



Resolution 639 (1976)¹

Multinational corporations

Parliamentary Assembly

The Assembly,

1. Having regard to Order No. 358 (1976), on multinational corporations ;
2. Considering that multinational corporations (MNCs) have made a major contribution to the international organisation of production, the international division of labour, the increased interdependence of national economies, and that they can make a particularly useful contribution to industrialisation, the creation of employment, the transfer of know-how and professional training ;
3. Considering that in particular some of the larger MNCs have become important non-governmental participants in international policies, and have in some cases affected political processes in both home and host countries' policies abroad ;
4. Noting that the disturbances created by short-term capital movements may be increased by the transfer of considerable liquid funds of which MNCs dispose ;
5. Concerned that, because of the transnational nature of their activities and operations- in contrast to the usually nationwide range of action by governments or national organisations- MNCs have a greater freedom of choice vis-à-vis national anti-trust, tax, social and environmental legislation, and can more easily indulge in restrictive business practices and escape the demands of trade unions ;
6. Noting that the action of some multinational corporations in abruptly withdrawing investment can result in considerable local and regional unemployment, and cause grave embarrassment to host nations ;
7. Considering that the larger MNCs have reached a size and geographical spread such as to cast doubts on the effectiveness of the authorities and the trade union organisations at national level, which up to now have been unable to achieve an equivalent degree of international integration ;
8. Considering that international solutions must be found to avoid adverse effects of MNCs, and to promote that their activities are as beneficial as possible to the countries and people concerned ;
9. Having taken note of the Declaration on International Investment and Multinational Enterprises, to which guidelines for multinational enterprises are annexed, and of the decisions on these subjects adopted by the OECD Council, meeting at ministerial level, on 21 June 1976 ;
10. Observing that the OECD Council recommended disclosures by the MNCs by geographical area and not on a nation state basis, and failed to provide a formula for the international enforcement of the OECD code ;
11. Welcoming the agreement OECD has now reached on extending co-operation among its member countries in the area of international investment and multinational enterprises, and endorsing this achievement as a first step in a process aimed at improving the effectiveness of such co-operation ;

1. Assembly debate on 20 September 1976 (15th Sitting) (see [Doc. 3839](#). report of the Committee on Economic Affairs and Development). Text adopted by the Assembly on 20 September 1976 (15th Sitting).



12. Noting with satisfaction the readiness stated by OECD Members to give their full support to efforts undertaken elsewhere and to co-operate with non-member countries, and in particular developing countries, on these matters ;

13. Welcoming the draft directives and other proposals of the Commission of the European Communities on the problems raised by the development of MNCs, and in particular those with regard to the protection of employees and their rights in the case of mergers or rationalisation, information disclosure, capital movements, tax recovery and the drawing up of a joint schedule of transfer prices and licence fees ;

14. Stressing that such co-operation should not be limited to EEC countries, and that the Council of Europe and other international bodies should, within their respective fields of competence, promote a wider international co-ordination and harmonisation of legislation and regulations on such questions as information disclosure, taxation, restrictive business practices and social obligations, with a view to avoiding a distortion of the conditions of competition ;

15. Considering that the aim of investment of MNCs should be to ensure a fair compromise between the interests of the investor, the investor's country and the host country, so as to guarantee the greatest possible economic and social results of investment to all parties concerned ;

16. Noting that MNCs are the main vehicle for private foreign investment in developing countries, and emphasising that such investment should, in a responsible investment climate, respect essential principles of economic and social justice, aim at the transfer of technological, economic and managerial know-how and the training of local personnel at all levels, and promote further economic and social development,

17. Calls on MNCs :

to observe strictly the OECD Guidelines for Multinational Enterprises ;

to observe in particular those provisions in these guidelines on bribing and international cartel forming- and also to respect human rights in all countries in which they operate ;

to see that foreign staff working for their affiliates are sufficiently familiar with the specific conditions, customs and habits in these countries, so as to facilitate their social integration ;

to create bodies representative of all the establishments and affiliates for the information and consultation of employees ;

to publish- in accordance with the OECD guidelines and the relevant EEC proposals- comparative, consolidated accounts of all the companies or undertakings controlled by them, as well as of reports on their social policies ; and

to have due regard to the specific needs and conditions in developing countries with a view to making a contribution to their economic and social progress, for example through the setting up of joint ventures ;

18. Calls on its members to take suitable action in their respective parliaments and through appropriate international institutions together with their governments :

to see to it that the OECD Guidelines for Multinational Enterprises are given full weight by official support, including, as the case may be, national legislation ;

to improve and co-ordinate national antitrust legislation and legislation on restrictive business practices, consumer and environmental protection, employee participation in the decision-making process, and the protection of employees in case of mergers and takeovers ;

to assist developing countries in improving administrative expertise and machinery, by training the necessary staff to balance the highly trained and skilled persons working for MNCs ;

to give investment guarantees or incentives for investment in developing countries, bearing in mind the social and economic benefits to the host countries and their national development plans, without excluding international co-ordination whenever possible ;

to promote the establishment of an international agreement on multinational companies, establishing reciprocal rights and obligations on the part of MNCs and host countries (for example to protect investment by international legislation), and covering the most essential aspects of their activities for which fair international rules are necessary, in particular with regard to employees' rights, co-operation on fiscal matters, improvement of information on the MNCs' financial situation and operations, the observance of consumer safety regulations, the transfer of technology, the avoidance of restrictive business practices, and the settlement of disputes between national authorities and MNCs ;

to promote the introduction by central banks of guiding principles for the terms of payments and receipts, with a view to avoiding disturbances created by short-term money movements due to the advancement or postponement of payments for commercial transactions because of existing or expected exchange rate fluctuations ;

to examine the possibility of elaborating with the social partners a charter on the social obligations of MNCs ;

19. Calls on governments to co-operate at regional level, with a view to coming to a multilateral harmonisation of legislation on international investment and MNCs, in order to reduce the problems which may arise from the operations of MNCs ;
20. Invites the international trade union organisations to co-ordinate and support the development of trade unions in developing countries and to co-operate at world level ;
21. Invites the international and national employers' associations to give intensive information about the OECD guidelines, in order to have their provisions followed ;
22. Envisages submitting further proposals aiming at European co-operation with regard to those aspects of the activities of MNCs mentioned in paragraph 18. v.