

TD/B/46/12
TD/B/COM.2/24

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Commission on Investment,
Technology and Related Financial Issues
on its fourth session**

held at the Palais des Nations, Geneva,
from 4 to 8 October 1999



UNITED NATIONS

Distr.
GENERAL

TD/B/46/12
TD/B/COM.2/24
8 November 1999

Original: ENGLISH

**Report of the Commission on Investment,
Technology and Related Financial Issues
on its fourth session**

held at the Palais des Nations, Geneva,
from 4 to 8 October 1999

CONTENTS

Chapter	Page
I.	Agreed conclusions and recommendations adopted by the Commission at its fourth session 4
II.	Opening statements 6
III.	Trends in FDI and ways and means of enhancing FDI flows to and among developing countries, in particular LDCs and countries receiving relatively low FDI inflows, with a view to increasing the benefits they entail, and taking into account the factors which play a part in private sector firms' choices of investment locations (agenda item 3) 10
IV.	Investment policy and science, technology and innovation policy reviews: methodology and experiences (agenda item 4) 15
V.	Reports of the subsidiary bodies of the Commission (agenda item 5) 20
VI.	Progress report on the implementation of agreed conclusions and recommendations of the Commission (agenda item 6) 22
VII.	Other business (agenda item 7) 24
VIII.	Closing statements 25
IX.	Organizational matters 28

Annex

Attendance.....	30
-----------------	----

Chapter I

AGREED CONCLUSIONS AND RECOMMENDATIONS ADOPTED BY THE COMMISSION AT ITS FOURTH SESSION ¹

- Agenda item 3:** Trends in FDI and ways and means of enhancing FDI flows to and among developing countries, in particular LDCs and countries receiving relatively low FDI inflows, with a view to increasing the benefits they entail, and taking into account the factors which play a part in private sector firms' choices of investment locations
- Agenda item 4:** Investment policy and science, technology and innovation policy reviews: methodology and experiences
- Agenda item 6:** Progress report on the implementation of agreed conclusions and recommendations of the Commission

1. The Commission recognized the contribution that foreign direct investment (FDI) can make to development, as documented and analysed in the reports prepared for its session. It expressed its appreciation for the *World Investment Report 1999* and its contribution to a better understanding of the mechanisms and dynamics of globalization and its impact on developing countries. It also noted the contributions that the *World Investment Report* can make to the understanding of those emerging issues related to development. It emphasized in this context the importance of statistical work in this area.

2. The Commission appreciated the Secretariat's analysis of trends in FDI flows and its impact on growth and development prospects of developing countries. It also recognized the work undertaken in the area of capacity-building in developing countries, especially in Africa, to enable them to attract FDI to their economies.

3. The Commission expressed its satisfaction with the work undertaken by its expert groups and the documentation prepared by the secretariat for the expert meetings.

4. The Commission recognized the importance of the development dimension in international investment agreements and of work undertaken to shed light on the concept of flexibility. In this context, the Commission also underlined the importance of the *International Investment Agreements Issues* series.

¹ As agreed at its twenty-fifth (closing) plenary meeting on Friday, 8 October 1999.

5. The Commission had constructive discussions on the relationship between foreign portfolio investment and foreign direct investment, with a view towards reaching a better understanding of the implications for development.

6. The Commission agreed that adequate policies and institutions are important to attract investment flows.

7. The Commission recognized the importance of country examinations as a novel form of intergovernmental discussions at UNCTAD for understanding the diversity of development experiences and contributing to the deliberations and to the dissemination of best practices in investment policy and in science, technology and innovation policy. In this context, the Commission:

- (a) Commended the useful work carried out by the UNCTAD secretariat on the investment policy reviews and the science, technology and innovation policy reviews. Other countries may wish to avail themselves of the possibility to conduct such reviews;
- (b) Expressed appreciation to the countries that participated in the current round of reviews; to the senior officials from capitals who engaged in open, frank and meaningful dialogue and shared valuable experience with other Governments -- which could also benefit from the process -- and to the international private sector.
- (c) Encouraged follow-up on the findings and discussions of the policy reviews and appropriate assistance to countries seeking to implement the recommendations contained in the reviews. Such actions could also include procedures to evaluate the impact of the reviews and seminars to assess comparative experiences;
- (d) Invited donor countries and institutions to support the preparation of the policy reviews, while encouraging synergies with similar exercises, and the follow-up technical assistance to countries participating in the reviews.

8. The Commission noted the progress that has been made in its four sessions in addressing the issues under its purview in line with the mandate given to it by the ninth session of the United Nations Conference on Trade and Development (UNCTAD IX). This work took into account the deliberations and outcomes of the Commission's Expert Meetings and the documentation prepared by the secretariat. The Commission welcomed the annual activities reports prepared by the secretariat. The Commission expressed its satisfaction with these accomplishments, and noted that important questions remain to be addressed.

Chapter II

OPENING STATEMENTS

9. The **Chairperson** said that the issues dealt with by the Commission were important, on the one hand in light of the accelerated process of globalization and the increasing rate of investment flows and mega-mergers, and on the other hand in light of the financial crisis in Asia and other countries and its devastating effects on development. The Commission was the appropriate place to discuss the need for a coherent policy response to the problems arising from those challenges, building on a proven track record of successfully exploiting synergies between the three pillars of its work programme: technical cooperation, policy research and analysis, and consensus-building. It had achieved excellence in the field of research with the *World Investment Report*, and in the area of technical cooperation with its work on investment policy reviews (IPRs) - which had added a new dimension to its work - and science, technology and innovation policy reviews (STIPs). She hoped it would also excel in consensus-building.

10. The **Deputy Secretary-General of UNCTAD** reflected on the achievements of the Commission in its work since Midrand. He said it had established the fact that foreign direct investment (FDI) can play a significant role in the development process and that, in a globalizing world where new technologies are becoming ever more essential to economic growth, that role is becoming increasingly important. FDI can benefit host countries by providing finance, technology and employment and by boosting export competitiveness; it can also complement and catalyse economic activities and the performance of domestic enterprises. On the down side, FDI distribution to developing countries tends to be highly uneven, most of it concentrated in a handful of countries; it can also have negative effects on development by creating balance-of-payments problems and massive lay-offs due to enterprise restructuring and by crowding out domestic firms and indigenous research and development (R&D) capabilities. Public policy does matter, and national public policies are of crucial importance, not only in attracting FDI but also in maximizing its development potential.

11. He said the Commission had contributed to greater understanding of the importance of competition policy in a globalizing world. It had pointed to the need to achieve more coherence between FDI liberalization, trade policy and competition policy. The three expert meetings it had convened in the past year on international investment agreements had established that such agreements, growing in number, should not only provide an appropriate, stable and predictable investment environment, but should also provide space for Governments to promote individual development objectives. The Commission had convened two expert meetings on foreign portfolio investment (FPI), which along with FDI is increasingly used as a source of finance. The expert meetings had examined the developmental impact of FPI and its role in the growth of domestic capital markets and FPI liberalization, as well as the challenges facing Governments in that respect.

12. Referring to the Commission's work in the area of financial disclosure and FDI, the Deputy Secretary-General noted the need for increased transparency and accountability in financial markets and mentioned the Commission's endorsement of the expert guidelines on environmental financial disclosure and professional qualification requirements as a contribution to policy coherence and better financial disclosure. Noting that the session of the Commission was taking place on the eve of the initiation of substantive preparations for UNCTAD X, he underlined the efforts made over the past four years at integrating policy research and analysis, consensus-building and technical cooperation issues in the Commission's work -- a feature which should be retained in any proposals on UNCTAD's future work programme.

13. The **Director of the Division on Investment, Technology and Enterprise Development (DITE)** presented an overview of the agenda of the fourth session of the Commission, stressing that the Commission's objective was to deepen the understanding of the key issues in international investment and technology and to analyse their implications for development. The *World Investment Report 1999* provided a primer for in-depth discussion of that issue, and she hoped the Commission would reach consensus on some of the policy implications related to foreign investment and identify issues for further analysis and debate.

14. The rationale behind the IPRs and STIPs was to exchange national experiences in attracting and utilizing FDI and in formulating effective technology and innovation policies, and the Commission's deliberations on those reviews at the present session represented a new departure. The Commission would also consider the reports of its subsidiary bodies, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) and the Intergovernmental Group of Experts on Competition Law and Policy. It would take stock of its mandate at the levels of intergovernmental deliberation, policy analysis and technical cooperation. Through its consideration of the implementation of the agreed conclusions and recommendations adopted at previous sessions, the Commission was expected to identify and highlight issues of relevance to and beyond UNCTAD X which could possibly be submitted to the Trade and Development Board (TDB) as input to its preparations for UNCTAD X.

15. The representative of **Finland**, speaking on behalf of the **European Union**, stressed the need to distinguish further between cross-border mergers and acquisitions (M&As) and "greenfield" investment, noting that the two might have different implications for economic development. The Asian financial crisis had had less impact on FDI than previously thought. Many of the least developed countries (LDCs) had registered an increase in FDI flows in 1998, due at least partly to their efforts to improve appropriate domestic policies, although their overall share in global FDI flows was still too low. He also stressed the share of European Union investors in total FDI flows and their consequent contribution to the economic growth of developing countries. Some of the policy frameworks adopted in those regions were partly responsible for the positive changes.

16. The representative of **Ethiopia**, speaking on behalf of the **African Group**, praised UNCTAD's work in the areas covered by the Commission and said it should continue to deal with the growing disparities across regions and countries in attracting FDI and with fostering

competitiveness and building technological capabilities in Africa. *The World Investment Report 1999* made it easier to understand the mechanics and dynamics of globalization and its impact on developing countries, especially in Africa. The Report described clearly how much Africa had remained on the sidelines of the globalization process. He stressed the continued marginalization of African countries, and the LDCs in particular, in a rapidly globalizing world economy. Low levels of FDI flows into Africa prevailed, despite substantial economic reform and adjustment programmes aimed at creating a positive investment environment. In addition to the various domestic and external factors underlying this situation, Africa also suffered from a severe image problem. There was more to the continent than the crises appearing in magazines or on television programmes. He praised UNCTAD's contributions in the areas of image-shaping and capacity-building in Africa, such as its booklet on "FDI in Africa: performance and potential", its Africa fact sheet and its project on investment guides and capacity-building for LDCs, which had been successfully implemented in Ethiopia and was well under way in Mali. In addition, there was the success of the IPRs on Egypt, Ethiopia and Uganda. UNCTAD's recent symposium for LDCs on international investment agreements and their development dimension was another step in the right direction. Those activities should contribute to improving Africa's ability to attract and retain more FDI.

17. While the work undertaken by the Division since UNCTAD IX had been appreciated, in view of the upcoming Conference in Bangkok, more needed to be done. The secretariat should be given the fullest possible support in continuing its excellent work on Africa in the areas of research and policy analysis, technical assistance and investment promotion, in order to help African countries realize their full potential for attracting FDI. Home country measures to enhance such flows, including the recent United States initiative, were welcome.

18. The representative of **Colombia**, speaking on behalf of the **Latin American and Caribbean Group (GRULAC)**, said that, in the context of the 4 per cent reduction in FDI flows to developing countries, the 5 per cent increase reported for his region was a good performance, taking into account the circumstances of the time and the results of the other developing regions. The significant rise in FDI going to developed countries meant that developing countries would have to change their investment promotion strategies, going beyond the creation of a favourable legal investment framework -- which had virtually been achieved in the Latin American and Caribbean region -- to focus on policies aimed at improving such investment determinants as business facilitation, access to technology, and local technological capabilities. UNCTAD could be very helpful in that area.

19. Latin America and the Caribbean had managed since the mid-1990s to reduce the proportion of short-term capital and increase that of FDI, a trend that would hopefully be strengthened over the years and that would help modernize production processes in the region's economies, through technology transfer and job creation. UNCTAD should play an active role in designing mechanisms that would foster FDI by facilitating capital flows. UNCTAD's support to developing countries in investment agreements was of crucial importance. One of UNCTAD's tools which GRULAC wished it to strengthen was its analytical work, exemplified by the *World Investment Report* and the analytical studies series. He expressed GRULAC's satisfaction with the IPRs and STIPs. In the area of investment, UNCTAD should further analyse the relationships

between investment policies and development, particularly between FDI and domestic investment and between FDI and trade. He also indicated the Group's support for the work of ISAR.

20. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, noted that, partly as a result of the Asian financial crisis, in 1998 FDI had declined into Asian countries as a group, for the first time in many years; that decrease had been largely concentrated in some countries in South and South-East Asia. FDI flows behaved differently from other types of financial flows, however, and had proven more resilient and less volatile in the face of the crisis. Flows from Asia into other developing countries had fallen as well. He noted the development of M&As as a new form of FDI in Asia, and while there was no doubt that they could be beneficial for host countries because of their positive impact on the restructuring of domestic enterprises, they also raised many controversies as to the prices paid for the enterprises acquired and as to their overall contribution to development; accordingly, UNCTAD should further study their developmental dimension.

21. The topics addressed by the Commission over its term had been timely and well selected, and the analytical materials prepared by the secretariat had been very helpful for developing countries in formulating policy responses. The sessions of the Commission, as well as the expert group meetings, had provided very useful forums for discussion of issues related to FDI and its impact on development; the Asian Group and China were also looking forward to IPRs. Given the rapid increase in international production, the strength of the globalization process and the increasing importance of FDI compared to trade as a factor linking countries, there was no doubt that the relevance of investment issues and FDI for development would continue well into the next century. Accordingly, UNCTAD should strengthen the Commission's mandate.

22. The representative of **Japan** stressed the importance of establishing a better international investment framework and called on UNCTAD to contribute to deepening the understanding of the issues. He appreciated UNCTAD's analytical work on FDI and transnational corporations (TNCs), including the *World Investment Reports* and issues papers on international investment agreements. UNCTAD's expertise and research work on investment issues should be fully utilized to enhance FDI flows in various forums and economies. He stressed his Government's readiness to share its experiences in Asia and the Pacific at the time of the financial crisis in order to promote FDI flows.

Chapter III

TRENDS IN FDI AND WAYS AND MEANS OF ENHANCING FDI FLOWS TO AND AMONG DEVELOPING COUNTRIES, IN PARTICULAR LDCs AND COUNTRIES RECEIVING RELATIVELY LOW FDI INFLOWS, WITH A VIEW TO INCREASING THE BENEFITS THEY ENTAIL, AND TAKING INTO ACCOUNT THE FACTORS WHICH PLAY A PART IN PRIVATE SECTOR FIRMS' CHOICES OF INVESTMENT LOCATIONS

(Agenda item 3)

23. For its consideration of this item, the Commission had before it the following documentation:

“Trends in FDI and ways and means of enhancing FDI flows to and among developing countries, in particular LDCs and countries receiving relatively low FDI inflows, with a view to increasing the benefits they entail, and taking into account the factors which play part in private sector firms’ choices of investment locations” (TD/B/COM.2/21);

“Report of the Expert Meeting on International Investment Agreements: Concepts Allowing for a Certain Flexibility in the Interest of Promoting Growth and Development” (TD/B/COM.2/17); and

“Report of the Expert Meeting on Portfolio Investment Flows and FDI” (TD/B/COM.2/20).

24. The **Chief of the International Investment, Transnationals and Technology Flows Branch of the Division on Investment, Technology and Enterprise Development**, introducing agenda item 3, said that worldwide FDI flows had increased significantly in 1998, fuelled by a boom in mergers and acquisitions between developed countries. Inflows to developing countries had declined on account of a weaker performance in Asia. Inflows into Latin America and the Caribbean rose, while those into Africa exhibited enormous country differences. Together with foreign portfolio equity investment flows, FDI flows accounted for about four fifths of total net resource flows to developing countries. Although there were many differences between the two types of flows, they had one thing in common: their concentration in a small number of countries.

25. FDI was part of a broader international production system of transnational corporations that had become a driving force in the globalization process, increasingly linking the production systems of countries and playing an important role in development. That role, and the ways in which policy mattered in that respect, were examined in Part Two of the *World Investment Report 1999*. He then turned to the locational determinants of FDI, classifying them into three groups: economic determinants, policy frameworks, and business facilitation measures -- proactive

measures that countries adopt to promote and facilitate investment. Although appropriate policy frameworks played a role in attracting FDI, and business facilitation measures could be helpful in that regard, it was the economic determinants that were crucial, such as the possession by host countries of natural resources, large and dynamic markets and other resources at competitive prices allowing greater efficiency. Under conditions of globalization the relative importance of economic determinants was changing. Of all the resources sought by TNCs, such resources as technology, skills and world-class infrastructure, called “created assets”, were becoming increasingly important. Access to international markets was also becoming relatively more important, although large and dynamic national markets remained attractive.

26. Governments faced the challenge not only of attracting FDI but also of ensuring that it benefited their economies. He reemphasized the role of national policies in that respect, as well as in minimizing the potential negative effects of FDI. International investment agreements should leave sufficient room for the pursuit of national policies in the service of sustainable development. That, however, posed a challenge, because at the same time, agreements needed to provide for a stable, predictable and transparent framework within which FDI could grow. The concept of flexibility could bridge the two requirements.

Expert Meeting on portfolio investment flows and FDI

27. The representative of the **UNCTAD secretariat**, introducing the report of the Expert Meeting on portfolio investment flows and FDI, said that an examination of the similarities and dissimilarities between FDI and foreign portfolio investment (FPI) would help to assess the respective impact and contribution of those types of foreign investment on the development of recipient economies and accordingly to define policy approaches to investment flows. The question was not only relevant for discussion of the definition of investments in any investment agreement, but also for discussion of an investment policy framework that would help recipient countries to derive benefits from foreign investment, while minimizing the possible negative impacts of volatility in capital flows.

28. The **Chairperson of the Expert Meeting** said that the Meeting had highlighted the difficulty of distinguishing between FDI and FPI and the substantial shortcomings in statistics on FPI. Both FDI and FPI provided some positive benefits but also had potential negative impacts on host economies, the benefits of each being quite different. The Meeting had noted the differences in determinants and the increasing order of magnitude in volatility as one moved from FDI to FPI and then to bank lending. To deal with the volatility of capital flows, developing countries needed to deepen domestic capital markets, institute an appropriate regulatory and supervisory framework and develop a strong domestic institutional investor base. However, in the short term, the utilization of capital controls, preferably price-based measures (as opposed to quantity-based or regulatory measures), might be considered as a complement to measures aimed at longer-term structural reform. Other important policy questions included the overriding concern of low-income countries with lack of access to global capital and measures to help them gain access, and the inclusion of FPI in investment agreements, which remained an open question.

Expert Meeting on international investment agreements

29. The **Chairperson of the Expert Meeting on international investment agreements**, introducing its report, said that it was important to ensure that the development objectives of international investment agreements (IIAs) were not just mere intentions but were translated into concrete commitments. Moreover, flexibility needed to be balanced with other fundamental objectives of IIAs, such as attracting FDI and providing security, stability and transparency in investment relations, which were also seen as conducive to development. Flexibility is conditioned by whether an agreement is bilateral, regional and multilateral. Regional and multilateral agreements offered the greatest possibilities for allowing flexibility in their structure, through a number of methods that have been recognized in international law. Flexibility can begin with the creation of cooperative modes of negotiation of an IIA and, in addition to being reflected in the agreement's objectives, structure and substantive provisions, it can also provide flexible approaches for its application and follow-up. Flexibility, of course, is not an end in itself, but a vehicle for attaining the objective of development. In that context, the need for technical cooperation to strengthen the policy negotiating and implementing capacity of developing countries was emphasized, so that they could benefit as much as possible from the agreements in which they wish to participate.

Presentation by the secretariat of selected activities on Africa

30. The UNCTAD secretariat provided an overview of selected technical assistance activities carried out by the Division in order to promote FDI in Africa. UNCTAD's booklet, "Foreign direct investment in Africa: performance and potential", and the fact sheet, "Focus on the new Africa", were presented; they represented a joint effort of UNCTAD, together with the International Chamber of Commerce (ICC), the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and the United Nations Development Programme (UNDP), to change the image of Africa. Special efforts were made to distribute these documents among corporate executives of TNCs. A second presentation was made on a joint project undertaken by UNCTAD and the ICC on "Investment guides and capacity-building for least developed countries", which had two main purposes: the production of investment guides on investment conditions and opportunities in LDCs, and the enhancement of local institutional capacity to promote FDI. Through the seminars organized in the context of this project -- and which brought together private and public sector participants -- the project also aimed at facilitating a dialogue between the private and public sectors to improve investment conditions. Another example of UNCTAD's technical assistance on FDI in Africa was provided by a presentation on the "Africa-Asia Business Forum Project", which aims at promoting FDI in Africa by bringing together Asian and African corporate executives and providing information on the African countries participating in the project. Finally, the Commission was provided with an overview of the Entrepreneurship Development Programme (EMPRETEC), including its extension to a number of African countries following a request by UNDP.

Summary of the informal discussions on agenda item 3 ²

31. The informal discussions addressed three groups of issues: FDI; portfolio investment and its relationship to FDI; and international investment agreements and the flexibility issue.

FDI

32. It was generally agreed that FDI is a major factor of economic development, contributing to job creation and export diversification, providing technology, facilitating access to international markets and increasing the competitiveness of host economies. UNCTAD's *World Investment Reports* were very important in helping countries not only to compare the results of their efforts to attract FDI with other countries, but also to understand better the mechanisms of globalization, including the FDI/development relationship, and to devise policies aimed at maximizing the positive aspects, and minimizing the negative aspects, of FDI.

33. Participants distinguished between the developmental value of different forms of FDI. Some questioned the contribution M&As could make to development, stating that they did not reflect the creation of new wealth or "productive" investment as they merely involved a change in the ownership of already existing enterprises. Others disagreed, contending that M&As played an important role in the economic lives of enterprises in all countries, being a source of capital, higher skills, better management, technological upgrading indispensable for further expansion or, as is frequently the case, in avoiding bankruptcy. Both greenfield FDI and FDI through M&As could be beneficial for development, and therefore one should not label any particular form of FDI as "bad" or "good", by definition. M&As were a relatively new form of FDI in Asia, and UNCTAD should initiate analytical work on their developmental dimension. Increased social corporate responsibility of TNCs would also enhance the developmental benefits of FDI.

34. A number of representatives took up the issue of the locational determinants of FDI in general and in the context of FDI in their respective regions. The importance of appropriate policy frameworks for FDI was widely recognized as a contributing factor, but the role of a country's investment climate, which encompassed macroeconomic and macro-organizational policies as well as such factors as access to regional markets, trade policy and tax regime, was also stressed. At the same time, the implementation of policies was crucial. A multilateral investment framework could contribute to increasing FDI inflows into host developing countries through greater transparency and predictability of investment rules, although some representatives questioned this effect.

35. A number of speakers, particularly from Africa, emphasized that an enabling policy framework is necessary but is not a sufficient determinant to attract investment. Economic determinants, such as small national markets and the lack of regional markets, poor infrastructure and the debt problem, and in several cases a serious image problem, have meant that some African countries have received very little investment. Many African countries needed the assistance of the international community to deal with the problem, and in that regard they welcomed recent

² Prepared by the UNCTAD secretariat.

UNCTAD initiatives aimed at capacity-building; such initiatives should be strengthened. LDCs should be helped to develop negotiating skills, as many of the benefits of FDI depend on agreements concluded between those countries and TNCs, which have incomparably better legal expertise and negotiating skills. The need to help developing countries to develop statistical capability in data collection and management in the area of FDI was also stressed.

36. Representatives noted with concern the recent decline of FDI inflows into developing countries, along with the concentration of those inflows in a small number of such countries. Other speakers, while not denying that many countries were bypassed by FDI flows, said that, given differences in the size of countries, it would be much better to use relative measures for individual countries, such as FDI inflows per capita, to assess properly their FDI performance.

Portfolio investment

37. Several delegates questioned the effectiveness of capital controls beyond the short term, noting the prominent cases of Chile and Malaysia. Such controls could not substitute for sound macroeconomic management. Speakers also commented on the difficulty in distinguishing clearly between FDI and FPI flows in light of the increasing complexity of financial instruments. Some developed country representatives were of the view that UNCTAD should concentrate on FDI, while representatives from developing countries stressed that, given its focus on development issues, UNCTAD should continue its work on FPI.

International investment agreements

38. In the discussion that followed, representatives recognized the importance of the topic of flexibility in international investment agreements not only for developing countries but for all countries parties to such agreements. The Expert Meeting had helped clarify the concept further -- a concept which is not always well understood by the countries that need it most, or even by the investors themselves. There was a need for further analytical work by the secretariat to better assess the definition of the concept of flexibility and its role in development. The secretariat report on IIAs and concepts allowing for flexibility in the interest of promoting growth and development (document TD/B/COM.2/EM.5/2), which was being revised, should focus on the interrelations between the concept of flexibility and other development concepts, such as the principle of special and differential treatment for developing countries. The study could also shed light on the role of the concept of flexibility in promoting and implementing appropriate national development policies.

Action by the Commission on agenda item 3

39. The Commission adopted its agreed conclusions on agenda items 3, 4 and 6 (see Chapter I, above).

Chapter IV

INVESTMENT POLICY AND SCIENCE, TECHNOLOGY AND INNOVATION POLICY REVIEWS: METHODOLOGY AND EXPERIENCES

(Agenda item 4)

40. For its consideration of this item, the Commission had before it the following documentation:

“Investment Policy Review of Egypt” (UNCTAD/ITE/IIP/Misc.11);

“Investment Policy Review of Uzbekistan” (UNCTAD/ITE/IIP/Misc.13);

“The Science, Technology and Innovation Policy Review, Jamaica”
(UNCTAD/ITE/IIP/6);

“The Science, Technology and Innovation Policy Review, Colombia”
(UNCTAD/ITE/IIP/5);

“Investment policy and science, technology and innovation policy reviews: methodology and experiences” (TD/B/COM.2/23).

41. The Director of the **Division on Investment, Technology and Enterprise Development**, introducing agenda item 4, summarized the methodology of the STIP reviews. She said that a system of innovation consists of a network of economic agents together with the institutions and policies that influence their behaviour and performance with regard to the three key elements that support a process of innovation: linkages, learning and investment. That analytical tool allowed policy makers to move beyond a narrow conception of innovation as constituted by research and development and to recognize that today, innovation must be understood to include continuous improvement in product design and quality, changes in organization and management routines, creativity in marketing, greater attention to training and skills upgrading and modifications to production processes that bring costs down, increase efficiency and ensure environmental sustainability.

42. Innovation is thus not restricted to high-tech industries, such as software in Jamaica or pharmaceuticals in Egypt, but is critical for competitiveness across a range of traditional industries --from cut flowers and coffee in Colombia to textiles and clothing in Egypt -- and even extends to such service sector activities as tourism. To encourage the process of innovation through appropriate policies and institution-building is the objective of the STIP reviews. These reviews, along with the investment policy reviews, are helpful in identifying clusters of activities where competitive advantages already exist and where new ones can be developed, including with the attraction of foreign direct investment.

Investment Policy Review of Egypt

43. The representative of the **UNCTAD secretariat**, introducing the investment policy review of Egypt, said Egypt was the first country to undertake the exercise, which fell within the framework of UNCTAD technical assistance to developing countries and economies in transition in setting up an appropriate investment regulatory framework in the pursuit of sustainable development. The acceleration of the privatization process and strengthening of capital markets in Egypt were giving an important boost to FDI in the economy. However, to facilitate foreign business establishments in Egypt, improvements could be made with regard to some aspects of FDI treatment. Those areas included business establishment procedures, trade and custom procedures, taxation and accounting, the judicial system, competition policy and quality standards.

44. The representative of **Egypt** outlined the Government's objectives and policies for attracting FDI. Although Egypt's liberalization had started later than in other developing countries, it had involved a steady and progressive process of dismantling the centrally planned economy until the investment environment was completely opened, thanks to the enactment of Investment Law No. 8 of 1997. The law grants automatic approval to investment projects and provides guarantees and incentives to both foreign and domestic investors. Egypt is pioneering in many areas. After having successfully stabilized the economy, the Government had launched a number of ambitious projects to boost infrastructure development and attract investment in new areas such the Toska Valley and the new industrial zone situated east of Port Said. The economy was growing quickly and the country was also proving a suitable export base for an increasing number of export-oriented projects.

45. Discussion focused on three main areas: the transparency of the investment environment, the modality and timing of liberalization, and the impact of investment on development. A number of representatives stressed the need to evaluate the quality of FDI and its impact on development. Greenfield investment -- the establishment of new investment projects -- should be considered separately from other forms of investment, such as portfolio investment and mergers and acquisitions. The establishment of new investment projects brings value-added to the economy and generates new employment opportunities. There was also a need for developing countries to complement host country measures, for example in the area of tax incentives, with home country measures that would offer investors similar treatment in the fiscal area.

46. Egypt should facilitate investment from small and medium-sized enterprises (SMEs) and strengthen linkages between foreign and domestic investors. In that respect, the role of training for investment promotion was considered a priority that deserved the attention of all concerned. Egypt should also strengthen the transparency of the investment environment and of the legal framework in such areas as competition and sectoral policies.

47. The enabling investment environment of Egypt included long-term stability, the rule of law, a stable fiscal environment, free capital flows and a good infrastructure. The Government's commitment to that environment had produced impressive results in a relatively short period of time. The investment agency should also adopt and implement global best practices and define a

long-term investment strategy. In general, Egypt's experience with privatization was considered a good example for other developing countries embarking on such programmes.

Investment Policy Review of Uganda

48. The representative of **Uganda** welcomed the Review undertaken by UNCTAD and said that the Government would adopt its recommendations on how to make Uganda a success story in Africa. The country had moved very quickly since 1986 to achieve macroeconomic stability and growth. Trade had been liberalized, the markets to neighbouring countries were now open, and per capita GDP had risen. Major reforms, which had provided a positive impact on business, included full liberalization of the foreign exchange regime, a liberalized trade regime, successful privatization of many key public enterprises, the restoration of property to former owners and an improved tax administration and tax policy. Additional recent measures to facilitate investments included the establishment of tax appeals tribunals and commercial courts and the enactment in 1998 of a new Land Act to facilitate access to and by investors. The Government had also set a national target of free and universal primary education. However, success on the macroeconomic front must be matched by improvements in the microeconomic environment in which firms operate. The Government endorsed the "Big Push" strategy recommended by the IPR to overcome institutional and infrastructural bottlenecks.

49. The representative of **Kenya** said that his country was Uganda's biggest trading partner and that the Review should be seen in a regional context. He had confidence that improved policies emanating from the reviews would help promote the region as a destination for investors. Kenya's request for an IPR to be conducted demonstrated the commitment of all the region's Governments to reap the maximum economic benefits for their people by maximizing FDI flows. The IPR of Uganda highlighted the enormous opportunities for investment in Africa as a whole, as well as its unfulfilled potential. He called on the international private sector to invest in the entire region.

50. Participants commended Uganda for creating an enabling environment for investment and for its liberalization of foreign exchange controls, which put it ahead of other countries. Three points were important in promoting investment in Uganda. First, non-tariff barriers should be removed, in part by ensuring that rules are simple and transparent, and also by reducing or eliminating payments, such as for permits, which not only increased the cost of doing business but also lengthened the delays. Second, the country should attract industries for which it had a particular strength or potential, such as organic food production, which would fully exploit its fertile soil and favourable climate. Third, focusing on export industries need not necessarily be made a country's target sector; industry could also play a big role in import substitution.

51. While congratulating Uganda on its economic reforms, representatives questioned its potential to attract FDI in the light of the limits posed by its small market, its low per capita GDP and the transparency factor. They queried the effectiveness of recommendations on an investment promotion strategy in which the President would head the proposed Cabinet Committee on Investment and on using Embassy staff for promotional efforts.

Science, Technology and Innovation Policy Review of Jamaica

52. In assessing the impact of the Jamaican STIP Review, the representatives of **Jamaica** noted that the exercise had stimulated a paradigm shift in the thinking of most policy makers, even in such areas as the design of poverty eradication programmes. Up to now, the funding of science and technology activities had not been very effective. Recently, as a direct result of the recommendations contained in the Review, the Government had established a special fund precisely for that purpose. The music and information technology (IT) sectors were being considered more seriously and had gained recognition as important foreign exchange earners. Also as a result of the Review, the notion of risk-sharing was more accepted in the innovation process, and the organic interdependence between macro and micro variables was being clearly understood. However, the Government did not necessarily agree with all the findings contained in the Review, particularly some elements of the analysis of the macroeconomic situation and of tourism. Nonetheless, many of the recommendations on the music industry and IT sector were already being actively pursued.

53. Representatives raised questions on aspects of the Jamaican experience, including the need for new financing mechanisms for science and technology and the means for strengthening the innovative capacity of SMEs. It was essential to build a national system of innovation including linkages between national science and technology institutions, academia, finance, training and the productive sectors. The role of training for new technologies and assimilation into the local productive processes was also discussed, as were the roles of such priority sectors as agriculture, textiles and tourism, and of poverty eradication programmes, in developing countries. Trade unions should be involved in the conduct of the reviews.

54. The representative of **Colombia** commended UNCTAD on the STIP Review carried out in his country, which was a very successful and useful input into the design and effective realization of Colombia's technological development programme.

55. In particular, he noted the major contribution made by the STIP Review in the building of Colombia's national system of innovation. That included the evaluation of the national science and technology programmes, the effectiveness of the mechanisms in support of technological development of Colombia's enterprises, support structures, transfer of technology mechanisms, access and absorption of information technologies, strategic alliances, FDI and other mechanisms aimed at the development of complementary capabilities. The most important conclusions and recommendations contained in the Review had already been implemented. Many of them had contributed to the implementation of Colombia's national development plan, whose objective was to transform the country into an exporter of high value added goods and services. The Review had had a major impact, particularly in the area of financing of science and technology activities aimed at introducing innovation into Colombian firms of all sizes, including SMEs, which had achieved international competitiveness in the production of their goods and services. A wide range of activities had occurred as a consequence of the Review, all of them having a major impact on the technological development process in Colombia. A special fund had been created, the Fondo Nacional de Productividad y Competitividad (National Fund for Productivity and Competitiveness), which promotes innovation-based activities all over Colombia and in many

different sectors of the economy, ranging from agriculture and manufacturing to services. Other innovative financing strategies recommended by the Review had also been adopted, allowing all the major players access to finance.

56. Following the STIP mission, there had been a major surge in expansion of effective demand for technology-based services from the private sector, especially among SMEs. Recently a fiscal incentive had been initiated, leading to a 125 per cent increase in investment in innovation-related activities. Linkages among the many different actors and institutions of the national system of innovation had also been strengthened.

57. In the area of training and capacity-building, numerous programmes and initiatives to promote investment in innovation were under way in various sectors of the Colombian economy, based directly on the Review's recommendations. The process had occurred in almost every region of the country, in firms of all sizes. The STIP Review process had had a profound impact on improving the efficiency of Colombia's national system of innovation.

Summary of the informal discussions on investment policy and science, technology and innovation policy reviews³

58. It was widely felt that the exercise of investment policy reviews is a very useful one because it allows the sharing of experience and the drawing of lessons. As the environment for FDI has become more competitive with the progress of globalization, it is important for countries critically to examine their policies, evaluate their effectiveness, and maximize the benefits for sustainable development. In the view of many delegates, investment policy reviews, which were initiated at this session of the Commission, represent a novel form of intergovernmental deliberations at UNCTAD, contributing to the design and dissemination of best practices in investment policy and in science, technology and innovation policy.

59. Concerning the methodology of the reviews, several representatives said that a periodic review of interested countries could facilitate the monitoring of the liberalization progress. The secretariat was also invited to ensure the geographical balance of countries under review and to pursue the harmonization of investment policies at the regional level.

60. The representative of **Peru** reported that its IPR would be concluded in the coming weeks. Given the usefulness of the exercise, he proposed the establishment of a monitoring mechanism and evaluation of its impact. Follow-up activities of the reviews could include the organization of seminars for exchange of experiences, and the provision of advice to other countries on the effectiveness of policies and best practices.

Action by the Commission on agenda item 4

61. The Commission adopted its agreed conclusions on agenda items 3, 4 and 6 (see chapter I, above).

³ Prepared by the UNCTAD secretariat.

Chapter V

REPORTS OF THE SUBSIDIARY BODIES OF THE COMMISSION

(Agenda item 5)

62. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, sixteenth session, 17-19 February 1999” (TD/B/COM.2/16);

“Report of the Intergovernmental Group of Experts on Competition Law and Policy, 7-9 June 1999” (TD/B/COM.2/19).

Intergovernmental Group of Experts on Competition Law and Policy

63. The representative of the **UNCTAD secretariat**, introducing the report of the Intergovernmental Group of Experts, said that the Group had four important tasks to perform: (i) guiding and monitoring analytical research on competition law and policy; (ii) holding consultations on issues related to the application of the United Nations Set of Multilaterally Agreed Principles and Rules for the Control of Restrictive Business; (iii) reviewing UNCTAD's technical cooperation programmes in this field; and (iv) acting as the preparatory body for the forthcoming Fourth United Nations Conference to Review All Aspects of the Set, scheduled to take place on 25-29 September 2000. In concluding its work, the Group had adopted the provisional Agenda for that Conference (contained in Annex I to the report) and a list of agreed conclusions (contained in Chapter I of the report), which reaffirmed the fundamental role of competition law and policy for sound economic development; stressed the importance of the creation of a competition culture; and recommended that UNCTAD X should take into account the "important and useful work being carried out on competition law and policy issues within the UNCTAD intergovernmental machinery, which has the active support and participation of the competition law and policy authorities of member States". The Group also invited the Secretary-General of UNCTAD to continue cooperation with the World Trade Organization (WTO) and other organizations active in the field; welcomed regional initiatives in convening preparatory meetings for the Fourth Review Conference; and listed a set of issues for consideration by the Review Conference.

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

64. The **Rapporteur of the Intergovernmental Working Group of Experts**, introducing its report, said that the report covered the participation in and outcome of the sixteenth session

of ISAR, the current work programme of the Group, publications and technical cooperation projects undertaken and a personal assessment by the Chairperson of the session.

65. The session had been attended by 148 experts from 53 countries, 10 professional associations and seven international organizations. The Group had first considered and adopted a guideline on the requirements for the qualification of professional accountants, including a detailed model curriculum. It had then discussed a study on the role of accounting disclosure in the East Asian financial crisis. It had also conducted a self-assessment of its functioning since Midrand in the context of a mid-term review, as requested by the TDB. Finally, it had considered recent developments in corporate governance at the OECD and proposals by the International Accounting Standards Committee to restructure its organization.

66. The spokespersons for the **Latin American and Caribbean Group** (Colombia), the **African Group** (Egypt), and the **Asian Group** (Islamic Republic of Iran) expressed their support for the work of ISAR and for the continuation of its work. The representative of **Spain** said the importance of ISAR's work should be reflected in the allocation of adequate human resources to the secretariat, and regretted that there was only one professional, at the P-2 level, working on ISAR. He underlined the importance of cooperation between ISAR and the professional accounting associations.

Action by the Commission on agenda item 5

67. The Commission endorsed the report of the Intergovernmental Group of Experts on Competition Law and Policy including its agreed conclusions, as contained in document TD/B/COM.2/CLP/14.

68. The Commission also took note of the report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, as contained in document TD/B/COM.2/19, and recognized the Group's contribution to the important issue of accounting and reporting.

Chapter VI

PROGRESS REPORT ON THE IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION

(Agenda item 6)

69. For its consideration of this item, the Commission had before it the following documentation:

“Progress report on the implementation of agreed conclusions and recommendations”
(TD/B/COM.2/22)

70. The **Director of the Division on Investment, Technology and Enterprise Development (DITE)** presented an overview of the activities undertaken by the secretariat in pursuance of the mandates received at the third session of the Commission, as well as the technical assistance activities implemented by the secretariat in the areas of investment, technology and enterprise development since that session. In addition to the progress report, the Commission had before it a background paper entitled “DITE activities report 1998-1999” prepared by the secretariat and detailing the Division's activities since the last session of the Commission.

71. Many delegates commended the Division for the work undertaken during the period under review and praised the preparation of a comprehensive activities report, which they considered a useful overview. The representative of the **United States** appreciated in particular the fact that, so far, DITE was the only division of UNCTAD to prepare an annual activities report. The representative of **China** stressed the role of FDI in development and said that special efforts were being made in his country to improve the investment climate and promote FDI. He further stressed UNCTAD's leading role in research in the field of FDI and TNCs, adding that the *World Investment Report* was a key report on those issues. He also expressed his country's satisfaction with UNCTAD's technical cooperation and the implementation of the Commission's recommendations. The secretariat's work on FDI and related issues should be continued and strengthened after UNCTAD X. The representatives of **Finland** and **Japan** praised the secretariat for the activities report and the opportunity it gave member countries to better understand the wide range of activities undertaken by the Division. Additional activities regarding matters close to all developing countries were encouraged by the representative of **Malaysia**. The representative of **Malawi** mentioned the efforts made, with assistance from UNDP, to promote trade and investment in southern Africa, such as the development triangle work involving Zambia, Mozambique and Malawi and the Malawi investor road map funded by the United States Agency for International Development. UNCTAD should also provide further technical assistance in that area.

72. The representatives of **Ethiopia** and **Mali** expressed their gratitude for the technical assistance received from UNCTAD. In addition, the representative of **Mali** pointed to the special

needs of landlocked developing countries. The representative of **Nepal** asked UNCTAD to pay more attention to LDCs' efforts in attracting FDI and stressed their needs for assistance in that area. The representative of **Ghana** stated that by focusing on the development context and its objectives, the activities report would help facilitate the debate on issues of importance; continued work in that direction would be requested. The representative of **Slovakia** expressed the need for technical assistance, in particular for his country's undercapitalized enterprise sector. He also stated that the results and conclusions of the IPRs and STIPs on individual countries could serve as examples for other countries as well. The representative of **Morocco** said that the experience of one country as illustrated within the framework of an IPR could serve as an example for other countries with similar characteristics; as a result, a systematic approach for the selection of countries would be needed in order to maximize the benefits for all countries. The representative of the **United States** inquired about the selection procedure followed for IPRs and other reviews and expressed concern that a "first come-first served" approach would not offer equal opportunities; she therefore suggested that other ways to explore a country's needs should be looked into. She also mentioned that LDCs could be considered for priority inclusion among the beneficiaries of IPRs.

73. The **Director of DITE** replied that LDCs would receive special attention but that technical cooperation activities were also determined by availability of funds. Interested countries should follow the proper procedures for requesting technical assistance.

Action by the Commission on agenda item 6

74. The Commission adopted its agreed conclusions on agenda items 3, 4 and 6 (see Chapter I, above).

Chapter VII

OTHER BUSINESS

(Agenda item 7)

75. The representative of the **United States** asked when the international investment agreements series would be completed and how many of the papers were outstanding. She said her country was deeply concerned that the series was not completed. The papers were very important and should be completed with all due speed, and the secretariat should desist from undertaking other projects until that had been done.

76. The representative of the **UNCTAD secretariat** said that additional papers would be completed by the end of 1999, but that the number was still uncertain as the process of research and reaching high levels of excellence was a complicated one. The fact that the papers were funded from extrabudgetary resources also contributed to the uncertainty.

Chapter VIII

CLOSING STATEMENTS

77. The **Chairperson** said she believed the Commission had successfully discharged its mandate. The main issue under its purview, foreign investment and its contribution to the development process, was at the core of the globalization debate and of a number of important upcoming events, including UNCTAD X, the Millennium Assembly, the South Summit and the international conference on financing for development. She was confident that the work of the Commission and its Expert Meetings had contributed to the preparatory process leading towards those events.

78. The Commission had benefited from the work of the Intergovernmental Group of Experts on Competition Law and Policy, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and the groups of experts it had itself established. The success of its work was also the result of contributions from highly qualified resource persons, the active participation of representatives of civil society and the excellent background material prepared by the secretariat. All its sessions had attracted high-level participation, including from capitals.

79. The Commission had set an example for the successful integration of technical cooperation, policy research and analysis and consensus-building, through, among others, the elaboration of best practices in investment promotion, competition law and financial disclosure, deliberations on investment policy reviews, discussions on international investment rule-making, and the consensus achieved on guidelines for environmental financial disclosures and professional qualifications. The achievements of the four sessions were of profound importance for the questions and discussions ahead, as they had paved the way and laid the foundations for future work at both the intergovernmental and secretariat levels. She then outlined what in her view were the main achievements of the Commission:

80. The Commission had underlined the important contribution that foreign investment, and especially FDI, can make to development, and had shown how such investment can complement and catalyse economic activities and the performance of domestic enterprises; that role could surely be further enhanced by appropriate policies. It had also highlighted the insufficiently recognized FDI potential of Africa and the LDCs.

81. The Commission had dealt with the relationship between foreign portfolio investment and the growth of domestic capital markets, as well as the characteristics, similarities, complementarities and differences between foreign portfolio investment and FDI, their development impact and policy implications, especially in light of the Asian crisis, and the policy challenges related to free flows of portfolio investment. She believed that many would like to see work continued in that area with a view to assessing the overall implications of foreign portfolio

investment for development and its social effects on the poorer segments of the population. However, she also recognized that others had reserved their position at the present time.

82. The Commission had highlighted the policy changes at the national and international levels that would enhance conditions that attract FDI and allow countries to increase its benefits. It had underlined the diversity of country experiences with regard to shaping investment policies and best practices in attracting FDI and enhancing its benefits. Furthermore, the Commission had noted the emergence of mega-mergers and the importance of strengthening competition policy in that respect.

83. The Commission had stressed the need for promoting increased transparency and appropriate accountability for the implementation of sound national and corporate development policies, which enhance a country's abilities to reduce vulnerability to external shocks and volatile flows of short-term capital. In addition, the Commission and its Expert Meetings had established the importance of the need for flexibility in international investment agreements so as to enhance their development dimension. She believed that many members of the Commission would like to see work in that area intensified in the years after UNCTAD X. In that context, greater consideration could perhaps be given to the relationship between FDI and technology.

84. The Commission's achievements had contributed to a better understanding of the issues at hand and to a greater awareness of the integrated and coherent policies that needed to be pursued at the national and international level and of the need for supportive international mechanisms and actions. Its work had also been enriched by the mechanism of expert groups and, at its fourth session, by the investment policy reviews. It had already achieved a high level of excellence in the first two pillars of its work -- research and analysis, and technical assistance. With the agreed conclusions of its fourth session, it had also excelled in the third pillar, consensus-building.

85. The representative of **Colombia**, speaking on behalf of the **Latin American and Caribbean Group**, stressed how important it was for developing countries to have achieved greater understanding of the relationship between FDI and FPI, and of the implications of that relationship for development. Given the increasing interrelationship among the various forms of investment, UNCTAD's constructive analytical work in that field should be continued.

86. The Group greatly appreciated the work undertaken by the Intergovernmental Group of Experts on Competition Law Policy and by ISAR, as well as the Commission's commitment to their future work. It placed much importance on the practice of holding expert meetings, which had been established at Midrand and which had contributed substantially to improving the work of all the Commissions, to enhancing understanding of particular topics of interest to developing countries and to increasing the participation of experts from developing countries in the work of UNCTAD.

87. The representative of the **United States** said her delegation greatly appreciated the dedication of the Director of DITE and her staff to enhancing the understanding by member States of investment-related issues over the past few years, as well as the very transparent manner in which the Director worked.

Chapter IX

ORGANIZATIONAL MATTERS

A. Opening of the session

88. The fourth session of the Commission on Investment, Technology and Related Financial Issues was held at the Palais des Nations, Geneva, from 4 to 8 October 1999. In the course of the session, the Commission held six plenary meetings (20th to 25th meetings) and seven informal meetings. The session was opened on 4 October 1999 by Mr. Carlos Fortin, Deputy Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

89. At its 20th plenary meeting, on 4 October 1999, the Commission elected its Bureau as follows:

Chairperson:	Ms. Magda Shahin	(Egypt)
Vice-Chairpersons:	Mr. Lyudmil Kotetzov	(Bulgaria)
	Mr. Antonio Rodas Pozo	(Ecuador)
	Mr. Jean-Luc Le Bideau	(France)
	Mr. Jalal Alavi	(Islamic Republic of Iran)
	Mr. Masahiko Kiya	(Japan)
Rapporteur:	Mr. Luis Castro Joo	(Peru)

C. Adoption of the agenda and organization of work

(Agenda item 2)

90. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.2/18. Accordingly, the agenda for the fourth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work

3. Trends in FDI and ways and means of enhancing FDI flows to and among developing countries, in particular LDCs and countries receiving relatively low FDI inflows, with a view to increasing the benefits they entail, and taking into account the factors which play a part in private sector firms' choices of investment locations
4. Investment policy and science, technology and innovation policy reviews: methodology and experiences
5. Reports of the subsidiary bodies of the Commission
7. Progress report on the implementation of agreed conclusions and recommendations of the Commission
7. Other business
8. Adoption of the report

D. Adoption of the report of the Commission to the Trade and Development Board

(Agenda item 8)

91. At its closing plenary meeting, on 8 October 1999, the Commission adopted its draft report (TD/B/COM.2/L.9 and Add.1-3), subject to amendments to the summaries of the statements, and authorized the Rapporteur to finalize the report in the light of the proceedings of the closing plenary meeting.

Annex

ATTENDANCE *

1. The following States members of UNCTAD, members of the Commission, were represented at the session :

Angola	Haiti
Argentina	India
Austria	Indonesia
Bangladesh	Iran (Islamic Republic of)
Belarus	Italy
Belgium	Jamaica
Benin	Japan
Bhutan	Lao People's Democratic Republic
Brazil	Madagascar
Bulgaria	Malawi
Burundi	Mali
Cameroon	Malta
Central African Republic	Mauritania
Chile	Mauritius
China	Mexico
Colombia	Mongolia
Comoros	Morocco
Cuba	Myanmar
Czech Republic	Nepal
Democratic Republic of the Congo	Netherlands
Denmark	Nicaragua
Ecuador	Norway
Egypt	Panama
El Salvador	Peru
Ethiopia	Philippines
Finland	Poland
France	Portugal
Gambia	Republic of Korea
Germany	Romania
Ghana	Russian Federation
Guinea	Rwanda
	Slovakia

* For the list of participants, see TD/B/COM.2/INF.4.

Spain
Sri Lanka
Swaziland
Sweden
Switzerland
The Former Yugoslav
Republic of Macedonia
Turkey
Uganda

Ukraine
United Kingdom of Great Britain
and Northern Ireland
United States of America
Venezuela
Viet Nam
Yemen
Zambia

2. The following intergovernmental organizations were represented at the session :

Islamic Development Bank
Inter-American Development Bank
European Community
League of Arab States

3. The following specialized agency and related organization were represented at the session :

International Monetary Fund
World Trade Organization

4. The United Nations Environment Programme was represented at the session.

5. The following non-governmental organizations were represented at the session :

General Category

Engineers of the World
World Association of Former United Nations Interns and Fellows
World Federation of United Nations Associations