HRAS Legal Research Paper
03-18

A UN Convention on Business and Human Rights. How it would look like for the maritime sector: legal and practical implications.

By Alejandro Guzmán Woodroffe,
Research Intern at Human Rights at Sea

Abstract
This article examines the legal and practical implications of a legally binding United Nations convention on business and human rights specifically for the maritime sector. It briefly sets the background and context of the proposal for the creation of an international instrument on business and human rights. Moreover, the article will address the topic by taking into consideration the elements on the discussion of the forthcoming fourth session of the intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, such as 1) The scope of the state - duty to protect. - 2) The responsibilities of businesses and transnational corporations. 3) State’s duty to guarantee a well-formed grievance mechanism - access to remedy. - 4) The position of the international business community.
Keywords: maritime, law, business and human rights, duty to protect, access to remedies, international law.

I. Background. II. The work of the open-ended Intergovernmental Working Group on Transnational Corporations and other Business Enterprises with respect to human rights. III. The State’s duty to protect under a UN Convention on Business and Human Rights. IV. The responsibilities of businesses and transnational corporations. V. The State’s duty to guarantee a well-formed grievance mechanism. VI. The position of the international business community. VII. Conclusion. VII. Bibliography

I. Background

Years ago, it was generally accepted that only States had legal and institutional responsibilities to protect, defend and safeguard human rights. Also, that only State actors such as presidents, ministers, or any other person who act on behalf of the government or any of its body could violate human rights.1 In the last three decades, the prevalent criteria and view have considerably changed. The first attempt to address the issue of international corporate responsibility was in the 1970’s, when a group of developing countries tried to address the issue in a movement known as the “New International Economic Order.”2 In fact, the developing countries managed to pass in the General Assembly of the United Nation the Declaration on the Establishment of a New International Economic Order.3 Even though no explicit human rights references were made, the declaration provided in its Article 4 paragraph g that the new Economic Order should be founded on full respect of the following provision: ‘Regulation and supervision of the activities of transnational corporations by

---

taking measures in the interest of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries. Later in 1976, the Organization of Economic Cooperation and Development (OECD) embraced a set of standards for multinational companies which later was followed by the International Labour Organization’s Tripartite Declaration of Principles concerning Multinational Enterprises. Both had allusions to the Universal Declaration of Human Rights.

In 2005, the then UN Commission on Human Rights (now the Human Rights Council) requested the UN Secretary General through its resolution 2005/69 to appoint a special representative on the issue of human rights and transnational corporations and other business enterprises. The Commission recommended that in his work, the special representative should follow the subsequent mandate: 1) To identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises regarding human rights. 2) To elaborate on the role of the states concerning the responsibility of transnational corporations. 3) To research and clarify the implications of concepts such as “complicity” and “sphere of influence” in the context of business and corporations. 4) To develop materials and methodologies for undertaking human rights impact assessments of the activities of transnational corporations and other business enterprises and lastly, 5) To compile the best practices of both States and transnational Corporations. Kofi Anan fulfilled the resolution’s instruction and later appointed Mr. John Ruggie.

Ruggie’s extensive consultation process resulted in the recommendation of a non-binding legal framework on business and human rights comprising three core pillars: Protect, Respect and Remedy. Today, Ruggie’s framework is worldwide.

---

6 Ibid
known as the UN Guiding Principles on Business and Human Rights, which later were endorsed by the Human Rights Council on the 16 June 2011. The Guiding Principles have been very well-received within the international community; Its inception has created a discussion on how to manage the behaviours of businesses and their impact on human rights. Nevertheless, some scholars argue that they have also become a long-standing impediment in the endeavour to producing a legally-binding UN Convention on Business and Human Rights.

In a naturally complicated context, what are the current main opinions on the issue? How would a convention look like for the business sector, more specifically, for the maritime sector? What are the steps being made by the international community? Those are the questions this article is looking to effectively answer.

II. The work of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights

In September 2013, the Ecuadorian delegation presented before the UN Human Rights Council a proposal to establish an open-ended intergovernmental working group to negotiate a Business and Human Rights Treaty. Almost immediately, around 600 non-governmental organizations formed a “treaty alliance” and showed support to the Ecuadorian proposal. On June 26, 2014, the General Assembly of the UN Human Rights Council adopted the 26/9 Resolution with a final voting score of 20 states in favour, 14 against and 13 abstentions. The document was co-sponsored by Bolivia, Venezuela, Cuba and South Africa.

---

12 Ibid
The 26/9 Resolution also indicated how the first two annual sessions should be carried out. They were meant to be broad constructive debates on the scope and content of the prospective treaty.\textsuperscript{14} Despite the first, second and third session having their downfalls, considerable progress has been made. A “Zero Draft”\textsuperscript{15} for a future legally binding Convention was created\textsuperscript{16} and a “Zero Draft optional protocol”\textsuperscript{17} to the Zero Draft, centered specifically on the mechanism of access to remedy for victims of human rights violations committed in the context of business activities, including the possibility of presenting individual or collective complaints.\textsuperscript{18} While the next session of the working group is scheduled for October this year, an examination of the Zero Draft is more than pertinent in order to achieve the mission of this piece.

III. The State’s duty to protect under a UN Convention Business and Human Rights

The duty of the State to protect human rights by regulating the conduct of state actors and non-state actors by the mandate of international human rights law is well understood by academics and the international community itself. The International Covenant on Civil and Political Rights imposed a positive obligation to the States parties to ensure individuals are fully protected by the State, not only against violations

\begin{flushright}
\textsuperscript{15} Zero Draft, (16 July 2018) 
\textsuperscript{17} Zero Draft optional protocol (2018) 
\textsuperscript{18} Note Verbale by the Chairmanship of the working group regarding the release of the zero draft optional protocol, (4\textsuperscript{th} September 2018) 
\end{flushright}
of state actors but also from acts committed by private persons or entities.\textsuperscript{19} Notwithstanding, the principle in which states are expected to comply with the utmost responsibility to protect while taking all reasonable measures to defend their citizens has to be interpreted as a duty, which includes the burden to provide access to remedies.\textsuperscript{20} Nonetheless, the debate is on whether or not the international legal system provides protection to individuals in situations where damages were the result of the conduct of corporations. The Zero Draft of the working group offers the answer to the question.

Determining the extent of the State’s responsibility under the Zero Draft requires going over the Article 3.2 of the draft. The article establishes that the Convention is to apply to all international human rights and those rights recognized under domestic law\textsuperscript{21}. Additionally, the proposed treaty is crystal clear when it provides the scope over the business it regulates. Article 4 defines the concept of “Business activities of a transnational character,” as ‘any for-profit economic activity including but not limited to productive or commercial activity, undertaken by a natural or legal person including activities undertaken by electronic means, that take place or involve actions, persons or impact in two or more national jurisdictions.’\textsuperscript{22} The scope on this matter only covers the activities of transnational corporations and does not cover the activities of domestic businesses.

Furthermore, Article 5 establishes the jurisdiction with respect to actions or omissions resulting in human rights violations covered by the future convention. Therefore, the State will have jurisdiction over claims brought by an individual or groups where such violations occurred or where the natural or legal person is

\begin{itemize}
\item \textsuperscript{19} Oliver De Schutter, ‘Towards a New Treaty on Business and Human Rights’ [2015] Business and Human Rights Journal 44.
\item \textsuperscript{20} Ibid.
\item \textsuperscript{22} Article 4 (n 14)
\end{itemize}
considered domiciled or where a claim is submitted. On the other hand, in terms of a hypothetical risk of fragmentation, Article 13 delivers some consistency leaving unaffected existing obligations for States under the rules of the law of the treaties, other human rights treaties and international customary law.

The articles mentioned above describe the conduct prospective States parties will have to follow; they do not only guarantee legal protection to individuals but also proper access to their judiciary. However, the Zero Draft seems to forget an area in which many of the reported abuses are taking place. The Zero Draft does not specifically cover the ground of joint ventures constituted by the State and private investors, commonly operating in the gas, mining, oil, and maritime sector, which clearly leave a gap in protection.

In contrast with the South American countries, the European Union’s position is aligned with the criteria of the UN Guiding Principles. The EU believes that the treaty should apply to all companies, both domestic and transnational, otherwise it risks to create an uneven playing field for the European companies. The EU point of view offers another valuable perspective and add arguments to the geopolitical debate that is taking place during the negotiations, but also offers the opportunity to reflect on the impacts of the Convention in sectors where the main actors are legally constituted in the EU, such as the maritime sector.

---

24 Carlos Lopez (n 18).
25 Carlos Lopez (n 18)
The primary international convention on international maritime law is the 1982 UN Convention on the Law of the Sea\textsuperscript{27} and it does not refer explicitly to human rights. While this may be true, article 293 of the Convention regarding applicable law for the settlement of disputes allows the application of other rules of international law.\textsuperscript{28} As a consequence, if a UN Convention on Business and Human Rights enters into force it would be compatible with the Convention on Law of the Sea. In the maritime industry, workers, shipowners, and passengers oftentimes coexist outside the territory of a particular State, particularly in international waters. Therefore, the standards of a UN Business and Human Rights Convention would impose eventually more responsibilities to the flag State.

To illustrate, a closer look must be taken to the recent alleged abandonment of a group of Russian sailors, two kilometres away from the coast of Morocco by the Russian bulk carrier “Zapolyarye” owned by the Russian Murmansk Shipping Company \textsuperscript{29}. The alleged abandonment and suspected poor labour conditions constitute a human rights violation committed by a company with transnational activities. Therefore, if a Business and Human Rights Convention is signed and subsequently ratified by Russia, due to the nationality of the company, vessel, and sailors, Russia would be potentially responsible for making the company accountable for the acts or omissions against the Zapolyarye’s sailors.

IV. The responsibilities of businesses and transnational corporations

The Guiding Principles are a perfect example on how international human rights law has been historically applied. States are responsible for protecting abuses through their legislation, enforcement, and policies, while corporations are individually responsible for respecting domestic laws. The Zero Draft is abandoning the Guiding Principles approach without proposing a clear division of responsibilities, which will make difficult to hold transnational corporations directly liable under international law. Some opponents of the Draft argue that if the way to hold corporations accountable is not delineated clear enough, States parties could use the treaty to excuse their own obligation to protect human rights. Another perspective is that the mechanism to impose obligations over companies is fated to fail due to the number of actors involved. We live in a world with more than 80,000 transnational enterprises and 800,000 subsidiaries and countless small companies. Therefore, the suggestion that States parties will not be held down by lobbyists and economic interest is either naive or extremely optimist.

A key element to push forward businesses accountability is the obligation of companies to demonstrate due diligence. Article 9 of the Zero Draft includes an obligation to States parties to enforce legislation that ensures all persons with business activities of transnational character undertake due diligence. Once again, the Draft is strong in its approach to State’s jurisdiction and the type of business falling under the scope of the treaty. On the other hand, the Zero Draft also specifies the elements that the due diligence must contain (article 9.2 paragraphs “a” to “h”). In that sense, the Zero Draft also regulates what happens in the case where corporations fail to

---

31 Ibid.
32 Ibid.
33 Oliver De Schutter (n 16) 58.
34 Ibid.
35 Article 9, Zero Draft (n 14)
undertake due diligence. Article 9.4 elucidates the possibility of corporations being subject to liability and compensation. In any case, a Business and Human Rights treaty will be effective only insofar is capable to ensure that companies and multinational enterprises move forward in protecting fundamental rights and actively assist in the realisation of them.

With the emerging requirements for the application of the Guiding Principles and with the adoption of a UN Convention on Business and Human Rights in the horizon, how the maritime industry would avoid being targeted as an industry full of abuses?

The businesses operating throughout the entire maritime supply chain such as the design, construction and operation of vessels, brokerage, insurance, logistics and freight forwarding, shipyards, dry-docks, port services and management must adopt corporate social responsibility policies in order to comply with the upcoming rules. Nevertheless, the discussion and strategies must include appropriate international maritime bodies. A sit on the table must be offered to shipping associations and the International Maritime Organization. The necessity of nourishing the discussion with the best practices of such actors is vital for the protection of the industry and its reputation. The creation of the Maritime Labour Convention, the Convention on Facilitation of International Maritime Traffic and other legal instruments, left a list of learned lessons that can be taken as an advantage for the industry and its future behaviour on human rights.

V. The State’s duty to guarantee a well-formed grievance mechanism

36 Ibid.
39 Ibid.
Delivering true protection to individuals will depend on the access they have to present their claims before a court of law. The European Union has declared that the right to effective remedies is central to the Guiding Principles, to a future Treaty and of course, to human rights law.\textsuperscript{40} During the previous sessions of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, the discussion was focused on how to establish a proper remedial mechanism\textsuperscript{41}. Should the mechanism rely on the operation of an international court? Or on the contrary, it should be limited to the jurisdiction of domestic courts? More important, what kind of remedies the victims would have access to? A range of options were considered; the new treaty could create an international criminal court with jurisdiction over corporate individuals, or the treaty could design an international civil court to hear civil claims, or the treaty could request that claims concerning human rights abuses committed by businesses had to be resolved through arbitration.\textsuperscript{42} Nevertheless, none of those options were ultimately included in the Zero Draft.

Articles 8.2, 8.3 and 8.4 set the States’ parties obligation to provide domestic judicial jurisdiction and the obligation to investigate in accordance to due process all human rights violations\textsuperscript{43}. Article 8.1 of the Zero Draft contains the right to a fair and effective access to justice and remedies in accordance with international law.\textsuperscript{44} Such remedies shall include the right to restitution, compensation, rehabilitation, satisfaction and guarantees of non-repetition, environmental remediation and ecological

\textsuperscript{41} Ibid.
\textsuperscript{43} Zero Draft (n 14)
\textsuperscript{44} Ibid.
restoration where applicable, including the expenses for relocation of victims and replacement of community facilities.\textsuperscript{45} The remedies shall not be limited to those who are explicitly incorporated in the article. Another interesting incorporation is the mandate of Article 8.7 to establish an International Fund for Victims to provide legal and financial aid to the victims.\textsuperscript{46} It would be the first UN financial fund to provide assistance to abused individuals by corporations. This tool has provided to be beneficial in other contexts such as the UNESCO culture funds.

The provisions of the Zero Draft are complemented by the provisions of the Zero Draft optional protocol, which in its own Article 4 establishes the obligation of every State to create a National Implementation Mechanism.\textsuperscript{47} The purpose of the implementation mechanism is to encourage States to share their information.

Another implication of the Convention for the maritime industry in particular, is the shipowner’s potential risk where oil tankers operate across the globe. A hypothetical collision or oil spillage could potentially be a violation of human rights subject not only to environmental law related remedies but also to remedies for individuals or communities due to environmental violations under Article 8.1.b of the Zero Draft. Additionally, a considerable increase in the number of claims denouncing labour issues in the fishing and shipbreaking industry is more than expected due to the current violations happening in those sectors that remains unclaimed.

VI. The position of the International business community
In an executive summary released on the 20 October 2017 by the International Chamber of Commerce, the Business and Industry Advisory Committee, the Global Voice of Business and the Foreign Trade Association, the international business community rejected the foundations of the Zero Draft. Four main arguments were explained in the document. First, the international business community opposed the

\textsuperscript{45} Ibid.
\textsuperscript{46} Ibid.
\textsuperscript{47} Zero Draft optional protocol (n 16)
direct international human rights obligations to transnational corporations, considering that they represent a major step back from the consensus achieved by the Guiding Principles. Second, it was firmly against a legal liability of the transnational corporations’ supply chain. Third, it underscored the importance of conserving the consensus accomplished by the Guiding Principles and considers unnecessary a transformation of the respective duties of States and corporations and lastly, the business community concluded that the possibility of an extraterritorial jurisdiction and a dramatic change of the burden of proof are counterproductive for investments.

The executive summary presented by the International Chamber of Commerce reflects the opinion and interests of millions of maritime companies around the world, including maritime and trade actors directly or indirectly represented by the ICC. The position, importance and lobby capacity of this group represents a significant challenge for the working group to achieve the necessary consensus on the adoption of a legally binding Convention on Business and Human Rights.

VI. Conclusion

The necessity to strengthen the body of international human rights law is undisputable. The old conception of the State being the only actor able to violate fundamental rights not only is outdated, but it does not also respond to the realities of the 21st century. In that sense, the relevance of John Ruggie’s work and the UN Guiding Principles can be considered one of the most significant contributions of the century to the protection of universal human rights.

Since 2005, enormous steps forwards have been taken in order to protect groups and individuals from the abuses of major corporations. Today, the reality is that


49 Ibid

50 Ibid.
the international community is closer than ever to achieve the consensus to adopt a legally binding UN Convention on Business and Human Rights. Nonetheless, some obstacles are still in place. For instance, the scope of treaty, the possibility of a legal liability to transnational corporation’s supply chain and the view of the international business community on the Zero Draft that the latter represents a step back from the Guiding Principles, are some of the major controversial matters that will be vital in the setting of the provisional agenda of the upcoming fourth session of the working group.

To the maritime industry, a UN Convention on Business and Human Rights represents a significant change in the practicalities of the activity. The adoption of a treaty under the conditions presented in the Zero Draft will impact the industry due to its transnational nature. Nevertheless, it will not only push the fishing and shipbreaking sector towards greater fairness but also it will ensure the proper labour conditions for fishermen and protection to the maritime environment.

To summarise, the fact that the international community is closer to widening the scope of international law directly applicable to corporations will bring setbacks and impediments, but it is an endless opportunity to bring into the table the problems and difficulties of the people, those of who the law should protect.

VII. Bibliography


8. Note Verbale by the Chairmanship of the working group regarding the release of the zero draft optional protocol, (4th September 2018) 


11. UNHRC, Intergovernmental working group on transnational corporations and other business enterprises with respect to human rights (16th July 2018) 

12. UN Treaty process on Business and Human Rights. Response of the international business community to the elements for a draft legally binding instrument on transnational corporations and other business enterprises with respect to human rights, (20 October 2017) 


Disclaimer

This legal research paper reflects solely the opinion of the author/authors and not necessarily that of Human Rights at Sea.

Human Rights at Sea

Human Rights at Sea is a Registered Charity in England and Wales No. 1161673. The organisation has been independently developed for the benefit of the international community for matters and issues concerning human rights in the maritime environment. Its aim is to explicitly raise awareness, implementation and accountability of human rights provisions throughout the maritime environment especially where they are currently absent, ignored or being abused.

Contact

VBS | Human Rights at Sea | Langstone Technology Park | Langstone | Havant | Hampshire | PO9 1SA | United Kingdom
enquiries@humanrightsatsea.org | www.humanrightsatsea.org