Development cooperation: state-owned enterprises, public services and economy of developing countries

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The committee adopted the own-initiative report drawn up by Hans MODROW (EUL/NGL, D) in response to the two Commission papers on the reform of state-owned enterprises and support for the development of the business sector in developing countries. MEPs stressed that the EU should remain neutral regarding the forms of ownership of enterprises in developing countries; the reform of state-owned enterprises should be promoted through advice and support for decisions taken by developing countries, not by exerting pressure through international financial institutions. An objective assessment, they said, should not be prevented by ideological prejudices. The report emphasised the importance of affordable access to services of general interest, which should be protected in the event of privatisation, since water supply, drainage, energy supply, education and health services are important in meeting basic needs. It said that, where a privatisation is carried out, wherever possible domestic investors should be substantially involved, and particular attention should be given to 'small', decentralised solutions such as micro-enterprises and small businesses, rather than 'large-scale' solutions involving takeovers of state-owned enterprises by multinationals. The committee called on the Commission to encourage developing countries to support private enterprise in partnership with state-owned enterprises to fill the gaps which state-owned enterprises cannot tackle alone. It further stressed that developing countries should be encouraged to create the legal and economic preconditions for the formation of cooperatives and mixed ownership businesses. Developing countries should also be helped to diversify their financial and banking industries so that small and micro loans can also be extended, with particular attention being paid to improving women's access to such loans. MEPs called for Trans-National Corporations (TNCs) to set up Ethical Investment Committees similar to their existing Audit and Remuneration Committees to report on their implementation of the OECD guidelines for multinationals in developing countries. Such committees would also work with NGOs to help develop Offset projects tied to local social, environmental and industrial capacity-building which will lead to poverty eradication and foster the provision of basic services. MEPs also wanted TNCs to commit a minimum of 0.7% of gross turnover or 5% of net profit (whichever is the smaller) to new investment in local Offset projects. Finally, the report urged the Commission to propose an International Convention on Corporate Accountability, which would handle the regulation of corporate responsibility and accountability on an international level.