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SILVER JUBILEE ANNIVERSARY MEETINGS  
Fourth meeting of the Technical  
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Item 7 (d) of the provisional agenda

ECONOMIC COMMISSION FOR AFRICA  
SILVER JUBILEE ANNIVERSARY MEETINGS  
Eighteenth session of the Commission  
and ninth meeting of the Conference  
of Ministers of the Commission  
Addis Ababa, Ethiopia, 27 April - 3 May 1983  
Item 12 B.(i) of the provisional agenda

CODE OF CONDUCT ON TRANSNATIONAL CORPORATIONS

Executive summary\*

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\* The present summary constitutes the main document for the consideration.

## CODE OF CONDUCT ON TRANSNATIONAL CORPORATIONS

1. The Inter-governmental Group on a Code of Conduct has, since the last session of the ECA Conference of Ministers held in Tripoli, completed its work and submitted its report together with the draft code of conduct to the eighth session of the Commission on Transnational Corporations held in Manila, from 30 August - 10 September 1982. The Commission took note of the progress achieved in the preparation of the code of conduct and decided that further negotiations were needed before its adoption.
2. The issues of major concern to the African countries, which have also been agreed within the Group of 77, are fully reflected in the draft code in the form of alternative formulations. So far, the issues on which agreement seems to have been reached include matters of adherence by TNCs to socio-cultural objectives and values of host countries; balance of payments; consumer and environmental protection; ownership and control; disclosure of information; intergovernmental co-operation; and implementation of the code. Other outstanding provisions relate to transfer of technology, the role of TNCs in the import and export activities and transfer pricing. These issues have not been dealt with in depth in the draft code, because they are covered by other codes such as the UNCTAD's Draft International code on the Transfer of Technology, the Principles and Rules on Restrictive Business Practices.
3. Among the fundamental issues still to be resolved are the preamble to the code; coverage of the code; the definition of the term "transnational corporations"; treatment of transnational corporations, and non-collaboration by transnational corporations with the racist minority regime of South Africa. There are also divergent views on the provisions relating to the exercise of national sovereignty and non-interference by TNCs in internal political affairs of host countries. Issues relating to the treatment of transnational corporations, nationalization, compensation and jurisdiction are also still to be resolved.
4. The draft code of conduct therefore contains a number of issues where differences occur between the developed and developing countries and which are still subject to further negotiations. In recognition of this, the Economic and Social Council (ECOSOC) decided to convene a special session of the Commission on Transnational Corporations to discuss exclusively the draft code with a view to speeding up its negotiation and adoption. The special session will be held in New York from 7-18 March 1983 and from 9-20 May 1983. In order to ensure that all interests and concerns are fully taken into account, it was decided that all Member States of the United Nations be invited to participate.
5. In terms of Africa's participation in such negotiations, it will be recalled that the first African Regional Meeting on a Code of Conduct for Transnational Corporations which was held in Addis Ababa from 31 January to 4 February 1977, discussed the areas of major concern to the African countries, which ought to be included in the code when finally adopted. These issues were duly submitted for adoption by the Group of 77 and are fully reflected in the position of that group.
6. The secretariat has continued to provide assistance to member countries so as to participate more effectively in such negotiations. Therefore, as a follow up of ECOSOC decision, the ECA secretariat, in collaboration with the United Nations Centre on Transnational Corporations, convened the second African Regional Meeting on a Code of Conduct in Addis Ababa from 31 January to 3 February 1983. Twenty two countries participated in the meeting and the Organization of African Unity was also represented. The purpose of the meeting was to brief the African countries on the progress so far achieved in the work towards the preparation of the code of conduct and the outstanding

issues still to be resolved before its adoption. Another objective of the meeting was to enable the African countries to adequately prepare themselves to participate effectively in the forthcoming negotiations.

7. As part of that briefing, the meeting had before it the following papers submitted by the centre on Transnational corporations:

- i) "Report of the Inter-governmental Working Group on a Code of Conduct on its fifteenth, sixteenth and seventeenth sessions"(E/C.10/1982/6);
- ii) "Draft Code of Conduct for Transnational Corporations proposed by Venezuela on behalf of the Group of 77" (Working Paper No.21); and the
- iii) "Information Paper on Negotiations" (E/C.10/1983/S 1/2).

In addition the following papers were submitted by ECA as background information to assist the African countries in their analysis of the issues involved:

- i) "Transnational Corporations in Africa: Some Major Issues"(E/ECA/UNCTC/21);
- ii) "The Proposed International Code of Conduct on Transnational Corporations: The African Perspectives" (E/ECA/UNCTC/20); and
- iii) The Report of the African Regional Meeting on a Code of Conduct for Transnational Corporations" (E/ECA/UNCTC/22).

8. The meeting, having considered the information presented to it, as well as the importance of the code of conduct in their future negotiation with transnational corporations, adopted a number of recommendations to ensure that Africa's major concerns are fully taken into account in the final adoption of the code of conduct.