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Third session

SUMMARY RECORD OF THE 25th MEETING

Held at Headquarters, New York,
on Wednesday, 27 April 1977, at 10.30 a.m.

Chairman: Mr. FASLA (Algeria)

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Technical co-operation (continued)

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The meeting was called to order at 11 a.m.

TECHNICAL CO-OPERATION (E/C.10/29) (continued)

1. Mr. KOROMA (Sierra Leone) said that, in view of the importance of technical assistance for strengthening the negotiating capacity of developing countries, more emphasis should be put on that aspect of the work of the Centre by providing the necessary human and material resources, particularly through the regional commissions.
2. Referring to paragraph 19 of document E/C.10/29, he said that linguistic barriers should no longer constitute obstacles to co-operation and requested the Executive Director to organize one combined workshop within the framework of the Economic Community of West African States for both French-speaking and English-speaking States in the region.
3. Not only should priority in technical assistance be given to countries with the least experience of matters related to transnational corporations, but the expenses of their participation in seminars should be borne by the Centre, since they were mostly small, poor countries.
4. Mr. SANDERS (Netherlands) said that his Government provided financial support for technical assistance. He stressed the need for more detailed information, particularly in relation to the training programmes, since the mention of specific examples might encourage new requests. Governments should also be aware of the preliminary study on obstacles to improving the negotiating capacity of Governments referred to in the Executive Director's report (E/C.10/30). In general, periodical up-to-date information should be made available, for example, through the CTC Reporter, which might be published quarterly. He asked whether the roster of experts drawn up by the Centre was to be published or was to be available only to countries and whether it would also be sent to the regional commissions. The invitation to Governments to submit the names of experts was too general, and the type of expert and his special field should be specified.
5. In that connexion, the request should refer not only to the names of people but also to the names of institutions, including those in developing countries.
6. It would be advisable for the Executive Director to explain the financial implications of technical assistance and those of agenda item 9 on the establishment of a comprehensive information system, and to suggest ways of exercising budgetary control.
7. Mr. AISSA (Algeria) said that improving the negotiating capacity of developing countries vis-à-vis transnational corporations was not a purely academic exercise; the Centre should provide advisory services and analysis of specific aspects of the activities of transnational corporations. He was beginning to wonder if the unfounded apprehensions that had been expressed on that subject were not intended to put pressure on individuals. To advise was not to become a defender of

(Mr. Aissa, Algeria)

one party at the expense of the other. The object was, in fact, to reduce the existing imbalance between the parties and to monitor, as far as possible, the activities of transnational corporations. The code of conduct which was being prepared would be of no practical value if the Governments of the developing countries lacked the necessary background to negotiate on satisfactory terms with the transnational corporations.

8. He supported the suggestion of the representative of India that experts from developing countries should be used and the Netherlands representative's suggestion that the functions and special fields of the experts should be stated. Moreover, if the Commission was to perform its task, technical co-operation activities would have to be expanded.

9. Mr. CABRIC (Yugoslavia) said that it was important that technical assistance should cover all the areas specified in the programme of work adopted at the second session.

10. On the subject of the advisory services outlined in paragraph 12 of document E/C.10/29, he believed that the Centre should supply assistance for the preparation of background information required for negotiations with transnational corporations or the drafting of guidelines for such negotiations if a given country felt that there was a need for it. The experience that was being built up through the advisory services should be made available to all host countries, which would result in savings in resources.

11. With regard to the roster of experts, he supported the representative of India's position that experts from developing countries should be adequately represented. Moreover, it would be useful to have a report at each session of the Commission on the status of the roster of experts and on their work.

12. Resource limitations required that priority should be established in accordance with the needs of the host country. The Centre should respond to the desires and demands of Governments.

13. Mr. GUNTHER (Federal Republic of Germany) said that technical co-operation was very important for strengthening the negotiating capacity of host countries, particularly developing countries. If the Commission was to give the Centre the guidance it needed for that purpose, the information provided would have to be more specific. He agreed with the suggestion made by the representative of Argentina that informal talks should be held on the subject of technical co-operation activities. In his view, the real function of the Centre was not to participate directly in negotiations but to help in the preparations for them by providing advice and information and preparing a roster of experts from a wide geographic range of developing and developed countries. Finally, it would be advisable for the Centre to establish a close working relationship with UNIDO for the purpose of organizing seminars.

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14. Mr. QUENTIN (Italy) said that the exercise of strengthening the negotiating capacity of the developing countries could be combined with the objective of providing them with an understanding of the nature of the problems associated with transnational corporations. If future agreements were to be fruitful and durable, the negotiations leading up to them should be to the mutual advantage of both parties and be based on a fair balance of interests. The supply of assistance, expertise and information was especially useful for developing countries at the lower end of the GNP range in that it would provide them with as much information on transnational corporations as was possessed by more advanced developing countries and would enable them to form their own expert groups on transnational corporations.

15. His delegation joined others in asking for more details on the advisory services envisaged in paragraph 12 of document E/C.10/29, with special reference to the role of the Centre in the negotiating process. His delegation assumed that officials of the Centre and of the specialized agencies would not participate directly in negotiations.

16. It would be advisable for the Centre to establish a specific range of priorities for its future tasks if it was not to be overwhelmed by the volume of material it was gathering and so that it could recruit new personnel at a pace that would enable them to familiarize themselves gradually with their work and give them the necessary guidance. As the Advisory Committee on Administrative and Budgetary Questions had warned, fragmentation of effort and lack of internal co-ordination should be avoided (A/31/8/Add.19, para. 14).

17. On the subject of the roster of experts, it was his view that it should be composed of people of all regions; it would be useful for details of their names, origins and professional qualifications to be distributed to all delegations.

18. Mr. BRUCE (Canada) commended the arrangements for co-ordination between the programme of technical co-operation on problems relating to transnational enterprises and the activities of other United Nations agencies, particularly UNDP. Canada was a strong supporter of central funding of technical assistance within the United Nations system.

19. He supported the proposal calling for all countries to be asked to contribute names of qualified candidates for the roster of experts and the request for more detailed reports on the technical assistance activities of the Centre. Moreover, he shared the reservations expressed about the Centre's participation in substantive contract negotiations. It was essential that the independence of the Centre should be maintained so that there could be no doubts about its objectivity, and consequently very careful consideration should be given to its role in providing technical assistance.

20. Mr. MUTHAURA (Kenya) said that the programme of technical co-operation on matters related to transnational corporations was a matter of high priority and

(Mr. Muthaura, Kenya)

that adequate resources should be made available to the Centre to carry it out. The information provided in document E/C.10/29 should be transmitted to all States Members of the United Nations.

21. His delegation endorsed the suggestion of the Indian delegation that the roster of experts should have a wide geographical distribution and be adapted to the needs of the developing countries. The training services described in paragraph 12 of document E/C.10/29 would be more effective if they were conducted on a regional basis, since the Centre had limited resources. However, each Government should be given an opportunity to identify its priorities.

22. His delegation welcomed the co-operation between the Centre and other United Nations bodies, in particular the regional commissions and UNDP, and was grateful to the Government of the Netherlands for its generous contribution to the Centre's resources and hoped that other countries would also be able to make voluntary contributions.

23. Mr. SOLA (Spain) said that the interesting information contained in document E/C.10/29 should be supplemented, as proposed by the delegation of Venezuela, with information summing up the experience acquired as time went on. Those results might perhaps be included in the CTC Reporter, together with the time-table and programmes for technical co-operation; that would not only help to achieve the objectives of the extensive information system provided for but also increase the negotiating capacity of the host countries, particularly the developing countries. In addition, technical co-operation activities should be as widely publicized as possible, in order that institutions which were not exclusively public might improve their negotiating capacity and make public opinion more familiar with and more aware of the problem. With regard to the roster of experts, his delegation supported the proposal made by the representative of India.

24. Mr. MWANGAGUHUNGA (Uganda) said that the Centre should have the funds and personnel necessary for its work. Technical co-operation, in addition to improving the negotiating capacity of the developing countries, should also create an awareness of the problems raised by transnational corporations and the contribution they could make. That twofold purpose had been recognized at the UNCTAD session at Santiago and should be taken into account in the training given, especially at the regional commission level.

25. The roster of experts should be made available to Governments, which should be requested to provide information on the background of the candidates and the fields in which their services would be needed. When seminars were held in a country, participants from neighbouring countries should also be invited.

26. Lastly, his delegation was gratified to see that other bodies were co-operating in carrying on the activities of the Centre; it wished to thank the Netherlands, Norway and other countries for the contributions they had made, and it hoped that other countries would follow that example.

27. Mr. FIGUERERO (Argentina) said that the informal round tables he had proposed at the preceding meeting would enable delegations and members of the Intergovernmental Working Group on a Code of Conduct to make a thorough study of any questions with the advice of specialists and experts. Those round tables could be held about two days before each session of the Working Group, and all interested delegations and persons would be able to participate. The meetings had been proposed as a part of technical co-operation because if they were to be held by the Executive Director, he might have to use technical assistance funds or extrabudgetary funds.

28. Mr. SAHLGREN (Executive Director, Centre on Transnational Corporations) welcomed the expressions of satisfaction voiced by a number of representatives concerning the progress made by the Centre in its programme of technical co-operation.

29. Several speakers had emphasized the importance of having the Centre's roster of experts include qualified persons from all geographical regions. The Centre shared that concern and therefore, as the representative of India had suggested, would send all Governments an official letter indicating the type of experts needed and inviting Governments to propose such names as they thought appropriate.

30. The Centre was anxious to continue and expand co-operation between the Centre and the regional commissions. One of the functions of the joint units established in co-operation with the regional commissions was to help the Centre in organizing and executing the technical co-operation programme. Similarly, relations with UNDP and other United Nations organizations and agencies would be maintained and expanded, in order to take full advantage of their experience and expertise.

31. The representative of the United States had expressed concern about the Centre's participation in negotiations between developing countries and transnational corporations. It should be pointed out in that connexion that the Centre had not participated in any direct negotiations and that its activities had been confined to assisting Governments in the preparations for negotiations, the analysis of proposed or existing agreements, the drafting of laws and policies and the establishment or strengthening of administrative machinery and procedures for monitoring the activities of the transnational corporations. The advisory services provided by the Centre were completely consistent with the type of technical co-operation services normally provided by UNDP. Paragraph 12 of the Secretariat's report (E/C.10/29) indicated other types of assistance provided by the Centre. In every case in which requests for assistance had been received from Governments, the Centre had proceeded with great care and had done everything possible to make sure that the advisory services were based on practical experience.

32. As indicated in paragraph 27 of the same report, the Centre had responded to numerous governmental requests for specific information. A number of Governments had requested the Centre to supply publicly available information on the basis of material already collected through its general information system, which was

(Mr. Sahlgren)

described in document E/C.10/28, and data from other sources. The Centre had also received many governmental requests asking for information on agreements, policies and regulations of other Governments which were relevant to their particular circumstances.

33. Several speakers had emphasized the importance of evaluating the assistance provided by the Centre and reporting thereon to the Commission. Although it was too early to draw conclusions concerning the assistance provided thus far, the Centre would attempt, in talks with governmental officials, to determine the usefulness and relevance of its advisory, training and information services. It might perhaps be possible to submit a report on the subject to the Commission at its fourth session. The Centre also proposed to publish information on its technical co-operation activities in the CTC Reporter.

34. The representative of Kuwait had requested additional information on the regional projects being prepared by the Centre in co-operation with the UNDP Regional Bureau for Europe, Mediterranean and the Middle East. That project, one of whose objectives was to provide assistance to the Governments of the region in matters related to transnational corporations, was still at an early stage of conceptualization. Discussions already held and to be held during the next few months between UNDP and the Centre would make it possible to determine the scope and other details of the project.

35. Mr. RUBIN (United States of America) felt that the new statement by the Executive Director of the Centre satisfactorily supplemented his previous statement, and he suggested that the Director's new statement should be circulated as a sessional document of the Commission.

36. In connexion with earlier statements, he wished to make clear his delegation's desire that the work of the Centre should help strengthen the negotiating capacity of the developing countries. He reaffirmed that direct participation by the Centre in negotiations between developing countries and transnational corporations might be detrimental to the Centre's integrity, and he welcomed the information given by the Executive Director on the subject. It was not always easy in practice to distinguish advisory services and prior information from other, more direct types of intervention, which, in his judgement, might be harmful. It must also be borne in mind that the Centre was carrying on its activities in a special situation, since it had to receive information from the transnational corporations on their activities; to the extent that those corporations felt that such information might be used against them or might not be kept confidential, they would be reluctant to provide the information and to co-operate with the Centre. It was evident that negotiators on both sides should be kept completely informed, on an equal basis. That required providing assistance to the developing countries, but the possibility of providing advisory services to corporations which needed it should not be disregarded.

37. The CHAIRMAN said that he had received several written questions addressed at large to the persons selected by the Commission to assist it in its work in accordance with Economic and Social Council resolution 1913 (LVII), paragraph 2 (d). In the first question, they were requested to give their views on the need to strengthen the negotiating capacity of the developing countries, particularly those with least experience, and on the methods by which imbalances in the negotiating strengths could effectively be rectified.

38. Mr. TACKE (Member of the Board of Siemens A.G., Retired Chairman of the Board),* speaking at the invitation of the Chairman, said that the transnational corporations firmly supported the idea of enhancing the negotiating capacity of the host countries, both for reasons of principle and on practical grounds. Their experience showed that contracts concluded between parties of equal strength were better and more lasting. He pointed out, however, that references to "inequality" normally implied large transnational corporations that had acquired much experience, whereas it was increasingly common to encounter at that level small- or medium-sized companies which did not generally have a strong negotiating capacity. With regard to seminars, he suggested that those persons given the task of conducting them should include industrialists - preferably retired - from developed and developing countries, so that advantage could be taken of their experience; and that at least one day of the seminar should be devoted to visiting a local factory.

39. Mr. GOUDSWAARD (Vice-Chairman, Board of Unilever N.V.),* speaking at the invitation of the Chairman, supported Mr. Tacke's view as to the need to enhance the negotiating capacity of the host countries, and suggested that in order to draw up a list of experts, professional associations - such as those formed by economists, lawyers and accountants - of the various countries should be approached with a view to supplying names of experts. In addition, it would be necessary to establish clear criteria concerning the tasks of those experts. Such tasks could include assistance in training the teaching staff of the seminars, which should also include persons with practical experience. He also felt that, when the Centre supplied information on a particular transnational corporation to a Government requesting it, it would be only fair to inform the corporation accordingly.

40. The CHAIRMAN said that the second question referred to the way in which the Centre's technical co-operation programme and, in particular, training services could be improved in order to enhance the negotiating capacity of developing countries in their dealings with transnational corporations.

* Person selected by the Commission to assist it in its work.

41. Mr. JONES (Vice-Chairman of IBM and President of IBM World Trade Corporation),* speaking at the invitation of the Chairman, said it will be useful to have the co-operation of the transnational corporations in examining, jointly with the Centre, the training programmes and to hear their views on whether those programmes were likely to provide impartial assistance to the negotiating groups of the developing countries. In his view, various transnational corporations were ready to co-operate with the Centre in that matter. The Centre could in turn fulfil a very useful function by informing a transnational corporation, in respect of specific negotiations, of the grounds for concern of the developing country or region in question and perhaps by ensuring that the transnational corporation was aware of that situation and was very clear in its negotiations.

42. Mr. PAUL (Director, Indian Institute of Management),* speaking at the invitation of the Chairman, said that the technical co-operation programme should have the following three objectives: assisting the host countries in anticipating the problems that might arise with transnational corporations so that they could take the necessary preventive measures; providing advice on specific problems that might arise; and helping to enhance the capacity of the host countries so that they could achieve self-reliance. A service that prepared diagnoses and identified possible problem areas would reduce the likelihood of crisis situations arising later.

43. In order to ensure that the host countries ultimately became self-reliant, the assistance furnished by the Centre should be based on a strategy leading to the gradual elimination of such assistance, on the one hand, and to the parallel establishment of local training institutions on the other. It would be useful if teaching staff from the developing countries participated in current programmes and if separate training programmes were organized for the instructors themselves. The teaching staff could also prepare monographs that would be very useful as teaching material, not only for training activities, but also for the transnational corporations themselves, which might, for example, use them to promote awareness among their own managerial staff, both national and expatriate, of local conditions.

44. Mr. SOMAVIA (Executive Director, Latin American Institute for Transnational Studies),* speaking at the invitation of the Chairman, said he felt that it was necessary to promote horizontal co-operation among the developing countries, so that they could pool their experience relating to negotiations and dealings with transnational corporations. In many cases, that experience could be even more useful than theoretical and general advice given by experts. In addition, it would be useful if the list of experts which the Centre was to draw up was not confined to individual experts but also included representatives of governmental or private institutions of various developing countries which, owing to their position or functions, could have extensive and useful knowledge on the question of transnational corporations.

45. He felt that, in many cases, the transnational corporations, too, needed technical assistance, although not in the same way as did the developing countries. A considerable difference in training and ability could often be noted between the heads of the corporations and their local representatives; the latter often took a very myopic view and were not in touch with current political and social

(Mr. Somavia)

developments and changes. Consequently, if the negotiators for the transnational corporations received some guidance on those questions, it would doubtless redound to the benefit of both parties.

46. Mr. BABAR ALI (Chairman and Chief Executive, National Fertilizer Corporations of Pakistan, Ltd.),* speaking at the invitation of the Chairman, said that he entirely agreed with the views expressed by Mr. Somavia. In his view, not all developing countries were equally versed in the subject of transnational corporations. It would therefore be useful for the Centre to know the level of training in the various countries and to invite the most advanced to participate in seminars and to inform the others with regard to the practical application of their knowledge and experience.

47. The CHAIRMAN said that the third question referred to the way in which workshops and seminars could contribute to economic and technical co-operation among countries with different linguistic or political affiliations.

48. Mr. SHCHETININ (Union of Soviet Socialist Republics) said he hoped that the function of the persons advising the Commission would be somewhat different. Their statements should be confined to aspects of general theory or to technical questions that might help in solving various problems, but in no case should they be of a political nature. It was regrettable that, in some of the statements made, political replies had been given to the questions raised, a situation which was quite out of place. Questions of general policy, the fixing of priorities and negotiations between developing countries and transnational corporations were matters which should be decided by the Commission and which in no case fell within the competence of the persons selected to assist the Commission. For the same reason, it would be better if questions on specific matters were addressed to them only when it was appropriate to hear their views. In that connexion, it would be useful, when the questions were read out, if members were informed of the names of the delegations or persons submitting them.

49. The CHAIRMAN said that it had been the practice not to provide the names of the delegations submitting questions, but there was no difficulty in giving them. The first question had been put forward by the delegation of the United Kingdom, the second by that of India, and the third by that of Sierra Leone. He added that the persons selected by the Commission to assist it in its work had taken note of the statement by the representative of the USSR.

50. Mr. ABUAH (Nigeria), supported by Mr. MUTOMBO (Zaire) and Mr. MWANGAGUHUNGA (Uganda), requested that the reply to the third question should be deferred until the following meeting, so that consultations could be held.

The meeting rose at 1.10 p.m.