



SECOND ITEM ON THE AGENDA

Developments in other organizations

Addendum: UNCTAD's work relating to foreign direct investment and transnational corporations during 1999

1. As the focal point within the United Nations for all matters related to foreign direct investment (FDI) and transnational corporations (TNCs), the Organization's mandate and programme of work is reviewed and updated every four years so as to ensure that its usefulness and relevance is maintained. UNCTAD X (Bangkok, 12-19 February 2000) approved a new mandate and work programme for the next four years.

World Investment Report, 1999

2. UNCTAD published its ninth report in the annual series: *World Investment Report 1999: Foreign Direct Investment and the Challenge of Development*. It described the world's 100 largest TNCs, the 50 largest TNCs from developing countries and the 25 largest TNCs in Central and Eastern Europe; analysed the momentum for the increasing globalization of economies and the emergence of an internationally integrated production system led by FDI and TNC operations; and reviewed recent changes in national investment regimes and developments in bilateral and regional investment agreements, including the reasons for the end of negotiations on the OECD's Multilateral Investment Agreement (MIA).
3. The report also examined the impact of FDI on key objectives of economic development, namely increasing financial resources for development, enhancing technological capabilities, boosting export competitiveness, generating and upgrading employment, and protecting the environment.

International Investment Agreements (IIAs)

4. Following a decision by the Commission on Investment, Technology and Related Financial Issues, an intergovernmental expert meeting was organized (24-26 March 1999) to discuss concepts that allow for flexibility in IIAs in the interest of growth and development.

5. UNCTAD prepared a study entitled *International Investment Agreements: Flexibility for Development* which, after discussing the meaning and purpose of flexibility in the interest of development in the context of IIAs, examined ways in which IIAs can address the issue of flexibility while encouraging FDI and providing stability and predictability in investment relations.
6. During this period UNCTAD also published *Volumes IV and V of International Investment Agreements: A Compendium*, containing the texts of 62 investment instruments. These brought the number of instruments reproduced in the five-year volume *Compendium* to a total of 143.
7. The preparation of the series of papers on *Issues in international investment agreements* continued. By the end of 1999, the following papers were either published or in the process of being published: *Foreign Direct Investment and Development; Scope and Definition; Admission and Establishment; Investment-related Trade Measures (IRTMs); Most-favoured-nation Treatment; Transfer Pricing; National Treatment; Fair and Equitable Treatment; Trends in International Investment Agreements: An Overview; Lessons from the MAI; Taking of Property; Flexibility in International Investment Agreements; Taxation; Employment; and Host Country Operational Measures.*

Capacity-building regional symposia

8. During this period, regional symposia were again organized for policy-makers. A regional symposium was held in Cairo (May 1999), jointly organized with the InterArab Investment Guarantee Corporation and with the participation of the League of Arab States. An interregional symposium was held in China (September 1999) on the experience and lessons learnt by governments. A symposium for least developed countries on the development dimensions of IIAs was held in Geneva in October 1999. Latin America and the Caribbean was the focus of a similar symposium in Caracas in December 1999, while a subregional symposium for Central America was held in Guatemala, also in December 1999. Finally, a subregional symposium for South Asian countries was held in Sri Lanka in December 1999.

Capacity-building training courses

9. UNCTAD has developed a ten-day programme of intensive training to allow negotiators of IIAs to examine as deeply as possible key issues related to the negotiation of such agreements.

Facilitation of public-private sector-civil society dialogue

10. The continuation of this element of the work programme initiated in previous years included a brainstorming event on “international investment rule-making and civil society” (May 1999) and a pre-UNCTAD X seminar (Berlin, January 2000) to provide inputs from representatives of civil society into the UNCTAD X process.

Geneva, 15 March 2000.