Written contribution of the Global Campaign to Dismantle Corporate Power and Stop Impunity to the first session of the intergovernmental working group mandated with the elaboration of an international legally binding instrument on transnational corporations (TNCs) and other business enterprises with respect to human rights.

8 proposals for the new legally binding international instrument on Transnational Corporations (TNCs) and Human Rights
In June 2014, the Human Rights Council adopted resolution 26/9 on the elaboration of an international legally binding instrument on transnational corporations (TNCs) and other business enterprises with respect to human rights. This is a historic achievement after decades of discussions and failed attempts within the United Nations. Such an instrument has the potential to substantially promote the protection and fulfilment of human rights in the long-term and on a global scale. It can contribute to ending the impunity that TNCs routinely enjoy for their human rights violations, especially in countries of the Global South, and to ensuring access to justice for the victims of their activities.

This submission contains eight proposals related to the nature, the scope, the form and the content of the future legally binding international instrument. It is submitted on behalf of the Global Campaign to Dismantle Corporate Power and Stop Impunity, an international network comprising over 200 social movements, networks, organizations, and representatives of victims and affected communities from all around the world. The Global Campaign was actively involved and facilitated the gathering of dozens of delegates in Geneva for a week of high profile mobilization during the Human Rights Council session in June 2014 to demand new binding norms on human rights and TNCs.

Officially launched in Rio in 2012, the Global Campaign has been working on, among other things, a proposal for an International Peoples Treaty on the Control of TNCs. This proposal was built from the grass roots in 2013-2014 – from the recommendations of victims, affected communities and social movements and other civil society organizations in Africa, Asia, Latin America, Europe, the USA and Canada. The Peoples Treaty has two main pillars: proposals addressing legal challenges to corporate accountability and proposals on alternatives addressing the need for transformative systemic change of the current corporate economic model. This submission was developed on the basis of these proposals.

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1 This written contribution has been formally endorsed by:

- Acción Ecológica (Ecuador),
- African Uranium Alliance,
- AITEC (France),
- Alliance Against Mining – ATM (Philippines),
- Alternative Information & Development Centre, AIDC (South Africa),
- Asamblea por la Suspensión del Pago e Investigación de la Deuda y por la Defensa del Patrimonio Nacional y los Bienes Comunes (Argentina),
- Asamblea Veracruzana de Iniciativas y Defensa Ambiental – LAVIDA (Mexico),
- Asian Peoples Movement on Debt and Development - APMDD
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- ATTAC Argentina,
- ATTAC France,
- Biowatch South Africa,
- Blue Planet Project (Canada),
- CADTM – AYNA (Latin America),
- CADTM Switzerland,
- Center for Research and Documentation Chile- Latin America –
- Central de Trabajadores de Argentina – CTA (Argentina),
Centro de Documentación en Derechos Humanos “Segundo Montes Mozo S.J.” – CSMM (Ecuador),
Centro de Estudios para la Justicia Social – Tierra Digna (Colombia),
Centro de Investigación Laboral y Asesoría Sindical – CILAS (México),
Coalición de los Pueblos por la Soberanía Alimentaria – PCFS (Guatemala)
Colectivo RETS (Spain),
Colectivo VientoSur (Chile),
Committee for the Abolition of Third World Debt – CADTM,
Common Frontiers (Canada),
Consejo de Investigaciones e Información en Desarrollo – CID (Guatemala)
Coordination Climat et Justice Sociale, Switzerland,
Corporate Europe Observatory - CEO
Council of Canadians (Canada),
Decidamos (Paraguay),
Diálogo 2000 – Jubileo Sur (Argentina),
Ecologistas en Acción (Spain),
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Ecuador Decide (Ecuador),
Entrepueblos (Spain),
Equit Institute (Brasil),
European Water Movement,
Europe-Third World Centre (CETIM),
FASE (Brasil),
FCDL (Germany),
Focus on the Global South,
Food & Water Watch (US),
France Latin America (FAL),
Fresh Eyes – People to People Travel (United Kingdom),
Friend of the Earth International,
Friend of the Earth Latin America and Caribbean,
Friends of the Earth El Salvador – CESTA,
Friends of the Earth France,
Friends of the Earth Guatemala – CEIBA,
Friends of the Earth Mozambique – JA!,
Friends of the Earth Paraguay,
SOBREVIVENCIA (Paraguay),
Friends of the Earth Spain,
Friends of the Earth Uruguay – REDES,
Fundación de Estudios para la Aplicación del Derecho – FESPAD (El Salvador),
Fundación Servicio Paz y Justicia (Argentina),
Fundación Solón (Bolivia),
Groupe écosocialiste de solidaritéS (Switzerland),
Indonesia for Global Justice -IGJ (Indonesia),
Initiatives for Dialogue and Empowerment through Alternative Legal Service – IDEALS (The Philippines),
Institute for Policy Studies - Global Economy Project (USA),
Instituto Políticas Alternativas para o Cone Sul – PACS (Brasil),
Jubileo Sur / Americas,
Justicia Global (Brasil),
La Vía Campesina Internacional,
Laboratorio de Investigación en Desarrollo Comunitario y Sustentabilidad – LIDEC (Argentina),
Legal Resources Center (South Africa),
MinersWatch (Canada),
Monitoring Sustainabilidad of Globalisation - MSN (Malaysia),
Monitoring Sustainabilidad of Globalización (Malaysia),
Movimiento de Atingidos por Barragens – MAB (Brasil),
Multiwatch (Switzerland),
Observatorio de Conflictos Mineros de América Latina – OCMAL,
Observatorio de la Deuda en la Globalización – ODG (Spain),
Observatorio de Multinacionales en América latina – OMAL (Spain),
Oekumenisches Buero fuer Frieden und Gerechtigkeit e.V. (Germany),
PAPDA (Haiti),
Plataforma Interamericana de Derechos Humanos, Democracia y Desarrollo (PIDHDD Regional),
Polaris Institute (Canada),
Public Service International
Red Nacional Género y Economía - Redge (México),
Red Mexicana de Accion contra el Libre Comercio – RMALC (Mexico),
RIPESS Europe
RIPESS International
SENTRO Trade Union (Philippines),
Sindicato Mexicano de Electricistas – SME (México),
SOLDepaz.Pachakuti (Spain),
SolidaritéS (Switzerland),
Solidarity Sweden - Latin America (SAL)
SOLIFONDS (Switzerland),
Stop the Wall Campaign,
ToxicsWatch Alliance – TWA (India),
Trade Union Confederation of the Americas – TUCA,
Transnational Institute – TNI,
Transnational Migrant Platform – TMP,
Unidad Ecológica Salvadoreña – UES (El Salvador),
Union of People Affected by Texaco-Chevron in Ecuador – UDAPT (Ecuador),
Vasudhaiva Kutumbakam Network
War on Want (UK)
Women in Development in Europe+ – WIDE+,
WoMin (Africa)
World March of Women (Switzerland)
World Rainforest Movement – WRM.
1 The legally binding international instrument must focus on TNCs

TNCs are individual economic/financial entities, or groups of such entities, that conduct economic/financial activities in more than one country. They are generally made up of a parent company that operates in countries other than that of the parent country through foreign direct investment or other economic-financial practices, without creating a local company, or through subsidiaries registered as local companies. Today they are over 40,000 in the world and in 85% of these cases the parent company has its headquarters in a country of the Global North.

With the globalization of the economy, TNCs have become major and powerful actors, and their activities, directly or indirectly, have a huge negative impact on human rights, e.g. through labour practices or environmental impacts among others.

TNCs benefit from various binding agreements, such as free trade agreements (FTAs) and bilateral investment treaties, and agreements made at the World Trade Organization (WTO), with enforcement mechanisms such as investor-to-state arbitration tribunals or dispute settlement mechanisms, protecting their interests. However no mechanisms exist in parallel at the international level to deal with their human rights violations and to ensure access to justice for the victims of their activities. In the absence of binding agreements at the international level, impunity typically prevails, especially when victims are in the Global South.

TNCs are able to escape any control because of the unprecedented economic, financial and political power they command, their transnational character, their economic and legal flexibility and the complex structures they use to evade national and international laws and regulations.

Many TNCs are richer and more powerful than the states that seek to regulate them. It is estimated that 80% of trade takes place in value chains linked to TNCs. The top 25 TNCs alone had an annual revenue of approximately US$ 5.6 trillion in 2014. And of the world’s 100 largest economic entities (including nation states), 37 are TNCs. The economic, financial and political power of TNCs is such that most states are not able to regulate their activities much less hold them responsible for any harm they have done. And many states do not wish to hold TNCs accountable, being more interested in attracting foreign investment. It has been repeatedly pointed out that a major obstacle to the full realization of all human rights, in particular economic, social and cultural rights, is this concentration of economic and political power in the hands of the leading TNCs.
Moreover TNCs use a transnational structure and complex schemes to avoid liability and national jurisdictions, and evade their legal responsibilities. Their headquarters, where decisions take place and financial resources are managed, are ordinarily based in countries with the weakest tax, accountability and transparency laws, typically far from where they carry on their major economic activities and where their business activities may adversely affect human rights. And TNCs generally operate through affiliates, subcontractors, licensees or local business enterprises, supposedly independent but de facto under their control. It thus becomes extremely difficult to hold TNCs liable for the human rights violations arising from their activities.

Hence there is a major legal gap in international human rights law that needs to be closed to end the impunity for human rights violations committed by TNCs. This must be the main objective of this new legally binding international instrument.

2 The legally binding international instrument must affirm the obligation of TNCs to respect all human rights

The new legally binding international instrument must affirm the obligation of TNCs to respect all human rights (civil, political, economic, social and cultural rights as well as the right to development). Specific obligations must be defined in detail, in particular regarding the right to life, the right to freedom of association, the right to freedom of opinion and expression, the right to non-discrimination, the right to work, the right to food, the right to water, the right to housing, the right to health, the right to self-determination and the right to a healthy environment. The legally binding international instrument must also include provisions on the obligations of TNCs regarding certain vulnerable and particularly affected groups, such as youth, children, women, migrants, indigenous peoples and human rights defenders.

This obligation of TNCs to respect human rights must also include the obligation to ensure that their subsidiaries, chain of suppliers, licensees and subcontractors also respect human rights. And TNCs must be held accountable for the human rights violations they commit outright as well as those they commit by complicity, collaboration, instigation, omission, negligence or dissimulation.
The new legally binding international instrument must therefore include the obligation of TNCs to respect international human rights law, international labour law and international environmental norms. TNCs must also have the obligation to respect national laws and regulations, and abstain from interfering in their development. TNCs must be bound to recognize the principle of the primacy of human rights and public interest over private economic interests.

The treaty must also include a provision on the duty of TNCs to fulfil their tax obligations so that states may guarantee human rights, especially economic, social and cultural rights and the right to development.

The instrument must explicitly prohibit acts constituting war crimes, crimes against humanity, genocide, torture, forced disappearances, displacements, executions and violations of international humanitarian law. It must also prohibit TNCs from hiring private militias and using private security services outside of company property.

The legally binding instrument must establish the obligation of TNCs to respect all international and national provisions and laws that prohibit discrimination on the basis of race, colour, gender, religion, political opinion, nationality, social origin, social status, belonging to an indigenous or Afro-descendant people, disability, and age, among others.

TNCs must be under obligation to respect the rights of women and their living conditions, and they must not exploit them or contribute to the perpetuation of violence against them. TNCs must stop perpetuating wage gaps and the gendered division of labour and must also be bound to respect the rights of migrant workers and those of indigenous peoples as recognized at the international level.

The United Nations treaty must include the obligation of TNCs to refrain from all forms of collaboration (economic, financial or supply of services) with other entities, institutions or people that commit human rights violations. TNCs must also be obligated to engage in fair trade and marketing practices and to adopt all reasonable provisions to guarantee the safety and quality of the products and services they offer, including respect for the precautionary principle. Further, they must be prohibited from producing, selling or marketing products that are dangerous or potentially dangerous to people, animals or nature, such as toxic products, transgenic seeds or highly hazardous pesticides.
The instrument must also establish the obligation of TNCs to conduct their activities in accordance with national laws and regulations, administrative practices and policies on environmental protection, while complying with international agreements, principles, norms, commitments and objectives relative to the environment and human rights, public health and safety, as well as bioethics and the precautionary principle. The instrument must include provisions to end environmental dumping. TNCs must be held responsible for the environmental impacts of their activities, such as water, soil and air pollution, or the destruction of ecosystems. They must be bound to provide compensation for the peoples, communities and states affected and, where appropriate, repair the damage and restore the environment.

TNCs must be under obligation to contribute to the local economy and generate decent and secure jobs. The new legally binding international instrument must include the obligation of TNCs to abjure all recourse to forced or child labour, as well as the obligation to provide a safe and healthy work environment, to pay a wage that guarantees a decent life to workers, and to respect trade union freedom, the right to strike and collective bargaining. The instrument must include provisions to end social and wage dumping.

The legally binding international instrument must impose on TNCs the obligation to pay reasonable prices to their suppliers and subcontractors, thus enabling the payment of decent wages and provision of decent jobs. The royalties TNCs receive from licensees must be set at reasonable levels for the same reason. TNCs must be bound to subordinate to international human rights law their activities in the area of intellectual property, science and technology.

The legally binding international instrument must establish the obligation of TNCs to publicly identify the countries where they carry out any kind of commercial and/or financial activity, and to publicly identify their subsidiaries, suppliers, subcontractors and licensees, as well as the legal framework of their participation in other companies or legally registered entities.

The treaty must add a provision stating that TNCs must rapidly, effectively and adequately compensate individuals, entities and communities harmed by their practices, providing compensation, restitution, retribution and rehabilitation for all damage caused or all goods depleted.
3  The new legally binding international instrument must affirm the obligation of states to protect against human rights violations committed by TNCs and must codify their extra-territorial obligations in this regard

The future United Nations binding treaty must affirm the obligation of states to protect against human rights violations committed by TNCs and list in detail the specific measures that states need to implement. These would in particular involve regulating TNCs in order to prevent human rights violations from occurring as well as establishing effective mechanisms at the national level to enable access to justice and remedy for victims and affected communities.

The treaty must also contain the specific and detailed obligations of states regarding their duty to protect. It must in particular include the obligation to consult local communities before granting any concession to TNCs, to prohibit the use of its armed forces by TNCs, to criminalize public and private corruption, to regulate financial markets and prohibit speculation on food commodities, to prohibit patents on life forms and the privatization of certain goods and services that are indispensable to human rights and public interest, and to prevent private monopolies and abusive business concentrations, including in the media. States must assume the responsibility to protect human rights defenders and whistle-blowers working in the framework of TNC accountability and in any case must not be allowed to criminalize such efforts. States must as well be required to eschew cooperation with TNCs implicated in human rights violations.

A decisive contribution of the United Nations binding treaty must be to recognize that states have extra-territorial obligations related to their duty to protect human rights against TNC abuses, and it must clarify their content and the situation wherein they may arise. Thus, the treaty must require states to regulate the extra-territorial activities of TNCs and ensure access to justice and redress for the affected communities and victims of the activities of TNCs abroad.

States must in particular ensure that TNCs based on their territory respect all human rights, including international human rights law, international labour law and international environmental norms, when operating abroad. They must sue and sanction these TNCs when they violate human rights. The treaty must clarify when
such extra-territorial obligations arise but a state must, at a minimum, be bound by extra-territorial obligations when a TNC has its centre of activity, is registered or has its headquarters, or has substantial business or financial activities, in the state concerned. The United Nations binding treaty must also include the obligation of states to cooperate at the international level, including in all judicial fora, to protect human rights from the operations of TNCs that affect these rights.

4 The legally binding international instrument must reaffirm the hierarchical superiority of human rights norms over trade and investment treaties and develop specific state obligations in this regard

A proliferation of free-trade and investment treaties has conferred tremendous economic, legal and political power upon TNCs and states have been pushed to take measures that erode their own sovereignty, the role of the public sector and the protection of human rights. These treaties favour the privileges and profits of investors and TNCs over peoples’ rights and international human rights law. They protect TNCs from any decision that could negatively affect their investments, and even future profits, and do not take into account states’ binding human rights obligations.

International investor-to-state arbitration tribunals are a special concern as they allow TNCs to sue states to impose their will and promote their interests. There have been several instances where states, having taken or attempting to take human rights or public interest measures, were challenged or forced to pay tens of millions of dollars to TNCs in compensation.

For example, in 2012, action was brought against Egypt at the World Bank’s International Centre for Settlement of Investment Disputes (ICSID) for having raised the minimum wage from € 41 to € 72 per month to enable people to better fulfil their right to food, health care and education. In 2010, Philip Morris launched lawsuits against both Uruguay and Australia for introducing laws that would dissuade people from smoking and damaging their health. In 2004, Mexico was ordered to pay more than US$ 90 million to Cargill for introducing a tax on sodas intended to improve people’s health. In 2010, Guatemala was ordered to pay US$ 25 million to Tampa Electric for introducing a
law capping electricity prices to allow the poor better access to basic services. And the Swedish public group Vattenfall has filed a complaint against Germany for the decision to end nuclear energy by 2020, to avoid any nuclear accident that could kill millions, estimating its profit shortfall to be € 4.7 billions.

Three quarters of the complaints filled at the ICSID come from TNCs based in the United States and the European Union, and they target countries of the Global South. In two thirds of the cases, TNCs have been successful and have received large settlements, or states have been forced to reduce their standards as part of a compromise. This is a serious issue the future treaty needs to address. And the problem is not limited to investor-to-state arbitration tribunals but also extends to other international mechanisms, such as the WTO dispute settlement.

In conformity with the United Nations Charter, the future legally binding international instrument must reaffirm that international human rights laws are hierarchically superior to international trade and investment norms. The treaty must ensure that states develop, implement and comply with international human rights and environmental treaties, agreements and rules, and subordinate to them the international rules related to trade, investment, finance, taxation and security. In particular, the legal principles linked to free trade and investment norms (national treatment, most favourable nation etc.) must be subject to international human rights norms.

The treaty must obligate states to introduce a binding human rights supremacy clause into all trade and investment treaties that they sign, and to renegotiate existing agreements to this effect, or else to cancel them and refuse to sign any such agreements that do not explicitly recognize the supremacy of human rights obligations. States must be under the obligation to introduce into these treaties clauses concerning the universality, indivisibility and interdependence of human rights, as well as the defence of essential public goods such as water, health, education, and public services as well as the protection of public enterprises and cooperatives. The binding instrument must also establish obligations in relation to the consultation of peoples, social movements, affected communities and consumers, as well as provisions for a democratic and transparent development process.

The treaty must prohibit states from submitting an investor-state dispute to an international arbitration body under any circumstances, as this undermines states’ sovereignty, impairs their ability and duty to protect human rights and vitiates individual and peoples’ rights recognized under international human rights law.
The legally binding international treaty must establish the civil and criminal responsibility of TNCs and their executives, as well as the shared liability of TNCs for the activities of their subsidiaries, suppliers, licensees and subcontractors.

The United Nations treaty must require states to provide within their national jurisdiction for the legal liability (civil and criminal) of both TNCs and their executives (e.g. CEOs, managers, boards of directors). The principle of double indictment – liability of both the legal entity and the individuals who take the decisions – must be recognized.

This civil and criminal responsibility must apply to crimes and offences committed outright by TNCs and the executives themselves as well as to those resulting from complicity, collaboration, instigation, omission, negligence or dissimulation.

The treaty must include strong provisions on the shared liability of transnational corporations with their subsidiaries (de jure or de facto) and their chain of suppliers, licensees and subcontractors.

This shared responsibility of TNCs with their subsidiaries, suppliers, subcontractors and licensees is a key issue, as it is common practice for TNCs to externalize costs, risks and thus the liabilities – which end up being assumed almost entirely by their subsidiaries, suppliers, subcontractors and licensees – while continuing to earn exorbitant profits and act with impunity.

The case of the textile industry in Bangladesh is a clear example. There, a substantial textile industry is mostly under subcontract to major TNCs that take advantage of the country’s weak labour legislation. In April 2013, the collapse of the Rana Plaza building, where several garment factories operated, resulted in more than a thousand deaths and some 2,500 injured workers. The Rana Plaza incident was considered as one of the deadliest industrial accidents in South Asia in the last 30 years since the Bhopal incident in India. Yet TNCs denied any responsibility and legal liability and blamed their local subcontractors and suppliers, as well as local governments. Some of the major brands, such as Gap Inc. and Benetton, refused even a modest contribution to compensate the victim’s families.

The principle of shared liability must also be applied upward, so that investors, shareholders, banks and pension funds that finance TNCs can be held liable for the human rights violations that TNCs commit.
The future legally binding international instrument must include provisions on the obligations of international and regional financial and economic institutions

The economic policies imposed by the International Monetary Fund (IMF), the World Bank and other regional banks contribute to the impunity of TNCs and are responsible for numerous human rights violations. The structural adjustment policies and conditions demanded by the international financial institutions operate as a straightjacket which obliges states to open up their countries to TNCs.

Structural adjustment usually involves, among other things, the devaluation of the national currency, a rise in interest rates, a reduction of public expenditure, wide-scale privatizations, reduction of public subsidies, the reduction or complete removal of various regulations and standards, such as labour and environmental standards, the orientation of the economy towards export markets. All of which ultimately benefit TNCs and create an architecture of impunity. These policies were imposed on countries of the Global South by the IMF and the World Bank in the last decades and are now also imposed on countries of the Global North such as Greece. The World Bank and other regional banks are also financing many projects that involve massive human rights violations committed by TNCs.

A famous case in 1999-2000 involved Bolivia – at the demand of the World Bank – turning over the management of the city of Cochabamba’s water supply and treatment system to a single bidder representing several TNCs. Within the framework of this arrangement, which was to last for 40 years, the water rates immediately rose, going from an admittedly negligible level to something in the neighbourhood of 20% of monthly household income, and peasants have been prohibited to collect water from the rain. The armed forces intervened to stop citizen demonstrations, causing six deaths, but the demonstrations continued until the consortium was forced to leave the country.

Another case involves the World Bank, through the International Finance Corporation and the International Bank for Reconstruction and Development, funding the building of highways and electricity infrastructure in Guatemala to facilitate the operation of the Marlin mine by Montana Exploradora, a subsidiary of a TNC based in Canada (Goldcorp). This was done without the prior and informed consent of the affected indigenous
peoples, contrary to what United Nations instruments and ILO Convention 169 require. In addition, the World Bank and IMF pressured the Government of Guatemala to develop a new legal framework favorable to TNCs to attract foreign direct investments, especially in the mining sector. All of this was done despite foreseeable major negative impacts on health, the local economy and access to water and was accompanied by the social and political repression of those opposing the mining industry.

International and regional financial and economic institutions, in particular the IMF and the World Bank, bear therefore a major responsibility for the human rights violations committed by TNCs and the impunity they enjoy too often. Yet, the IMF and the World Bank are specialized United Nations agencies, and as such their decisions must conform to the United Nations Charter and respect human rights.

It is therefore crucial that the legally binding instrument include provisions on the obligations of these international and regional financial and economic institutions. It must require at a minimum that these institutions contribute to the implementation of the treaty and refrain from taking measures contrary to its objectives and provisions.

7 Mechanisms must be established at the international level to enforce the treaty and monitor its implementation

Besides the lack of binding international norms, a central consideration in putting an end to the impunity of TNCs committing human rights violations is the lack of enforcement and monitoring mechanisms at the international level. This is a major gap the treaty must deal with. It should in particular create three bodies: a body overseeing compliance, a Public Centre for the Control of TNCs and a World Court on TNCs and Human Rights. These bodies will be provided with the means necessary for their proper functioning. TNCs and states will have the obligation to cooperate with these bodies and provide them with all the necessary information and data.

A treaty body (committee) must be established to monitor whether states and TNCs respect their obligations and implement the treaty. It must be able to receive individual
and collective complaints regarding specific cases of breach of the treaty. A decisive contribution of this United Nations binding treaty must be to open up the possibility for victims to submit complaints against TNCs for their failure to comply with their obligations to respect human rights.

To complement this treaty body, a Public Centre for the Control of TNCs must be established. It will have the mandate to analyse, investigate, document and inspect the practices of TNCs and their effects on human rights. Government officials, social movements, trade unions, affected communities and indigenous peoples must participate in the management and supervision of the Centre.

The United Nations binding treaty must provide for the establishment of a World Court on TNCs and Human Rights. It must be complementary to national, regional and international human rights mechanisms and be based on the principle that affected individuals, communities and states must have access to an independent international legal body in order to obtain redress for violations of civil, political, economic, social, cultural and environmental rights committed by TNCs. The Court would be responsible for receiving, investigating and judging complaints against TNCs. New types of international crimes, such as economic crimes, financial crimes, corporate crimes and environmental crimes, must be recognized and fall under the purview of the World Court. The Court will consider both the civil and criminal responsibility of TNCs and their executives, as well as the shared liability of TNCs for the activities of their subsidiaries, suppliers, licensees and subcontractors.

8 Negotiations must be protected from corporate capture

For several years now the United Nations has opened its doors to transnational corporations, presented under the name of “stakeholders”. In so doing, the United Nations is following a general global trend that consists of involving giant economic and financial conglomerates in decision making to the detriment of states, governments and civil society in general. Allowing such “stakeholders” into the United Nations became official on 25 July 2000 at the New York headquarters when the Secretary-General launched the Global Compact in which 44 major TNCs and other “representatives of
civil society” participated. The Compact’s declared objective is to secure the voluntary respect by TNCs of ten principles of human rights law, labour law, environmental law and to oppose corruption.

This alliance between the United Nations and major TNCs has created a dangerous confusion between, on the one hand, a public international political institution which, according to its charter, represents “the peoples of the United Nations” and, on the other hand, a group of entities that embody the private interests of an international economic elite. Such an alliance is completely contrary to the process necessary for the democratization of the United Nations and the ending of corporate capture.

It can be asserted today that this voluntary approach has failed. It has mainly enabled TNCs to benefit from their association with the United Nations without having to prove their conformity with United Nations core values and principles, nor United Nations human rights treaties. And indeed they have not changed their practices at all. Now, the influence of TNCs on the decision-making of the United Nations bodies has contaminated the entire system.

It is therefore essential to take all necessary measures against the influence of TNCs during the whole process of preparing and negotiating a new binding international instrument in order to prevent and sanction human rights violations they commit. Experience has shown the ability of TNCs to mobilize enormous resources to thwart any attempts to regulate them seriously at the international level. TNCs are not stakeholders or the subjects of human rights, nor democratic and transparent entities. By definition, TNCs are entities that defend private interests (above all those of a handful of majority shareholders) as opposed to the general interest. They must not be allowed to participate directly in the process where they would be both the accused and the judges. Negotiations would take place on an unequal footing, given that civil society organizations, and even many countries of the Global South, have limited financial resources and would be directly confronted with TNCs with an annual turnover of tens – even hundreds – of billions of US$. 
collectively building a global movement
to Dismantle the Power of Transnational Corporations

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