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ECONOMIC COMMISSION FOR LATIN AMERICA  
Office for the Caribbean

CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE  
UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

Caribbean Regional Workshop on  
Regulating and Negotiating with  
Transnational Corporations  
27 April - 8 May 1981  
Bridgetown - Barbados

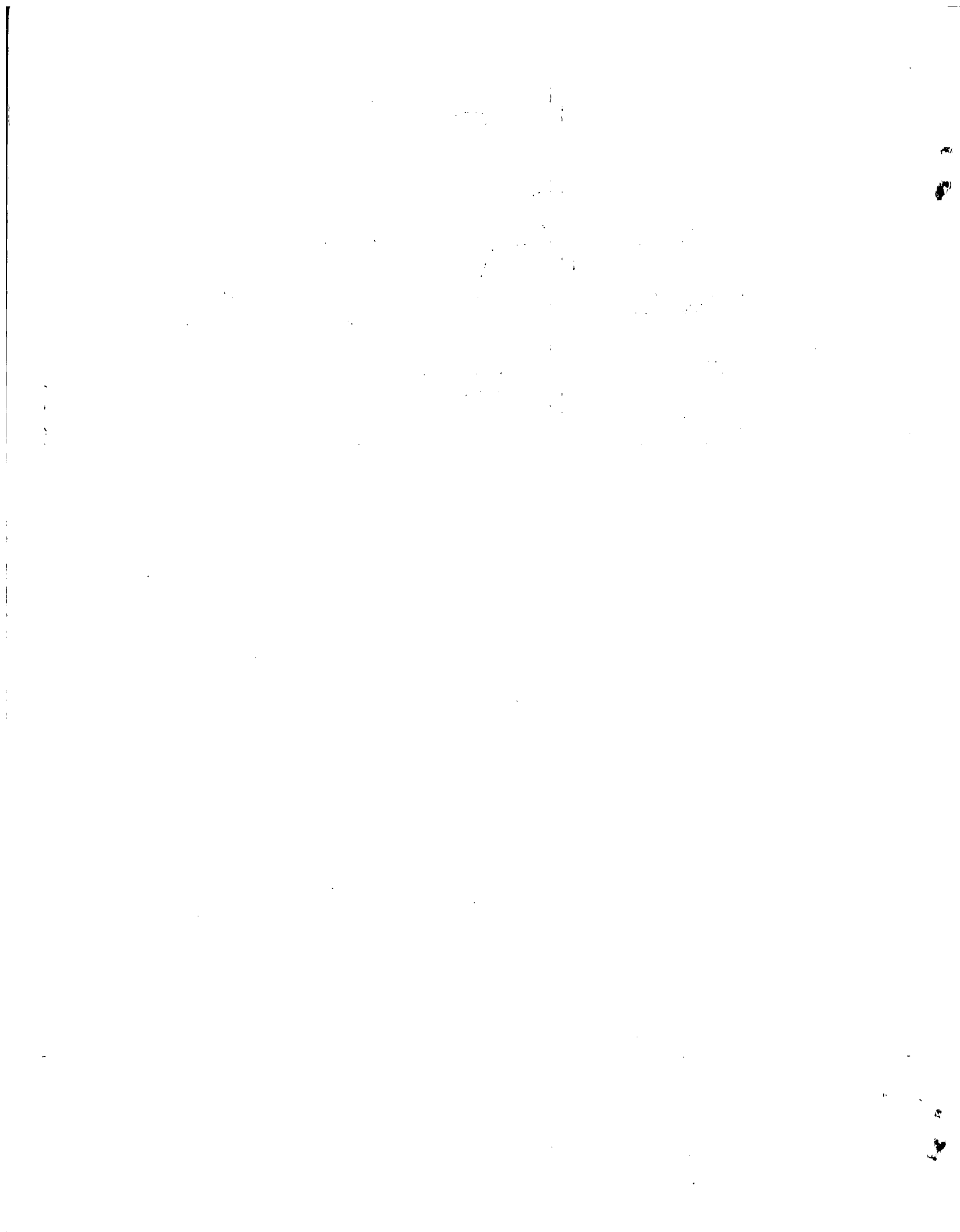


REPORT OF CARIBBEAN REGIONAL WORKSHOP  
ON REGULATING AND NEGOTIATING  
WITH TRANSNATIONAL CORPORATIONS  
27 April - 8 May 1981  
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UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean



## INTRODUCTION

1. At the Third Session of the Caribbean Development and Co-operation Committee (CDCC) in April 1978 it was agreed that the United Nations Centre on Transnational Corporations (CTC) would convene a comprehensive training workshop on negotiations with and regulations of transnational Corporations

## PARTICIPANTS

2. Experts from the following Governments participated in the Workshop: Barbados, Cuba, Dominica, Dominican Republic, Haiti, Montserrat, Netherlands Antilles, St. Kitts/Nevis, and Trinidad and Tobago. Representatives from CARICOM, Caribbean Development Bank, and the University of the West Indies (Barbados) also participated. Representatives from UNDP and UNIDO attended some sessions. A list of participants is given at Appendix I.

## OPENING OF WORKSHOP

3. The opening address was given by the Honourable H.B. St. John, Deputy Prime Minister and Minister for Trade, Tourism and Industry. Other addresses at the opening session were delivered by Mr. Richard Church, Deputy Resident Representative Barbados, Mr. Samuel Asante, Senior Adviser on Legal Matters, United Nations Centre on Transnational Corporations and Mr. Hamid Mohammed, Deputy Director, ECLA Office for the Caribbean.

## WORKSHOP PROGRAMME

4. The following is the workshop programme and lectures:

- i) Caribbean development and transnational corporations  
(Mr. W. Demas, CDB)

Examination of the role of private direct investment in the development process of the countries in the Caribbean region.

- ii) Country development objectives and transnational corporations (Mr. Samuel Asante, CTC)

General review of the economic and social objectives and related policies of developing countries with respect to the activities of transnational corporations. Attention will be focused, in particular, on: export promotion;

import substitution; saving foreign exchange resources; industrial development, including promotion of linkages and value added; acquisition of technology and development of national technological capability; expertise and training; and employment. Discussion will include a review of general government policy options, including development of sectoral priorities, optimum utilization of domestic resources and role sought for investment technology.

iii) Acquisition of technology (Mr. Rana Singh, CTC)

Analysis of policies and practices concerning acquisition of technology in developing countries, including:

- institutional arrangements and regulations related to the acquisition of foreign technology
- selection of technology
- contractual issues, including cost of technology, specific performance clauses, restrictive business practices and access to improvements and innovations
- unbundling technology package and policies related to the development of national technological capability
- licensing of trademarks and patents.

iv) Information and disclosure (Mr. Rana Singh, CTC)

Review and analysis of disclosure of information principles used by transnational corporations, ways and means of obtaining sectoral information, as well as information on a specific transnational corporation, the content of information disclosed, verification and evaluation of information, and confidentiality issues.

v) Alternative forms of foreign participation (Mr. Samuel Asante, CTC)

Review and analysis of recent trends in alternative forms of foreign participation and their costs and bene-

fits as seen by both the host country and the foreign investor. Among the forms to be considered are:

- wholly-owned subsidiaries
- joint venture
- licensing contract
- service contract (e.g. marketing, management, turnkey).

vi) Ownership, control and management (Mr. Charles Lipton, Attorney-at-Law)

- Alternative arrangements for sharing equity (50/50, foreign minority, foreign majority, options)
- Alternative methods of acquiring equity (e.g. capitalization of assets, methods of payment)
- Changes in ownership, termination, including rights and obligations following dissolution
- Risks and liabilities (e.g. future capital requirements, loan guarantees)
- Problems and issues of control
- Board of Directors
- Management arrangements, including training
- Disclosure of information, accounts, reporting.

vii) Negotiating techniques (Mr. Charles Lipton, Attorney-at-Law)

Examination of various techniques contributing to the strengthening of the negotiating capacity of host countries. This will include discussion of issues such as preparation for negotiation, conduction of negotiation, drafting of contractual provisions, personnel and information requirements, and renegotiation.

viii) Fiscal and financial issues

(a) General issues (Mr. Charles Lipton, Attorney-at-Law)

Examination of selected fiscal and financial issues, including:

- measures affecting remittances of profits, interest and royalties
- capital structure, including debt/equity ratio in joint ventures
- issues related to foreign borrowing
- regulation of domestic borrowing by foreign enterprises.

(b) International taxation issues (Mr. Helmut Debatin, UN)

Review and analysis of taxation of transnational corporations in both home and host countries. Attention will be focused on:

- basic rules of jurisdiction
- relief from double taxation, double tax treaties
- foreign tax credit
- tax incentives.

ix) TNCs in tourism (Mr. Peter Kendell, Private Consultant)

General analysis of tourism industry, with particular emphasis on tourism in island developing countries. General issues to be covered are: tourism in the national economy; government policies towards tourism; revenue potential of tourism and employment of nationals in the tourism industry. Attention will also be focused on hotel leasing and management agreements, as well as on airline and tour agreements.

x) TNCs in agriculture (Mr. Lewis Campbell, CDB)

Review of the role of TNCs in agriculture production and marketing in the Caribbean area. Particular attention will be given to the relationship between TNCs and the

marketing boards of major agricultural commodities in the Caribbean countries, cases of existing marketing arrangements between TNCs and host Governments and the trend with regards to TNC participation in the agricultural sector of the Caribbean countries.

xi) Transfer pricing (Mr. A.V. Ganesan CTC)

Analysis of intra-firm transactions in various forms of foreign participation and their impact on host countries' revenues and other indicators. The analysis will include examination of regulatory measures and procedures to control transfer pricing in selected developing countries.

xii) Government policies relating to TNC (Mr. A.V. Ganesan CTC)

General review of objectives and policies of host developing countries in regulating and negotiating with transnational corporations. Attention will be focused, in particular, on legislative and regulatory arrangements prevailing in different developing countries in relation to the activities of transnational corporations.

xiii) Screening and monitoring guidelines and procedures (Mr. A.V. Ganesan, CTC)

Review and analysis of screening mechanisms and procedures concerning foreign direct investment and technology transfer in selected developing countries. This will include, inter alia, an examination of alternative government screening procedures and related requirements.

xiv) Regional Co-operation (Mr. Hamid Mohammed, ECLA)

Discussion of regional economic co-operation as a means of strengthening the negotiating capacity of host countries vis-à-vis transnational corporations, and an examination of related institutional arrangements.

DOCUMENTATION

5. The list of documents presented at the Workshop is given at Appendix II.

CONCLUSION

6. The participants concluded that the Workshop provided an opportunity to get not only an awareness of the intricacies of the operations of trans-national corporations but also some insights in dealing with them as well as the assistance available from the United Nations System.

7. Special mention was made of the usefulness of the lectures on ownership, control and management; negotiating techniques; fiscal and financial issues; transfer pricing; Government policies relating to TNCs; and screening and monitoring guidelines and procedures. It was felt that the content of the lectures on TNCs in tourism did not warrant the amount of time devoted to this subject.

8. The participants expressed their appreciation to the Centre on Trans-national Corporations and the ECLA Office for the Caribbean for the organization of the workshop. They paid tribute to UNDP for their assistance and to the Government of Barbados for providing facilities and courtesies.



Appendix I

1. Representatives of Governments

BARBADOS

Mr. Owen S. Arthur  
Chief Project Analyst  
Ministry of Finance and Planning

Ms. Yolande Bannister  
Chief Parliamentary Counsel  
Attorney General's Chambers

Mr. Mark Clarke  
Promotions Officer  
Barbados Industrial Development  
Corporation

Mr. Winston Hoyte  
Economist  
Ministry of Finance and Planning

Mr. Keith Hutchinson  
Senior Assistant Secretary  
Ministry of Trade and Industry

Mr. Michael Pile  
Head, Specification and Implementation  
Division  
Barbados National Standards Institution

Mr. Jose Tudor  
Head, Barbados National Standards  
Institution Laboratory

Mr. Kaeron Venner  
Administrative Assistant  
Ministry of Trade and Industry

CUBA

Mr. Mario Averhoff  
Functionary  
Ministry of Foreign Affairs

Mrs. Maria de la Concepción  
Munoz Prieto  
Functionary  
Ministry of Foreign Affairs

DOMINICA

Mrs. Sylvia Charles  
Economist  
National Planning Organization  
Prime Minister's Office

DOMINICAN REPUBLIC

Mr. Maximo Felix  
Economist  
Plan for the Diversification of the  
Sugar Industry  
Secretariat for Industry and Commerce.

Mrs. Lucis Payano Sencion  
Market Analyst  
Secretariat for Industry + Commerce

HAITI

Mr. Pierre Belfort  
Chief of Study and Research Division -  
Economic Affairs  
Department of Finance

Ms. Marie Chrispin  
Promotion Investment Officer  
National Office for Promotional  
Investment

Mr. Jacques Joubert  
Sub-Director, Administrative Department  
Central Bank of Haiti

Ms. Sibylle Mevs  
Chief of Study and Consultation Service  
Department of Trade and Industry

MONTSERRAT

Ms. Huldah Bramble  
Industrial Development Officer  
Chief Minister's Office

NETHERLANDS ANTILLES

Mr. Kenneth Abraham  
Economist  
Department of Economic Affairs

Mr. Henry Parisius  
Acting Director and Co-ordinator for  
Oil Affairs to Island Governments  
Bureau for Socio-economic Planning

ST. KITTS/NEVIS

Mr. Hugh Heyliger  
Director of Planning and Economic  
Development  
Planning Unit

TRINIDAD AND TOBAGO

Mr. Frank Look Kin  
Petroleum Engineer III  
Ministry of Energy and Energy-  
Based Industries

Mr. Hamid O'Brien  
Senior Economist  
Ministry of Finance

Mr. Hayden Toney  
Director  
Energy Planning Division  
Ministry of Energy and Energy-  
Based Industries

2. Representatives of Inter-Governmental  
Organizations

CARICOM

Mrs. Fay Housty  
Economist  
Economic Research and Policy Section

Mr. Kenrick Jordan  
Economist I

CDB

Mr. Roy Clarke  
Investment Promotion Officer

Mr. Samuel Singh  
Deputy Director, Industry Division

3. Other Representatives

UWI

Mr. Greg L. St. A. Christie  
Lecturer in International Law

Mr. Ephraim Emmanuel  
Faculty of Law

Ms. Beverley Pereira  
Faculty of Law

Ms. Joy Phillip  
Faculty of Law

UWI (cont'd)...

Ms. Sonia Richards  
Faculty of Law

Ms. L. Stanford-Johnson  
Law Lecturer

Mr. Errol Thomas  
Faculty of Law

UNIDO

Mr. William Millager  
Senior Industrial Development Field  
Adviser (Caribbean)

UNDP, BARBADOS

Mr. Richard Church  
Deputy Resident Representative

## Appendix II

1. Incentives for Investment in Selected Developing Countries, UNCTC
2. National Legislation and Regulations Relating to Transnational Corporations.
3. Alternative Forms of Foreign Participation, UNCTC.
4. Joint Ventures and Other Forms of Foreign Direct Investment, UNCTC.
5. Programme of Technical Co-operation, UNCTC.
6. Foreign Investment Regulations and Screening and Monitoring Procedures in Selected Developing Countries, UNCTC.
7. Issues in the Taxation of International Business Transactions, UNCTC.
8. Calculation of the Internal Rate of Return on an Investment, UNCTC.
9. Government Negotiating Techniques and Strategies, Charles J. Lipton,
10. Outlines of Various Forms of Contractual Arrangements with TNCs, UNCTC.
11. Transfer Pricing and Its Regulation, Walter A. Hudson.
12. Transnational Corporations in International Tourism, UNCTC.
13. Accommodation Management Methods: The Management Contract, World Tourism Organization,
14. Technology and Related Services Agreements, UNCTC.
15. Information Disclosure Requirements for Transnational Corporations, Charles J. Lipton.
16. Technology Policy and Selection and Acquisition of Foreign Technology through Transnational Corporations, Rana K.D.N. Singh,
17. Participation and Control, Rana K.D.N. Singh,
18. The Approach to Technology Policy Studies, Norman Girvan,
19. Select Technological Issues in Agro-Industry, Judy A. Whitehead,

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