

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 877 final
Brussels, 6 January 1983

Recommendation for a Council decision concerning the Community position
to be adopted in discussing the development of international accounting and
reporting standards within the United Nations Organization

(submitted to the Council by the Commission)

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Explanatory Memorandum

A new UN intergovernmental expert working group on international standards of accounting and reporting

1. The Economic and Social Council (ECOSOC) of the United Nations Organization (UN) adopted a resolution in October 1982 setting up an intergovernmental expert working group (1). Its terms of reference concern questions of accounting and reporting primarily by multinational enterprises or, in UN language, transnational corporations. The group will commence work in February 1983 in New York. Certain Member States have been elected as members of the new group: France, Federal Republic of Germany, Italy, Netherlands, United Kingdom. The group is to meet for one period of two weeks each year in New York and to report annually to the UN Commission on Transnational Corporations on measures to be taken in the field of international accounting and reporting with a view to realizing the long term objective of international harmonization of accounting and reporting. The group will meet for a period of three years after which the UN Commission will review its work and its mandate, with a view to deciding whether its continuation is desirable.

2. The creation of the new group follows the recommendation of the ad hoc intergovernmental expert working group on international standards of accounting and reporting that made its final report to the UN Commission during 1982 (2). The same Community Member States were members of the ad hoc group and the Commission representatives co-ordinated and presented the position of the Community in accordance with the Council's decision of 26 October 1979 (3).

(1) Resolution 1982/67 of 27 October 1982.

(2) Report of the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, E/C 10/1982/8, 24 May 1982.

(3) Council document, 10096/79.

Relationship between proceedings of UN group and Community
legislation on accounting and reporting

3. Transnational corporations almost always operate as groups of companies. Their accounting and reporting is based on the legal requirements applying to companies, whether as parent or subsidiary undertakings. The European Community has adopted a series of legislative measures concerning accounting and reporting by companies (1). Other measures are currently in preparation, in particular the proposed seventh directive on group accounts (2), currently at a late stage in Council. Accordingly, the subject matter of the discussions of the new UN group will for a large part consist of issues covered by Community measures on accounting and reporting as was the case in the previous group.

Procedures concerning Community position to be adopted in new group

4. The Commission therefore recommends to the Council that, on the basis of decision of the Court of Justice of the European Communities in the AETR case (3) and following the precedent set in 1979 as regards the UN's ad hoc intergovernmental expert working group that has recently completed its mandate, the procedures specified in the attached decision be adopted concerning the Community position to be presented during the proceedings of the successor group recently created.

(1) In particular the first and fourth company law directives, see OJ L 65 of 14 March 1968, p. 8 and OJ L 222 of 14 August 1978, p. 11.

(2) OJ C 14/2 of January 1979, p. 2. Note also proposal for a directive on the annual accounts of banks currently before the European Parliament, OJ C 130 of 1 June 1981, p. 1.

(3) Case 22/70, judgement of 31 March 1971.

Recommendation for a
COUNCIL DECISION

concerning the Community position to be adopted in discussions on the development of international accounting and reporting standards within the United Nations Organization.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Recommendation from the Commission,

Whereas a decision should be taken on the Community position to be adopted in the discussions on the development of international accounting and reporting standards within the United Nations Organization,

HAS DECIDED AS FOLLOWS:

Sole Article

1. During the discussions of the intergovernmental Working Group of Experts on international accounting and reporting standards, set up in October 1982 by the Economic and Social Council of the United Nations, the Commission shall express the Community's position insofar as those discussions relate to subjects covered by common rules.

The Commission shall act in consultation with the representatives of the Member States.

2. The Commission shall ensure that the proposals which it has submitted to the Council for a more thorough harmonization of accounting and reporting law are presented in such a way during the discussions of the Working Group referred to in paragraph 1 that they clearly show the importance which the Community attaches to such harmonization.
3. The Member States and the Commission shall co-ordinate their positions with a view to reaching a common position in the meetings of the Working Group referred to in paragraph 1, in particular on the question of what further steps should be taken in the field of international accounting and reporting standards in the context of the proceedings of the United Nations Commission on Transnational Corporations.

Done at

For the Council