

COMMISSION ON TRANSNATIONAL CORPORATIONS

REPORT ON THE EIGHTH SESSION

(30 August-10 September 1982)

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ECONOMIC AND SOCIAL COUNCIL

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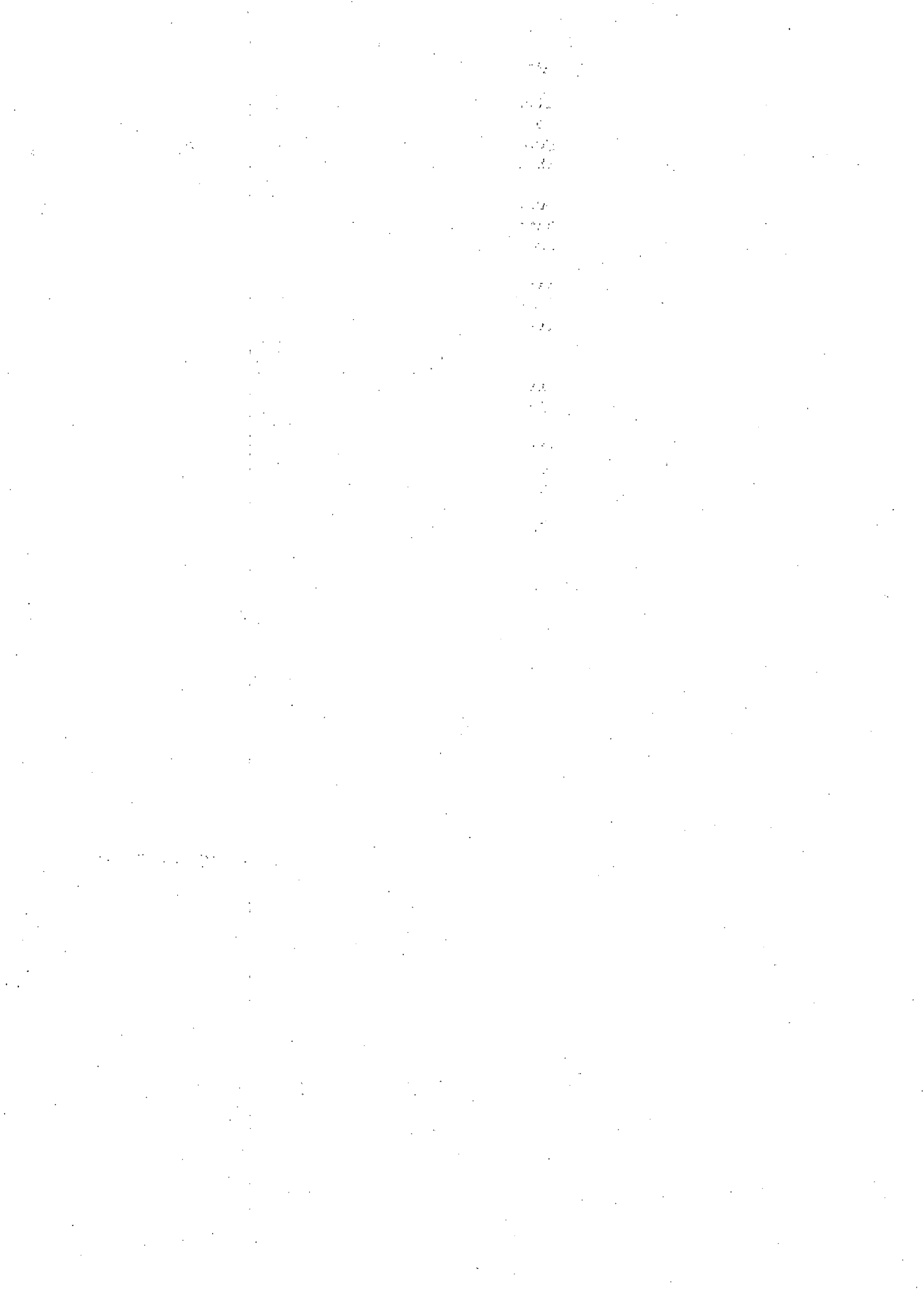
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I. ISSUES REQUIRING ACTION BY THE ECONOMIC AND SOCIAL COUNCIL

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

DRAFT RESOLUTION I

Establishment of an Intergovernmental Working Group of Experts
on International Standards of Accounting and Reporting

The Economic and Social Council,

Recalling its resolution 1979/44 of 11 May 1979,

Having considered the report of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, 1/

Acting upon the recommendation of the Commission on Transnational Corporations at its eighth session concerning the establishment of an Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

1. Recognizes that the standard-setting process for accounting and reporting is complex and takes place primarily at the national and sometimes regional levels and that the efforts of the United Nations should be oriented towards making a positive contribution to developments at these levels;

2. Agrees on the importance and desirability of achieving greater comparability as regards disclosure by transnational corporations through, inter alia, appropriate action within the United Nations;

3. Approves the report of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and commends the Group of Experts for its work;

4. Decides:

(a) To establish an Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting composed of thirty-four members;

(b) That, taking into account the different existing systems of accounting and reporting and without prejudice to the principle of equitable geographical distribution, the Group should be composed as follows:

Nine members from African States;

Seven members from Asian States;

Three members from Eastern European States;

Six members from Latin American States;

Nine members from Western European and other States;

(c) That the members of the Group shall be elected by the Council at its resumed second regular session of 1982; each State so elected shall appoint an expert with appropriate experience in the field of accounting and reporting;

(d) That the members shall be elected for a period of three years, but that, in the initial stage, the term of membership shall expire for half of the members after two years; members shall be eligible for re-election;

(e) That the Group should serve as an international body for the consideration of issues of accounting and reporting falling within the scope of the work of the Commission on Transnational Corporations in order to improve the availability and comparability of information disclosed by transnational corporations; the Group should review developments in this field including the work of standard-setting bodies; the Group should concentrate on establishing priorities, taking into account the needs of home and host countries, particularly those of developing countries;

(f) That the Group should take into account the work of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting as well as other relevant activities in the field; the Group should consult the international bodies which it deems appropriate on matters pertaining to the development of international standards of accounting and reporting; the Group should elicit views of other interested parties on specific issues on an ad hoc basis;

(g) That the Group should meet for a period of two weeks not more than once a year; the Group should report to the Commission on Transnational Corporations on further steps to be taken in pursuit of the long-term objective of international harmonization of accounting and reporting within the scope of work of the Commission, particularly with regard to the comprehensive information system and the code of conduct on transnational corporations currently being formulated, with the understanding that duplication of work should be avoided;

(h) That the Commission, at its annual session, shall keep under review the work of the Group and, in particular, shall review the mandate, terms of reference and achievements of the Group after three years, with a view to deciding on the advisability of its continuation;

(i) That, as directed by the Group, the United Nations Centre on Transnational Corporations, through appropriate arrangements, should provide the necessary preparations and services for the Group's work;

(j) To request the Secretary-General to facilitate, when necessary, the effective participation of members of the Group through payment of their travel and per diem expenses from extrabudgetary resources.

DRAFT RESOLUTION II

Arrangements for completing the formulation of a draft code of conduct on transnational corporations

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,

Reaffirming its resolutions 1908 (LVII) of 2 August 1974 and 1913 (LVII) of 5 December 1974, which established the Commission on Transnational Corporations and the United Nations Centre on Transnational Corporations and identified the principal tasks assigned to the Commission,

Reaffirming also its resolution 1980/60 of 24 July 1980, entitled "Progress made towards the establishment of the new international economic order and obstacles that impede it: the role of transnational corporations",

1. Reaffirms that it attaches the highest priority to the expeditious conclusion of a comprehensive and integrated code of conduct on transnational corporations that will be effective, generally accepted and universally adopted;
2. Takes note with appreciation of the work done by the Commission on Transnational Corporations and the Intergovernmental Working Group on a Code of Conduct and, in particular, of the results of that work as embodied in the report of the Intergovernmental Working Group on its fifteenth, sixteenth and seventeenth sessions; 2/
3. Decides that the Commission on Transnational Corporations shall hold a special session, of up to four weeks' duration, early in 1983 for the purpose of continuing and completing the formulation of the code of conduct;
4. Decides also that such work shall be based on the work done until the present time by the Commission and the Intergovernmental Working Group on a Code of Conduct as contained in the above-mentioned report of the Intergovernmental Working Group, on the understanding that the work of the Commission in special session will be pursued in those areas where no provisions have been finalized by the Intergovernmental Working Group, with priority to be given to the sections entitled: "Preamble and objectives"; "Definitions and scope of application"; "Activities of transnational corporations", including the question of southern Africa; and "Treatment of transnational corporations";
5. Decides further that the special session of the Commission on Transnational Corporations shall be open to the participation of all States;
6. Calls upon all States to be represented at the special session at the appropriate level in order to facilitate the finalization of the code of conduct;
7. Requests the United Nations Centre on Transnational Corporations to take steps to ensure that all States are provided with the necessary documentation in order to facilitate their participation in the special session;
8. Requests the Secretary-General to ensure that all necessary conference and other supporting facilities are made available for the special session of the Commission;

9. Requests the Commission on Transnational Corporations to submit the full and final draft Code of Conduct to the Economic and Social Council for its consideration and transmission to the General Assembly for its consideration and appropriate action at its thirty-eighth session.

DRAFT RESOLUTION III

Activities of transnational corporations in southern Africa
and their collaboration with the racist minority régime 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 General Assembly resolutions 35/206 F of 16 December 1980, entitled "Role of transnational corporations in South Africa", 35/227 A of 6 March 1981, entitled "Situation in Namibia resulting from the illegal occupation of the Territory by South Africa", 35/227 B of 6 March 1981, entitled "Intensification and co-ordination of United Nations action in support of Namibia", 36/172 B of 17 December 1981 which proclaimed 1982 as the International Year of Mobilization for Sanctions against South Africa, and 36/172 O of 17 December 1981, entitled "Investments in South Africa",

Reaffirming its previous resolutions on the activities of transnational corporations in southern Africa and their collaboration with the racist minority régime in that area,

Having considered the report of the Secretariat on the measures taken pursuant to Economic and Social Council resolution 1981/86 of 2 November 1981, 3/

Considering that the persistent operation of transnational corporations in Namibia in contravention of various United Nations resolutions continue to reinforce the illegal occupation of Namibia by South Africa and to pose a serious threat to the future political and economic independence of Namibia,

Considering also that the role of transnational corporations and transnational banks in the industrial and technological development of South Africa contributes to sustaining the racist minority régime of South Africa and its illegal occupation of Namibia,

Affirming the need for action at the international level by intergovernmental as well as non-governmental organizations in order to complement national measures,

1. Notes with satisfaction the report of the Secretariat on measures taken pursuant to Economic and Social Council resolution 1981/86 of 2 November 1981;

2. Expresses its appreciation to the Secretariat for its efforts to publicize Council resolution 1981/86 and for its elaborate recommendations as to the modalities for organizing the hearings on the activities of transnational corporations in South Africa and Namibia;
3. Commends those non-governmental organizations that have made efforts to combat apartheid and, in particular, to terminate bank loans and capital transfers to South Africa and calls upon such organizations to intensify their useful efforts in these areas;
4. Welcomes as a positive step the policies of some Government to bring an end to the activities of their transnational corporations in southern Africa;
5. Condemns the racist minority régime in South Africa for its perpetuation of the inhuman system of apartheid and the illegal occupation of Namibia;
6. Condemns those transnational corporations that collaborate with the racist minority régime in South Africa, and calls upon all transnational corporations to respect the various United Nations resolutions concerning southern Africa;
7. Calls upon all home countries of transnational corporations to take effective measures to terminate the collaboration of their transnational corporations with the racist minority régime in South Africa, to prevent further new investments and reinvestments and to bring about an immediate withdrawal of all existing investments in South Africa and Namibia;
8. Calls upon all countries concerned to re-examine their relations with the transnational corporations operating in their territories which collaborate with the racist minority régime in South Africa;
9. Calls upon all anti-apartheid movements, religious institutions and bodies, trade unions, universities and other institutions that are shareholders of transnational corporations operating in South Africa and Namibia to contribute to the efforts of the international community to eradicate apartheid by withdrawing their shareholdings in such transnational corporations;
10. Urges all transnational corporations to comply fully with the relevant United Nations resolutions by terminating all further investments in South Africa and Namibia and by ending their collaboration with the racist minority régime;
11. Further calls upon all States Members of the United Nations and all transnational corporations operating in South Africa and Namibia to co-operate with the Secretary-General and the Commission on Transnational Corporations in organizing public hearings on the activities of transnational corporations in South Africa and Namibia;
12. Reaffirms Security Council resolution 301 (1971) of 20 October 1971, which calls upon States to abstain from entering into economic relations with South Africa in respect of Namibia and declares that rights, titles or contracts granted to individuals or corporations by South Africa after the termination of the mandate are not subject to protection or espousal by their home States against the claims of a future lawful government of Namibia;

13. Reaffirms that the code of conduct on transnational corporations should include effective measures against the collaboration of transnational corporations with the racist minority régime in southern Africa;

14. Requests the Secretary-General:

(a) To intensify the useful work of the Secretariat in the collection and dissemination of information on the activities of transnational corporations in southern Africa;

(b) To make arrangements for the organization of public hearings, to be conducted by the Commission on Transnational Corporations, with the assistance of the United Nations Centre on Transnational Corporations, on the activities of transnational corporations in South Africa and Namibia, in accordance with the modalities and procedures to be prescribed by the Commission at its ninth session;

(c) To report to the Commission on Transnational Corporations at its ninth session on the measures taken in pursuance of the present resolution;

(d) To prepare a report on the policies and practices of transnational corporations regarding their activities in South Africa and Namibia for the consideration of the Commission on Transnational Corporations at its ninth session and to include as an annex to that report a list of transnational corporations which continue to operate in strategic sectors, including military and nuclear sectors, of the southern African economy in violation of United Nations resolutions, as well as those transnational corporations that have taken measures to terminate their activities in such sectors.

DRAFT RESOLUTION IV

Organization of public hearings on the activities of transnational corporations in South Africa and Namibia

The Economic and Social Council,

Recalling its resolutions on the activities of transnational corporations in southern Africa adopted on the recommendations of the Commission on Transnational Corporations at its third, fourth, fifth, sixth and seventh sessions, in particular resolution 1981/86 of 2 November 1981, which called for the organization of public hearings on the activities of transnational corporations in South Africa and Namibia,

Taking note with appreciation of the report of the Secretariat entitled "Measures taken pursuant to the resolution recommended by the Commission on Transnational Corporations at its seventh session and adopted by the Economic and Social Council", 4/

1. Decides that the organization of public hearings on the activities of transnational corporations in South Africa and Namibia pursuant to Economic and Social Council resolution 1981/86 shall be conducted by the Commission on Transnational Corporations at its tenth session, which shall, as necessary, be extended for a period of one week for this purpose;

2. Decides also that the public hearings shall deal with the operations of transnational corporations in South Africa and Namibia with a view to identifying concrete measures that could be taken by Governments, intergovernmental and non-governmental bodies to bring about the eradication of the system of apartheid, in particular:

(a) The extent to which such transnational corporations sustain the system of apartheid and the continued illegal occupation of Namibia by the racist minority régime of South Africa;

(b) The employment practices of transnational corporations and their socio-cultural impact;

(c) The implications of the activities of transnational corporations in the nuclear and military sectors of the South African economy;

3. Decides further to establish an ad hoc committee composed of five States, to be assisted by the United Nations Centre on Transnational Corporations, which would prepare and submit for adoption by the Commission on Transnational Corporations at its ninth session guidelines as to the:

(a) Procedures for the hearings;

(b) List of persons and organizations to be invited to the hearings;

(c) Documentation for the hearings;

(d) Such other matters as may be pertinent to the modalities for the public hearings;

4. Requests the ad hoc committee of five States to hold [one] [two] meeting(s) before the ninth session of the Commission in order to prepare the guidelines referred to in paragraph 3 above;

5. Invites the relevant United Nations bodies and specialized agencies that have done work on the subjects referred to in paragraph 2 above to submit documentation to the Commission at its tenth session in connection with the public hearings to be held by the Commission.

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

DRAFT DECISION I

Dates for the ninth session of the Commission on Transnational Corporations

The Economic and Social Council decides that the ninth session of the Commission on Transnational Corporations should be held in late August or early September 1983 instead of from 11 to 20 May 1983.

DRAFT DECISION II

Provisional agenda for the ninth session of the Commission on
Transnational Corporations

The Economic and Social Council decides to approve the provisional agenda and documentation for the ninth session of the Commission on Transnational Corporations set out below:

1. Recent developments related to transnational corporations and international economic relations

Documentation

Third integrated study on transnational corporations in world development

2. Activities of the United Nations Centre on Transnational Corporations:

(a) Activities of the United Nations Centre on Transnational Corporations

Documentation

Report of Secretary-General on the activities of the United Nations Centre on Transnational Corporations

Report on the activities of the joint units with the regional commissions

(b) Allocation of resources among the programme elements of the United Nations Centre on Transnational Corporations

Documentation

Note on the allocation of resources among the programme elements of the United Nations Centre on Transnational Corporations

3. Work related to the formulation of a code of conduct on transnational corporations

Documentation

Report on the status of discussions at the special session of the Commission

4. Comprehensive information system on transnational corporations

Documentation

Report on the comprehensive information system on transnational corporations

5. International standards of accounting and reporting

Documentation

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

6. Technical co-operation

Documentation

Report on the programme of technical co-operation

Report on the evaluation of completed technical co-operation projects

7. 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 régime in that area

Documentation

Report on the policies and practices of transnational corporations regarding their activities in South Africa and Namibia

Report on the modalities for public hearings on the activities of the transnational corporations in southern Africa

- (b) The role of transnational corporations in transborder data flows and their impact on home and host countries, particularly developing countries

Documentation

Progress report on transnational corporations and transborder data flows

- (c) Ongoing and future research

Documentation

Report on ongoing and future research

8. Work related to the definition of transnational corporations

Documentation

Report of the Secretariat

II. OPENING STATEMENTS

3. The eighth session of the Commission on Transnational Corporations was opened on 30 August 1982 by Mr. Nitish K. Sengupta (India), the outgoing Chairman. In his opening remarks, Mr. Sengupta noted that the session of the Commission was taking place at a crucial moment amid a general deterioration in the world economy. He referred to problems plaguing the international economic system, in particular the developing countries. He felt that transnational corporations had a significant role to play in the process of finding solutions to those problems. He stated that it was the task of the Commission to define that role more specifically; failure to achieve that task would reinforce the growing sense of disillusionment.

4. The Executive Director of the United Nations Centre on Transnational Corporations, Mr. Klaus A. Sahlgren, delivered a message to the Commission from the Secretary-General, Mr. Javier Pérez de Cuéllar. In his message, the Secretary-General extended his best wishes to the participants in the eighth session and expressed his gratitude to the people and Government of the Philippines for hosting the session. The Secretary-General emphasized the importance of the task that had been entrusted to the Commission in 1974 by the Economic and Social Council. He stated that in the present international economic situation, it was apparent that efforts had to be intensified with a view to achieving a New International Economic Order that responded to the needs of all countries. Through the work of the Commission, ways could be found through which transnational corporations could contribute more effectively to the goals of the international community. He wished the Commission success in its deliberations.

5. The keynote address was delivered by the Minister of Justice of the Philippines. He stated that the representatives of the States gathered at the eighth session represented a cross-section of developing and developed countries of the world. He considered that the session was significant as it reaffirmed the hope and concern of everyone for continuing the work being done on the wide range of issues relating to transnational corporations. He stated that there was a recognition of the positive contributions that transnational corporations could make to the development process of countries.

6. He further stated that while changes in the relationship between developed and developed countries had occurred, the patterns of interaction had not changed sufficiently. In his view, the Commission on Transnational Corporations was engaged in an important task by assisting countries in the formulation of clearly defined objectives and norms in the development of a capable administrative infrastructure and by providing countries with increased access to a broad range of relevant information. That work could strengthen developing countries in their dealings with issues related to transnational corporations.

III. RECENT DEVELOPMENTS RELATED TO TRANSNATIONAL CORPORATIONS AND INTERNATIONAL ECONOMIC RELATIONS

7. The Commission considered agenda item 4, entitled "Recent developments related to transnational corporations and international economic relations", at its 2nd to 5th meetings, on 30 and 31 August and 1 September 1982.

8. For its consideration of the item, the Commission had before it the report of the Secretariat on recent developments related to transnational corporations and international economic relations (E/C.10/1982/2).

9. At the 2nd meeting, on 30 August, the Executive Director of the United Nations Centre on Transnational Corporations made an introductory statement.

10. The Executive Director identified a number of issues that had to be addressed when considering the role of transnational corporations in the world economy, especially in the light of the persisting world economic crisis. Those issues included the role of transnational corporations in world trade, international monetary co-operation (including the role of transnational banks in the flow of resources to developing countries), commodities, food security and energy. He stated that the report of the Secretariat was meant to stimulate the discussion by providing basic quantitative and qualitative evidence of the changing nature, and the extent of the activities, of transnational corporations and of the evolution of government policies towards such corporations in recent years. In this context, he noted that the majority of the activities of transnational corporations (almost three quarters) continued to take place in developed market economies and that there had been considerable changes in the relative importance of individual economies as home and host countries. He stated that partly as a result of the latter development, a change had occurred in the relationships between transnational corporations and host developing country Governments. He further stated that many transnational corporations had modified their attitudes towards involvement in developing countries, while a number of those countries had shown an increased degree of pragmatism, flexibility and sophistication in their policies towards those corporations. The increased incidence of non-equity forms of participation by transnational corporations in developing countries was an expression of those changes. Nevertheless, he felt that a number of the apprehensions that had been expressed about transnational corporations remained valid and that the role of transnational corporations in the world economy and in the development process required continued attention.

11. All of the delegations that took part in the discussion expressed the view that the report was a useful basis for the discussion of recent developments related to transnational corporations and international economic relations; in particular, the usefulness of statistical information on trends in foreign direct investment was emphasized. Several delegations stated that they attached importance to the various issues raised in the report, such as the role of transnational corporations in the development process, the increasingly flexible and pragmatic attitude of a number of host countries vis-à-vis transnational corporations, the emergence of transnational corporations based in developing countries, the attention focused on non-equity forms of participation, the tendency of private capital flows to be concentrated in the more developed among the developing countries, the increased role of transnational corporations in the manufacturing sector, and capital inflows and outflows.

12. A number of delegations stressed such issues as the effects of transnational corporations on the world economic crisis, the general importance of private foreign direct investment for economic development, the role of transnational corporations in the transfer of technology and the importance of a favourable investment climate.

13. A number of delegations identified several issues that should be elaborated further or become the subject of analysis. Those issues on which there should be additional work (taking into account, where available, the findings of other institutions) included most importantly non-equity forms of arrangements, performance requirements, the importance of home-country policies and the role of transnational corporations in the development process and especially in the establishment of a New International Economic Order. Several delegations stressed that the work of the Commission and the Centre must include the activities of transnational corporations of the socialist countries of Eastern Europe. Other delegations strongly held the view that the socialist countries' enterprises could not be equated with transnational corporations whose activities gave rise to the mandate of the Commission.

14. Some delegations said that the report should have been more comprehensive in its analysis. They suggested that the topics to be discussed should include the role of transnational corporations in international economic relations (including, especially, international financial relations) and their negative impact on the economies of developing countries, the negative impact of transnational corporations on peace and security (including the arms race and the proliferation of nuclear military equipment in southern Africa), as well as their impact on social and political progress of developing countries (in particular, the transfer of polluting industries from developed countries).

15. Some delegations also noted the need for discussion of the role of transnational corporations in trade, the improvement of the conditions for investment, mechanisms for the settlement of international investment disputes, the problem of extra-territoriality and the positive role that transnational corporations played in economic development.

16. A few delegations suggested that additional work should be carried out on the role of transnational corporations in commodities and on the extent to which capital inflows were offset by profit repatriations.

17. All of the delegations that took part in the discussion felt that the item entitled "Recent development related to transnational corporations and international economic relations" should remain permanently on the Commission's agenda. It was suggested that the format of the report of the Secretariat should be maintained, that is it should continue to contain statistical material on trends in foreign direct investment and the transfer of technology, followed by discussion of selected topics.

Action taken by the Commission

18. The Commission:

(a) Took note with appreciation of the report of the Secretariat on recent developments related to transnational corporations and international economic

relations (E/C.10/1982/2) and the introductory statement made by the Executive director of the United Nations Centre on Transnational Corporations;

(b) Decided to retain the item entitled "Recent developments related to transnational corporations and international economic relations" as a regular item on the agenda of the Commission, taking into account the views of delegations concerning the nature of documentation for the item in the future;

(c) Decided also that the third comprehensive integrated study of transnational corporations in world development should constitute the documentation for the consideration of the item at its ninth session.

IV. ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

19. The Commission considered agenda item 5, entitled "Activities of the United Nations Centre on Transnational Corporations", at its 2nd, 3rd and 5th meetings, on 30 and 31 August and 1 September 1982.
20. For its consideration of the item, the Commission had before it the report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations (E/C.10/1982/3), the report of the Secretariat on the joint units established between the United Nations Centre on Transnational Corporations and the regional commissions (E/C.10/1982/4) and a note by the Secretariat entitled "Report on the financial implications of the United Nations Centre on Transnational Corporations programme elements for the year 1982", outlining the allocation of resources for the work programme of the Centre (E/1982/C.10/5).
21. At the 2nd meeting on 30 August, the Executive Director of the United Nations Centre on Transnational Corporations made an introductory statement.
22. All of the delegations that took part in the discussion complimented the Secretariat and the Executive Director of the Centre for the work done by the Centre in the areas mandated by the Commission, namely assistance to the Commission in the preparation of a code of conduct, research information and technical co-operation.
23. All delegations expressed their high appreciation of Mr. Klaus Sahlgren, the Executive Director of the United Nations Centre on Transnational Corporations, for his co-operation and contribution to the work of the Commission during the past seven years.
24. All delegations reaffirmed that they continued to attach the highest priority to the work on a code of conduct on transnational corporations, and expressed the hope that that work should be completed and the code adopted as quickly as possible.
25. Most delegations emphasized the usefulness of the research work done by the Centre. The view was expressed that the Centre's studies should continue to be objective and reliable and that the Centre should seek to co-ordinate its activities not only with other United Nations agencies and bodies, but also with other intergovernmental and non-governmental organizations. Some delegations underlined the importance of emphasizing quality rather than quantity in the studies carried out by the Centre. Some other delegations stated that the studies should cover all aspects of the mandate of the Commission, as contained in its approved programme of work, by dealing with the positive as well as the negative aspects of the operations of transnational corporations. A few delegations also stated that the studies prepared by the Centre should be less descriptive and more analytical. In general, various suggestions were made as to the topics that should be covered by the research carried out by the Centre, such as transnational corporations and the outflow of capital from developing countries, bilateral arrangements for the promotion and protection of private foreign investments, the role of transnational corporations in the production and trade of armaments and in the spread of nuclear military technology to the South African racist régime and the role of transnational corporations in the fishing and food industries.

26. One delegation stated that while it appreciated the case studies done on its country by the Centre and particularly by the Joint Unit with the Economic Commission for Latin America, in future its Government would like to have consultations before the initiation of any study on the country. That delegation noted that the purpose of such consultations would be to ensure that studies were carried out on subjects to which the Government attached priority and to avoid duplication of work already done.

27. With regard to the report on the financial implications of the Centre's programme elements (E/C.10/1982/5), delegations expressed general appreciation for the information which it provided on the allocation of resources. Some delegations stated that, in future, a more detailed breakdown of the allocations for particular projects should be provided. Some delegations emphasized that in view of the limited budgetary resources of the Centre, they should be spent wisely and should be focused on priority projects that were of primary interest to developing countries. A few delegations suggested that more of the Centre's resources should be devoted to programme elements such as studies of the negative impact of transnational corporations and the subject of transborder data flows. Some other delegations raised the question of whether or not the Centre was devoting a correct proportion of its budget to the corporate profiles; in this regard, questions were raised as to the necessity of the corporate profiles.

28. Delegations that spoke on the report of the Secretariat on the activities of the joint units with the regional commissions (E/C.10/1982/4) stated that the joint units were engaged in useful work on matters of interest to their respective regions. However, concern was expressed that the work being done by the joint units should be closely co-ordinated with that of the Centre and that its quality should also be kept at the same level. The need to establish more effective co-ordination arrangements was particularly emphasized. A few delegations stated that the quality of the joint units' work would be enhanced if they limited somewhat the number of studies undertaken.

29. A few delegations emphasized the continued need for the Centre to be objective and to pay attention to ensuring the quality of its work. It was felt that while the Centre might consult various parties, such consultations should only be for the purpose of verifying the factual accuracy of its information and should not lead to changes being introduced in the Centre's reports and information system.

Action taken by the Commission

30. The Commission:

(a) Took note with appreciation of the report of the Secretary-General on the activities of the United Nations Centre on Transnational Corporations (E/C.10/1982/3) and the reports of the Secretariat on the joint units established between the Centre and the regional commissions (E/C.10/1982/4) and the financial implications of the Centre's programme elements (E/C.10/1982/5);

(b) Requested the Centre to take into account the comments made during the discussion at its eighth session.

V. WORK RELATED TO THE FORMULATION OF A CODE OF CONDUCT

31. The Commission considered agenda item 6 entitled "Work related to the formulation of a code of conduct", at its 6th to 8th meetings, on 1 and 2 September 1982.

32. For its consideration of the item, the Commission had before it the report of the Intergovernmental Working Group on a Code of Conduct at its fifteenth, sixteenth and seventeenth sessions (E/C.10/1982/6). Statements on the item were also submitted by the International Confederation of Free Trade Unions (E/C.10/1982/NGO/1) and the International Organization of Consumers Unions (E/C.10/1982/NGO/3), non-governmental organizations in category I consultative status with the Economic and Social Council.

33. At the 6th meeting, on 1 September, the Chairman of the Inter-governmental Working Group on a Code of Conduct, Mr. Sten Niklasson (Sweden), made a statement in which he introduced the report of the Intergovernmental Working Group containing the text of the draft Code of Conduct prepared by the Group and presented the results of the work accomplished.

34. In his introductory remarks, the Chairman of the Working Group stated that the draft Code included 71 provisions out of which about two thirds had been fully agreed on without any brackets; more than half of the bracketed paragraphs contained brackets which could be removed without great effort, while in a number of paragraphs the brackets were consequential in the sense that they referred to problems that appeared in other parts of the Code; once these problems were resolved, those brackets could be eliminated. He stated that the areas of serious difficulty were few - approximately five or six; on those particular issues, however, the text did not always reflect the negotiation of compromise solutions. Although commanding wide support, agreement on those compromise solutions eluded the Group at the very last moment. Nevertheless, he felt that it was necessary to bear in mind that the Group was frequently closer to agreement than the text of the draft Code would suggest. He also felt that the reasons for attaching priority to the formulation of a Code of Conduct that had been enunciated by the Commission several years earlier were equally important today and that the decline of the global economy in the 1970s gave further impetus to the expedient completion of the Code.

35. All delegations expressed appreciation to the Chairman of the Working Group for the work accomplished. They felt that significant results had been achieved by the Working Group, even though it had not been possible to elaborate provisions on all parts of the Code or to resolve all areas of disagreement among delegations. Delegations emphasized the need to continue and to complete the work on the formulation of a Code of Conduct and to adopt the code as quickly as possible.

36. All delegations reaffirmed that that work had the highest priority among the various tasks of the Commission.

37. In their general remarks, some delegations pointed to the changes that were taking place in the international economic system, as outlined in the report of the Secretariat on recent developments related to transnational corporations and international economic relations (E/C.10/1982/2) and expressed the view that the code should be made to reflect adequately those changes: for example, the fact that some countries that had been predominantly home countries were now also major

host countries as well; also, some developing country enterprises were rapidly internationalizing their operations to the extent that a few of them could now be counted among the world's largest corporations. Some other delegations, however, stated that the relevant changes to be reflected in the code were those that affected the economic development of developing countries; in their view, the situation of most developing countries continued to deteriorate and such countries needed to be strengthened by an effective code in their dealings with transnational corporations.

38. There was general agreement that the code should respond to the needs of the international community and serve the development objectives of developing countries in particular. A few delegations stated that those objectives could best be attained if the code addressed itself to the negative aspects of the operations of transnational corporations. Those delegations also emphasized the importance that they attached to the general and fundamental principles upon which the code was based. They further stated that the code should not contain parallel obligations and rights for transnational corporations and Governments.

39. One delegation was of the view that in the interest of the developing countries, the aim of the code should be mainly the effective regulation and supervision of the operations of transnational corporations in developing countries.

40. Some other delegations stated that while they considered that significant results had been achieved by the Working Group and continued to support the work towards the adoption of the code, they were concerned that insufficient progress had been made in that part of the code dealing with definitions and government treatment of transnational corporations. In their view, the effectiveness of the code and their acceptance of it would depend on the extent to which it was balanced. They stated that in order to achieve such a code, solutions would have to be found on the question of definitions and certain substantive provisions on the treatment of transnational corporations. The legal nature of the code was another basic issue.

41. There was some discussion of the universal applicability of the code. Some delegations stated that it was necessary to underline that the code to be adopted must be universally applicable in all countries and to all types of enterprises. They felt that that was a decisive element for achieving an effective code. Since only a code applied to transnational corporations from all countries would be a meaningful instrument. A few delegations, however, stated that that type of formula had no basis in the resolutions agreed upon by the Commission that guided the work on the code. They stated that neither in theory nor in practice could the foreign economic operations of their enterprises have a negative effect on the world economy and, in particular, on developing countries.

42. Several delegations referred to some of the paragraphs on which various alternative proposals had been set forth by the Working Group and indicated their detailed preferences as to the manner in which compromise solutions could be reached.

43. Concerning future work on the code, delegations agreed that a special session of the Commission on Transnational Corporations, open to the participation of all States, should be convened early in 1983 in order to continue and to complete the work on the draft Code. It was generally emphasized by delegations that the work of the Commission in special session should proceed on the basis of results of the

work done by the Working Group. Regarding the interpretation of operative paragraph 3 of the draft resolution on arrangements for future work (E/C.10/1982/L.7), all members of the Commission were of the opinion that the special session of the Commission on Transnational Corporations, of a duration of up to four weeks, should be divided into two periods of no more than two weeks each.

Action taken by the Commission

44. At its 17th meeting, on 9 September 1982, the Commission had before it a draft resolution (E/C.10/1982/L.7), entitled "Arrangements for completing the formulation of a draft Code of Conduct on Transnational Corporations", submitted by the Bureau on the basis of informal consultations. A statement submitted by the Secretary-General on the programme budget implications of the draft resolution was contained in document E/C.10/1982/L.10 and Corr. 1.

45. The Commission:

(a) Decided to recommend to the Economic and Social Council the adoption of the draft resolution submitted by the Bureau (see chap. I, para. 1, draft resolution II);

(b) Recommended that in the work of the Commission in special session the substantive discussion should begin with an effort to resolve the question of definitions and scope of application.

VI. COMPREHENSIVE INFORMATION SYSTEM ON TRANSNATIONAL CORPORATIONS

46. The Commission considered agenda item 7, entitled "Comprehensive information system", at its 8th to 10th meetings, on 2 and 3 September 1982.

47. For its consideration of the item, the Commission had before it the progress report of the Secretariat on the information system on transnational corporations (E/C.10/1982/7). Statements on the item were also submitted by the International Confederation of Free Trade Unions (E/C.10/1982/NGO/2) and the International Organization of Consumers Unions (E/C.10/1982/NGO/4), non-governmental organizations in category I consultative status with the Economic and Social Council.

48. At the 8th meeting, on 2 September, introductory remarks were made by the Executive Director of the United Nations Centre on Transnational Corporations.

49. In introducing the item, the Executive Director stated that the information system had now acquired a definite shape and structure that had been progressively tailored to meet the needs of Governments and other major users. It could thus increasingly respond to a wide variety of requests for information on matters related to transnational corporations. The system was structured around certain major elements and components that reflected the objectives and priorities set by the Commission. During the year, a number of information studies had been completed, in addition to responses to a considerable increase in user requests for information on transnational corporations. The information studies completed during the past year included an analysis of features and trends in foreign direct investment, national laws and regulations relating to transnational corporations in ten countries, two studies on contracts and agreements, an analysis of the activities of transnational corporations in the automotive sector, and a study on the transfer of technology through alternative forms of participation of transnational corporations in capital-goods manufacture. Apart from general corporate data on a large number of companies, the Centre had undertaken profiles of over 300 corporations. It was intended to limit the total number of profiles to about 400 corporations, including some transnational banks, the work on which had been initiated in 1982. Corporate profiles were being verified routinely with the corporations concerned in respect of factual data and it was intended to update the profiles every two years. During 1983, the scope and coverage of the information system would be further expanded, particularly on the subjects and items accorded priority by the Commission.

50. All delegations emphasized the importance of the comprehensive information system in the Centre's programme of work and expressed their appreciation for the progress achieved during the previous year. It was noted with appreciation that the Centre's information system was being increasingly utilized by a number of Governments and other users for a wide range of information on transnational corporations. It was considered that verification procedures had been significantly improved, which would ensure greater accuracy and reliability of the data analysed and disseminated by the Centre. In this regard, however, some delegations reiterated their position that while factual data could be usefully verified with the corporation concerned, the corporation should not be permitted to revise the structure and content of the profiles and studies undertaken by the Centre. It also noted that a supplement to the Users Guide to the Information System on Transnational Corporations 5/ would be issued later in 1982 and would furnish the latest information on data and material available in the system. At

the same time, it was emphasized by several delegations that the various elements of information, particularly on national laws and regulations on individual corporations, would need to be regularly updated and that such updating must constitute an essential feature of the Centre's information system.

51. Most delegations expressed their appreciation for the Centre's series of studies on national policies, laws and regulations, and the wish that the series should be continued and regularly updated. Some delegations also expressed the view that similar series should be undertaken on taxation and on corporate laws and regulations in selected developing countries.

52. Several delegations welcomed the Centre's series of studies on various types of contracts and agreements and stated that they found them very useful in improving the negotiating capability of host countries, particularly developing countries. It was suggested that studies in that area should include an analysis of consulting engineering contracts, agreements relating to exports and marketing by transnational corporations and contracts in particular sectors, such as petroleum and capital-goods manufacture. Some delegations emphasized the need for carrying out studies of contracts only in areas of special interest to developing countries.

53. Several delegations stressed the need for the Centre to analyse regularly trends in foreign direct investment and in alternative forms of participation by transnational corporations and to disseminate that information periodically. Referring to trends in the transfer of technology and in the technical services acquired through transnational corporations in various sectors of special significance to developing countries, a few delegations felt that studies in those areas should be done by the other United Nations organizations concerned, particularly the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, while other delegations felt that such studies should be done by the Centre in close collaboration with other United Nations organizations. One delegation requested the cancellation of the study on the transfer of technology through transnational corporations in the capital-goods manufacturing sector which the Centre would undertake in its country, because another United Nations body was preparing a comprehensive case study on the same sector.

54. The Commission received an advance copy of the study prepared by the Centre on the international automotive industry and was informed that other industry studies on semi-conductors, telecommunications and chemicals would be completed in the near future. Several delegations emphasized the need for carrying out similar studies, both in areas of high technology, such as data processing and bio-technology, and in natural resource areas, such as rubber and non-ferrous metals, which had not been covered by the Centre so far. Some delegations pointed out that considerable material was available from other sources in respect of several of those sectors and that every care should be taken to avoid duplication. Delegations were of the view that the positive as well as the negative impact of the activities of transnational corporations on specific markets should be reviewed in such studies. Some delegations felt that the Centre should continue its efforts to consult the relevant industries on the above-mentioned reports.

55. Several delegations stressed the need for more studies on the most pressing issues for developing countries, such as the role of transnational corporations in local borrowing, the export of non-traditional products from developing countries and the outflow of capital.

56. A few delegations expressed the view that adequate emphasis had not been given so far to the adverse socio-political and socio-economic aspects of the activities of transnational corporations. It was also considered necessary by those delegations that more information should be provided on the role of transnational corporations in the arms race as well as in nuclear proliferation in southern Africa and on the harmful effects of the activities of transnational corporations in southern Africa.

57. In respect of corporate profiles, appreciation was expressed by several delegations for the improvement of verification procedures, which would ensure greater accuracy and reliability, although some delegations considered that the original drafts should be more carefully prepared. One delegation suggested that much of the material in corporate profiles was easily available from other published sources. It was also emphasized that such profiles must be regularly updated and promptly issued so that they did not lose their value. One delegation expressed the fear that continuous updating of profiles would impose an impossible burden on the Centre's resources and on the transnational corporations covered and suggested that the profiles should concentrate more on basic information that did not readily become outdated. Some delegations emphasized that the corporate profiles should be prepared by the Centre and that the transnational corporations concerned should be consulted to verify factual data only. Some delegations stressed the need for ensuring greater geographical balance in the selection of the corporations on which profiles would be prepared. Several delegations noted that the Centre should also include profiles of transnational banks.

58. In respect of the Centre's information activities on hazardous drugs and chemicals, some delegations emphasized the highly technical nature of the issues involved and stressed that those issues were already being dealt with by other United Nations organizations. One delegation suggested that the Centre's work programme in that field should be discontinued. Several other delegations, however, stressed the importance of the Centre's activities in that area and pointed out that decisions in that regard had already been taken by the Commission at its seventh session and approved by the Economic and Social Council and the General Assembly.

59. Special emphasis was given by some delegations to the collection and analysis of information relating to the activities of transnational corporations in the Territories with which the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples was concerned (see General Assembly resolution 36/51 of 24 November 1981). A few delegations asked the Centre, when requesting information from transnational corporations in pursuance of General Assembly resolutions, to give the political context.

60. Several delegations emphasized the importance of developing national information systems in developing countries on the activities of transnational corporations and that the Centre should assist in the development of such capabilities. A close link should be maintained between the Centre's information system and national systems of information, together with the joint units with the regional commissions. It was welcomed that the Centre had already begun to provide such assistance.

61. The Director of the Information Analysis Division of the Centre clarified several issues raised in the discussion. He pointed out that requests for

information from the Centre's information system, mostly from Governments and intergovernmental organizations, had increased significantly during the past year, the Centre's information system was emerging as one of the principal sources of information and data on the activities of transnational corporations. Most of the requests from Governments related to corporate profiles and data on individual corporations, in addition to industry studies and studies of policies and laws and contracts and agreements. A supplement to the Users Guide would be issued in the next few months and this was expected to lead to a further increase in the number of requests. During the current year, studies on policies and laws would be continued and updated. A study on consulting engineering contracts was expected to be ready in 1983. Industry studies were also expected to be completed for certain other sectors by 1983. Progress on corporate profiles had been somewhat slower than had been anticipated earlier, but it was nevertheless fairly satisfactory in view of the time needed for verifying the data. Efforts would be made to ensure a better geographical representation in the selection of corporations for such profiles; that, however, would largely depend on which corporations were involved in the production sectors and activities of special significance to developing countries, which had been a major criterion so far. In respect of toxic chemicals and drugs, the role of the Centre would be limited to the preparation of lists of the corporations involved in the production and distribution of such products that had been identified and determined as being toxic or hazardous by specialized United Nations organizations. Those lists would be routinely verified with the corporations concerned.

62. It was stressed that the programmes and activities of the Centre's information system were closely co-ordinated with those of other United Nations organizations, particularly the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development with respect to industry studies and contracts and agreements, and with the World Health Organization, the United Nations Environment Programme and the Food and Agriculture Organization of the United Nations in relation to other information activities, such as toxic chemicals and drugs. In conclusion, the Director welcomed the various comments and suggestions of delegations which he saw as helpful and constructive; he stated that they would be fully taken into account in the future development of the Centre's information system.

Action taken by the Commission

63. The Commission:

(a) Took note with appreciation of the report of the Secretariat on the information system on transnational corporations (E/C.10/1982/7), the introductory statement of the Executive Director and the improvement in the performance of the Centre's information system during the past year;

(b) Reiterated that the objectives of the information system should be those defined by the Commission at earlier sessions and that within that framework, special attention should be given to national legislation and regulations, contracts and agreements, macro-economic information relating to transnational corporations, periodic studies on trends, flows and payments in respect of foreign direct investment and technology through different forms of participation, activities of transnational corporations in sectors of special significance to developing countries and corporate profiles on individual corporations;

(c) Emphasized the importance for developing countries of developing national information systems on transnational corporations and, if necessary, of assistance provided by the Centre in that respect;

(d) Urged the Centre to continue its efforts to ensure the accuracy and reliability of the information collected and the regular updating of such information;

(e) Requested the Centre to take into account the comments made during the discussion at the eighth session of the Commission with regard to future work on the comprehensive information system.

VII. INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING

64. The Commission considered agenda item 8, entitled "International standards of accounting and reporting", at its 10th and 11th meetings on 3 and 6 September 1982.

65. The Commission had before it the report of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (E/C.10/1982/8). A statement on the item was submitted by the International Confederation of Free Trade Unions (E/C.10/1982/NGO/6), a non-governmental organization in category I consultative status with the Economic and Social Council.

66. At its 10th meeting, on 3 September, the Commission heard introductory remarks, in the absence of the Chairman of the Group, by the Vice-Chairman of the Ad Hoc Intergovernmental Working Group of Experts, Mr. Mohamed Adel El-Safty (Egypt).

67. The Vice-Chairman of the Ad Hoc Intergovernmental Working Group stated that the Group had pursued a basic objective of promoting the adoption of accounting and reporting standards for improving the availability and comparability of information concerning the operations of transnational corporations; the Group had examined various issues of particular concern to users of information, reporting entities and standard-setting bodies so as to enable better understanding, analysis and evaluation of the performance of such corporations. The Group was able to agree on a number of items in respect of minimum lists of financial and non-financial information for general purpose reporting by an enterprise as a whole and by individual member enterprises. The Group recommended that transnational corporations should disclose information, taking into account the Group's discussion on financial and non-financial information and, in particular, the agreed items of disclosure identified by the Group, within the framework of the relevant provisions of the code of conduct that was currently being formulated. The Group also agreed that corporate reports should disclose all items which were material enough to affect evaluations or decisions by users. While the recommendations of the Group covered a number of issues related to the disclosure of information, certain issues remained unresolved. The outstanding issues merited further study and consideration. The Group recommended that an international body, meeting under the auspices of the United Nations, should, inter alia, consider various issues of accounting and reporting falling within the scope of the work of the Commission on Transnational Corporations.

68. All delegations expressed appreciation for the report of the Ad Hoc Intergovernmental Group of Experts. It was emphasized by delegations that standard-setting in accounting and reporting was an extremely complex issue and involved a long process of technical work. Nevertheless, it was noted by delegations that the Ad Hoc Intergovernmental Group of Experts had achieved considerable progress. At the same time, some delegations felt that the harmonization of international standards of accounting and reporting in relation to the activities of transnational corporations was an extremely important issue that needed to be given continued consideration.

69. Some delegations expressed the view that the work on standard-setting in respect of accounting and reporting should be left to the professional, national, regional and international bodies that had already been engaged in that complex task for several years. They stressed that future work should lead to promoting

general comparability of the information published by transnational corporations and not to setting standards. Other delegations were of the opinion that the United Nations should take a lead in the matter, although the work of international professional bodies should be fully taken into account. Several delegations also emphasized the special needs and requirements of developing countries with respect to the disclosure of information by transnational corporations.

70. Most delegations agreed that a new working group should be created to continue the work of the Ad Hoc Intergovernmental Working Group of Experts on the terms and for the purposes set out in the Group's report. Some delegations felt that the work of the new body should also be closely linked to that on the code of conduct, which was currently being formulated. Other delegations were of the view that the new body would be very useful, irrespective of the code of conduct. Some delegations were of the opinion that the usefulness of such a body was not clear and they urged that if a body were created, after a few years of experience there should be a reappraisal of whether it should be continued. It was agreed, after discussion, that a new working group should be constituted in the form and for the purposes as set out in the draft resolution submitted by the Bureau of the Commission on the basis of informal consultations (E/C.10/1982/L.4).

Action taken by the Commission

71. At its 17th meeting, on 9 September 1982, the Commission had before it a draft resolution (E/C.10/1982/L.4), entitled "Establishment of an Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting", which was submitted by the Bureau of the Commission on the basis of informal consultations. A statement submitted by the Secretary-General on the programme budget implications of the draft resolution was contained in document E/C.10/1982/L.8 and Corr.1.

72. At the same meeting, the Commission decided to recommend to the Economic and Social Council the adoption of the draft resolution submitted by the Bureau (see chap. I, para. 1, draft resolution I).

VIII. TECHNICAL CO-OPERATION

73. The Commission considered agenda item 9, entitled "Technical co-operation", at its 11th to 13th meetings, on 6 and 7 September 1982. It had before it the report of the Secretariat on the programme of technical co-operation on matters related to transnational corporations (E/C.10/1982/9). The report covered developments in the programme of the United Nations Centre on Transnational Corporations since the Commission's seventh session, and contained information on an evaluation of completed projects, the costs of advisory and training projects, the experts used to deliver those projects, the content of and documentation for training workshops and future activities.

74. In his introductory remarks made at the 11th meeting, on 6 September, the Executive Director stated that the Centre's technical co-operation programme was of direct relevance and importance to countries striving to ensure that the participation of transnational corporations was in harmony with, and contributed to, national objectives and priorities.

75. The Executive Director pointed out that the need for and importance of the Centre's advisory and training services were reflected not only in the continuing rapid growth of requests received from Governments, but also in the increasing variety of the sectors and issues covered and the many requests calling for advice on specific contractual arrangements in national projects of major developmental significance and with considerable financial implications. The increased confidence of Governments in the Centre's services was reflected both in the fact that more than three quarters of the 91 countries served to date had addressed repeated requests to the Centre and in the evaluation undertaken showing that Governments were satisfied and that many had acted on the advice provided and had gained specific benefits as a result. The evaluation of the workshops also revealed their practical usefulness.

76. The Executive Director pointed out that even though the number of full-time staff members and advisers had not increased for several years, and that despite the steep increase in the number of projects, the Centre had been able to maintain its rapid delivery capability as well as a high degree of direct in-house involvement. The Centre had maximized the use of its limited financial resources. However, if the Centre were to be able to continue to respond to the rapidly increasing number of requests, voluntary contributions by Governments remained indispensable. He thanked the Governments of Norway and Switzerland for their contributions in 1982 and expressed the hope that other Governments would find it possible to make contributions in 1982.

77. All delegations that took part in the discussion expressed their satisfaction with and support for the Centre's advisory and training services and congratulated the Centre on the manner in which the programme had been carried out. They expressed their appreciation for the report, which they felt provided a good account of the Centre's activities during the period under review and also responded to the specific requests for additional information made at the seventh session of the Commission. Some delegations suggested that a distinction should be made in future reports between ongoing and completed projects. All delegations that took part in the discussion noted the continued rapid increase in Government requests and the growing variety and importance of projects in which the Centre was asked to provide advisory and training services. They reaffirmed the importance that they attached to that activity, which corresponded to a real need of developing

countries. Many delegations stated that during the past year their Government had benefited from the Centre's advisory and training services, which enabled them to attest to the quality and usefulness of the services provided and the promptness of their delivery.

78. Many delegations stressed the importance that they attached to the continued growth of the programme and to the need to ensure that appropriate resources would be made available to keep pace with the growing demand. Many delegations expressed the hope that more Governments would find it possible to make financial contributions. Some delegations noted that since the establishment of the programme, none of the developed countries of Eastern Europe had contributed to it. Some delegations also stressed the need to investigate the possibility of enlarging the range of financing arrangements for covering the cost of projects and requested the Centre to look into the matter and to submit specific proposals to the Commission at its ninth session. Several delegations stressed the existence of similar services, for example, in programmes of specialized agencies such as the World Bank, in bilateral programmes and in programmes of private organizations. They were pleased to note that some Governments had covered from their own funds the local costs of some projects, including the room and board of experts. They expressed the hope that such arrangements could be made on a wider basis. A number of delegations noted the useful efforts made by the Centre to keep project costs at a minimum in order to maximize the use of limited financial resources. Several delegations stated that in the Centre's technical co-operation programme, priority should be given to the least developed among the developing countries and that the more industrialized among them should be urged to at least share the cost of services requested. Many delegations were pleased to note that a growing number of projects were financed by the United Nations Development Programme and expressed the hope that that trend would continue and would be intensified.

79. With respect to the evaluation of projects completed during the past year, many delegations noted that the views expressed by recipient Governments suggested the success and usefulness of the programme. Some delegations stated that the Centre should carry out a more in-depth evaluation of projects completed to date, including their long-range effects. They suggested that the Centre should submit a separate report on the results of such an in-depth evaluation to the Commission at its ninth session.

80. Many delegations were pleased to note that half of the expert missions during the past year had been carried out by persons from developing countries. Several delegations stated that the Centre should select the most qualified experts, including persons associated with transnational corporations.

81. Many delegations noted the growing co-operative links between the Centre and the joint units with the regional commissions as well as with other organizations within and outside the United Nations system. Several delegations urged the Centre to continue to intensify its efforts in that direction and to develop links also with other organizations, including the World Bank and the regional development banks.

82. Some delegations stressed the importance of ensuring that the experience gained from the Centre's advisory and training services would be disseminated as widely as possible.

83. A number of delegations expressed their satisfaction with the fact that the Centre was launching its programme of assistance to institutions of higher learning in order to support the development of their own training programmes on matters relating to transnational corporations.

84. The delegations of Switzerland and Sweden informed the Commission that their Governments would make voluntary contributions to the Centre's technical co-operation programme in the amount of 500,000 Swiss francs and 1,500,000 Swedish kronor, respectively. The delegations of France and the Netherlands informed the Commission that their Governments were considering the possibility of also making voluntary contributions to that activity of the Centre. Delegations expressed their appreciation for the contributions and expressed the hope that other Governments would also find it possible to contribute to that activity.

85. In responding to questions raised during the discussion, the Associate Director in charge of the Centre's advisory services thanked the members of the Commission for their favourable comments as well as for their very useful suggestions. In response to various questions relating to the role and functions of the Centre's technical co-operation programme, he stated that the objective of that activity, as had been decided by the Commission, continued to be that of assisting developing countries in strengthening their capabilities in dealing with matters relating to transnational corporations and that the specific functions towards that end had been approved by the Commission. The aim was to provide solid and objective technical advice. Strengthening the capabilities of developing countries was not only in their interest, but was also of benefit to all other parties concerned, including transnational corporations, since equitable arrangements were conducive to harmonious and fruitful long-term relationships. Given the nature of the Centre's advisory services, it would not be appropriate for the Centre to use for such purposes experts who were at the time employees of transnational corporations. Experts identified by the Centre and submitted to Governments for approval were selected on the basis of their proven practical experience, particularly in developing countries. They included persons from both developed and developing countries who had been associated with transnational corporations. Evaluations carried out to date had confirmed the satisfaction of recipient Governments with the quality of the experts thus provided, their practical knowledge and the manner in which they had carried out their tasks. He pointed out, moreover, that lecturers at workshops had included experts from corporations of both developed and developing countries.

86. In response to a question raised as to whether any complaints had been received from home Governments or, through them, from corporations, the Associate Director pointed out that during the past five and one-half years, the Centre had carried out over 350 advisory projects, none of which had ever been the subject of a complaint. This permitted one to conclude that the advice provided was founded on a solid technical basis.

87. In response to a question as to whether any requests from Governments had been turned down, the Associate Director stated that, so far, the Centre had been able to respond to all requests, provided that they fell within its mandate. He added that in order to ensure an equitable distribution of the limited funds available, Governments that had addressed repeated requests for assistance had been asked to share the cost involved through the utilization of other financial resources, in particular UNDP indicative planning figure funds.

Action taken by the Commission

88. The Commission:

(a) Took note with appreciation of the report of the Secretariat on the Centre's technical co-operation programme (E/C.10/1982/9) and of the introductory statement by the Executive Director and commended the Centre on the manner in which the technical co-operation programme was being implemented;

(b) Reaffirmed the great importance it attached to the Centre's advisory and training services and noted the growing number of requests received from Governments and that the Centre's advisory and training services corresponded to those needs;

(c) Stressed the importance of ensuring that financial resources would keep pace with the growing demand for assistance, reaffirmed, in particular, the vital importance of voluntary contributions and urged Governments to consider making such contributions;

(d) Recognized the desirability of enlarging the scope of extrabudgetary financial arrangements for covering the cost of technical co-operation projects carried out by the Centre, including means of increasing the sharing of expenses by requesting Governments, and requested the Centre to look into the matter and to submit specific proposals to the Commission at its ninth session;

(e) Expressed its appreciation to the Governments of Norway, Sweden and Switzerland for making voluntary contributions to the Centre's technical co-operation programme;

(f) Requested the Centre to carry out an objective evaluation of the usefulness and impact of the services provided to date, including their long-range effects, and to submit a report on its findings to the Commission at its ninth session;

(g) Requested the Centre to report to the Commission at its ninth session on its technical co-operation programme and to include information on completed and ongoing projects during the period under review as well as on the cost of those projects, the experts used and the content and documentation of workshops and planned activities.

IX. 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 régime in that area

89. The Commission considered agenda item 10 (a), entitled "Activities of transnational corporations in southern Africa and their collaboration with the racist minority régime in that area", at its 13th to 15th meetings, on 7 and 8 September 1982. For its consideration of the item, the Commission had before it the report of the Secretariat on measures taken pursuant to the resolution recommended by the Commission on Transnational Corporations at its seventh session and adopted by the Economic and Social Council (E/C.10/1982/11). At the 13th meeting, on 7 September, the Commission heard an introductory statement by the Executive Director of the United Nations Centre on Transnational Corporations.

90. Most delegations that spoke expressed their appreciation for the report prepared by the Secretariat. They stated that it dealt comprehensively with the matters that had been mentioned in Economic and Social Council resolution 1981/86 of 2 November 1981. On the subject of the organization of public hearings on the activities of transnational corporations in southern Africa, the view was expressed that a sufficiently broad range of options had been presented. Several delegations stressed the need for the continued preparation of documentation by the Centre on the activities of transnational corporations in southern Africa.

91. In their general remarks, all delegations that spoke stated that their Governments condemned the policies and practices of the racist minority régime in southern Africa. Many of them noted with regret that for over a long period of time the situation in southern Africa had not improved but rather had deteriorated, notwithstanding the resolutions adopted in various international forums that called for change. Various delegations stated that the activities of transnational corporations reinforced the racist minority régime in southern Africa in its perpetuation of its inhuman practices, and, in particular, in the nuclear-military sector, which enabled that régime to pose a threat to peace and security in the entire southern African region and to the independence of African countries. A few delegations expressed the view that the situation in southern Africa was a threat to world peace.

92. Some delegations recalled the measures that had been taken by the Governments at the national level in order to bring about an end to apartheid.

93. Some delegations stated that they continued to condemn the system of apartheid and referred to the measures adopted by their Governments to promote a process of peaceful change in southern Africa. They recalled, however, that they had been unable to support Economic and Social Council resolution 1981/86 because, inter alia, the subject was a political one and hence should be discussed in the Security Council.

94. Concerning the forum in which the hearings should take place, most delegations stated that the hearings should be held by the Commission itself, while others felt that an intergovernmental body established by the Commission might be more appropriate. Some other delegations, however, expressed a strong preference for the hearings to be held by a group of individuals of high standing, to be appointed

by the Secretary-General, serving in their personal capacities; those delegations proposed that the business community, as well as trade unions based in South Africa, should be represented in such a group.

95. Most delegations proposed that the hearings should take place at the tenth session of the Commission and that that session might be extended for a number of days in order to provide for the hearings. They felt that it was important to prepare carefully for the hearings in the meantime. The question was also raised as to whether there was a risk of unduly deferring the hearings.

96. Some delegations stated that there were several other forums in which the matter could be just as appropriately dealt with. If the hearings were to take place, there was a need for broad participation.

97. Most delegations proposed that an ad hoc body of five countries should be appointed to draft proposals on guidelines for the hearings with respect to matters such as their procedures and scope, the list of participants and organizations to be invited, and the documentation. A few delegations felt that it was not necessary to establish another body and that those functions could be entrusted to the Bureau of the Commission and expressed concern about the proliferation of subsidiary and ad hoc bodies.

98. Delegations made proposals on the subjects with which the hearings should deal, namely: the extent to which transnational corporations sustained the system of apartheid and the continued illegal occupation of Namibia by the racist minority régime of South Africa, the employment practices of transnational corporations and their socio-cultural impact, the implications of the activities of transnational corporations in the nuclear and military sectors of the South African economy, and the role of transnational corporations in the supply of capital and technology and the extent to which they could contribute to the elimination of apartheid. It was proposed that the objective of the hearings should be to identify concrete measures that could be taken by Governments and intergovernmental and non-governmental bodies in order to bring about the eradication of the system of apartheid.

Action taken by the Commission

99. At the 17th meeting, on 9 September, the representative of Algeria, on behalf of the States members of the Group of 77 which are members of the Commission, introduced two draft resolutions under the item (E/C.10/1982/L.5 and E/C.10/1982/L.6).

100. At the 18th meeting, on 10 September, the Commission considered draft resolution E/C.10/1982/L.5, entitled "Activities of transnational corporations in southern Africa and their collaboration with the racist minority régime in that area". The representative of Egypt made a statement.

101. A statement in explanation of vote before the vote was made by the representative of the Federal Republic of Germany, on behalf of the States members of the European Economic Community present at the session.

102. At the same meeting, the Commission adopted draft resolution E/C.10/1982/L.5 by 20 votes to 4, with 6 abstentions (for the text of the draft resolution, see chap. I, para. 1, draft resolution III).

103. At the same meeting, statements in explanation of vote were made after the vote by the representatives of the Union of Soviet Socialist Republics, Japan, Switzerland and Sweden.

104. At the same meeting, the Commission considered draft resolution E/C.10/1982/L.6, entitled "Organization of public hearings on the activities of transnational corporations in South Africa and Namibia". A statement was made by the representative of Egypt. The representatives of the Federal Republic of Germany (on behalf of the States members of the European Economic Community present at the session) and the German Democratic Republic made statements in explanation of vote before the vote.

105. At the same meeting, the Commission adopted draft resolution E/C.10/1982/L.6 by 20 votes to 4, with 5 abstentions (for the text of the draft resolution, see chap. I, para. 1, draft resolution IV).

106. Statements in explanation of vote were made after the vote by the representatives of the United States of America, Sweden and Canada.

B. The role of transnational corporations in transborder data flows and their impact on home and host countries, particularly developing countries.

107. The Commission considered agenda item 10 (b), entitled "The role of transnational corporations in transborder data flows and their impact on home and host countries, particularly of developing countries", at its 15th and 16th meetings, on 8 and 9 September 1982.

108. For its consideration of the item, the Commission had before it the report of the Secretariat, entitled "Transnational corporations and transborder data flows: programme of work and progress report" (E/C.10/1982/12 and Corr.1).

109. At the 15th meeting, on 8 September 1982, the Executive Director of the United Nations Centre on Transnational Corporations made an introductory statement.

110. The Executive Director, after highlighting the increasing importance of transborder data flows and the need to monitor developments in that area, especially as regards developing countries, drew attention to a study published early 1982 under the title Transnational Corporations and Transborder Data Flows: A Technical Paper (ST/CTC/23) 6/ and informed the Commission that a note verbale on that subject (reproduced as a conference room paper and made available to the Commission) had been sent to all States. Referring to the report of the Secretariat (E/C.10/1982/12 and Corr.1), the Executive Director pointed out that the document summarized the Centre's work programme on transnational corporations and transborder data flows and contained summaries of two technical papers recently completed and distributed by the Centre, namely "Transborder data flows: Access to the international on-line data-base market" (ST/CTC/41) 7/ and the first country case study, prepared under the responsibility of the Government of Brazil, "Transborder data flows and Brazil: The role of transnational corporations, impacts of transborder data flows and effects of national policies: Brazilian case study" (ST/CTC/40). 7/ The objectives of the first study, he stated, were to describe the international on-line data-base market and the role of transnational

corporations in it, to assess the potential relevance of commercially available on-line data bases for developing countries and to outline a number of alternative approaches through which information resources in that area could be strengthened in developing countries. The objectives of the second study were to ascertain the developmental impact of transborder data flows and the role of transnational corporations in them and, in particular, to assess empirically the growth of national telematics markets, the transborder data-flow links of countries (and especially those of transnational corporations in those countries), the socio-economic impact of those links and the effects of national policies regarding transborder data flows. The Executive Director congratulated the Government of Brazil for having prepared the first country case study, which, in his view, contained an excellent analysis of the subject-matter that would certainly help other countries in preparing their studies. He also thanked the Government of Japan for sending a report entitled "Preliminary investigation of transborder data flows in Japan", which was made available to delegations as a conference room paper.

111. The Executive Director further informed the Commission that he had received formal or informal indications from the Governments of Canada, the Federal Republic of Germany, Mexico, Poland, the Republic of Korea and the United States of America that they, too, would prepare country case studies in order to contribute to a better understanding of transborder data flows and the role of transnational corporations in them. He further encouraged other countries also to consider the preparation of such studies.

112. The representative of Brazil introduced the Brazilian case study and, after underlining the importance of country case studies, explained that the Government of Brazil had undertaken such a study in order to present objective data that contributed to a better understanding of the phenomenon, to increase the awareness of other countries regarding the possibilities entailed in informatization and to elucidate the policies adopted by the Government of Brazil in the area so that they could be duly appreciated by other Governments. The resulting comprehensive document described the history, present situation and prospectives of information, telecommunications, telematics and transborder data flows in Brazil and contained a broad range of statistics and the texts of pertinent regulatory instruments. Although the conclusions of the case study could not necessarily be generalized to other countries, the representative of Brazil held that transborder data flows represented a flow of economic resources which were important to countries.

113. In the ensuing discussion, all delegations that took part expressed satisfaction with the report and the technical papers and commended the quality of the work accomplished. They noted that transborder data flows were a phenomenon of increasing importance and that they had potentially far-reaching implications. Developing countries, in particular, had to strengthen their capacities to benefit from them. They recognized that the role of transnational corporations in the phenomenon - the production of the underlying equipment, the use of networks and the use of data processing and retrieval capacities - was very important. Consequently, a number of delegations encouraged the Centre to focus its work on that complex subject without, however, losing sight of the wider context in which transborder data flows were embedded. They felt that the Centre's programme of work, as presented in the report of the Secretariat, was sensible and properly centred on research. One delegation was of the view that remote sensing should receive limited attention and a few others advised the Centre to proceed cautiously in the implementation of its work programme. A few delegations noted with satisfaction that the Centre had reported on the ongoing work in other

organizations and that it had not duplicated work undertaken elsewhere. The need to avoid duplication of work in the future was also underlined.

114. All delegations that spoke emphasized the importance of country case studies of the developmental impact of transborder data flows and the role of transnational corporations in them. Those studies would elucidate the various approaches that could be taken in dealing with transborder data flows and could present valuable empirical material that would put the Commission in the position of being able to discuss the item in a balanced and objective manner. In that context, a number of delegations congratulated the Government of Brazil for its comprehensive, clear and well-written case study. While some delegations also noted that that case study would be very useful in guiding future work in the area, others emphasized that Brazil might be a special case that should not necessarily be generalized. In the view of those delegations, the approach of the Government of Brazil represented one model; another model, favoured by those delegations, would focus more on the unrestricted flow of data and data services. All delegations agreed, however, that further country case studies should be encouraged and a number of delegations took the opportunity to confirm that their Governments were undertaking or considering the undertaking of such studies.

115. Delegations felt that the Centre's examination of access to the international on-line data-base market was balanced and added to the understanding of that part of the international data market. Among other things, the study showed that the information infrastructures of developing countries - individually and collectively - needed to be strengthened in order to absorb the benefits associated with the newest developments in the international data market. One delegation noted, however, that the structure of that market was not sufficiently documented, that a number of national corporations also played an important role in some segments of the market (e.g. the production of software) and that, ultimately, the quality of the data contained in data bases was one of the most important determinants of their usefulness.

116. In the course of the discussion, several delegations described the actions initiated by the Governments regarding transborder data flows. They stated that those activities reflected the importance given to that development in their countries.

117. Reflecting the importance of transborder data flows and the role of transnational corporations in them, all delegations that took part in the discussion expressed the view that the subject-matter should receive the continued attention of the Commission and that further country case studies should be prepared for it. A few delegations also suggested in-depth follow-up studies on access to on-line data bases and international trade in data and data services and the role of transnational corporations in it, as well as the organization of workshops and seminars in order to familiarize a broader audience with the pertinent issues.

118. Some delegations suggested that the Centre should examine the desirability of establishing an ad hoc group of experts who, in their personal capacities, would deal with issues related to transborder data flows and transnational corporations and would submit a proposal on that subject to the Commission at its next session. A few other delegations held the view that such action was premature.

119. In responding to the discussion, the Officer-in-Charge of the Centre's Policy Analysis Division thanked the members of the Commission for their favourable comments and most useful suggestions. He thanked, in particular, the delegations of those countries that had indicated that their Governments were undertaking country case studies. In response to questions raised during the discussion, he assured the Commission that the scope of the Centre's work in that area would continue to be carefully circumscribed and that the work would focus on the role of transnational corporations in transborder data flows.

Action taken by the Commission

120. The Commission:

(a) Took note with appreciation of the report of the Secretariat on transnational corporations and transborder data flows (E/C.10/1982/12 and Corr.1) and the introductory statement made by the Executive Director and commended the Centre on the manner in which it had undertaken work in the area;

(b) Requested the Centre to continue its research work in the area, taking into account the comments made during the discussion by the Commission at its eighth session;

(c) Decided to retain the item entitled "The role of transnational corporations in transborder data flows and their impact on home and host countries, particularly developing countries" as a regular item on the agenda of the Commission.

C. Other studies and review of ongoing and future research

121. The Commission considered agenda item 10 (c), entitled "Other studies", and item 10 (d) of the agenda, entitled "Review of ongoing and future research", at its 16th and 17th meetings, on 9 September 1982. For its consideration of the sub-items, the Commission had before it the reports of the Secretariat on the regulation of transnational banks in developing countries (E/C.10/1982/13) transnational corporations in the shipping industry in the case of bauxite/alumina (E/C.10/1982/14), measures taken by Governments to strengthen their negotiating capacity: joint ventures between Latin American enterprises (E/C.10/1982/15) and a review of ongoing and future research (E/C.10/1982/16).

122. At the 16th meeting, on 9 September, the Executive Director of the United Nations Centre on Transnational Corporations made an introductory statement, providing a brief overview of the four reports. Beginning with the study on the regulation of transnational banks in developing countries (E/C.10/1982/13), he stated that it analysed measures and instruments used by regulatory authorities to achieve host countries' aims and objectives and was based on country case studies of Bolivia, Colombia, Malaysia, Peru and Thailand and other relevant source materials.

123. The report on the shipping of bauxite/alumina (E/C.10/1982/14), the Executive Director continued, described the structure of world production, trade and shipping of bauxite and alumina, with special regard to the role of transnational corporations. More specifically, the report dealt with the experience of three major exporting developing countries and concluded with an examination of potential

benefits that developing countries might gain from their bauxite and alumina exports.

124. Introducing the report on joint ventures in Latin America (E/C.10/1982/15), the Executive Director stated that the internationalization of Latin American firms had been a growing phenomenon in recent years. Although intraregional investment and technology flows were still small in nominal terms and as a share of total flows, they were attracting increasing attention within the region. That was because of the greater awareness of the potential advantages of those forms of co-operation, in particular with respect to improving local negotiating capacities vis-à-vis transnational corporations based in developed market economies.

125. Turning to the report on the ongoing and future research programme of the Centre (E/C.10/1982/16), the Executive Director stated that, since the Commission had last met, a large part of the Centre's research effort had been devoted to the preparation of the comprehensive integrated study which was to be presented to the Commission at its next session. That study was wide-ranging in nature and would examine the political, social, cultural and legal implications of transnational corporations, as well as their economic effects. He indicated that a major part of the study would examine the role of transnational corporations with respect to a number of issues central to the future progress of developing countries, such as the flow of resources to developing countries, industrialization and food and energy security.

126. The Executive Director also referred to several reports to be submitted to the Commission at future sessions, including those on the relationships between transnational corporations and State-owned enterprises from developing countries, transnational corporations in international trade and bilateral, regional and international arrangements on matters related to transnational corporations. He stated that the Centre had also initiated a study on the involvement of transnational corporations in the armaments industry.

127. Finally, the Executive Director commented briefly on The CTC Reporter. He considered it a useful means for the dissemination of information on the work of the Centre and that being undertaken elsewhere.

128. All of the delegations that took part in the discussion stressed the importance of research activities as one of the essential elements of the Centre's work. They expressed their appreciation for the improvement in the quality of work achieved during the past year. They also noted with satisfaction that the Centre had provided a list of its forthcoming studies and reports. Many delegations emphasized the importance and usefulness that research held for policy-makers in developing countries and encouraged the Centre to maintain the policy-orientation of its work in this area.

129. With regard to the report on transnational banks in developing countries (E/C.10/1982/13), many delegations commended its quality and informational value. It was felt that the report depicted a balanced view based on empirical data. A number of delegations noted that many developing countries had relaxed, or were in the process of relaxing, their regulations relating to transnational banks. It was suggested that that was partly related to the adverse impact of the world economic situation and the desire of those countries to attract foreign capital in order to increase the level of economic activity, and partly related to a new assessment of the possible contributions of transnational banks as important financial

intermediaries to economic development. Some delegations cautioned, however, against general conclusions since the sample of countries on which the study was based was very limited. Among the various specific comments made by many delegations, one delegation disagreed with the classification of its country as "relatively open"; "open" would have been a more correct description. It suggested that the guiding principle for the regulation of banks should be national treatment. Another delegation expressed the wish that a broader analysis had been provided on the actual success, or lack of success, in the control efforts.

130. Many delegations expressed their appreciation for the report of the Secretariat on transnational corporations in the shipping of bauxite/alumina (E/C.10/1982/14). They considered that the Centre had drawn useful conclusions based on the case studies of several exporting developing countries. Some delegations cautioned, however, that shipping was a high-risk and a high-cost business and that, therefore, a careful cost-benefit analysis was required before a country entered the business; furthermore, one delegation held the view that the case of bauxite/alumina constituted too narrow a basis for drawing general conclusions on shipping in general. Some delegations disagreed with a number of statements made at the beginning of the report which were not substantiated by empirical data. A few delegations stated that the study brought out well the benefits of joint ventures in developing countries in the area.

131. All of the delegations that took part in the discussion on the report on joint ventures in Latin America (E/C.10/1982/15) expressed their satisfaction with it. They considered it to be an interesting study which illustrated the emergence of transnational corporations based in developing countries. Some delegations, however, did not share the study's view that joint ventures among Latin American enterprises had characteristics different from those between transnational corporations from developed market economies and Latin American enterprises and doubted that those joint ventures and multinational corporations were, over-all, more responsive to certain host country priorities and objectives.

132. Most delegations that spoke agreed with the general orientation of the Centre's ongoing and future research programme and expressed their satisfaction with the clarity of the report (E/C.10/1982/16). A number of delegations stressed that clear priorities in the Centre's over-all research programme were necessary, that resources should be allocated accordingly and that duplication must be avoided. All delegations that spoke noted that the comprehensive integrated study on transnational corporations in world development was the most important project currently being undertaken and expressed their high expectations of it. In that context, some delegations reiterated that the suggestions made during the discussion of agenda item 4 should be taken into account by the Centre when preparing the integrated study.

133. A number of delegations endorsed research projects on bilateral, regional and international arrangements on matters related to transnational corporations as well as on the role of transnational corporations in trade. A few delegations mentioned, as relevant areas of research, capital outflows created by transnational corporations and the role of those corporations in the redeployment of industries, the expansion of export and technological capabilities and the improvement of external distribution and marketing systems of developing countries. Mention was also made of the need for research on transnational corporations based in developing countries, joint ventures among corporations based in developing countries, home country policies and trends in disinvestment. The need to

disseminate the results of the research through seminars and workshops was stressed by several delegations.

134. Some delegations reiterated and emphasized that research must include the activities of transnational corporations of the socialist countries of Eastern Europe in order to fill in existing information gaps on transnational corporations and to ensure a balanced research programme by the Centre. Other delegations strongly held the view that the socialist countries' enterprises should not be equated with transnational corporations, whose activities gave rise to the mandate of the Commission.

135. A few delegations stated that the role of transnational corporations in the armaments industry and the arms race should be examined and that attention should be given to the social and political aspects of the activities of such corporations. One delegation suggested that workshops should be held on the socio-economic effects of the activities of transnational corporations. Some other delegations held the view that the armaments industry was a very sensitive one in which many important enterprises were State-owned, with little information available on them, and suggested that the Centre's research on that industry should take those enterprises into account. As for the social and political impact of transnational corporations, those delegations felt that previous work done by the Centre had demonstrated that it was a very difficult subject to examine and that, moreover, it was covered by work undertaken by the United Nations Educational, Scientific and Cultural Organization.

136. Several delegations made suggestions concerning the implementation of the research programme. A few delegations stressed that research, as distinct from information analysis, should remain results-oriented and policy-oriented and that the joint units with the regional commissions should be integrated into the research-implementation process. In that context, the representative of the Federal Republic of Germany informed the Commission that his Government had assisted one of the joint units with \$130,000 for one of its research projects. One delegation, stressing the need for accurate, balanced and unbiased research, suggested that regular channels for input by Governments into the Centre's research before reports were submitted to the Commission could be useful.

137. Many delegations commented on The CTC Reporter, congratulated the Centre on the quality of the three issues distributed during the current session and underlined the usefulness of the publication. The wish was expressed, however, that the publication should be issued with greater regularity.

138. Responding to comments and questions, the Officer-in-Charge of the Policy Analysis Division expressed the Centre's gratitude for the helpful comments and suggestions made by delegations. In response to a question raised by several delegations as to why some studies were formally submitted to the Commission and others were not, he replied that while all research studies conducted by the Centre were mandated by the Commission, only those placed on the agenda were formally submitted for consideration.

Action taken by the Commission

139. The Commission:

(a) Took note of the reports of the Secretariat on transnational banks in developing countries (E/C.10/1982/13), the shipping of bauxite/alumina (E/C.10/1982/14) and joint ventures in Latin America (E/C.10/1982/15) and the introductory statement made by the Executive Director;

(b) Took note with appreciation of the report of the Secretariat on ongoing and future research (E/C.10/1982/16), and requested the Centre to continue its research work as outlined in the report, taking into account the discussion held in the Commission regarding the priorities to be assigned to individual projects;

(c) Reaffirmed the great importance it attached to research on the economic, political, social and legal aspects of the activities of transnational corporations and reiterated that the research should be action-oriented and contribute to the work on the formulation of the United Nations code of conduct on transnational corporations and to the strengthening of the negotiating capacity of host countries, particularly developing countries;

(d) Encouraged the Centre to continue to strengthen its co-operative arrangements with the regional commissions through the joint units;

(e) Commended the Centre for The CTC Reporter which was a valuable means for the dissemination of information relating to transnational corporations.

X. WORK RELATED TO THE DEFINITION OF TRANSNATIONAL CORPORATIONS

140. The Commission considered agenda item 11, entitled "Work related to the definition of transnational corporations", at its 17th meeting on 9 September 1982. In introducing the item, the Chairman recalled that some discussion of the issue had taken place in connection with item 6 of the agenda, entitled "Work related to the formulation of a Code of Conduct".

141. Some delegations emphasized the importance of dealing with the question. They expressed regret that time had not been found for a comprehensive discussion of it and stressed the need for such a discussion to take place at the beginning of the special session of the Commission on the Code of Conduct. A decision on the matter was necessary both in order to guide the work of the United Nations Centre on Transnational Corporations as well as for the completion and implementation of the code. The view was expressed that the definition must encompass privately-owned as well as publicly-owned and mixed enterprises. A few delegations proposed that the Centre should collect information on the enterprises of socialist countries of Eastern Europe as part of its collection of information on transnational corporations and should cover all of those various types of enterprises in its research work.

142. A few delegations stated that their position on the question of definition remained unchanged. They considered that transnational corporations were the specific socio-economic type of enterprises whose activities had given rise to the mandate of the Commission. In their view, the enterprises of the socialist countries had nothing in common with transnational corporations.

143. One delegation, speaking on behalf of many, stated that even if the question of definition might be regarded as a problem between two groups of countries, the countries on whose behalf he was speaking would continue to be interested in the type of solution that would be worked out. Even though in advocating a code of conduct for transnational corporations, they had originally envisaged it to be addressed mainly to the negative aspects of the operations of transnational corporations from a certain group of countries, there had since then been several notable developments, including the fact that publicly-owned corporations from different groups of countries now conducted significant operations in many developing countries. Therefore, in that changing context, ownership should not be a determining criterion. The main concern was the manner in which corporations operated.

Action taken by the Commission

144. The Commission decided that the views expressed under this item at its eighth session should be taken into account in the future work on the question of the definition of transnational corporations.

XI. QUESTION OF EXPERT ADVISERS

145. The Commission considered agenda item 12, entitled "Question of expert advisers", at its 17th meeting on 9 September 1982. It had before it a note by the Secretariat (E/C.10/1982/17 and Corr.1).

146. In introducing the item, the Chairman stated that it was his understanding that the Commission wished to adopt by consensus a decision to select the persons listed in the note by the Secretariat to serve for a two-year term, that is, through its tenth session.

147. Several delegations expressed their appreciation to the retiring expert advisers for their participation in the work of the Commission and in that of the Intergovernmental Working Group on a Code of Conduct. They also expressed a word of welcome to the newly-elected expert advisers.

Action taken by the Commission

148. The Commission:

(a) Decided to select the following expert advisers to serve a two-year term, that is, through the tenth session of the Commission: 8/

Business background

Mr. Friedrich Dribbusch (Federal Republic of Germany)

Mr. Jones Santos Neves (Brazil)

Mr. Louis von Planta (Switzerland)

Mr. David Sycip (Philippines)

Mr. Ralph A. Weller (United States of America)

Trade union background

Dr. Mario Ramos da Silva (Portugal)

Mr. Wim Kok (Netherlands)

Mr. Elias Mashasi (United Republic of Tanzania)

Mr. Carlos Navarro Carrasco (Venezuela)

Mr. Nat Weinberg (United States of America)

Academic and other background

Mr. Michael Ajomo (Nigeria)

Mr. Charles Albert Michalet (France)

Mr. Zuhayr Mikdashi (Lebanon)

Mr. Bogdan Sosnowski (Poland)

Mr. Branko Vukmir (Yugoslavia)

Mr. Eduardo White (Argentina)

(b) Expressed its appreciation to the retiring expert advisers for their valuable contribution to the work of the Commission.

XII. DRAFT PROVISIONAL AGENDA FOR THE NINTH SESSION
OF THE COMMISSION

149. The Commission considered agenda item 13, entitled "Draft provisional agenda for the ninth session of the Commission", at its 19th meeting, on 10 September 1982. It had before it a note by the Secretariat containing a draft provisional agenda and the documentation for the ninth session of the Commission (E/C.10/1982/L.9).

150. The Commission also had before it two draft decisions submitted by the Bureau (E/C.10/1982/L.11), related to the dates and provisional agenda for the ninth session of the Commission.

Action taken by the Commission

151. At the same meeting, the Commission adopted draft decision I, entitled "Dates for the ninth session of the Commission on Transnational Corporations" as proposed by the Bureau, and draft decision II, entitled "Provisional agenda for the ninth session of the Commission on Transnational Corporations", as amended during the discussion (for the texts, see chap. I, para. 2, draft decisions I and II).

XIII. ORGANIZATION OF THE SESSION

A. Opening and duration of the session

152. The Commission on Transnational Corporations held its eighth session at Manila from 30 August to 10 September 1982. The Commission held 19 meetings (1st to 19th).

153. The session was opened by the temporary Chairman, Mr. Nitish Kumar Sengupta (India).

154. At the opening ceremony, a statement was made by the Honourable Mr. Ricardo Puno, Minister of Justice of the Philippines. The Executive Director of the United Nations Centre on Transnational Corporations delivered a message from the Secretary-General.

B. Membership and attendance

155. The following States members of the Commission ^{9/} attended the session: Algeria, Argentina, Brazil, Canada, China, Congo, Egypt, France, German Democratic Republic, Germany, Federal Republic of, India, Iran, Italy, Jamaica, Japan, Mexico, Netherlands, Pakistan, Peru, Philippines, Republic of Korea, Romania, Sweden, Switzerland, Thailand, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

156. The following States members of the Commission were not present at the session: Costa Rica, Cuba, Ghana, Guatemala, Guinea, Kenya, Libyan Arab Jamahiriya, Panama, Sierra Leone, Somalia, Swaziland, Turkey, Uganda, Zaire.

157. The following expert advisers attended the session: Mr. Michael A. Ajomo (Nigeria), Mr. James Dennis Akumu (Kenya), Mr. Syed Babar Ali (Pakistan), Mr. José A. Encinas del Pando (Peru), Mr. Johan M. Goudswaard (Netherlands), Mrs. Elizabeth Jager (United States of America), Mr. Kiyoshi Kojima (Japan), Mr. David Lea (United Kingdom of Great Britain and Northern Ireland), Mr. Carlos Omar Navarro Carrasco (Venezuela), Mr. Jones Santos Neves (Brazil), Mr. Samuel Paul (India), Mr. Louis von Planta (Switzerland), Mr. Mario J. Ramos da Silva (Portugal), Mr. Bogdan Sosnowski (Poland), Mr. Branko Vukmir (Yugoslavia), Mr. Ralph A. Weller (United States of America).

158. The following States members of the United Nations were represented by observers: Australia, Belgium, Finland, Malaysia, Norway, Zimbabwe.

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

160. The following specialized agencies were represented: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund.

161. The following intergovernmental organizations attended the session: European Economic Community, Organisation for Economic Co-operation and Development.

162. The following non-governmental organizations attended the session: International Chamber of Commerce, International Confederation of Free Trade Unions, International Organization of Consumers Unions, International Organization of Employers, World Federation of Trade Unions.

C. Election of officers

163. As its 1st, 2nd and 5th meetings, on 30 August and 1 September, the Commission elected by acclamation the following officers:

Chairman: Mr. Edgardo Tordesillas (Phillippines)
Vice-Chairmen: Mr. Eugenio Anguiano (Mexico)
Mr. Eugene Berg (France)
Mr. Hassan Gadelhak (Egypt)
Rapporteur: Mr. Horst Heiningger (German Democratic Republic)

D. Adoption of the agenda

164. At its 1st meeting, on 30 August, the Commission adopted the following agenda:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda and organization of work
4. Recent developments related to transnational corporations and international economic relations
5. Activities of the United Nations Centre on Transnational Corporations
 - (a) Activities of the United Nations Centre on Transnational Corporations
 - (b) Financial implications of the United Nations Centre on Transnational Corporations' programme elements
6. Work related to the formulation of a code of conduct
7. Comprehensive information system
8. International standards of accounting and reporting
9. Technical co-operation
10. 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 régime in that area

(b) The role of transnational corporations in transborder data flows and their impact on home and host countries, particularly of developing countries

(c) Other studies

(d) Review of ongoing and future research

11. Work related to the definition of transnational corporations

12. Question of expert advisers

13. Draft provisional agenda for the ninth session of the Commission

14. Adoption of the report of the Commission

E. Documentation

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

XIV. ADOPTION OF THE REPORT OF THE COMMISSION

166. The Commission considered the draft report (E/C.10/1982/L.3 and Add.1-11) at its 19th meeting, on 10 September 1982.

167. At the same meeting, the Commission adopted the draft report, as amended during the discussion.

Expression of thanks to the host country

168. At the 19th meeting, on 10 September, the representative of Algeria, on behalf of the States members of the Group of 77 which are members of the Commission, proposed an expression of thanks to the host country.

169. At the same meeting, the Commission approved the motion, which read as follows:

"The Commission on Transnational Corporations,

"Having held its eighth session at Manila from 30 August to 10 September 1982,

"1. Expresses its gratitude to the Government and people of the Philippines for their warm welcome and excellent hospitality;

"2. Expresses its appreciation to the Honourable Ricardo C. Puno, Minister of Justice of the Philippines for his enlightening opening address;

"3. Requests the Chairman of the eighth session of the Commission on Transnational Corporations to convey to the authorities of the Philippines its appreciation for the excellent arrangements made available to the participants in the session of the Commission".

Annex

LIST OF DOCUMENTS BEFORE THE COMMISSION AT ITS EIGHTH SESSION

<u>Symbol</u>	<u>Agenda item</u>	<u>Title</u>
E/C.10/1982/1	3	Provisional agenda
E/C.10/1982/2	4	Recent developments related to transnational corporations: report of the Secretariat
E/C.10/1982/3	5 (a)	Activities of the United Nations Centre on Transnational Corporations: report of the Secretary-General
E/C.10/1982/4	5 (a)	Joint units established between the United Nations Centre on Transnational Corporations: report of the Secretariat
E/C.10/1982/5	5 (b)	Report on financial implications of the United Nations Centre on Transnational Corporations programme elements for the year 1982: note by the Secretariat
E/C.10/1982/6	6	Report of the Intergovernmental Working Group on a Code of Conduct on its fifteenth, sixteenth and seventeenth sessions
E/C.10/1982/7	7	Progress report on the information system on transnational corporations: report of the Secretariat
E/C.10/1982/8	8	Report of the <u>Ad Hoc</u> Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting
E/C.10/1982/9	9	Programme of technical co-operation on matters relating to transnational corporations: report of the Secretariat
E/C.10/1982/10	-	[Symbol not used]
E/C.10/1982/11	10 (a)	Measures taken pursuant to the resolution recommended by the Commission on Transnational Corporations at its seventh session and adopted by the Economic and Social Council: report of the Secretariat
E/C.10/1982/12 and Corr.1	10 (b)	Transnational corporations and transborder data flows: programme of work and progress report: report of the Secretariat
E/C.10/1982/13	10 (c)	The regulation of transnational banks in developing countries: report of the Secretariat

<u>Symbol</u>	<u>Agenda item</u>	<u>Title</u>
E/C.10/1982/14	10 (c)	Transnational corporations in the shipping industry: the case of bauxite/alumina: report of the Secretariat
E/C.10/1982/15	10 (c)	Measures taken by Governments to strengthen their negotiating capacity: joint ventures between Latin American enterprises: report of the Secretariat
E/C.10/1982/16	10 (d)	Review of ongoing and future research: report of the Secretariat
E/C.10/1982/17 and Corr.1	12	Question of expert advisers: note by the Secretariat
E/C.10/1982/18	3	Agenda as adopted at the 1st meeting, on 30 August 1982
E/C.10/1982/INF.1 and Add.1	-	List of delegations
E/C.10/1982/NGO/1	6	Statement by the International Confederation of Free Trade Unions, a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/NGO/2	7	Statement by the International Confederation of Free Trade Unions, a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/NGO/3	6	Statement by the International Organization of Consumers Unions (IOCU), a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/NGO/4	7	Statement by the International Organization of Consumers Unions (IOCU), a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/NGO/5	12	Statement by the International Organization of Consumers Unions (IOCU), a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/NGO/6	8	Statement by the International Confederation of Free Trade Unions (ICFTU), a non-governmental organization in category I consultative status with the Economic and Social Council

<u>Symbol</u>	<u>Agenda item</u>	<u>Title</u>
E/C.10/1982/NGO/7	10	Statement by the International Confederation of Free Trade Unions (ICFTU), a non-governmental organization in category I consultative status with the Economic and Social Council
E/C.10/1982/L.1	3	Report on the state of preparedness of documentation for the session: note by the Secretariat
E/C.10/1982/L.2	3	Organization of work: note by Bureau
E/C.10/1982/L.3 and Add.1-11	14	Draft report
E/C.10/1982/L.4	8	Draft resolution submitted by the Bureau on the basis of informal consultations
E/C.10/1982/L.5	10 (a)	Draft resolution submitted by the delegation of Algeria on behalf of the States members of the Group of 77 which are members of the Commission
E/C.10/1982/L.6	10 (a)	Draft resolution submitted by the delegation of Algeria on behalf of the States members of the Group of 77 which are members of the Commission
E/C.10/1982/L.7	6	Draft resolution submitted by the Bureau of the Commission on the basis of informal consultations
E/C.10/1982/L.8 and Corr.1	8	Statement of programme budget implications of the draft resolution contained in document E/C.10/1982/L.4: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Economic and Social Council
E/C.10/1982/L.9	13	Draft provisional agenda for the ninth session of the Commission: note by the Secretariat
E/C.10/1982/L.10 and Corr.1	6	Statement of programme budget implications of the draft resolution contained in document E/C.10/1982/L.7: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Economic and Social Council
E/C.10/1982/L.11	13	Draft decisions submitted by the Bureau of the Commission

Notes

- 1/ E/C.10/1982/8.
- 2/ E/C.10/1982/6.
- 3/ E/C.10/1982/11.
- 4/ E/C.10/1982/11.
- 5/ United Nations publication, Sales No. E.80.II.A.
- 6/ United Nations publication, Sales No. E.82.II.A.4.
- 7/ To be issued as a United Nations publication.
- 8/ The curricula vitae of the experts are contained in the note by the Secretariat (E/C.10/1982/17 and Corr.1).
- 9/ The Commission is composed of 48 members. There were three vacancies in the membership at the time of the eighth session.



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