



International  
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Organization

EUROPE AND CENTRAL ASIA



## MULTINATIONAL ENTERPRISES, DEVELOPMENT AND DECENT WORK

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

10th European  
Regional Meeting



Istanbul, Turkey  
2–5 October 2017

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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 Europe and Central Asia

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# Foreword

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

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

The first such exercise was conducted for the 18th American Regional Meeting (Lima, Peru, 13–16 October 2014). The second was prepared for the 13th African Regional Meeting (Addis Ababa, Ethiopia, 30 November–3 December 2015). The third report was prepared for the 16th Asia and the Pacific Regional Meeting (Bali, Indonesia, 6–9 December 2016). The present report, the fourth one in the series, has been prepared on the basis of the responses received from tripartite constituents of the ILO member States in the Europe and Central Asia region and will serve as an input for a Special Plenary Debate during the 10th European Regional Meeting (Istanbul, Turkey, 2–5 October 2017).

The report provides important elements for consideration regarding further promotion and application of the MNE Declaration in the region, especially in view of the adoption of the revised MNE Declaration and its operational tools by the Governing Body of the International Labour Office in March 2017. We trust that the report will encourage further dialogue among governments, employers and workers, facilitate the exchange of experiences and lessons learned, and contribute to the identification of opportunities and challenges in the areas covered by the MNE Declaration at national and regional levels. It will also inform the development of a global report to be submitted to the Governing Body in 2018, synthesizing the findings of all the regional reports as well as tripartite discussions and recommendations formulated during the four ILO regional meetings.

The Multinational Enterprises and Enterprise Engagement Unit of the Enterprises Department, responsible for the development of this report, wishes to warmly thank the governments and employers' and workers' organizations who took the time to complete and return the questionnaire. We also express our thanks to ILO staff in headquarters and field offices, particularly the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV), for their support, guidance and inputs in the different stages of the information-gathering process and development of this report.

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# Contents

<b>Foreword</b> .....	5
Acknowledgments .....	7
Abbreviations .....	11
<b>Executive summary</b> .....	13
<b>1. Introduction</b> .....	15
<b>2. About the MNE Declaration</b> .....	17
2.1 Recommendations of the MNE Declaration .....	17
2.2 Link to sustainable enterprises and development .....	18
2.3 Review of the MNE Declaration .....	19
<b>3. Foreign direct investment and multinational enterprises in Europe and Central Asia</b> .....	21
3.1 FDI trends in the region .....	21
3.1.1 <i>FDI inflows</i> .....	21
3.1.2 <i>FDI outflows</i> .....	24
3.1.3 <i>Intraregional FDI</i> .....	28
3.2 Sectors attracting FDI to Europe and Central Asia .....	28
3.3 FDI and decent work .....	29
3.4 Investment policies and initiatives to boost the positive impact of FDI ..	31
<b>4. Promotion of the principles of the MNE Declaration in Asia and the Pacific</b> .....	33
4.1 Awareness of the principles of the MNE Declaration .....	34
4.2 Challenges and opportunities regarding the operations of MNEs in Europe and Central Asia .....	37
4.2.1 <i>Employment</i> .....	37
4.2.2 <i>Training</i> .....	40
4.2.3 <i>Conditions of work and life</i> .....	42
4.2.4 <i>Industrial relations</i> .....	44
4.2.5 <i>Others</i> .....	46
4.3 Dialogue and consultation .....	48
4.3.1 <i>Governments</i> .....	48
4.3.2 <i>Employers' organizations</i> .....	51
4.3.3 <i>Workers' organizations</i> .....	52

4.4 Promotion of the principles of the MNE Declaration .....	54
4.4.1 <i>Governments</i> .....	55
4.4.2 <i>Employers' organizations</i> .....	56
4.4.3 <i>Workers' organizations</i> .....	57
4.5 Other information .....	57
<b>5. Final remarks</b> .....	59
<b>References</b> .....	61
<b>Appendices</b> .....	65
I. Questionnaires for governments, employers' and workers' organizations .....	67
II. List of responding governments and employers' and workers' organizations .....	72
III. Principles of the MNE Declaration (fifth edition, March 2017) .....	74
IV. List of ratifications of fundamental ILO Conventions by member States of Europe and Central Asia .....	76
V. List of ratifications of other Conventions referred to in the MNE Declaration .....	78
VI. Unemployment rate (%), countries of Europe and Central Asia, 2012–16 .....	84
<b>Figures</b>	
3.1 FDI inflows 2006–2015 .....	22
3.2 FDI outflows 2006–2015 .....	24
4.1 Relevance attributed to areas of the MNE Declaration by governments, employers' organizations and workers' organizations (%) .....	36
4.2 Dialogue and consultation, governments .....	49
4.3 Dialogue and consultation, employers' organizations .....	52
4.4 Dialogue and consultation, workers' organizations .....	53
4.5 Overview of co-organized events and initiatives by governments, employers' organizations and workers' organizations .....	55
<b>Boxes</b>	
3.1 European Union .....	22
3.2 Commonwealth of Independent States (CIS) .....	23
3.3 Regional Cooperation Council .....	23
3.4 Cooperation Council of Turkic Speaking States .....	24
3.5 Role of the European Central Bank .....	25
4.1 Enterprises and decent work: Promoting the MNE Declaration in host countries .....	56
4.2 Promoting social dialogue in The former Yugoslav Republic of Macedonia .....	56
<b>Tables</b>	
3.1 European and Central Asian countries in the ranking of top 20 source countries of FDI outflows .....	25
3.2 European and Central Asian companies in UNCTAD's top 100 non-financial MNEs, ranked by foreign assets, 2015 .....	26
4.1 Responses received from governments and employers' and workers' organizations .....	33
4.2 Areas covered by the MNE Declaration .....	34
4.3 Relevance attributed to areas of the MNE Declaration by governments, employers' organizations and workers' organizations (%) .....	35
4.4 Events or initiatives to promote the principles of the MNE Declaration by governments, employers' organizations and workers' organizations .....	54

# Abbreviations

<b>CIS</b>	Commonwealth of Independent States
<b>FDI</b>	foreign direct investment
<b>GDP</b>	gross domestic product
<b>ILO</b>	International Labour Organization
<b>MNE</b>	multinational enterprise
<b>MNE Declaration</b>	Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SEE</b>	South-East Europe
<b>UNCTAD</b>	United Nations Conference on Trade and Development





# Executive summary

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

In 2015, Europe and Central Asia accounted for more than a third of the world's FDI inflows and almost half of the outflows. Intraregional FDI flows represented the majority of these flows, particularly within the European Union and within the Commonwealth of Independent States (CIS). The region's inflows of FDI as well its FDI outflows represent a smaller share of the world flows than they did in 2006. FDI into the region is also increasingly coming from economies outside the Organisation for Economic Co-operation and Development (OECD), in particular from China. Generally, the financial and other services sector attracts most of the FDI in the region. This is particularly true for Western Europe, whereas FDI to member States of the CIS mainly flows into the natural resources sector and manufacturing. While investment flows in the region have been accompanied by the creation of jobs, it is not without challenges to decent work. Unemployment levels are high, non-standard forms of employment are becoming more widespread, inequality is increasing, and in certain countries, the share of workers in vulnerable employment is rising. Multinational enterprises (MNEs) with headquarters in the region are important cross-border investors and actively participate in global supply chains. In this context, governments and social partners of the region have crucial roles to play to ensure that the operations of MNEs, whether they are based in or outside the region, contribute to more and better jobs.

As part of the follow-up mechanism of the MNE Declaration, adopted by the Governing Body at its 320th Session in March 2014, a questionnaire was distributed through various channels to the governments, employers' and workers' organizations of the member States taking part in the 10th European Regional Meeting. Overall 84 responses were received from a total of 44 countries, representing 86% of the region's member States. Although each country's experience to boost the positive impact of FDI is different, respondents' views often converged on which areas of the MNE Declaration are relevant in their national context.

Wages, benefits and conditions of work was the area most often identified as relevant across respondents (selected by 79% of responses), followed by employment promotion (selected by 71%) and safety and health (selected by 68%). Areas selected almost uniformly

across the three groups were security of employment (selected by 62% on average: 67% of governments, 57% of employers' organizations and 61% of workers' organizations), and training (60%, 67% and 57%, respectively). Discrepancies between the respondent groups were noted, particularly concerning freedom of association and the right to organize, and collective bargaining. For both areas, almost all workers' organizations considered them relevant (71% and 79%, respectively), whereas fewer employers' organizations did the same (43% and 52%, respectively). A large majority of responding governments also cited these two areas as relevant (60% and 63%, respectively).

Respondents also shared their views regarding the challenges and opportunities posed by the operations of MNEs. Many of them pointed out that although they considered the recommendations of the MNE Declaration as relevant, several difficulties and economic realities kept them from being fully implemented. The challenges mentioned included the skills mismatch, the high degree of informality, issues related to export processing zones, subcontracting practices of MNEs negatively impacting workers' rights, and the lack of decent working conditions along supply chains. However, respondents also noted opportunities, such as the higher capacity of MNEs, compared to domestic enterprises, to create more and better jobs, to provide training opportunities to their employees, to pay higher wages and offer higher health and safety standards, and to promote equality of opportunity and treatment.

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

Almost half of the respondents recently organized events that promoted the principles of the MNE Declaration. Almost half of these events or initiatives were organized with ILO technical assistance, more than half with governments or organizations from other countries, and close to two-thirds with the government, and/or employers' or workers' organizations of the same country.

A number of respondents requested the Office to increase efforts to promote the MNE Declaration in Europe and Central Asia and expressed their willingness to step up their own promotional efforts. Several of them also highlighted the need for greater collaboration with other international organizations on this topic. Some responses underlined the importance of appropriate regulatory and policy frameworks to effectively advance the application of the principles of the MNE Declaration, and others emphasized the need to conduct further research on the activities of MNEs. Several governments indicated that they would base their upcoming promotional efforts on the recent revision of the MNE Declaration and its operational tools.

Finally, numerous respondents expressed their interest in further collaborating with the ILO on the promotion of the principles of the MNE Declaration in the region.



# Introduction

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

The present report has been elaborated on the basis of information collected through a questionnaire sent to the tripartite constituents of the 51 ILO member States of the region, which will be taking part in the 10th European Regional Meeting. The questionnaire was distributed in January 2017 through various channels. Responses were received until 15 May 2017.

The high number of responses received from governments and from employers' and workers' organizations – 84 in total – is a clear indication of their interest in the opportunities and challenges posed by foreign direct investment (FDI) and the operations of multinational enterprises (MNEs) for decent work and inclusive growth in the region.

The region is marked by a number of contrasts: many of the world's largest MNEs have their headquarters in the region and are key players in global supply chains. It also includes economies that heavily rely on the attraction of FDI for their further development. The region exports a wide range of goods and services, ranging from unprocessed natural resources to complex manufactured goods. While some countries in the region are among the world's wealthiest economies, others continue to experience entrenched poverty, inequality and informality. Furthermore, the region has undergone various economic and financial crises in recent years that continue to have negative impacts on labour markets, social stability and sustainable development. In this context, the creation of more and better jobs is a key challenge. Europe and Central Asia is also the only region where all ILO member States have ratified all eight of the ILO's fundamental Conventions.<sup>2</sup> The adoption of the revised MNE

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1. For the purposes of this report, Europe and Central Asia covers the countries of the European Union, other Western and Northern European countries, countries of the Western Balkans, countries of the Commonwealth of Independent States, as well as Georgia, Israel, and Turkey.

2. The eight fundamental Conventions are: the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105), the Minimum Age Convention, 1973 (No. 138), the Worst Forms of Child Labour Convention, 1999 (No. 182), the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111). See appendix IV for details.

Declaration<sup>3</sup> therefore comes at an opportune time to guide home and host governments, employers' and workers' organizations, as well as MNEs, towards more and better jobs, both within the region and beyond.

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

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

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3. See Chapter 2.



# About the MNE Declaration

## 2

### 2.1 Recommendations of the MNE Declaration

MNEs can contribute to more efficient utilization of capital, technology and labour; promote economic and social welfare; improve living standards and satisfy basic needs; create employment opportunities; and contribute to the enjoyment of human rights, including freedom of association, where these MNEs operate. However, their operations can also lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interests of workers.

The ILO MNE Declaration recognizes the important role of MNEs in social and economic development and the realization of decent work for all. It seeks to encourage their positive contribution and minimize and resolve potential negative impacts. The MNE Declaration is the only tripartite-agreed global instrument with recommendations addressed to MNEs.<sup>4</sup> But it also speaks to governments and the social partners, and is “intended to guide the governments, employers’ and workers’ organizations of home and host countries and multinational enterprises in taking measures and actions and adopting social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, to further social progress and decent work” (ILO, 2017a, p. 2). The MNE Declaration encourages MNEs – and all other enterprises – to obey national laws, respect international standards (including international labour standards<sup>5</sup> and United Nations human rights instruments), and support development priorities.

The MNE Declaration clarifies the roles of governments, enterprises, and employers’ and workers’ organizations and draws attention to the importance of closer alignment of corporate policies and programmes with public policy and development objectives in the

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4. It is important to note that the definition of “multinational enterprise” in the MNE Declaration includes enterprises, whether fully or partially state-owned or privately owned, that 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. The term designates the various entities (parent companies or local entities, or both, or the organization as a whole) according to the distribution of responsibilities among them. The MNE Declaration also recognizes that multinational enterprises often operate through relationships with other enterprises as part of their overall production process.

5. A list of these Conventions and Recommendations can be found in Annex I of the MNE Declaration (fifth edition, March 2017).

country of operation. It strongly encourages dialogue between home and host governments; enterprises, governments, and employers' and workers' organizations; and management and workers at the enterprise level. The MNE Declaration addresses five key areas: general policies, employment, training, conditions of work and life, and industrial relations.<sup>6</sup>

## 2.2 Link to sustainable enterprises and development

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

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

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

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

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

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

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

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6. A summary of the provisions of the MNE Declaration (fifth edition, March 2017) pertaining to governments and enterprises is provided in Appendix III.

## 2.3 Review of the MNE Declaration

Originally adopted in 1977, the MNE Declaration was amended several times, most recently in March 2017, when the Governing Body adopted the fifth edition after a tripartite review process. The revised edition places the MNE Declaration in the broader framework of decent work and sustainable development, especially by making references to the 2030 Agenda for Sustainable Development and to the United Nations Guiding Principles on Business and Human Rights. It also recognizes that MNEs impact development not only through their own activities but also through relationships with other enterprises as part of their overall production process.

Drawing on recent ILO instruments, the revised text includes new provisions on the fundamental principles and rights at work, forced labour, child labour, equality of opportunity and treatment and equal remuneration for work of equal value, social security, transition to the formal economy, wages, safety and health standards in the workplace, including a preventative safety and health culture, and the right of workers to compensation for occupational accidents or diseases. It also provides guidance on due diligence and on effective mechanisms for settling grievances and industrial disputes. In addition, it highlights the role of home and host country governments of MNEs to promote good social practice in accordance with the MNE Declaration among MNEs. The instrument also includes a new Annex II with operational tools to stimulate the uptake of the principles of the MNE Declaration by all parties. These include promotional activities (regional follow-up mechanism, tripartite-appointed national focal points for promotion at the national level, ILO technical assistance at the country level and through the ILO Helpdesk for Business on International Labour Standards), company–union dialogue facilitation, and the procedure for the examination of disputes concerning the application of the MNE Declaration by means of interpretation of its principles (interpretation procedure).





# Foreign direct investment and multinational enterprises in Europe and Central Asia

## 3

**F**oreign direct investment (FDI)<sup>7</sup> flows and the multinational companies that are making those investment decisions play an essential role for the economies and labour markets of the Europe and Central Asia region. This chapter provides a brief overview of the main FDI trends in the region, their implications with regard to decent work, and examples of policy initiatives to harness the potential of such investment to create more and better jobs.

### 3.1 FDI trends in the region

The Europe and Central Asia region hosts some of the countries with the largest FDI outflows in the world, as well as significant inflows. However, compared to 2007 when it accounted for 50% of world flows of FDI, in 2015 the region only represented approximately 30% of these flows. After four consecutive years of decline, the value of FDI flows increased in 2015 due to a soaring number of mergers and acquisitions, particularly in Western European countries, as well as the favourable financial conditions created by the European Central Bank's stimulus measures. Chinese investment flows to Europe also continued to increase. Together, these factors were sufficient to overcome a context of economic uncertainty, mainly due to sluggish economic growth. Also, sanctions imposed on the Russian Federation in the wake of the continuing conflict in Ukraine and depressed commodity prices negatively affected investment in neighbouring countries (Hanemann and Huotari, 2016; UNCTAD, 2016, p. 6).

#### 3.1.1 FDI inflows

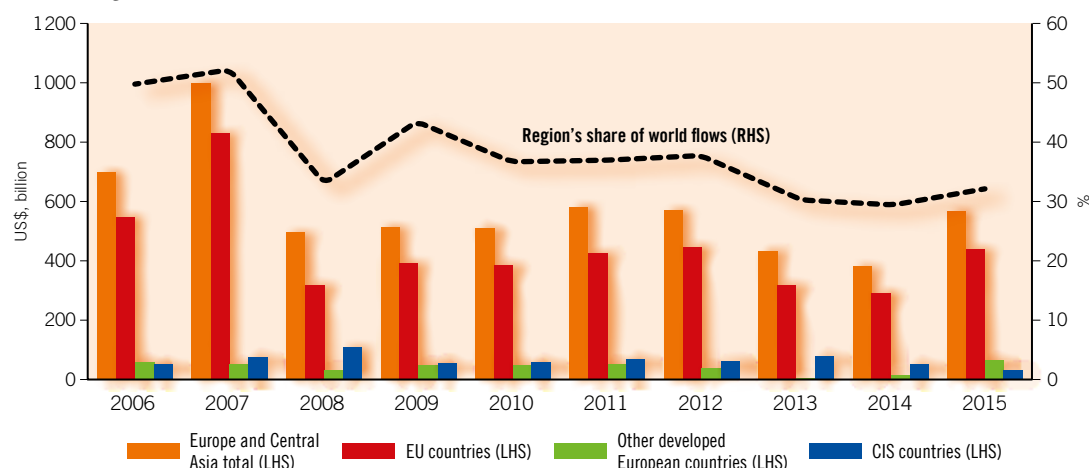
In 2015, about one-third of global FDI inflows were destined for the Europe and Central Asia region, down from 52% in 2007. FDI flows into Europe and Central Asia declined from US\$996 billion in 2007 to US\$380 billion in 2014, before a strong rebound to US\$565 billion in 2015. Figure 3.1 shows the FDI inflows to the region over the period 2006–2015.

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7. FDI is defined as “an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). ... Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates” (UNCTAD, 2007, p. 245).



**Figure 3.1 FDI inflows 2006–2015**



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

Source: UNCTAD, 2016.

About 94% of all inflows to the region are attracted by three country groupings: the European Union (box 3.1), other developed European countries (Iceland, Norway and Switzerland), and the Commonwealth of Independent States (CIS). Other countries of the region are not shown in the graph due to the relative size of their FDI flows. These include Israel, Turkey and the countries in the Western Balkans (UNCTAD, 2016).

Germany, France and the United Kingdom together totalled US\$114 billion in 2015, which represented 20% of all FDI inflows into Europe and Central Asia. However, their share of the region's inflows has been declining over the past decade and the relative shares of other countries such as the Netherlands, Switzerland and Ireland have increased significantly. Increasing capital flows remains an important concern of the swiftly developing "16+1"<sup>8</sup> initiative between Central and Eastern European economies on one side and China on the other.

### Box 3.1 European Union

Trade is at the founding centre of the European Union, which regroups 28 Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.\* The European Union comprises a comprehensive single market, enabling most goods, services, capital and people to move freely within the European Union. Initially conceived as a primarily economic project, Europe has evolved into an organization with responsibilities in diverse policy areas, including climate action, environment, external relations, health, justice and migration (European Union, 2017; BBC, 2017).

\* In 2016, the United Kingdom voted to leave the European Union and initiated in 2017 the process to withdraw.

The member countries of the CIS (box 3.2) also attract a significant amount of FDI inflows, although that amount is approximately 7 times smaller than inflows to the European Union over the last decade. Much of the investment to CIS countries is linked to oil and gas projects and fluctuates with the price of these commodities. In 2008, CIS countries received 22% of the region's FDI inflows, while in 2015 it was only 5% (UNCTAD, 2016). Although

8. The sixteen Central and Eastern European States are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. The dialogue forum held its first meeting in 2012 in Warsaw, Poland. The fifth and most recent summit took place in Riga, Latvia, in November 2016 (Tiezzi, 2015; Zeneli, 2016).

the Russian Federation remains the biggest destination country, FDI inflows decreased from 68% in 2013 to 34% in 2015 (EIU, 2016; UNCTAD, 2016). Developing economies are becoming more important investors in CIS countries. Between 2010 and 2015, the FDI stock from China quadrupled from US\$6 billion to US\$23 billion. The Russian Federation and Kazakhstan have recently received large investments in the oil and gas sector coming from China, India, the Islamic Republic of Iran and Qatar (UNCTAD, 2017).

### Box 3.2 Commonwealth of Independent States (CIS)

The CIS is an association of 11 countries:\* Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, the Republic of Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. The main functions of the CIS are the coordination of its members' public policies concerning economic affairs, foreign relations, defence, immigration, environmental issues and law enforcement.

Five Member States of the CIS are also part of the Eurasian Economic Union: Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation. A treaty signed in 2014 established a single market between these countries for the free movement of goods, services, capital and labour.

Furthermore, the five Member States of the Eurasian Economic Union together with Ukraine, the Republic of Moldova and Uzbekistan compose the Commonwealth of Independent States Free Trade Area.

\* Georgia formally withdrew from the CIS in August 2009.

FDI flows to the South-East European countries,<sup>9</sup> regrouped under the Regional Cooperation Council (box 3.3), though smaller than flows to the CIS countries, have not experienced the same downfall and have even increased, thanks to the improving macroeconomic situation and the European Union accession process, which continue to improve investors' risk perception. These flows are mainly driven by Western European investors, but the presence of investors from neighbouring countries is growing. FDI is largely directed towards manufacturing industries (UNCTAD, 2016).

### Box 3.3 Regional Cooperation Council

Officially launched in Sofia, Bulgaria, in 2008, the Regional Cooperation Council is a framework that aims to promote regional cooperation and European and Euro-Atlantic integration of South-East Europe (SEE). Regional Cooperation Council participants comprise 46 countries, organizations and international financial institutions. Participants from SEE include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Kosovo,<sup>1</sup> Montenegro, the Republic of Moldova, Romania, Serbia, Slovenia, The former Yugoslav Republic of Macedonia and Turkey. The Regional Cooperation Council currently works to "reduce – and where possible remove – the obstacles to increased mobility, enhanced connectivity and improved competitiveness in SEE, while also contributing to better governance, improved functioning of the rule of law and enhanced security in the region". The council is currently implementing SEE 2020 – Jobs and Prosperity in a European Perspective Strategy, adopted by six economies<sup>2</sup> from SEE, which aims to reach specific targets by 2020, including increased intraregional trade and FDI inflows.<sup>3</sup>

<sup>1</sup> As defined in United Nations Security Council Resolution No. 1244 of 1999. <sup>2</sup> Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia and The former Yugoslav Republic of Macedonia. <sup>3</sup> Regional Cooperation Council website: <http://www.rcc.int/pages/2/about-us>.

Similarly, Turkey has seen an increase of its FDI inflows in recent years, boosted by a surge in cross-border mergers and acquisitions deals, in particular within the financial services industry. Investors from Qatar accounted for a high share of these inflows (UNCTAD, 2016). China and Germany also account for a high share of these inflows, with investments

9. The United Nations Conference on Trade and Development (UNCTAD) considers the subregion to comprise the following countries: Albania, Bosnia and Herzegovina, Montenegro, Serbia, and The former Yugoslav Republic of Macedonia.

in the energy sector and the automotive industry (Ewing, 2017). Turkey is part of the Cooperation Council of Turkic-Speaking States (box 3.4).

**Box 3.4 Cooperation Council of Turkic Speaking States**

Established in 2009, the Cooperation Council of Turkic-Speaking States aims to develop multilateral cooperation between Turkic-speaking States: Azerbaijan, Kazakhstan, Kyrgyzstan and Turkey. Among the objectives set out in the council’s founding agreement is the “creation of favourable conditions for trade and investment”. Under the umbrella of the council, several cooperation mechanisms have been put in place in recent years, including the World Turkish Business Council, which aims to enhance economic cooperation by bringing together private sector institutions of the four countries.\*

\* Cooperation Council of Turkic-Speaking States website: <http://www.turkkon.org/en-US/HomePage>.

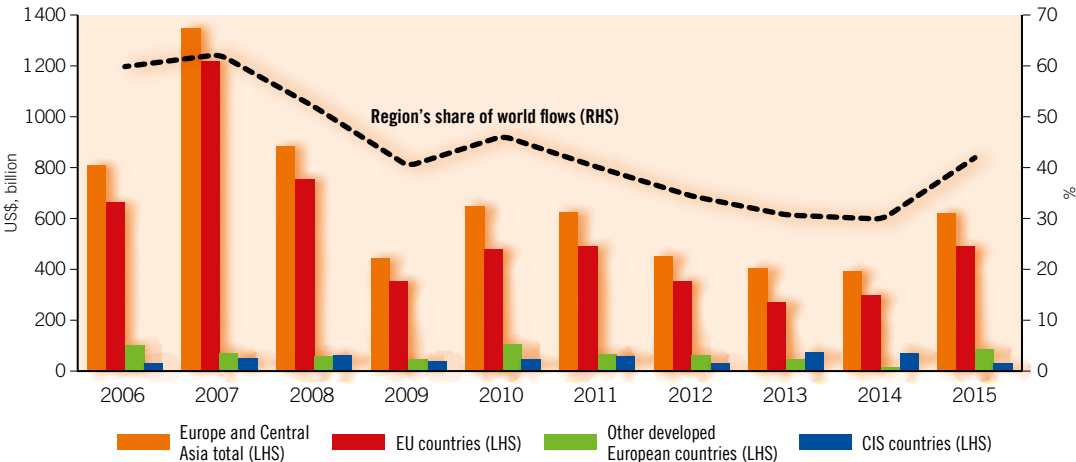
Chinese investment in Europe has been growing substantially over recent years: in 2016, Chinese companies invested US\$37 billion in the European Union, representing a 77% increase compared to the previous year. Chinese investments – which had been concentrated in France, Germany, Italy and the United Kingdom – have expanded more recently to other countries with technology and manufacturing assets (Hanemann and Huotari, 2016). If approved by antitrust regulators, the deal between the State-owned firm ChemChina and the Swiss agribusiness Syngenta for US\$43 billion would represent the largest outward-bound investment by a Chinese company to date. However, in an effort to control capital outflows, Beijing recently reinstated limits on overseas investment that might affect FDI flows to Europe in 2017 (fDi Intelligence, 2017).

**3.1.2 FDI outflows**

Outward FDI from Europe and Central Asia currently represents a global share of about 42%, down from 62% in 2007. Outflows declined from US\$1,347 billion in 2010 to US\$393 billion in 2014, followed by a strong surge up to US\$622 billion in 2015. About 98% of the region’s outflows originate from the European Union, Iceland, Norway, Switzerland and the CIS (figure 3.2).

The major driver of the recent increase was the re-emergence of MNEs from European Union countries and other developed European countries as major investors, after the 2008–09 financial crisis and its aftermath. Their outward FDI increased 85% in 2015 up

**Figure 3.2 FDI outflows 2006–2015**



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

Source: UNCTAD, 2016.

to US\$576 billion, thus accounting for about 40% of the world's FDI outflows. Behind this trend was a strong rebound in cross-border mergers and acquisitions: the net value of these purchases increased to US\$318 billion in 2015, which is more than 5 times the US\$57 billion in 2014,<sup>10</sup> driven largely by the more favourable financial conditions created by the stimulus measures of the European Central Bank (box 3.5) (UNCTAD, 2016, p. 6; Deutsche Welle, 2017).

### Box 3.5 Role of the European Central Bank

The European Central Bank is the central bank responsible for the 19-nation Eurozone, that is, the 19 countries that share the euro as their common currency: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The European Central Bank has a mandate of preserving price stability by determining key interest rates and managing the Eurozone's money supply. After the advent of the Eurozone's sovereign debt crisis from 2009 to 2011, the European Central Bank carried out a range of monetary policies, which included a US\$1.2 trillion quantitative easing plan, an unlimited bond-buying programme, and setting negative interest rates (McBride and Alessi, 2015; CNN, 2017).

Moreover, the increase in investment by European MNEs, fuelled by a range of megadeals, caused a reshuffle in the composition of the top 20 investor countries in 2015 (table 3.1). Most notably, Switzerland (rank 153 in 2014 to rank 7 in 2015), Belgium (rank 32 to 11) and Ireland (rank 9 to 5) rose in the ranking (UNCTAD, 2016, p. 6). The Netherlands, Ireland and Germany were the European countries that had the highest amounts of FDI outflows in 2015.

**Table 3.1 European and Central Asian countries in the ranking of top 20 source countries of FDI outflows**

2015 rank	2014 rank	Source country	2015 FDI outflows (US\$ billion)	2014 FDI outflows (US\$ billion)
1	1	United States	300	317
2	4	Japan	129	114
3	3	China	128	123
4	7	Netherlands	113	56
5	9	Ireland	102	43
6	5	Germany	94	106
7	153	Switzerland	70	-3
10	15	Luxembourg	39	23
11	32	Belgium	39	5
13	10	France	35	43
14	12	Spain	35	35
16	14	Italy	28	27
17	6	Russian Federation	27	64
18	22	Sweden	24	9
19	16	Norway	19	18

Note: The top three countries (United States, Japan and China) were included at the top of the table as a reference point.

Source: UNCTAD, 2016, p. 6.

10. In this context, it needs to be noted that the 2014 value was unusually low due to the divestment of Vodafone UK's stake in the United States-based Verizon Wireless. Yet, even when excluding the effect of this particular deal, the value of net purchases by European MNEs still rose by a significant 70%.

During that period the Russian Federation fell in the rankings, with outflows decreasing from US\$70 billion in 2013 to US\$27 billion in 2015, and its share in the outflows of the overall region decreased from 17% in 2013 to 4% in 2015. The economic sanctions imposed by a number of countries<sup>11</sup> (including constraints in accessing international capital markets), the fall in the price of oil, and the collapse of the Russian rouble were the main drivers of this reduction in FDI outflows. Also, new policy measures were put in place aimed at reducing the “round-tripping” of investments,<sup>12</sup> including an anti-offshoring law adopted at the end of 2014, notably reducing flows to Cyprus from US\$23 billion in 2014 to US\$7 billion in 2015. Investments by Russian multinationals also declined in major developed countries, for example in Germany, the Netherlands, the United Kingdom and the United States (UNCTAD, 2016, pp. 6, 32; EIU, 2016).

The region is home to many of the most important enterprises investing abroad: of the top 100 non-financial MNEs based on the value of their foreign assets, 59 are MNEs whose head offices are based in Europe and Central Asia, as shown in table 3.2. The company with the largest amount of foreign investments in the world is from the region: Royal Dutch Shell, with US\$288 billion assets owned outside the United Kingdom, as well as 68,000 employees overseas. The companies with the third- and fourth-highest numbers of employees outside their home country are also from the region: the motor vehicle company Volkswagen employs more than 330,000 people outside Germany, and the food and beverages company Nestlé employs more than 320,000 people outside Switzerland.

**Table 3.2 European and Central Asian companies in UNCTAD’s top 100 non-financial MNEs, ranked by foreign assets, 2015**

Rank	Company name	Home country	Industry
1	Royal Dutch Shell plc	United Kingdom	Mining, quarrying and petroleum
4	Total SA	France	Petroleum refining and related industries
5	BP plc	United Kingdom	Petroleum refining and related industries
8	Volkswagen Group	Germany	Motor vehicles
9	Vodafone Group Plc	United Kingdom	Telecommunications
11	Anheuser-Busch InBev NV	Belgium	Food and beverages
14	Enel SpA	Italy	Electricity, gas and water
15	Daimler AG	Germany	Motor vehicles
16	Eni SpA	Italy	Petroleum refining and related industries
18	Glencore Xstrata PLC	Switzerland	Mining, quarrying and petroleum
19	Siemens AG	Germany	Industrial and commercial machinery
20	Telefonica SA	Spain	Telecommunications
22	Nestlé SA	Switzerland	Food and beverages
23	Deutsche Telekom AG	Germany	Telecommunications
25	Allergan PLC	Ireland	Pharmaceuticals
26	BMW AG	Germany	Motor vehicles
28	EDF SA	France	Electricity, gas and water
29	Iberdrola SA	Spain	Electricity, gas and water
30	Rio Tinto PLC	United Kingdom	Mining, quarrying and petroleum

11. Countries including the United States and Canada, as well as the European Union.

12. “Round-tripping” may occur where MNEs acquire or merge with another MNE based overseas that itself already owns affiliates in the home country of the acquirer.

Rank	Company name	Home country	Industry
31	Fiat Chrysler Automobiles	United Kingdom	Motor vehicles
32	Engie	France	Electricity, gas and water
36	E.ON AG	Germany	Electricity, gas and water
37	ArcelorMittal	Luxembourg	Metals and metal products
38	Sanofi	France	Pharmaceuticals
41	Altice NV	Netherlands	Telecommunications
42	Airbus Group NV	France	Aircraft
43	Novartis AG	Switzerland	Pharmaceuticals
46	Roche Group	Switzerland	Pharmaceuticals
49	GlaxoSmithKline PLC	United Kingdom	Pharmaceuticals
50	Statoil ASA	Norway	Petroleum refining and related industries
52	LafargeHolcim Ltd	Switzerland	Stone, clay, glass, and concrete products
54	Orange SA	France	Telecommunications
56	BASF SE	Germany	Chemicals and allied products
59	BG Group plc	United Kingdom	Mining, quarrying and petroleum
61	Robert Bosch GmbH	Germany	Motor vehicles
62	Repsol YPF SA	Spain	Petroleum refining and related industries
63	Anglo American plc	United Kingdom	Mining, quarrying and petroleum
64	Unilever PLC	United Kingdom	Food and beverages
66	Christian Dior SA	France	Textiles, clothing and leather
68	Imperial Brands PLC	United Kingdom	Tobacco
69	AstraZeneca PLC	United Kingdom	Pharmaceuticals
72	Bayer AG	Germany	Pharmaceuticals
73	RWE AG	Germany	Electricity, gas and water
75	Schneider Electric SA	France	Electricity, gas and water
76	SABMiller PLC	United Kingdom	Food and beverages
77	Liberty Global plc	United Kingdom	Telecommunications
78	SAP SE	Germany	Computer and data processing
81	British American Tobacco PLC	United Kingdom	Tobacco
83	Heineken NV	Netherlands	Food and beverages
84	National Grid PLC	United Kingdom	Electricity, gas and water
87	AP Moller – Maersk A/S	Denmark	Transport and storage
88	Renault SA	France	Motor vehicles
89	WPP PLC	United Kingdom	Business services
90	Linde AG	Germany	Chemicals and allied products
91	Diageo PLC	United Kingdom	Food and beverages
92	Teva Pharmaceutical Industries Ltd	Israel	Pharmaceuticals
93	Vattenfall AB	Sweden	Electricity, gas and water
94	Volvo AB	Sweden	Motor vehicles
96	Fresenius SE & Co KGaA	Germany	Health care services

Source: UNCTAD, 2016.

FDI outflows from countries of the European Union represent approximately three-quarters of the region's outflows (UNCTAD, 2016). In 2015, the largest destination country for FDI from the European Union was the United States (37% of outward flows from the European Union), followed by Switzerland, Bermuda and Brazil (12%, 5% and 5%, respectively). Countries in Asia (other than those from the Near and Middle East) held a share of 12%, with the main locations being China, Hong Kong (China), and Singapore. The financial and insurance activities sector accounts for 39% of the total outflows. Manufacturing represents 27% of these flows. Services, excluding financial and insurance activities, represent 20% (Eurostat, 2017).

### 3.1.3 Intra-regional FDI

Intra-European projects dominate FDI activity, with over 54% of cross-border projects in the region in 2015 being financed by MNEs in other countries of the region (Ernst & Young Global Ltd, 2016).

The main driver of intra-regional FDI and economic cooperation in the region has been the establishment of the European Union single market. FDI flows between European Union countries increased from €64 billion in 1992 to €730 billion in 2007, prior to the global financial crisis. In 2010, intra-European Union flows represented €260 billion, accounting for approximately 40% of the subregion's flows (European Commission, 2012, p. 14; Dahlberg, 2015, pp. 26–27).

Another important catalyst of intra-regional FDI in the Europe and Central Asia region has been the economic collaboration between the CIS States. Russian MNEs are the subregion's largest investors, accounting for nearly 80% of the overall FDI within CIS countries in 2015. Kazakhstan accounted for 12% of total exported FDI, while Azerbaijan accounted for 5% (EDB, 2016, p. 6).

## 3.2 Sectors attracting FDI to Europe and Central Asia

In the European Union, the dominant sector in terms of attracting FDI is financial and insurance activities. At the end of 2013, 72% of all inward FDI stock<sup>13</sup> was in the financial sector (€3,655 billion out of an overall total of €4,180 billion). Excluding the financial sector, services attract most of the FDI, representing 55% of non-financial FDI stock with professional, scientific and technical activities being the largest subsector. The manufacturing sector represented 34% of non-financial FDI stock (Eurostat, 2016).

Taking a closer look at the three biggest economies within the European Union, similar sectors appear to attract the most inward investment. In France, the services sector draws in roughly three-quarters of total FDI. In 2014, nearly 60% of FDI flowed into the finance and insurance sector, followed by real estate (19%) and manufacturing (9%). Despite increasing competition from Spain and the United Kingdom, France has successfully established a range of research and development clusters in such sectors as biotechnology, electrical engineering, financial services and software, which act as FDI magnets; 9% of projects are engaged in research and development activities. In the United Kingdom, financial services, electronics and the automotive sector have traditionally been responsible for a significant share of inward FDI. These remain key sectors, but biotechnology, business services, energy generation, information technology and software development are attracting more and more FDI. In Germany, the FDI stock is also increasingly dominated by services, although manufacturing continues to attract significant investment (EIU, 2016).

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13. FDI stocks can be defined as a measurement of the total amount of direct investment at a certain point in time. The inward FDI stock constitutes the overall value of foreign investors' equity in and net loans to domestic businesses in the reporting economy. Moreover, the outward FDI stock measures the total value of domestic investors' equity in and net loans to companies in foreign economies (OECD, 2017).



FDI to CIS countries mainly flows into the natural resources extraction sector and manufacturing. Within the Russian Federation, inward FDI is highly concentrated, both in terms of sectors and geography. One-quarter of inward FDI stock is located in the mining of fuel and energy materials, with approximately 20% each in the manufacturing sector and in retail. Prior to 2014, there was a noticeable increase of investment into a broad range of sectors, including the automotive sector and pharmaceuticals. However, new investment in the retail and manufacturing sectors has since dwindled drastically in the wake of the Russian rouble devaluation and continuing recession. Most of the FDI stock is situated in St Petersburg and Moscow, in addition to energy-producing regions such as Arkhangelsk and Sakhalin (EIU, 2016; EDB, 2016). In Kazakhstan, the natural resources sector (oil and gas, but also uranium, gold and other mining) attracts most foreign investments. In recent years, the government has encouraged investments in manufacturing sectors (Deloitte, 2016).

### 3.3 FDI and decent work

Despite Europe and Central Asia having experienced positive economic growth in recent years,<sup>14</sup> the region is still struggling with the aftermath of the economic and financial crisis of 2007–08, especially with regard to its impacts on employment and the labour market. The unemployment rate, though decreasing, remains high and above pre-crisis levels.<sup>15</sup> Of the jobs created, non-standard forms of employment are becoming more widespread (ILO, 2015).

In Northern, Southern and Western Europe, economic activity has been slow and its growth is expected to remain modest in 2017. Factors such as an anticipated increase in energy prices (European Commission, 2016), weaker aggregate demand by key trade partners, and the United Kingdom's vote to leave the European Union are expected to undermine investors' confidence and negatively affect job creation. The subregional unemployment rate is projected to reach 9.1% in 2017. Part-time jobs are becoming more common, accounting for 21% of the European Union's total employment in 2015. The incidence of temporary contracts, on the rise in certain European Union countries, accounts for 14% of total employment. Around 62% of people working on temporary contracts do so involuntarily, while 28% of people working part time would prefer to work full time (ILO, 2017b). In the past decade, inequality has also been on the rise as real wage growth has slowed or even declined in certain countries, contributing to a decline in the size of the middle class (ILO, 2016b).

The economic situation in Eastern Europe and Central and West Asia is following an opposite trend: with the stabilization of oil prices, economic growth in the subregion was positive in 2016 and is expected to reach 2% in 2017. However, the rebound is not expected to be matched by falling unemployment numbers because the commodity sectors attracting most of the investment have limited potential to generate new jobs (ILO, 2017b). Youths are particularly affected, with more than 3 out of every 10 young women and men remaining jobless in some countries of the CIS. Informality is another important challenge as it typically represents 30% to 50% of official GDP of countries in the subregion (ILO, 2015). Also, the share of workers in vulnerable employment remains high, with 30% of Central and West Asia's employment consisting of own-account and contributing family workers.<sup>16</sup> Though lower in Eastern Europe, the share of workers in vulnerable employment is increasing; and inequality is growing in the majority of countries (most notably Bulgaria, Hungary and Poland) as more people live below 60% of median disposable income (ILO, 2017b).

Against this backdrop, job creation and the improvement of working conditions across the region are crucial priorities. As a region that is the home to many MNEs investing within

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14. World Bank statistics indicate that gross domestic product (GDP) at market prices, for the Europe and Central Asia region, has grown between 0.1% and 1.7% annually in the period 2012–15.

15. ILO statistics indicate that the unemployment rate for the region as a whole was 8.2% in 2016, on a decreasing trend since 2010 but still above 2008 levels of 7.2%.

16. "Own-account workers" are defined as people who hold self-employment jobs and do not engage employees on a continuous basis. "Contributing family workers" hold self-employment jobs in an establishment operated by a related person, with a too limited degree of involvement in its operation to be considered a partner.



the region and in other parts of the world, Europe and Central Asia can play an important role towards achievement of these goals, particularly in view of the 2030 Agenda for Sustainable Development.

MNEs can potentially have a positive impact on job creation, skills development and working conditions in the countries in which they operate, but this will largely depend on a series of factors, such as the type of investment, the sector targeted, the existence of performance requirements, the degree of integration into the local economy, the strength of labour market institutions and compliance with national legislation in MNE operations. For instance, investments in certain sectors are likely to have a higher job creation potential than in others. Job creation linked to FDI is generally higher in manufacturing and services – sectors that attract the most inflows in the European Union – while countries attracting FDI mainly in primary commodity sectors – more prevalent in some Member States of the CIS – need to rely on other means to generate employment.<sup>17</sup> In this regard, skills development and vocational training policies have a crucial role to play in making sectors with higher job creation potential more attractive to foreign investors, by equipping the local population with the skills demanded in more developed industries. FDI flowing to greenfield projects<sup>18</sup> – which lead to the establishment of new enterprises and activities – create new jobs, both directly and indirectly. Investments targeting existing companies have a lower positive impact, and may adversely affect job creation if restructuring and lay-offs are involved or the investment crowds out domestic competitors, among other factors (ILO, 2014). However, it is important to note that in order to advance towards decent work, not only does the quantity of jobs matter but also their quality.

Governments and enterprises, as well as employers' and workers' organizations, therefore have crucial roles to play to “encourage the positive contribution which MNEs can make to economic and social progress and the realization of decent work for all, and at the same time to minimize and resolve the difficulties to which their various operations may give rise” (ILO, 2017a).

Alongside FDI, the global supply chains of European and Central Asian MNEs can have a positive impact and contribute to the Sustainable Development Goals. Europe and Central Asia is, after the Middle East and North Africa, the region most open to trade (World Bank, 2017). The European Union in particular has the world's highest participation rate in global supply chains (ILO, 2016c). MNEs and governments of the region therefore have crucial roles in this regard, for instance by encouraging companies to carry out due diligence and by promoting good social practices within the region and beyond.

While European MNEs have been major investors in other regions for a number of decades, the increased flow of FDI from developing economies into Europe and Central Asia is a relatively new phenomenon. In particular, Chinese investments to the European Union have grown more than fivefold since 2013 to reach €35 billion in 2016 (see section 3.1.1). These investments bring capital needed to boost research, product development and infrastructure, and often jobs are created as a result. On the other hand, they have been criticized for eroding working conditions (lower wages and longer working times); and more generally, for limiting workers' rights (Lim, 2011; Deutsche Welle, 2013). As MNEs from developing economies move closer to their European customers or internationalize through the acquisition of European enterprises,<sup>19</sup> there is concern that their investments may represent a “race to the bottom” for working conditions in Europe and Central Asia. However, research shows

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17. Other means could include public or private investments originating within the country.

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

19. Examples of merger and acquisition investments include the recent purchases of Italian tyre maker Pirelli by Chinese State-owned company ChemChina for US\$7.7 billion, as well as the pending takeover of Swiss agribusiness Syngenta for US\$43 billion. The Chinese company Geely Holding acquired Sweden-based car manufacturer Volvo in 2010 for US\$1.5 billion. Indian MNEs, such as Tata Group and ArcelorMittal, have also recently acquired businesses in Europe. MNEs have also increased their presence in the region through greenfield investments, notably in the electronics industry. Companies involved in such investments include Taiwanese firm Foxconn Technology Group and Chinese company Huawei Technologies.

that these MNEs do not simply replicate the labour practices of their home countries in their European subsidiaries. Other factors, such as the type of investment, the local labour market composition, local regulations and the action of workers' organizations all play a key role in defining working conditions in the host country (Andrijasevic, 2016; Smith, 2016). It is therefore essential that governments ensure that their investment attraction strategies and national regulations promote decent work. Also, MNEs should provide "wages, benefits, and conditions of work not less favourable to the workers than those offered by comparable employers in the host country" (ILO, 2017a).

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

National investment policies, in Europe and Central Asia as well as in other regions of the world, continue to focus on the facilitation of investment procedures and the liberalization of economic sectors with the goal of attracting investors in the hope that this will boost economic growth. In 2015, 25 out of the 96 FDI-affecting policy measures adopted worldwide were carried out in European and transition economies.<sup>20</sup> A significant number of these investment policy measures focused on privatization of public services and State-owned enterprises. Other measures included streamlining the issuing of business licences. For example, Kazakhstan established a one-stop shop that allows investors to apply for more than 350 licences and permits without needing to visit various government ministries or agencies, and established a Council of Foreign Investors, chaired by the President of Kazakhstan, to facilitate direct dialogue between foreign investors and the government. The Czech Republic eased the eligibility requirements for national and international investors, enlarged the range of government-supported activities, and provided real estate tax exemptions for investors (UNCTAD, 2016, pp. 92–93; EDB, 2009). However, it is important to note that in order to boost the positive impact of FDI, investment policies and initiatives should not only attract larger amounts of FDI but also ensure that investments promote the creation of more and better jobs and the realization of decent work for all; and governments facilitating dialogue with investors should consider including a role for the social partners.

In addition to the promotion and liberalization of investments, governments – both those in the Europe and Central Asia region and those concluding trade agreements with the region – are increasingly adding labour-related provisions into international trade agreements. These multilateral and bilateral agreements set out the regulations and rules of cross-border investments while also striving to enhance the positive contribution of FDI to social and economic development. In impacting investment decisions, they frequently establish frameworks to promote both the quantity and quality of jobs created by foreign investment. Specific provisions can refer to a variety of topics, including the protection of health and safety, the respect of other labour rights, and environmental protection. Moreover, these types of provisions are built into trade agreements more frequently than in the past. Only 11% of bilateral investment treaties concluded in the period 1962–2011 included such provisions, whereas 63% of the treaties concluded in the period 2012–2014 included them (UNCTAD, 2016, p. 114).

Within the Europe and Central Asia region, there is a variety of examples of how governments are using mechanisms within trade agreements to promote the positive impacts of MNEs' activities on development. For example, the European Union-Canada Comprehensive Economic and Trade Agreement, which was signed in October 2016, includes a chapter on "Trade and sustainable development", which states that "the parties recognise that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development, and reaffirm their commitment to promoting the development of international trade in such a way as to contribute to the objective of sustainable development, for the welfare of present and future

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20. UNCTAD defines "transition economies" as consisting of "South-East Europe, the Commonwealth of Independent States and Georgia" (UNCTAD, 2016, p. 216).

generations". The agreement also establishes a Joint Committee on Trade and Sustainable Development whose objective will be to monitor and review the impact of the agreement on sustainable development (European Commission, 2017).

In recent years, many initiatives have been taken to stimulate responsible business practices by European companies. The European Commission adopted in 2011 a renewed Corporate Social Responsibility Strategy, the third European policy on corporate social responsibility. In this strategy, the Commission emphasizes that enterprises are responsible for their negative and positive impacts on society, both in their own internal operations as well as in interaction with external actors (European Commission, 2011). This approach is in line with the dual objective of the ILO's MNE Declaration.<sup>21</sup> The Commission's strategy invites all European-based multinational companies to make a tangible commitment to respect the principles of the MNE Declaration by 2014. The European Parliament adopted in 2014 a directive on the disclosure of non-financial and diversity information requiring large enterprises and their parent companies to disclose – as part of their management reports – relevant environmental and social information pertaining to their operations. Enterprises will be required to publish these reports starting in 2018 (European Commission, 2014).

The European Union is funding projects to support corporate social responsibility practices beyond its borders. For example, the Corporate Social Responsibility for All project has been implemented in South-East Europe since 2011. In partnership with employers' organizations in Azerbaijan, Bulgaria, Croatia, Montenegro, Romania, Serbia, Turkey and The former Yugoslav Republic of Macedonia, the project aims to promote the positive impacts that enterprises in these countries can have on society and to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy. It also guides these enterprises through corporate social responsibility and sustainability reporting through awareness raising and training.

Many European Union Member States and other Western and Northern European countries have adopted national corporate social responsibility policies. In Germany for example the federal government has established a national corporate social responsibility strategy that targets companies of all sizes. One of the objectives of the strategy is to reinforce the existing corporate social responsibility agenda and accord it greater significance in development cooperation and in other international contexts. To achieve this objective, the German Government provides financial and political support for initiatives and tools, including the ILO's MNE Declaration, the Global Reporting Initiative, the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, and the Extractive Industry Transparency Initiative (BMAS, 2010; GRI, 2010). Norway recently implemented legislation requiring large companies to report on how they integrate social responsibility into their business strategies (GRI, 2013).

Moreover, governments in the region are implementing policies to assess the impact of domestic businesses going global and to make sure that their investments contribute to socio-economic development abroad. In the United Kingdom, for example, the government adopted the Modern Slavery Act, which is the first piece of United Kingdom legislation that focuses on preventing and prosecuting modern slavery and protecting the victims. The act includes a provision on supply chain transparency (Kelly, 2015; Chandran, 2015, 2016). France adopted a law that requires all businesses with a minimum number of employees<sup>22</sup> operating in the country to implement and publicly report on due diligence in order to prevent human rights violations and damage to the environment across their entire value chains (Barbière and White, 2017; Kippenberg, 2017). The House of Representatives of the Netherlands has recently passed a bill, which – if also passed by the Senate – will require Dutch and other enterprises selling products in the Netherlands to perform due diligence to identify whether child labour is present in their supply chains (OneWorld, 2017).

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21. Paragraph 2 of the Declaration states: "The aim of the [MNE Declaration] is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise."

22. The threshold is 5,000 employees for companies headquartered in France or 10,000 employees for companies headquartered in other countries (Assemblée Nationale, 2016).

# Promotion of the principles of the MNE Declaration in Europe and Central Asia

## 4

This chapter provides an overview of responses to the questionnaire received from governments and employers' and workers' organizations in the Europe and Central Asia region.<sup>23</sup> The ILO has not verified the accuracy of the information provided, and thus, mention of particular laws, policies, measures and actions, and other comments by respondents, do not entail an endorsement by the ILO. Likewise, any failure to mention any of the above is not a sign of disapproval.

The questionnaire was distributed in the beginning of January 2017 through various channels to the tripartite constituents of the 51 member States participating in the 10th European Regional Meeting. The Office accepted replies until 15 May 2017, after having extended the initial deadline. In total, 84 responses<sup>24</sup> were received from 44 of the 51 member States participating in the Regional Meeting. This is to say that at least one response was received for 86.2% of the ILO member States in the region (table 4.1).

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

Responses received from	Number
Governments	33
Employers' organizations	22
Workers' organizations	29
Total	84

In the case of 10 countries – Bosnia and Herzegovina, Germany, Kazakhstan, Kyrgyzstan, Montenegro, Norway, Portugal, Serbia, Turkey and Ukraine – replies were received from all three groups: governments, employers' organizations and workers' organizations. No replies were received from any of the groups from Latvia, Luxembourg, Romania, San Marino, Slovenia, Turkmenistan or the United Kingdom. The Government of Austria (both through the Federal Ministry of Labour, Social Affairs and Consumer Protection

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

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

and the Federal Chamber of Labour), the Cyprus Employers and Industrialists Federation, and IG Metall (a workers’ organization in Germany) responded to the questionnaire through a letter without submitting the questionnaire itself; the report took into account the information provided but excluded these responses from the quantitative analysis. Also, three governments indicated that they consulted with employers’ and workers’ organizations in their countries: the Government of Denmark,<sup>25</sup> the Government of Finland,<sup>26</sup> and the Government of the Netherlands.<sup>27</sup> These governments circulated the completed questionnaires among social partners for their comments and observations prior to submitting the questionnaires to the ILO. For the purpose of this report and its quantitative analysis, these questionnaires were counted as governments’ responses and not as responses from other organizations.

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

Note: This structure follows the 2006 version of the MNE Declaration since the questionnaire was sent out before the adoption of the revised MNE Declaration by the Governing Body in March 2017.

25. The Government of Denmark indicated having incorporated replies from the following organizations: the Confederation of Danish Employers, Local Government Denmark, the Danish Confederation of Trade Unions, the Confederation of Professionals in Denmark, and the Danish Confederation of Professional Associations.

26. The Government of Finland indicated having consulted the following organizations: the Confederation of Finnish Industries, the Central Organization of Finnish Trade Unions, the Finnish Confederation of Salaried Employees, the Confederation of Unions for Academic Professionals in Finland, the Local Government Employers, the Office for the Government as Employer, and the Federation of Finnish Enterprises.

27. The Government of the Netherlands indicated having corroborated their response with the following organizations: the National Federation of Christian Trade Unions, the Netherlands Trade Union Confederation, the Confederation of Netherlands Industry and Employers and MKB Nederland.

The large majority of government respondents (77%) indicated the relevance of employment promotion, followed by wages, benefits and conditions of work (73%), safety and health (70%), security of employment (67%), equality of opportunity and treatment (63%), and collective bargaining (63%). The areas that received the least mentions of relevance were consultation (40%) and examination of grievances (40%).

All but four of the responding employers' organizations (81%) indicated the relevance of employment promotion, and area that was followed by wages, benefits and conditions of work (76%) and training (67%). The areas that received the least mentions of relevance were the examination of grievances (14%) and consultation (33%), the settlement of industrial disputes (33%), and minimum age (33%).

For workers' organizations, wages, benefits and conditions of work was indicated as a relevant area by the largest number of respondents (86%), followed by collective bargaining (79%), freedom of association and the right to organize (71%), and safety and health (71%). The areas that received the least mentions of relevance were examination of grievances (21%) and minimum age (39%).

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

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

Areas		Average	Governments	Employers' organizations	Workers' organizations
Employment	Employment promotion	70.9	76.7	81.0	57.1
	Equality of opportunity and treatment	49.4	63.3	38.1	42.9
	Security of employment	62.0	66.7	57.1	60.7
Training	Training	60.8	60.0	66.7	57.1
Conditions of work and life	Wages, benefits and conditions of work	78.5	73.3	76.2	85.7
	Minimum age	43.0	53.3	33.3	39.3
	Safety and health	68.4	70.0	61.9	71.4
Industrial relations	Freedom of association and the right to organize	59.5	60.0	42.9	71.4
	Collective bargaining	65.8	63.3	52.4	78.6
	Consultation	41.8	40.0	33.3	50.0
	Examination of grievances	26.6	40.0	14.3	21.4
	Settlement of industrial disputes	45.6	56.7	33.3	42.9
None		3.8	3.3	–	7.1
Others		20.3	16.7	33.3	14.3

Wages, benefits and conditions of work was the most often cited area on average across all three groups (selected by 79% of respondents), although it was cited by a larger proportion of workers' organizations (86%) than governments and employers' organizations (73% and 76%, respectively). Examination of grievances was the least often cited across all three groups (it was selected by 27% of respondents). A higher percentage of governments (40%) considered this area to be relevant, compared to employers' and workers' organizations (14% and 21%, respectively).

In terms of similarities between groups, areas commonly identified as relevant were security of employment (selected on average by 62% of the respondents: 67% of governments, 57% of employers' organizations, and 61% of workers' organizations), and training (61% on average: 60% of governments, 67% of employers' organizations, and 57% of workers' organizations).

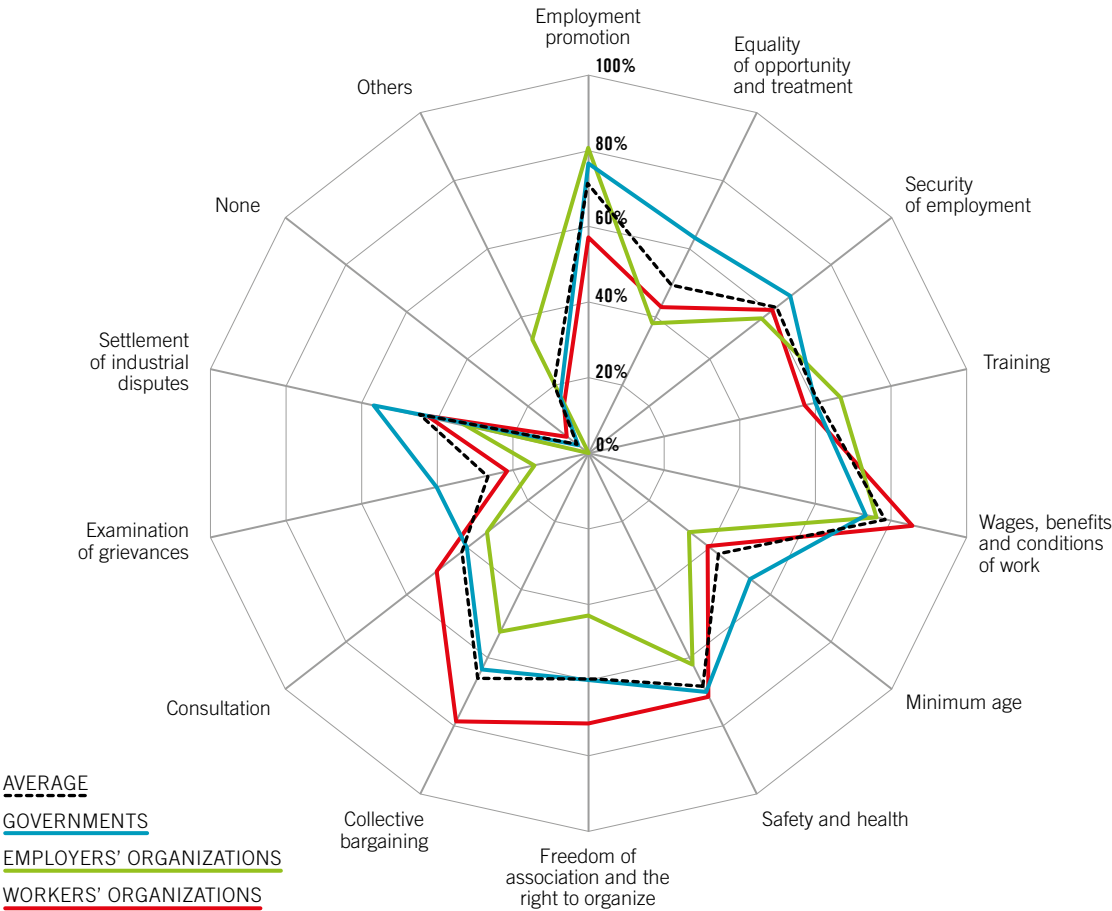


Discrepancies in the assessment of relevance among the respondents from the different groups were noted, particularly concerning freedom of association and the right to organize, and collective bargaining. For both areas, almost all workers' organizations considered them relevant (71% and 79%, respectively), whereas fewer employers' organizations did the same (43% and 52%, respectively). The percentage of governments was in between the two, although a majority of them cited them as relevant (60% and 63%, respectively).

Sixteen respondents indicated other areas as being relevant, and elaborated on them: five governments, seven employers' organizations and four workers' organizations (see section 4.2.5 for details).

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

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



Note: Percentages have been calculated by dividing the total marks by area by the number of responses by group, being 30, 21 and 28 for governments, employers' organizations and workers' organizations respectively. The average corresponds to the total marks by area divided by the total number of responses. Example: 56 responses out of 79 marked "employment promotion" as one of the relevant areas of the MNE Declaration, which results in an average of 71%.

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

Governments and employers' and workers' organizations were invited to provide more information about the challenges and opportunities encountered regarding the operations of MNEs in the areas they considered the most relevant.

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

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

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

### 4.2.1 Employment

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

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

Effective use of labour and employment growth are priorities of the Strategic Development Programme in the Republic of Armenia in 2014–25. [Non-official translation] (Ministry of Labour, Government of Armenia)

The main challenge of Portugal is to reduce the unemployment rate, taking into account that, especially after the crisis of 2008, unemployment reached high levels. In this context, [the Confederation] considers that growth and investment, which will generate employment, is the true priority. Therefore, [from the Confederation's] perspective, [FDI] and new business areas are important promotional vehicles of economic activity and competitiveness of enterprises. (Confederation of Portuguese Industry, Portugal)

The high level of unemployment, particularly youth unemployment, requires a special focus both from national and multinational enterprises. In these circumstances, employment promotion is the most important aspect of the MNE Declaration for [Turkey]. As indicated by the MNE Declaration, [MNEs] provide large employment opportunities for Turkish workers in their partnerships with national enterprises in various sectors such as automotive, chemicals and textiles etc. (Turkish Confederation of Employer Associations, Turkey)

All enterprises including MNEs should focus on decent work and decent working conditions by giving priority to labour-intensive manufacturing for more employment opportunities. (Confederation of Turkish Real Trade Unions, Turkey)

However, workers' organizations noted that for MNEs to have a positive impact on employment promotion, governments should put in place an adequate policy framework and ensure policy coherence.

It is essential that the “welcoming” of [foreign MNEs] is in line with the country's employment and social development policy. To this end, it is important that there be a prior dialogue between the MNE, the government, business organizations and trade unions, where attention is paid not only to the creation of quality jobs with rights, but also to the MNE's responsibility regarding sustainable growth in the host country. [Non-official translation] (General Union of Workers, Spain)



Priority should be given to investment that favours the creation of quality jobs, social protection, enrichment of social dialogue and the recognition of labour rights. It is important to implement coherent policies capable of establishing a sound basis for the implementation of policies and investments that emphasize the strategic objectives of decent work, thus promoting the sustainability and resilience of economies in the context of a fair globalization. (General Workers' Union, Portugal)

## Challenges

Skills mismatch was mentioned as a challenge by all groups,<sup>28</sup> particularly in countries of the CIS and of South-East Europe. The term describes various types of imbalances between local labour force skills and the actual skills needed by enterprises.

An important characteristic of the labour market in the Republic of Armenia is the chronic mismatch between demand and supply. [Non-official translation] (Ministry of Labour, Government of Armenia)

The level of knowledge and skills of graduates of higher and vocational schools fails to meet the employers' requirements. (Federation of Employers of Ukraine)

Other problems in Ukraine's labour market include high unemployment rates among professionals with higher education, a mismatch between educational programmes and market needs, and a high level of labour migration. (Federation of Trade Unions of Ukraine)

The informal economy was also mentioned,<sup>29</sup> especially in CIS countries. The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.<sup>30</sup>

Most of the working population is employed in low-skilled jobs in the informal sector of the economy. Furthermore, in Tajikistan there are too many seasonal or temporary jobs, the share of which has increased over time. Professional/vocational training and high wages, benefits and working conditions are the key indicators of poverty reduction. [Non-official translation] (Union of Employers of the Republic of Tajikistan)

Overall, the situation in the labour market remains quite complicated. According to official figures, the unemployment rate is 9.2%, which is not much higher than the average for the European Union countries (8.5%), but there is another problem – 4 million workers (or 24.6% of the total workforce) are employed in the informal economy (primarily in agriculture and retail trade). (Federation of Trade Unions of Ukraine)

Two responses from workers' organizations acknowledged the potential positive contribution of MNEs to employment promotion, but expressed the concern that MNEs in export processing zones might not always respect workers' rights.

In many instances ... MNEs fail to respect the workers' freedom of association and right to organize. In [export processing zones] where MNEs operate, the unions find it difficult to organize workers and create unions because they have no access to those enterprises. (National Trade Union Confederation of Moldova)

Global supply and value chains often escape ... the rules on implementation and ... the fiscal and labour laws in the countries where they operate (often being able to obtain discretionary conditions, such as for operating in [export processing zones], often demanding exemption from the above-mentioned legislation). Other major workers' rights violations

28. Ministry of Labour, Government of Armenia; Ministry of Labour, Employment, Veteran and Social Affairs, Government of Serbia; Federation of Employers of Ukraine; Federation of Trade Unions of Ukraine.

29. Republican Union of Employers of Armenia; Union of Employers of the Republic of Tajikistan; Federation of Trade Unions of Ukraine.

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

are registered, starting with the denial of freedom of association and unwillingness to enter in collective agreements. (Italian Trade Union Confederations<sup>31</sup>, Italy)

In relation to equality of opportunity and treatment, concerns were expressed regarding possible discriminatory practices of MNEs.

Equality of treatment and consultation issues arise [in MNEs], which sometimes require the intervention of the conciliation mechanism and also the referral of such disputes to the Industrial Tribunal. (Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Government of Malta)

Several workers' organizations identified subcontracting practices of MNEs as creating significant challenges to decent work.

The subcontracting model is widespread in the working life. This trend deteriorates working conditions, [in particular] lower wages, unregistered employment, [and] poor [occupational safety and health] measures. (Confederation of Turkish Real Trade Unions, Turkey)

A pressing issue is how agency work (outstaffing) affects permanent and direct employment. [Non-official translation] (Federation of Trade Unions of the Republic of Kazakhstan)

Concern is mounting in Ukraine over MNEs abusing hired labour. MNEs do not enter into employment relationships with employees; instead they make them act as individual entrepreneurs. This results in limitations of labour, social and economic rights because individual entrepreneurs are not covered by guarantees offered by national labour laws. (Federation of Trade Unions of Ukraine)

Informal work, precarious short-term contracts, low wages, unsafe work, excessive working hours and non-paid overtime work are some of the recurrent working conditions [in supply chains]. Here we find often the most exploited and vulnerable parts of the workforce. Often companies operating in global supply chains are small enterprises where unfair practices are more frequent and difficult to be identified and fixed. This happens also ... where micro-companies are frequently involved as suppliers of goods and services or operate as subcontractors in global supply chains. (Italian Trade Union Confederations, Italy)

### **Opportunities**

Several governments noted that the presence of MNEs provided new employment opportunities for nationals of the host countries.

More effective and more flexible than national entities, MNEs have enhanced their role and impact in the Ukrainian labour market, particularly in relation to job creation and vocational training. (Ministry of Social Policy, Government of Ukraine)

The presence of multinational enterprises can play a significant role in order to improve the employment rate in the country. (Ministry of Labour and Social Policy, Government of Italy)

Realising the right to engage in work, ensuring equal access to employment and gender equality in all spheres of social life, including with regard to [MNEs], are among Bulgaria's priorities in the social sphere. MNEs open up opportunities for increase of employment globally and for knowledge transfer; they create conditions for economic growth and development, and for poverty reduction. Viewing MNEs as an important source of jobs, we consider it important to ensure decent work, non-discriminatory treatment and promotion of women's participation therein, as well as smooth social dialogue. (Ministry of Labour and Social Policy, Government of Bulgaria)

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31. One response to the questionnaire was submitted jointly by three organizations: the Italian General Confederation of Labour, the Italian Confederation of Workers' Unions and the Italian Union of Labour.

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

In the context of the employment policy, MNEs could benefit from measures (according to national employment legislation) for training and employment promotion to respond to the needs of all categories of persons frequently having difficulties in finding lasting employment, such as certain women, certain young workers, disabled persons, older workers [and] the long-term unemployed. (Ministry of Labour and Social Policy, Government of Bulgaria)

MNEs stand out, without a doubt, as an example of good practice when it comes to equality of opportunity and treatment, addressing issues as gender equality, [employment promotion for persons with disabilities] and eliminating any discrimination based on race, colour, sex, religion, political opinion, etc. (Serbian Association of Employers, Serbia)

One respondent also expressed the expectation that MNEs would provide higher employment standards than the domestic minimum.

Poland has modern employment and labour rules, therefore expectations towards [MNEs] are focused on offering higher employment standards than those guaranteed in Poland and/or promoting new solutions – as regards the methodology for supplementing employee qualifications, equal opportunities, the promotion path or salary standards, to name just a few. (Ministry of Family, Labour and Social Policy, Government of Poland)

Another response emphasized the importance of public policies regarding undeclared work.

Regarding the fight against undeclared work, which is the most common practice in the supply chain of [MNEs], worth noting are the amendments to the Labour Code, effective July 2015, which regulate a separate type of employment contract for short-time seasonal work – the one-day contract. The main purpose is to limit undeclared work in seasonal agricultural work. (Ministry of Labour and Social Policy, Government of Bulgaria)

Respondents also mentioned explicit endeavours to improve the security of employment and guarantee the rights of workers of subcontracting businesses.

We address and include workers of the subcontracting chains in the coverage of the collective bargaining, also through specific clauses and protecting them by the law. Special attention is also [given] to precarious workers and [their] rights at work. (Italian Trade Union Confederations, Italy)

## 4.2.2 Training

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

### Challenges

A number of respondents mentioned the challenge of providing appropriate training options.

It is impossible to find a suitable job due to lack of necessary professional qualifications. It is advisable to receive vocational training, advanced training and retraining directly at the training centres of the employment agency or in [MNEs] in accordance with the contracts concluded. [Non-official translation] (Ministry of Labour, Government of Tajikistan)

Security of employment and training are essential conditions for employment of the population. There are about 2 million self-employed persons in Kazakhstan (about 28% of the working-age population) who will not be able to receive social benefits in the future

because they do not pay social contributions, taxes or insurance premiums. [MNEs] can involve self-employed people in their operations by providing appropriate training. [Non-official translation] (Confederation of Employers of Kazakhstan)

One response highlighted the specific challenge of export processing zones, referred to as technological industrial development zones, which can create a shortage of skills in the rest of the economy.

For the purpose of promoting the foreign investments in the [technological industrial development zones], part of the qualified workforce ... went to work in the zones and thus an artificial deficit of qualified workforce occurred. Consequently, the need arose for additional training for certain deficient occupations because the pupils and students that leave the educational system do not meet the needs of the employers for trained personnel. (Organization of Employers of Macedonia)

### **Opportunities**

Several respondents expressed the expectation that FDI and MNE activity would lead to better training and skill development opportunities.

The vocational training and apprenticeship are two key instruments for developing human capital in Turkey. [The training] aspect of the MNE Declaration is highly relevant for Turkey, since new and sustainable employment opportunities can only be created by investing [in] human capital. [MNEs] can contribute to improve national policies for vocational training and guidance. They also provide resources for new training programmes and apprenticeship opportunities. (Turkish Confederation of Employer Associations, Turkey)

[The Confederation] considers that [FDI] will lead to the promotion and creation of employment, as [well as] to more innovation, better qualification and quality training. Likewise, new business areas will contribute to the increase of employment, [to the] creation of new and different jobs, and thus to [the improvement of] Portugal's business environment. (Confederation of Portuguese Industry, Portugal)

Various respondents noted the need to have the right policy framework in place to fully harness the potential of FDI to improve skills development, and provided examples of such policies and initiatives.

Sustainable economic development, wide-scale application of new equipment and technology in all spheres of life, and the advent of new production technology have all resulted in the need to have a highly educated and skilled workforce in the labour market. These issues are reflected in the conceptual framework "Azerbaijan 2020: A Look into the Future". [Non-official translation] (Ministry of Labour and Social Protection of the Population, Government of Azerbaijan)

Ukrainian unions pay considerable attention to developing modern training systems. In 2016, a plan was developed to implement a National Skills Framework, and in early 2017 efforts were made to unify approaches to the development of professional standards. This will allow Ukraine to undertake an effective educational reform and train skilled workers both for national producers and MNEs. [Non-official translation] (Federation of Trade Unions of Ukraine)

Since 2010, the Federation of Trade Unions of Kyrgyzstan has been building a social partnership system in the area of vocational education and training. MNE workers should accordingly be provided with opportunities to receive the necessary training that meets the needs of enterprises and the country's development policy. Such training should, to the extent possible, allow workers to learn trades that, as a rule, enjoy high demand and help promote skills upgrades. This should be done in cooperation with authorities and employers' and workers' organizations. [Non-official translation] (Federation of Trade Unions, Kyrgyzstan)

Employers' organizations highlighted the important contribution that tripartite commissions could make in diminishing challenges related to training.

In early 2017, the Confederation of Employers (Entrepreneurs) of the Republic of Kazakhstan created a Social Alliance of Industry Associations and Specialized Development Institutions to consider, among other things, employment issues at the national level and at the level of industry associations and regional business unions. Proactive discussions of employment, training and wage issues concerning MNE workers are going on in tripartite commissions at all levels – national, sectoral and regional. [Non-official translation] (Confederation of Employers of Kazakhstan)

A Tripartite Commission for Training [has been established], involving employers in the boards of training institutions, developing curricula, assessing labour market skills requirements, developing and publishing [occupational safety and health] materials. [Non-official translation] (Republican Union of Employers of Armenia)

### 4.2.3 Conditions of work and life

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

#### Challenges

Several governments and workers' organizations<sup>32</sup> indicated that conditions of work and life is the area that encompasses some of the most important challenges with regard to the activities of MNEs. These challenges occur in the home and host country and often within the MNEs' supply chains.

A particularly serious problem arises regarding the suppliers of [MNEs] (the whole supply chain) and the working conditions along the chain. Unsafe working environment, unfair competition, unregulated work, wages below the poverty threshold, forced and child labour, violated workers' rights are practices met in the operations of [MNEs] and their international production networks. Addressing [these] problems is essential for ensuring sustainable economic and social development. (Ministry of Labour and Social Policy, Government of Bulgaria)

Low wages, long hours of work, lack of proper training and poor health and safety conditions at work are some of the main problems in MNEs. (General Confederation of the Portuguese Workers)

The principles of the MNE Declaration refer to the fact that conditions of work should at least satisfy the basic needs of workers and their families. This principle is not followed by many MNEs operating in countries considered to be "developed", and even less in developing countries. [Non-official translation] (General Union of Workers, Spain)

A number of governments and employers' and workers' organizations expressed their concerns on issues regarding wages. Some of them<sup>33</sup> indicated that wages were low and that they were paid irregularly. The Government of Switzerland indicated combatting what it refers

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32. Ministry of Labour and Social Policy, Government of Bulgaria; Ministry of Labour, Employment, Professional Training and Social Dialogue, Government of France; General Confederation of Labour (workers' organization in France); Italian Trade Union Confederations; Ministry of Social Affairs and Employment, Government of the Netherlands; General Confederation of the Portuguese Workers (workers' organization); General Union of Workers (workers' organization in Spain); Trade Union Confederation of Workers' Commissions (workers' organization in Spain); Confederation of Turkish Real Trade Unions; Ministry of Labour and Social Development, Government of Kyrgyzstan.

33. Confederation of Trade Unions of Albania; Ministry of Civil Affairs, Government of Bosnia and Herzegovina; Confederation of Trade Unions of Montenegro; General Confederation of the Portuguese Workers; State Secretariat for Economic Affairs, Government of Switzerland; Union of Swiss Employers (employers' organization in Switzerland).

to as “wage dumping” practices. Some governments<sup>34</sup> mentioned the need to ensure equal remuneration for work of equal value between women and men and to reduce the gender pay gap that exists in some MNEs or in specific industries. The Montenegrin Employers Federation mentioned the complexity, for foreign MNEs, of the national legislation on wages. The Federation of Trade Unions of Kyrgyzstan contested the government’s position that wages were too high in Kyrgyzstan, rendering the country unattractive to foreign investors.

[A 2014 resolution from the Council of Ministers] recommends that enterprises employing more than 25 people analyse the salary differences between women and men and conceive a strategy to correct potentially unjustified differences. [Non-official translation] (Directorate-General for Employment and Work Relations, Portugal)

Montenegrin legislation (Labour Code and General Collective Agreement) still [refers] to the outdated system of wage calculation meaning that the coefficient of complexity of tasks is a compulsory part of the wage determination. In general, this model is regarded as difficult to deal with by multinational companies and prevents them to translate their native wage models and more flexible forms of remuneration. (Montenegrin Employers Federation, Montenegro)

Albania is a country with a lower [average] salary in the region ... and among the main economic and social problems is to increase the current minimum wage. (Confederation of Trade Unions of Albania)

For a number of years, the Ministry of the Economy of the Kyrgyz Republic has argued that worker guarantees are at too high a level, making the economic situation in Kyrgyzstan unattractive for foreign investors. The unions have been engaged in ongoing social dialogue on this matter. [Non-official translation] (Federation of Trade Unions, Kyrgyzstan)

With regard to safety and health, several workers’ organizations<sup>35</sup> pointed to the much-needed improvements in this area, especially in enterprises that are part of global supply chains. The Organization of Employers of Macedonia highlighted the discrepancy between legislation and the actual practices of enterprises. Also, the Chamber of Commerce and Industry of Uzbekistan expressed the need to improve national legislation.

The Occupational Safety and Health Law [in The former Yugoslav Republic of Macedonia] is aligned with the European Union directives and in theory regulates the domain of occupational safety and health well. However it is probably so more in theory than in practice because the number of injured or killed workers in Macedonia is among the highest in Europe. This points to the necessity of bringing the Occupational Safety and Health Law to the [workplace] through greater engagement, during trainings, with experts from the companies who know the most about the nature of the production processes. (Organization of Employers of Macedonia, The former Yugoslav Republic of Macedonia)

Although Uzbekistan has not ratified [the ILO’s Occupational Safety and Health] Conventions, the fundamental principles of other ILO Conventions are reflected in national legislation. Still, laws need to be updated to make headway in [occupational safety and health] and motivate companies to invest more in ensuring safe working conditions for their employees. [Non-official translation] (Chamber of Commerce and Industry of Uzbekistan)

The level of safety and health at some of the suppliers and dependent contractors of [MNEs], particularly in supply chains in developing countries, is absolutely deficient. [Non-official translation] (General Union of Workers, Spain)

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34. Directorate-General for Employment and Work Relations, Government of Portugal ; State Secretariat for Economic Affairs, Government of Switzerland ; Ministry of Social Policy, Government of Ukraine.

35. Confederation of Trade Unions of Albania; Trade Union Confederation “Nezavisnost” (workers’ organization in Serbia); General Union of Workers (workers’ organization in Spain); Confederation of Turkish Real Trade Unions.



## Opportunities

Several governments and employers' and workers organizations<sup>36</sup> indicated that MNEs generally offer better working conditions than national enterprises, including higher wages and higher safety and health standards. The Government of Poland pointed out the opportunity that MNEs represent in promoting decent working conditions internationally.

One can talk about the role of [MNEs] in promoting decent employment and working conditions in countries where such an enterprise operates, in particular in the case of countries with a low standard of working conditions. (Ministry of Family, Labour, and Social Policy, Government of Poland)

[MNEs] are definitely leaders and maintain the highest safety and health standards. (Serbian Association of Employers, Serbia)

Most MNEs offer higher wages, which can contribute to increased wage levels across the country. (National Trade Union Confederation of Moldova, Republic of Moldova)

In relation to safety and health, several governments<sup>37</sup> indicated having recently designed policies to improve practices in this area. The Turkish Confederation of Employer Associations argued that MNEs, with their more advanced occupational safety and health systems, were in a position to contribute to the development of such national policies.

With support from the European Social Fund, Bulgaria has designed safety and health at work profiles, codes of good practices with health and safety at work rules and principles, and model systems for management of occupational and health risks at enterprises for the economic sectors with high manufacturing risk. (Ministry of Labour and Social Policy, Government of Bulgaria)

Safety and health of workers [remains] a significant topic in Turkey. With their sophisticated occupational safety and health management systems, [MNEs] contribute to the development of [occupational safety and health] policies in Turkey. [MNEs] provide up-to-date information on [occupational safety and health] standards in line with the [MNE Declaration]. (Turkish Confederation of Employer Associations, Turkey)

### 4.2.4 Industrial relations

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

#### Challenges

Several respondents from all three groups<sup>38</sup> shared their concerns with regard to industrial relations practices in MNEs. Some indicated that dialogue was often neglected, others considered that these practices differed from the framework of labour relations in national enterprises.

Regarding the foreign operations of French enterprises, the OECD national contact point noted that the issues that it most frequently encounters concern conditions of work and

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36. Croatian Employers' Association; Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Government of Malta; National Confederation of Employers, Republic of Moldova; National Trade Union Confederation of Moldova, Republic of Moldova; Turkish Confederation of Employer Associations; Serbian Association of Employers.

37. Ministry of Labour and Social Protection of the Population, Government of Azerbaijan; Ministry of Labour and Social Policy, Government of Bulgaria; Ministry of Labour and Social Policy, Government of Kazakhstan; Ministry of Labour, Government of Tajikistan; Ministry of Labour and Social Security, Government of Turkey.

38. Union of Employers' Associations of Republika Srpska (employers' organization in Bosnia and Herzegovina); Ministry of Labour and Social Policy, Government of Bulgaria; General Confederation of Labour – Force Ouvrière (workers' organization in France); Icelandic Confederation of Labour; General Union of Workers (workers' organization in Spain); Workers' Labour Union (workers' organization in Spain); Trade Union Confederation of Workers' Commissions (workers' organization in Spain); Ministry of Labour, Government of Tajikistan.



freedom of association. [Non-official translation] (Ministry of Labour, Employment, Professional Training and Social Dialogue, Government of France)

It is essential that MNEs [participate in] social dialogue like national companies do. (Union of Employers' Associations of Republika Srpska, Bosnia and Herzegovina)

There are no real consultations – only a “theatre” of consultations. In some enterprises, there is no corporate culture to take workers into account. When a multinational takes a decision in the head office, local management abides. No prior inquiry or consultation is made [with local workers]. [Non-official translation] (Workers' Labour Union, Spain)

In particular, many respondents<sup>39</sup> identified challenges with regard to freedom of association in MNEs. The Confederation of Employers of Kazakhstan expressed the need for a greater number of strong and independent trade unions, especially to have a dialogue with MNEs on issues pertaining to human rights. The National Trade Union Confederation of Moldova mentioned that freedom of association is particularly difficult to exercise in MNEs operating in export processing zones (see section 4.2.1).

In the sector of commerce it is difficult to even organize representative trade union organizations. The main problem in [this] sector is [the lack of respect for] freedom of association in [the] sense that workers are not willing to be unionized, because they are afraid to lose [their] job or [to be downgraded to a lower paid position]. (Confederation of Trade Unions of Montenegro)

MNEs often aggressively combat [the] organizing of trade unions. (Independent and Self-Governing Trade Union “Solidarność”, Poland)

Several employers' organizations expressed their dissatisfaction with the fact that MNEs did not coordinate their actions with representative employers' organizations in the respective country of operation, and engaged in direct communication with the government.

The [MNEs] have their own standards and they do not look at the local/national business organizations as adequate players. Still, they need to know the local challenges. (Georgian Employers' Association, Georgia)

MNEs formed their own association. There are also other forms of gatherings, such as representative offices of foreign chambers of commerce. However, in spite of invitations from the Serbian Association of Employers, as a social partner, they never took part in collective bargaining, or participated in some working group for drafting changes on some law, relying, instead, on their direct communication with the government. (Serbian Association of Employers, Serbia)

With regard to collective bargaining, some governments<sup>40</sup> indicated actively supporting the conclusion of collective bargaining agreements, including within MNEs. The Federation of Trade Unions of Kyrgyzstan indicated that despite the Government of Kyrgyzstan's active support of collective bargaining agreements, some MNEs have been reluctant to negotiate with workers.

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39. Confederation of Independent Trade Unions in Bulgaria; Ministry of Labour, Employment, Professional Training and Social Dialogue, Government of France; General Confederation of Labour – Force Ouvrière (workers' organization in France); General Confederation of Labour (workers' organization in France); National Confederation of Employers (employers' organization in the Republic of Moldova); National Trade Union Confederation of Moldova; Confederation of Trade Unions of Montenegro; Independent and Self-Governing Trade Union “Solidarność” (workers' organization in Poland); General Confederation of the Portuguese Workers; Trade Union Confederation “Nezavisnost” (workers' organization in Serbia); Ministry of Employment, Government of Sweden; Confederation of Turkish Trade Unions.

40. Ministry of Civil Affairs, Government of Bosnia and Herzegovina; Ministry of Labour and Social Policy, Government of Bulgaria.

## Opportunities

The Government of Malta indicated that, in general, workers of MNEs have representative workers' organizations.

In general, [MNEs] offer good conditions of employment and normally their workforces are represented by trade unions and relevant works councils. (Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Government of Malta)

One response pointed out that there can be differences in the corporate cultures of an MNE operating in various countries. It indicated that cooperation between the social partners – in this case between trade unions – at the international level can yield positive outcomes.

[A Ukrainian subsidiary of a German MNE] strongly opposed the creation of the union. With [the assistance of German unions, we] negotiated with ... the German MNE. After that, the employers at the Ukrainian enterprise agreed to cooperate with the Ukrainian unions. [Non-official translation] (Lviv Regional Organization of the Union of Automobile and Agricultural Machinery Workers of Ukraine)

Many governments<sup>41</sup> referenced national legislation adopted in their countries with the aim of improving industrial relations at the national, sectoral or enterprise level. For example, the Government of Malta shared a regulation that was implemented in the country and that requires enterprises to provide information to and consult with their employees in particular situations.

The Employee (Information and Consultation) Regulations ... establish a general framework setting out minimum requirements for the right to information and consultation of employees in [enterprises and subsidiaries] employing 50 employees and over. (Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Government of Malta)

A number of workers' organizations<sup>42</sup> pointed out that collective bargaining plays a pivotal role and that improvements in this area will help address all of the other principles of the MNE Declaration. Also, two respondents stressed the need to better promote and use various mechanisms for dispute settlement.

Even though in the past two years the resolving of industrial disputes has been improved ..., it is still necessary to build the awareness for conflict resolution through mediation. (Organization of Employers of Macedonia)

[One of the most relevant areas of the MNE Declaration is the] regulation, through collective agreements, of employment, training, health and safety, guarantees of union activities, and settlement of industrial disputes. [Non-official translation] (Federation of Trade Unions of Kazakhstan)

### 4.2.5 Others

This section details the information that respondents provided about other areas of activities and behaviour of MNEs that they considered relevant but that were not explicitly listed in the questionnaire.

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41. Among them, Ministry of Labour and Social Policy, Government of Bulgaria; Ministry of Labour and Social Affairs, Government of the Czech Republic; Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, Government of Malta.

42. Federation of Trade Unions of Kazakhstan; Confederation of Trade Unions of Montenegro; Trade Union Confederation of Workers' Commissions (workers' organization in Spain).

Several respondents<sup>43</sup> shared information on initiatives in their countries that require large companies to report on corporate social responsibility and non-financial matters related to their operations. For example, the Government of Portugal indicated having implemented a policy that requires State-owned enterprises to report on wages paid to their male and female employees in an effort to reduce discrepancies. Also, four governments<sup>44</sup> referred to public procurement policies to promote sustainability.

In France, article 116 of the New Economic Regulation Law, passed in 2001, instituted for the first time an obligation of social and environmental reporting for listed enterprises, without imposing sanctions. This piece of legislation was modified by article 225 of the “Grenelle 2” Law, passed in July 2010, which broadened the scope of the reporting requirement to enterprises of more than 500 employees. The law also required non-financial data to be certified by an independent auditor and introduced the notion of indicator relevance, which is to be assessed by enterprises themselves. [Non-official translation] (Ministry of Labour, Employment, Professional Training and Social Dialogue, Government of France)

Many governments and workers’ organizations<sup>45</sup> stressed the importance of focusing not only on MNEs, but also on the practices of all enterprises, including those engaged in global supply chains.

The Netherlands Government commissioned a study to identify business sectors in which supply chains potentially pose heightened risks in terms of respect for human rights and labour rights as well as environmental protection. The study identified 13 priority sectors. This list consists of a variety of sectors including the textile/garment industry, construction, metals and electronics, oil and gas, agriculture and the food industry. A broad range of risks were taken into account in the analysis including such issues as child labour, excessive working hours, health hazards and land grabbing. Since then, the government is in dialogue with these business sectors and their stakeholders in the Netherlands with the aim to agree on how to reduce potential risks in their supply chains. (Ministry of Social Affairs and Employment, Government of the Netherlands)

Often companies operating in global supply chains are small enterprises where unfair practices are more frequent and difficult to be identified and fixed. (Italian Trade Union Confederations, Italy)

In relation to these supply chains, several respondents referred to the need for MNEs to conduct due diligence. The Government of Germany mentioned that the role of governments was to guide them in this process.

Responsible and transparent supply chain management (due diligence) is important in order to enable sustainable development of developing countries. Human rights risks and violation occur often at lower tiers of the supply chain. Due to the fragmentation and complexity of global supply chains, companies are challenged to effectively identify, prevent and mitigate these risks. Therefore, they need guidance and appropriate tools, which might be provided [for example] by States. Responsible and transparent supply chain management also provides opportunities at company level: to increase productivity and to save

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43. Croatian Employers’ Association; Ministry of Employment, Government of Denmark; General Confederation of Labour (workers’ organization in France); Federal Ministry of Labour and Social Affairs, Government of Germany; Ministry of Labour and Social Affairs, Government of Norway; Directorate-General for Employment and Work Relations, Government of Portugal.

44. Ministry of Employment, Government of Denmark; Federal Ministry of Labour and Social Affairs, Government of Germany; Ministry of Social Affairs and Employment, Government of the Netherlands; Ministry of Labour and Social Affairs, Government of Norway.

45. Federal Public Service Employment, Labour and Social Dialogue, Government of Belgium; Ministry of Labour and Social Policy, Government of Bulgaria; Confederation of Independent Trade Unions in Bulgaria; Ministry of Employment, Government of Denmark; Federal Ministry of Labour and Social Affairs, Government of Germany; Italian Trade Union Confederations.

resources, to prevent reputational damage, and potential compensations due to damages, and to address rising expectations of different stakeholders, such as consumers, investors, employees and governments. Furthermore, sustainable supply chains address internationally agreed commitments in United Nations Guiding Principles [on Business and Human Rights], [the resolution on Decent Work in Global Supply Chains adopted at the June 2016 International Labour Conference, and the United Nations Sustainable Development Goals]. (Federal Ministry of Labour and Social Affairs, Government of Germany)

Several workers' organizations<sup>46</sup> indicated that governments had to increase their role in ensuring accountability of MNEs. Others<sup>47</sup> stressed the need for MNEs to respect the law.

[MNEs] are granted tax benefits and in return they usually commit themselves to create a certain amount of jobs and to promote social and economic development of the region where they are located. However, the fulfilment of such promises is not subjected to any actual control. (General Confederation of the Portuguese Workers, Portugal)

Other issues included the need to promote green jobs and to address corruption,<sup>48</sup> the excessive influence of MNEs on policy-makers,<sup>49</sup> and the tax evasion and profit-shifting practices of MNEs.<sup>50</sup>

### 4.3 Dialogue and consultation

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

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

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

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

#### 4.3.1 Governments

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

Of the responding governments, 44% confirmed that there were official representatives or a specific office serving as a contact point for representatives of foreign MNEs. Several countries indicated that this was one of the functions of the national contact point for the OECD Guidelines for Multinational Enterprises.<sup>51</sup> Governments adhering to the OECD

46. General Confederation of the Portuguese Workers; General Union of Workers (Spain).

47. General Confederation of the Portuguese Workers; Trade Union Confederation “Nezavisnost” (workers' organization in Serbia).

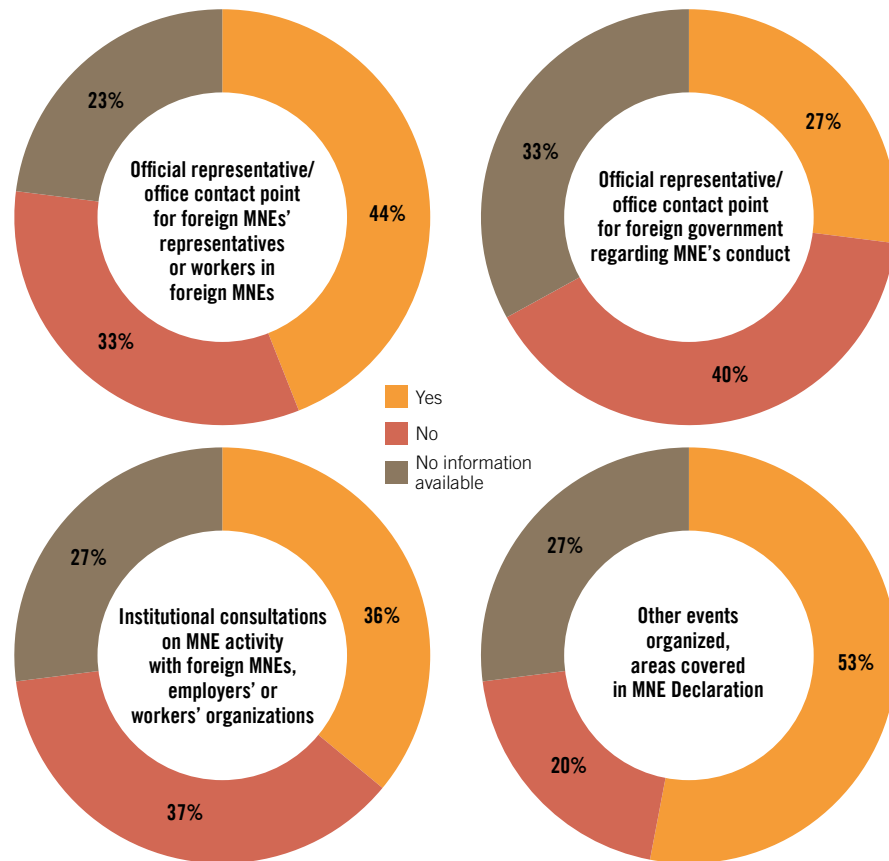
48. Republican Union of Employers of Armenia.

49. French General Confederation of Labour.

50. Federal Ministry of Labour, Social Affairs and Consumer Protection, Government of Austria.

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

**Figure 4.2 Dialogue and consultation, governments**



Note: Percentages have been calculated by dividing the number of government responses to each specific question (“yes”, “no”, “no information available”) by the total number of responding governments. Example: 13 out of 30 (43.3%) responding governments responded “Yes” to the question “In your country, does the government provide an official representative or office that serves as a contact point for representatives of foreign MNEs, including workers’ representatives in foreign MNEs?”

MNE Guidelines have the obligation to establish such a national contact point. The national contact point can be located in one or multiple ministries<sup>52</sup> and have a monopartite, bipartite, tripartite, or quadripartite structure,<sup>53</sup> depending on the country. Out of the 30 countries in the Europe and Central Asia region that have an OECD national contact point,<sup>54</sup> eight governments mentioned these as the official points of contact for representatives of foreign MNEs: Austria, the Czech Republic, Hungary, Italy, the Netherlands, Norway, Poland, and Sweden. Denmark and Finland indicated having an OECD national contact point, but did not highlight them as the dedicated contact point for foreign MNEs.

Several respondents indicated investment, trade, or export agencies as the point of contact for foreign MNEs: ABA Invest in Austria (in addition to the OECD national contact point); the Estonian Investment Agency; in Germany, both Trade & Invest and the Agency for Economy and Development; Kazakh Invest in Kazakhstan; and the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia. These governmental agencies are tasked with investment and trade promotion or facilitation. In addition to its

52. In Poland for example, the OECD national contact point is under the responsibility of the government as part of the Ministry of Economic Development.

53. For example, the Czech Republic indicated that the OECD national contact point in the country had a quadripartite structure, made of the government, employers’ and workers’ organizations, and non-governmental institutions.

54. OECD national contact points have been established in the following countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom.

investment agency, Estonia indicated that the Chamber of Commerce and Industry and the Ministry of Economic Affairs and Communications also acted as contact points. Tajikistan provided two contact points: the State Committee for Investments and State Property Management, and the Ministry of Economic Development and Trade. Croatia indicated that the Chamber of the Economy acted as the contact point.

Of the responding governments, 27% stated that they had an official representative or office that served as a contact point for consultations with foreign governments regarding MNE activities.<sup>55</sup> In most cases, the contact point was the same ministry or institution serving as the contact point for representatives of foreign MNEs. Belgium indicated international institutions in which such dialogue took place (OECD, ILO, and the European Union). Sweden indicated having opened a corporate social responsibility centre in Beijing, China, which collaborated with Chinese authorities and MNEs.

Of the responding governments, 36% said that they also had institutional consultations on MNE activity with foreign MNEs, other governments, and employers' or workers' organizations.<sup>56</sup> Italy indicated that the OECD national contact point committee offered a platform for these multistakeholder consultations. Belgium also mentioned the role of the OECD national contact point and indicated having specific consultation bodies in place for European MNEs.

Several governments<sup>57</sup> indicated having carried out consultations with MNEs to exchange information, either through the work of the OECD national contact point, the development of national action plans on business and human rights (in relation to the United Nations Guiding Principles on Business and Human Rights), or independently. These consultations had focused on issues such as wages, equality of opportunity, social dialogue, due diligence and the contribution of MNEs to the Sustainable Development Goals. Specific country responses included the Czech Republic on salary differences within MNEs operating in different European Union countries; Denmark on discussions related to sectoral due diligence – organized by the OECD national contact point – and on enterprise contribution to the Sustainable Development Goals; Germany on living wages and social dialogue; and Tajikistan on wages, compliance with the law, and equality of opportunity.

Meetings and consultations have been held with managers and experts of ... MNEs to exchange current information on labour force needs (including foreign labour), develop and implement skills standards, forecast labour force needs in the oil sector, provide education and training for unemployed persons and job seekers at MNEs, implement joint social projects to improve social protection for vulnerable groups (especially persons with disabilities), etc. [Non-official translation] (Ministry of Labour and Social Protection of Population, Azerbaijan)

A number of governments organized dialogues with MNEs in specific sectors. The Netherlands has promoted sector-specific initiatives on responsible business conduct of MNEs leading to the signature of multistakeholder agreements under the guidance of the Social and Economic Council of the Netherlands. The government's participation included fostering policy coherence, supporting processes leading up to the agreements, becoming a party to the agreements, and financially contributing to some of the agreements.

The textile and clothing industry and their stakeholders have reached an agreement last July. They work together on issues like protection from discrimination; child labour; forced labour; achieving a living wage; and safe and healthy conditions for employees. The banking sector has reached an agreement [on responsible business conduct] last

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55. Countries that mentioned having an official representative or office contact point for such consultations included Belgium, Estonia, Hungary, Italy, Kazakhstan, the Netherlands, Sweden and Tajikistan.

56. Azerbaijan, Belgium, Bulgaria, the Czech Republic, Estonia, Hungary, Italy, Kazakhstan, the Netherlands, Norway and Tajikistan.

57. Among them, the Czech Republic, Denmark, Germany and Tajikistan.



October – with a focus on human rights and banking – with unions, [non-governmental organizations] and the government. We expect the gold sector, the horticultural sector, the natural stone sector and the insurance sector to follow soon. We believe that these [responsible business conduct] agreements are important tools to implement our sustainability goals, be it under the heading of the [Sustainable Development Goals]; the Paris Agreement [on Climate Change]; or the pursuit of a circular economy. They are also instruments that can directly contribute to more effectively implementing the sustainable development chapters in [free trade agreements]. Because they are a way of self-regulation, that results in an agreement with multiple parties and therefore carries broad support. These sector [responsible business conduct] agreements can be more ambitious; more tailor made and sector specific and can be reached faster than legislation ever could. (Ministry of Social Affairs and Employment, the Netherlands)

In addition to institutional consultations, 57% of responding governments indicated that they had organized events on the areas covered in the MNE Declaration. Examples of such events included consultations related to the United Nations Guiding Principles on Business and Human Rights and national processes for the development of a national action plan on business and human rights, or events organized by the OECD national contact points. One government described a programme aimed at increasing linkages between MNEs and national enterprises through the promotion of local sourcing, processing and manufacturing.

The government has launched a cluster programme, which aims at increasing cooperation between MNEs and local enterprises. (Ministry of Social Affairs, Government of Estonia)

### 4.3.2 Employers' organizations

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

Among the responding employers' organizations, 28% indicated they had official representatives serving as contact points for foreign MNEs (figure 4.3).

The multinational companies in [The former Yugoslav Republic of Macedonia] are members of the [Organization of Employers of Macedonia] and are also representatives in all the councils and work groups (as are the [Economic and Social Council], the Occupational Safety and Health Council and the [Economic and Social Council's] work groups), thus they can actively participate in the social dialogue on all levels of the policy-making process. (Organization of Employers of Macedonia)

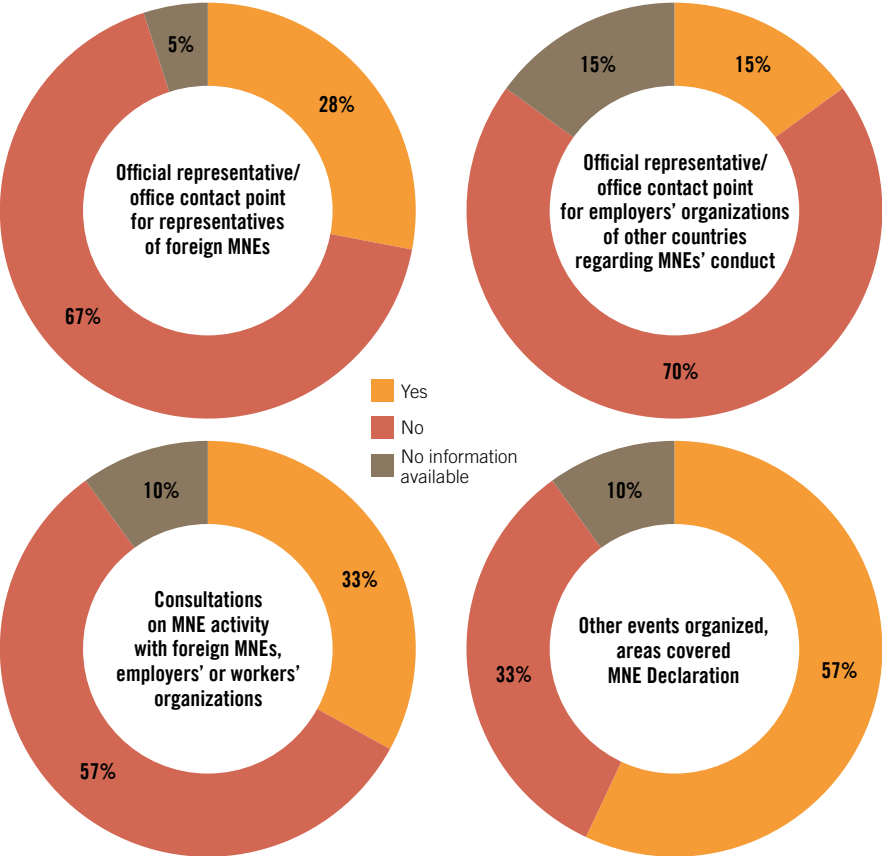
In addition, 15% have an official representative or office that serves as a contact point for employers' organizations from other countries regarding the conduct of MNEs. In this regard, the Business Confederation of Macedonia highlighted its relation with the International Organisation of Employers.

A greater percentage of respondents (33%) said that they held consultations on MNE activity with foreign MNEs, the government or workers' organizations. Although several organizations mentioned consultations on an ad hoc basis, some indicated participating in consultation platforms, either through investment promotion agencies, as in the case of the Union of Employers' Associations of Republika Srpska (Bosnia and Herzegovina), or through the economic and social councils, as in the case of the Business Confederation of Macedonia.

The Republican Union of Employers of Armenia participated in consultations for the promotion of youth employment in relation to MNE activities. The Montenegrin Employers Federation cooperated with employers' and workers' organizations from other countries on the implementation of directives from the European Union regarding informing and consulting employees.



Figure 4.3 Dialogue and consultation, employers' organizations



Note: Percentages have been calculated by dividing the number of employers' organizations' responses to each specific question ("yes", "no", "no information available") by the total number of responding employers' organizations. Example: 6 out of 21 (28.6%) responding employers' organizations responded "Yes" to the question "In your country, does your organization provide an official representative or office that serves as a contact point for representatives of foreign MNEs?"

In addition to institutional consultations, 57% of responding employers' organizations indicated that they organized events on the areas covered in the MNE Declaration. Examples of such events included the organization, by the Confederation of German Employers, of workshops on corporate social responsibility, and of seminars on transnational company agreements and global supply chains.

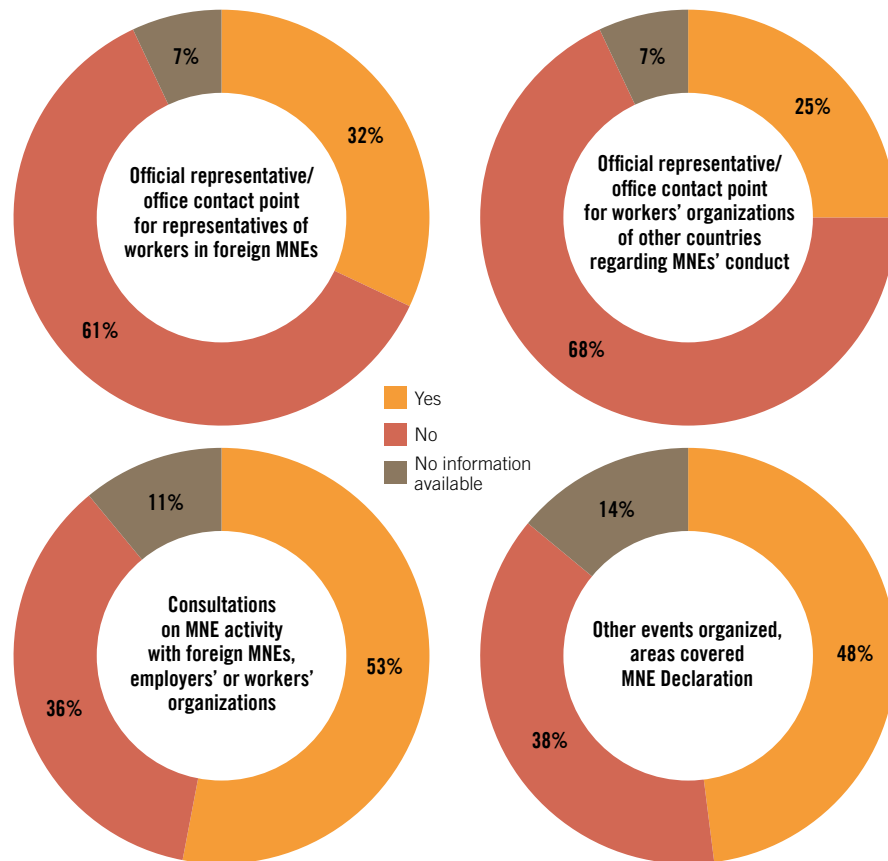
4.3.3 Workers' organizations

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

One-third of responding workers' organizations (32%) confirmed that they provided contact points for representatives of workers of foreign MNEs (figure 4.4). Often, the contact point was located within trade unions' departments or branches, such as in the Confederation of Independent Trade Unions in Bulgaria or in the Icelandic Confederation of Labour. The French General Confederation of Labour – Force Ouvrière indicated that contact could be made through the OECD national contact point or directly with the workers' organization. Spain's General Union of Workers referred to national sectoral union federations that acted as the contact point.

One-fourth of respondents (25%) indicated providing an official representative or office that served as a contact point for workers' organizations of other countries regarding the

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



Note: Percentages have been calculated by dividing the number of workers' organizations' responses to each specific question ("yes", "no", "no information available") by the total number of responding workers' organizations. Example: 9 out of 28 (32.1%) responding workers' organizations responded "Yes" to the question "In your country, does your organization provide an official representative or office that serves as a contact point for representatives of workers of foreign MNEs?"

conduct of MNEs. In some cases, the contact point was located in a unit, within the trade union, dedicated to international affairs. In others, the contact point was within global union federations: the Confederation of Turkish Trade Unions indicated having communicated with UNI Global Union and the International Transport Workers' Federation regarding the activity of MNEs. Some respondents mentioned that the contact point was the OECD national contact point or its advisory committee. The Workers' Labour Union (Spain) indicated that, in addition to the OECD national contact point, contact was also possible through global or European works councils.

In general, contact is made through global or European works councils. With regard to Spanish MNEs and their foreign subsidiaries, on particular occasions, we have brought complaints from foreign trade unions to the attention of the affected enterprise's head office in Spain. We are also members of the advisory council of the [OECD] national contact point. [Non-official translation] (Workers' Labour Union, Spain)

More than half of respondents (54%) said they held consultations on MNE activity with foreign MNEs, the government, or employers' organizations. Several respondents indicated having participated in such consultations within the framework of the OECD national contact points or in the development of national action plans on business and human rights (in relation to the United Nations Guiding Principles on Business and Human Rights). Many of them also indicated having collaborated with other organizations, at both the national

and international levels. For example, Belgium’s Confederation of Christian Trade Unions cooperated at the international level on international framework agreements. At the national level, the Confederation of Independent Trade Unions in Bulgaria has taken part in tripartite discussions related to information and employee consultation requirements for MNEs, as well as to decent work challenges in MNEs’ supply chains in the country. Other organizations coordinated awareness-raising campaigns and seminars.

Since August 2016, [the Confederation of Independent Trade Unions in Bulgaria] works actively with [the Confederation of Employers and Industrialists in Bulgaria] in a joint project “Decent work for suppliers and subcontractors of multinational companies”. The main objective of the project is to improve working conditions, improve the quality of jobs in small and medium-sized enterprises, a part of production and value chains of multinationals and in other large companies, by improving systems and mechanisms to support employment, social security and environmental standards in [small and medium-sized enterprises]. The project aims to reach 400 [small and medium-sized enterprises], which are subcontractors or suppliers of the [MNEs] and other big companies in Bulgaria. (Confederation of Independent Trade Unions in Bulgaria)

Finally, 50% of responding trade unions conducted events in recent years dealing specifically with the areas covered in the MNE Declaration. Many of them conducted training activities for their members regarding corporate social responsibility, including also trainings on the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

#### 4.4 Promotion of the principles of the MNE Declaration

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

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

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

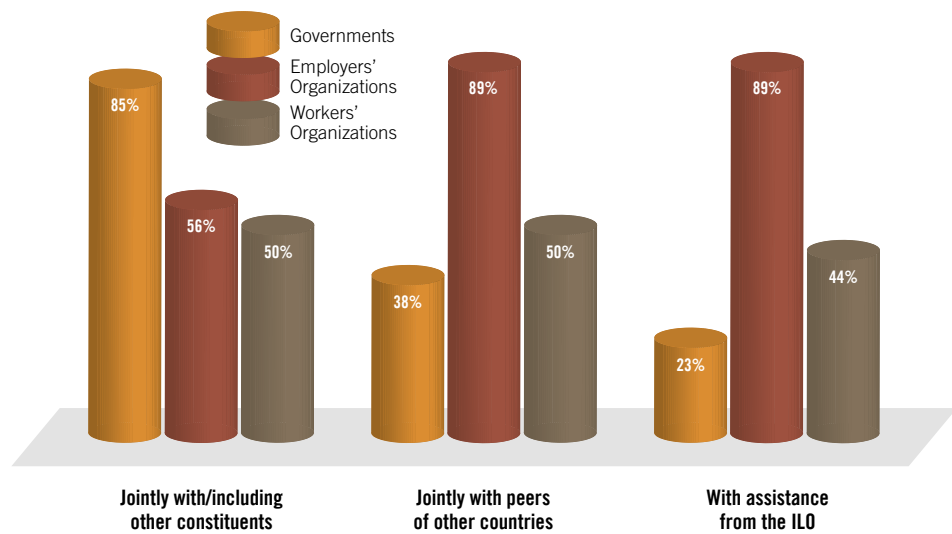
Overall, 48% of respondents indicated that they had undertaken some sort of promotional activity: 43% of governments, 43% of employers’ organizations and 57% of workers’ organizations (table 4.4). Almost two-thirds of the respondents indicated having organized events with other parties, more than half of them with peer organizations from other countries, and just under half of them 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	43%	30%	27%
Employers’ organizations	43%	48%	10%
Workers’ organizations	57%	36%	7%

Figure 4.5 provides an overview of the percentage of responses from each group that indicated having organized events with other parties of the same country, with peers of other countries, and with assistance from the ILO. It shows that almost all events organized by governments

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



Note: This graph represents the frequency with which events were organized or initiatives were taken jointly with/including other groups, and/or jointly with peers of other countries, and/or with assistance from the ILO. Percentages have been calculated based on the number of respondents who indicated having organized events or taken initiatives in recent years that sought to promote the principles of the MNE Declaration.

also included the participation of employers' and workers' organizations. Employers' organizations mostly organized events with peers from other countries and with assistance from the ILO. Approximately half of responding workers' organizations indicated having organized events with other groups, with peers from other countries, and with ILO assistance.

#### 4.4.1 Governments

Thirteen responding governments organized events or implemented initiatives promoting the principles of the MNE Declaration. Of these governments, 85% indicated that the events were organized jointly with or including employers' or workers' organizations, 38% with governments of other countries and 23% with ILO assistance.

Several respondents<sup>58</sup> mentioned having organized events on the topics covered by the MNE Declaration. France had convened a working group on improving working conditions in supply chains of MNEs in the textile sector through which the MNE Declaration was promoted. The Government also funded an ILO project to promote the application of the principles of the MNE Declaration in Côte d'Ivoire and Senegal (box 4.1). Some of the governments also mentioned organizing promotional events in relation to the OECD Guidelines for Multinational Enterprises, which made reference to the principles of the MNE Declaration. For example, the Hungarian OECD national contact point organized a conference on "Responsible business conduct and the OECD Guidelines for Multinational Enterprises", which included a presentation of the MNE Declaration.

Among the responding governments, four indicated having developed or commissioned promotional materials on the principles of the MNE Declaration. For example, the Czech Republic has translated the MNE Declaration guidance material and promoted it on the ministry's website.

Germany indicated that, with the recent revision of the MNE Declaration, the government intended to actively engage in its promotion.

58. Among them, Azerbaijan, Bulgaria, the Czech Republic, Estonia, France, Hungary, Italy, Lithuania, the Netherlands, Poland, Portugal and Sweden.

#### **Box 4.1 Enterprises and decent work: Promoting the MNE Declaration in host countries**

The Enterprises and Decent Work project financed by the French Government aims to increase the contribution of enterprises to sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all in Côte d'Ivoire and Senegal.

The project comprises interventions to build the national capacity of governments and employers' and workers' organizations, combined with specific actions involving national and multinational enterprises operating in Côte d'Ivoire and Senegal. The knowledge and capacities of the governments and employers' and workers' organizations in both countries are being strengthened to enable them to engage in proactive dialogue with enterprises on national decent work priorities. In Côte d'Ivoire, the public-private collaboration is focused on the national priority of youth employment. An enabling environment for the mobilization of enterprises on national priorities for decent work is being set up in Senegal. In parallel, activities organized in France aim to promote good practices among French MNEs and to inform them on decent work challenges and priorities in countries in which they operate so they can fully play their role as socially responsible agents in these countries.

#### **4.4.2 Employers' organizations**

Nine responding employers' organizations stated that they had organized events to promote the areas of the MNE Declaration. Of these organizations, 56% indicated having organized events with governments or workers' organizations, 89% with employers' organizations of other countries and 89% with assistance from the ILO.

The organizations mentioned conferences and workshops during which the principles of the MNE Declaration were promoted. For example, the Republican Union of Employers of Armenia participated in annual national conferences on social dialogue. The Confederation of German Employers participated in a conference organized with the International Organisation of Employers focusing on business and human rights. The Business Confederation of Macedonia organized training sessions for its members on the MNE Declaration and the Sustainable Development Goals. The Organization of Employers of Macedonia participated in a project conducted in The former Yugoslav Republic of Macedonia by the ILO (box 4.2).

#### **Box 4.2 Promoting social dialogue in The former Yugoslav Republic of Macedonia**

With the financial support of the European Union, the ILO conducted a project assisting the country in strengthening tripartite and bipartite social dialogue as a means to achieve economic growth and social progress in The former Yugoslav Republic of Macedonia.

The project had three specific objectives. The first was to enhance the institutional capacity of stakeholders in charge of tripartite and bipartite social dialogue in terms of sustainability, efficiency and functionality, in order to ensure comprehensive participation of all the relevant stakeholders, especially the social partners, in the creation, development and implementation of economic and social policies. The second objective was to strengthen social partnerships at the industry, branch, and company level through the establishment of a coordinated and effective machinery for collective bargaining. The third objective was to establish an operational mechanism for amicable settlement of labour disputes, including training of specialized conciliators and arbitrators for labour disputes.

The ILO engaged with the members of the National Economic and Social Council and its Secretariat, the Department for Legal Issues and Social Dialogue of the Ministry of Labour and Social Policy, the mediators and conciliators and the local authorities of the local economic and social councils, the State Labour Inspectorate, and judges and labour lawyers. Specific attention was given to employers' and workers' organizations.

Three organizations have developed promotional materials on the MNE Declaration. Among them, the Confederation of German Employers has developed guidelines on corporate social responsibility, human rights, and global supply chains. As part of the Corporate Social Responsibility for All project (see section 3.4), the Turkish Confederation of Employer Associations developed a handbook on corporate social responsibility for employers and another on sustainability reporting.

#### 4.4.3 Workers' organizations

Sixteen responses from workers' organizations indicated that they had organized events to promote the areas of the MNE Declaration. Of these organizations, 50% had organized events with governments or employers' organizations, 50% with workers' organizations from other countries, and 44% with assistance from the ILO (figure 4.5).

A range of activities were mentioned, including the organization of training sessions for union representatives and members on the principles of the MNE Declaration. Many respondents mentioned having participated in seminars related to global supply chains during which the MNE Declaration had been promoted. For example, Belgium's Confederation of Christian Trade Unions indicated having organized seminars on decent work in MNEs and global supply chains. The Italian Trade Union Confederations mentioned having requested the participation of the ILO to present the instrument within work councils of MNEs. The National Trade Union Confederation of Moldova participated in a tripartite round table that referred to the principles of the MNE Declaration. Spain's General Union of Workers participated in campaigns against major trade agreements. Germany's IG Metall emphasized that MNEs often made reference to the MNE Declaration in sustainability reports and in international framework agreements.

Concerning promotional materials, four organizations have developed materials on the MNE Declaration. The National Trade Union Confederation of Moldova has produced, on the basis of a tripartite workshop, a brochure and a booklet on corporate social responsibility. Spain's Trade Union Confederation of Workers' Commissions has published reports referring to the principles of the MNE Declaration regarding practices in specific MNEs or sectors in Asia, Africa and Latin America. The Swedish Trade Union Confederation and Swedish Confederation of Professional Associations have produced a model international framework agreement, which makes reference to the MNE Declaration. Other respondents indicated having made reference to the MNE Declaration on their organizations' websites and having circulated the guide "The ILO MNEs Declaration: What's in it for workers?" issued by the ILO Bureau for Workers' Activities.

#### 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 respondents the opportunity to provide additional information related to the promotion of the MNE Declaration at the national, regional and international levels.

Many respondents from all groups requested the Office to increase efforts to promote the MNE Declaration in Europe and Central Asia and provide further technical support at the national level. A number of respondents<sup>59</sup> suggested increasing the collaboration with other international organizations on the topic of MNEs and decent work, mentioning in particular

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59. Ministry of Employment, Government of Denmark; Ministry of Social Security and Labour, Government of Lithuania; Ministry of Family, Labour and Social Policy, Government of Poland; General Confederation of Labour (workers' organization in France).

the OECD, the United Nations Global Compact, the Office of the United Nations High Commissioner for Human Rights, the International Organization for Standardization, the G20 forum, and the European Union. The Government of Poland specified that this collaboration should be strengthened, particularly on the topic of global supply chains. Spain's Trade Union Confederation of Workers' Commissions suggested conducting research on the activities of MNEs. The Swedish Trade Union Confederation and Swedish Confederation of Professional Associations mentioned their endorsement of the Global Deal initiative.<sup>60</sup>

The Union of Employers of the Republic of Tajikistan highlighted the need for further public policies on this topic. The General Confederation of the Portuguese Workers pointed to the need for greater support from both the government and MNEs themselves.

The MNE Declaration could be a relevant instrument of tripartite dialogue. However, in our country there are no practical conditions to promote the application of such a Declaration, insofar as the general conduct of most MNEs does not comply with the principles of the Declaration. The governments do not contribute either to promote the dialogue with MNEs. (General Confederation of the Portuguese Workers, Portugal)

Many respondents<sup>61</sup> mentioned their interest in further collaboration with the ILO in this area. Whereas the Governments of Austria and Norway expressed reservations over the particular relevance of the MNE Declaration compared to other international instruments, others were keen to promote the instrument and make use of the revised MNE Declaration. The Government of Germany indicated that it would take into account the recently revised version of the MNE Declaration in its upcoming promotional activities. The Government of Portugal stressed that the MNE Declaration is being used as a basis for the national corporate social responsibility plan currently under development.

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60. The Global Deal is a multistakeholder partnership that aims to encourage governments, businesses, unions and other organizations to make commitments to enhance social dialogue (<http://www.theglobaldeal.com/>).

61. Georgian Employers' Association; Confederation of German Employers; Italian Trade Union Confederations; National Confederation of Employers of the Kyrgyz Republic; Federation of Employers of Ukraine.





# Final remarks

## 5

**T**he high number of responses received from governments, employers' organizations and workers' organizations in the Europe and Central Asia region clearly indicates their interest in the opportunities and challenges posed by FDI and the operations of MNEs in regard to decent work and inclusive, sustainable development, as well as the importance of the promotion of a tripartite ILO instrument in this area.

Despite the fact that the region is very diverse, areas of the MNE Declaration identified as relevant by similar proportions of respondents from each group were security of employment (67% for governments, compared to 57% for employers' organizations and 61% for workers' organizations), training (60%, 67% and 57%, respectively), and safety and health (70%, 62% and 71%, respectively). Wages, benefits and conditions of work was the most often cited area on average across all three groups (selected by 79% of the respondents).

Discrepancies in the relevance attributed by respondents from the different groups were noted concerning freedom of association and the right to organize (60% for government, compared to 43% for employers' organizations and 71% for workers' organizations) and collective bargaining (63%, 52% and 79% respectively).

Governments and employers' and workers' organizations already have in place diverse mechanisms for dialogue and consultation regarding MNE operations. The responses indicated a significant level of formal outreach and engagement of governments, employers' organizations and workers' organizations with MNEs: 44% of responding governments, 28% of employers' organizations and 32% of workers' organizations have established a contact point for foreign MNEs. This is especially the case in OECD Member States, where the OECD national contact points established under the OECD Guidelines for Multi-national Enterprises are often cited as the place for these dialogues and consultations. Respondents have less often established contact points for counterparts from other countries; however, more than a third of the respondents in each group organized consultations on MNE activity with foreign MNEs, or with employers' and workers' organizations from other countries.

Almost half of the respondents mentioned having recently organized events or initiatives on topics related to the principles of the MNE Declaration. Most of these events were organized together with other stakeholders, whether with social partners and others in the same country or with peers from other countries.

The information gathered directly from the governments and employers' and workers' organizations indicate that there is significant scope and interest for further promotion of the MNE Declaration in Europe and Central Asia. Several respondents from all groups requested

the ILO to increase efforts to promote the MNE Declaration in the region and expressed willingness to step up their own promotional efforts, especially in follow-up to the adoption of the revised MNE Declaration by the ILO Governing Body in March 2017. Several of the respondents also highlighted the importance of collaboration between international organizations with similar agendas and instruments on socially responsible labour practices and responsible supply chains. Many respondents also suggested that promotional efforts should focus on sharing home and host country experiences as well as best practices regarding the implementation of the principles of the MNE Declaration. A number of respondents also underlined the importance of appropriate regulatory and policy frameworks to advance the application of the principles of the MNE Declaration, and shared examples of public policies already in place. Some also suggested the need to conduct further research on the impact of MNE operations to enhance evidence-based policy advice.

This information-gathering exercise clearly stimulated thinking in the ILO member States in Europe and Central Asia on what more could be done to promote and apply the principles of the MNE Declaration to encourage the positive contribution of enterprises to sustainable development and decent work. The adoption of the revised MNE Declaration in March 2017, together with its new annex of operational tools providing a direct link to country-level promotion through national tripartite-appointed focal points and technical assistance, offer an important opportunity in this regard.



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# Appendices

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

### Governments

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

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

- Employment promotion
- Equality of opportunity and treatment
- Security of employment
- Training
- Wages, benefits and conditions of work
- Minimum age
- Safety and health
- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Examination of grievances
- Settlement of industrial disputes
- None
- Other. If so, please elaborate: .....

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

1.3 Please describe initiatives taken by the government to address the areas indicated above (legislation, policies, measures and actions).

#### 2. Dialogue and consultation

2.1 In your country, does the government provide an official representative or office that serves as a contact point for:

*2.1.a ... representatives of foreign MNEs, including workers' representatives in foreign MNEs?*

- yes. If so, please specify .....
- no
- no information available

*2.1.b ... governments of other countries regarding the conduct of MNEs?*

- yes. If so, please specify .....
- no
- no information available

2.2 In your country, does the government hold any institutional consultations on MNE activity with foreign MNEs, employers' organizations or workers' organizations?

- yes. If so, please specify .....
- no
- no information available

2.3 In addition to these institutional consultations, has the government organized any events in recent years dealing with the areas covered in the MNE Declaration?

- yes. If so, please specify .....
- no
- no information available

2.4 Please describe the institutional consultation or event that you regard as the most important one and indicate why.



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

3.1 Did the government or any governmental agency organize any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?

- yes
- no
- no information available

3.2 If yes: Were any of these events organized or initiatives taken:

3.2.a ... jointly with or including employers' or workers' organizations?

- yes
- no
- no information available

3.2.b ... jointly with governments of other countries?

- yes
- no
- no information available

3.2.c ... with assistance from the ILO?

- yes
- no
- no information available

3.3 Please give examples of such promotional activities and describe the most successful ones.

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

### 4. Any other information

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

## Employers' organizations

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

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

- Employment promotion
- Equality of opportunity and treatment
- Security of employment
- Training
- Wages, benefits and conditions of work
- Minimum age
- Safety and health
- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Examination of grievances
- Settlement of industrial disputes
- None
- Other. If so, please elaborate: .....

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

**2. Dialogue and consultation**

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

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

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

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

#### 4. Any other information

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

### Workers' organizations

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

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

- Employment promotion
- Equality of opportunity and treatment
- Security of employment
- Training
- Wages, benefits and conditions of work
- Minimum age
- Safety and health
- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Examination of grievances
- Settlement of industrial disputes
- None
- Other. If so, please elaborate: .....

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

1.3 Please describe initiatives taken by your organization to address the areas indicated above.

#### 2. Dialogue and consultation

2.1 In your country, does your organization provide an official representative or office that serves as a contact point for:

2.1.a ... representatives of workers of foreign MNEs?

- yes. If so, please specify .....
- no
- no information available

2.1.b ... workers' organizations of other countries regarding the conduct of MNEs?

- yes. If so, please specify .....
- no
- no information available

2.2 In your country, does your organization hold any consultations on MNE activity with foreign MNEs, the government or employers' organizations?

- yes. If so, please specify .....
- no
- no information available

- 2.3 In addition to these consultations, has your organization hosted any events in recent years dealing specifically with the areas covered in the MNE Declaration?
- yes. If so, please specify .....
  - no
  - no information available

2.4 Please describe the consultation or event that you regard as the most important one and indicate why.

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

- 3.1 Did your organization hold any events or take any initiatives in recent years that sought to promote the principles of the MNE Declaration?
- yes
  - no
  - no information available

3.2 If yes: Were any of these events organized or initiatives taken:

3.2.a ... jointly with or including the government or employers' organizations?

- yes
- no
- no information available

3.2.b ... jointly with workers' organizations of other countries?

- yes
- no
- no information available

3.2.c ... with assistance from the ILO?

- yes
- no
- no information available

3.3 Please give examples of such promotional activities and describe the most successful ones.

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

### 4. Any other information

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

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

Country	Government	Employers	Workers
Albania			Confederation of Trade Unions of Albania
Armenia	Ministry of Labour	Republican Union of Employers of Armenia	
Austria	Federal Ministry of Labour, Social Affairs and Consumer Protection Federal Chamber of Labour		
Azerbaijan	Ministry of Labour and Social Protection of the Population		
Belarus		Belarusian Union of Entrepreneurs and Employers, named after Professor M. Kouniavski	
Belgium	Federal Public Service Employment, Labour and Social Dialogue		Confederation of Christian Trade Unions
Bosnia and Herzegovina	Ministry of Civil Affairs	Union of Employers' Associations of Republika Srpska	Confederation of Trade Unions of Bosnia and Herzegovina
Bulgaria	Ministry of Labour and Social Policy		Confederation of Independent Trade Unions in Bulgaria
Croatia	Ministry of Labour and Pension System	Croatian Employers' Association	
Cyprus		Cyprus Employers and Industrialists Federation	
Czech Republic	Ministry of Labour and Social Affairs		
Denmark	Ministry of Employment		
Estonia	Ministry of Social Affairs		
Finland	Ministry of Economic Affairs and Employment		
France	Ministry of Labour, Employment, Professional Training and Social Dialogue		General Confederation of Labour – Force Ouvrière General Confederation of Labour
Georgia		Georgian Employers' Association	
Germany	Federal Ministry of Labour and Social Affairs	Confederation of German Employers	IG Metall
Greece	Ministry of Labour, Social Security and Social Solidarity		
Hungary	Ministry for National Economy		
Iceland			Icelandic Confederation of Labour
Ireland			Irish Congress of Trade Unions
Israel			General Federation of Labour in Israel
Italy	Ministry of Labour and Social Policy		Italian General Confederation of Labour, Italian Confederation of Workers' Unions and Italian Union of Labour
Kazakhstan	Ministry of Labour and Social Policy	Confederation of Employers of Kazakhstan	Federation of Trade Unions of Kazakhstan
Kyrgyzstan	Ministry of Labour and Social Development	National Confederation of Employers of the Kyrgyz Republic	Federation of Trade Unions
Latvia			
Lithuania	Ministry of Social Security and Labour		
Luxembourg			
Malta	Ministry for Social Dialogue, Consumer Affairs and Civil Liberties		

Country	Government	Employers	Workers
Montenegro	Ministry of Labour and Social Welfare	Montenegrin Employers Federation	Confederation of Trade Unions of Montenegro
Netherlands	Ministry of Social Affairs and Employment		
Norway	Ministry of Labour and Social Affairs	Confederation of Norwegian Enterprises	Norwegian Confederation of Trade Unions
Poland	Ministry of Family, Labour and Social Policy		Independent and Self-Governing Trade Union "Solidarność"
Portugal	Directorate-General for Employment and Work Relations	Confederation of Portuguese Industry	General Workers' Union General Confederation of the Portuguese Workers
Republic of Moldova		National Confederation of Employers	National Trade Union Confederation of Moldova
Romania			
Russian Federation			Federation of Independent Trade Unions of Russia
San Marino			
Serbia	Ministry of Labour, Employment, Veteran and Social Affairs	Serbian Association of Employers	Trade Union Confederation "Nezavisnost"
Slovakia		Federation of Employers' Associations of the Slovak Republic	
Slovenia			
Spain			General Union of Workers Workers' Labour Union Trade Union Confederation of Workers' Commissions
Sweden	Ministry of Employment		Swedish Trade Union Confederation and Swedish Confederation of Professional Associations
Switzerland	State Secretariat for Economic Affairs	Union of Swiss Employers	
Tajikistan	Ministry of Labour	Union of Employers of the Republic of Tajikistan	
The former Yugoslav Republic of Macedonia	Ministry of Labour and Social Policy	Business Confederation of Macedonia Organization of Employers of Macedonia	
Turkey	Ministry of Labour and Social Security	Turkish Confederation of Employer Associations	Confederation of Turkish Trade Unions Confederation of Turkish Real Trade Unions
Turkmenistan			
Ukraine	Ministry of Social Policy	Federation of Employers of Ukraine	Federation of Trade Unions of Ukraine Lviv Regional Organization of the Union of Automobile and Agricultural Machinery Workers of Ukraine
United Kingdom			
Uzbekistan		Chamber of Commerce and Industry of Uzbekistan	
Ukraine	Ministry of Social Policy	Federation of Employers of Ukraine	Federation of Trade Unions of Ukraine Lviv Regional Organization of the Union of Automobile and Agricultural Machinery Workers of Ukraine
United Kingdom			
Uzbekistan		Chamber of Commerce and Industry of Uzbekistan	

## Appendix III. Principles of the MNE Declaration (fifth edition, March 2017)

	Principles directed to governments	Principles directed to enterprises
<b>General policies</b>	<p>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]</p> <p>Ensure equal treatment between multinational and national enterprises [paragraph 5]</p> <p>Ratify all the fundamental Conventions [paragraph 9]</p> <p>Promote good social practice in accordance with the MNE Declaration among MNEs operating in their territories and their MNEs operating abroad [paragraph 12]</p> <p>Be prepared to have consultations with other governments whenever the need arises [paragraph 12]</p>	<p>Respect the sovereign rights of States, obey national laws and respect international standards [paragraph 8]</p> <p>Contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up [paragraph 9]</p> <p>Carry out due diligence, taking account of the central role of freedom of association and collective bargaining, industrial relations and social dialogue [paragraph 10]</p> <p>Consult with governments and employers' and workers' organizations to ensure that operations are consistent with national development priorities [paragraph 11]</p>
<b>Employment</b>	<p>Declare and pursue, as a major goal, an active policy to promote full, productive and freely chosen employment, and decent work [paragraph 13]</p> <p>Develop and implement an integrated policy framework to facilitate the transition to the formal economy [paragraph 21]</p> <p>Establish and maintain, as appropriate, social protection floors within a strategy to progressively ensure higher levels of social security [paragraph 22]</p> <p>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]</p> <p>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]</p> <p>Pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin [paragraph 28]</p> <p>Promote equal remuneration for men and women workers for work of equal value [paragraph 29]</p> <p>Never require or encourage multinational enterprises to discriminate and provide guidance, where appropriate, on the avoidance of discrimination [paragraph 31]</p> <p>Study the impact of multinational enterprises on employment in different industrial sectors [paragraph 32]</p> <p>In cooperation with multinational and national enterprises, provide income protection for workers whose employment has been terminated [paragraph 36]</p>	<p>Endeavour to increase employment opportunities and standards, taking the employment policies and objectives of governments into account [paragraph 16]</p> <p>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]</p> <p>Give priority to the employment, occupational development, promotion and advancement of nationals of the host country [paragraph 18]</p> <p>Use technologies which generate employment, both directly and indirectly; take part in the development of appropriate technology; and adapt technologies to the needs of and characteristics of the host country [paragraph 19]</p> <p>Build linkages with local enterprises by sourcing local inputs, promoting the local processing of raw materials and local manufacturing of parts and equipment [paragraph 20]</p> <p>Contribute to the transition to the formal economy [paragraph 21]</p> <p>Complement and help to stimulate further development of public social security systems [paragraph 22]</p> <p>Take immediate and effective measures to secure the prohibition and elimination of forced labour in their operations [paragraph 25]</p> <p>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]</p> <p>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]</p> <p>Endeavour to provide stable employment for workers and observe freely negotiated obligations concerning employment stability and social security, and promote security of employment, providing reasonable notice of intended changes in operations and avoiding arbitrary dismissal [paragraphs 33–35]</p>



	Principles directed to governments	Principles directed to enterprises
<b>Training</b>	Develop national policies for vocational training and guidance, closely linked with employment, in cooperation with all the parties concerned [paragraph 37]	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 guidance, and make skilled resource personnel available to help in training programmes [paragraph 39]  Afford opportunities within the enterprise for local management to broaden their experience [paragraph 40]
<b>Conditions of work and life</b>	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 attention to building safety; and that compensation is provided to workers who have been victims of occupational accidents or diseases [paragraph 43]	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]
<b>Industrial relations</b>	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]	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 worker(s), pursuant to an appropriate procedure [paragraph 66]  Seek to establish voluntary conciliation machinery jointly with representatives and organizations of workers [paragraph 68]

## Appendix IV. List of ratifications of fundamental ILO Conventions by member States of Europe and Central Asia

Country	Freedom of association		Forced labour		Discrimination		Child labour	
	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	Forced Labour Convention, 1930 (No. 29)	Abolition of Forced Labour Convention, 1957 (No. 105)	Equal Remuneration Convention, 1951 (No. 100)	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	Minimum Age Convention, 1973 (No. 138)	Worst Forms of Child Labour Convention, 1999 (No. 182)
Albania	1957	1957	1957	1997	1957	1997	1998	2001
Armenia	2006	2003	2004	2004	1994	1994	2006	2006
Austria	1950	1951	1960	1958	1953	1973	2000	2001
Azerbaijan	1992	1992	1992	2000	1992	1992	1992	2004
Belarus	1956	1956	1956	1995	1956	1961	1979	2000
Belgium	1951	1953	1944	1961	1952	1977	1988	2002
Bosnia and Herzegovina	1993	1993	1993	2000	1993	1993	1993	2001
Bulgaria	1959	1959	1932	1999	1955	1960	1980	2000
Croatia	1991	1991	1991	1997	1991	1991	1991	2001
Cyprus	1966	1966	1960	1960	1987	1968	1997	2000
Czech Republic	1993	1993	1993	1996	1993	1993	2007	2001
Denmark	1951	1955	1932	1958	1960	1960	1997	2000
Estonia	1994	1994	1996	1996	1996	2005	2007	2001
Finland	1950	1951	1936	1960	1963	1970	1976	2000
France	1951	1951	1937	1969	1953	1981	1990	2001
Georgia	1999	1993	1993	1996	1993	1993	1996	2002
Germany	1957	1956	1956	1959	1956	1961	1976	2002
Greece	1962	1962	1952	1962	1975	1984	1986	2001
Hungary	1957	1957	1956	1994	1956	1961	1998	2000
Iceland	1950	1952	1958	1960	1958	1963	1999	2000
Ireland	1955	1955	1931	1958	1974	1999	1978	1999
Israel	1957	1957	1955	1958	1965	1959	1979	2005
Italy	1958	1958	1934	1968	1956	1963	1981	2000
Kazakhstan	2000	2001	2001	2001	2001	1999	2001	2003
Kyrgyzstan	1992	1992	1992	1999	1992	1992	1992	2004
Latvia	1992	1992	2006	1992	1992	1992	2006	2006
Lithuania	1994	1994	1994	1994	1994	1994	1998	2003
Luxembourg	1958	1958	1964	1964	1967	2001	1977	2001
Malta	1965	1965	1965	1965	1988	1968	1988	2001
Montenegro	2006	2006	2006	2006	2006	2006	2006	2006
Netherlands	1950	1993	1933	1959	1971	1973	1976	2002

Country	Freedom of association		Forced labour		Discrimination		Child labour	
	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	Forced Labour Convention, 1930 (No. 29)	Abolition of Forced Labour Convention, 1957 (No. 105)	Equal Remuneration Convention, 1951 (No. 100)	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	Minimum Age Convention, 1973 (No. 138)	Worst Forms of Child Labour Convention, 1999 (No. 182)
Norway	1949	1955	1932	1958	1959	1959	1980	2000
Poland	1957	1957	1958	1958	1954	1961	1978	2002
Portugal	1977	1964	1956	1959	1967	1959	1998	2000
Republic of Moldova	1996	1996	2000	1993	2000	1996	1999	2002
Romania	1957	1958	1957	1998	1957	1973	1975	2000
Russian Federation	1956	1956	1956	1998	1956	1961	1979	2003
San Marino	1986	1986	1995	1995	1985	1986	1995	2000
Serbia	2000	2000	2000	2003	2000	2000	2000	2003
Slovakia	1993	1993	1993	1997	1993	1993	1997	1999
Slovenia	1992	1992	1992	1997	1992	1992	1992	2001
Spain	1977	1977	1932	1967	1967	1967	1977	2001
Sweden	1949	1950	1931	1958	1962	1962	1990	2001
Switzerland	1975	1999	1940	1958	1972	1961	1999	2000
Tajikistan	1993	1993	1993	1999	1993	1993	1993	2005
The former Yugoslav Republic of Macedonia	1991	1991	1991	2003	1991	1991	1991	2002
Turkey	1993	1952	1998	1961	1967	1967	1998	2001
Turkmenistan	1997	1997	1997	1997	1997	1997	2012	2010
Ukraine	1956	1956	1956	2000	1956	1961	1979	2000
United Kingdom	1949	1950	1931	1957	1971	1999	2000	2000
Uzbekistan	2016	1992	1992	1997	1992	1992	2009	2008

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

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

Country	Labour Inspection Convention, 1947 (No. 81)	Social Security (Minimum Standards) Convention, 1952 (No. 102)	Plantations Convention, 1958 (No. 110)	Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121)	Employment Policy Convention, 1964 (No. 122)	Labour Inspection (Agriculture) Convention, 1969 (No. 129)	Medical Care and Sickness Benefits Convention, 1969 (No. 130)	Workers' Representatives Convention, 1971 (No. 135)	Human Resources Development Convention, 1975 (No. 142)
Albania	2004	2006			2009	2007		2004	
Armenia	2004				1994			1994	
Austria	1949	1969			1972			1973	1979
Azerbaijan	2000				1992	2000		1993	1992
Belarus	1995				1968				1979
Belgium	1957	1959		1970	1969	1997			
Bosnia and Herzegovina	1993	1993		1993	1993	1993		1993	1993
Bulgaria	1949	2008			2008				
Croatia	1991	1991		1991	1991	1991		1991	
Cyprus	1960	1991		1966	1966			1996	1977
Czech Republic	2011	1993			1993	2011	1993	2000	1993
Denmark	1958	1955			1970	1972	1978	1978	1981
Estonia	2005				2003	2005		1996	
Finland	1950			1968	1968	1974	1974	1976	1977
France	1950	1974			1971	1972		1972	1984
Georgia					1993				1993
Germany	1955	1958		1972	1971	1973	1974	1973	1980
Greece	1955	1955			1984			1988	1989
Hungary	1994				1969	1994		1972	1976
Iceland	2009	1961			1990	2009			
Ireland	1951	1968		1969	1967				1979
Israel	1955	1955			1970				1979
Italy	1952	1956			1971	1981		1981	1979
Kazakhstan	2001				1999	2001		2000	
Kyrgyzstan	2000				1992				1992
Latvia	1994				1992	1994		1992	1993
Lithuania	1994				2004			1994	1994
Luxembourg	1958	1964		1972		2008	1980	1979	2001
Malta	1965					1988		1988	
Montenegro	2006	2006		2006	2006	2006		2006	2006

Country	Labour Inspection Convention, 1947 (No. 81)	Social Security (Minimum Standards) Convention, 1952 (No. 102)	Plantations Convention, 1958 (No. 110)	Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121)	Employment Policy Convention, 1964 (No. 122)	Labour Inspection (Agriculture) Convention, 1969 (No. 129)	Medical Care and Sickness Benefits Convention, 1969 (No. 130)	Workers' Representatives Convention, 1971 (No. 135)	Human Resources Development Convention, 1975 (No. 142)
<b>Netherlands</b>	1951	1962		1966	1967	1973	2006	1975	1979
<b>Norway</b>	1949	1954			1966	1971	1972	1976	1976
<b>Poland</b>	1995	2003			1966	1995		1977	1979
<b>Portugal</b>	1962	1994			1981	1983		1976	1981
<b>Republic of Moldova</b>	1996				1996	1997		1996	2001
<b>Romania</b>	1973	2009			1973	1975		1975	
<b>Russian Federation</b>	1998				1967			2010	1979
<b>San Marino</b>									1985
<b>Serbia</b>	2000	2000		2000	2000	2000		2000	2000
<b>Slovakia</b>	2009	1993			1993	2009	1993	2009	1993
<b>Slovenia</b>	1992	1992		1992	1992	1992		1992	1992
<b>Spain</b>	1960	1988			1970	1971		1972	1977
<b>Sweden</b>	1949	1953		1969	1965	1970	1970	1972	1976
<b>Switzerland</b>	1949	1977			2013				1977
<b>Tajikistan</b>	2009				1993				1993
<b>The former Yugoslav Republic of Macedonia</b>	1991	1991		1991	1991	1991		1991	1991
<b>Turkey</b>	1951	1975			1977			1993	1993
<b>Turkmenistan</b>									
<b>Ukraine</b>	2004	2016			1968	2004		2003	1979
<b>United Kingdom</b>	1949	1954			1966			1973	1977
<b>Uzbekistan</b>					1992			1997	

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

Country	Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)	Collective Bargaining Convention, 1981 (No. 154)	Occupational Safety and Health Convention, 1981 (No. 155)	Workers with Family Responsibilities Convention, 1981 (No. 156)	Termination of Employment Convention, 1982 (No. 158)	Occupational Health Services Convention, 1985 (No. 161)	Asbestos Convention, 1986 (No. 162)	Safety and Health in Construction Convention, 1988 (No. 167)
Albania	1999		2002	2004	2007				2014
Armenia	2005		2005						
Austria	1979								
Azerbaijan	1993	1992	1993		2010				
Belarus	1993		1997	2000					2001
Belgium	1982	1994	1988	2011	2015		2011	1996	2016
Bosnia and Herzegovina	2006	1993	2014	1993	1993	1993	1993	1993	
Bulgaria	1998				2006		2012		
Croatia		1991		1991	1991		1991	1991	
Cyprus	1977		1989	1989		1985		1992	
Czech Republic	2000	1993		1993			1993		1993
Denmark	1978	1988		1995				2006	1995
Estonia	1994								
Finland	1978	1979	1983	1985	1983	1992	1987	1988	1997
France	1982	1985			1989	1989			
Georgia									
Germany	1979	1993					1994	1993	1993
Greece	1981		1996		1988				
Hungary	1994	1994	1994	1994			1988		1989
Iceland	1981			1991	2000				
Ireland	1979			1995					
Israel	2010								
Italy	1979	1985							2003
Kazakhstan	2000	1996		1996	2013			2011	2008
Kyrgyzstan	2007	1992	2003						
Latvia	1994	1993	1994	1994		1994			
Lithuania	1994		1994		2004				
Luxembourg		2008		2001		2001	2008	2008	2008
Malta		1988							
Montenegro	2006	2006		2006	2006	2006	2006	2006	2015
Netherlands	1978	2017	1993	1991	1988			1999	
Norway	1977	1979	1982	1982	1982			1992	1991

Country	Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)	Collective Bargaining Convention, 1981 (No. 154)	Occupational Safety and Health Convention, 1981 (No. 155)	Workers with Family Responsibilities Convention, 1981 (No. 156)	Termination of Employment Convention, 1982 (No. 158)	Occupational Health Services Convention, 1985 (No. 161)	Asbestos Convention, 1986 (No. 162)	Safety and Health in Construction Convention, 1988 (No. 167)
Poland	1993	2004					2004		
Portugal	1981	1981		1985	1985	1995		1999	
Republic of Moldova	1996		1997	2000		1997			
Romania	1992		1992						
Russian Federation	2014	1988	2010	1998	1998			2000	
San Marino	1985	1988	1995		1988		1988		
Serbia	2005	2000		2000	2000	2000	2000	2000	2009
Slovakia	1997	1993	2009	1993	2002	2010	1993		1993
Slovenia	2011	1992	2006	1992	1992	1992	1992	1992	
Spain	1984	1980	1985	1985	1985	1985		1990	
Sweden	1977	1978	1982	1982	1982	1983	1986	1987	1991
Switzerland	2000		1983					1992	
Tajikistan	2014	1993		2009					
The former Yugoslav Republic of Macedonia	2005	1991	2013	1991	1991	1991	1991	1991	
Turkey	1993			2005		1995	2005		2015
Turkmenistan									
Ukraine	1994		1994	2012	2000	1994	2010		
United Kingdom	1977	1979							
Uzbekistan			1997						

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



Country	Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)	Indigenous and Tribal Peoples Convention, 1989 (No. 169)	Chemicals Convention, 1990 (No. 170)	Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)	Prevention of Major Industrial Accidents Convention, 1993 (No. 174)	Safety and Health in Mines Convention, 1995 (No. 176)	Safety and Health in Agriculture Convention, 2001 (No. 184)	Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)	Maritime Labour Convention, 2006
Albania	2006			2005	2003	2003		2014	2016
Armenia				2005	1996	1999			
Austria				1996		1999		2011	
Azerbaijan									
Belarus									
Belgium	2011		2017		2004	2012	2015		2013
Bosnia and Herzegovina					2010	2010	2010	2010	2010
Bulgaria				2004					2010
Croatia									2010
Cyprus			2016					2009	2012
Czech Republic						2000		2008	
Denmark		1996						2009	2011
Estonia					2000				2016
Finland	1990		2014	1994	2013	1997	2003	2008	2013
France								2014	2013
Georgia									
Germany			2007			1998		2010	2013
Greece									2013
Hungary									2013
Iceland									
Ireland						1998			2014
Israel									
Italy			2002						2013
Kazakhstan								2015	
Kyrgyzstan							2004		
Latvia				2002					2011
Lithuania				1994					2013
Luxembourg			2008		2008	2008	2008		2011
Malta									2013
Montenegro								2015	2015
Netherlands		1998	2017		1997				2011
Norway	1990	1990	1993			1999		2015	2009

Country	Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)	Indigenous and Tribal Peoples Convention, 1989 (No. 169)	Chemicals Convention, 1990 (No. 170)	Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)	Prevention of Major Industrial Accidents Convention, 1993 (No. 174)	Safety and Health in Mines Convention, 1995 (No. 176)	Safety and Health in Agriculture Convention, 2001 (No. 184)	Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)	Maritime Labour Convention, 2006
Poland			2005			2001			2012
Portugal				2012		2002	2012		2016
Republic of Moldova							2002	2010	
Romania	1992								2015
Russian Federation				2012	2012	2013		2011	2012
San Marino									
Serbia								2009	2013
Slovakia				1998		1998	2002	2010	
Slovenia				2001	2010			2014	2016
Spain		2007		1995		1997		2009	2010
Sweden	1990		1992		1994	1997	2004	2008	2012
Switzerland	1990			1995					2011
Tajikistan									
The former Yugoslav Republic of Macedonia								2012	
Turkey						2015		2014	
Turkmenistan									
Ukraine				2006	2011	2011	2009		
United Kingdom								2008	2013
Uzbekistan									

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

## Appendix VI. Unemployment rate (%), countries of Europe and Central Asia, 2012–16

Country	2012	2013	2014	2015	2016	Average unemployment rate 2012–2016 (%)	Variation of unemployment rate 2012–2016
Albania	13.4	15.6	17.5	17.1	16.3	16.0	2.9
Armenia	17.3	16.2	17.5	18.4	16.8	17.2	-0.5
Austria	4.9	5.3	5.6	5.7	6.1	5.5	1.2
Azerbaijan	5.2	5.0	4.9	5.0	5.1	5.0	-0.1
Belarus	0.6	0.5	0.5	1.0	0.5	0.6	-0.1
Belgium	7.5	8.4	8.5	8.5	8.3	8.2	0.8
Bosnia and Herzegovina	28.1	27.5	27.5	27.7	25.8	27.3	-2.3
Bulgaria	12.3	12.9	11.4	9.1	7.6	10.7	-4.7
Croatia	15.9	17.3	17.3	16.3	13.5	16.1	-2.4
Cyprus	11.8	15.9	16.1	14.9	11.7	14.1	-0.1
Czech Republic	7.0	7.0	6.1	5.1	4.0	5.8	-3.0
Denmark	7.5	7.0	6.6	6.2	6.2	6.7	-1.3
Estonia	10.0	8.6	7.4	6.2	6.9	7.8	-3.1
Finland	7.7	8.2	8.7	9.4	9.0	8.6	1.3
France	9.4	9.9	10.3	10.4	10.0	10.0	0.6
Georgia	15.0	14.6	12.4	12.0	11.6	13.1	-3.4
Germany	5.4	5.2	5.0	4.6	4.1	4.9	-1.3
Greece	24.4	27.5	26.5	24.9	23.9	25.4	-0.5
Hungary	11.0	10.2	7.7	6.8	5.2	8.2	-5.8
Iceland	6.0	5.4	4.9	4.0	3.0	4.7	-3.0
Ireland	14.7	13.0	11.3	9.4	8.1	11.3	-6.6
Israel	6.9	6.2	5.9	5.3	4.8	5.8	-2.1
Italy	10.7	12.2	12.7	11.9	11.5	11.8	0.8
Kazakhstan	5.3	5.2	5.1	4.9	5.2	5.1	-0.1
Kyrgyzstan	8.4	8.3	8.1	7.6	7.7	8.0	-0.7
Latvia	15.1	11.9	10.9	9.9	9.6	11.5	-5.5
Lithuania	13.4	11.8	10.7	9.1	7.9	10.6	-5.5
Luxembourg	5.1	5.9	5.9	6.7	5.9	5.9	0.8
Malta	6.3	6.4	5.8	5.4	5.3	5.8	-1.0
Montenegro	19.7	19.5	18.0	17.6	17.5	18.5	-2.2
Netherlands	6.1	7.8	7.4	6.9	6.0	6.8	-0.1
Norway	3.1	3.4	3.5	4.3	4.7	3.8	1.6
Poland	10.1	10.3	9.0	7.5	6.2	8.6	-3.9
Portugal	15.5	16.2	13.9	12.4	11.1	13.8	-4.4
Republic of Moldova	5.6	5.1	3.9	4.9	5.0	4.9	-0.6
Romania	6.8	7.1	6.8	6.8	6.4	6.8	-0.4

Country	2012	2013	2014	2015	2016	Average unemployment rate 2012–2016 (%)	Variation of unemployment rate 2012–2016
Russian Federation	5.5	5.5	5.2	5.6	5.7	5.5	0.2
San Marino	6.1	6.0	6.6	7.4		6.5	
Serbia	23.9	22.1	18.9	17.7	16.5	19.8	–7.4
Slovakia	14.0	14.2	13.2	11.5	10.0	12.6	–4.0
Slovenia	8.8	10.1	9.7	9.0	8.0	9.1	–0.8
Spain	24.8	26.1	24.4	22.1	19.6	23.4	–5.2
Sweden	8.0	8.1	8.0	7.4	7.0	7.7	–1.0
Switzerland	4.2	4.4	4.5	4.6	4.6	4.5	0.4
Tajikistan	10.9	10.9	10.7	10.8	10.8	10.8	–0.1
The former Yugoslav Republic of Macedonia	31.0	29.0	28.0	26.1	26.7	28.2	–4.3
Turkey	8.2	8.7	9.9	10.2	10.3	9.5	2.1
Turkmenistan	9.1	9.0	9.0	8.7	8.6	8.9	–0.5
Ukraine	7.5	7.2	9.3	9.1	8.9	8.4	1.4
United Kingdom	7.9	7.5	6.1	5.3	4.8	6.3	–3.1
Uzbekistan	9.1	9.0	9.0	8.9	8.9	9.0	–0.2

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

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