

# INTERNATIONAL REGULATIONS OF TNCs IN THE CONTEXT OF GLOBALIZATION

**Chebanenko E.A.**

*National Aviation University, Kyiv*

*Scientific adviser –Rumyantsev A.P., Doctor of Economics, Professor,  
Academician of the Academy of Sciences of the Higher School of Ukraine*

Intensive globalization of the world economy and international relations, the driving force of which are TNCs, gives special importance to the study of the current state of legal regulation of their activities within the system of private international law and national legal systems. The relevance of a topic in general is determined by two interrelated but separate factors. The first is the process of development of the globalization overall, with its trend towards the interpenetration and interdependence of national economies from each other is growing. The second is inextricably linked with the activities of transnational corporations (TNCs), which are one of the main actors in the economic globalization due to the concentration of control over such strategically important areas as finance, labor, technology, raw materials and components supply, services, and sales. Given these circumstances, it becomes appropriate to conduct a study of the existing system for regulating the activities of TNCs in individual countries and the world for compliance with the requirements of its members.

First of all one should clarify that no uniform and rigorous scientific definition of transnational corporations was presented yet. However the most common one in use by most experts interprets the concept of transnational corporations as «companies (corporations) that have office and/or divisions

in countries other than that of its origins». Another detail is that these foreign units operate under national law [1].

While the creation of a unified legal regulation of TNCs at the international and regional levels is in the process of formation, states are developing their own array of special legal rules of direct action governing the admission and conduct of business of foreign companies in their territory. The very problem of international regulation of TNCs is greatly complicated by the different views of the subjects of international relations on this issue. Thus, from the point of view of developed countries, the main goal is to systematize and codify rather than directly restrict the activities of TNCs. In developing countries, the issue of limiting the influence of TNCs is much more acute, as such countries face the risk of oppression of their own industries, and under certain conditions, the existence of political pressure [2].

This opinion was summarized and expressed within the UN. Thus, at its 30th session, a resolution “Measures against corruption practiced by TNCs and other corporations, their intermediaries and other parties involved” was adopted, in which the UN General Assembly strongly condemned crimes related to the illegal practice of bribery of state employees of the countries where the TNC is located in order to achieve favorable solutions for it, contrary to the economic and national interests of these countries.

Although in general there is no single system that would cover the interaction of TNCs with nation states, there are a number of documents adopted in the framework of regional economic associations and international organizations (UN in the first place):

- Code of Foreign Investment, adopted in 1970 by Latin American countries - countries - members of the Andean Pact: Bolivia, Colombia, Peru, Chile (until 1976) and Ecuador;

- Charter of Economic Rights and Duties of States, approved by a resolution of the UN General Assembly in 1974, the provisions of which are aimed at protecting the economic rights of developing countries (UN intergovernmental commissions on transnational corporations and TNC centers were established)[3];

- Regional Declaration on International Investment and Multinational Enterprises of June 21, 1976; and in addition - guidelines for multinational enterprises (the rules of this document are not mandatory, their implementation is voluntary);

- “Principles for monitoring the restriction of business practices of monopolies and corporations” (approved in 1980 by the UN General Assembly).

In addition, the UN tried to create a single system for regulating the activities of TNCs, expressed in the Code of Conduct for TNCs [4], but in this case, the Intergovernmental Working Group, which was to draft the Code

could not develop a document that would meet the various requirements. In a sense, the process of creating this document and the discussions around it have formulated modern views on the problem of regulation of the activities of TNCs from the point of view of developed and developing countries, as well as differences between these positions.

Summing up the above, it is worth to emphasize that despite the fact that TNCs play a central role in the modern development of international economic relations and actively influence in the near future, the international legal regulation of TNCs today can not be considered exhaustive. This situation is connected, among other things, with radical differences in the positions of different states. As a result, this leads to unsystematic and sporadic measures taken at the level of regional associations and the lack of significant movement in this direction.

### **References:**

1. Marcel Kordoš and Sergej Vojtovic 2016 «Transnational Corporations in the Global World Economic Environment»
2. Porumbescu, Alexandra, and Livia Dana Pogan. «Transnational Corporations, as Subjects of International Law in the Globalization Context.» *Revista de Stiinte Politice*, no. 64, 2019, p. 65+. Accessed 10 Mar. 2021.
3. Charter of Economic Rights and Duties of States General Assembly resolution 3281 (XXIX) [Electronic resource]. - Access mode: <https://legal.un.org/avl/ha/cerds/cerds.html>
4. Code of Conduct on Transnational Corporations. [Electronic resource]. - Access mode: <https://digitallibrary.un.org/record/156251>.