue within the company for the reasons that industrial relations is immature. (*Ministry of Health, Labour and Welfare, Japan*)

Measures need to be taken to prevent industrial disputes in MNEs through supporting the establishment of decent bargaining practices on pending issues, such as wage negotiations between labour and management. (*Ministry of Employment and Labour, Republic of Korea*)

Organizing MNEs is one of the challenges for workers' side. ... In many Asian countries, there are basic problems including freedom of association and collective bargaining particularly in MNEs. (*Japanese Trade Union Confederation, Japan*)

One government and two employers' organizations highlighted their efforts to engage in consultations with MNEs.

In addressing issues related to MNEs such as issues in the areas of employment, condition of work, industrial relations, training and social security, the government ... strives to continuously engage and consult relevant MNEs through our ad hoc and institutional mechanisms. (*Ministry of Human Resources, Malaysia*)

The Korea Enterprises Federation (KEF) is actively interacting with the foreign chambers of commerce in Korea ... in order to make the voices of MNEs heard and make better business environment. (*Korea Enterprises Federation, Republic of Korea*)

Based on Mongolian national law we had some consultation with foreign invested companies. (*Mongolian Employers' Federation, Mongolia*)

Two workers' organizations highlighted their efforts in the context of COVID-19. In the case of the Nepal Trade Union Congress, wage-related issues were settled by engaging in bipartite and tripartite consultation. In another case, a workers' organization highlighted the importance of access to remedy and examination of grievances in the context of the COVID-19 pandemic and its efforts to support workers in that regard.

As the suppliers and the governments have become helpless under the COVID-19 pandemic situation, the new challenges faced by the employees because of the dismantling of global supply chains, the MNEs have the responsibility to find immediate remedies and transparent grievance handling system. ... While we are engaging in a tripartite task force, we are assisting the employees to inform their grievances and submitting to the Department of Labour on behalf of them. (*Free Trade Zones and General Service Employees Union, Sri Lanka*)

Several governments and two employers' organizations provided examples of national laws, regulations and mechanisms to settle industrial disputes. One employers' organization highlighted the link between settlement of disputes, an attractive business environment and foreign direct investment.

The Government of India has launched an e-dispute portal ... for [workers to file] disputes in a very simple and lucid way. This online portal is devised to be worker friendly, easy to understand for filing dispute, transparent in a way that the status [of the dispute] will be visible to all stakeholders at all times. Moreover, the portal will ensure accountability, which will make the process more effective and efficient. (*Ministry of Labour and Employment, India*)

One employers' organization emphasized the importance of the MNE Declaration principles in relation to resolution of labour disputes and highlighted its role in supporting dispute resolution processes in MNEs operating within and outside the territory.

MNEs in Korea are also known to experience industrial disputes frequently. The labour unions involved in disputes with MNEs have been ... criticized for their ... aggressive methods. Therefore, it would be helpful for the tripartite constitutions concerning MNEs to take particular notice of principles that respect settlement of industrial disputes through dialogue and by mutual consent. (*Korea Enterprises Federation, Republic of Korea*)

Two workers' organizations highlighted the slow process of labour dispute resolution as an important challenge.

There is a serious delay in the settlement of workplace disputes especially in the area of freedom of association and the right to collective bargaining. If this situation continues, no amount of national legislation or international conventions will help to improve the situation in our country. (*Sri Lanka Nidahas Sewaka Sangamaya, Sri Lanka*)

Given the excessive length of time taken to hand down judgements in labour issues, specialized labour courts are very much needed to contribute in good functioning of judicial system in private sector or find any other more effective tools than those currently in effect. (*General Federation of Oman Workers, Oman*)

4.2.6 Other

Some governments and employers' and workers' organizations provided information about other areas that they considered relevant in relation to operations of enterprises but that are not enumerated as such in the MNE Declaration. The Government of the Islamic Republic of Iran, for example, emphasized the role that cooperatives can play in terms of employment creation; the employers' organization from China noted the importance of supply chain management; and the Australian Council of Trade Unions noted concerns in regard to the tax regime that MNEs may benefit from and how this may affect economic growth and social development.

► 4.3 Dialogue and consultation on the activities of MNEs

“In your country, does your organization hold any formal consultation on activities of MNEs with national government, workers’, and employers’ organizations or peers of other countries and foreign MNEs?”

“Please describe the formal consultations that you regard as the most important ones and indicate why.”

4.3.1 Governments

The majority of the 21 governments which completed the questionnaire held some form of formal consultations on activities of MNEs. Sixteen stated that they held formal consultations on activities of MNEs with national employers’ and workers’ organizations; 11 held formal consultations on activities of MNEs with foreign MNEs, foreign employers’ organizations or foreign workers’ organizations; and 11 held formal consultations on activities of MNEs with governments of other countries. Ten governments held consultations with all of the three above-mentioned groups. Three responding governments indicated that they held no formal consultations or did not have any information about consultations.

Figure 4.2 summarizes the results of section 2 on dialogue and consultation of the questionnaire for governments.

► Figure 4.2 Dialogue and consultation: governments



Several governments provided information on tripartite institutions facilitating formal consultations at the national level. The Government of India emphasized the role of tripartite consultation in the reform and implementation of policy and labour legislation, and the role of sectoral tripartite committees for industries such as plantations, road transport, and cotton textiles and jute enterprises. The Government of Singapore highlighted the role of tripartite consultations organized through the National Wages Council in response to the COVID-19 crisis, which led to the issuance of guidelines on wage- and employment-related issues and to various measures to help employers manage business costs and save jobs. The Government of the Republic of Korea described formal tripartite consultations that led to the development of guidance to reinforce the responsibility of companies, including MNEs, to respect human rights. One respondent

reported holding regular tripartite formal consultations to raise awareness and exchange information with employers' and workers' organizations on labour legislation and issues related to activities of MNEs.

The Ministry of Administrative Development, Labour and Social Affairs holds periodic meetings with employers and workers to raise the level of their awareness and provide them with information regarding legislation, laws and decisions issued by the government, and to exchange views on issues of concern to the labour sector in order to protect and sponsor activities related to MNEs. (Ministry of Administrative Development, Labour and Social Affairs, Qatar)

The Governments of Japan and New Zealand indicated consultations on international labour standards organized via national contact points (NCPs)⁴² for responsible business conduct. The Government of New Zealand moreover mentioned tripartite consultations on operations of MNEs that might have a significant economic or employment effect for a local community and emphasized the importance of consultations with local stakeholders.

Should a complaint be raised with the NCP about the local activities of an MNE owned/ headquartered in another country, the New Zealand NCP would likely consult with the NCP of that country in the process of deciding whether to accept a complaint or transfer it, or in the process of its investigation. (Ministry of Business, Innovation and Employment, New Zealand)

One government specifically mentioned the role of the European Union, ILO and OECD Responsible Supply Chains in Asia (RSCA) programme in promoting the MNE Declaration and responsible business conduct by facilitating and supporting formal tripartite consultations.

The formal consultation under RSCA project ... plays a major role ... to promote the MNE Declaration and encourage consultation between tripartite constituents. A workshop on policy framework for the promotion of responsible business ... under the RSCA project [is] also important since it provides the opportunity for all stakeholders ... to widely share their experiences and discuss on activities concerning the MNE Declaration. (Ministry of Labour, Thailand)

Another government emphasized that MNEs participate in formal tripartite consultations through their membership of the national employers' organization, and highlighted the importance of collective bargaining within MNEs.

Collective bargaining creates an environment of understanding where on a continuous basis there is dialogue which results in the better implementation of obligations. (Ministry of Skills Development, Employment and Labour Relations, Sri Lanka)

Some governments mentioned consultations with foreign MNEs, governments and employers' organizations or workers' organizations through national, bilateral, regional or international organizations and mechanisms, workshops, conferences, meetings and dialogues. The Government of Jordan mentioned United Nations organizations and the Government of Singapore cited organizations representing groups of foreign and domestic workers.

⁴² National contact points for the OECD Guidelines for Multinational Enterprises are agencies established by adhering governments to promote and implement the OECD MNE 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 their implementation (more information available at www.oecd.org).

Three governments described formal consultation with MNEs on ways to improve the regulatory environment.

The Government-Private Sector Forum ... constitutes the key platform where government and representatives of the private sector meet ... to discuss the issues of investment. New regulations or policies or amendment to legislation and policies framework may be agreed upon as the outcome of the forum. (Ministry of Labour and Vocational Training, Cambodia)

In 2016, the Government of the UAE engaged in a formal constructive dialogue that gathered the Federation of UAE Chambers, Dubai Chamber, and more than 30 of its multinational member companies. The consultations aimed at promoting knowledge, skills and best practices with respect to investment, business, human rights, industry and trade policy. These consultations resulted in the formation of a Multinational Companies Business Group (MCBG) ..., a non-profit working group aimed to cooperate with the UAE Government in shaping strategies in a wide range of areas including human and workers' rights. (Ministry of Human Resources and Emiratization, United Arab Emirates)

[Consultations are undertaken] in order to exchange views between the government and the private sector and facilitate the economic activities ..., review and remove barriers to business and make effective decisions for the necessary actions within the existing laws and regulations and provide appropriate executive proposals and solutions to relevant authorities. (Ministry of Cooperatives, Labour and Social Welfare, Islamic Republic of Iran)

The Government of Qatar described consultations with other governments related to foreign labour and bilateral agreements and memoranda of understanding, as well as consultations led through tripartite working groups promoting decent work and fair recruitment in specific sectors such as the hospitality industry and the public sector.

Two governments noted the role of consultations in regard to the application of labour standards within MNEs, in one case including when operating in host countries.

The Ministry of Human Resources and Social Security, in conjunction with the All-China Federation of Trade Unions, the China Enterprise Confederation, and the All-China Federation of Industry and Commerce, analysed typical experiences of enterprises including multinational enterprises and different industries on carrying out collective consultation and bargaining. (Ministry of Human Resources and Social Security, China)

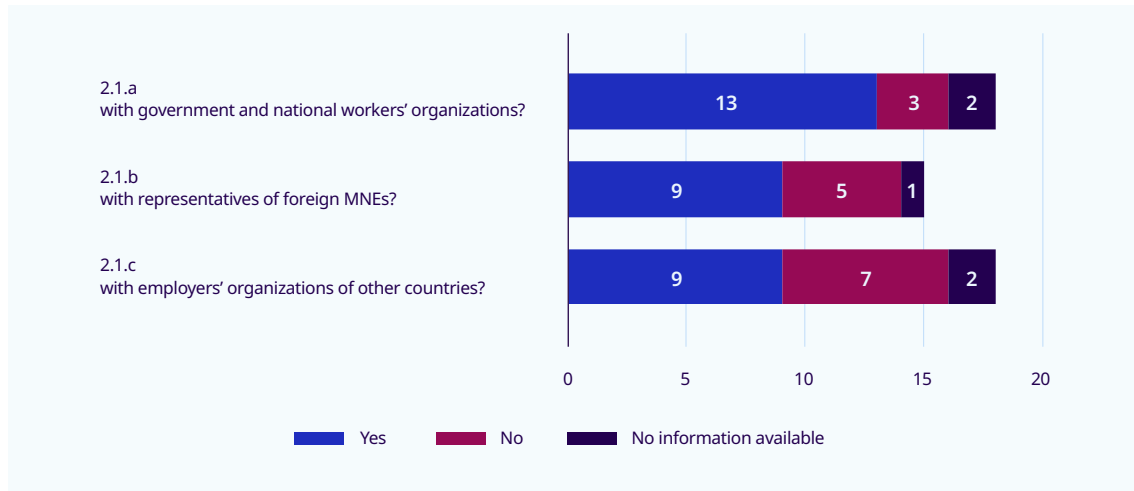
Labour attachés are dispatched to countries where many Korean companies have entered the market and serve as a consultation channel with governments of other countries. In addition, the Korean Government organizes an industrial relations support team and visits countries with many Korean companies every year ... to get up-to-date information and hear grievances of Korean companies operating overseas. (Ministry of Employment and Labour, Republic of Korea)

4.3.2 Employers' organizations

The majority of the 18 responding employers' organizations stated that they held some form of formal consultations on activities of MNEs. Thirteen held formal consultations on activities of MNEs with governments and national workers' organizations; nine confirmed holding formal consultations on activities of MNEs with representatives of foreign MNEs; and nine held formal consultations on activities of MNEs with employers' organizations of other countries. Six of the responding employers' organizations held formal consultations with all of the three above-mentioned groups. Three respondents indicated that they held no formal consultations and one that they did not have any information about consultations.

Figure 4.3 summarizes the results of section 2 on dialogue and consultation of the questionnaire for employers' organizations.

► **Figure 4.3 Dialogue and consultation: employers' organizations**



Five employers' organizations gave examples of a number of mechanisms for tripartite consultation, such as social dialogue committees and labour councils. The employers' organization from the Republic of Korea highlighted that public interest groups also participate in these consultations. The employers' organization from New Zealand provided information on the tripartite liaison group of the NCP for the OECD MNE Guidelines, which comprises representatives of the government, the employers and trade unions, and with which the NCP discusses its work.

Several employers' organizations noted the important role consultations play for harmonious industrial relations and private sector growth, employment creation and decent work, the promotion of labour standards, social dialogue, good workplace practices along supply chains, and support for inclusive economic growth and recovery efforts in the face of national disasters, including the COVID-19 pandemic. The employers' organization from Singapore highlighted tripartite consultations leading to recommendations in the framework of the National Wages Council.

Five employers' organizations described a number of mechanisms and channels they use for formal and informal consultations with enterprises, including MNEs. The United Arab Emirates employers' organization described forming an MNE working group with the aim of improving dialogue with the government.

Two respondents from Pakistan and Thailand mentioned making use of awareness-raising, training and peer learning events on the MNE Declaration to provide a platform for tripartite consultation. The employers' organization from the Viet Nam Chamber of Commerce and Industry described a seminar to strengthen national policy dialogue in the country, aiming to maximize the sustainable impact of FDI on small and medium-sized enterprises, employment and decent work, especially in the electronics export sector. The organization described the establishment of the Electronics Business Coalition to promote socially responsible labour practices in that sector.

In October 2017, the Electronics Business Coalition in Viet Nam to promote socially responsible labour activities was officially established. This is an initiative of the Viet Nam Chamber of Commerce and Industry (VCCI) and the Viet Nam Electronics Industry Association (VEIA) with technical support from the ILO. The establishment of the alliance encourages the development of a reliable dialogue environment between supply chain and electronics businesses ..., consolidates the voice of electronics in broader policy dialogue with stakeholders and takes action to address the challenges facing the industry. (Viet Nam Chamber of Commerce and Industry, Viet Nam)

Regarding consultations with representatives of foreign MNEs, several employers' organizations indicated a number of international or national chambers, councils and investment promotion agencies through which these consultations take place. The employers' organization from the United Arab Emirates highlighted in this context a trade and investment dialogue with the European Union.

Three employers' organizations indicated engaging in ad hoc consultations with MNEs. In addition, the employers' organization from Mongolia gave as an example a consultation with a Chinese company on topics of land and tax dispute.

Several employers' organizations provided examples of consultations with national employers' organizations from other countries or regional and international employers' organizations. The employers' organization from Viet Nam mentioned a sectoral association, the Viet Nam Electronics Industry Association.

The employers' organization from Pakistan indicated the role of memoranda of understanding for collaboration and knowledge exchange with foreign employers' organizations.

One respondent provided an example of consultations with foreign employers' organizations taking place through a working group that was established to coordinate efforts regarding the COVID-19 crisis, including protecting labour rights.

Cooperation with employers' organizations in other countries ... takes place to coordinate efforts on protecting the common interests and ... labour rights. For example, through recent cooperation with the American Chamber of Commerce, a working group that includes business councils and chambers of commerce based in Abu Dhabi or Dubai was established with the aim of coordinating efforts to reduce the effects of the COVID-19 pandemic and assess the challenges facing corporate sustainability. (Federation of UAE Chambers of Commerce and Industry, United Arab Emirates)

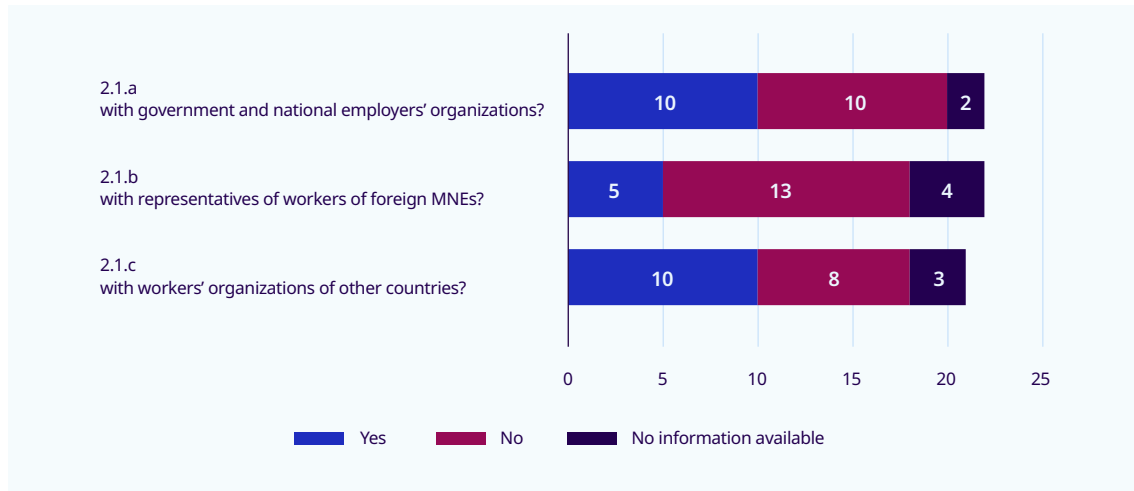
The respondent from the Islamic Republic of Iran indicated that there is no formal mechanism for consultation. The employers' organization from New Zealand noted that it did not have consultations with foreign MNEs as there were few complaints.

4.3.3 Workers' organizations

Of the 23 workers' organizations that completed the questionnaire from 12 countries, 10 stated that they held formal consultations on activities of MNEs with government and national employers' organizations, while 5 held formal consultations on activities of MNEs with representatives of workers of foreign MNEs. Ten responding workers' organizations stated that they held formal consultations on activities of MNEs with workers' organizations of other countries.

Figure 4.4 summarizes the results of section 2 on dialogue and consultation of the questionnaire for workers' organizations.

► **Figure 4.4 Dialogue and consultation: workers’ organizations**



Out of all responding workers’ organizations, two indicated undertaking formal consultations with all of the three above-mentioned groups. Ten responding workers’ organizations indicated that they held no formal consultations or did not have any information about consultations.

A number of respondents highlighted the importance of formal consultations. The Australian workers’ organization indicated participating in consultations on business and human rights on an ad hoc basis, together with representatives from civil society. The National Trade Union Federation of Sri Lanka cited the role of regular formal tripartite consultations to improve national laws and regulations and compliance. The Oman workers’ organization indicated that tripartite consultations allowed them to provide a comprehensive view of the need to improve labour law compliance in various sectors, and to support the work of labour inspection in MNEs, including through collaboration with industrial zones. The respondent from Jordan indicated conducting consultations and dialogues related to workers, wages, leaves, and occupational safety and health. The Nepal Trade Union Congress highlighted the role of consultations during the COVID-19 pandemic, especially regarding wages of workers.

Several workers’ organizations described mechanisms for regular formal and informal consultation, such as committees, round tables and seminars. Related to these types of consultations, respondents from Australia and Japan mentioned the NCP for the OECD MNE Guidelines, with the latter indicating that it was important to strengthen the representation of employers’ and workers’ organizations within the Japanese NCP. One respondent from a workers’ organization highlighted its participation in a tripartite workforce set up to respond to the COVID-19 crisis.

The most important engagement with social dialogue is [through the] tripartite task force on the impact of the COVID-19 [on] employment and employees. Because social dialogue is the only way out [of] the challenges we are facing under [the] present pandemic crisis. (Free Trade Zones and General Service Employees Union, Sri Lanka)

Regarding consultations with representatives of foreign MNEs, three workers’ organizations indicated that such consultations occurred through workers’ organizations in the MNEs. The workers’ organization from Jordan mentioned that the Textile Workers’ Union maintains constant contact with employers, relevant actors and international organizations.

The Nepal Trade Union Congress highlighted the importance of sharing good and bad practices with workers’ organizations from other countries. The respondent from the Australian workers’ organization indicated that although it did not conduct formal consultations with workers’ organizations of other countries, it provided support in addressing concerns and complaints related to the conduct of Australian MNEs.

Several respondents noted having consultations with workers' organizations of other countries on a bilateral basis or through the ILO, international and regional trade union organizations and federations, and regional networks of trade unions.

Together with the Nepal Trade Union Congress, a workers' organization stressed the important role of memoranda of understanding between workers' organizations to protect the rights of workers, including migrant workers.

The Labour Congress of Thailand and Thai Trade Union Congress ... had a meeting with the Lao People's Democratic Republic and have a plan to have a MoU shortly. ... Entered into a MoU with Myanmar and many countries related to bringing in migrant workers to work in Thailand legally. (Labour Congress of Thailand, Thailand)

The workers' organization from Oman listed the areas of the MNE Declaration it found more relevant for consultations, including obeying national laws and regulations, collective bargaining and the right to organize, wages and working conditions, job security, and occupational safety and health.

One workers' organization highlighted the lack of formal consultation due to the absence of workers' organizations in the public sector of the country. It indicated having informal follow-up mechanisms related to workers' social security.

There are very little activities with regard to formal consultations, since unionization is not activated in the public sector of Iraq ..., but we are following a large portion of companies with regard to workers' social security, and follow-up ... is effective since most of the workers have access to social security. (Federation of Oil Unions, Iraq)

Three workers' organizations noted the role of collective bargaining in relation to successful social dialogue.

Two respondents indicated ways to improve social dialogue for a better implementation of the principles of the MNE Declaration, including with the support of the ILO. One in particular called for the creation of a national focal point for the promotion of the MNE Declaration.

[The MNE Declaration] is very important in the context of Nepal but both the government and employers are running away from its implementation. Therefore, in this situation, it would be better if the common body like ILO coordinates with both sides and makes a smooth and easy environment to implement it. (All Nepal Federation of Trade Unions, Nepal)

The promotion and effective implementation of the MNE Declaration would be better served by regular tripartite consultations on issues relating to MNEs through the creation of a national focal point, and the creation of an effective complaints mechanism to complement the complaints mechanism of the OECD Guidelines. (Australian Council of Trade Unions, Australia)

The workers' organization from Maldives stated that the political environment was not favourable to carry out consultations, citing concerns regarding the recognition of trade unions. The Federation of Korean Trade Unions indicated that it did not hold formal consultations.

Two workers' organizations from Thailand mentioned dialogue with government – either consultations or communications sent – to raise awareness of the working conditions of subcontracted workers and compliance more generally.

The Labour Congress of Thailand had a dialogue with the Ministry of Labour on section 11/1 that employers do not comply with such a provision. Subcontracted workers were not treated fairly by employers but the Ministry of Labour claimed that there is no complaint. (Labour Congress of Thailand, Thailand)

Submitting a letter/petition to the government to prescribe clear rules/procedures for multinational corporations to comply/uphold, especially on respecting the rights of workers and trade unions. (State Enterprise Workers' Relations Confederation, Thailand)

► 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?”

“Please give examples of such promotion activities and describe the most successful one.”

“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?”

Does your country have a focal point or similar process or tool to promote the MNE Declaration at the national level?

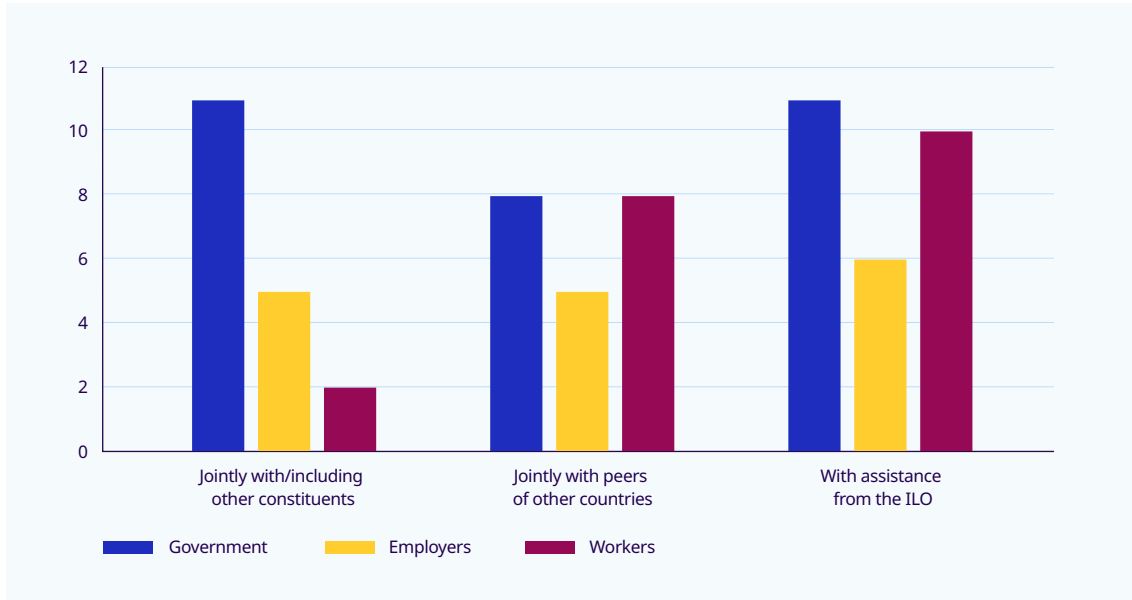
Overall, 15 governments, 7 employers’ organizations and 10 workers’ organizations signalled that they had undertaken some sort of promotional activity (table 4.4). Of these 32 respondents, 18 indicated having organized such promotional activities with other parties (11 governments, 5 employers’ organizations and 2 workers’ organizations), 21 with peer organizations from other countries and 27 with assistance from the ILO.

► **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	15	5	-
Employers’ organizations	7	8	1
Workers’ organizations	10	9	3
Total	32	22	4

Figure 4.5 provides an overview of responses from each group that indicated having undertaken some sort of promotional activity. Of 15 events or initiatives taken by governments, 11 included the participation of other constituents; eight were organized jointly with peers from other countries; and 11 were undertaken with assistance from the ILO. Five employers organized events or took initiatives that included other groups and with peers of other countries, and six employers reported organizing an event with assistance from the ILO. For the ten workers’ organizations that indicated having organized a promotional activity, two organized events jointly with other groups, eight were joint events organized with peers of other countries, and all were held with the assistance of the ILO.

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



Eight governments, four employers' organizations and two workers' organizations indicated having developed or commissioned promotional materials on the principles of the MNE Declaration.

Eight governments, five employers' organizations and six workers' organizations stated that a focal point or a similar process or mechanism to promote the MNE Declaration at the national level had been established, or that the role of promoting the MNE Declaration lay with a specific institution, or that it was undertaken in the framework of a Decent Work Country Programme. As mentioned in Chapter 2, on the MNE Declaration and its promotion and application in Asia and the Pacific and the Arab States, Nepal and Pakistan are the two member States that have established national focal points on a tripartite basis (taking guidance from Convention No. 144) to promote the use of the MNE Declaration and its principles. In both these cases, the national focal points were established after the questionnaires that inform this chapter were submitted (February to August 2022). More information on the specific set-up of each national focal point can be found in Chapter 2.

4.4.1 Governments

The Government of the Republic of Korea highlighted seminars and meetings promoting activities in line with the principles of the MNE Declaration for companies of the Republic of Korea entering a foreign market, especially regarding compliance with labour legislation in the host country. It also mentioned supporting the implementation of the MNE Declaration by establishing a support system for foreign companies in the Republic of Korea that operated mainly in free economic zones, including consulting and counselling services, guidelines on labour law and an ombudsperson system.

The Governments of Cambodia, the Islamic Republic of Iran and the Philippines mentioned investment promotion efforts as a vector to promote the principles of the MNE Declaration.

The Governments of Cambodia and Malaysia referred to their Decent Work Country Programmes as a relevant framework to promote the MNE Declaration. The Government of Cambodia also highlighted the development and implementation of the National Employment Policy with assistance from the ILO.

The Government of Thailand highlighted events, seminars and workshops to promote the Thai National Action Plan on Business and Human Rights, as well as other events and forums, including the Responsible Business and Human Rights Forum organized in 2019 in Bangkok, other events bringing together ASEAN member countries and the European Union, and events undertaken in the framework of the RSCA programme.

The Government of Qatar highlighted events organized in the country in cooperation with the ILO, the Arab Organization and the Cooperation Council for the Arab States of the Gulf, including national, sectoral, regional and international meetings, conferences and workshops to uphold the principles of the MNE Declaration and decent work in the midst of the COVID-19 crisis. For example, the government organized several remote training workshops with the participation of ILO on the responsibilities of enterprise labour committees in the area of occupational safety and health during the COVID-19 crisis.

The Government of Japan mentioned a number of consultations with business associations, trade unions and the general public in the framework of the formulation of its National Action Plan on Business and Human Rights, as well as development of a series of promotional materials and events.

The Government of New Zealand listed the events organized by the NCP for the OECD MNE Guidelines and its efforts to form partnerships with the academic sector and the NCP from Australia to share resources and lessons learned.

The Government of China cited as an example the promotion of the Sustaining Competitive and Responsible Enterprises (SCORE) project, which focuses on developing [cooperative relations at the workplace](#).

The Government of Indonesia mentioned the ILO 2016 Asia and the Pacific Regional Meeting hosted by Indonesia as a platform for the promotion of the principles of the MNE Declaration. It also indicated that it upheld the principles of the MNE Declaration in such areas as working conditions and recognition of enterprises that employ people with disabilities.

Eight governments indicated having developed or commissioned promotional materials on the principles of the MNE Declaration. The Governments of Thailand and New Zealand both described promotional materials related to the OECD MNE Guidelines.

The Government of the Islamic Republic of Iran mentioned a revised investment guide published by its investment agency. The Government of the Republic of Korea shared that it had published a human rights management guideline and checklist reflecting the principles of the MNE Declaration. The Government of China indicated that it had issued, in collaboration with employers' and workers' organizations, a notice on further improving collective consultation in response to the impact of COVID-19. The Government of Cambodia had developed materials including guidelines, leaflets, brochures, booklets, magazines and other forms of explanatory notes on laws, regulations and policies.

The Governments of the Philippines and Qatar mentioned awareness-raising materials on labour standards: materials related to employment policies and programmes and an information campaign on illegal recruitment in the Philippines, and brochures, flyers and pamphlets to inform foreign workers of their rights and duties in Qatar.

In terms of a focal point or a similar process or mechanism at the national level to promote the MNE Declaration, eight governments indicated institutions that were in charge of the promotion of the MNE Declaration. The Governments of the Islamic Republic of Iran and the Republic of Korea referenced investment institutions, namely the Organization for Investment and Economic and Technical Assistance (Islamic Republic of Iran) and the Foreign Investment Committee (Republic of Korea). The Government of the Philippines mentioned its National Tripartite Industrial Council and its subcommittees at regional and industry levels, while two other governments indicated the role played by ministries: the Ministry of Labour and Vocational Training for Cambodia, and the Ministry of Administrative Development, Labour and Social Affairs for Qatar.

The Governments of Japan and New Zealand both mentioned their NCPs for the OECD MNE Guidelines as relevant for the promotion of the MNE Declaration. The Thai Government indicated that it had not assigned a national focal point for the promotion of the MNE Declaration, but mentioned the steering committee and subcommittee established in the framework of the National Action Plan on Business and Human Rights, as well as the RSCA project advisory committee and task forces consisting of tripartite representatives, as relevant in this regard.

4.4.2 Employers' organizations

The respondent from the United Arab Emirates employers' organization indicated that it had participated in promotional activities on the ILO MNE Declaration and United Nations Guiding Principles on Business and Human Rights organized by the government in cooperation with United Nations agencies. The employers' organization of Pakistan highlighted meetings to raise awareness of the MNE Declaration at the national, regional and international levels, including during the first South Asian Forum of Employers hosted by the country in 2018 and meetings in collaboration with employers' organizations of other countries.

The respondent from Malaysia listed a number of workshops, dialogues, conferences and seminars, organized with or without the support of the ILO, the International Training Centre of the ILO, and other organizations such as the ASEAN Trade Union Council, the Asian Confederation of Employers, and the International Trade Union Confederation–Asia Pacific. The Oman employers' organization mentioned meetings, workshops and events held under its Foreign Members Committee, composed of the country's foreign investors.

The employers' organization from China highlighted an initiative in conjunction with the employers' organizations from Norway and counterparts in Kenya, Uganda and the United Republic of Tanzania to establish a platform for dialogue with the Chinese business community in these countries. The partnership delivered trainings and guidelines to provide Chinese enterprises operating in East Africa with guidance on harmonious industrial relations.

The respondent from Viet Nam indicated that the Electronics Business Coalition had been established to promote socially responsible labour activities in line with the principles of the MNE Declaration and that its activities had received wide media coverage (see section 2.3 for more information). The employers' organization from Sri Lanka shared how it had supported initiatives in the areas of child labour, social dialogue, workplace cooperation and occupational safety and health. The respondent from Kiribati stated that it relied on the government to organize promotional events.

Four employers' organizations provided details on developed or commissioned promotional materials on the principles of the MNE Declaration. The employers' organization of Pakistan presented the principles of the MNE Declaration at various forums and workshops and on its website. The employers' organization from Thailand highlighted the availability of the MNE Declaration in the Thai language. The employers' organization from Sri Lanka indicated that it did not specifically have promotional materials on the MNE Declaration but emphasized that all its trainings were based on and promoted international labour standards.

In terms of a focal point or a similar process or mechanism at the national level to promote the MNE Declaration, five employers' organizations stated that such focal points had been established at country level. The New Zealand respondent mentioned its Ministry of Business, Innovation and Employment, as well as the NCP for the OECD MNE Guidelines. The respondent from Kiribati indicated reliance of the employers' organization on the ministry to organize related events, and the one from Oman mentioned its public investment promotion agency, Ithraa. The employers' organization from Pakistan indicated that it was envisaging appointing a national focal point in the framework of an ILO project to promote the MNE Declaration in consultation with tripartite partners.

4.4.3 Workers' organizations

A workers' organization mentioned the forum on the 2020 Tokyo Olympic games (eventually held in 2021) organized by the ILO Country Office for Japan, as well as a corporate social responsibility seminar organized by the Japan Association for Advancement of ILO Activities.

“Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code” was formulated in which MNE Declaration was mentioned. Also, ILO published “International Labour Standards and Sustainable Sourcing Handbook” and “Fair Play – Decent Work for All through the 2020 Games” (case studies of Tokyo 2020 partner companies). (Japan Trade Union Confederation, Japan)

Another respondent provided examples of activities related to the MNE Declaration that could be carried out in future, along with levels of feasibility.

1. Organizing training to share knowledge with employers' representatives, employees and government, in a tripartite manner, on the MNE Declaration – will probably be most successful. 2. Production of documents for workers to read – will probably be most successful. 3. Promoting organizing of industrial unions – difficult. 4. Promote social dialogue between employers and workers – difficult. (State Enterprises Workers' Relations Confederation (SERC), Thailand)

Sri Lanka Nidahas Sewaka Sangamaya indicated that the joint seminars and events it had conducted had not produced the expected results.

Two workers' organizations (the Japan Trade Union Confederation and Nepal Trade Union Congress) developed or commissioned promotional materials on the MNE Declaration.

Five workers' organizations from four countries provided details on a focal point or a similar process or mechanism to promote the MNE Declaration at the national level that had been established in their country. The All-China Federation of Trade Unions mentioned the National Tripartite Committee for Coordination of Labour Relations. The General Federation of Oman Workers highlighted the national investment agency, Ithraa. The Federation of Korean Trade Unions mentioned the Republic of Korea NCP for the OECD MNE Guidelines. From Sri Lanka, the Free Trade Zones and General Service Employees Union referenced the Decent Work Country Programme as a tool for the promotion of the MNE, while the Nidahas Sewaka Sangamaya mentioned its General Secretary as the focal point to promote the MNE Declaration.

► 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.

Several respondents from all three groups requested the Office and its constituents to increase efforts to promote the MNE Declaration in the region, including by providing assistance with organizing awareness-raising campaigns; developing practical guidance and country-specific action plans; setting up a national focal point; and establishing regional and international networks.

For example, the Jordanian Government recommended setting up a contact point in the ILO Country Office to promote the MNE Declaration and support the efforts of the Ministry of Labour. One employers’ organization highlighted the importance of developing country-specific action plans for better implementation of the MNE Declaration. One workers’ organization from Oman called for the organization of capacity-building and awareness-raising activities at the national level, with support from the ILO, and in the same line, the Government of the Islamic Republic of Iran called for technical assistance from the ILO. Another workers’ organization recommended that the ILO organize a tripartite meeting to draft a plan for the promotion and application of the MNE Declaration.

Trainings and workshops on the implementation of the MNE Declaration must be continued. There should be a sharing session of the best practices for the promotion of the MNE Declaration at the national, regional and international levels. It should be an establishment of a MNE promotion network across the region and at international levels composed of tripartite constituents so that everyone is kept informed of the progress made on this matter. (Ministry of Labour and Vocational Training, Cambodia)

Although there is a growing consensus among businesses and labour on the importance of respecting MNE Declaration, there are no practical steps which management and labour could follow with the aim of following MNE Declaration. Therefore, it would be quite helpful if specific action plans which take into consideration the unique characteristics of each country were developed. (Korea Enterprises Federation, Republic of Korea)

Should raise awareness on the MNE Declaration to increase knowledge widely. To encourage employers, workers and government to put principles into practices until it generates guidelines. Should set up the focal point, which is accepted by all parties. Should conduct a study on the difference between the MNE Declaration and the current Thai laws. (Thai Trade Union Congress, Thailand)

Respondents also indicated coordination between relevant host and home countries as key to successful promotion of the MNE Declaration at regional and international levels. For example, the employers’ organization from Cook Islands highlighted an opportunity to include the MNE Declaration principles in the national Investment Code, which is due for review.

The State of Qatar is keen to coordinate with the Qatar Chamber ... at the national level, with the Cooperation Council for the Arab States of the Gulf and with the Arab Labour Organization at the regional level, and with the ILO at the international level with regard to labour and workers affairs. (Ministry of Administrative Development, Labour and Social Affairs, Qatar)

A continuous dialogue among all stakeholders is necessary. The most important aspect is the genuine concern for honouring labour rights without any exploitation due to poor bargaining power not only of workers but of developing countries like ours. Developed countries should not think of our countries as just dumping grounds and places where they change labour laws to their liking. (National Trade Union Federation, Sri Lanka)

At regional level, the Government of Thailand highlighted a number of tools for the promotion of corporate social responsibility within ASEAN. The employers' organization of Thailand mentioned its efforts to promote the MNE Declaration with the Asian Confederation of Employers and build capacity in areas related to the principles of the Declaration.

In addition, several respondents mentioned specific actions that are needed to strengthen the application of the MNE Declaration, often in conjunction with the United Nations Guiding Principles on Business and Human Rights and the OECD MNE Guidelines.

For the ILO MNE Declaration to be effectively implemented, the following actions must be taken at the national level: a tripartite national focal point should be established to promote the use of the MNE Declaration by Australian MNEs and MNEs operating in Australia, and a robust dispute resolution mechanism ... to complement the OECD Guidelines complaints procedure; ... Australia must implement binding due diligence legislation for MNEs ... [that] must include penalties for non-compliance, grievance mechanisms and remedy. ... At the international level, we need: a binding United Nations Treaty on Business and Human Rights, supported by effective remedy systems; an ILO Convention on supply chains, including global frameworks with core labour standards for cross-border negotiation and collective bargaining; occupational health and safety standards must be added to the framework of ILO Fundamental Rights. (Australian Council of Trade Unions, Australia)

The Indonesian workers' organization also mentioned the country's National Action Plan on the United Nations Guiding Principles on Business and Human Rights for 2020–2024, and noted the importance of having a United Nations binding instrument on business activities and human rights, and due diligence at the regional and international levels.

A workers' organization noted that workers' organizations should be involved in the NCP for the OECD MNE Guidelines and highlighted ineffective dispute resolution by the NCP in its country.

The MNE Declaration revised in 2017 specifies governments are encouraged to facilitate involvement of the social partners in the case of similar tools and processes exist in relation to the principles of this Declaration. In this context, FKTU has demanded workers' organizations should be involved in the Korean NCP but nothing has changed. ... An examination of trade union cases handled by the Korean Commercial Arbitration Board (KCAB) [to which the NCP operations were transferred in 2016] reveals ineffective dispute resolution. ... The predominance of corporate relationships to an NCP is incompatible with the principles for promoting the OECD Guidelines for multinational enterprises. (Federation of Korean Trade Unions, Republic of Korea)

The Government of the Islamic Republic of Iran and an Iranian employers' organization both highlighted sanctions as an obstacle to foreign direct investment and the promotion of the MNE Declaration.

Unilateral sanctions are one of the obstacles on the way of promoting and implementing the MNE Declaration and continuing the performance and responsibilities of such companies. In this regard, it is necessary for the ILO to provide a suitable ground for promoting the above-mentioned Declaration by foreseeing appropriate technical assistance in form of training courses or holding seminars and training conferences by ILO in presence of social partners. (Ministry of Cooperatives, Labour and Social Welfare, Islamic Republic of Iran)

5

5. Final remarks

The depth and breadth of responses received are an indication of the importance that governments and employers' and workers' organizations attribute to the opportunities and challenges posed by FDI and the operations of MNEs. They are also an indication of the relevance of the MNE Declaration to the realization of decent work and its contribution to inclusive and sustainable development in Asia and the Pacific and the Arab States, particularly amidst significant socioeconomic and geopolitical challenges. At the same time, the responses received clearly indicate the continued need to promote the MNE Declaration and the application of its principles.

All three of the respondent groups identified certain areas as relevant, including obeying national laws and regulations, training, wages, benefits and conditions of work, and safety and health. In regard to dialogue and consultations on MNE operations, many governments and employers' and workers' organizations described diverse mechanisms in place. The majority of the 21 governments that completed the questionnaire held some form of formal consultations on activities of MNEs, including formal consultations on the activities of MNEs with national employers' organizations and workers' organizations, and some also had consultations on the topic with foreign employers' organizations and foreign workers' organizations. Similarly, the majority of the 18 responding employers' organizations stated that they held some form of formal consultations on activities of MNEs. The numbers were lower for workers' organizations: of the 23 workers' organizations that completed the questionnaire from 12 countries, 10 stated that they held formal consultations on activities of MNEs with government and national employers' organizations, and even fewer held consultations with representatives of workers of foreign MNEs.

Consultations and dialogue are particularly important in a recovery context, specifically in the aftermath of the COVID-19 pandemic. At the national and sectoral levels, employers' and workers' organizations must continue to be involved in formulating solutions through effective social dialogue and collective bargaining. Governments can play a crucial role in fostering a policy environment that is conducive to the effective involvement of the social partners. Dialogue-based policies and initiatives with regard to recovery measures and long-term planning are more likely to ensure both business continuity and the well-being of workers. Their particular focus should be on vulnerable groups such as young people, women and migrant workers, many of whom have been heavily affected by the COVID-19 crisis and its aftermath.

Finally, several respondents from all three groups requested the Office and its constituents to increase efforts to promote the MNE Declaration, including by providing assistance with organizing awareness-raising campaigns; developing practical guidance and country-specific action plans; setting up a national focal point; and establishing regional and international networks.

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► Appendix I. Questionnaires for governments and 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 multinational enterprises?

General policies

- Obey national laws and regulations
- Promotion of respect for human rights and fundamental principles and rights at work
- Promote good social practice in accordance with this Declaration

Employment

- Employment promotion
- Social security
- Elimination of forced or compulsory labour
- Effective abolition of child labour: minimum age and worst forms
- Equality of opportunity and treatment
- Security of employment

Training

- Training

Conditions of work and life

- Wages, benefits and conditions of work
- Safety and health

Industrial relations

- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Access to remedy and 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 or a public institution hold any formal consultation on activities of MNEs with:**

2.1.a National employers' and workers' organizations?

- yes: if so, please specify _____
- no
- no information available

2.1.b Foreign MNEs, employers' organizations or workers' organizations?

- yes: if so, please specify _____
- no
- no information available

2.1.c Governments of other countries?

- yes: if so, please specify _____
- no
- no information available

- 2.2 Please describe the formal consultations that you regard as the most important ones 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?**

- yes: if so, please give examples of the types of material on offer
- no
- no information available

3.5 Does your country have a focal point or similar process or tool to promote the MNE Declaration at the national level?

- yes: if so, please provide details _____
- no
- no information available

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?****General policies**

- Obey national laws and regulations
- Promotion of respect for human rights and fundamental principles and rights at work
- Promote good social practice in accordance with this Declaration

Employment

- Employment promotion
- Social security
- Elimination of forced or compulsory labour
- Effective abolition of child labour: minimum age and worst forms
- Equality of opportunity and treatment
- Security of employment

Training

- Training

Conditions of work and life

- Wages, benefits and conditions of work
 Safety and health

Industrial relations

- Freedom of association and the right to organize
 Collective bargaining
 Consultation
 Access to remedy and 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 hold any formal consultation on activities of MNEs with:

2.1.a Government and national workers' organizations?

- yes: if so, please specify _____
 no
 no information available

2.1.b Representatives of foreign MNEs?

- yes: if so, please specify _____
 no
 no information available

2.1.c Employers' organizations of other countries?

- yes: if so, please specify _____
 no
 no information available

2.2 Please describe the formal consultations that you regard as the most important ones and indicate why.

3. Promotion of the principles of the MNE Declaration

3.1 Did your organization 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 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?

- yes: if so, please give examples of the types of material on offer
- no
- no information available

3.5 Does your country have a focal point or similar process or tool to promote the MNE Declaration at the national level?

- yes: if so, please provide details _____
- no
- no information available

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?

General policies

- Obey national laws and regulations
- Promotion of respect for human rights and fundamental principles and rights at work
- Promote good social practice in accordance with this Declaration

Employment

- Employment promotion
- Social security
- Elimination of forced or compulsory labour
- Effective abolition of child labour: minimum age and worst forms
- Equality of opportunity and treatment
- Security of employment

Training

- Training

Conditions of work and life

- Wages, benefits and conditions of work
- Safety and health

Industrial relations

- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Access to remedy and 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 hold any formal consultation on activities of MNEs with:

2.1.a Government and national employers' organizations?

- yes: if so, please specify _____
- no
- no information available

2.1.b Representatives of workers of foreign MNEs?

- yes: if so, please specify _____
- no
- no information available

2.1.c Workers' organizations of other countries?

- yes: if so, please specify _____
- no
- no information available

2.2 Please describe the formal consultations that you regard as the most important ones and indicate why.

3. Promotion of the principles of the MNE Declaration

3.1 Did your organization 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 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?

- yes: if so, please give examples of the types of material on offer
- no
- no information available

3.5 Does your country have a focal point or similar process or tool to promote the MNE Declaration at the national level?

- yes: if so, please provide details _____
- no
- no information available

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 in Asia and the Pacific and the Arab States

Countries	Governments	Employers' organizations	Workers' organizations
Afghanistan			
Australia	Attorney-General's Department		Australian Council of Trade Unions
Bahrain	Ministry of Labour and Social Development	Bahrain Chamber of Commerce and Industry	
Bangladesh			
Brunei Darussalam			
Cambodia	Ministry of Labour and Vocational Training		
China	Ministry of Human Resources and Social Security	China Enterprise Confederation	All-China Federation of Trade Unions
Cook Islands	Cook Islands Government	Cook Islands Chamber of Commerce	
Fiji			
India	Ministry of Labour and Employment		
Indonesia	International Cooperation Bureau of the Ministry of Manpower		Konfederasi Serikat Buruh Seluruh Indonesia
Islamic Republic of Iran	Ministry of Cooperatives, Labour and Social Welfare	Iranian Confederation of Employers' Associations	
Iraq	Ministry of Labour and Social Affairs, Arab and International Relations Department	Iraqi Federation of Industries	General Federation of Trade Unions and Employees of Iraq General Federation of Workers Unions in Iraq Iraqi Federation of Oil Unions Federation of Workers' Councils and Unions in Iraq, British Petroleum, Basra Federation of Workers' Councils and Unions in Iraq, Weatherford, Basra Federation of Workers' Councils and Unions in Iraq, Halliburton, Basra
Japan	Ministry of Health, Labour and Welfare	Japan Business Federation (Keidanren)	Japan Trade Union Confederation
Jordan	Government of the Hashemite Kingdom of Jordan		General Federation of Jordanian Trade Unions
Kiribati		Kiribati Chamber of Commerce and Industry	
Kuwait			
Lao People's Democratic Republic			
Lebanon			
Malaysia	Ministry of Human Resources	Malaysian Employers Federation	
Maldives	Ministry of Economic Development		Maldives Trade Union Congress
Marshall Islands			
Mongolia		Mongolian Employers' Federation	

Countries	Governments	Employers' organizations	Workers' organizations
Myanmar	Ministry of Labour, Immigration and Population		
Nepal			All Nepal Federation of Trade Unions Nepal Trade Union Congress
New Zealand	Ministry of Business, Innovation and Employment	BusinessNZ	
Oman		Oman Chamber of Commerce and Industry	General Federation of Oman Workers
Pakistan		Employers' Federation of Pakistan	
Palau			
Papua New Guinea			
Philippines	Department of Labour and Employment		
Qatar	Ministry of Administrative Development, Labour and Social Affairs		
Republic of Korea	Ministry of Employment and Labour	Korea Enterprises Federation	Federation of Korean Trade Unions
Samoa			
Saudi Arabia			
Singapore	Ministry of Manpower	Singapore National Employers' Federation	
Solomon Islands			
Sri Lanka	Ministry of Skills Development, Employment and Labour Relations	Employers' Federation of Ceylon	Sri Lanka Nidahas Sevaka Sangamaya Ceylon Federation of Trade Unions Ceylon Workers' Congress National Trade Union Federation Free Trade Zones and General Service Employees Union
Syrian Arab Republic			
Thailand	Ministry of Labour	Employers' Confederation of Thailand	Thai Trade Union Congress Labour Congress of Thailand National Congress of Private Industrial Employees State Enterprises Workers' Relations Confederation
Timor-Leste			
Tonga			
Tuvalu			
United Arab Emirates	Ministry of Human Resources and Emiratization	Federation of Chambers of Commerce and Industry in the 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
General policies	<ul style="list-style-type: none"> - Further the aim of the Declaration by adopting appropriate laws and policies, measures and actions, including in the fields of labour administration and public labour inspection [paragraph 3] - Ensure equal treatment between multinational and national enterprises [paragraph 5] - Ratify all the fundamental Conventions [paragraph 9] - Promote good social practice in accordance with the MNE Declaration among MNEs operating in their territories and their MNEs operating abroad [paragraph 12] - Be prepared to have consultations with other governments whenever the need arises [paragraph 12] 	<ul style="list-style-type: none"> - Respect the sovereign rights of the state and obey national laws and respect international standards [paragraph 8] - Contribute to the realization of the fundamental principles and rights at work [paragraph 9] - Carry out due diligence,* taking account of the central role of freedom of association and collective bargaining, industrial relations and social dialogue [paragraph 10] - Consult with governments and employers' and workers' organizations to ensure that operations are consistent with national development priorities [paragraph 11]
Employment	<ul style="list-style-type: none"> - Declare and pursue, as a major goal, an active policy to promote full, productive and freely chosen employment, and decent work [paragraph 13] - Develop and implement an integrated policy framework to facilitate the transition to the formal economy [paragraph 21] - Establish and maintain, as appropriate, social protection floors within a strategy to progressively ensure higher levels of social security [paragraph 22] - Take effective measures to prevent and eliminate forced labour, provide victims with access to an appropriate remedy, develop a national policy and action plan, and provide guidance and support to employers [paragraphs 23-24] - Develop a national policy designed to ensure the effective abolition of child labour, take immediate measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency, and progressively raise the minimum age of admission to employment [paragraph 26] - 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 [paragraph 28] - Promote equal remuneration for men and women workers for work of equal value [paragraph 29] - Never require or encourage multinational enterprises to discriminate and provide guidance, where appropriate, on the avoidance of discrimination [paragraph 31] - Study the impact of multinational enterprises on employment in different industrial sectors [paragraph 32] - In cooperation with multinational and national enterprises, provide income protection for workers whose employment has been terminated [paragraph 36] 	<ul style="list-style-type: none"> - Endeavour to increase employment opportunities and standards, taking the employment policies and objectives of governments into account [paragraph 16] - Before starting operations, consult the competent authorities and the national employers' and workers' organizations in order to keep employment plans, as far as practicable, in harmony with national social development policies [paragraph 17] - Give priority to the employment, occupational development, promotion and advancement of nationals of the host country [paragraph 18] - Use technologies which generate employment, both directly and indirectly; and take part in the development of appropriate technology and adapt technologies to the needs and characteristics of the host country [paragraph 19] - Build linkages with local enterprises by sourcing local inputs, promoting the local processing of raw materials and local manufacturing of parts and equipment [paragraph 20] - Contribute to the transition to the formal economy [paragraph 21] - Complement and help to stimulate further development of public social security systems [paragraph 22] - Take immediate and effective measures to secure the prohibition and elimination of forced labour in their operations [paragraph 25] - Respect the minimum age of admission to employment and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour [paragraph 27] - Be guided by the principle of non-discrimination and make qualifications, skill and experience the basis for recruitment, placement, training and advancement of staff [paragraph 30] - Endeavour to provide stable employment for workers and observe freely negotiated obligations concerning employment stability and social security; promote security of employment, providing reasonable notice of intended changes in operations and avoiding arbitrary dismissal [paragraphs 33-35]

* For a general description of due diligence, see *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* (United Nations 2011).

	Principles directed to governments	Principles directed to enterprises
Training	<ul style="list-style-type: none"> - Develop national policies for vocational training and guidance, closely linked with employment, in cooperation with all the parties concerned [paragraph 37] 	<ul style="list-style-type: none"> - Provide training for all levels of workers employed to meet the needs of the enterprise as well as the development policies of the country [paragraph 38] - Participate in programmes aiming at encouraging skill formation, lifelong training and development, as well as providing vocational training, and make skilled resource personnel available [paragraph 39] - Afford opportunities within the enterprise for local management to broaden their experience [paragraph 40]
Conditions of work and life	<ul style="list-style-type: none"> - 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 [paragraph 42] - Ensure that both multinational and national enterprises provide adequate safety and health standards and contribute to a preventive safety and health culture, including taking steps to combat violence at work and ensure attention to building safety; and that compensation is provided to workers who have been victims of occupational accidents or diseases [paragraph 43] 	<ul style="list-style-type: none"> - Across their operations, provide wages, benefits and conditions of work not less favourable than those offered by comparable employers in the country concerned, taking into account the general level of wages, the cost of living, social security benefits, economic factors and levels of productivity [paragraph 41] - Maintain highest standards of safety and health at work, make known special hazards and related protective measures associated with new products and processes, provide information on good practice observed in other countries, and play a leading role in the examination of causes of industrial safety and hazards [paragraph 44] - Cooperate with international and national safety and health organizations, national authorities, workers and their organizations, and incorporate matters of safety and health in agreements with representatives of workers [paragraphs 45-46]
Industrial relations	<ul style="list-style-type: none"> - 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 [paragraph 51] - 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 [paragraph 52] - Ensure through judicial, administrative, legislative or other appropriate means that workers whose rights have been violated have access to effective remedy [paragraph 64] - Ensure that voluntary conciliation and arbitration machinery is available free of charge to assist in prevention and settlement of industrial disputes [paragraph 67] 	<ul style="list-style-type: none"> - Throughout their operations, observe standards of industrial relations [paragraph 47] - Respect freedom of association and the right to collective bargaining; provide the facilities and information required for meaningful negotiations [paragraphs 48, 57 and 61] - Support representative employers' organizations [paragraph 50] - Provide for regular consultation on matters of mutual concern [paragraph 63] - Use leverage to encourage business partners to provide effective remediation [paragraph 65] - Examine the grievances of workers, pursuant to an appropriate procedure [paragraph 66] - Seek to establish voluntary conciliation machinery jointly with representatives and organizations of workers [paragraph 68]

Country	Freedom of association and collective bargaining		Forced labour		Non-discrimination		Child labour		Safe and healthy working environment	
	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)	Occupational Safety and Health Convention, 1981 (No. 155)	Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)
Marshall Islands	-	-	-	-	-	-	-	2019	-	-
Mongolia	1969	1969	2005	2005	1969	1969	2002	2001	1998	-
Myanmar	1955	-	1955	-	-	-	2020	2013	-	-
Nepal	-	1996	2002	2007	1976	1974	1997	2002	-	-
New Zealand	-	2003	1938	1968	1983	1983	-	2001	2007	-
Oman	-	-	1998	2005	-	-	2005	2001	-	-
Pakistan	1951	1952	1957	1960	2001	1961	2006	2001	-	-
Palau	-	-	-	-	-	-	-	2019	-	-
Papua New Guinea	2000	1976	1976	1976	2000	2000	2000	2000	-	-
Philippines	1953	1953	2005	1960	1953	1960	1998	2000	-	2019
Qatar	-	-	1998	2007	-	1976	2006	2000	-	-
Republic of Korea	2021	2021	2021	-	1997	1998	1999	2001	2008	2008
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	2019	2012
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	2009	-
Thailand	-	-	1969	1969	1999	2017	2004	2001	-	2016
Timor-Leste	2009	2009	2009	-	2016	2016	-	2009	-	-
Tonga	-	-	-	-	-	-	-	2020	-	-
Tuvalu	-	-	-	-	-	-	-	2019	-	-
United Arab Emirates	-	-	1982	1997	1997	2001	1998	2001	-	-
Vanuatu	2006	2006	2006	2006	2006	2006	2019	2006	-	-
Viet Nam	-	2019	2007	2020	1997	1997	2003	2000	1994	2014
Yemen	1976	1969	1969	1969	1976	1969	2000	2000	-	-

Source: International Labour Office. Normlex: Information System on International Labour Standards. www.ilo.org/normlex (accessed in August 2022).

Country	Industrial relations		Employment promotion		Equality of treatment	Security of Employment	Training	Conditions of work
	Collective Bargaining Convention, 1981 (No. 154)	Workers' Representatives Convention, 1971 (No. 135)	Employment Policy Convention, 1964 (No. 122)	Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)	Workers with Family Responsibilities Convention, 1981 (No. 156)	Termination of Employment Convention, 1982 (No. 158)	Human Resources Development Convention, 1975 (No. 142)	Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)
Marshall Islands	-	-	-	-	-	-	-	-
Mongolia	-	1996	1976	-	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Nepal	-	-	-	-	-	-	-	-
New Zealand	-	-	1965	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-
Palau	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	1976	-	-	2000	-	-
Philippines	-	-	1976	-	-	-	-	-
Qatar	-	-	-	-	-	-	-	-
Republic of Korea	-	2001	1992	-	2001	-	1994	-
Samoa	-	-	-	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
Sri Lanka	-	1976	2016	-	-	-	-	-
Syrian Arab Republic	-	1975	-	-	-	-	-	-
Thailand	-	-	1969	-	-	-	-	-
Timor-Leste	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	-	-	-
Tuvalu	-	-	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-	-	-
Vanuatu	-	-	-	-	-	-	-	-
Viet Nam	-	-	2012	-	-	-	-	-
Yemen	-	1976	1989	-	1989	1989	-	-

Country	Social protection			Governance			Indigenous and tribal peoples	Particular categories of workers	
	Social Security (Minimum Standards) Convention, 1952 (No. 102)	Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121)	Medical Care and Sickness Benefits Convention, 1969 (No. 130)	Labour Inspection Convention, 1947 (No. 81)	Labour Inspection (Agriculture) Convention, 1969 (No. 129)	Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	Indigenous and Tribal Peoples Convention, 1989 (No. 169)	Plantations Convention, 1958 (No. 110)	Maritime Labour Convention, 2006 (No. 186)
Pakistan	-	-	-	1953	-	1994	-	-	-
Palau	-	-	1975	-	-	-	-	-	2012
Papua New Guinea	-	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	-	1991	-	1968	2012
Qatar	-	-	-	1976	-	-	-	-	-
Republic of Korea	-	-	-	1992	-	1999	-	-	2014
Samoa	-	-	-	-	-	2018	-	-	2013
Saudi Arabia	-	-	-	1978	-	-	-	-	-
Singapore	-	-	-	1965	-	2010	-	-	2011
Solomon Islands	-	-	-	1985	-	-	-	-	-
Sri Lanka	-	-	-	1956	-	1994	-	1995	2017
Syrian Arab Republic	-	-	-	1960	1972	1985	-	-	-
Thailand	-	-	-	-	-	-	-	-	2016
Timor-Leste	-	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	-	-	-	-
Tuvalu	-	-	-	-	-	-	-	-	2012
United Arab Emirates	-	-	-	1982	-	-	-	-	-
Vanuatu	-	-	-	-	-	-	-	-	-
Viet Nam	-	-	-	1994	-	2008	-	-	2013
Yemen	-	-	-	1976	-	2000	-	-	-

Source: International Labour Office. Normlex: Information System on International Labour Standards. www.ilo.org/normlex (accessed in August 2022).

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