

Statement from the Swedish National Contact Point for OECD Guidelines for multinational enterprises with reference to specific instances received concerning Atlas Copco and Sandvik

June 2003

On 17 February 2003, the Swedish National Contact Point for OECD Guidelines for multinational enterprises (NCP) received two specific instances from Attac Sweden/Friends of the Earth Sweden concerning the operations of Sandvik and Atlas Copco in Ghana. The organisations were of the opinion that the Swedish enterprises through business relations and active cooperation chiefly with the two mining companies Ashanti Goldfields and Ghana Australian Goldfields, had not complied, inter alia, with the sections of the OECD Guidelines relating to human rights and environmental considerations in the areas where the mining companies operate.

Conclusion

In the light of the information the NCP has had access to and collected, it is the NCP's view that Atlas Copco and Sandvik have not failed to comply with the OECD Guidelines in respect of human rights and environmental considerations. At the same time, the NCP encourages Sandvik and Atlas Copco to remedy the lack of knowledge of the contents of the Guidelines at subsidiaries and among personnel on the spot in Ghana. Based on this and in view of the processes that have been initiated, the NCP draws the conclusion that no further processing of these cases is required.

Consideration of the matter and reasons for the conclusion

NCP's main task is to spread information about and promote the use of the OECD Guidelines for Multinational Enterprises. Furthermore, it is NCP's duty to assist in solving problems that arise through discussion and dialogue with the parties concerned.

All Swedish enterprises should take responsibility for the effects of their activities no matter where in the world they operate. In developing countries, enterprises face special problems and challenges. NCP has examined the specific instances in accordance with the procedural guidance for handling individual cases in countries that are not members of the OECD. Since the material submitted by the organisations reporting the matter was incomplete, NCP has collected information on the issues raised. NCP has studied the information from the enterprises concerned, the Swedish Metalworkers' Union and the Embassy of Sweden in Nigeria. In addition, NCP has acquainted itself with additional information from, *inter alia*, a Ghanaian NGO, the Wassa Association of Communities Affected by Mining.

NCP has held five extra meetings with reference to the specific instances. In addition, separate meetings have been held with the organisations that submitted the specific instances and the enterprises concerned, as well as a joint information meeting with all parties. The two enterprises and the Swedish Metalworkers' Union travelled to the area to investigate the situation. During the time NCP has been engaged in the matter, several processes have been initiated, *inter alia* a dialogue between WACAM and the local mining companies.

The material reveals the environmental and social problems that exist in connection with mining in Ghana but also the existence of established processes in the form of a regulatory framework and judicial institutions to tackle these problems. However, these processes and institutions wrestle with the difficulties normally associated with developing countries such as, for example, insufficient resources and capacity.

NCP assesses that the roles of Atlas Copco and Sandvik in the individual cases is limited. In the light of the information the NCP has had access to and collected, it is the NCP's view that Atlas Copco and Sandvik have not failed to comply with the OECD Guidelines in respect of human rights and environmental considerations.

A question that has emerged in connection with these cases is how far the responsibility of multinational enterprises extends in relation to business partners and the host country's government. This matter is discussed in section 2:10 of the OECD Guidelines, which says that enterprises should "*Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.*" An interpretation of how far responsibility extends under section 2:10 must be made from case to case and be based on the multinational enterprise's possibilities of influencing a business partner or a specific situation.

The information that has emerged indicates that Sandvik's and Atlas Copco's personnel on the spot did not have adequate knowledge of the contents of the OECD Guidelines. The NCP therefore encourages these enterprises to enhance knowledge of the Guidelines both internally and externally.

Lastly, the NCP establishes that the specific instances received and subsequent processing were important for the promotion of the Guidelines. A number of processes have been initiated, the results of which will hopefully be positive for social and environmental developments in the mining industry in Ghana and for Swedish enterprises' increased awareness of these issues.

Members of the following organisations are included in the Swedish National Contact Point:

- *Government Offices (Chairperson for NCP, Sofia Calltorp, Ministry for Foreign Affairs)*
- *Swedish Trade Union Confederation, Swedish Metalworkers' Union, Swedish Union of Clerical and Technical Employees in Industry, Confederation of Professional Employees, Swedish Confederation of Professional Associations (SACO), Confederation of Swedish Enterprise, Swedish Federation of Trade.*