



South Centre Statement to the 7th Session of the Open Ended Intergovernmental Working Group on transnational corporations and other business enterprises with respect to human rights

The South Centre, as the intergovernmental organization of developing countries, has keenly followed the evolution of the process towards the adoption of a Legally Binding Instrument on transnational corporations and other business enterprises since its inception and over the various sessions of this Working Group.

We welcome the strengthening of the text of the draft LBI with contributions of State delegations and civil society organisations, particularly from the Global South. The third revised draft of the LBI being discussed this week reflects many of the comments and textual suggestions made in the previous sessions of the Working Group and streamlines the provisions for their effective implementation. The process now moves into a very important phase with State-led direct substantive intergovernmental negotiations and raises hopes for the adoption of the LBI in the near future.

The multidimensional impacts of the COVID-19 pandemic has made it urgent to address the issues covered in the draft LBI. COVID-19 has greatly exacerbated the vulnerabilities of peoples and communities, while many transnational corporations and large business enterprises have registered unprecedented profitability in the same period. Transnational corporations have grown in their importance, size and geographical scope in the digital economy. They have become much more sophisticated in their dealings with national regulations, and in avoiding liabilities, in particular when violations and abuses of human rights occur due to their business activities.

Globally, there has been greater uptake of binding legislations for regulating the activities and human rights impacts of business enterprises, through mandatory human rights due diligence, legislation addressing modern slavery in supply chains, statutory corporate social responsibility requirements and adoption of measures to curb corporate influence and promote more inclusive, participatory and sustainable development efforts.

The LBI can support these efforts by leveraging international cooperation to create a competitive playing field globally for businesses and investors by preventing a race to the bottom and upholding human rights throughout their business operations and supply chains. The LBI is also critical to fill existing regulatory gaps in international law for ensuring corporate accountability and enabling effective access to justice and remedies for victims of business-related human rights violations. Finally, the LBI can also strengthen existing voluntary initiatives and help align corporate interests with the development aspirations of the local communities and territories where they operate towards achieving common prosperity and the full realization of human rights.

The South Centre stands ready to fully support the Chairperson-Rapporteur, the Friends of the Chair, and developing countries in these important efforts.