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TRADE AND DEVELOPMENT BOARD  
Commission on Investment, Technology  
and Related Financial Issues  
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Geneva, 12 -16 February 2001

Agenda item 4

**INTERNATIONAL POLICY ISSUES: HOME COUNTRY MEASURES**

Draft agreed recommendations

1. The Commission took note of the secretariat documents entitled "Home country measures" (TD/B/COM.2/30) and the "Report of the Expert Meeting on Home Country Measures" (TD/B/COM.2/27), which served as background for the policy dialogue during the session.
2. A foreign-direct-investment (FDI) transaction is a triangular relationship involving three main actors: a transnational corporation (TNC) — large or small — investing its assets, the capital-importing host country and the capital-exporting home country. Therefore, the Commission noted that home country measures (HCMs), i.e. measures aimed at promoting outward investment and technology transfer, when matched with an enabling environment in host countries, play an important role in increasing FDI flows to developing countries.
3. Although developed countries are still the principal sources of such flows, the share of FDI flows which originates in developing countries, including emerging economies, is increasing. The Commission noted that an increasing number of developing countries are now actively pursuing HCMs. HCMs are applied for a number of reasons, and, therefore, because of the variety of objectives, their design and application need to be adaptable and flexible. The Commission took note

of a number of best practices in the area of HCMs that could be emulated, where appropriate, and applied in a cooperative spirit. International arrangements can, and in some areas already do, provide a framework. In this context, the Commission noted that the fact that a number of HCMs can be found in international agreements suggests that other HCMs may lend themselves to such agreements if all parties so desire.

4. In the light of these considerations, the Commission makes the recommendations set out below.

### **Governments**

5. Best practices in the area of HCMs should be emulated, where appropriate, and applied in a cooperative spirit.

6. Home countries, in particular developed countries, should further develop their efforts to encourage FDI flows, particularly to and between developing countries, and especially to the least developed countries (LDCs). In this context, the Commission noted the important role that private sector initiatives play.

7. Host countries, according to their priorities, should take advantage of the opportunities arising from HCMs and seek actively to develop linkages between their own investment promotion efforts and HCMs offered by home countries. The Commission acknowledges in this context the important role of the World Association of Investment Promotion Agencies (WAIPA) in facilitating investment flows.

8. With a view to the forthcoming Third United Nations Conference on the Least Developed Countries, home countries should refine and devise special measures designed to encourage FDI and technology flows to LDCs.

**The international community**

9. There should be further examinations of what measures Governments have taken to implement the provisions of international agreements on transfer of technology, bearing in mind the importance of the effective implementation of international commitments relating to technology and its transfer, including the Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPS Agreement), by host and home countries.

10. International support measures can be useful in facilitating FDI flows to developing countries, including through the improvement of the enabling environment.

**UNCTAD**

11. Within the mandate from UNCTAD X, UNCTAD should:

- (a) Analyse all aspects of existing international agreements relevant to transfer of technology;
- (b) Design technical cooperation activities to assist countries in making more effective use of available HCMs. In this context, the Commission noted with appreciation the introduction of a “signposting” service with regard to relevant home country reference sources on outward investment promotion.