

the work undertaken on the relationship between the enjoyment of human rights and the working methods and activities of transnational corporations.

The Sub-Commission established, for a three-year period, a five-member sessional working group to examine the working methods and activities of transnational corporations. The Working Group was given a mandate to:

- ♦ identify and examine the effects of the working methods and activities of transnational corporations on the enjoyment of economic, social and cultural rights and the right to development, as well as civil and political rights;
- ♦ examine, receive and gather information, including any working paper prepared by a member of the Sub-Commission, on the effects of the working methods and activities of transnational corporations on the enjoyment of economic, social and cultural rights and the right to development, as well as of civil and political rights;
- ♦ analyse the compatibility of the various international human rights instruments with the various investment agreements, including, in particular, the Multilateral Agreement on Investment (MAI);
- ♦ make recommendations and proposals relating to the methods of work and activities of transnational corporations in order to ensure that they are in keeping with the economic and social objectives of the countries in which they operate, and to promote the enjoyment of economic, social and cultural rights and the right to development, as well as of civil and political rights;
- ♦ prepare each year a list of countries and transnational corporations, indicating in US dollars, their gross national product or financial turnover, respectively; and
- ♦ consider the scope of the obligation of states to regulate the activities of transnational corporations, where their activities have or are likely to have a significant impact on the enjoyment of economic, social and cultural rights and the right to development, as well as of civil and political rights of all persons within their jurisdiction.

The Working Group was requested to submit its first report to the 1999 session of the Sub-Commission.

The second resolution (1998/12) was on human rights as the primary objective of trade, investment and financial policy. The Sub-Commission, *inter alia*: stressed the need to work towards the realization for all people and communities of the rights, including food, housing, work, health and education, enshrined in the International Covenant on Economic, Social and Cultural Rights; noted with concern the conclusions of the Trade and Development Report 1997 published by the UN Conference on Trade and Development (UNCTAD) that since the early 1980s the world economy has been characterized by

rising inequality, both between and within countries; also noted the conclusions of the Human Development Report 1997 published by the UNDP that although poverty has been dramatically reduced in many parts of the world, a quarter of the world's people remain in severe poverty, that human poverty constitutes a denial of human rights, that unguided globalization had helped to reduce poverty in some of the largest and strongest developing economies but had also produced "a widening gap between winners and losers" among and within countries; noted the continuing negotiations in the OECD on a Multilateral Agreement on Investment, and of the widespread protests by civil society against the Agreement based on concerns about its adverse effects on human rights, the environment and sustainable development; expressed concern about the possible human rights implications of the Multilateral Agreement on Investment (MAI) and particularly about the extent to which the Agreement might limit the capacity of states to take proactive steps to ensure the enjoyment of economic, social and cultural rights by all people; noted the statement on globalization and economic, social and cultural rights, made in May 1998 by the Committee on Economic, Social and Cultural Rights (as above); and noted the need to re-emphasize the centrality and primacy of human rights obligations in all areas of governance and development, including international and regional trade, investment and financial policies, agreements and practices.

The Sub-Commission: emphasized that the realization of the human rights and fundamental freedoms set out in international and regional human rights instruments is the first and most fundamental responsibility and objective of states in all areas of governance and development; urged UN agencies, including the International Monetary Fund and the World Bank, at all times to be conscious of and respect the human rights obligations of the countries with which they work; and urged OECD states to review the draft text of the Multilateral Agreement on Investment to ensure that all its provisions are fully consistent with their human rights obligations, and to keep these obligations in mind during any future negotiations on the Agreement.

The Sub-Commission decided to prepare a working paper on ways and means by which the primacy of human rights norms and standards could be better reflected in, and could better inform, international and regional trade, investment and financial policies, agreements and practices, and how the United Nations human rights bodies and mechanisms could play a central role in this area. The working paper is to include an analysis of the text of the Multilateral Agreement on Investment from a human rights perspective and to consider ways to ensure that future negotiations on the MAI or analogous agreements or measures take place within a human rights framework. The Sub-Commission called on the OHCHR, on an urgent basis, to develop appropriate expertise to address the human rights implications of international and regional trade, investment and financial policies, agreements and practices and requested the