OECD forced to delay investment agreement

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The Organisation of Economic Co-operation and Development (OECD), the group comprising the 29 major industrial countries, has been forced to delay an international agreement to govern global investment, following opposition from two of its leading members -- France and Canada.

The Multilateral Agreement on Investment (MAI), which has been under discussion within the OECD since 1995, was due to have received the green light from the organisation's governing ministerial council last week. But following the emergence of what were described in the official press release as 'difficulties and concerns,' the agreement will now be resubmitted in October. Failure to reach agreement at that meeting will mean the proposed treaty will almost certainly be scrapped, at least in its present form.

The main opposition to the MAI from within the OECD has centred on French and Canadian claims that it will 'endanger national culture' -- that is, the fear that US-based transnational corporations will secure advantages. France has further indicated that it will not approve the pact unless the United States abolishes its extra-territorial laws. Under these laws, the US government can initiate action against firms which trade with or invest in countries subject to US-imposed embargoes. The main affected areas are Cuba and Iran.

Ruling out agreement on the MAI, French European Affairs Minister Pierre Moscovici said: 'We cannot imagine negotiating international accords on the one hand, and on the other letting the US impose its extra-territorial laws unilaterally.'

The stated aim of the MAI is the development of a set of regulations which will prevent national governments taking discriminatory action against foreign capital when considering investment decisions. In other words, the much-vaunted 'level playing field' of the free market program will extend across the world.

In the words of US State Department official Alan P. Larson, the vice-chairman of the Negotiation Group responsible for drawing up the agreement, the MAI is aimed at establishing 'agreed disciplines that would limit the types of requirements that a government can levy on a foreign investor at the time the investor is proposing to enter a market.'

The agreement is intended to cover direct investment -- the setting up of new plant and facilities -- and portfolio investment -- purchase of shares in existing enterprises -- along with financial investment, intangible property, such as copyright, and 'new forms of investment likely to emerge in the future'.

Under the MAI proposals, transnational corporations would have the power to take legal action against governments which they felt had discriminated against them. In practice this would elevate transnational corporations to the status of national governments in terms of international law. Indeed, under the MAI proposals a corporation would be able to take a national state to arbitration, but not vice versa.

The attempt to bring forward the MAI reflects the sweeping changes in the global economy over the past decade and a half. It is now estimated, for example, that of the top 100 economic entities in the world, 47 are transnational corporations and the rest national economies. The driving force behind the MAI is the demand of all major transnational corporations, whatever their national origins, for a reduction in the restrictions imposed on their activities by national governments as they undertake production, investment and complex financial activities on an international scale.

The global activities of the dominant TNCs, however, directly threaten weaker sections of capital, which depend on the national state to provide protection against their more powerful rivals. Their interests have been reflected in the activities of the coalitions of union organisations, environmental groups and opponents of globalisation who have been campaigning against the MAI over recent months. In Australia, for example, the coalition against the MAI has included the right-wing One Nation Party of Pauline Hanson, the Australian Council of Trade Unions and various green and radical groups.

The decision by the OECD to postpone the MAI has raised concern in some circles that the activities of such coalitions could affect the negotiation of international agreements in the future. An article in the Financial Times referred to the 'fear and bewilderment' of national governments as their efforts to draft rules for foreign investment were 'ambushed by a horde of vigilantes' using the Internet as their most decisive weapon.

'Operating from around the world via web sites, they have condemned the proposed agreement as a secret conspiracy to ensure global domination by multinational companies, and mobilised an international movement of grass-roots resistance.'

There is no question that the MAI is the expression of the drive by transnational corporations to extend and deepen their global domination at the expense of millions of people. But it also more than that. The attempt to develop international rules governing investment, either through the MAI or some other mechanism, is not merely another demonstration of the predatory activities of global capital. There is a deeper process at work -- the inherent drive of the productive forces to break free of the constrictions of the national state.

This is why the activities of the above-cited opponents of the MAI are so reactionary in the most fundamental historical sense. Basing themselves on the national state, they attempt to mobilise opposition to global capital behind their 'own' national corporations.

The formulation of a historically-progressive opposition to the activities of transnational capital, whether it be on the MAI or any other question, cannot be undertaken by putting a minus where the bourgeoisie places a plus. Not the program of national exclusiveness, but the perspective of socialist internationalism, based on the unification of the international working class, must be the foundation of the struggle against global capital.