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MISSION REPORT ON THE
ILO TRIPARTITE ADVISORY MEETING ON THE
RE-ASSESSMENT OF INTERNATIONAL EMPLOYMENT AND
SOCIAL POLICY

Geneva, 4-13 May 1976

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I. General introduction

1. This tripartite meeting was held to consider the entire impact of transnational corporations on social development. The Governing Body of the ILO at its 198th Session (November 1975) decided that the terms of reference of the meeting should be:
 - (i) to review the results of the ILO studies on multinationals;
 - (ii) to formulate recommendations on action to be taken by the Governing Body.
2. The Economic and Social Council in resolution 1721 (LIII) of 28 July 1972 specifically noted the resolution adopted at the 56th Session of the ILO concerning the social consequences of the activities of transnational corporations.
3. In accordance with resolution 1913 (LVII) of the Economic and Social Council of 5 December 1974, the UN Commission on Transnational Corporation acts as a forum within the UN system for the comprehensive consideration of issues relating to transnational corporations without prejudice to work undertaken within the United Nations in related fields. Both, first and second sessions of this Commission, stressed the importance of taking into account the work being undertaken by all UN agencies, including employment questions.

*/ Attached: Agenda, List of participants.

II. Research undertaken within the UN system

4. Special priority has been given to the formulation of a code of conduct in the Commission's work programme ^{*/}. It is expected that the full text of this code of conduct will be presented at the Fourth Session of the Commission in early 1978.
5. Other studies have been carried out on related subjects by the UN Secretariat and the Centre on Transnational Corporations on transnational corporations and world development (1973) and other papers on:
 - (i) national legislation and regulations relating to transnational corporations;
 - (ii) international codes and regional agreements;
 - (iii) information;
 - (iv) research on transnationals;
 - (v) the proposed programme on technical co-operation on matters related to transnational corporations.
6. The major point to be made at this stage is the need and importance to avoid duplication of research. The Centre will carry out work on various economic, legal and social aspects of the problem; these will include in-depth studies on:
 - (i) the impact of transnationals on the balance of payments;
 - (ii) the effect of investment by transnationals on investment and production by domestic enterprises;
 - (iii) the impact of transnationals on employment;
 - (iv) the role of transnationals in banking, insurance, shipping, tourism, food and pharmaceuticals;
 - (v) the social impact of transnationals (in connexion with ILO work), i.e. on labour organisations, trade union rights, labour standards, employment and working conditions.

^{*/} Similar codes of conduct relating to multinationals are being also prepared by other UN agencies and OECD.

7. The Centre on Transnational Corporations apparently has active direct links with various UN organizations (including UNIDO?). A committee to harmonize and co-ordinate work within the UN system is to be established under the chairmanship of the Executive Director of the Centre.
8. The ILO studies completed for this tripartite meeting include the following:
 - (i) the impact of multinational enterprises on employment and training;
 - (ii) wages and working conditions in multinational enterprises;
 - (iii) international principles and guidelines on social policy for multinational enterprises: their usefulness and feasibility;
 - (iv) multinationals in western Europe: the industrial relations' experience;
 - (v) the social and labour practices of some European-based multinationals in the metal trades.
9. Future ILO studies, some of which are currently under preparation, are:
 - (i) social and labour practices of multinationals in the petroleum industry (production and refining);
 - (ii) social and labour practices of US-based multinationals in the metal trades;
 - (iii) multinational industrial co-operation through joint ventures.
10. The five studies completed by the ILO are available in the UNIDO Library. Discussion at the tripartite meeting on them was very limited and inconclusive.

III. Areas of future research

11. The participants of the meeting were to suggest additional areas of research for study. A special working party (tripartite) prepared a comprehensive list on the subject ^{*/}. No real consensus emerged as to whether studies should focus on particular regions (e.g. Africa, Asia, Latin America) or on particular sectors of the economy.

12. On the subject of the necessity of a comprehensive code of conduct for multinationals, there were few areas of agreement between employers and workers, while the governments appeared to be divided amongst themselves. Various reasons for this were evoked, such as the proliferation of similar codes being prepared by other UN agencies, the difference or similarity between national and multinational enterprises, the application of internal and international law, etc. According to the ILO Secretariat, a set of international principles and guidelines should probably include the following elements:
 - (a) General considerations:
 - (i) Foreign investment and its harmonization with the social development objectives and priorities of the host country;
 - (ii) Observance of basic human rights and of labour legislation and regulations of local customs, traditions and practices in each country where multinational enterprises operate;
 - (iii) Recognition of the need for equal treatment of foreign and domestic enterprises in host countries;
 - (iv) Fulfilment of arrangements and undertakings between multinational enterprises and host country governments in connexion with labour aspects of accepted investment projects;
 - (v) Measures which can be taken by home country governments to promote good social practices in the operations of multinational enterprises abroad, having regard to social and labour law and regulations in host countries.

^{*/} See final report of the tripartite meeting.

(b) Employment and training

- (i) Active promotion of employment opportunities in host countries, taking into account the host government's employment policies and objectives and its national legislation and regulations;
- (ii) Use to the greatest practicable extent of local personnel and replacement of expatriates;
- (iii) Recruitment and employment of personnel on the basis of qualifications, without discrimination on the grounds of race, colour, sex, religion, political opinion, national extraction or social origin;
- (iv) Avoidance of arbitrary dismissal procedures, especially in cases of takeovers and mergers; reasonable advance notice to workers, their representatives and government authorities on changes in operations which may have major effects on the livelihood of workers. Appropriate consultations on conditions to be observed so as to minimize possible adverse social effects in host countries;
- (v) Employment problems in home countries as a consequence of investment abroad;
- (vi) Readjustment and redeployment measures in home and host countries;
- (vii) Utilization and adaptation of technologies;
- (viii) Training and promotion of local production workers and management staff;
- (ix) Co-operation in the field of training between multinational enterprises, trade unions and national training institutions;
- (x) Contribution of multinational enterprises' training programmes to national development.

(c) Conditions of work and life

- (i) Wages, fringe benefits and other conditions of work not less favourable than those observed by comparable employers in the host country;
- (ii) Wage payment systems, work arrangements and other employment policies adapted to local customs and practices;
- (iii) Safety and health conditions in conformity with accepted world-wide standards.

(d) Industrial relations

- (i) Recognition of the workers' right to organize and to bargain collectively;
- (ii) Procedures to enable trade union representatives to negotiate with representatives of management authorized to take decisions on matters under consideration;
- (iii) The desirability of avoiding recourse to unfair methods during negotiations or during the exercise of a right to organize;
- (iv) Provision of facilities and information on the company's development and situation in so far as needed to enable workers' representatives to conduct meaningful negotiations;
- (v) Practices and procedures for information and consultation at various levels, to the extent appropriate to national circumstances or as a result of common agreement.

IV. Concluding remarks

13. The impression obtained of this tripartite meeting is expressed here in a rather subjective manner in order to convey to the reader certain points which are considered of importance to UNIDO in particular. The tripartite meeting met to discuss the results of five ILO studies; however, little time was devoted to this discussion. This is considered to be rather regrettable, since it would probably have enabled the participants to have a more solidly-based view on areas of research which should be tackled in the future. With regard to the drafting of "principles and guidelines", there was little consensus due to the somewhat extreme positions of employers and workers, and due to divergent opinions between the governments represented at the meeting, as already mentioned above.
14. In our opinion, the meeting was focussing on a real problem, but from the wrong angle. The main problem facing world economic relations is one of manifest inequalities between the industrialized countries and the Third World. Within this framework, certain ideas have evolved as to what a new international economic order should be like, and to this end, the Lima Declaration and Plan of Action have made some preliminary contribution. In our view, the meeting should have placed itself within this context in order to analyze specifically the role of multinational corporations therein (for example, through the selective redeployment of their productive capacities) and how their social policy may affect the establishment of a new world order. In doing so, the meeting could have gone a step further to discuss how multinationals' social policy affect the national economic and social order. It was apparent that the meeting was not aware (and was not made aware) of certain global problems at hand in which multinationals play a considerable role. Indeed, it might be said that the tripartite composition of the meeting did not reflect the real point of conflict, i.e. rather than one between employers from all over the world and workers from

all over the world, it is possible to suggest that the employers, workers and governments of the industrialized countries are "exploiting" the employers, workers and governments of the developing countries. The real problem was, therefore, not directly tackled by the ILO Tripartite Meeting.

AGENDA

- I. Opening of the meeting
- II. Election of officers and organization of work
- III. Terms of reference of the meeting
 - (a) Review of the results of the ILO studies on multinational enterprises;
 - (b) Recommendations on action to be taken by the Governing Body.
- IV. Adoption of the report and conclusions of the meeting.

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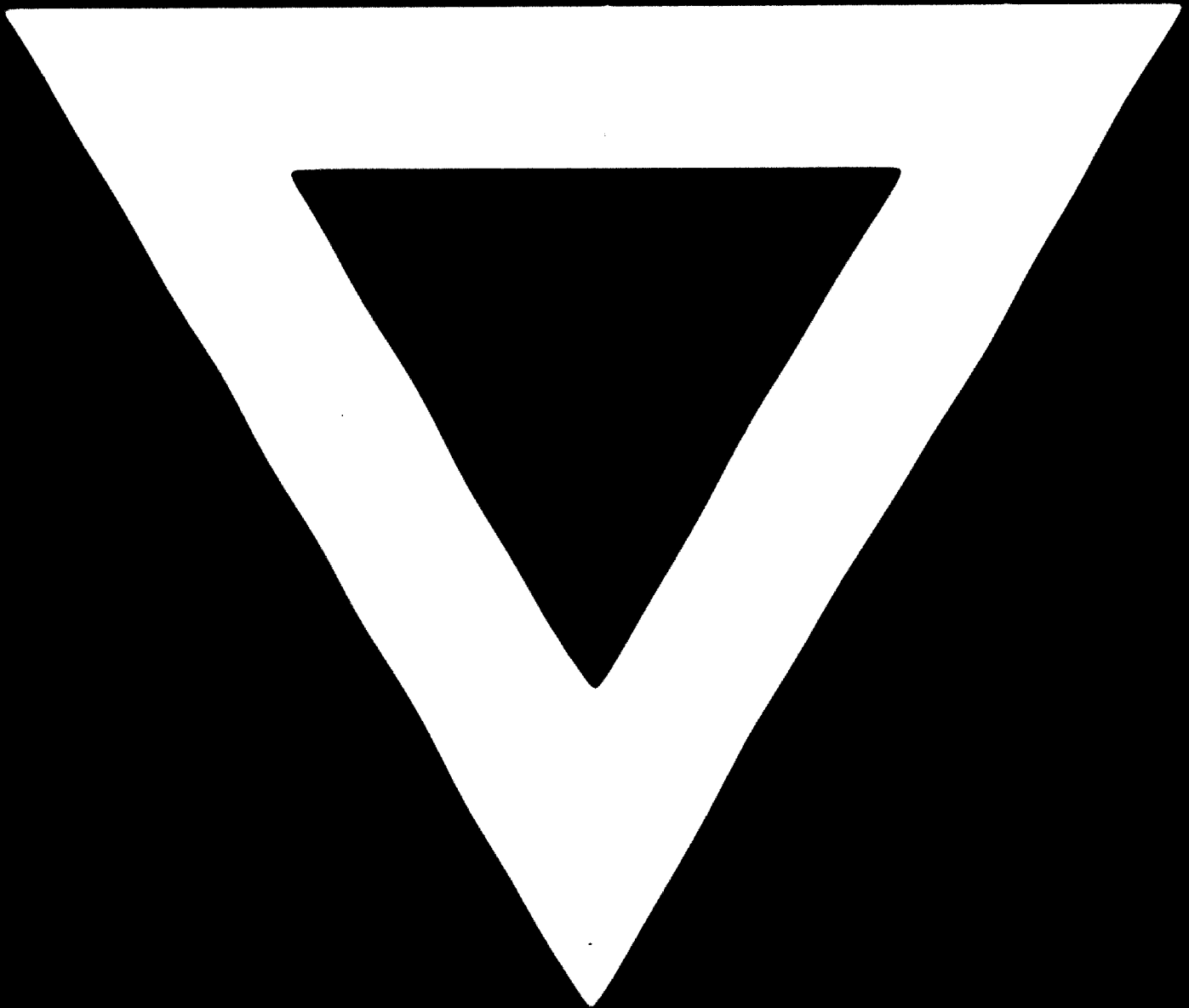
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