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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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

held at the Palais des Nations, Geneva,
from 21 to 25 January 2002



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CONTENTS

Chapter	Page
I. A. Agreed recommendations adopted by the Commission at its sixth session: Impact of international investment flows on development: The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries; International policy issues: International arrangements for transfer of technology: Best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries.....	5
B. Agreed conclusions adopted by the Commission at its sixth session: Implications for the work of the Commission following the Doha Ministerial Meeting	10
II. Opening statements	11
III. Impact of international investment flows on development: The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries (agenda item 3).....	14
IV. International policy issues: International arrangements for transfer of technology: Best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries (agenda item 4).....	19
V. Investment policy reviews: Exchange of national experience (agenda item 5)	23
VI. Reports of the subsidiary bodies of the Commission (agenda item 6).....	28
VII. Progress report on the implementation of agreed conclusions and recommendations of the Commission.....	31
VIII. Implications for the work of the Commission following the Doha Ministerial Meeting (agenda item 9).....	34
IX. Other business (agenda item 10)	37
X. Action by the Commission and closing statements.....	38

XI. Organizational matters 40

Annexes

I. Provisional agenda for the seventh session of the Commission..... 42

II. Topics for Expert Meetings for 2002 43

III. Attendance..... 44

Chapter I

A. AGREED RECOMMENDATIONS ADOPTED BY THE COMMISSION AT ITS SIXTH SESSION

Impact of international investment flows on development: The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries

1. The Commission took note of the secretariat documents available for consideration under this item.¹
2. The Commission noted that most Governments acknowledge today that foreign direct investment (FDI) can provide important benefits for the development of host countries. Governments seek to implement policies that enhance the beneficial impact of FDI, while seeking to avoid any possible negative effects. One aspect of the developmental dimension of FDI is the link between FDI and industrialization, export competitiveness and development of local supply capacity. However, benefits cannot be taken for granted. The extent to which the developmental impact of FDI can be enhanced depends on many factors, including the corporate strategies that drive the FDI, the cost and risk concerns of potential investors, and the appropriate conditions for the realization of potential benefits. Host country policies play a key role in this respect, and home countries and the international community can contribute to that effect.
3. The Commission accordingly made the recommendations set out below.

A. Governments

4. Beyond setting up an open and transparent investment framework nationally, Governments in host countries are encouraged to consider cost-efficient ways of promoting FDI policies that are consistent with their country's overall development objectives and industrialization strategies, taking into account the country's capacities and opportunities, and fully involving the private sector. A good knowledge of corporate strategies would support effective implementation of such policies.
5. For the implementation of FDI promotion policies, it is recommended to provide an efficient institutional and administrative framework, consisting of a lead agency, and

¹ "World Investment Report 2001, Promoting Linkages" (UNCTAD/WIR/2001); "The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity, policy issues to consider" (TD/B/COM.2/EM.10/2); "Report of the Expert Meeting on the Impact of FDI Policies" (TD/B/COM.2/35); "Impact of international investment flows on development: the impact of FDI policies on industrialization", note by the UNCTAD secretariat (TD/B/COM.2/38); "Comments made by member States on the Outcome of the Expert Meeting on the Impact of FDI Policies on Industrialization, Local Entrepreneurship and the Development of Supply Capacity" (TD/B/COM.2/CRP.3); "Report of the Expert Meeting on Mainstreaming Gender in order to Promote Opportunities" (TD/B/COM.3/40).

benefiting from good coordination among government agencies and departments, as well as a strong political commitment and close interaction with both domestic and foreign-owned companies. Governments are encouraged to consider a targeted approach to FDI promotion policies which are transparent, use limited resources in the most efficient way, and are adapted to and develop with the country's evolving strategic goals (such as employment generation, domestic market development, export development, technology inflow and upgrading of domestic industries).

6. To increase the beneficial leverage of FDI on the host economy, Governments are encouraged to pay special attention to promoting linkages between foreign affiliates and local suppliers and service providers. The extent of linkages will much depend on efforts to upgrade the technology and capacity of local enterprises, and to enhance the skills and capacity of the local workforce. Governments are therefore encouraged to consider setting up an institutional and administrative framework to implement and monitor an efficient and targeted linkage promotion programme. Policies play a role in promoting linkages, through various measures to encourage the integration of foreign affiliates and the contribution they can make to local enterprise development. Government measures, including performance requirements, consistent with international rules can play a role.

7. Governments are also encouraged to assess how FDI policies impact on gender equality in the economy in general and in individual FDI-intensive industries and sectors. Support should be given to women entrepreneurs. Recording statistics taking into account a gender perspective would be useful.

8. Home countries should share experiences in targeting and linkage promotion, and assist in this respect. Taking into account the special needs of the least developed countries (LDCs), home countries are also encouraged to provide financial assistance to developing countries for the establishment of an appropriate framework for FDI promotion and linkage development.

9. Improved access to developed country markets for products and services from developing countries, especially from the LDCs, can help those countries to attract FDI.

B. The international community

10. Taking into account the special needs of the LDCs, international institutions dealing with FDI should assist developing countries and countries in transition in setting up an appropriate institutional framework and identifying concrete measures to encourage the formation of clusters, and linkage promotion.

11. International institutions are encouraged to intensify their efforts in assisting developing countries to set up appropriate financial frameworks and instruments with a view to helping local enterprises in benefiting from foreign investments and promoting linkages with transnational corporations.

12. Cooperation and coordination among United Nations agencies and other relevant institutions on these issues are desirable.

13. The international community should assist the LDCs in building and improving the infrastructure necessary for attracting FDI.

C. UNCTAD

14. Taking into account the special needs of the LDCs, and in line with the Bangkok Plan of Action, UNCTAD should:

- (a) Continue to analyse the international systems of production, by sector and industry, and make the information thus obtained available to member countries, and, where relevant, take into account a gender perspective;
- (b) Assist developing countries in assessing their existing capabilities in line with their competitive situation in the international market and defining policies accordingly in order to maximize the benefits derived from FDI;
- (c) Help developing countries to design, implement and monitor FDI targeting and linkage programmes consistent with their industrialization and development strategies;
- (d) Disseminate information on successful experiences of FDI targeting and linkage programmes;
- (e) Conduct, in cooperation with other international organizations, regular research on and analysis of FDI policy approaches and options, based on country experiences, as related to such development aspects as the role of performance requirements, the relationship between foreign and domestic investments, and the impact of FDI on the balance of payments;
- (f) Undertake a study on the impact on FDI flows to LDCs resulting from the phasing out of market access preferences.

International policy issues: International arrangements for transfer of technology: Best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries

1. In its deliberations on the international arrangements for transfer of technology, the Commission took note of the secretariat documents available for consideration under this

item.² The compendium on transfer of technology provisions³ is a welcome contribution and should be updated, as necessary, and widely disseminated.

2. The Commission noted the concerns of the international community with respect to enhancing the transfer of technology to developing countries, in particular to the least developed countries (LDCs), as well as their technological capabilities, as reflected in several dozen bilateral, regional and multilateral instruments.

3. Governments and the private sector have an important role to play in the implementation of commitments, *inter alia* through public and private partnerships. In this connection, the Commission emphasized the need for adequate protection of intellectual property in providing incentives for investment and transfer of technology in all countries, taking into account the interests of producers, users and consumers.

4. The Commission examined a number of best practices that can contribute to generating favourable conditions and opportunities for transfer of technology and capacity building. In this respect, the Commission made the recommendations set out below.

Governments

5. Creation of a hospitable domestic regulatory environment for foreign investment, together with intellectual property protection, encourages access to technology. It has been observed that transfer of technology is often most successful when accomplished by means of investment, especially by foreign direct investment (FDI). In this connection, technical cooperation should focus on technological capacity building with a view to enabling beneficiary countries to use intellectual property rights in ways that advance their national systems of innovation.

6. Setting up of coordination committees at the national/regional level with regard to the interface between commitments in the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) and national implementation requirements may facilitate the application of the TRIPS arrangements to local innovation needs and to favouring their pro-competitive implementation.

7. Measures by home countries to promote transfer of technology, especially through FDI in developing countries, should be promoted. In this connection, the Commission would like to draw attention to Article 66.2 of the TRIPS Agreement and paragraph 11.2 of the decision of the Ministerial Conference of the World Trade Organization (WTO) on implementation-related issues and concerns, adopted in Doha.

8. Support should be provided for capacity building, in particular in LDCs, through specific projects and programmes and by establishing a scientific and technological

² “International arrangements for transfer of technology” (TD/B/COM.2/37); “International arrangements for transfer of technology: best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries” (TD/B/COM.2/EM.9/2); “Report of the Expert Meeting on International Arrangements for Transfer of Technology: Best Practices for Access to and Measures to Encourage Transfer of Technology with a view to Capacity Building in Developing Countries, especially in Least Developed Countries” (TD/B/COM.2/33).

³ *Compendium of International Arrangements on Transfer of Technology: Selected Instruments* (UNCTAD/ITE/IPC/Misc.5), United Nations publication, Sales No. E.01.II.D.28.

infrastructure on a cooperative basis for both public and private research facilities so as to enable them to assess, adopt, manage, apply and improve technologies.

International community

9. International instruments with built-in implementation mechanisms, including financial provisions and monitoring arrangements, have a promising implementation record⁴ and should be emulated. They can serve as a model in other areas, such as infrastructure, health, nutrition and telecommunications.

10. The TRIPS Agreement should be implemented in a manner that is conducive to transfer of technology, in accordance with its Articles 7, 8 and 40, including by assessing its impact on transfer of technology and capacity building.

11. The establishment of the special trust fund for activities in the area of science and technology for development as decided by the Commission on Science and Technology for Development (CSTD) at its fifth session (ECOSOC resolution 2001/32) should be supported and contributions to it invited.

UNCTAD

12. Taking into account the particular needs of LDCs, UNCTAD should:

- (a) Provide assistance to developing countries in strengthening their capacity to discuss and examine transfer of technology issues and to negotiate technology transfer provisions in international instruments;
- (b) Further explore ways and means for effective implementation of international commitments in the area of transfer of technology and capacity building and assist interested countries by undertaking a needs assessment with regard to the interface between commitments in the TRIPS Agreement and national implementation requirements;
- (c) Disseminate information concerning existing home country measures that encourage transfer of technology in various modes to developing countries, in particular LDCs.

13. UNCTAD is encouraged to make inputs available to the WTO work programme on trade and transfer of technology, in particular on issues related to the above areas.

14. UNCTAD is also encouraged to continue its support to the work of the CSTD and report to this Commission.

⁴ Such as the Montreal Protocol; see "International arrangements for transfer of technology: best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries" (TD/B/COM.2/EM.9/2), paragraph 29.

**B. AGREED CONCLUSIONS ADOPTED BY THE COMMISSION
AT ITS SIXTH SESSION**

**Implications for the work of the Commission following the
Doha Ministerial Meeting**

1. We recognize the contribution of UNCTAD's work programme on investment agreements to deepening the understanding of the issues involved, exploring the range of issues that needs to be considered, identifying the interests of developing countries and, in particular, ensuring that the development dimension is addressed.
2. We recognize the needs of developing countries, in particular least developed countries, for enhanced support for technical assistance and capacity building in this area, including policy analysis and development, so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we emphasize the need for strengthened and adequately resourced assistance to respond to these needs, as specified in paragraph 21 of the Doha Ministerial Declaration, taking into account, where appropriate, paragraphs 42–43.
3. In response to this provision, the Commission calls on UNCTAD to implement an enhanced technical assistance and capacity-building programme that in close collaboration with the World Trade Organization (WTO) responds to the needs of beneficiary countries and addresses the three areas emerging from paragraph 21 of the Doha Ministerial Declaration, namely policy analysis and development, human resources development and institutional development. Work in this connection should examine past country experiences.
4. The Commission calls on donors and countries in a position to do so to provide the necessary means and assistance to undertake such an enhanced programme, whose practical implementation should not be at the expense of the resources devoted to the ongoing work, with full use being made of possible synergies.
5. The Commission further encourages the secretariat to provide substantive support to the WTO Working Group on the Relationship between Trade and Investment, as well as to the WTO work programme on the relationship between trade and transfer of technology.
6. The Commission requests the secretariat to report to its next session about the progress made in this respect.

Chapter II

OPENING STATEMENTS

1. The **Secretary-General of UNCTAD** outlined the main issues to be considered during the Commission's session. He noted that it was taking place at a critical juncture for the world economy, with falling FDI flows. The UNCTAD secretariat had estimated that world FDI inflows had dropped by 40 per cent in 2001. The decline had been experienced by almost all regions, although FDI flows to Africa had proved resilient and were even slightly higher than the level reached in 2000. Recent corporate surveys suggested that investors intended to continue with their worldwide expansion and that the aftermath of the events of 11 September was not influencing the medium-to-long-term investment plans of the majority of companies.
2. Against this background, he observed that the quality of FDI, and how to enhance its developmental impact through host country policies and home country contributions, would be increasingly debated. One aspect of the "development dimension" of FDI – namely, the link between FDI and industrialization, export competitiveness and the development of supply capacity – was to be reviewed under agenda item 3. He noted that the *World Investment Report 2001* had examined in depth how various policies could be used to promote backward linkages between foreign affiliates and local suppliers.
3. He made particular reference to the Ministerial Declaration adopted by the WTO Conference in Doha. It called for an ambitious work programme, including a number of issues of great relevance to the work of UNCTAD in the area of investment, such as the need for strengthened and adequately resourced support for technical assistance and capacity-building for the benefit of developing countries and LDCs, and the need for a better evaluation of the implications of closer multilateral cooperation for those countries' development policies and objectives. The UNCTAD secretariat was ready to take up this challenge, despite resource constraints, and was preparing a comprehensive technical assistance programme on post-Doha support activities.
4. As production became increasingly knowledge-intensive, the need to access and utilize technologies had become critical for economic development in a competitive world. A key question was how to enhance the effectiveness of international arrangements for transfer of technology and capacity-building through effective implementation of the relevant provisions, on which an Expert Meeting had been held, which would be reviewed under agenda item 4.
5. He then turned to the area of Investment Policy Reviews (IPRs). Reflecting the desire expressed by delegations and regional groups that the modalities for handling forthcoming IPRs in the intergovernmental machinery should be allowed more time for the discussion of each review, the IPR of the United Republic of Tanzania had been given one full meeting. The Commission would also review progress in follow-up activities, which had been undertaken in several countries that had completed the full review cycle, including Uganda, Mauritius and Ecuador.
6. He stated that, in accordance with the decision taken by UNCTAD X in Bangkok, the Intergovernmental Working Group of Experts on International Standards of Accounting and

Reporting had intensified its work on corporate governance and that it was expected to provide a template for applying the principles of improved corporate governance to diverse economic, political, social and cultural environments under agenda item 6.

7. Turning to the important area of helping developing countries in the field of competition laws and policies, he informed participants that the Intergovernmental Group of Experts on Competition Law and Policy would examine at its next session a study on the role of possible dispute mediation mechanisms and alternative arrangements, including voluntary peer reviews. He also mentioned that a project to extend technical assistance to emerging competition authorities in the Common Market for Eastern and Southern Africa had been launched in December in Kampala. Moreover, an International Competition Network had been created, of which developing countries and relevant organizations, including UNCTAD, would be members. Referring to the Doha Ministerial Declaration, he said that UNCTAD was ready to make its contribution, in full cooperation with the WTO and other organizations and national competition authorities.

8. He made special reference to the recommendations made at the Expert Meeting on Mainstreaming Gender in order to Promote Opportunities, held in Geneva in November 2001, and asked delegates to consider them in their deliberations. He noted also that the seventh annual conference of the World Association of Investment Promotion Agencies was taking place in parallel with the Commission's session and that some joint sessions were scheduled.

9. In closing, he expressed satisfaction with the presence of representatives of other international organizations active in the field of trade and investment, such as the Multilateral Investment Guarantee Agency, the Foreign Investment Advisory Service of the World Bank, the World Trade Organization, the United Nations Industrial Development Organization and the Organisation for Economic Co-operation and Development. In this way, the Commission became an important forum for the exchange of views among member States and intergovernmental agencies. On the eve of a new round of world trade negotiations and in the light of the current global economic slowdown, a productive exchange of views on appropriate economic policy responses at the national as well as the regional and multilateral levels had never been more important. He hoped that the Commission would make an important contribution to such a dialogue within the framework of its mandate.

10. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that a third generation of investment promotion policies was necessary in the face of declining FDI flows. Given constraints on fiscal policies, Governments needed to be clear about their priorities, and a targeted approach to FDI promotion, ideally with the involvement of the private sector, was recommended as a cost-effective strategy to be considered. He also highlighted the importance of enhancing supply capacity, for which a linkage promotion programme could be a useful tool.

11. Enhancing export competitiveness remained a challenge for developing countries. As market access could be seen both as a development objective in itself and as a tool for attracting FDI, he urged developed countries and international institutions to provide the technical and financial assistance needed to achieve that goal. In conclusion, he asked UNCTAD to assist developing countries in the design and implementation of their FDI policies and local suppliers' development strategies, and encouraged discussions on the developmental dimensions of those FDI policies.

12. The representative of **Uganda**, speaking on behalf of the **African Group**, noted that FDI flows to Africa had fallen despite the more favourable regulatory frameworks that had been put in place, and that this called for action on the supply-side constraints that many African nations faced, in particular the LDCs. He stressed the link between trade and investment and the importance that market access had for developing and least developed countries in this respect.

13. He emphasized the critical role that technology played in the economic development of nations and, while acknowledging the existence of numerous international arrangements for the transfer of technology, called for more effective implementation of these arrangements. Regarding Investment Policy Reviews, he was pleased that more African countries were able to participate in this process and called for follow-up mechanisms.

14. The representative of **Spain**, speaking on behalf of the **European Union (EU)**, highlighted the *World Investment Report* as a source of valuable information and encouraged UNCTAD to continue its research in the area of FDI. In the light of the Doha Ministerial Declaration, UNCTAD should provide support for policy analysis, human resources development and institutional development that would allow developing countries to participate effectively in multilateral discussions on investment. He said that UNCTAD was the appropriate forum in which to discuss the developmental dimension of a multilateral framework on FDI. UNCTAD should complement the work done in the WTO Working Group on clarifying certain issues, and deepen understanding, particularly from a development point of view. The EU supported this work and was committing resources for technical assistance and capacity-building activities in this field. Finally, he noted the relevance of the work of the Commission's subsidiary bodies on competition policy and the establishment of appropriate accountancy rules for SMEs.

15. The representative of **Bangladesh**, speaking on behalf of the **LDCs**, stressed the importance of FDI for development, given insufficient local savings and the shortcomings of other types of financing, including official development assistance (ODA). However, he also emphasized that the relationship between foreign and domestic investment had to be complementary. To avoid foreign exchange shortages, export-oriented FDI would be particularly desirable. He expressed concern that preferential market access for LDCs, which was a vital tool for compensating the extra risk that investors faced in those countries, was being phased out.

16. He pointed out that, in spite of increasingly friendly FDI regimes, LDCs received only 0.3 per cent of world FDI inflows. Many of those countries, given their small size, remoteness and vulnerability, were unlikely to attract significant amounts of FDI, and new tools should be identified to overcome these barriers. He called for new initiatives aimed at overcoming the risk that investors faced in LDCs.

17. The representative of **Japan** noted the importance of improving business conditions in developing countries, and that, in this regard, ODA should be combined with FDI in order to promote the necessary improvements in skills and infrastructure. He called for improved availability of information on FDI opportunities and more active South-South cooperation through which developing countries could exchange their experiences in this field.

Chapter III

IMPACT OF INTERNATIONAL INVESTMENT FLOWS ON DEVELOPMENT: THE IMPACT OF FDI POLICIES ON INDUSTRIALIZATION, LOCAL ENTREPRENEURSHIP AND THE DEVELOPMENT OF SUPPLY CAPACITY OF DEVELOPING COUNTRIES, IN PARTICULAR THE LEAST DEVELOPED COUNTRIES

(Agenda item 3)

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

“The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity, policy issues to consider” (TD/B/COM.2/EM.10/2);

“Report of the Expert Meeting on the Impact of FDI Policies” (TD/B/COM.2/35);

“Impact of international investment flows on development: The impact of FDI policies on industrialization”, note by the UNCTAD secretariat (TD/B/COM.2/38);

“World Investment Report 2001, Promoting Linkages”, Overview (UNCTAD/WIR/2001);

“Report of the Expert Meeting on Mainstreaming Gender in order to Promote Opportunities” (TD/B/COM.3/40).

19. The **representative of the UNCTAD secretariat** introduced the agenda item. She stressed that the link between FDI and industrialization, export competitiveness and the development of supply capacity in host countries was an important development dimension. Governments needed a clear development strategy and to ensure that there was consistency between FDI promotion efforts and each country’s capacities and opportunities. She also noted that the private sector had a key role to play in attracting FDI and promoting linkages. Host countries needed to be well informed about the motivations and corporate strategies behind TNCs’ decisions to invest. She made special reference to the so-called third generation of investment promotion policies, whereby foreign investors were targeted in accordance with a country’s developmental priorities.

20. The *World Investment Report 2001* had paid special attention to the importance of the promotion of linkages. Linkages with local firms and institutions constituted the best channel for diffusing knowledge and technology from foreign affiliates to host economies and could contribute to the growth and strengthening of a domestic enterprise sector and its supply capacity. Governments had an important role to play by addressing specific obstacles to the linkage formation process, increasing the benefits and/or reducing the costs of using domestic suppliers.

21. As FDI and linkage promotion could be costly to implement, she underlined the need for technical and financial assistance from the international community and home countries. She also referred to the role of preferential access to developed country markets as an

important factor in attracting FDI to beneficiary developing countries, and the contribution that rules of origin could make to the process of linkage formation.

22. Finally, she stressed that the present agenda item had important implications for the development dimension of FDI and for related policies. She asked the Commission to consider further exploring other aspects of the development dimension of FDI, against the backdrop of an evolving international policy context, particularly in the post-Doha period.

23. The **Chairperson of the Expert Meeting on the Impact of FDI Policies on Industrialization, Local Entrepreneurship and the Development of Supply Capacity** reported on the discussions at the Expert Meeting. She noted that although policies varied substantially among countries, it was always important to have clear policy objectives that were consistent with each country's capabilities. A number of policy issues had been considered at the Expert Meeting, including cooperation among government agencies involved in the process of attracting FDI, the role of targeting in investment promotion and the development of linkages, which had been treated extensively in the *World Investment Report 2001*.

24. It had been noted that the tools to target FDI had evolved from cost reduction tools to differentiation and specialization. Effective tools included the presence of clusters and subnational agglomerations, certain government incentives, public-private partnerships and alliances, and aftercare for existing investors. Belonging to a preferential trade area or having access to larger markets had also been noted as an important advantage in attracting FDI, particularly with regard to attracting export-oriented activities. Once FDI had been attracted to a country, promotion of linkages between foreign affiliates and local suppliers could be considered. If and when countries decided to implement a linkage promotion programme, some practical lessons could be drawn from international experience. This included the importance of measures to upgrade local supply capacity, selective supplier development support, coordination among government agencies and context-specific measures adapted to the circumstances of each country or subnational location.

25. She mentioned some possible roles that home countries could play in this regard, for instance by giving market access to the products of LDCs or by providing financial assistance for the implementation of appropriate FDI frameworks in developing countries. The international institutions should coordinate efforts to assist developing countries and LDCs in particular in building the necessary infrastructure for attracting FDI, while UNCTAD should continue its research on the international production systems of TNCs, assist developing countries in assessing their capabilities and design consistent FDI targeting and linkage programmes.

26. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, recalled the experiences of Asia in FDI-related industrialization. They had shown the importance of a clear development strategy designed by the Government, the availability of skilled human resources, market access and the strengthening of local supply capacity. He mentioned that the *World Investment Report 2001* had described some of the Asian experiences, and he commended the report for its comprehensiveness.

27. The current decline in FDI inflows around the world called for new policy thinking and in particular for a more focused strategy in which FDI could complement and upgrade local capacities and develop local linkages. In this context it was important that countries in

the Asian region align their FDI promotion activities in order to avoid a “race to the bottom” when attracting FDI. He suggested that developed countries should provide expertise and financial assistance for setting up investor-targeting initiatives in developing countries. Finally, he encouraged UNCTAD to continue its analysis in the area of FDI and proposed that regional and subregional policies be included in this analysis.

28. The representative of **Benin**, speaking on behalf of the **African Group**, noted that the benefits of FDI had not yet reached Africa, in spite of increases in FDI inflows into some African countries. He mentioned the high levels of debt, declining ODA, deteriorating terms of trade and restrictions on market access as the main constraints that African countries faced with regard to attracting more FDI.

29. He stressed the importance of FDI for development and suggested a number of actions to attain that objective in Africa: improvements in the national FDI policy frameworks; improvements in human resources and infrastructure; regional integration to enlarge the potential market; improved market access, in particular to developed country markets; the establishment in Africa of specialized banks for financing private investments; a targeted approach to FDI promotion; support of an international network of investment promotion agencies and the involvement of the private sector.

30. The representative of the **United States of America** noted the relevance of market access for attracting FDI and called for conclusions and recommendations that were succinct and focused.

31. The representative of **Jamaica** said that the benefits of FDI were not automatic, and mentioned that her country was implementing an integrated strategy in that regard. She stressed that FDI must be promoted in accordance with each country’s capacities and characteristics.

32. The representative of **Spain**, speaking on behalf of the **European Union**, suggested that UNCTAD continue its analysis of the impact of FDI on sustainable development, advise developing countries on policies that would allow them to benefit from FDI inflows, increase technical assistance and capacity-building in these countries, and supply relevant data and statistical information on FDI trends worldwide.

33. The representative of **China** endorsed the views expressed by the Group of 77 and the Asian Group. He expressed his concern about the decline of world FDI flows in 2001. If the trend was not reversed in 2002, developing countries would face severe difficulties in attracting FDI. He was satisfied with the outcome of the Expert Meeting on the Impact of FDI Policies, and suggested that the policy recommendations which it had formulated be fully reflected in the agreed conclusions of the Commission. He also called for improved links between various levels of the UNCTAD intergovernmental machinery in the area of investment, technology and related financial issues.

34. The representative of **India** drew attention to his comments on the outcome of the Expert Meeting, which India had circulated in writing. He found the concepts of proactive investment promotion and targeting useful. Nevertheless, he warned against using proactive investment promotion as a justification for a “race to the bottom”. The latter would be in disregard of the fact that the benefits of FDI varied widely according to the nature of the individual projects. Not all projects were in line with the development priorities of host

countries. In such cases, a one-size-fits-all approach to attracting FDI would be harmful for development. Furthermore, while endorsing the views of the LDCs as expressed by Bangladesh, he suggested a number of areas of concern to be analysed in detail in the future, the first of which was the degree to which FDI and domestic investment were complementary and to what extent the former crowded out the latter. The second was the issue of performance requirements. The third issue was the link between FDI and host country growth, including whether FDI tended to crowd out domestic investment. The impact of FDI on the balance of payments of host countries was the fourth area of concern, especially in conjunction with the impact of other forms of investment such as portfolio investment. These issues could be analysed through, for example, stocktaking of existing empirical studies on the development impact of FDI in different countries.

35. The representative of **Uganda** reiterated the importance of mainstreaming gender considerations into the analysis and promotion of FDI. She referred to her country's experience in encouraging women to become actors in that area, its assistance to networking, and its efforts in the area of dissemination of information and capacity-building. She also highlighted the key role that women could play in joint ventures, as foreign companies were often more inclined to work with local firms run by women. With regard to measures for improvement, she mentioned the need for innovative banking methods to help women.

36. The representative of **Bangladesh**, speaking on behalf of the **LDCs**, welcomed the outcome of the Expert Meeting but wished to mention a couple of points. He noted that an enabling framework, such as a free investment regime, had not been enough for the LDCs to ensure significant FDI inflows and that the correct form of targeting was needed. He noted, however, that the views of potential investors were not well reflected in the outcome of the Expert Meeting. He also expressed some concern about the phasing out of the preferential access of LDCs to developed markets.

37. The representative of **Zambia** stressed the importance of FDI for his country as an LDC. He said that the best way to design strategies to attract FDI involved clarifying, first of all, who the main beneficiaries of FDI inflows would be. He also referred to the impact of structural adjustment programmes on FDI, which, it had been suggested, had not been adequately analysed. He endorsed India's suggestion that the impact of the WTO Agreements on FDI be examined.

38. The representative of the **European Commission** supported the recommendations of the Expert Meeting. He was particularly pleased with the wording to the effect that investment promotion policies needed to be designed in the light of development objectives and should fully involve the participation of the private sector in a public-private partnership. There was a need to follow up on the usefulness of a simplified institutional setting for FDI promotion (in the form of one-stop shops), the role of targeting, and the role of the Government as a facilitator in various areas such as information exchange, matchmaking and training. He also endorsed the idea that policy recommendations should deal not just with host countries but with home countries and international organizations as well.

39. The representative of the **Dominican Republic** noted with surprise that targeting seemed to have been advocated by most previous speakers. He felt that it was quite complicated, and that there was thus a need for more discussion. He took note of the contradiction between the WTO obligations to reduce performance requirements on the one

hand and the need to optimize the development impact of FDI on the other. He suggested that, to deal with those issues, UNCTAD hold an Expert Meeting on the link between trade and investment.

40. The representative of **Malaysia** supported India's choice of topics, although there had been insufficient time to judge all the necessary details as far as substance was concerned.

41. The representative of the **United States of America**, referring to the statement made by the representative of the Dominican Republic, stressed that the outcome of the Expert Meeting had been formulated flexibly enough to allow countries to decide whether or not to adopt a particular policy measure. He also warned against a too dirigiste approach to FDI and development. With regard to gender issues, he referred to experience in the United States that helped to show how better access for women to credit, for example, could help resolve the sometimes little-known gender problem in FDI.

42. The representative of the **International Confederation of Free Trade Unions** stressed that investment promotion must not result in the suppression of basic labour rights or rights of association, either in a host country or in export processing zones. This was particularly important since FDI was not an aim in itself but should be used as a tool for achieving sustainable development not least in the area of human resources. She warned against forsaking tax revenues in order to promote investment. Finally, she emphasized that FDI policies should be consistent with other development objectives. Governments needed to work in close collaboration with the private sector and trade unions to ensure that FDI would help foster workers' development and workers' rights. UNCTAD had a key role to play as an adviser to Governments on how to design appropriate policies.

43. The **Director of the Division on Investment, Technology and Enterprise Development** agreed with the representative of India that not all FDI had a positive impact. In fact, the *World Investment Report 1999* had analysed in detail every key area where its impact could be potentially negative. It had concluded, however, that the impact was positive on balance, and this was why most countries actively promoted FDI. The report also concluded that policies were important for dealing with potential negative impacts. He agreed that maintaining a national space for development policy was a main priority for developing countries. In this respect, while it was true that the Agreement on Trade-Related Investment Measures (the TRIMs Agreement) prohibited certain host country operational measures, most of the potential measures were still allowed. In this context, he referred to a report by the UNCTAD secretariat on host country operations measures.

Chapter IV

INTERNATIONAL POLICY ISSUES: INTERNATIONAL ARRANGEMENTS FOR TRANSFER OF TECHNOLOGY: BEST PRACTICES FOR ACCESS TO AND MEASURES TO ENCOURAGE TRANSFER OF TECHNOLOGY WITH A VIEW TO CAPACITY-BUILDING IN DEVELOPING COUNTRIES, ESPECIALLY IN LEAST DEVELOPED COUNTRIES

(Agenda item 4)

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

“International arrangements for transfer of technology: Note by the UNCTAD secretariat” (TD/B/COM.2/37);

“International arrangements for transfer of technology: Issues note by the UNCTAD secretariat” (TD/B/COM.2/EM.9/2);

“Report of the Expert Meeting on International Arrangements for Transfer of Technology: Best Practices for Access to and Measures to Encourage Transfer of Technology with a view to Capacity-Building in Developing Countries, Especially in Least Developed Countries” (TD/B/COM.2/33 - TD/B/COM.2/EM.9/3).

45. The **representative of the UNCTAD secretariat**, introducing agenda item 4, said that the Expert Meeting on International Arrangements for Transfer of Technology, held from 27 to 29 June 2001 in response to the Bangkok Plan of Action, was not about transfer of technology per se, since the need for such transfer, especially to developing countries, had been recognized in various international forums. Instead, the main issue was how to enhance the effectiveness of existing international arrangements, or in other words, how to translate good intentions into good practices. The UNCTAD secretariat had compiled for the Expert Meeting a *Compendium of International Arrangements on Transfer of Technology*, which had now been published. This compilation of the various commitments was a reminder of the considerable scope for further policy action.

46. He pointed out that while transfer of technology was a fundamental goal of many international instruments, especially agreements involving developing countries, one of the main challenges was to ensure that transfer and diffusion provisions were translated into practice. National host country policies played a key role in this regard, including through promoting enterprise development and attracting FDI, as well as streamlining approval procedures and putting in place appropriate provisions on technology transfer or other operating requirements. There were best practices to be derived from the successful experiences of countries in all regions. The provisions on transfer of technology and capacity-building were underpinned by a variety of shared concerns: effective integration of the developing countries into world trade and investment, protection of intellectual property rights and sustainable development. These provisions had different objectives and scope, and different modes of implementation, including the provision of financing, and were subject to

different terms and conditions. In most cases, however, they took the form of “best efforts” commitments rather than mandatory rules.

47. He said that four other generalizations were possible. First, these provisions generally distinguished between developed and developing countries, assigning differing obligations to different categories of addressees, so that technology could be transferred from countries with strong capabilities to countries with low capacities. This distinction was a common feature of multilateral agreements, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement). In some instruments, such as Agenda 21, the addressees included enterprises. In other instruments, such as regional agreements among developing countries, there was no explicit distinction. Second, technology-related provisions could also be distinguished with respect to the type of technology they covered. Thus, the provisions of the Vienna Convention for the Protection of the Ozone Layer related primarily to technologies for environmental protection. In contrast, the TRIPs Agreement referred to technology in a broader sense. Third, technology-related provisions could be distinguished with respect to the methods of implementation. Here a broad trend was evident: instruments with a specific objective (such as environmental protection) generally had an in-built implementation mechanism, including financial provisions (such as the Montreal Protocol), while instruments dealing with transfer of technology as a broad objective often relied on national measures in developed country addressees for their successful implementation (such as Article 66.2 of the TRIPs Agreement). Finally, instruments differed with regard to the terms and conditions under which transfer of technology was expected to occur. In some agreements provisions called for “fair and reasonable terms”, whereas other agreements emphasized the commercial nature of transfer of technology. Interestingly, there was no clear correlation between the implementation of particular provisions and their respective terms and conditions. The Montreal Protocol scored high on implementation. An analysis of the different aspects of existing international agreements posed the following question: could mechanisms in instruments with a promising implementation record, such as built-in financial provisions and monitoring arrangements, serve as a model in other areas? The Expert Meeting had addressed this issue and others. It had reviewed best practices and made various suggestions for possible future areas of work for UNCTAD. A number of countries that had provided comments (contained in document TD/B/COM.2/37) felt that the Expert Meeting’s outcome and summary covered all significant points related to the topic discussed.

48. The **Vice-Chairperson-cum-Rapporteur of the Expert Meeting on International Arrangements for Transfer of Technology** introduced the report of the Expert Meeting on International Arrangements for Transfer of Technology: Best Practices for Access to and Measures to Encourage Transfer of Technology with a view to Capacity-Building in Developing Countries, Especially in Least Developed Countries, held in Geneva from 27 to 29 June 2001. He referred to the two parts of the report: the outcome and the Chairperson’s summary of discussions. In presenting the outcome, he said that investment agreements had theoretical provisions, with the exception of the Montreal Protocol, which had specific provisions for its implementation. UNCTAD should provide assistance to developing countries, and particularly to LDCs, for strengthening their negotiating capacity in respect of international investment agreements and work on a compilation of home country measures on technology transfer in relation to Article 66.2 of the TRIPs Agreement.

49. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, emphasized that created technological assets, more than traditional factor endowments, determined comparative advantage in today's knowledge-based world economy. Technological development was essential for the integration and participation of developing countries in the international trading system. She said that the existing technological gap might be bridged through the transfer of technology from producers to users by means of the market and other mechanisms. Building supply capacity in developing countries needed all types of technologies. There was a risk that access to the critical technologies might be limited in an overly protectionist intellectual property environment that did not properly balance incentive to innovate against the need for dissemination of knowledge.

50. The concerns of the international community with respect to enhancing the transfer of technology to developing countries, as well as their technological capabilities, were enshrined in several dozen international instruments, including WTO Agreements. The main question was how to ensure the effectiveness of international arrangements for transfer of technology and capacity-building, and what were the best mechanisms for their successful implementation. In this connection, the Expert Meeting on International Arrangements for Transfer of Technology had found that the several dozen international instruments included provisions on enhancing the transfer of technology to developing countries, particularly LDCs, as well as their technological capabilities, but that more needed to be done for their effective implementation. She said that it was the first time that an Expert Meeting had examined a number of best practices that could contribute to generating favourable conditions and opportunities for transfer of technology and capacity-building.

51. There was an increasing need to promote understanding of emerging issues, including the role of international arrangements, with a view to strengthening developing countries' ability to participate in discussions and negotiations on international agreements. In supporting the outcome of the Expert Meeting, UNCTAD should provide assistance to developing countries, particularly LDCs, to strengthen their capacity for discussing and negotiating technology transfer provisions in international instruments. In view of the importance of the questions raised, UNCTAD should further explore ways and means for effective implementation of international commitments in the area of transfer of technology and capacity-building. With regard to information on the existing instruments, the recently published *Compendium of International Arrangements on Transfer of Technology* was a welcome contribution and should be continuously updated as necessary.

52. The representative of **Egypt**, speaking on behalf of the **African Group**, said that greater attention should be paid to international instruments with built-in implementation mechanisms, including financial provisions and monitoring arrangements, and to the promising implementation record in the area of environmental protection. They could serve as a model in other areas such as infrastructure, health, nutrition and telecommunications. He emphasized that the design of measures and specific incentives for home-country enterprises, including fiscal and other incentives, to promote transfer of technology, especially through FDI in developing countries, was needed in particular for those transfers of technology that depended on the measures to be taken at the country level. In this connection, the monitoring of implementation of Article 66.2 of the TRIPS Agreement could contribute to building a sound and viable technological base in LDCs.

53. His Group fully endorsed the establishment of a special body to promote research and development and other activities in the area of technology in developing countries. He urged the full implementation of the Brussels Programme of Action for the Least Developed Countries, especially the commitment concerning capacity- and institution-building and the commitment concerning financing, and stressed that UNCTAD should assist developing countries in areas identified by the Expert Meeting.

54. The representative of **Spain**, speaking on behalf of the **European Union**, emphasized that FDI could be an effective way to help LDCs in receiving technology. In this connection, he underlined the importance of a legal system to support intellectual property rights. He also stressed that any incentives provided by a country must be in conformity with WTO rules. UNCTAD should compile a list of national measures taken in accordance with Article 66.2 of the TRIPS Agreement and should provide technical assistance to developing countries, particularly LDCs, in cooperation with other international organizations in areas identified by the Expert Meeting. In conclusion, he referred to the *Compendium of International Arrangements on Transfer of Technology*, which could be a useful input to the forthcoming meeting of the WTO Working Group on Trade and Technology.

55. The representative of **Bangladesh**, speaking on behalf of the **LDCs**, reaffirmed the importance of technology for LDCs. It was necessary to find new ways of transferring technology to LDCs since the market was not sufficient. There was also a need for incentives to be given to technology owners, which were in the private sector. Therefore, developed countries must provide incentives in order to promote the creation of a viable technological base in LDCs. In this respect, the compilation of a list of incentives would be an important step.

56. The representative of the **United States of America** said that the full protection of intellectual property rights was necessary for the transfer of technology. He supported efforts for public-private research and development, for example in information technology. Furthermore, he agreed that monitoring and implementation of Article 66.2 of the TRIPS Agreement constituted an important matter to be pursued within the WTO. Also, the organization of workshops and seminars on legal issues could be very beneficial for participating countries with regard to matters discussed in the Expert Meeting.

57. The representative of **India** supported the recommendations of the Expert Meeting and highlighted some best practices for transfer of technology identified in its outcome. He made particular reference paragraph 4(d), which dealt with local working requirements, paragraph 4(e), which dealt with making the TRIPS Agreement more conducive to transfer of technology, and paragraph 4(h), which dealt with design of measures. Many aspects of FDI and transfer of technology needed more studies. He added that there was a distinction in the literature between know-how and know-why, and that there seemed to be less focus on the latter.

58. The representative of **Zambia** drew attention to Article 66.2 of the TRIPS Agreement and focused on measures to be designed for its implementation. In this context, he referred to various incentive schemes used by developed countries.

Chapter V

INVESTMENT POLICY REVIEWS: EXCHANGE OF NATIONAL EXPERIENCE

(Agenda item 5)

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

“Investment Policy Review of the United Republic of Tanzania”
(UNCTAD/ITE/IPC/Misc.9).

Investment Policy Review of the United Republic of Tanzania

60. The representative of the **UNCTAD secretariat**, introducing the Investment Policy Review of the United Republic of Tanzania, said that the United Republic of Tanzania’s recent progress in investment liberalization, and demonstrated commitment to economic reforms, were commendable and had accelerated the shift from a centrally planned to a market-based economy. The country was well positioned to be an attractive FDI location in East and Southern Africa, especially if key challenges were addressed. The investment code, introduced in 1990 and modernized in 1997, had not kept pace with the rapid changes in the country and needed to be updated and fine-tuned. Other regulatory areas in need of attention were competition, employment and labour laws, and commercial and contract laws. Policy emphasis should continue to be on reducing the high cost of doing business, completing the privatization programme, building infrastructure and developing human resources. To maximize gains from FDI, particularly in technological development, the United Republic of Tanzania should improve the capacity of domestic firms to learn, adapt and assimilate technology. Moreover, regional integration should continue to be strengthened. The United Nations Industrial Development Organization had reported the results of an investor survey, which showed that most FDI in this country was market-seeking, or driven by regional market opportunities. Incentives in the United Republic of Tanzania appeared to be somewhat more attractive than those in the other countries surveyed, except with regard to the availability of labour. Nevertheless, it ranked third among sub-Saharan countries in terms of investors’ preferred locations for future investment.

61. The representative of the **United Republic of Tanzania** endorsed the recommendations of the Investment Policy Review and pledged that they would be implemented. He highlighted the macroeconomic progress that his country had made since adopting an open-market economic policy in 1985, for example low inflation, liberalized financial services, simplified business registration and licensing. Other achievements included the privatization of over 400 parastatal enterprises. The Government was committed to further improving the investment framework and would carry out a review of all laws pertaining to investment, starting with the Tanzania Investment Act 1997. It was already tackling deficiencies in infrastructure and utilities. The country would move forward with determination to exploit the opportunities provided under the United States’ African Growth and Opportunity Act and the Everything but Arms initiative, and to expand and consolidate its linkages with its neighbours in the subregion in order to build a stronger East African Community and Southern African Development Community.

62. Discussants noted that the United Republic of Tanzania could benefit from large mining FDI not only at the macroeconomic level, but also in terms of local employment and skills transfers, infrastructure improvement and even environmental protection. The mining sector could serve as a catalyst for the growth of other sectors of the economy. Among the challenges facing the country, the provisions of the current labour laws, which seriously restricted firms' flexibility to determine their own staffing needs, were singled out, as well as the need to pursue the National Anti-Corruption Strategy. It was pointed out that in order to thrive, businesses needed reliable and affordable utilities, good infrastructure and well-trained human resources. Also, emphasis was placed on the need to orient technology policies towards the needs of the business sector.

63. In general, private-sector discussants encouraged the Government of the United Republic of Tanzania to build on the excellent progress made in recent years, especially regarding the lowering of tariff barriers and further liberalization of the market. In particular, the mining environment was identified as being conducive to investment. Business representatives mentioned a number of continuing problems that needed to be addressed. First, taxation and, in general, fiscal policies were still unstable and unpredictable, thus increasing the total cost of doing business. Second, the policy of granting expatriate work permits for five years upon project approval should be made more flexible. It could be replaced by an agreement whereby progressive foreign and domestic companies, if they improved their performance, would acquire the privilege of more freedom in the choice of personnel, particularly skilled professionals. Third, investment promotion agencies needed to be empowered by the Government to expedite decisions taken elsewhere in government. Fourth, investment policies and procedures were not responsive to the needs of small and medium-sized investors. Finally, there should be more investment in basic education and vocational training, from which the country's human resources would benefit.

64. Representatives commended the United Republic of Tanzania's progress on the path to liberalization. It was noted that in an increasingly competitive environment, wherein innovation and research were the key to business success, mobile investment would be attracted not so much by financial incentives as by a business-friendly and efficient environment, political stability, labour skills, productivity and efficient infrastructure. The continued development of port and transport facilities could enable the country to further its potential to become a "gateway" to other landlocked neighbours. One representative, whose Government had provided extensive assistance to the United Republic of Tanzania, noted the country's success in reform implementation, and encouraged the Government to further strengthen governance and the judiciary system. The establishment of the Tanzania National Business Council and the National Investment Steering Committee were signs of national commitment to promoting public-private sector dialogue. Another representative, while welcoming the policy review and its recommendations, warned against a possible "race to the bottom" among countries competing for FDI, and urged prudence in considering the proposed multi-facility processing zone. A representative from a neighbouring State said that, in the context of the East African Community, it was important for member States to define development goals for attracting FDI into the region, and thus realize their respective potentials. The spokespersons of the different regional groups all underlined the importance of the Investment Policy Review as a starting point for follow-up activities specially designed

to meet the country's particular needs and conditions. The ultimate measure of the success of the review was the level and quality of follow-up activities.

65. The representative of the **Foreign Investment Advisory Service of the World Bank (FIAS)** reported the results of a study of administrative barriers faced by domestic and foreign investors in the United Republic of Tanzania. While procedures had been simplified, it could still take up to three years to establish a business. The United Republic of Tanzania did not rank favourably compared with other African countries. Problem areas included access to land and connection to electricity and utilities. Along the lines of the recommendations in the Investment Policy Review, the Government should implement the Business Environment Strengthening for Tanzania (BEST) Programme, simplify the business licensing system, eliminate the Certificate of Benefits, harmonize forms for procedures and introduce a single identification number for companies. Barriers to entry existed at the administrative level, as well as within the fiscal and trade regimes. Lastly, the existing legal framework for competition needed strengthening.

66. The representative of the **Multilateral Investment Guarantee Agency (MIGA)** noted that the United Republic of Tanzania ranked among the top ten countries of exposure in MIGA's guarantee operations, which was a sign of investor confidence. The Government and its development partners should continue the reform process to enhance growth and integration into the regional market.

67. The representative of the **United Republic of Tanzania** said that his Government had taken note of the constructive criticism offered and would address it. The encouragement provided by development partners was gratifying. He appealed for the assistance of UNCTAD and other international institutions, as well as bilateral donor agencies, in supporting the necessary follow-up to the recommendations. He was gratified to have seen leading representatives of the major investors in his country participating in this review exercise and said that the ensuing discussion was an essential element for success in implementing the recommendations of the Investment Policy Review.

Follow-up to earlier Investment Policy Reviews

68. The **representative of the UNCTAD secretariat** noted that during past year the Investment Policy Review of Peru (in Spanish), the Investment Policy Reviews of Mauritius and Ecuador, and the Investment and Innovation Policy Review of Ethiopia had been published. National activities for the preparation of the Investment Policy Review of Zimbabwe had also been carried out. Of the countries where the full review cycle of activities had been concluded, Uganda, Mauritius and Ecuador had initiated concrete action on the review recommendations. In those countries, follow-up technical assistance had been requested from UNCTAD. The advice and training to be provided were expected to reinforce the policy actions being taken, thereby underscoring the prospect of increased FDI inflows. Official written requests for Investment Policy Reviews had been received from a number of countries, including Belarus, Benin, Cambodia, Kenya, Mauritania, Nepal, Pakistan and Senegal.

69. The representative of **Mauritius** said that the Investment Policy Review had provided a useful tool for guiding his country's policies on improving the investment environment and

the efficiency of the operating environment. During 2001 the Government of Mauritius had operationalized recommendations in the Review with regard to promoting investment in the high-value service sectors, information and communication technology (ICT), and regional business and financial services. He outlined some of the action that had been taken. First, the Government had embarked on a process of rationalization of the overall fiscal incentives regime in line with current development objectives. This included an investment strategy geared to promoting development of skill-intensive and technology-based products and services involving least cost to budget revenue. The Government had a strong commitment to this project: it shared the cost with the United Nations Development Programme and had set up three sub-committees to work alongside the international consultants. Second, the Financial Services Commission and the Financial Services Promotion Agency had been created to streamline operations in the financial services sector. Third, measures had been taken to develop Mauritius as a Cyber Island. Business Park had been incorporated as a company to set up the Cyber City project and IT Park. IT courses had been introduced in universities and technical institutes, and new private schools offering computer courses had been established. In addition, the Ministry of Education had a four-year action plan for promoting IT literacy in primary schools. Fourth, fast-track procedures had been put in place for processing visas and work permits for foreign staff, including their spouses. Fifth, the Development Bank of Mauritius had set up a Venture Capital Fund for equity participation of up to 1 million rupees in start-ups in the ICT sector and in joint ventures with foreigners. Lastly, a Board of Investment to consolidate investment promotion and facilitation had been established.

70. The representative of **Uganda** said that her country had made great progress over the last decade in sustaining growth and reducing poverty. This had been achieved through continual adjustments of economic reforms and the stepping up of efforts to improve the investment environment with the aid of the international community. Over the last two years, the Government had implemented the “Big Push” strategy, recommended in the Investment Policy Reviews, on innovative ways to address infrastructure constraints as well as to speed up processing procedures. Actions had been taken to provide supportive infrastructure by developing airport cargo handling and an inland port, and creating a multi-facility economic zone. The government machinery had also been streamlined. Major government agencies dealing with investors were encouraged to draw up clients’ charters to improve accountability and transparency, and to reduce corruption. Modernization of some commercial laws would also be taken up. Uganda hoped to achieve or augment the FDI inflows deriving from opportunities provided by a hydroelectric project, financial services and projects in the multi-facility economic zone. However, she stressed that continued multi-agency support was vital in this connection.

71. The representative of **Ecuador** said that his country sought to derive greater benefits from FDI, and that the Investment Policy Review conducted by UNCTAD in 2001 was a useful tool enabling the Government to focus on priority areas for the improvement of the investment framework and related policies. CORPEI, the agency dealing with FDI, had adopted the recommendation on the establishment of an investment promotion unit, and had launched an investment promotion programme as part of the national competitiveness agenda in 2001. An investment promotion plan had been designed on the basis of consultations with different stakeholders, including government agencies and the private sector. It had been

reviewed by the President of Ecuador and finally approved by COMEXI, the export and investment council in charge of trade and investment policies. It was envisaged that several donors would contribute to the financing of the investment promotion programme. The main programmes which they would undertake with the aid of national and international agencies included improvement of the legal framework for investment, implementation of a viable privatization programme, and design of policies aimed at increasing long-term benefits from FDI. Among the actions envisaged by the plan were strengthening of the national FDI promotion system, reduction of country risk perception, the building of a country image, establishing an information system for FDI, improving sectoral competitiveness, project development in strategic sectors, support to privatization and concession, and carrying out of promotional activities, including pre- and post-investment services.

72. The representative of **Peru** reiterated his country's gratitude for UNCTAD's work on the Investment Policy Review of Peru and requested the continuation of UNCTAD's support for its follow-up, particularly the creation of an integrated investment promotion agency in Peru.

73. The representative of **Morocco** said that Morocco recognized the important role of FDI in economic development, and that efforts were being made to improve the country's investment environment. In 1995 it had undertaken reforms of its legal, regulatory and incentives framework. In October 2000 it had simplified administrative procedures by creating machinery to assist in the establishment of enterprises and a one-stop shop for investors. Decisions on processing of investment applications and approvals would be decentralized to local authorities (at the departmental and provincial levels).

Chapter VI

REPORTS OF THE SUBSIDIARY BODIES OF THE COMMISSION

(Agenda item 6)

74. 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 on its eighteenth session” (TD/B/COM.2/34 - TD/B/COM.2/ISAR/13);

“Report of the Intergovernmental Group of Experts on Competition Law and Policy on its third session” (TD/B/COM.2/32 - TD/B/COM.2/CLP/24).

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

75. The **Chairperson of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)** presented the report of the Group’s eighteenth session. He said that it had been attended by over 160 participants from 47 member States, the highest attendance so far. Participants had included financial accounting and reporting experts, representatives of international accountancy bodies, accounting firms and academia. The main agenda item for the session had again been accounting by small and medium-sized enterprises (SMEs). The session had deliberated on a report prepared by an informal consultative group. It agreed on a three-tier approach to accounting by enterprises at different levels in their development, as proposed by the ad hoc consultative group. It had further agreed that the report needed further refinements, and had requested the ad hoc consultative group to continue its work and develop more detailed guidance for entities in the third tier.

76. He also reported that in accordance with the Bangkok Plan of Action and the Group’s request at its seventeenth session, participants had begun preliminary considerations on corporate governance. Following informal consultations conducted with participants during the months after the eighteenth session, a broad consensus had been reached on focusing ISAR’s future corporate governance work on transparency and disclosure requirements for corporate governance, with a view to developing guidelines.

77. He then presented the follow-up work on the Group’s fifteenth and sixteenth sessions – namely, work on environmental accounting, and strengthening accounting education and professional qualifications. He also reported on the Group’s other activities, such as publications and dissemination of information, technical cooperation projects, workshops, and liaison with other international organizations, the private sector and civil society.

78. The representative of **Spain**, speaking on behalf of the **European Union (EU)**, said that the EU agreed with the proposals of the Intergovernmental Working Group of Experts, the three-tier approach and the gradual introduction of the accounting standards issued by the

International Accounting Standards Board (IASB) for SMEs. Governments needed to ensure that accountants servicing SMEs were adequately qualified, regardless of the simplicity of the transactions carried out by those enterprises. Finally, the ad hoc consultative group must continue its work and UNCTAD must continue to cooperate with the IASB and ensure that the special circumstances of SMEs in developing countries in particularly sensitive areas were taken into account with regard, for example, to accounting standards relating to types of exchange during periods of hyperinflation.

Intergovernmental Group of Experts on Competition Law and Policy

79. The representative of the **UNCTAD secretariat**, introducing the report of the Intergovernmental Group of Experts on Competition Law and Policy, said that the Group's third session had been attended by over 90 experts from 53 countries as well as regional and international organizations. The main topics had been: (a) guiding and monitoring analytical research on competition law and policy; (b) 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 Practices; and (c) reviewing UNCTAD's technical cooperation programmes in this field. In concluding its work, the Group had adopted the provisional agenda for its fourth session and Agreed Conclusions 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 the UNCTAD secretariat prepare a study on the relationship between competition, competitiveness and development, which would have to take account of the conclusions on "the interests of consumers, competition, competitiveness and development". In addition, the Group had invited the Secretary-General of UNCTAD to continue cooperation with the WTO as well as with other organizations active in the field of competition law and policy, and had welcomed regional initiatives for regional and international cooperation.

80. The representative of **Spain**, speaking on behalf of the **European Union (EU)**, said that the EU had given explicit support to multilateral initiatives on competition, in particular with the WTO, and that in this connection it would continue to promote close cooperation on competition with UNCTAD, giving special priority to the legislative development and institution building of developing countries.

81. The role of UNCTAD had been strengthened by the explicit reference to it in paragraph 24 of the Declaration by the WTO Ministerial Conference (Doha, November 2001), and UNCTAD could play a crucial role in preparing for negotiations on a multilateral framework because of its experience and international prestige in that field. He called upon UNCTAD to participate actively in this preparatory process with a view to beginning negotiations after the Fifth WTO Ministerial Conference.

82. In conclusion, he reaffirmed the EU's endorsement of the recommendation in paragraph 5 of the Group's Agreed Conclusions, as well as the request made to the UNCTAD secretariat in paragraph 7 concerning a study on the relationship between competition, competitiveness and development, which would have to take account of the conclusions on "the interests of consumers, competition, competitiveness and development".

83. The representative of **India** suggested that the studies to be prepared for the next session of the Intergovernmental Group of Experts could also focus on the relative importance for developing countries of the objectives of industrial growth and industrialization on the one hand and enforcing competition on the other hand. In addition, he suggested that the relevance of the principle of non-discrimination for developing countries, particularly between foreign and domestic enterprises in relation to competition, also be closely analysed, keeping in view the stage of development of the developing country concerned.

Action by the Commission on agenda item 6

84. The Commission endorsed the report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, as contained in document TD/B/COM.2/34 - TD/B/COM.2/ISAR/13, and approved the provisional agenda for its nineteenth session contained therein, including the specific topic on corporate governance, as presented by the Chairperson of the Working Group. In addition, it endorsed the report of the Intergovernmental group of Experts on Competition Law and Policy, as contained in document TD/B/COM.2/32 - TD/B/COM.2/CLP/24.

Chapter VII

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

(Agenda item 7)

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

“Progress report on the implementation of agreed conclusions and recommendations of the Commission (TD/B/COM.2/39).

86. The **Director of the Division on Investment, Technology and Enterprise Development**, (DITE) made a presentation on the implementation of agreed conclusions and recommendations of the Commission and the activities of the Division in 2001.

87. The representative of **Benin** expressed his appreciation for DITE’s work, from which his country had benefited in the field of investment promotion.

88. The representative of the **United States of America** said that the comprehensive presentation on the activities of DITE had served as a good example. He stressed the importance of the follow-up to, and impact of, UNCTAD technical cooperation activities. He also praised the secretariat’s efforts to improve the dissemination of information via the Internet.

89. The representative of **Zambia** commended the secretariat for its work and pledged to support its future endeavours, particularly activities related to the follow-up to the Doha Ministerial Meeting.

90. The representative of **Egypt** expressed his appreciation for the work of DITE, noting that its activities were extremely beneficial to Egypt. He wondered how the secretariat evaluated the difficulties in implementing activities in the field and how recipient countries could further help UNCTAD to solve them.

91. The representative of **Spain**, speaking on behalf of the **European Union**, said that the activities report presented by the secretariat was a very important contribution to the Mid-term Review process. This reporting exercise should be kept on the agenda for future sessions. He congratulated the secretariat on its excellent work and its efforts to ensure transparency, particularly through its website. The European Union, he noted, contributed to almost all aspects of DITE activities. In conclusion, he praised DITE’s analytical work and stressed the importance of the follow-up to the Doha Ministerial Meeting, good governance, gender and LDCs.

92. The representative of **Uganda** expressed his gratitude for a number of DITE activities that had been carried out in or for his country, particularly the bilateral investment treaties negotiations, supported by the Government of Germany, the Investment Policy Review of Uganda and the *Investment Guide to Uganda*.

93. The representative of **Italy** said that in the coming weeks his Government would finalize the decision on a contribution of 900,000 euro to UNCTAD for the implementation

of the deliverable on the promotion of investment in LDCs that was adopted at the Third United Nations Conference on the Least Developed Countries, held in Brussels in May 2001.

94. The representative of **Turkey** expressed her appreciation for the work of DITE, particularly in the area of FDI analysis, where many developing countries had difficulties in data collection, and suggested that DITE pay more attention to this matter. She also said that her country would like to host a regional training seminar on enterprise development for small and medium-sized enterprises.

95. The representative of **Morocco** praised the EMPRETEC programme and expressed his gratitude to the Government of Italy for the support to enterprise internationalization through the Mediterranean 2000 programme. He also called for the strengthening of DITE activities, particularly those related to the follow-up to the Doha Ministerial Meeting, and to e-commerce.

96. The representative of **Tunisia** commended the analytical and technical cooperation work of DITE, and stressed the importance of initiating the second phase of the EMPRETEC programme in Tunisia.

97. The representative of **Ethiopia** thanked DITE for its work, particularly that related to the *Investment Guide to Ethiopia* and the Investment and Innovation Policy Review of Ethiopia.

98. The representative of **Peru** expressed his gratitude for DITE's work on the Investment Policy Review of Peru and requested the continuation of UNCTAD's support for its follow-up, particularly the creation of an integrated investment promotion agency in Peru, and for the EMPRETEC programme.

99. The representative of **Venezuela** noted the importance of a number of DITE activities, including the *World Investment Report (WIR)*, which was the most comprehensive source of information available worldwide on FDI. The Government of Venezuela was interested in the Global Linkages Programme, announced in *WIR 2001*, particularly in the energy sector, and in the continuation of the EMPRETEC programme, which was beneficial to his country. He stressed the importance of cooperation and coordination among the different Divisions of UNCTAD in order to optimize the use of resources.

100. The representative of **Paraguay** commended DITE's work and noted in particular its support to the intergovernmental machinery, including the contribution to the preparatory process for the International Conference on Financing for Development, due to take place in Monterrey, Mexico, in March 2002. He also praised the *World Investment Report* and the *World Economic and Social Prospects Report*. On behalf of the Latin American and Caribbean Group, he thanked the secretariat and DITE for their activities in the region, for example the Investment Policy Reviews of Peru and Ecuador, and the large presence of the EMPRETEC programme in Latin America. He said that the appendixes of the DITE activities report were a good source of information on the Division's wide range of activities.

101. The representative of **Uganda** thanked the Government of Italy for the announced donation of 900,000 euro and expressed his gratitude to all other donor countries.

Action by the Commission on agenda item 7

102. The Commission took note of the progress report on the implementation of agreed conclusions and recommendations of the Commission, as contained in document TD/B/COM.2/39, and the report of the activities of the Division on Investment, Technology and Enterprise Development presented by the secretariat.

Chapter VIII

IMPLICATIONS FOR THE WORK OF THE COMMISSION FOLLOWING THE DOHA MINISTERIAL MEETING

(Agenda item 9)

103. The **Director of the Division on Investment, Technology and Enterprise Development** noted that the members of the WTO had recently agreed, in the Declaration of the Fourth Ministerial Conference, held in Doha in November 2001, on a work programme on investment (paragraphs 20–22). In this context, they had also recognized (in paragraph 21) the need for strengthened technical assistance and capacity-building in developing countries in pursuance of this mandate. Within the broader framework of an UNCTAD-wide effort to establish a technical assistance programme to assist developing countries in matters arising out of the Doha Ministerial Declaration, he had had informal consultations with delegates in December 2001 as to what kind of technical assistance and capacity building was required in this regard. Out of those consultations, three areas (based on paragraph 21) had emerged as requiring special attention: policy analysis and development, human resources development and institutional development. In closing, he stated that there would be additional proposals covering other UNCTAD-related aspects of the post-Doha work programme (e.g. on trade and competition), which were being developed and would be finalized in the near future for presentation to interested donors.

104. The representative of **Egypt**, speaking on behalf of the **Group of 77** and **China**, said that it was important to discuss UNCTAD's possible follow-up to the Doha Declaration's work programme on investment at this first post-Doha intergovernmental meeting on investment. The paragraphs of the Doha Declaration dealing with investment posed a formidable challenge to the developing country members of the WTO. Referring to the need for strengthened technical assistance and capacity building, he proposed that the focus be on what UNCTAD could do in this area. This work should build on the secretariat's experience with the implementation of its work programme on international investment agreements. Training and capacity- and consensus-building seminars and workshops, the UNCTAD Series on issues in international investment agreements, the facilitation services for the negotiation of bilateral investment treaties and double taxation treaties, and the advice to regional organizations with regard to the formulation and/or modernization of existing investment regimes had been most valuable for developing countries.

105. Policy analysis and policy development concerning the implications of closer multilateral cooperation in the area of investment and the main issues in international investment agreements could be a starting point. Intensive regional training courses of the kind that UNCTAD had already successfully held in Alexandria and New Delhi, coupled with training courses for Geneva delegates, should form the core of the human resources capacity-building approach. In this context, emphasis should also be placed on the bilateral treaty negotiation facilitation events. This work should be accompanied by efforts aimed at strengthening the national institutional framework and negotiation infrastructure, and, more generally, strengthening the institutions dealing with investment issues in developing countries.

106. In closing, he stressed that the work which UNCTAD should undertake in response to the Doha mandate in the area of investment should not be at the expense of its ongoing policy analysis and technical assistance work, but should be undertaken with additional resources.

107. The representative of **Spain**, speaking on behalf of the **European Union**, emphasized the importance of the paragraph in the Doha Declaration dealing with investment. In particular, paragraph 21 would require a bold response on the part of all countries, especially in terms of intensifying technical assistance activities. These needed to be integrated with national development strategies. He stressed that the Commission should take up the challenge posed by the Doha Declaration. Work in this area should take into account UNCTAD's experience and expertise, with a view to implementing the technical assistance and capacity-building activities called for in the Declaration with close cooperation between UNCTAD and the WTO, as spelt out in the Declaration.

108. The representative of **Bangladesh**, speaking on behalf of the **LDCs**, stressed the importance of taking into account the special needs of LDCs when implementing the technical assistance and capacity-building activities arising out of the post-Doha follow-up work by UNCTAD and the WTO.

109. The representative of **China** emphasized the important role that UNCTAD had played in the area of international investment, and said that this comparative advantage should be reflected in the follow-up to the Doha mandate, especially with regard to the technical assistance activities relating to policy analysis, and human and institutional development, as specified in paragraphs 20 to 22 of the Doha Ministerial Declaration. His delegation fully supported UNCTAD in the design and implementation of a technical assistance programme in this area, which would benefit the interests of all developing countries, including China as a new member of the WTO.

110. The representative of **Japan** welcomed the timely and useful agenda item which the Commission was discussing and stressed the importance of close cooperation with WTO in pursuance of the Doha mandate in the area of investment.

111. The representative of the **United States of America** welcomed the close cooperation between WTO and UNCTAD, as well as other international organizations. In this context, he suggested, within the framework established by the International Conference on Financing for Development, that a stocktaking exercise be held that would determine the gaps and explore further possibilities for cooperation in this area.

112. The representative of **India** reiterated the need to carefully interpret the mandate given by the Doha Ministerial Declaration, which reflected a delicate compromise. The implementation of this mandate would need to be sensitive to the concerns of developing countries and to adhere to the letter and the spirit of the Declaration. The need and the scope for enhanced support for technical assistance and capacity building had been clearly spelt out in paragraph 21 of the Doha Declaration, and this should be strictly adhered to. Most important in this regard would be to focus on the need to help countries to better evaluate the implications of closer multilateral cooperation in the area of investment, beginning with an examination of country experiences with investment policy measures and options, particularly performance requirements and investment incentives, in the pursuance of national development objectives. UNCTAD should provide developing countries with insight

into the implications of closer multilateral cooperation in this area, and should bring out the development dimension.

113. The representative of **Morocco** stressed the importance of achieving an equitable balance between obligations arising out of investment agreements and the need to preserve national policy spaces for the pursuance of development objectives.

114. The representative of **Switzerland** welcomed the cooperation between UNCTAD and the WTO in the pursuance of matters arising out of paragraphs 20–22 of the Doha Ministerial Declaration. He emphasized the need for better programme coordination in this area.

115. The **Director of the Division on Investment, Technology and Enterprise Development** thanked delegations for their observations and helpful comments. He stressed that the main objective of future work by UNCTAD in the pursuance of a post-Doha work programme on investment would be to help countries to better evaluate the impact and implications of closer multilateral cooperation in the area of investment for their development objectives. He also reiterated the need to exploit synergies with UNCTAD's ongoing work in this area, while at the same time ensuring that new work programme elements arising out of the post-Doha follow-up would be pursued in addition to this ongoing work.

Chapter IX

OTHER BUSINESS

(Agenda item 10)

Commission on Science and Technology for Development

116. The **representative of the UNCTAD secretariat** reported on the work of the Commission on Science and Technology for Development. He said that the Commission had been created by the General Assembly in 1992 to give high-quality advice on science and technology to the General Assembly and the Economic and Social Council (ECOSOC), and to serve as a forum to discuss and advance understanding on emerging science and technology issues. When evaluated by ECOSOC in 1998, it had been encouraged to sharpen its focus and devote attention to transfer of technology and capacity-building.

117. The Commission met every two years for one week for its regular sessions. At each of those sessions, it decided on a substantive theme. It conducted its work through a series of ad hoc panels, which engaged research and discussion, and made recommendations for consideration by ECOSOC.

118. At the fifth session, held in Geneva from 28 May to 1 June 2001, the Commission had decided that the substantive theme and focus of its work during the inter-sessional period 2001–2003 would be “Technology development and capacity-building for competitiveness in a digital society”. The work of the Commission in the current inter-sessional period would be carried out through panels that would address different aspects of the main substantive theme, namely transfer of technology, diffusion and capacity-building with particular attention to absorption, and application of ICTs to enhance competitiveness. The findings and policy recommendations to emerge from the various panels would be considered by the Commission at its sixth session in May 2003.

Presentations by other organizations

119. The following organizations made presentations on their work in the area of investment: the Foreign Investment Advisory Service of the World Bank and the Multilateral Investment Guarantee Agency (a joint presentation), the Organisation for Economic Co-operation and Development, the United Nations Industrial Development Organization and the World Trade Organization.

Action by the Commission on agenda item 10

120. The Commission took note of the report on the work of the Commission on Science and Technology for Development, and expressed its appreciation to the other organizations for their presentations.

Chapter X

ACTION BY THE COMMISSION AND CLOSING STATEMENTS

Action by the Commission

121. At its 36th (closing) plenary meeting, on 25 January 2002, the Commission adopted its agreed recommendations on agenda items 3 and 4, and its agreed conclusions on agenda item 9 (see chapter I).

Closing statements

122. The representative of **Spain**, speaking on behalf of the **European Union (EU)**, said that the EU endorsed the decisions regarding the agenda of the Commission's next session on the understanding that during the Mid-term Review the Trade and Development Board could re-evaluate all decisions taken during the Commission's present session.

123. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that the Group of 77 and China approved the work done during the Commission's session on the basis of the understanding that the two topics for the Expert Meetings decided on would go ahead as agreed during the session.

124. The representative of **Paraguay**, speaking on behalf of the **Latin American and Caribbean Group**, stressed the need for Expert Meetings' terms of reference to be both specific and targeted. The topics considered should be relevant to developing countries so that the outcomes could benefit the latter's policies and negotiating positions. Moreover, it was important that duplication of topics be avoided. With regard to the scheduled Expert Meeting on FDI, the Latin American and Caribbean Group would like the experts to consider how the implementation of national investment policies had diverted FDI flows and how UNCTAD could deal with this. The Group had supported initiatives by LDCs for specific programmes. It had also supported the LDC III Conference held by UNCTAD in Brussels in May 2001, and continued to support the implementation of the Programme of Action adopted by the Conference. In addition, the establishment of the Office of the United Nations High Representative for LDCs in New York met with its approval. Finally, he emphasized that segmentation of UNCTAD's programmes tended to undermine them, and that it was necessary to focus on the common needs of all developing countries and on how to put the scanty resources available to the best possible use for the benefit of those countries.

125. The representative of **Uganda**, speaking on behalf of the **African Group**, observed that the implementation of everything decided at the Commission's session, in respect of both ongoing and new activities, depended on the availability of resources. With regard to the two Expert Meetings agreed on, these would be useful only if funding for the developing country's experts was provided. Such meetings required a wide variety of participants, whose diverse experience could be drawn upon. He hoped that these two meetings would go ahead as planned.

126. The representative of **Sri Lanka**, speaking on behalf of the **African Group and China**, called on all member States to cooperate in the implementation of the decisions taken by the Commission, particularly with regard to the holding of the two Expert Meetings planned for 2002.

127. The representative of **Bangladesh**, speaking on behalf of the **LDCs**, expressed the hope that all the Commission's decisions would be implemented, and that the needs of LDCs would be taken into account. In the latter connection, he underscored the point that despite the establishment of the Office of the United Nations High Representative for LDCs in New York, the analytical and substantive support that UNCTAD provided to LDCs was not to be disturbed.

128. The representative of the **United States of America** noted that a great deal of time had been spent during the session on the negotiation of texts. However, the session had been a good one, and he expressed his support for the two Expert Meetings that had been decided on. The forthcoming Mid-term Review, at which those meetings would be discussed, was very important, and he looked forward to the commencement of that process.

129. The representative of **Malaysia** said that the two Expert Meetings would provide a useful forum for an in-depth understanding of issues relating to multilateral agreements. It was important that they remain within the terms of reference that had been assigned to them and that nothing be added.

130. The representative of **India** hoped that the development dimension would emerge in all its facets in UNCTAD's work programme, so that developing countries could take informed decisions.

131. The representative of **Pakistan** expressed support for the statements made by the representatives of Egypt and Sri Lanka. He looked forward to the two Expert Meetings planned for 2002, but cautioned against changing their terms of reference or making any additions.

132. The **Director of the Division on Investment, Technology and Enterprise Development** said that a very full session had been held. A new feature had been the presentations made by intergovernmental organizations, and there had been interaction with the World Association of Investment Promotion Agencies (WAIPA). A new topic had been considered – on the implications for the Commission's work following the Doha Ministerial Meeting – as well as a number of recurring topics (FDI, industrialization, transfer of technology and investment policy reviews). In addition, two new Expert Meetings had been scheduled.

133. The **President** said that the session had been a busy and productive one, and he thanked participants for the spirit of cooperation in which they had worked throughout the week.

Chapter XI

ORGANIZATIONAL MATTERS

A. Opening of the session

134. The sixth session of the Commission on Investment, Technology and Related Financial Issues was held at the Palais des Nations, Geneva, from 21 to 25 January 2002. In the course of the session, the Commission held 4 plenary meetings and 9 informal meetings. The session was opened on 21 January 2002 by Mr. Jean-Luc Le Bideau, Chairperson of the fifth session.

B. Election of officers

(Agenda item 1)

135. At its 33rd plenary meeting, on 21 January 2002, the Commission elected its Bureau as follows:

President: Mr. Mohd. Hamid Aji Mohd. Jaafar (Brunei Darussalam)

Vice-Presidents: Mr. Falou Samb (Senegal)
Mr. Ruben Ramirez (Paraguay)
Mr. V.S. Seshadri (India)
Mr. Jean-Luc Le Bideau (France)
Mr. Vladimir Malevich (Belarus)

Rapporteur: Ms. Vanessa Head (United Kingdom)

C. Adoption of the agenda and organization of work

(Agenda item 2)

136. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.2/36, as orally amended by the European Union. Accordingly, the agenda for the sixth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Impact of international investment flows on development: The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries
4. International policy issues: International arrangements for transfer of technology: Best practices for access to and measures to encourage transfer of technology with a view to capacity-building in developing countries, especially in least developed countries
5. Investment policy reviews: Exchange of national experience

6. Reports of the subsidiary bodies of the Commission
7. Progress report on the implementation of agreed conclusions and recommendations of the Commission
8. Provisional agenda for the seventh session of the Commission
9. Implications for the work of the Commission following the Doha Ministerial Meeting
10. Other business
11. Adoption of the report

D. Provisional agenda for the seventh session of the Commission

(Agenda item 10)

137. At its 36th (closing) plenary meeting, on 25 January 2002, the Commission approved the draft provisional agenda for its seventh session (see annex I) and the topics for Expert Meetings for 2002 (see annex II).

E. Adoption of the report

(Agenda item 8)

138. At its closing plenary meeting, the Commission adopted its draft report (TD/B/COM.2/L.14 and Add.1), subject to any 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 I

PROVISIONAL AGENDA FOR THE SEVENTH SESSION OF THE COMMISSION

1. Election of officers
2. Adoption of the agenda and organization of work
3. Policy issues related to investment and development
4. Issues related to investment arrangements
5. Investment policy reviews: exchange of national experiences
6. Reports of the subsidiary bodies of the Commission
7. Implementation of agreed conclusions and recommendations of the Commission, including the post-Doha follow-up
8. Provisional agenda for the eighth session of the Commission
9. Other business
10. Adoption of the report of the Commission

Annex II

TOPICS FOR EXPERT MEETINGS FOR 2002

Expert Meeting on experiences with bilateral and regional approaches to multilateral cooperation in the area of long-term cross-border investment, particularly foreign direct investment

Expert Meeting on the development dimension of FDI: policies to enhance the role of FDI in support of the competitiveness of the enterprise sector and the economic performance of host economies, taking into account the trade/investment interface, in the national and international context

Annex III

ATTENDANCE *

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

Albania	Malta
Algeria	Mauritius
Angola	Mexico
Azerbaijan	Morocco
Bangladesh	Nepal
Belarus	Netherlands
Belgium	Niger
Benin	Nigeria
Brunei Darussalam	Norway
Bulgaria	Panama
Burkina Faso	Paraguay
Cambodia	Peru
Cameroon	Philippines
Canada	Poland
China	Portugal
Colombia	Russian Federation
Denmark	Senegal
Ecuador	Slovakia
El Salvador	Spain
Ethiopia	Sri Lanka
Finland	Sudan
France	Switzerland
Germany	Thailand
Guinea	The Former Yugoslav Republic of Macedonia
India	Trinidad and Tobago
Indonesia	Tunisia
Iran (Islamic Republic of)	Turkey
Ireland	Uganda
Israel	United Kingdom of Great Britain and Northern Ireland
Italy	United States of America
Japan	Uruguay
Kenya	Viet Nam
Lebanon	Yemen
Libyan Arab Jamahiriya	Zambia
Luxembourg	Zimbabwe
Madagascar	
Malaysia	

* For the list of participants, see TD/B/COM.2/INF.6.

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

Arab Labour Organization
European Community
European Free Trade Association
League of Arab States
Organization of African Unity
Organisation for Economic Co-operation and Development
Organization of the Islamic Conference

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

International Labour Organisation
International Monetary Fund
World Trade Organization

4. The Economic and Social Commission for Asia and the Pacific and the Office of the High Commissioner for Human Rights were represented at the session.

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

General Category

Exchange and Cooperation Centre for Latin America
International Confederation of Free Trade Unions
World Wide Fund for Nature International

6. The following special invitees attended the session:

H.E. Mr. Abdallah Kigoda, Minister, President's Office, Planning and Privatization, United Republic of Tanzania
Ms. Maggie Kigozi, Chairperson of the Expert Meeting on the Impact of FDI Policies on Industrialization, Executive Director, Uganda Investment Authority, Uganda
Ms. Patricia Francis, President, Jamaica Promotions Corporation (JAMPRO), Jamaica
Mr. Samuel J. Sitta, Executive Director, Tanzania Investment Centre, United Republic of Tanzania
Mr. Hamed Hikmany, Director General, Zanzibar Investment Promotion Agency, United Republic of Tanzania
M. Mohamed Simpara, Directeur-Général, Centre National de Promotion des Investissements (CNPI), Mali
Mr. Ram Narayan Shrestha, Ministry of Foreign Affairs, Nepal
Mr. Arvind Mayaram, Joint Secretary, Government of Rajasthan, India
Mr. Dato J. Jegathesan, Head, JJ International Consultants, Malaysia
Mr. Mehmet Ogotcu, Head, Non-Members Liaison Group and Global Forum on International Investment
Mr. Richard Martin, Head of Financial Reporting, ACCA, London

Ms. Karin C. Millet, Director, Investment Marketing Services, MIGA,
United States of America

Ms. Dan Liang, Director, Quality, Technology and Investment Branch, UNIDO,
Austria

Mr. Joseph Battat, Manager, FIAS, United States of America

Mr. Jürgen Reinhardt, Industrial Development Officer, UNIDO, Austria

Mr. Donald Lecraw, Professor, Independent Consultant, Philippines

Ms. Padma Mallampaly, Independent Consultant, United States of America

Mr. Alvin Wint, Professor, University of West Indies, Jamaica