

Solidarity action for universal rights
Making multinational companies accountable
Protecting human rights in a 'globalised' economy

How to make the multinationals fully accountable for their activities is one of the most urgent challenges facing our era. With the exponential growth of multinational power during the 'globalisation' process of recent years, it is now vital to establish a system of accountability for multinationals which makes the protection of human rights its basic consideration, in all parts of the world. The debate has been fuelled by the economic crises which have erupted around the globe, by a few high profile abuses by multinationals and by arguments over the OECD's proposed 'Multilateral Agreement on Investment'.

Some multinationals (MNCs) have been directly associated with human rights abuses, although the full facts are seldom unravelled and, apart from rare exceptions such as footballs, trainers or handmade rugs, there have been few positive changes. Human rights violated by MNCs include - employing sub-contractors who abuse child labour or bonded labour or slave labour; hiring firms linked with human rights abuses; contracting producers who have prohibited or repressed unions or who violate accepted labour standards and endanger the health & safety of workers or other citizens; occupying indigenous peoples' lands to extract natural resources; failing to stop discrimination or observe rights to equal pay and many lesser infringements of standards.

The big scale and efficiency of globalised production methods should not give the multinationals any special status and the interests of even the biggest corporation should be subordinate to protecting basic human rights. A mechanism for accountability will need to be able to match the expertise of the multinationals and handle the complexity of their operations in many different countries.

Various mechanisms have been proposed lately to make multinationals accountable, ranging from extending existing systems such as OECD guidelines or ILO standards to having rules incorporated in the World Trade Organisation. In January 1999, the European Parliament adopted a set of proposals on the accountability of European based MNCs. Proposed by Richard Howitt MEP in a report subtitled "towards a European Code of Conduct", the resolution was passed 170-17. It aims to establish a 'European Monitoring Platform' concerned with MNC accountability on a very broad range of issues from labour rights, environmental preservation, non-discrimination, to animal welfare & health, indigenous people's rights, Geneva conventions and protecting all civil & political rights. This resolution is a very significant opportunity for NGOs and unions to raise concerns about the regulation of multinationals based in Europe and to press for effective action. The EU's record on accountability is far from excellent, but it has the competence to set up a system if the political will is strong enough.

The European Parliament's role in forcing the recent resignation of the entire EU Commission is a significant blow for more accountability, it should give more weight to the wishes & resolutions of the Parliament and the same insistence could be focused on MNC accountability. Many unions and European NGOs including AI made comments to the drafters and some NGOs from developing countries were involved. Trade unions have played a major role in this debate and human rights organisations now need to work alongside them to secure the best possible implementation arrangements .

Summary of European Parliament resolution on multinational accountability

Intro section

Refers to voluntary codes as one means of improving business practice; refers to the OECD's review of its 'Guiding Principles for Multinational Companies'; stresses that voluntary and binding approaches are not mutually exclusive and advocates an evolutionary approach to standard setting. Then 31 substantive clauses in sections on:

Voluntary Codes of Conduct

It both encourages voluntary codes and emphasises that these cannot substitute for international rules and should not provide a 'get-out' for MNCs; => calls for an EU Council position on voluntary codes with self-policing not always the answer; stresses involvement of developing countries; special attention to informal sector and free trade zones; advocates code for companies in conflict situations (including AI's Human Rights Principles for Companies); voluntary code should comply with EU standards on environment, animal welfare and health; should benefit indigenous people.

A European enforcement mechanism

=> asks EU Commission & Council to develop legal basis for governing companies operations worldwide;

=> recommends model Code of Conduct for European Businesses comprising: a. the ILO Tripartite Declaration of Principles Concerning MNCs and the ILO core conventions; b. the OECD Guidelines on Multinational Enterprises; c. U.N. Declaration on Human Rights and its subsequent Covenants on human rights; d. the Rio Declaration, the U.N. Convention on Biodiversity, and other applicable U.N. and European environmental protection instruments; e. Common Articles 3 of the Geneva Conventions and the U.N. Code of Conduct for Law Enforcement officials f. the OECD anti-bribery convention. It affirms support for a 'social label';

=> calls for the Commission to study possibility of a European Monitoring Platform (EMP); recommends it be open to receive complaints from any source.

Action by the European Parliamentary

=> proposes that European Parliament appoint special rapporteurs, with annual hearings and public hearings in the European Parliament as an interim measure until EU Commission establishes EMP above.

The role of European development cooperation

States that the application of international standards rests with governments of developing countries, proposes extension of good governance & technical measures, => companies working for EU to apply same standards in developing countries as in EU or lose funding

Other action at the European level

ILO Declaration of Fundamental Principles and Rights at Work 1998 (copy attached) should be part of EU agreements with third countries.

=> proposes review of European company law to include core labour, environment and human rights standards; incentives for companies complying with international standards.

Action within international institutions

=> Suggests strengthening existing ILO and OECD instruments;

=> calls on Commission and Member States to take coordinated action within OECD, ILO et al to promote the establishment of a truly independent and impartial monitoring mechanism which is internationally accepted; Suggests reviving the UN Commission on Transnational Corporations; Suggests establishing duties as well as rights of MNCs in any multilateral investment agreements (post MAI).

Political will

Overall, the resolution is somewhat ambiguous on some key issues, implying differing approaches at different points. This presumably reflects the opposing views which have been reconciled in order to find a consensus formulation.

It is far from certain that the EU Commission and Council will fulfill the requests and calls for action which the Parliament has voted for. There is sure to be considerable lobbying by many parties to minimise the impact of any measures under discussion and to exploit them for image/marketing/PR purposes. The MNC lobby is known to favour voluntary rather than treaty-based or statutory codes, observance on an optional rather than a binding basis, self-policing rather than independent monitoring & verification and a gradual approach to rights.

This is just the beginning of a process, therefore there is "much to play for" in the lobbying which will be needed within the EU to transform the resolution into action and to get viable mechanisms of accountability. Now that the resolution has passed the Parliament it is not necessary to express 'all-or-nothing' support for it, it is quite feasible simply to argue for implementation of certain specific measures or for specific caveats or qualifications of concern.

The emphasis on voluntary codes of conduct, on 'self-policing' and similar non-binding, unenforceable mechanisms has been the subject of much debate during the passage of the resolution.

Implementation

The Parliament is not the most powerful of the EU institutions and it does not have constitutional authority to formally mandate the Commission or the Council; nonetheless it has proved its potential recently, it carries prestige and the moral authority of being an elected body. In this resolution, it proposes among other things, to initiate public hearings for its own 'rapporteurs' on multinationals until the Commission establishes a mechanism. This tactic may prove a strong incentive for the Commission to act and certainly presents promising campaigning opportunities for NGOs, trade unions and others to publicise issues relating to multinationals and the need for accountability.

The EU proved relatively efficient in introducing single market measures, with the gradual growth of European human rights mechanisms and the development of monetary union. Given the many countries where European-based companies operate, its standards would apply in many places if a mechanism is implemented. If it works, this approach could serve as a model for MNC accountability and regulatory systems elsewhere.

Amnesty International initial comments on the resolution

1. AI's Human Rights Principles for Companies (AI doc ACT 70/01/98) are mentioned in the resolution in relation to companies operating in conflict situations. The Principles are for companies everywhere whatever the situation.

2. AI welcomes the opportunity to focus public attention on the human rights implications of the activities of multinationals and the need for accountability. More public debate, awareness and pressure are needed.

3. AI welcomes the additional attention which the resolution focuses on existing mechanisms for monitoring compliance with international standards on human rights, these should be more widely known and understood.

4. A system to make MNCs accountable should be no less rigorous than those for governments or individuals.

5. Subject to the points below, AI welcomes the calls on the Commission of the EU and the Council to set up a monitoring system with a sound legal framework to govern EU based companies' operations worldwide.

(i) The code of conduct used should extend the jurisdiction and maintain the standards of existing international and regional human rights' instruments and should not reduce accepted international standards.

(ii) The content of a code of conduct should be based on full existing international standards.

(iii) The code should be binding and not optional in relation to all minimum standards of rights..

(iv) The code should be enforceable and the means for implementing and enforcing it should be assured.

(v) The application of the code by multinational companies should be subject to expert, independent and impartial verification. Company-based mechanisms for in-house monitoring of compliance with the code should be subject to independent checks and assessment. Self-policing does not provide adequate assurance regarding independence, impartiality and effectiveness.

(vi) Voluntary codes can have a positive effect but are not a substitute for government(s) or inter-governmental organisations taking on responsibilities. Some codes and 'kite mark' standards have little or no significance but provide a form of undeserved reassurance to consumers.

(vii) Unions have a unique role to play in monitoring and it has been shown repeatedly that a genuine process of collective bargaining itself is one of the safest guarantees of company accountability.

(viii) NGOs and community groups have a role to play which should not be confused with representing workers.

(ix) To resolve areas which need clarification, clearly specified minimum recognised rights should be defined.

(x) In order to be meaningful the code for multinationals must apply not just to the 'headquarters company' but to all partner companies in joint ventures, to sub-contractors, suppliers, agents, consultants and others involved with the MNC otherwise it will be too easy to circumvent at any time.

Now Take Action

Press the new EU Commission to make full implementation of an effective mechanism for the accountability of multinational corporations a priority . Using the points listed opposite, state some of the conditions, qualifications or caveats you consider essential for it to be effective. Seek meetings to lobby and discuss the issue with your government's representatives.

Write, fax, email, telephone, lobby or visit :

(a) The Minister of Foreign Affairs or of Trade representing your country in the EU Council and (b) The new EU Commissioners: European Commission The President of the European Commission Rue de la Loi 200 The Commissioner for Development B-1049 Brussels The Commissioner for Employment and Social Affairs Belgium The Commissioner for Environment & Nuclear Safety Fax: +32 2 29 60554 Copies to (c) your home government minister responsible for human rights, (d) your regional member/s of the European Parliament (c) MEPs on Economic Committee or Development Committee (secretariat address below)

Outside the EU area This is an opportunity to express any concerns which have arisen about multinational operations but where inquiries or complaints have been frustrated by the lack of any obligation for MNCs to account for their activities. Write to your government or to the President of the EU, identify if possible European-based multinationals which operate in your region and press for an effective accountability mechanism that will give access to organisations and individuals outside the EU. The President of the European Council MEPs or European Parliament Committees - via rue de la Loi, 175 / B-1048 Brussels General Secretariat of the European Parliament Fax (32-2) 285 73 97 / 81 L-2929 Luxembourg

Campaigning options

- * Feature this topic in communications you plan for May Day eg rally leaflets, placards, news release.
- * Organise a meeting for union members, or a public meeting on this topic. Identify common positions which would strengthen the effect of joint pressure. Draft a union resolution for adoption at branch, regional or national level. Organise joint lobby with trade unions.
- * If possible produce petitions, standard letters or lobbying postcards to mail to selected people.
- * Produce a leaflet for mass circulation, place an article in the press, raise the issue on radio or TV.
- * Contact other NGOs likely to be interested in multinationals and work together (see list in resolution).

Protecting human rights in a globalised economy

Make multinational corporations accountable by year 2,000

A MODEL LETTER

Mr Gerhardt Schroeder (Until June 99, then Finnish Prime Minister Mr Paavo Lipponen)
President of the European Council rue de la Loi, 175 B-1048 Brussels Belgium

Dear Mr Schroeder,

Re:Action to make EU multinational companies fully accountable

I write to ask you to give priority attention to one of the most serious concerns of this era.

As you know, the European Parliament has passed a resolution on the issue of the accountability of multinational corporations. It is now up to the EU Council and the Commission to take action. The resolution passed in January this year includes a call for the establishment of a European Monitoring Platform for multinationals, and for other essential measures to make multinationals properly accountable. These issues of accountability and transparency affect human rights and they are matters of public concern.

Unregulated globalisation by the multinational corporations is sometimes damaging human rights and the environment. It poses a threat to our hope of finding sustainable economic, social and environmental systems.

Multinational companies now represent massive concentrations of money and influence, personnel and expertise and their power can rival or even supercede that of elected governments. Their decisions can harm regional and local economies, can undermine social stability and can threaten ecological systems. For all these reasons their activities must be subject to public scrutiny and to compliance with rigorous standards.

I hope you will make this issue a major priority for the new EU Commission.

(Make a point of your choice from those listed page 4) Eg: It is essential that the instruments for monitoring multinationals are based on existing recognised international human rights standards rights as is proposed in Clause 12 of the resolution by the European Parliament.

In addition I would urge you to ensure there is public information and full consultation with trade unions and with non-governmental organisations in the process of drawing up arrangements.

This is an opportunity for the EU and the Commission to demonstrate commitment to safeguarding human rights, to set up an exemplary transparent and accountable system and to show again the competence to deal with the key issues facing Europe and the rest of the world in the year 2,000 and beyond.

I look forward to your reply, Yours sincerely

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