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**DRAFT REPORT OF THE COMMISSION ON INVESTMENT,
TECHNOLOGY AND RELATED FINANCIAL ISSUES ON
ITS ELEVENTH SESSION**

Held at the Palais des Nations
from 8 to 14 March 2007

Rapporteur: Mr. Edward Brown (United Kingdom)

HIGH-LEVEL SEGMENT

JOINT MEETING OF THE COMMISSION AND WAIPA

Chairperson's summary

1. The joint high-level session of the World Association of Investment Promotion Agencies (WAIPA) and the UNCTAD Commission on Investment, Technology and Related Financial Issues focused on new sources of FDI and the role of emerging economies. The President of WAIPA pointed to the fierce competition for foreign direct investment (FDI) among countries and said that investment promotion was becoming an important business in itself. That was why WAIPA's main mission was to enhance the capacity-building of investment promotion agencies (IPAs), particularly through networking and the exchange of best practices. The multidimensional nature of modern investment, with the ever-increasing role of emerging economies, required more active cooperation between WAIPA and UNCTAD in sustaining the growth of global investment.
2. The Prime Minister of Morocco commended WAIPA and the IPAs for their efforts to make the world a village of tranquillity and prosperity, and their contribution to the achievement of the Millennium Development Goals. After noting the profound disparities between different regions of the world, he drew attention to new sectoral and geographical dimensions of world investment, including the strengthening of South-South investment cooperation and the growing flow of investment from developing countries. Further investment growth would depend on meeting a number of preconditions, including the removal of protectionist measures, liberalization of competition, improvement of governance and strengthening of institutions, modernization of infrastructures, and optimization of the interaction between trade and investment. Morocco was aiming at integration into the world economy, and dynamic economic and political reforms being undertaken in the country were contributing to that process. Morocco was a partner in the Euro-Mediterranean Partnership and participated in the European Neighbourhood Policy, and also played an active role in various South-South economic cooperation schemes on a multilateral and bilateral basis, including with Mediterranean and Middle Eastern developing countries. A great deal of attention was paid to trade and investment cooperation with sub-Saharan African countries, including to support for the New Economic Partnership for Africa's Development (NEPAD, as well as to cooperation with the Arab countries. Morocco, which fully supported WAIPA's activities, would welcome the strengthening of that organization's work in Africa and in the Arab world.
3. The Secretary-General of UNCTAD expressed his satisfaction that joint high-level sessions of the Commission on Investment and the WAIPA World Investment Conference had become a regular event. He agreed that the issue of FDI from emerging economies was of particular importance, as it was indicative of the changing role of developing countries in global FDI and the international production system. FDI from the South, which in 2005 had accounted for 17 per cent of world outward flows, as opposed to just 5 per cent in 1990, was opening up new sources of finance, technology and management know-how, which were critical ingredients for economic development. South-South FDI had several advantages over North-South investment, including the fact that the technologies and business models of developing country transnational corporations often had a great deal in common. That enhanced the scope for linkages and technology spillovers. The emergence of new sources of

FDI required attention from policymakers and investment promoters, and necessitated a more active exchange of views and experience-sharing. UNCTAD, WAIPA and other international organizations had a major role to play in that context by providing analysis, technical assistance, and a forum for discussion and consensus-building. In conclusion, he noted that WAIPA had held two of its investment conferences in parallel with UNCTAD's quadrennial meetings, and invited it to consider holding its next annual investment conference in Accra in 2008 in parallel with UNCTAD XII.

4. The Vice Minister of the Ministry of Commerce of China stressed that since its founding in 1995 WAIPA had served as a bridge for communication, cooperation and common development among member agencies and thanked UNCTAD, WAIPA and other IPAs for their support for China's investment promotion efforts. Since 1978, when China started reform and opening-up, its economy had been developing rapidly and the living standards of the Chinese people had improved notably. After 28 years of opening-up, the Chinese economy was now deeply integrated into the global economy in the context of win-win and mutually beneficial development with other countries. China's WTO accession had fast-tracked its reform and opening-up. China had faithfully followed WTO rules, fully honoured its WTO commitments and obligations, actively adjusted its foreign trade policy, consistently built on its market economy and strengthened the protection of intellectual property rights. Attracting FDI was an important element of the basic State policy of opening up. China had attracted FDI totalling more than \$700 billion and had occupied the number one position among developing countries for 16 consecutive years. Through FDI, it had brought in a large amount of advanced technology, talents, investment, management expertise, marketing models and international competition mechanisms, as well as international rules and standards. As domestic demand grew, China was rapidly becoming the third largest importer worldwide, creating more manufacturing and job opportunities for many trade partners. While boosting inward investment, the Chinese Government encouraged outward FDI. The country's total overseas investments (excluding financial-sector investment) had reached \$73 billion; investments in 2006 alone stood at \$16.1 billion, occupying thirteenth place in the world. Already the world's fourth largest economy, China was going to continue to implement a number of measures to sustain economic growth and social development, including further improvement of the investment climate.

5. The Chairman of the First Eastern Investment Group, Hong Kong (China), in his keynote address said that the global flow of FDI was no longer one-way traffic. Many companies in emerging economies were being transformed into producers of reliable low-cost products with emerging international brands. After confirming the existence of individual cases of investment protectionism, he expressed the view that this phenomenon was due to a certain extent to a lack of understanding of cross-cultural differences among investors and the local rules of the game. He called on all sides to demonstrate a commitment to maintaining and strengthening open markets. The creation of strategic alliances and partnerships might contribute to enhancing the capacity of emerging-economy companies. Also, considerable liquidity available in certain developing countries might be used for large investment projects in other developing countries with the participation of stakeholders from developed and developing countries. Given that competition for FDI was ever increasing and becoming global, the ability to add value globally was becoming particularly important. The new dimension of FDI was also associated with its contribution to improving corporate governance and corporate social responsibility.