

# COMMISSION ON TRANSNATIONAL CORPORATIONS

## REPORT ON THE SIXTH SESSION

(23 June - 4 July 1980)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1980

SUPPLEMENT No. 10



UNITED NATIONS



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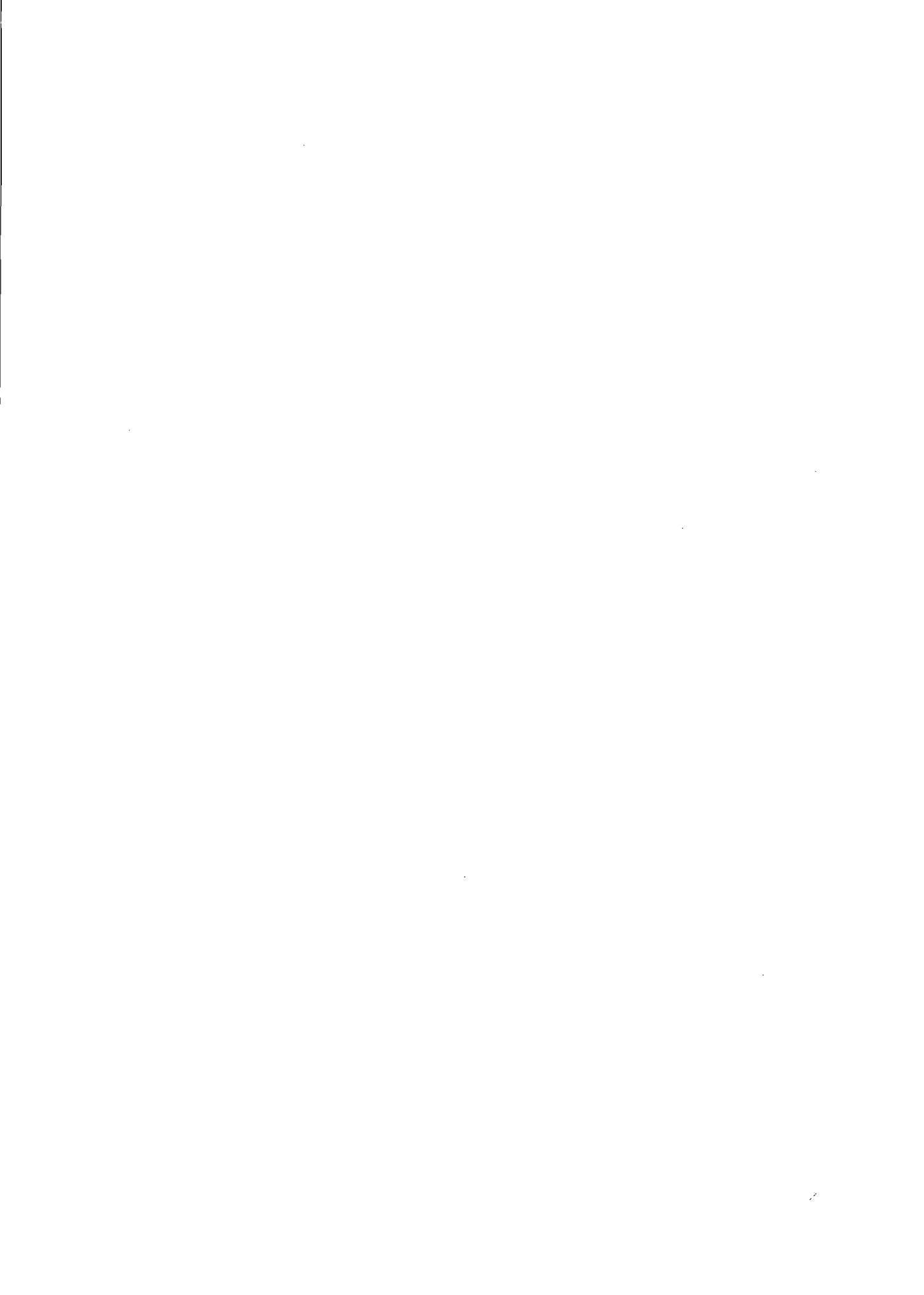
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I. ISSUES REQUIRING ACTION OR BROUGHT TO THE ATTENTION OF  
THE ECONOMIC AND SOCIAL COUNCIL

1. The Commission on Transnational Corporations recommends to the Economic and Social Council the adoption of the following draft resolutions and draft decisions:

Draft resolution I

Activities of transnational corporations in southern Africa  
and their collaboration with the racist minority régimes in  
that area

The Economic and Social Council,

Recalling General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling also the resolutions adopted by the Commission on Transnational Corporations at its third, fourth and fifth sessions on the activities of transnational corporations in southern Africa and their collaboration with the racist minority régimes in that area, 1/

Recalling further the Maputo Declaration in Support of the Peoples of Zimbabwe and Namibia and the Programme of Action for the Liberation of Zimbabwe and Namibia, 2/ the Lagos Declaration for Action against Apartheid 3/ and General Assembly resolution S-9/2 of 3 May 1978,

Having considered the report of the United Nations Centre on Transnational Corporations entitled "In-depth analyses of the role of transnational corporations in the industrial, military and nuclear sectors of South Africa", 4/

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1/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 5 (E/5986), para. 14, and Official Records of the Economic and Social Council, 1978, Supplement No. 12 (E/1978/52 and Corr.1-3), para. 1.

2/ See Official Records of the Security Council, Thirty-second Year, Supplement for July, August and September 1977, document S/12344/Rev.1, annex V.

3/ Report of the World Conference for Action against Apartheid, Lagos, 22 to 26 August 1977 (United Nations publication, Sales No. E.77.XIV.2 and corrigendum), sect. X.

4/ E/C.10/66.

Gravely concerned at the continued collaboration by transnational corporations with the racist minority régime of South Africa in contravention of United Nations resolutions,

Gravely concerned further about the adverse trends in policies of some home Governments of transnational corporations, which encourage such corporations to continue to collaborate with the racist minority régime of South Africa in violation of United Nations resolutions and in defiance of the legitimate aspirations of the oppressed peoples,

Considering that the cessation of the activities of transnational corporations in the area would constitute an important step in the struggle against the racist minority régime,

Conscious of the heroic resistance currently mounted by various sections of the oppressed people of southern Africa against the racist minority régime of South Africa,

Gravely concerned at the recent intensification of repressive measures by the racist minority régime to entrench the inhuman apartheid system and to thwart the legitimate aspirations of the oppressed peoples of southern Africa,

Conscious of the continued need to enlist the active support of the home Governments of transnational corporations which operate in South Africa and Namibia,

Welcoming as a positive step the measures taken by some home Governments to curtail the activities of their transnational and other corporations in southern Africa,

Mindful of the imperative need to maintain and strengthen international solidarity in support of the legitimate struggle of the oppressed peoples in southern Africa for self-determination and independence,

Gravely concerned further at the defiant refusal of the racist minority régime of South Africa to co-operate with the Security Council and the international community generally in the solution of the Namibian problem,

Recognizing the importance of mobilizing world public opinion against the involvement and collaboration of transnational corporations with the racist minority régime of South Africa,

1. Notes with appreciation the report of the United Nations Centre on Transnational Corporations entitled "In-depth analysis of the role of transnational corporations in the industrial, military and nuclear sectors of South Africa";

2. Reaffirms the inalienable right of the oppressed peoples of southern Africa to self-determination and permanent sovereignty over their natural resources and all economic activities;



3. Strongly condemns the exploitation of the natural resources of Namibia by transnational corporations without the authority or sanction of the United Nations Council for Namibia, in contravention of its Decree No. 1, enacted on 27 September 1974, 5/ and General Assembly resolution 32/9 of 4 November 1977;

4. Reiterates that the activities of transnational corporations in the area and their collaboration with the racist minority régime are detrimental to the interests of the oppressed peoples in South Africa and Namibia;

5. Recognizes the urgent need to take further and effective measures, including sanctions, in order to terminate the continuing collaboration by transnational and other corporations with the racist minority régime of South Africa;

6. Calls upon all Governments to adhere strictly to and ensure the effective implementation of sanctions and decisions adopted by the General Assembly and the Security Council relating to South Africa;

7. Strongly condemns the continued investments and operations of transnational corporations in southern Africa, their exploitation of black labour and their continued collaboration with the racist minority régime of South Africa in contravention of United Nations resolutions, thereby contributing to the perpetuation of oppression and other inhuman practices perpetrated against the majority of the population of the peoples of southern Africa by the racist minority régime;

8. Deplores the manoeuvres of the racist minority régime of South Africa and companies and transnational corporations operating in South Africa and Namibia to weaken the existing African trade union movement through the establishment of so-called parallel trade unions and the harrassment and persecution of officials of independent African trade unions;

9. Urges all transnational corporations to comply fully with the relevant United Nations resolutions by terminating all further investments in the area and by ending their collaboration with the racist minority régime;

10. Calls upon all Governments which have not yet done so to take legislative, administrative, judicial and other measures in respect of their nationals and transnational corporations of their nationality owning or operating enterprises in the area in order to put an end to such activities;

11. Calls further upon all States to terminate all forms of collaboration by their nationals and by transnational and other corporations of their nationality with the racist minority régime of South Africa and, in particular:

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5/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 24A (A/9624/Add.1), para. 84. The Decree has been issued in final form in Namibia Gazette No. 1.

(a) To refrain from supplying petroleum, petroleum products or other strategic materials to the racist minority régime;

(b) To refrain from extending loans, investments and technical assistance to the racist minority régime of South Africa and to corporations registered in South Africa and Namibia;

(c) To prohibit economic and financial interests under their national jurisdiction from co-operating with the racist minority régime and enterprises registered in South Africa and Namibia;

(d) To refrain from exploiting the natural resources of Namibia in contravention of the decrees of the United Nations Council for Namibia and the relevant resolutions of the United Nations;

(e) To refrain from all activities which may directly or indirectly contribute to the strengthening of the military capability of the racist minority régime;

(f) To deny tariff and other preferences to exports from South Africa and Namibia as well as any inducements or guarantees for investment and trade in the area;

(g) To prohibit all persons and enterprises of their nationality from making any royalty or tax payments to, or from knowingly transferring any assets or other financial resources in contravention of United Nations resolutions to facilitate trade with or investments in South Africa and Namibia;

12. Requests the Secretary-General:

(a) To instruct the Secretariat to continue its useful research on the activities of transnational corporations in southern Africa and their collaboration with the racist minority régime of South Africa;

(b) To submit to the Commission on Transnational Corporations, at its seventh session, an addendum to its reports on the activities of transnational corporations in South Africa and Namibia, bringing up to date the information and analysis contained therein;

(c) To continue to collect and publicize information on the activities of transnational corporations which collaborate directly or indirectly with the racist minority régime of South Africa in contravention of United Nations resolutions;

(d) To organize symposia, workshops, seminars and other programmes of enlightenment, in collaboration with other United Nations bodies concerned, with a view to educating the general public in the home countries of transnational corporations on the activities of those corporations in southern Africa and the extent of their collaboration with the racist minority régime of South Africa.

Draft resolution II

Progress made towards the establishment of the new international economic order and obstacles that impede it: the role of transnational corporations

The Economic and Social Council,

Recalling that, in paragraph 3 of resolution 33/198 of 29 January 1979 on preparations for the special session of the General Assembly in 1980, the Assembly invited "the governing bodies of the organs and organizations concerned with the United Nations system to assess, within their respective areas of competence, the progress made towards the establishment of the new international economic order, as well as to indicate the obstacles that impede its establishment ... with a view to submitting comprehensive reports to the Assembly at its special session in 1980",

Recalling also General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling further its resolutions 1908 (LVII) of 2 August 1974 and 1913 (LVII) of 5 December 1974, establishing the Commission on Transnational Corporations and the United Nations Centre on Transnational Corporations,

Recalling also its resolutions 1978/73 of 12 October 1978 and 1979/75 of 3 August 1979 on the activities of transnational corporations in southern Africa and their collaboration with the racist minority régimes in that area,

Recognizing that the fundamental purpose of the new international economic order is based on equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their economic and social systems, which shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations,

Recognizing further the importance of the fundamental principles of the new international development strategy,

Having considered the report of the secretariat entitled "Progress made towards the establishment of the new international economic order: the role of transnational corporations", 6/

Noting the value of providing a framework in the countries in which transnational corporations operate by which generally beneficial relations among all parties concerned can be enhanced,

Noting also that, although the interests of transnational corporations and of the countries in which they operate can be divergent, transnational corporations play a significant role in the areas of industrialization, financial resources, commodities, trade, science and technology, and food and agriculture,

Noting that the pattern of the activities of transnational corporations has not yet changed so as to realize their full potential to contribute to progress towards redressing the economic imbalance between developed and developing countries and towards enhancing the capacity of developing countries for self-reliant development and recognizing therefore that substantial adaptation is called for in order to achieve the necessary change,

Convinced that the capacity of countries, particularly developing countries, in which transnational corporations operate, to deal with them has to be strengthened,

Aware of the right of each Government to have a regulatory system in order to ensure that the activities of transnational corporations are carried out in accordance with national objectives,

Recognizing that national action in this regard should be supplemented by effective intergovernmental co-operation and appropriate international arrangements,

Convinced that a universally accepted, comprehensive and effective code of conduct is an important element in such national and international efforts and that it will make an essential contribution to the new international economic order,

Considering that the progress made in the formulation of a code of conduct has not met the expectations of all and stressing the need for its early conclusion,

1. Takes note of the report entitled "Progress made towards the establishment of the new international economic order: the role of transnational corporations", prepared by the secretariat, and decides to submit it to the General Assembly at its eleventh special session for consideration;

2. Recommends that efforts should be intensified by all parties concerned with the aim of enhancing the contributions of transnational corporations towards the establishment of the new international economic order, thereby also contributing towards the achievement of the individual and collective self-reliance of developing countries;

3. Recommends that the individual and collective self-reliance of developing countries should be enhanced, inter alia, by strengthening their negotiating capacity in their dealings with transnational corporations, particularly in the fields of financing and investment, science and technology, management, production and marketing, and by improving their capacity to regulate and accordingly to monitor the activities of transnational corporations;

4. Draws the attention of the General Assembly at its eleventh special session to the importance of the work on the code of conduct and the results achieved so far in this regard, as reflected in the report of the Commission on Transnational Corporations on its sixth session; 7/

5. Considers in particular that the code of conduct, which is of the highest priority in the work of the Commission, will be an essential contribution in the accomplishment of the goals of the new international development strategy and the new international economic order;

6. Affirms that the code of conduct should, inter alia:

(a) Be effective, comprehensive, generally accepted and universally adopted;

(b) Associate effectively the activities of transnational corporations with the efforts to establish the new international economic order and their capabilities with the developmental objectives of developing countries;

(c) Reflect the principle of respect by transnational corporations for the national sovereignty, laws and regulations of the countries in which they operate, as well as the established policies of those countries and the right of States to regulate and accordingly to monitor the activities of transnational corporations;

(d) Foster the contributions that transnational corporations can make towards the achievement of developmental goals and established objectives of the countries in which they operate, particularly developing countries;

(e) Proscribe subversion, interference in the internal affairs of countries and other inadmissible activities by transnational corporations which aim to undermine the political and social systems of the countries in which they operate;

(f) Deal in the most effective and appropriate manner with the issue of the activities of transnational corporations in South Africa and Namibia, recognizing that wide concern was expressed in the Commission on Transnational Corporations over collaboration by transnational corporations with the racist minority régime, within the context of the struggle against apartheid;

(g) Include provisions relating to the treatment of transnational corporations, jurisdiction and other related matters;

(h) Provide appropriate arrangements for the effective implementation of the code;

(i) Be considered as an integrated whole where all parts are related to each other;

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7/ Official Records of the Economic and Social Council, 1980, Supplement No. 8 (E/1980/40/Rev.1).

7. Affirms that the draft code should be completed before the seventh session of the Commission on Transnational Corporations in 1981 and that the code should be expeditiously adopted by all members of the international community;

8. Reaffirms that the Commission on Transnational Corporations is the forum within the United Nations system for the comprehensive and in-depth consideration of issues relating to transnational corporations, as well as for the promotion of the exchange of views among all parties concerned, mentioned in paragraph 3 (b) of Council resolution 1913 (LVII) of 5 December 1974;

9. Further reaffirms that, under the guidance of the Commission on Transnational Corporations, the United Nations Centre on Transnational Corporations is the central unit in the United Nations system at the Secretariat level for work on matters related to transnational corporations, with due regard to the need for co-ordination, that it should pursue its important activities in accordance with its programme of work and that its resources should be commensurate with its work programme.

#### Draft decision I

#### Draft provisional agenda for the seventh session of the Commission

The Economic and Social Council approved the provisional agenda and documentation for the seventh session of the Commission on Transnational Corporations set out below:

1. Report on the activities of the United Nations Centre on Transnational Corporations

- Documentation:
- (a) Report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations;
  - (b) Report on the activities of the joint units;
  - (c) Proposed programme budget on transnational corporations for the biennium 1982-1983

2. Work related to the formulation of a code of conduct

- Documentation: Report of the Intergovernmental Working Group on a Code of Conduct

3. Comprehensive information system:

- (a) Establishment of a comprehensive information system;

- Documentation: Progress report on the establishment of a comprehensive information system

(b) International standards of accounting and reporting

Documentation: Report of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting

4. Technical co-operation

Documentation: Report on the programme of technical co-operation on matters related to transnational corporations

5. Studies on the effects of the operations and practices of transnational corporations:

- (a) Activities of transnational corporations in southern Africa and their collaboration with racist minority régimes in that area;

Documentation: Addendum to previous reports on the activities of transnational corporations in South Africa and Namibia

- (b) Other studies;

- (c) Review of ongoing and future research

Documentation:

- (i) Aspects of the balance-of-payments effects of the operation of transnational corporations;
- (ii) Transnational corporations in the pharmaceutical industry in developing countries;
- (iii) Aspects of socio-political effects of the activities of transnational corporations;
- (iv) Review of ongoing and future research

6. Work related to the definition of transnational corporations

7. Question of expert advisers

Documentation: Note by the Secretariat

Draft decision II

The Economic and Social Council decided to authorize the Intergovernmental Working Group on a Code of Conduct to hold three sessions before the seventh session of the Commission, the first to take place before the end of 1980.

Draft decision III

The Economic and Social Council decided to authorize the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting to hold three sessions before the seventh session of the Commission, the first to take place in the last quarter of 1980.

## II. OPENING OF THE SESSION

2. At the opening meeting of the sixth session, on 23 June 1980, the Commission on Transnational Corporations was addressed by the Minister of Finance of Mexico, Mr. David Ibarra Muñoz, and by the Director-General for Development and International Economic Co-operation.

3. In his inaugural statement, the Minister of Finance pointed out, inter alia, that the world was undergoing a restructuring of international economic relations which, he hoped, would obey different criteria, in which human values should have precedence over hegemonic power. To that end, a pacific struggle had been initiated in the United Nations by the economically weaker countries to develop new, more equitable rules, which would provide greater opportunities of progress to the great majority of the world's population.

4. He also stated that transnational corporations constituted a modern form of organization, in which was concentrated an enormous power for economic growth, and that it was necessary to prove that man had the wisdom to use them in a constructive way so as to benefit all mankind.

5. Speaking on the code of conduct, he stated that it should become a normative system, recognizing the inherent right of all States to exercise power over their natural resources and the complete independence in defining their policies and economic strategies.

6. The Director-General for Development and International Economic Co-operation stated that the pattern of international relations that had prevailed in the past, based on dependence and domination, were no longer acceptable and that the reordering of relations between transnational corporations and developing countries and the enhancement of contributions of transnational corporations to the development of developing countries were at the core of the new international economic order.

7. He also expressed the need for an early completion of the code of conduct in view of the valuable contribution it would make to the establishment of a new international economic order being examined by the United Nations.

8. He also stated that the United Nations, in general, and the United Nations Centre on Transnational Corporations in particular, could make an important contribution to the attainment of the objectives of the new international economic order relating to transnational corporations through its work on the comprehensive information system, its research programme and its technical co-operation activities and that it had done so with a very considerable measure of success. In order for the Centre to realize its full potential, he stressed the need for it to be provided with the necessary political impetus from the Commission, as well as with the necessary resources.



III. REPORT ON THE ACTIVITIES OF THE UNITED NATIONS  
CENTRE ON TRANSNATIONAL CORPORATIONS

9. The Commission took up item 4 of the agenda at its 74th and 75th meetings, on 23 and 24 June 1980. It had before it the report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations (E/C.10/61). Upon the recommendation of the Chairman, the Commission agreed not to discuss in detail those chapters in the report for which separate items had been included in the agenda.

10. In his introductory statement, the Executive Director of the United Nations Centre on Transnational Corporations, when reviewing the international situation related to transnational corporations, recalled that during the 1970s the United Nations had become the forum where the concerns of Governments were heard and the process of intensive discussion had been launched. He expressed the hope that in the 1980s the United Nations would be actively engaged in drawing up an appropriate international framework, as well as in arousing developing countries to strengthen their capability to deal with matters related to transnational corporations to the mutual interest of all concerned.

11. The Executive Director pointed out that the past year had proved to be a productive one for the Centre in all four of its major areas of activity: the code of conduct, research, information and technical co-operation. He expressed his concern, however, about the adequacy of the resources available to the Centre. He stressed the importance of ensuring that the programme budget of the programme on transnational corporations should be in harmony with the tasks entrusted to the Centre by the Commission and the Economic and Social Council.

12. The Executive Director informed the Commission of the conclusions reached by the Committee for Programme and Co-ordination (CPC) following its evaluation of the programme on transnational corporations, which were addressed to the Commission. He also informed the Commission of the strengthened relationship between the Centre and the Joint Units, in line with the agreement with the executive secretaries of the regional commissions establishing the Joint Units.

13. All delegations expressed their support for the work carried out by the Centre. Most of them commended the Centre on the quality of its work and the progress achieved in all areas of activity. They also expressed their congratulations to the Executive Director and the staff of the Centre.

14. Some delegations felt that the Centre had not paid adequate attention to the negative aspects of the activities of transnational corporations; in particular, interference by transnational corporations in the internal affairs of host countries and the role of transnational corporations in the armaments industry. Those delegations also urged the Centre to make studies of the social and political aspects of transnational corporations in host countries and to bear them in mind in establishing priorities for its activities.

15. Several delegations attached considerable importance to the functions of the Joint Units and emphasized their need for adequate resources.

16. Delegations welcomed the efforts made by the Centre to co-ordinate its work with other relevant United Nations organizations and agencies.

17. Many delegations noted with concern the budgetary constraints on the work of the Centre, and stressed that more resources, both from the regular budget and from voluntary contributions, should be made available for its activities. Other delegations, noting that the Centre had responded to the Commission's request by providing certain budgetary information, stressed the continuing need for more detailed information on the allocation of resources among the programme activities of the Centre, which was needed before a view could be taken of the future work programme. They noted that, in view of current budgetary limitations, the Centre should concentrate its work on the most important priority areas in seeking the most effective utilization of the resources available.

18. Some delegations pointed out that it would appear that the term "host countries" had been used in reports by the Centre as a synonym for "developing host countries"; they stressed the view that "host countries" included both developed and developing countries and that, indeed, most transnational corporations affiliates were located in developed countries. Those delegations noted that some developing countries were increasingly becoming the home countries of some transnational corporations. Thus, they felt that issues raised by the activities of transnational corporations should not be viewed solely as north-south issues. Some other delegations pointed out that the Commission and the Centre were established particularly to deal with the issues related to transnational corporations that were of relevance to the developing countries.

19. The observer from Finland announced that his Government was making a voluntary contribution of \$US 25,000 to facilitate, when necessary, the effective participation of members of the Ad hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting through payment of their travel and per diem expenses. He also stated that Finland envisaged joining other countries that had made voluntary contributions to the Centre's technical co-operation programme.

#### Action by the Commission

20. The Commission:

(a) Expressed its appreciation of the work undertaken by the Centre as reflected in the report on its activities;

(b) Urged the Centre to note the discussion regarding its future activities;

(c) Stressed that the resources provided to the United Nations Centre on Transnational Corporations should be commensurate with the work programme entrusted to it.

IV. WORK RELATED TO THE FORMULATION OF A CODE OF CONDUCT: REPORT OF THE INTERGOVERNMENTAL WORKING GROUP ON A CODE OF CONDUCT

21. The Commission considered agenda item 5 at its 75th to 78th meetings, on 24 and 25 June 1980. The Chairman of the Intergovernmental Working Group on a Code of Conduct, Mr. Sten Niklasson (Sweden), introduced the report of the Working Group on the work of its eighth, ninth and tenth sessions (E/C.10/62). He reported that at its ninth and tenth sessions the Group had entered upon a new phase, when work had commenced on the drafting of the final version of the code. He pointed out, in that connexion, that almost half the provisions of the code had been drafted, and that the Group had achieved unanimity on about a third of the draft provisions of the code. He emphasized that that represented substantial progress, in view of the complexity of the issues, which had political, economic, social and legal dimensions, the fundamental and controversial character of the principles being negotiated, which had engaged the attention of the international community for decades, the comprehensive coverage of the code, and the need to make the code effective and universally acceptable.

22. Nevertheless, the Chairman of the Intergovernmental Working Group hoped that work on drafting of the code would henceforth be accelerated, and that the Group would be able to complete its work within three more sessions, of two weeks' duration each. He thought that the momentum of work of the Group would be best maintained if the first of those three sessions were to be held before the end of 1980. He also underlined the importance of continuity in the representation of delegations in the Group.

23. The Chairman of the Commission, Mr. Bernardo Sepúlveda (Mexico), who was also the Rapporteur of the Working Group, endorsed the observations of the Chairman of the Working Group. The Commission took note of the report of the Working Group (E/C.10/62).

24. All the delegations expressed their appreciation of the statements by the Chairman of the Working Group and by the Chairman of the Commission in his role as Rapporteur of the Group, as well as of the part that the Centre had played in contributing to the progress so far achieved by the Group.

25. All delegations agreed that the Group should hold three more sessions in order to complete its task, and that the first should be held in the autumn of 1980. They confirmed that they attached the highest priority to the formulation of the code of conduct, some of them referring in that context to a recent declaration by ministers of countries members of the Organisation for Economic Co-operation and Development in that respect.

26. While some delegations expressed disappointment at the slow progress being made in the formulation of the code of conduct, stating that there was still substantial disagreement on some aspects that were of crucial importance to the

code, others thought that the Group had made considerable progress, particularly at its last three sessions. Some delegations thought that the Commission should not set a strict time-table for the conclusion of the work. However, most delegations emphasized that the work should be completed by the spring of 1981.

27. The ensuing discussions suggested that a number of issues were still to be resolved. According to many delegations, the code had to promote the concept of effective means for the establishment of the new international economic order and must contribute to collaboration among all countries, irrespective of their social and political systems and degree of development and the geographical zone in which they lay. They also felt that the code should include, inter alia, the following basic principles: respect by transnational corporations for national sovereignty; the right of host States to exercise their full permanent sovereignty over their natural resources and to regulate and control the activities of transnational corporations; non-interference by transnational corporations in the internal affairs of host States and intergovernmental relations, and adherence by transnational corporations to the economic goals and objectives of the countries in which they operated. They also stressed that in order to ensure the effectiveness of the code, appropriate provisions should be made for intergovernmental co-operation to ensure a satisfactory implementation of the code.

28. Other delegations expressed the view that the provisions of the code of conduct should take cognizance of the prevailing unfavourable world economic conditions, which had adversely affected the flow of investment, and should aim at creating an environment that would encourage transnational corporations to invest in developing countries. Such an environment, according to them, would be based on confidence and respect for agreements and would be inspired by a mutuality of interests. Some of those delegations stressed that the code should be realistic, balanced and forward-looking.

29. Some other delegations stressed the view that the code should be exclusively concerned with the regulation of transnational corporations and that it should neither give the impression of being a code for the promotion of foreign investment, nor include any obligations for Governments. It was emphasized that it should be based on the principles of new international economic order and the Charter of Economic Rights and Duties of States.

30. In their discussion of the items on which the Group had requested clarification, many delegations emphasized that the code should be effective, comprehensive, generally accepted and universally adopted, that its objectives should derive from the basic objectives of the Commission and those of the new international economic order. Some delegations expressed the view that the code, in order to be effective, should consist of a binding set of rules. Many delegations considered that the following basic principles were essential to the formulation of the code of conduct: namely, respect by transnational corporations for national sovereignty, the right of host States to regulate and control the activities of transnational corporations, non-interference by transnational corporations in the internal affairs of host States and in intergovernmental

relations and adherence by transnational corporations to the economic goals and established objectives of the countries in which they operated. They stressed that the code should include provisions regarding the activities of transnational corporations in southern Africa and their collaboration with the racist minority régime in that area.

31. Other delegations agreed that the code should be effective and accepted by all concerned as a voluntary instrument and that it should have as an objective the contribution to the development of the world economy and particularly the economies of developing countries. They also held that the code should contain a set of principles applicable to transnational corporations, as well as to the treatment of transnational corporations by countries in which they operated. As regards the scope of the code, they considered that the code should cover all transnational corporations, regardless of their ownership or size. According to those delegations, the principle of national sovereignty should be seen in relation to the international obligations that States assumed and to the principles of international law. They stressed the importance of a clear enunciation of the development objectives of developing countries and the importance of the adherence by transnational corporations to laws and regulations regarding activities of a political nature. Those delegations stressed the importance of adequate provisions regarding fair and adequate treatment of transnational corporations by the countries in which they operated, including methods of settling disputes, such as access to international arbitration. Some of them thought that it would not be appropriate for the code to include provisions regarding the activities of transnational corporations in southern Africa.

32. Other delegations emphasized that the code should be addressed only to transnational corporations. Most stressed that the code should be based on the basic principles of full permanent national sovereignty, non-interference in internal affairs, respect for human rights, including non-collaboration with the racist minority régime of southern Africa. They expressed their over-all agreement with the proposals made by most delegations regarding the issues on which the Group had requested clarifications from the Commission.

33. All the delegations agreed that the code was to be an integrated whole, and that its provisions were interrelated.

#### Action by the Commission

34. The Commission:

(a) Took note of the report of the Intergovernmental Working Group on a Code of Conduct on the work of its eighth, ninth and tenth sessions (E/C.10/62);

(b) Noted that the Working Group had made progress in the last three sessions with regard to the drafting of the code of conduct;

(c) Reconfirmed that it attached the highest priority to the formulation of the code of conduct;

(d) Requested the Economic and Social Council to authorize the International Working Group on a Code of Conduct to hold three sessions before the seventh session of the Commission, the first to take place before the end of 1980. (For the text of the draft decision, see chap. I above, draft decision II.)

## V. COMPREHENSIVE INFORMATION SYSTEM

### (a) Progress report on the establishment of a comprehensive information system

35. The Commission considered agenda item 6 (a) at its 83rd and 84th meetings. It has before it a progress report by the Secretariat on the information system on transnational corporations (E/C.10/63).

36. The Executive Director introduced the subitem at the 83rd meeting. He pointed out that, during the past year, significant progress had been made in the development of the Centre's information system and it was now better able to respond effectively to a wide range of information requests.

37. He introduced to the members at the Commission the new Director of the Information Analysis Division, Mr. R. Singh.

38. He stressed the fact that the Centre's activities had been principally geared to the development of an infrastructure, within which a comprehensive information system on transnational corporations could be developed. The refinement of the system and gradual expansion of its scope and content would be major tasks for the coming years.

39. Nearly all the delegations stressed the importance of the Centre's information system as being one of the most essential elements of the Centre's work programme. Several delegations also emphasized the importance of the information system for the code of conduct when it was finalized. Most delegations expressed satisfaction regarding the development of the Centre's information system and some of them emphasized the need to provide adequate resources for the system. Some delegations welcomed the Centre's recognition that the system needed to be developed gradually in view of the complexity of the task. The User's Guide was considered to be very useful in providing details of the information available from the system and would be of great value to the users of the system. The industry studies on bauxite/aluminium and on copper were appreciated by several delegations and were viewed as being of particular utility to developing countries. Most delegations also supported the structure of the Centre's information system and emphasized that the development of various components of the system was fully in line with the needs of host countries, particularly developing countries. Several delegations emphasized the need to associate representatives of user institutions and suppliers of information and welcomed the round-table meeting convened by the Centre in May 1980. It was suggested that similar meetings should be organized by the Centre in the future. While commending the Centre for its progress, several delegations emphasized the need for selectivity, in view of the vast amount of information already publicly available in private, governmental and intergovernmental institutions. The importance of co-ordination, especially but not exclusively with other organs of the United Nations system, was stressed, in order to avoid unnecessary and costly duplication and in order to ensure accuracy. The Centre's

work on the information system, and on research as well, should, in the opinion of those delegations, complement those other sources. To do so would require selectivity, especially in view of the existence of many heavily researched and objective industry studies.

40. Most delegations stressed the importance of collecting and analysing information on certain aspects of the system, first, on laws and regulations and contracts and agreements; secondly, on analysis of activities of transnationals in particular sectors of special interest to host countries, particularly developing countries; and thirdly, on profiles of individual corporations.

41. In respect of legal information, several delegations emphasized the need for analysed information on policies and laws relating to foreign investment and technology in different countries. Some delegations stressed the need for information on alternative forms of participation by transnational corporations in various sectors, including payments and the implications of technology transfer. Several delegations also emphasized the importance of information in respect of policy aspects, such as incentives and concessions, local borrowings, export processing zones, tax havens and tax measures in home and host countries. It was also suggested that information should be collected on the implications and impact of transnational corporation activities in certain countries.

42. In respect of contracts and agreements, several delegations emphasized the need to collect and analyse information on various types of contracts with transnational corporations, such as turnkey contracts, technology agreements, management contracts and the like. That task needed to be co-ordinated with activities of other United Nations agencies, particularly the United Nations Industrial Development Organization (UNIDO). Some delegations pointed out the need to respect the confidentiality aspects of such contracts when confidentiality had not been waived by both parties.

43. Most delegations emphasized the need for industry studies on various sectors as being an essential feature of the information system. Those sectors should be those of special interest to host countries, particularly developing countries. Several suggestions regarding particular sectors were made by the various delegations, including capital goods, chemicals and petrochemicals, resource-based industries such as minerals and forest products and high-technology branches such as electronics. While it was recognized that those studies must be suitably phased because of resource constraints, several delegations emphasized that most of them should be completed in the next two-year period.

44. The importance of corporate profiles on individual corporations was emphasized by several delegations. Some delegations pointed out that data for such profiles should also be obtained from various other sources, including Governments, trade unions and the like, and that the Centre should design new approaches for that purpose. Data in such profiles should be accurate and reliable and corporations should have the opportunity of checking the factual data contained in the profiles. It was noted that such information was of a proprietary nature. Other delegations expressed the opinion that transnational corporations had no right to verify United Nations activities. It was recognized that corporate profiles would have

to be prepared on a selective basis, and initially on corporations operating in sectors for which industry studies were undertaken. Some delegations pointed out that there should be no discrimination among corporations in respect of size. It was stressed that smaller corporations could also adequately provide investment and technological participation, particularly in developing countries. Some delegations stressed the need for the utmost care in all those situations in which the Centre, in reaction to requests received, would consider it necessary to select among potential investors in a certain sector. Whenever such a selection had to be made, a well defined procedure should be followed to minimize possible negative consequences.

45. It was also emphasized by several delegations that the Centre should continue to collect and analyse information in respect of macro data, particularly in respect of investment and technology flows through transnationals. Information also needed to be collected on the 13 areas defined in the second session of the Commission, particularly on technology transfer.

46. It was emphasized by a number of delegations that verification of information with the corporations themselves was essential to ensure that the data were accurate and reliable. They stressed the necessity that all data on transnational corporations had to be checked by the corporation concerned before they were disseminated and used for studies by the Centre. A few delegations stressed, moreover, that the individual corporation must have full access to the information collected about itself, and that all information disseminated by the Centre had to include the amendments and corrections that a corporation concerned might have provided. In that context, the need was mentioned for protection against abuse of data collected by the Centre, in accordance with the requirements of national laws. Some delegations felt that such a verification was incompatible with the United Nations system. It was also stressed by some delegations and expert advisers that the issue of non-comparability of data should be pointed out in responding to requests for information. One delegation mentioned that the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting should be able to contribute to research on the comparability of data. It was also pointed out that only non-confidential data should be used in the systems.

47. Several delegations emphasized the need to develop national information systems on transnational corporations as being complementary to the Centre's information system at the international level. One delegation described the numerous agencies of some Governments that collected corporate information and the consequent difficulties of erecting "national information systems". National systems should be harmonized with the Centre's system and the Centre should provide technical assistance, wherever necessary, for developing national and regional systems to suit national and regional needs. They would need to be closely co-ordinated with the Centre's information system on transnational corporations. The cost, not only for the Centre but also for the corporations, especially the smaller or medium-sized ones, was mentioned by one delegation.

48. Some delegations also emphasized the need for information on other sources of data on transnational corporations and suggested that updated directories and surveys on research should be issued by the Centre. The view was also expressed



that a sectoral problem-oriented approach was from many points of view to be preferred to a country-oriented one, since many aspects of the transnational corporations' activities was common to home and host countries.

49. Some delegations were of the opinion that the information system had not paid adequate attention to the social and political implications and impact of the activities of transnational corporations as well as to the activities of such corporations in respect of armaments. They referred in that connexion to the decisions of the Commission, in particular at its second and fifth sessions, 8/ in which the Commission had reiterated that the information system should cover all aspects of transnational corporations' activities: political, social, economic and legal and in which it had accorded high priority to the most pressing information gaps relating to the political activities of transnational corporations, the social impact of transnational corporations, impact of transnational corporations on freedom of labour organizations, trade union rights, labour standards, employment, wages and working conditions. The delegations which referred to that decision of the Commission expressed their concern that the questions mentioned by them were not included in the User's Guide.

50. On behalf of the Centre, the Director of the Information Analysis Division clarified a number of issues that had arisen in the course of the discussion. He noted that most delegations had indicated clear priorities for the Centre's information system in respect of legal information; macro data; industry studies of selected sectors; corporate profiles of the principal corporations in those sectors and the development of national information systems. He explained that studies of several industries had been initiated by the Centre's information system in the sectors mentioned. Corporate profiles had also been initiated in respect of a number of corporations and it was expected that, by early next year, the Centre would have well over 100 profiles. As for using additional sources of information, that would be a gradual process and would be incorporated in updated editions of such profiles. The Centre's information system was based on non-confidential data from various sources. As for verification, since the corporate profiles on individual corporations would be routinely checked with the corporations concerned, that should ensure accuracy and reliability in respect of corporate data. Both the industry studies and the corporate profiles would be periodically updated and resources set apart for that purpose. As regards the social and political impact of the activities of transnational corporations, that aspect would need to be covered by the Centre's research programme. In respect of comparability of data, he pointed out that there were obvious difficulties. The Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting was still examining various aspects of such comparability. Until such time as effective comparability was possible, that would continue to be a constraint, as would be pointed out in responding to information requests.

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8/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 5 (E/5782), para. 23 (b), and Official Records of the Economic and Social Council, 1979, Supplement No. 8 (E/1979/38/Rev.1), para. 56.

51. He emphasized that close co-ordination was being maintained with other international agencies, such as UNIDO, the United Nations Conference on Trade and Development (UNCTAD) and the International Labour Organisation (ILO).

Action by the Commission

52. The Commission:

(a) Took note with appreciation of the progress report by the Secretariat on the information system on transnational corporations (E/C.10/63), the remarks by the Executive Director and the clarifications by the Director of the Information Analysis Division;

(b) Also took note with appreciation of the User's Guide and the studies on bauxite/aluminium and copper;

(c) Reiterated that the purpose of the system should be as defined at earlier sessions of the Commission and that, for that purpose, special attention should be given to the legal information, macro data, industry studies of selected sectors and corporate profiles;

(d) Also stressed the need for national information systems, particularly in developing countries, that would be complementary to the Centre's information system, which should provide assistance for that purpose;

(e) Recalled the relevant recommendations made at the fourth session, inter alia, regarding sources of information to be used, and urged the Centre to ensure the accuracy and reliability of collected information;

(f) Noted that the Centre would present a report to the Commission at its seventh session, indicating the further progress achieved in the development of the comprehensive information system;

(g) Reiterated the importance of the comprehensive information system as being one of the most essential elements of the Centre's work programme.

(b) International standards of accounting and reporting

53. The Executive Director introduced agenda item 6 (b) and informed the Commission of the establishment under Economic and Social Council resolution 1979/44 of 11 May 1979 of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, to which 30 members had been elected by the Economic and Social Council. They were: Argentina, Brazil, Canada, Cyprus, Dominican Republic, Egypt, France, Germany, Federal Republic of, India, Iran, Italy, Japan, Liberia, Libyan Arab Jamahiriya, Mexico, Morocco, Netherlands, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Swaziland, Switzerland, Tunisia, Uganda, United Kingdom of Great Britain and Northern Ireland and United States of America.

54. The Group was required to hold two additional sessions of two weeks each and to report to the Commission at its sixth session. The Group had held its first session of 15 meetings at United Nations Headquarters from 11 to 22 February 1980. The interim report was contained in document E/C.10/64.

55. The Executive Director thanked the Government of Finland for making a voluntary contribution of \$25,000 to cover the cost, when necessary, of travel and per diem of members of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

56. The Group had expressed the view that two sessions would not be adequate for consideration of the items incorporated in its work programme following its terms of reference. The Group had therefore recommended that, while its next session would be required to be held in the latter part of 1980, two additional sessions of two weeks each should be held during appropriate periods in 1981.

57. Several delegations expressed their appreciation of the interim report of the Working Group and the proposed future work programmes. They also considered that the interim report would be a useful contribution to the work of the Intergovernmental Working Group on a Code of Conduct. The future programme of work of the Ad Hoc Working Group and the provisional agenda agreed to by the Working Group also appeared to be a sound basis on which to proceed. Some delegations emphasized that the Ad Hoc Working Group should give its expert recommendations on the report of the previous group of experts (E/C.10/33).

#### Action by the Commission

58. The Commission:

(a) Noted with appreciation the interim report of the Ad Hoc Working Group of Experts on International Standards of Accounting and Reporting (E/C.10/64);

(b) Requested the Economic and Social Council to authorize the Ad Hoc Intergovernmental Working Group to hold the second session requested in Council resolution 1979/44 during the last quarter of 1980 and to authorize the Ad Hoc Intergovernmental Working Group to hold two additional sessions prior to the seventh session of the Commission. (For the text of the draft decision, see chap. I above, draft decision III.)

## VI. TECHNICAL CO-OPERATION

59. The Commission considered agenda item 7 at its 85th meeting, on 2 July 1980. It had before it the report of the Secretariat on developments in the Centre's programme of technical co-operation on matters related to transnational corporations since its fifth session (E/C.10/65).

60. In his introductory remarks, the Executive Director of the United Nations Centre on Transnational Corporations informed the Commission that during the past year the number of government requests for technical co-operation services had more than doubled over the previous year. He stated that the Centre had been able to respond to all requests speedily and effectively.

61. The Executive Director informed the Commission of the growing co-operative links with other United Nations organizations and agencies. He stated that, in July 1979, the Centre was authorized to administer and implement projects financed by the United Nations Development Programme (UNDP) that came within its competence. He expressed the hope that over a period of time that would result in a growing number of projects being carried out by the Centre and financed by UNDP. He pointed out that the Joint Units increasingly collaborated with the Centre in programming and implementing its technical co-operation programme. He also noted that the Centre continued to co-operate with other United Nations organizations and agencies.

62. Turning to the evaluation of the technical co-operation activities that it had carried out during the past year, the Executive Director said that the results showed that recipient Governments were satisfied with the manner in which the Centre had carried out its technical co-operation activities and that they valued the services provided.

63. The Executive Director stressed the growing importance of adequate financial resources, given the rapidly increasing number of requests being received from Governments. He expressed the Centre's deep appreciation to the Governments of the Netherlands, Norway, Sweden, Switzerland and the United Kingdom for their voluntary contribution to date, and appealed to all Governments to give serious consideration to contributing to the Centre's Technical Co-operation Trust Fund.

64. All delegations stressed the great importance they attached to the Centre's technical co-operation programme and commended the Centre for the rapid increase in its activities and for the manner in which they had been carried out. They pointed out that the growth in the number of government requests being received by the Centre reflected the important need for such services by developing countries. Several delegations stated that their Governments had been beneficiaries of the Centre's technical co-operation services, which enabled them to attest to the quality and promptness of the Centre's technical co-operation services.

65. Many delegations expressed the hope that the Centre's technical co-operation activities would continue to grow rapidly. A number of delegations stressed the importance of training workshops as a means of enhancing the self-reliant

capabilities of developing countries. A number of delegations stated that the Centre's technical co-operation programme should give greater emphasis to institution-building by assisting existing regional and national institutions in developing teaching and training programmes on matters related to transnational corporations and by assisting in strengthening the teaching and training staff of these institutions. Several delegations also stressed the usefulness of the round tables being organized by the Centre.

66. Many delegations stressed the importance of the advisory services being provided by the Centre to assist Governments on matters related to legislation, regulations and related arrangements and procedures, as well as in advising on arrangements with transnational corporations. A few delegations identified specific areas where such advisory services could be of particular use to their respective Governments. Some delegations referred to the importance of the Centre's not becoming directly involved in negotiations between host countries and transnational corporations.

67. Many delegations stressed that the fullest use should be made of experts coming from developing countries. Some delegations stressed the usefulness of including experts from transnational corporations as consultants and lecturers in training workshops organized by the Centre.

68. A number of delegations expressed their appreciation of the evaluation section of the report and urged the Centre to continue that self-critical approach to its work.

69. Some delegations stated that in its report to the Commission the Centre should provide more information on the consultants it had engaged to assist it in carrying out its technical co-operation activities, as well as on the allocation of its financial resources. Some delegations also stated that they wished the Centre to provide more information on the documentation used in training workshops, including the nature and content of the advice provided.

70. Many delegations stated that the co-operative links between the Centre and other United Nations organizations and agencies, and with the Joint Units, should continue to be strengthened. Other delegations urged the Centre also to enter into co-operative programmes with such institutions as the regional development banks as a way of conserving its resources.

71. A number of delegations urged the Centre to improve the geographical balance of its advisory services programmes. Some delegations stressed that, without prejudice to the needs of all developing countries, particular attention should be given to the needs of the least developed among the developing countries.

72. Many delegations expressed their concern lest the resources available to the Centre for technical co-operation become insufficient, given the rapid increase in demand. They expressed the hope that a growing number of Governments would make voluntary contributions. Some delegations also expressed the hope that beneficiary

Governments would give serious consideration to helping to defray the costs of the services being provided to them by covering some of the costs from funds available to them.

73. Most delegations welcomed the strengthening collaborative relationship between the Centre and UNDP and expressed their satisfaction that the Centre had been authorized to administer and implement UNDP-financed projects coming within its mandate. They expressed the hope that it would result in the increasing availability of UNDP funds for financing the Centre's technical co-operation activities.

74. The delegations of the Federal Republic of Germany, the Netherlands, Sweden and Switzerland informed the Commission that their Governments would contribute to the Centre's Trust Fund for Technical Co-operation. The delegations of Finland and Italy informed the Commission that their Governments were also considering making such a contribution to the Trust Fund.

75. The Associate Director in charge of the Centre's advisory and training services expressed the Centre's gratitude for the valuable comments and suggestions made by delegations in the course of the discussion of this item and stated that they would prove most useful in the continuous efforts of the Centre to improve its technical co-operation services. He then replied to a number of questions raised during the debate.

#### Action by the Commission

76. The Commission took note with appreciation of the report of the Centre on its technical co-operation programme on matters related to transnational corporations (E/C.10/65), as well as of the introductory remarks by the Executive Director.

77. The Commission reaffirmed the great importance it attaches to the Centre's technical co-operation programme especially in connexion with the least developed of the developing countries, and stressed that the growing number of requests received by the Centre reflected the need by developing countries for technical co-operation to strengthen their capability of dealing with matters related to transnational corporations. The Commission commended the Centre on the manner in which it had carried out its work.

78. The Commission requested the Centre to continue to strengthen its co-operative arrangements with the Joint Units as well as with other United Nations organizations and agencies.

79. The Commission stressed that full use should be made of experts with extensive experience, especially from developing countries.

80. The Commission welcomed the close links being developed between the Centre and UNDP, whereby the Centre had been authorized to administer and implement UNDP-financed projects on matters related to transnational corporations. The Commission expressed its strong hope that, as a result, a rapidly growing number of projects carried out by the Centre would be financed from UNDP funds.

81. The Commission expressed its appreciation to the Governments of the Federal Republic of Germany, the Netherlands, Norway, Sweden and Switzerland for making voluntary contributions to the Centre's technical co-operation programme. It reaffirmed the vital importance of voluntary contributions for that purpose. The Commission also expressed the hope that recipient Governments would make every effort to help defray part of the cost of the services being provided to them by the Centre.

82. The Commission requested the Centre to submit to the Commission at its seventh session a report on its technical co-operation activities, including the results of the evaluation of its activities.

## VII. STUDIES ON THE EFFECTS OF THE OPERATIONS AND PRACTICES OF TRANSNATIONAL CORPORATIONS

### (a) Activities of transnational corporations in southern Africa and their collaboration with the racist minority régimes in that area

83. The Commission considered agenda item 8 (a) at its 83rd and 85th meetings. It had before it a report of the Secretariat entitled "In-depth analysis of the role of transnational corporations in the industrial, military and nuclear sectors of South Africa" (E/C.10/66). The Executive Director of the Centre, in introducing the report, pointed out that its first part dealt with the role of transnational corporations in the supply of capital and technology for the industrial, military and nuclear sectors of South Africa particularly in the electronic and computer, automobile, energy, oil and nuclear industries, and the second part dealt with the role of transnational corporations as employers of Africans and their trade union recognition practices, to a large extent on the basis of answers by corporations operating in South Africa. He noted that the supply of capital and technology by transnational corporations to the capital-intensive economy of South Africa continued to constitute an important input to the country's expanding military and repressive capability and that transnational corporations held influential positions in the critical industries of South Africa, such as electronics and computer technology, the automotive industry and energy. He also noted that the progress made in the area of trade union recognition was not encouraging.

84. Most delegations thanked the Executive Director for his introductory remarks and expressed their appreciation of the report of the Centre, which they found to be valuable and informative. They noted that the report underlined in a lucid way the fact that transnational corporations continued providing capital and critical technology to South Africa, which strengthened the military capability of the racist minority régime, and that they took full advantage of its oppressive labour policies. Many delegations deplored the manoeuvres of the racist minority régime of South Africa and transnational corporations operating in South Africa and Namibia to weaken the existing African trade unions movement through the establishment of so-called parallel trade unions and the harassment and persecution of officials of independent African trade unions. Those delegations emphasized

that heavy responsibilities were to be borne by all those concerned by the contribution that transnational corporations made to the nuclear capability of South Africa. They further stressed that transnational corporations collaborated with the régime in maintaining a system that had been characterized by the international community as a crime against humanity. They expressed their concern about the continued foreign economic ties between some of the developed countries with the racist minority régime of South Africa. Expressing their appreciation of the policies of two industrial countries that placed restrictions on the investments by their transnational corporations in South Africa, they called on other developed countries to use all means at their disposal to ensure a halt in the collaboration of their transnational corporations with the régime in South Africa and Namibia. They emphasized the need for the code of conduct to include provisions regarding the activities of transnational corporations in South Africa and Namibia and their collaboration with the apartheid régime. They also called on all delegations to support a draft resolution on the activities of transnational corporations in southern Africa and requested that the Centre continue its useful work on that problem. In that regard, one délegation suggested that the Centre could examine in the future, as indicated by the Executive Director, instruments being used by home countries in monitoring the activities of their transnational corporations in southern Africa and the effectiveness of those instruments.

85. Many delegations recalled their firm commitment to the abolition of the system of apartheid by peaceful means. Those delegations noted the various measures towards that end that the Governments had taken, not all of which were adequately reflected in the Centre's report. Those measures included the prohibition of new investments in South Africa, the monitoring of existing investments, the implementation of United Nations sanctions, the recalling of commercial officers, the denial of export credits or investment insurance, and government sponsorship of codes of conduct, or support of private sector codes, productive of fair and equal employment practices. One such delegation stated, however, that in the light of recent events time was running out for possibilities of peaceful change. That delegation, whose Government had taken the step of banning new investment flows and whose Parliament had requested an examination of further possible steps in the same direction, urged early Security Council action on economic sanctions and effective measures by major capital exporting countries. The same delegations all stated that, although they shared the underlying concerns of the resolution before the Commission under the item, they would have to abstain on or vote against it because of their differing views on the content and the lack of competence of the Commission or the Economic and Social Council to call for the contemplated measures, which properly constituted sanctions within the exclusive competence of the Security Council.

86. Other delegations voiced their indignation at the ongoing collaboration of transnational corporations with the racist minority régime of South Africa and their concern about the nuclear build-up of that country, carried out with the assistance of transnational corporations which could result in a serious threat to world peace. They stressed that the collaboration of transnational corporations with the racist minority régime which is detrimental to the oppressed peoples in South Africa and Namibia is still continuing and intensifying since countries in which transnational corporations are based have not taken effective measures for the



termination of this collaboration. They supported the draft resolution on activities of transnational corporations in southern Africa and stressed the need for provisions in the code of conduct directed to the termination of the collaboration of transnational corporations with the racist minority régime in South Africa. These delegations felt that the report of the Secretariat should have been more specific and more precise in its conclusions.

#### Action by the Commission

87. At the 83rd meeting, the representative of India, on behalf of the Group of 77, introduced a draft resolution (E/C.10/L.37/Rev.1), entitled "Activities of transnational corporations in southern Africa and their collaboration with the racist minority régimes in that area".

88. At the 86th meeting, the Commission adopted the draft resolution by a roll-call vote of 23 to 5, with 5 abstentions (for the text, see chap. I above, draft resolution I). The voting was as follows:

In favour: Algeria, Argentina, Brazil, Colombia, German Democratic Republic, Ghana, India, Iraq, Ivory Coast, Jamaica, Kenya, Mexico, Nigeria, Pakistan, Panama, Peru, Poland, Romania, Thailand, Turkey, Uganda, Union of Soviet Socialist Republics, Yugoslavia.

Against: France, Germany, Federal Republic of, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstentions: Canada, Italy, Japan, Netherlands, Sweden.

#### (b) Other studies

#### (c) Topics for future research

89. The Commission considered agenda items 8 (b) and (c) together, at its 86th and 87th meetings on 2 July 1980. The Executive Director introduced the reports of the Secretariat entitled "Transnational banks: operations, strategies and their effects in developing countries" (E/C.10/67), "Transnational corporations in international tourism" (E/C.10/68), "Transnational reinsurance operations" (E/C.10/69), "Transnational corporations in food and beverage processing" (E/C.10/70 and Corr.1), "Transnational corporation linkages in developing countries: a case of backward linkages via subcontracting" (E/C.10/71), and "Research: ongoing and future work" (E/C.10/72). He said that those reports, which represented the largest research output of the Centre since its creation, were based for the most part on field work and were intended to provide useful policy conclusions.

90. The Executive Director noted that the report on the operations and strategies of transnational banks, which constituted the first comprehensive study on the subject, described the structural activities of the major transnational banks

and examined their international as well as their local operations in developing countries. The report on transnational corporations in tourism focused on hotels, airlines and tour operators, analysing their interrelationship and their effects on the tourism industry of host countries, particularly the developing countries. The report on transnational reinsurance examined the global structure of the industry and the implications of the dependence of developing countries on foreign reinsurers. The report on food and beverage processing, which was also the first study of its kind, examined over 200 major transnational corporations in the sector in terms of their role at the global level and in developing countries, analysed the structure of growth of the industry and its implications for the objectives of developing countries in that area. The report on linkages, using the automotive industry as an example, examined the ways in which transnational corporations could, through subcontracting stimulate local enterprises in developing countries.

91. Turning to the future research programme of the Centre, the Executive Director noted that, according to the over-all priorities set by the Commission at its fifth session, it reflected the need to support the formulation of the code of conduct and strengthen the negotiating capacities of host countries.

92. Delegations expressed their appreciation of the introductory remarks of the Executive Director and most of them commended the Centre on the quality and usefulness of its research work. It was noted in particular by most delegations that many research studies filled a vacuum in available literature and provided useful conclusions for policy-makers in developing countries, and that the research programme of the Centre constituted one of its most important activities.

93. Several delegations considered that the studies on transnational banks and reinsurance provided valuable insights into the operations and effects of transnational corporations in this field, and that the study on food and beverage processing dealt competently with an area of essential importance to developing countries. Some delegations pointed out that the studies on banks, reinsurance and tourism constituted pioneering work, and expressed their satisfaction with the modalities adopted by the Centre in checking the accuracy of data; they encouraged the Centre to continue in the same way, particularly by studying in depth the impact of transnational corporations in areas of interest to a large number of developing countries, for example, agro-industry and food marketing, transport and shipping, computers and related services, as well as others suggested by the Centre in its report on future research.

94. Some other delegations, while noting that the quality of the studies of the Centre was constantly improving, felt that, in order to secure greater accuracy the Centre should expose drafts of reports to outside experts and practitioners while preserving the prerogative of the Centre to have the final responsibility for the findings. Those delegations noted that the high quality of some reports was perhaps due in part to the fact that the Centre had consulted the industry concerned before publishing the study. Some of those delegations also objected to the fact that the Centre in its study on banks did not adequately encompass State-owned banking institutions, in particular those of Eastern Europe, as their activities were no different from those of privately-owned banks, and that

the report did not deal adequately with the recycling of capital from surplus countries. Other delegations stated, however, that they strongly opposed any inclusion of enterprises of their countries in the research and information activities of the Centre, since that would put enterprises of their countries on an equal footing with transnational corporations. Several delegations said that in the light of the time constraints of the Commission, they were planning to submit written comments on factual points, which they expected would be taken into account by the Centre in the publication of the final sales documents.

95. Regarding future research, a few delegations proposed that the Centre should also deal with the training policies of transnational corporations and forward linkages, examining in particular in that context research and development. Some delegations were of the opinion that the Centre should exercise selectivity in the scope and volume of its research work, in the interests of maintaining quality and avoiding duplication of publicly available documentation, and should present a paper on its programme of future research suggesting clear priorities on the basis of the general guidance provided by the Commission.

96. Another delegation suggested that the Centre should avoid taking too broad an approach in examining particular sectors and that it should instead study the role of transnational corporations in the arms race and in the petroleum industry. Some delegations reiterated that increased attention should be paid to the social and political impact of transnational corporations in host countries.

97. The Deputy Executive Director/Director of the Policy Analysis Division, replying to comments and questions by delegations, pointed out that the Centre, in its efforts to ensure the accuracy of the data used in its research studies, had actually exceeded usual United Nations practice by holding informal discussions on preliminary drafts of the reports with practitioners and experts in each field. The methodology and analysis of the findings were, of course, the responsibility of the Centre, which, conscious of the need to base its conclusions on accurate data, was employing all appropriate means for that purpose. As to specific corrections to the unedited copies of the sales documents, he stated that all corrections received by the Centre before 31 August 1980 would be taken into account in the edited versions prior to their release and that the Centre would continue in the future to make all efforts to ensure that accuracy of data. As to the definition of transnational banks used in the report on this subject, he explained that, since the Commission had not concluded its work on definitions, the Centre had to use appropriate operational definitions for specific purposes, and that they had been clearly mentioned.

#### Action by the Commission

98. The Commission:

(a) Took note with appreciation of the research work of the Centre and the reports submitted to it, as well as the usefulness of the continuing publication of the CTC Reporter;

(b) Commended the efforts made by the Centre to ensure the accuracy and usefulness of its research and encouraged the Centre to continue these efforts;

(c) Reiterated the importance it attached to research on the economic, political, social and legal effects of the activities of transnational corporations in home and host, particularly developing, countries and reaffirmed that the research should be action-oriented and contribute to the work on the formulation of a code of conduct and to the strengthening of the negotiating capacity of host, particularly developing, countries;

(d) Requested the Centre to continue its useful research work as suggested in the report of the Secretariat on ongoing and future research (E/C.10/72), noting the discussion held in the Commission regarding topics and the priorities to be assigned to projects.

## VIII. WORK RELATED TO THE DEFINITION OF TRANSNATIONAL CORPORATIONS

99. The Commission considered agenda item 9 at its 78th and 79th meetings, on 25 and 26 June 1980. It had before it the report of the Intergovernmental Working Group on a Code of Conduct on its eighth, ninth and tenth sessions (E/C.10/62), and it heard introductory remarks by the Executive Director of the Centre, which were distributed in a written form. Reference was also made by the Chairman to two working papers of the Intergovernmental Working Group on a Code of Conduct: Working Paper No. 11, "Key elements regarding the term 'transnational corporation'", and Working Paper No. 13, "Elaboration of key elements regarding the term 'transnational corporation'".

100. Delegations agreed on the importance of reaching a definition of the term "transnational corporation" for the purposes of the work of the Commission and for the formulation of the code of conduct. Several delegations felt that the definition should be precise and specific for the purpose of the code. Some delegations felt that the definitions agreed upon in the International Labour Organisation and the United Nations Conference on Trade and Development were appropriate also for the work of the Commission. Others were of the view that those definitions should not be automatically adopted by the Commission, in view of the comprehensive nature of the Commission's work, including the elaboration of the code. However, it was suggested by most delegations that the Commission, especially for the purposes of the code, needed a descriptive rather than a precise and detailed definition.

101. All the delegations agreed that the three elements presented in paragraph 12 of Working Paper No. 13, prepared by the Centre, were basic for the definition of the term "transnational corporation", namely, that a transnational corporation was a commercial enterprise comprising economic entities, which operated: (a) in two or more countries, regardless of the legal forms of the entities or the sector of operation; (b) under a system of decision-making based upon effective control by one or more decision-making centres over the entities leading to coherent or common policies which may reflect a global strategy, which influence might be exercised by way of ownership or other links between the entities; and (c) through the sharing of information, resources and responsibilities among the entities.

102. Most delegations emphasized that those three elements were sufficient for the definition of a transnational corporation and that other elements, such as size, nature of ownership or motivation, were irrelevant. According to many delegations, the definition should apply to private, mixed and public corporations.

103. Other delegations stressed the view that the definition should not apply to State-owned enterprises, which were already under the effective control of Governments and competent national authorities. Those and other delegations emphasized that the definition should include additional elements to reflect the circumstances that had led to the mandate for the formulation of the code of conduct and that the definition should include the element of profit motivation.

104. With regard to the element of size, some delegations were of the view that size could be relevant to the scope of application of certain provisions of the code. For example, it might not be feasible to require small corporations to comply fully with the code's requirements as to disclosure of information.

105. Some delegations felt that the definition should not cover enterprises and other business entities established by intergovernmental agreement including enterprises that operated within the framework of co-operation or regional schemes established among developing countries. A few others thought that some corporations established under bilateral or multilateral arrangements could be covered by the definition, provided that they operated on the same commercial lines as corporations established under national laws. One delegation felt that joint ventures in which one of the partners was a State enterprise should not be covered.

#### Action by the Commission

106. The Commission:

(a) Took note of the report of the Intergovernmental Working Group on a Code of Conduct (E/C.10/62) and the introductory remarks of the Executive Director of the Centre on Transnational Corporations;

(b) Accepted the three elements referred to in paragraph 101 above as basic for the definition of a transnational corporation;

(c) Decided that further work should be done by the Intergovernmental Working Group on a Code of Conduct towards a possible elaboration of the definition in the context of the code of conduct in the light of the above discussion.

#### IX. WORK RELATED TO THE ELABORATION OF AN INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS

107. The Commission took up agenda item 10 at its 88th meeting.

108. The Executive Director of the Centre on Transnational Corporations reported to the Commission on the status of the work related to the elaboration of an international agreement on illicit payments.

109. The Commission took note of the statement of the Executive Director but did not discuss the item, as it was being dealt with in another forum, which, in view of the great importance of the subject of illicit payments, would take early action on the matter within the framework of the United Nations.

X. THE QUESTION OF EXPERT ADVISERS

110. The Commission considered agenda item 13 at its 91st meeting. It had before it a note by the Secretariat on the question of expert advisers (E/C.10/73 and Add.1 and 2).

111. The Chairman of the Commission made a statement in which he summarized conclusions of the informal consultations held on the item.

Action by the Commission

112. On the basis of the Chairman's statement, the Commission:

(a) Decided that each expert adviser would be selected for a two-year term and was eligible for re-election for one additional two-year term only;

(b) Decided that the eight expert advisers who had served previously would not be eligible for re-election at the end of their two-year term in 1982;

(c) Agreed that any expert adviser who failed to attend two sessions of the Commission on Transnational Corporations or its Intergovernmental Working Group on a Code of Conduct would be considered to have resigned;

(d) Agreed to maintain the modalities for the participation of the expert advisers as decided at its resumed second session in March 1977; 9/

(e) Decided not to adopt, at least for the time being, the concept of alternate expert advisers;

(f) Agreed that one of the expert advisers would voluntarily resign, the resignation to take effect at the conclusion of the seventh session of the Commission, and would be replaced by an expert adviser with trade union background from the World Federation of Trade Unions;

(g) Selected the following expert advisers:

Mr. Michael A. AJOMO (Nigeria)	Associate Professor of Law (Reader) and Head, Department of Jurisprudence and International Law, Faculty of Law, University of Lagos
	Transactions Adviser to the Government on Law of the Sea, Oil and Gas Matters

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9/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 5 (E/5986), para. 5.

Mr. J. D. AKUMU (Kenya)	General Secretary, Organization of African Trade Union Unity
Mr. S. BABAR ALI (Pakistan)	Chairman, Milkpak, Ltd. Director, Pakistan Tourism Development Corporation Member, Syndicate University of the Punjab
Mr. José A. ENCINAS DEL PANDO (Peru)	Head, Economics Department, University of Lima Director, Centre for Economic and Social Research, University of Lima Founder and Chairman of the Board of Tecno Peru Consult
Mr. Aloysio de ANDRADE FARIA (Brazil)	President and Member, Board of Directors, Banco Real S.A. (formerly Banco da Lavoura)
Mr. Johan M. GOUDSWAARD (Netherlands)	Member, Board of Unilever, N.V., Vice-Chairman, Unilever, N.V., Member, Foundation for Business Education (Rotterdam)
Ms. Elizabeth JAGER (United States of America)	Economist, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
Professor Kiyoshi KOJIMA (Japan)	Professor, Faculty of Economics, Hitotsubashi University
Mr. David LEA (United Kingdom)	Assistant General Secretary Trades Union Congress Member, United Kingdom Royal Commission on Distribution of Income and Wealth Member, United Kingdom Energy Commission
Mr. Carlos Omar NAVARRO CARRASCO (Venezuela)	Co-ordinator, Labour Studies Montral, Caracas
Mr. Samuel PAUL (India)	Professor, Indian Institute of Management, Ahmedabad Visiting Professor, Kennedy School of Government, Harvard University
Mr. Gianandrea SANDRI (Italy)	Researcher, Italian Institute of International Affairs



Mr. Bogdan SOSNOWSKI (Poland)	Counsellor for the Minister for Foreign Trade and Maritime Economy Assistant Professor and Chief Co-ordinator of Research Projects on Transnational Corporations, Central School of Planning and Statistics
Mr. Gerd TACKE (Federal Republic of Germany)	Member of the Board, Siemens A.G. Member of supervisory boards, August Thyssen-Hütte A.G. and Deutsche Messe und Ausstellungen A.G. Chairman of the Board, Institut für Wirtschaftsforschung
Mr. Brank VUKMIR (Yugoslavia)	General Counsel and Senior Legal Adviser, INGRA - Business Association, Zagreb
Mr. Ralph WELLER (United States of America)	Chairman of the Board and Chief Executive Officer, Otis Elevator Co. Chairman, Task Force on Codes of Conduct, State Department Advisory Committee to the Organisation for Economic Co-operation and Development (OECD) Director, Chamber of Commerce of the United States of America

XI. ISSUES ARISING FROM DECISIONS TAKEN BY THE GENERAL ASSEMBLY  
AND THE ECONOMIC AND SOCIAL COUNCIL

113. The Commission took up agenda item 12 at its 80th to 83rd meetings, on 26 June to 1 July 1980. It had before it the report by the United Nations Centre on Transnational Corporations entitled "Progress made towards the establishment of the new international economic order: the role of transnational corporations" (E/C.10/74 and Corr. 1) and it also heard introductory remarks by the Executive Director of the Centre. He stated, inter alia, that the report had been prepared in order to facilitate the discussions on agenda item 12 and that the task of drawing conclusions had deliberately been left to the Commission.

114. Most delegations complimented the Centre on the report, which was considered valuable and of high quality and balance, while other delegations found it to be useful, and felt that it shed light on some very complex and delicate problems and afforded an opportunity to reach some conclusions. All delegations felt that the report would serve as a useful basis for discussion.

115. Some delegations, however, expressed their disappointment that the report, even though providing a good analysis, stopped short of drawing precise conclusions. Some other delegations thought that the paper did not deal fully with the problems and the scope of the analysis and that the conclusions were too limited and dealt only with the concept of self-reliance. Others thought that the approach the Centre had taken was appropriate, since the drawing of conclusions was the task of the Commission. Many delegations expressed their concern at the slow progress made by transnational corporations in the implementation of the new international economic order. Some expressed the view that there was no fundamental or significant change in the behaviour of transnational corporations vis-à-vis developing countries. They also emphasized the importance of the code of conduct as the main instrument for the implementation of the new international economic order with respect to transnational corporations. Other delegations pointed out that transnational corporations were adapting to the aspirations of developing countries, but that the enhancement of the contribution of transnational corporations to the new international economic order, which was gradually being established, should be seen against the current unfavourable world economic conditions and in the light of the nature and purpose of their business operations. Thus, transnational corporations could not be expected to have the primary responsibility for development, that being the task of Governments. They added that the concept of self-reliance must be seen in the context of growing world economic interdependence.

116. Some delegations felt that the report should have given more weight to such topics as the role of transnational corporations in the transfer of technology, transfer pricing practices by transnational corporations, tax evasion by transnational corporations and the impact of transnational corporations with oligopolistic market powers. Some other delegations added that the report had to be analysed to show whether the rules and principles included in the relevant United Nations General Assembly resolutions had been implemented. Some also

stated that more attention should in general have been paid to the obstacles created by transnational corporations that impeded the implementation of the new international economic order, as well as the obstacles found in the elaboration of the code of conduct. Other delegations expressed doubts as to whether the report responded fully to the request of the General Assembly.

117. Some other delegations noted that one of the conclusions that could be drawn from the report was the need to strengthen the indigenous capacity of developing countries in the areas of finance, technology, marketing and production, as well as their ability to regulate and accordingly monitor the activities of transnational corporations. Other delegations proposed, that in the light of the uneven distribution of non-concessional flows to developing countries, the poorer countries received a disproportionately low share and that ways and means should be explored to reverse that trend.

118. Some delegations noted that one of the conclusions that could be drawn contradictory requirements by home countries on the one hand, and host countries on the other, and considered that this fact should be taken into account in the work on the formulation of the code of conduct and in the work of the Centre.

119. Other delegations expressed the view that the report by the Secretariat concentrates on state regulations of the activities of transnational corporations, and does not pay sufficient attention to the possible role of a reinforced national private sector and the need for open markets so as to enhance competition among transnational corporations and thereby increase the negotiating capacity of developing countries with respect to transnational corporations.

120. Some delegations made references to the report of the Brandt Commission, which, according to them made a valuable contribution to the North-South dialogue. Others noted that large investment will be needed in order to promote developing countries industrialization goal, including the goal of the Lima Declaration and Programme of Action, and in this context, stressed that positive and stable investment conditions based on mutual confidence and benefit were needed in order to encourage foreign direct investment by transnational corporations. These delegations felt that this was an important theme for the work of the Commission and the code of conduct.

#### Action by the Commission

121. The Commission:

(a) Took note of the report by the Secretariat entitled "Progress made towards the establishment of the new international economic order: the role of transnational corporations" (E/C.10/74 and Corr.1) and of the introductory remarks by the Executive Director of the United Nations Centre on Transnational Corporations;

(b) Decided to transmit the report to the Economic and Social Council with the recommendation that it and the report on the current session of the Commission

should be further transmitted to the General Assembly at its eleventh special session;

(c) Adopted a draft resolution entitled "Progress made towards the establishment of the new international economic order and obstacles that impede it: the role of transnational corporations", submitted by the Chairman as a result of informal consultations on the item (for the text, see chap. I above, draft resolution II).

## XII. DRAFT PROVISIONAL AGENDA FOR THE SEVENTH SESSION OF THE COMMISSION

122. The Commission considered item 13 of the agenda at its 88th meeting on 3 July.

123. It had before it a draft provisional agenda for the seventh session of the Commission (E/C.10/L.39), prepared by the Secretariat in accordance with Economic and Social Council resolution 1979/41.

### Action by the Commission

124. At the same meeting, the Commission adopted the draft provisional agenda and list of documentation for the seventh session (for the text of the draft decision, see chap. I above, draft decision I).

## XIII. ORGANIZATION OF THE SESSION

### Opening and duration of the session

125. The Commission on Transnational Corporations held its sixth session at Mexico City, from 23 June to 4 July 1980. The Commission held 18 meetings (73rd to 91st).

126. The session was opened by the temporary Chairman, Mr. Horst Heininger (German Democratic Republic).

127. Mr. David Ibarra Muñoz, Minister of Finance of Mexico, addressed the Commission.

128. The Director-General for Development and International Economic Co-operation also addressed the Commission.

### Membership and attendance

129. The following States are members of the Commission: Algeria, Argentina, Benin, Brazil, Canada, Colombia, Cuba, Fiji, France, German Democratic Republic, Germany, Federal Republic of, Ghana, India, Iran, Iraq, Italy, Ivory Coast, Jamaica, Japan, Kenya, Mexico, Netherlands, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Romania, Somalia, Suriname, Swaziland, Sweden, Switzerland, Thailand, Tunisia, Turkey, Uganda, Union of Soviet Socialist Republics,

United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia, Zaire and Zambia.

130. All the members of the Commission were represented at the session except Benin, Fiji, Iran, the Philippines, Somalia, Suriname, Swaziland, Tunisia and Zaire.

131. The following expert advisers attended the session: Mr. James Dennis Akumu (Kenya), Mr. S. Babar Ali (Pakistan), Mr. Johan M. Goudswaard (Netherlands), Ms. Elizabeth Jager (United States of America), Mr. Gilbert E. Jones (United States of America), Mr. Kiyoshi Kojima (Japan), Mr. David Lea (United Kingdom of Great Britain and Northern Ireland), Sir Arthur Lewis (Saint Lucia), Mr. Samuel Paul (India), Mr. Gerd Tacke (Federal Republic of Germany).

132. The following States Members of the United Nations were represented by observers: Australia, China, Congo, Egypt, Finland and Norway.

133. The following United Nations bodies were represented: the Economic Commission for Europe, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Latin America, the Economic Commission for Western Asia, the United Nations Conference on Trade and Development and the United Nations Industrial Development Organization.

134. The following specialized agencies were represented: the Food and Agriculture Organization of the United Nations and the United Nations Educational, Scientific and Cultural Organization.

135. The following intergovernmental organizations were also represented: the European Economic Community and the Organisation for Economic Co-operation and Development.

136. The following non-governmental organizations in category I consultative status with the Economic and Social Council were represented: the International Chamber of Commerce, the International Organization of Consumers Unions, the International Organization of Employers and the World Federation of Trade Unions.

#### Election of officers

137. At its 73rd meeting, on 23 June 1980, the Commission elected by acclamation Mr. Bernardo Sepúlveda (Mexico) as Chairman, Mr. Horst Heininger (German Democratic Republic), Mr. Philippe Levy (Switzerland) and Mr. Syed Habeeb Husain (Pakistan) as Vice-Chairmen and Mr. Samuel O. Ogundare (Nigeria) as Rapporteur.

#### Adoption of the agenda

138. At its 74th meeting, on 23 June 1980, the Commission adopted the following agenda (E/C.10/60):

11. Opening of the session
2. Election of officers

3. Adoption of the agenda and organization of work
4. Report on the activities of the Centre on Transnational Corporations
5. Work related to the formulation of a code of conduct: report of the Intergovernmental Working Group on a Code of Conduct
6. Comprehensive information system:
  - (a) Progress report on the establishment of a comprehensive information system;
  - (b) International standards of accounting and reporting
7. Technical co-operation
8. Studies on the effects of the operations and practices of transnational corporations:
  - (a) Activities of transnational corporations in southern Africa and their collaboration with the racist minority régimes in that area;
  - (b) Other studies;
  - (c) Topics for future research
9. Work related to the definition of transnational corporations
10. Work related to the elaboration of an international agreement on illicit payments
11. The question of expert advisers
12. Issues arising from decisions taken by the General Assembly and the Economic and Social Council
13. Draft provisional agenda for the seventh session of the Commission
14. Adoption of the report of the Commission

#### Documentation

139. The documents that were before the Commission at its sixth session are listed in the annex to the present report.

#### XIV. ADOPTION OF THE REPORT OF THE COMMISSION

140. The Commission considered the draft report (A/C.10/L.36 and Add.1/Rev.1 - Add.11) at its 89th to 91st meetings. During the consideration of the draft report, various delegations made amendments to the draft report. At the 91st meeting, the Commission adopted the draft report as amended.

Annex

LIST OF DOCUMENTS BEFORE THE COMMISSION AT ITS SIXTH SESSION

<u>Document number</u>	<u>Agenda item</u>	<u>Title</u>
E/C.10/60	3	Provisional agenda
E/C.10/60/Add.1	3	Report on the state of preparedness of documentation for the session: note by the Secretariat
E/C.10/61	4	Report on the activities of the United Nations Centre on Transnational Corporations: report of the Secretary-General
E/C.10/62	5	Report of the Intergovernmental Working Group on a Code of Conduct on its eighth, ninth and tenth sessions
E/C.10/63	6 (a)	Progress report on the information system on transnational corporations: report of the Secretariat
E/C.10/64	6 (b)	Interim report of the <u>Ad Hoc</u> Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting
E/C.10/65	7	Programme of technical co-operation on matters related to transnational corporations: report of the Secretariat
E/C.10/66	8 (a)	In-depth analysis of the role of transnational corporations in the industrial, military and nuclear sectors of South Africa: report of the Secretariat
E/C.10/67	8 (b)	Transnational banks: operations, strategies and their effects in developing countries: report of the Secretariat

<u>Document number</u>	<u>Agenda item</u>	<u>Title</u>
E/C.10/68	8	Transnational corporations in international tourism: report of the Secretariat
E/C.10/69	8	Transnational reinsurance operations: report of the Secretariat
E/C.10/70 and Corr.1	8	Transnational corporations in food and beverage processing: report of the Secretariat
E/C.10/71	8 (b)	Studies on the effects of the operations and practices of transnational corporations - transnational corporation linkages in developing countries: the case of backward linkages via subcontracting: report of the Secretariat
E/C.10/72	8 (c)	Research: ongoing and future work: report of the Secretariat
E/C.10/73 and Add.1-3	11	The question of expert advisers: note by the Secretariat
E/C.10/74 and Corr.1	12	Progress made towards the establishment of the new international economic order: the role of transnational corporations: report of the Secretariat
E/C.10/L.36 and Add.1/Rev.1-Add.11	14	Draft report
E/C.10/L.37/Rev.1	8 (a)	Draft resolution
E/C.10/L.38	12	Draft resolution
E/C.10/L.39	13	Draft decision
E/C.10/INF.9		Note by the Secretariat
E/C.10/INF.10		List of participants





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