

Trade Union  
Advisory Committee  
to the OECD  
*Commission  
syndicale consultative  
auprès de l'OCDE*

## Briefing #6

Businesses and Trade Unions have a common interest in promoting harmonious industrial relations, which can be achieved when they collaborate to implement the OECD Guidelines for Multinational Enterprises (“MNEs”) and respect the good offices of National Contact Points (“NCP”).

When enterprises and trade unions collaborate to implement the Guidelines, they can create best practices for inclusive workplaces, resilient business operations, and individual well-being.

On the historic occasion of OECD Governments gathering to discuss the future of Responsible Business Conduct, TUAC acknowledges progress made by the OECD Working Party on Responsible Business Conduct to update its leading framework for responsible business conduct: The OECD Guidelines for Multinational Enterprises (“MNE Guidelines”), the National Contact Points, the new Recommendation on the Role of Government in RBC Due Diligence, and G20/OECD Principles for Corporate Governance. If the updates proposed by the OECD in January are ultimately adopted, the OECD will have improved the responsible business landscape.

# Implementing OECD Standards for a Responsible Global Economy

Provided to the 2023 OECD Ministerial Meeting on  
Responsible Business Conduct  
Paris, 8 February 2023



The Working Party on Responsible Business Conduct has carefully drafted updates that are responsive to stakeholder input and consistent with best practices.

As the voice of 58 affiliated trade unions representing 50 million workers in the OECD, TUAC calls for Ministerial support for the targeted updates proposed by the OECD in the draft for public consultation on 13 January 2023:

- **Value chain due diligence** to ensure all enterprises can contribute to RBC implementation. (Chapter II.15 (formerly II.13))
- **Employment and Industrial Relations** that reinforce workers’ rights to form and join trade unions without enterprise interference. (Chapter VIa, ILO conventions)
- **Constructive industrial relations** supported by all types of enterprises and with potential new types of enterprises, so governments secure an inclusive future of work. (Chapters VIb, IX and ILO conventions)
- **Environmental** protections through workers’ involvement in a just transition. (Chapter VI.3)
- **Procedures** that empower National Contact Points (NCPs) to overcome barriers and implement OECD Government objectives for RBC. (Part II)

Implementation of these updated RBC standards requires an “all in” approach by Governments, Businesses and Trade Unions, to use all available resources in a manner responsive to the central objective for this Ministerial – “promoting and enabling responsible business conduct in the global economy.”

## Central Questions for the RBC Ministerial

Ministers are invited to discuss the following questions:

- How can Adherents work collaboratively to advance RBC’s role in contributing to a resilient, sustainable and inclusive global economy?
- What immediate actions could be taken to accelerate effective and scaled implementation of and alignment of practical RBC instruments in the current context of significant shifts?
- How can governments further leverage RBC in the medium and long term to ensure inclusive growth, which benefits and reduces barriers for groups experiencing particular vulnerability such as women, children, indigenous peoples, youth and people with disabilities?
- What policies can be introduced that would ensure RBC commitments are met with actions?

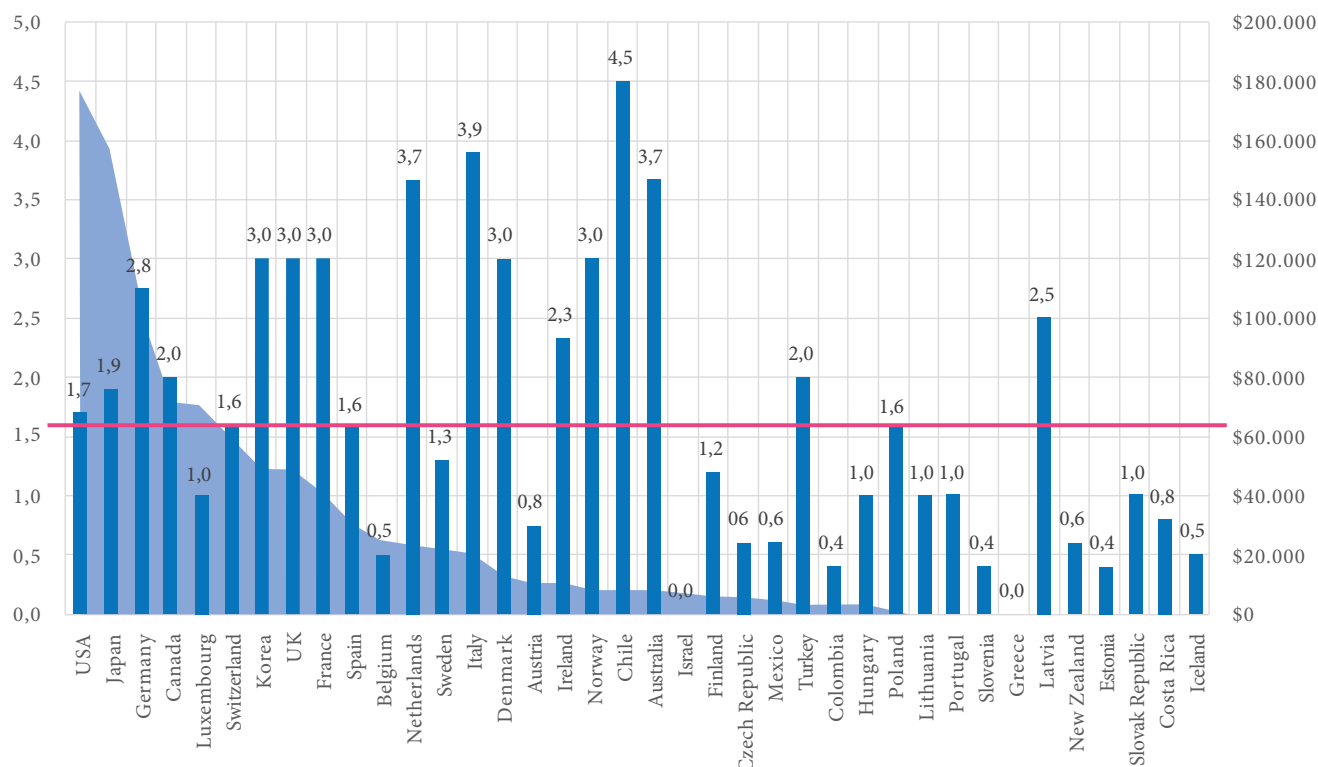
## Governments need to send consistent RBC cues through their National Contact Points

The OECD network of National Contact Points (“NCP”) provides the global authority for advancing RBC. NCPs need to receive the full faith and credit of their government for implementing responsible business standards.

Current NCP staffing has proven insufficient to scale up RBC. In 2021, the median number of full time equivalent (FTE) employees reported by NCPs was 1.6. The United States and Poland NCPs each use comparable full time staff (1.7 and 1.6 respectively) to address obvious differences in the level of multinational business activities and FDI. (Figure 1) Such discrepancies get magnified by the imbalanced number of specific instances received, the United States managed 5x more specific instances since 2011 than Poland.



Figure 1:  
NCP Staff (FTE) and Average FDI Flows (USD 1,000). (Median NCP FT Staff is 1.6 FTE)



Source: OECD FDI stats, 5y average 2017-2021; 2021 NCP reports to OECD.

## NCPs are politically dependent and frequently lack dedicated funding

The extent to which NCPs are politically supported can be observed in allocated budgets. Twenty-five (25) NCPs reported having no budget for their NCP in 2021.<sup>1</sup>

Figure 2:  
NCP Budgeting

Dedicated Budget		No Dedicated Budget	
Australia	Luxembourg	Argentina	Ireland
Austria	Morocco	Belgium	Israel
Chile	Netherlands	Brazil	Latvia
Costa Rica	Norway	Canada	Mexico
Denmark	Peru	Colombia	New Zealand
Germany	Romania	Croatia	Poland
Hungary	Slovenia	Czech Republic	Portugal
Italy	Switzerland	Estonia	Slovak Republic
Japan	Turkey	Finland	Spain
Kazakhstan	UK	France	Sweden
Korea	USA	Greece	Tunisia
Lithuania		Iceland	Ukraine
			Uruguay

<sup>1</sup> NCP Annual Reporting 2021. Jordan and Egypt did not report. Bulgaria joined in 2022.



## 17 NCP institutional arrangements lack formal stakeholder relations

As part of the NCP institutional arrangements the NCP is expected to retain the confidence of social partners and maintain stakeholder relations.<sup>2</sup> NCPs with more inclusive arrangements are more likely to retain confidence of trade unions. Adherent governments diverge in institutional arrangements to accomplish this objective. (Figure 3)

**Figure 3:**  
**Trade Union “Inclusion” in NCP Institutional Arrangements**

Operational / Advisory (14)		External Advisory Board (20)	Not Included/Specified (17)
Belgium	Canada	Argentina	Brazil
Denmark	Czech Rep*	Australia	Bulgaria
Finland	Estonia	Austria	Egypt
France	Germany	Chile	Greece
Latvia	Iceland	Colombia*	Hungary
Netherlands	Slovak Republic	Costa Rica	Ireland
Norway		Croatia*	Jordan
Sweden		Israel	Kazakhstan
		Italy	Korea
		Japan*	Lithuania
		Luxembourg*	Mexico
		New Zealand	Morocco**
		Poland	Peru
		Slovenia*	Portugal
		Spain	Romania
		Switzerland	Tunisia
		Turkey*	USA
		UK	
		Ukraine	
		Uruguay	
◀ More Inclusive			Less Inclusive ▶

\* In several NCPs, trade unions report no actual NCP Advisory meetings occurred in 2021.

\*\* Morocco is developing an Advisory structure that includes trade unions.

<sup>2</sup> OECD GLs Part II Institutional Arrangements 10 and 12.

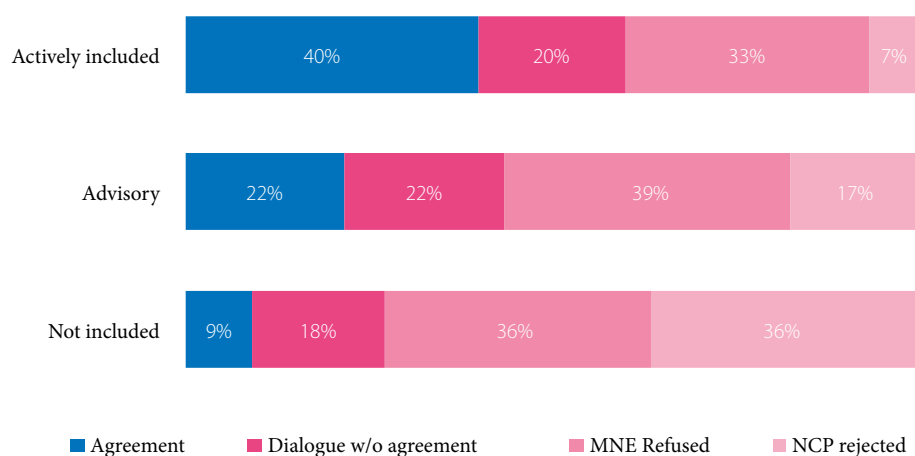


## Trade Union Inclusion/Exclusion correlates with capacity to contribute to remediation

How much trade unions are included in an NCP is associated with how effective an NCP can be in delivering their mandate to contribute to resolution of MNE Guidelines issues raised by a trade union. A review of specific instances filed by trade unions between 2011

– 2020 revealed those NCPs that actively include trade unions in their institutional arrangement were **1.4 times more effective at generating dialogue** and **4.4 times more effective at generating agreements** between the enterprise and the trade union. (Figure 4)

**Figure 4:**  
Specific Instance outcomes by Trade Union role in recipient NCP





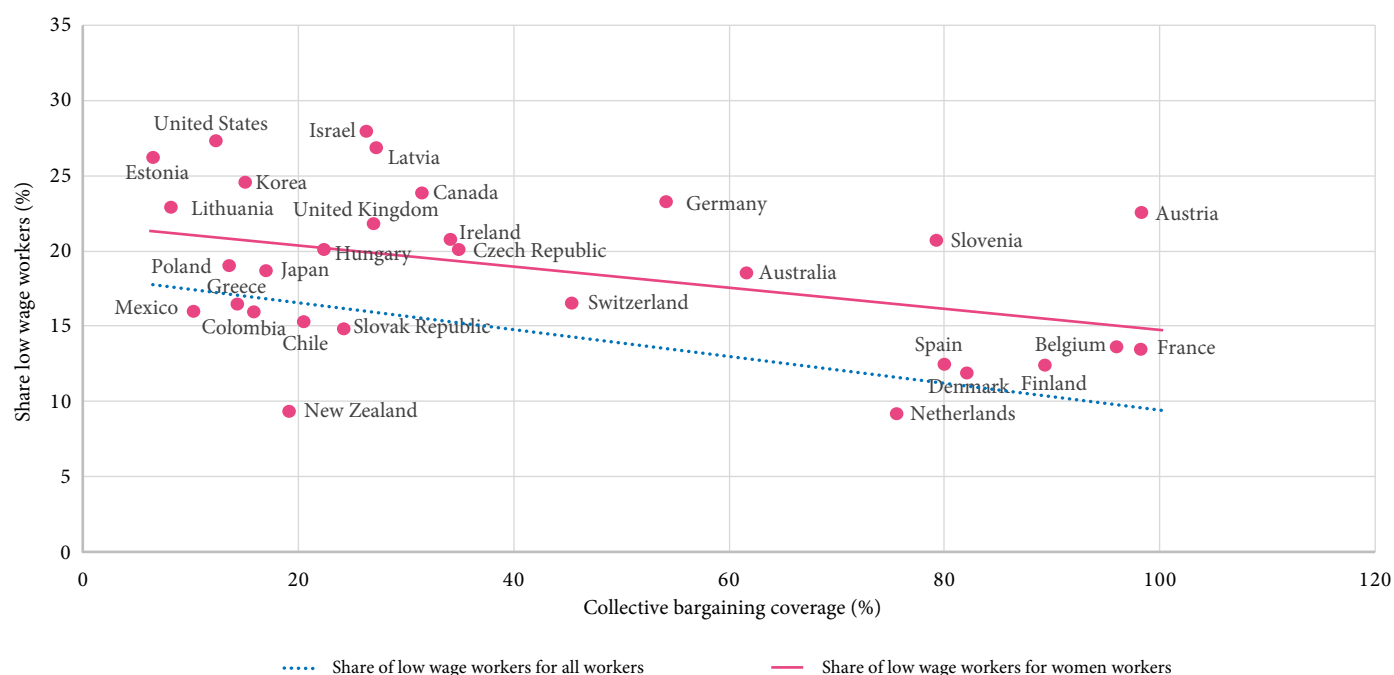
## Larger than firm-level collective bargaining structures support the RBC standards for all workers

Two-thirds (2/3) of work performed in OECD markets is not covered by collective bargaining. This is predominantly a result of practices that move in the opposite of RBC standards, leading to outsourced, fragmented, company-level bargaining systems.

TUAC [Briefing #5](#) demonstrated how low collective bargaining coverage associates with higher share of low wage work for all work, and in all but two OECD markets, low levels of collective bargaining associates with an even higher share of low wage work for women. (Figure 5)

Adherents seeking to increase RBC benefits for women and migrant workers should first examine barriers in policy or regulation that interfere with collective bargaining and resulting benefits. A second step would be to demand workforce disclosures with detail on collective bargaining and gender consistent with the updated MNE Guidelines and Principles of Corporate Governance.

**Figure 5:**  
Higher collective bargaining coverage associates with a lower share of low wage work for women workers



## The Trade Union Advisory Committee to the OECD makes the following series of recommendations to answer the central questions presented to the RBC Ministerial:

**How can Adherents work collaboratively to advance RBC's role in contributing to a resilient, sustainable and inclusive global economy?**

Adherent governments should:

- Align National Contact Point staffing and financial resources in order to systematically advance RBC effectiveness.
- Prioritise formal trade union relations in NCP institutional arrangements.
- Allocate resources to their NCPs that are commensurate with the level of outward FDI flows and MNE impacts.

**How can governments leverage RBC to ensure inclusive growth, which benefits and reduces barriers for groups such as women, children, and indigenous peoples?**

Adherent governments should:

- Support the 13 January draft of targeted updates to the MNE Guidelines.
- Implement the OECD Recommendation on the Role of Government in RBC Due Diligence.
- Enable larger than firm-level collective bargaining structures.

**What immediate actions could be taken to accelerate effective and scaled implementation of and alignment of practical RBC instruments in the current context of significant shifts?**

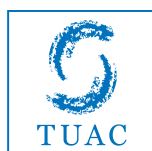
Adherent governments should require enterprises to demonstrate RBC implementation in government contracts, project financing and development awards in order to:

- Verify commitments to support workers' rights to form trade unions and collectively bargain.
- Guarantee implementation of all six steps of the RBC Due diligence recommendation through supply and value chains.
- Confirm new technology obtains workforce comprehension and consent prior to deployment, consistent with a just transition.

**What policies can be introduced that would ensure RBC commitments are met with actions?**

Adherent governments and institutional investors can:

- Demand resolution of RBC issues with good faith participation in NCP assisted mediation.
- Expand worker retention regulations and expectations that will ensure operational continuity through any sale, merger, acquisition, subcontracting or digital transformation.
- Intensify workforce disclosure requirements to include annual data on gender and collective bargaining.



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