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AND TRANSNATIONAL CORPORATIONS
Twenty-first session
Geneva, 24-28 April 1995

DRAFT REPORT OF THE COMMISSION ON INTERNATIONAL INVESTMENT AND TRANSNATIONAL CORPORATIONS ON ITS TWENTY-FIRST SESSION

Held at the Palais des Nations, Geneva,
from 24 to 28 April 1995

Rapporteur: Mr. W. Haynes (United States of America)

Speakers:

Chairperson	European Community
Officer-in-charge of UNCTAD	Pakistan
Secretariat	India
France (for EU)	Colombia
Japan	Russian Federation
Germany	Poland
China	Morocco
Mexico	United States of America
Switzerland	Algeria
United States of America	Consumers International
France	ICFTU

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

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INTRODUCTION

1. The Commission on International Investment and Transnational Corporations held its twenty-first session at the Palais des Nations, Geneva, from 24 to 28 April 1995. In the course of its session, it held ... formal sessions and ... informal sessions.

Introductory statements

2. The **Chairperson** said that the globalization of markets and industry, which was expected to intensify as a result of the Uruguay Round, had brought in a new paradigm where the political frontiers of a country did not coincide with its economic borders. The private business sector was gaining strength, the clamour for private investment, particularly foreign direct investment was growing, and States were having to compete with one another to attract it.

3. Transnational corporations were introducing integrated international production and marketing strategies. While production still took place in specific locations, the activities of transnational corporations were linked strategically, and TNCs would have to achieve the right balance between a global approach and local capabilities and sensitivities. For their part, host countries must provide the necessary infrastructure and a stable legislative and political environment.

4. The last 30 years had been filled with exciting changes in attitudes towards FDI and in FDI flows themselves, but new international measures might be necessary in respect of the nationality of TNCs, taxation and treatment of foreign investments. Attempts to harmonize rules on investment had failed in the past, and most domestic laws did not differentiate between a TNC and other companies involving alien individual investment. It was to be hoped that these issues would be addressed and that TNCs would find their rightful niche in the legal firmament and the world economy.

5. The **Officer-in-charge of UNCTAD** said that the theme of the forthcoming UNCTAD IX would be promoting growth and sustainable development in a globalizing and liberalizing world economy, and a key topic of consideration related to promoting enterprise development and competitiveness in developing countries and the economies in transition.

6. Within today’s globalized world economy, characterized by an increased interplay between investment, trade, technology and services, member States placed increased emphasis on the contribution that transnational corporations

could make to growth and development. There had been a marked shift towards greater openness of national economies to inward foreign investment and the activities of transnational corporations. This had been particularly dramatic in the economies in transition, but it was also evident in developing countries. Underlying this policy shift was the recognition that TNCs could make important contributions to development. By mobilizing resources globally and allocating them to productive activities, facilitating the upgrading of the created assets a country possessed, and stimulating local business development, TNCs could help developing countries penetrate international markets. At the same time, TNCs were responding positively to the new conditions in the developing regions. The benefits of country, product and process specialization were not only visible in manufacturing but were beginning to involve the services sector as well.

7. However, while direct foreign investment in developing countries was growing by about 20 per cent annually, much of it went to only a dozen countries. Moreover, the more advanced elements of international production were confined to developed countries and a small number of developing countries in selected industries, thus limiting the broader developmental impact of internationalization.

8. Thus, domestic policy reforms needed to go beyond liberalization and embrace pro-active approaches related to enterprise development and technological capability-building. An educated and skilled workforce and adequate infrastructures were essential in attracting foreign investment. Country experiences suggested a number of market-friendly developmental measures that countries could take, with appropriate international support. There was a need to synthesize these measures in a new, pro-active international consensus on foreign investment and enterprise development. One measure that countries should be cautioned against, however, was the introduction of specific investment incentives.

9. An important aspect of international support in the area of foreign investment was technical cooperation, and two new programmes relating to entrepreneurship and enterprise development and to the commercialization of science and technology had been developed within UNCTAD. By integrating such supply-side elements in the traditional investment advisory services, the technical assistance provided by UNCTAD sought to go beyond policy advice, and to build national capacities and institutions to expand and support the enterprise sector.

10. Today, there was a shared perception among countries that development-oriented business was an essential partner in the development process. In line

with this understanding, a parallel meeting of heads of national investment agencies had been organized by UNCTAD, at which they could share experiences in attracting foreign investment, develop ties for follow-up information exchange and managerial interchange among their respective agencies, and also network with business and international organizations.

11. Finally, he expressed his appreciation to those member States that had made voluntary contributions to the Trust Fund on Transnational Corporations in 1994.

Chapter I

RECENT DEVELOPMENTS IN INTERNATIONAL INVESTMENT AND TRANSNATIONAL CORPORATIONS

COUNTRY AND REGIONAL EXPERIENCES IN ATTRACTING FOREIGN DIRECT INVESTMENT FOR DEVELOPMENT

(Agenda items 3 and 4)

12. For its consideration of these items, the Commission had before it the following documentation:

"Trends in foreign direct investment: report by the UNCTAD secretariat" (TD/B/ITNC/2);

"Foreign direct investment in developing countries: report by the UNCTAD secretariat" (TD/B/ITNC/2);

"Incentives and foreign direct investment" (background document) (TD/B/ITNC/Misc.1);

"Foreign direct investment in Central and Eastern Europe" (background document) (TD/B/ITNC/Misc.2).

General statements

13. The **Chief of the Research and Policy Analysis Branch of the Division on Transnational Corporations and Investment** stated that annual foreign direct investment outflows in 1994 had reached $204 billion, increasing by 6 per cent annually since the last year of the FDI recession in 1992. Between 1992 and 1994, investment inflows had increased by an average of 25 per cent annually in developing countries, compared with 8 per cent annually in the developed countries. Developing countries now accounted for some two-fifths of global inflows, and about half of such flows if intra-European Union flows were excluded.

14. Significant regional differences characterized recent FDI patterns. Asia and the Pacific had been the most successful in attracting FDI, accounting for almost 70 per cent of total estimated FDI flows to developing countries in 1994. Latin America and the Caribbean had constituted the second most important developing host region for TNCs in 1994, with estimated inflows of $22 billion,

or 27 per cent of total inflows to developing countries. Africa had received less than 5 per cent of flows to developing regions in 1994. However, above-average levels of profitability and a strong earnings performance suggested that Africa had the potential, as yet unrealized, to become a more attractive location for FDI. The significantly increased activity of TNCs in Central and Eastern Europe in the 1990s had not given rise to any significant investment diversion away from developing countries.

15. Not only were developing countries significant recipients of foreign direct investment, they were also increasingly important sources of such investment, primarily for other developing countries in the same region. In 1993, transnational corporations based in developing countries had invested a record amount of $12 billion abroad.

16. The growth of foreign direct investment from developing countries was part and parcel of the broader process of the internationalization of economic activities, a process that increasingly placed the efficient conversion of inputs into outputs in a global framework of integrated international production systems (as examined in World Investment Reports 1993 and 1994). In organizing production and serving markets internationally, firms used an increasing number of modalities, including arm’s-length trade, foreign direct investment, subcontracting, alliances, licensing, franchising and other non-equity forms of international participation.

17. Two implications of the emergence of integrated international production were particularly noteworthy: an increasing share of international transactions associated with the modalities used by firms were organized and structured by TNCs in the pursuit of global strategies, i.e. they took place under the common governance of transnational corporations and no longer through arm’s length trade; and TNCs used the various modalities of international transactions not only to serve markets but also to organize production, i.e. to obtain access to the tangible and intangible assets required to convert inputs into outputs.

18. These developments in the international economy had profound policy implications: the issue was not only access to markets but access to markets and assets. Separate trade regimes and even separate FDI regimes were only partial answers to the dynamics of a liberalizing and globalizing world economy. They were building blocks for what, eventually, was really at stake, namely the challenge of creating an enabling framework for international production in which it made little if any sense to distinguish between national and transnational corporations. Much more analysis and understanding of transnational corporations and the international investments they undertook was needed, since these

constituted the driving force behind the current trend away from national production systems towards one integrated international production system.

19. The representative of **France**, speaking on behalf of the **European Union** welcomed the first session of the Commission on International Investment and Transnational Corporations in its new role as a subsidiary body of the Trade and Development Board and said that the decision of the General Assembly to transfer the programmes on transnational corporations and science and technology from New York to Geneva enriched UNCTAD's potential and gave new visibility to its work. It would be highly desirable for the Commission to develop collaboration with other organizations dealing with the same areas of work in order to avoid overlap and enhance the preparatory work for UNCTAD IX. He also welcomed involvement in the work of the Commission of non-governmental actors - business, research and academic bodies - and its opening to the participation of all countries. As a result of all these developments, the Commission could serve as a forum for more in-depth analysis and discussion of the activities of transnational corporations (TNCs) within the globalizing world economy. Special attention in this work should be given to countries newly opened to foreign direct investment (FDI).

20. The Commission was the proper forum in which to discuss the highly acclaimed World Investment Report. All steps should therefore be taken to include the Report in the agenda of the next session of the Commission and to make it available in all official languages. The Report should also be disseminated to other intergovernmental bodies and the business world. Given the importance of reliable statistics on FDI as a basis for decision-making and informed dialogue among institutions dealing with FDI, special support should be given to the continuation of the secretariat's work on World Investment Directories, four of which had already been published on particular regions. The work on the subsequent volume on Africa should be completed, and the secretariat was encouraged to find donors to ensure funding.

21. The representative of **Japan** emphasized the need to work out a new strategy for development in a globalized and liberalized world, in which all countries increasingly interacted with one another and affected each other. A new strategy should be based on a comprehensive approach, involving all countries, including least developed countries, and reinvigorating economic assistance by merging all components of development assistance. In that connection, and with regard to ODA, in spite of the decline in most donors' ODA in 1993, Japan had managed to increase its ODA. In a new strategy of the type described, it would be important to undertake efforts to generate domestic resources in developing countries, as well to rely increasingly on private capital inflows, which indeed had been

increasing, although not all developing countries had yet managed to benefit from them. Japan also supported economic co-operation among developing countries, including assistance from economically successful developing countries to developing countries in danger of being marginalized in the world economy.

22. In the context of FDI flows to developing countries it was vital to recognize the role that small and medium-size TNCs could play in this respect. To that end, the Government of Japan had supported the UNCTAD secretariat’s work in this area, and the result had been, inter alia, a seminar in Osaka which had adopted a widely disseminated Osaka Declaration on SMEs. Additional funds were earmarked for this work in 1995 to deal with the issue of how marginalized developing countries could attract small and medium-size TNCs, including TNCs from developing countries. In general, the Commission on International Investment and TNCs should, within its new mandate, take part in the conceptualization of a new development strategy, especially as it related to FDI, in order to vigorously promote FDI, including in particular FDI in developing countries.

23. The representative of **Germany** welcomed the decision to make the Commission part of the intergovernmental machinery of UNCTAD, as well as the evolution in the thinking of the Commission, supported by thorough analysis by the UNCTAD secretariat, towards recognizing the importance of FDI and TNCs for growth, competitiveness, economic adjustment, technology transfer, etc. He also agreed with the analysis in the documents prepared for the Commission (TD/B/ITNC/2 and TD/B/ITNC/3) in which it was emphasized that while TNCs contributed to the stability and prosperity of countries and gave rise to structural change, they themselves were subject to continuous pressure to adjust and reform. The Commission, too, by changing its name, had adjusted to an increasingly globalized environment, thus taking the first step in the right direction. The second step, to be undertaken in the future, should be evolution towards extending its work to issues of enterprise development and business investment promotion. The Commission could contribute to competent and practical consideration of these issues at UNCTAD IX. Finally, while he agreed with most of the statistical analysis contained in the reports prepared by the secretariat, he nevertheless cautioned against drawing from this analysis exaggerated conclusions concerning the dominance of the world economy by TNCs.

24. The representative of **China** agreed with the analysis contained in the documents prepared by the secretariat that international investment had a positive impact on the sustainable growth of the world economy and that the future augured well for further expansion of FDI. He noted that, within the developing country group, FDI inflows were concentrated on a few countries and

that capital inflows in general were still inadequate and imbalanced. The developed market economies should therefore intensify their efforts to increase FDI to all developing countries and especially to Africa. TNCs for their part, while expanding in developing countries, should not only look at short-term benefits but also take into account the long-term economic strategies of the host developing countries, increasing the quality of FDI by, for example, intensifying the transfer of technology. China was a country which had benefited greatly from FDI in the past. In the future, while continuing to reform its economy, it would need even more support from FDI, and it was therefore undertaking further efforts to stabilize the FDI climate.

25. The representative of **Mexico** welcomed the decision of the General Assembly to transfer the programme on TNCs to UNCTAD, stressing that the Commission and the programme on TNCs should integrate with other UNCTAD bodies, thereby permitting better use of resources and experience. In that connection, the UNCTAD secretariat should make special efforts to familiarize delegations in Geneva with FDI issues as much as possible. Concerning the report TD/B/ITNC/2, he agreed that FDI was an important source of resources for development such as know-how or non-debt-generating finance. That was why Mexico had pursued the policy of attracting FDI flows by, inter alia, ensuring complete legal security for FDI, developing its financial services industry to facilitate such investment in various forms, and joining NAFTA. As a result, FDI flows had expanded, reaching $8.6 billion in 1994. Preliminary data for 1995 indicated that FDI had not been affected by volatile flows of short-term portfolio capital, indicating the long-term considerations of foreign direct investors in the Mexican economy.

26. The representative of **Switzerland** noted the reorientation of the Commission’s mandate and activities towards work on globalization, trade and international production; this was a positive development for both UNCTAD and the Commission, showing that UNCTAD was adjusting to the challenges of today. In this context, he praised the World Investment Report 1994 as an excellent example of UNCTAD’s analytical capabilities and suggested that future Reports should be put on the agenda of the Trade and Development Board to enrich its discussions. He welcomed the involvement of private-sector and investment bodies in the work of the Commission.

27. While noting the increased flows of FDI, he expressed concern about their unequal distribution to developing countries, with 83 per cent of flows going to only 10 countries and 0.7 per cent going to 48 least developed countries. He agreed that one way to correct this imbalance was to intensify privatization programmes. In addition, however, it was also important to mobilize savings for internal investment, since that would then attract international investment.

The potential of small and medium-size enterprises (SMEs) to undertake investment should not be overlooked. Since they were often more flexible and innovative than large firms, SMEs created jobs, thus reducing the social cost of structural adjustment to the global economy.

28. The representative of the **United States of America** said that, in addition to the reports prepared for the Commission's session, he welcomed the background papers on investment incentives and FDI in Central and Eastern Europe. He seconded the proposal made by the European Union and Switzerland to include World Investment Reports in future Commission agendas. With regard to the report on regional experiences (TD/B/ITNC/3), he agreed with the assessment concerning the role of South Africa as a host country and a source of FDI for other African countries and as a potential engine of growth for the region. While sharing the secretariat's analysis of privatization in Africa, he cautioned against neglecting indirect benefits from the participation of TNCs in privatization in Central and Eastern Europe which included, inter alia, preservation of jobs. On FDI in Africa, as a result of requests made by a number of United States firms, the United States Government was considering which actions it could undertake to help firms' investment in Africa.

29. The representative of **France**, referring to the report on trends in FDI (TD/B/ITNC/2), said that he wished to emphasize three points. Firstly, the work on recent trends should be presented at the beginning of each year and should include an analysis of the trends in developing countries during the first three quarters of the preceding year concerning not only FDI but also domestic investment, including its material and other components. Secondly, more attention should be paid to analytical work on the activities of TNCs in developing countries, especially in the services sector, and more work should be done on TNCs from developing countries. Thirdly, within work on access to markets, the issue of open and equitable competition between foreign and domestic firms should be addressed. Attention should also be paid to intercompany agreements in developing countries, including agreements among domestic firms and between domestic and foreign companies.

30. The representative of the **European Community** informed the Commission that the European Union, concerned that the European economic presence in general and in FDI in particular and its economic presence in general was lagging behind that of other home countries, intended to undertake a study of this issue. To avoid duplication of work and waste of resources, the European Community would be seeking the co-operation of UNCTAD in the preparation of the study.

31. The representative of **Pakistan**, after agreeing with the thrust of analysis contained in the report on trends in FDI (TD/B/ITNC/2), focused on the need to work out a framework for multilateral rules on FDI. Neither the existing bilateral investment treaties nor the negotiations within OECD, which reflected the interests of a limited number of countries, could satisfy this need. The Commission should therefore request the secretariat to initiate work in this area. Such a framework could include as principal components a global most-favoured-nation clause, national treatment, a dispute settlement mechanism, minimum criteria for transparency and rules of competitive behaviour.

32. The representative of **India** said that the World Investment Report 1994 was an excellent basis for policy formulation which was widely read in ministries and other institutions in his country, and he suggested that future World Investment Reports should be published in the first quarter of each year and discussed by the Trade and Development Board or the Commission. As international investment, including FDI, had become a major contributor to development, it should be carefully studied so that good advice could be given to developing countries on, inter alia, how to maximize its long-term benefits and avoid short-term volatility. In this context, he welcomed the generation of synergies in advisory services in the fields of investment and science and technology. On the other hand, it was discouraging to see that resources for analytical work in these areas had been greatly reduced at a time when the importance of FDI and TNC issues was clearly increasing. Still, with the new Division on Transnational Corporations and Investment, UNCTAD’s ability to assist developing countries in dealing with interrelated issues of investment, trade, technology and development in an integrated fashion had been enhanced.

33. The Indian economy had responded well to the programme of economic reform which had begun in 1991: the growth rate had increased, exports had expanded and the currency had remained stable after the introduction of convertibility. FDI flows had also grown, and the hope in India was that they would continue to grow in the future as both India’s absorption capacity and available opportunities were immense.

34. The representative of **Colombia** supported the secretariat’s analysis of recent trends in FDI as presented to the Commission, emphasizing that the concentration of FDI in the Triad members and a few developing countries gave cause for concern. She agreed that economic stability, not investment incentives, was the key determinant of FDI. As regards the future work of the Commission and the secretariat, two issues were of special importance: one was work on multilateral rules for a stabilizing FDI framework and the other was a study of the costs and benefits of investment incentives, including a possible

policy regime for incentives. It was also important to continue technical assistance activities, which, in spite of reduced budgetary resources, should be possible owing to extrabudgetary contributions such as the recent contribution by Japan. The support of private and public companies for these activities should also be sought. TNCs, for their part, should establish minimal norms for the transfer of technology and know-how to their affiliates in developing countries, and they should organize training activities in those affiliates. As regards a possible multilateral FDI framework, the only acceptable way to try to achieve it was through negotiations in which all countries would participate. The extension of regional frameworks to third countries would not be an appropriate way to go.

35. The representative of the **Russian Federation**, welcoming the first session of the Commission as part of the intergovernmental machinery of UNCTAD, said that UNCTAD should coordinate its work in the area of FDI with other organizations, and especially with UNIDO, to avoid duplication. He also supported two proposals made by the European Union: firstly, to have future World Investment Reports translated into the official United Nations languages and to include the discussion of the Reports in the agenda of the Commission; secondly, to give attention in analytical work to countries newly opened to FDI. His delegation also noted with great interest the background paper on incentives (TD/B/ITNC/Misc.1) and supported further work of the secretariat in this area. With regard to the analysis of trends in FDI contained in the documentation, he noted that the fast growth of FDI flows to developing countries showed that the fear that FDI would be diverted from these countries to the countries of Central and Eastern Europe was unfounded.

36. Concerning the economic situation in the Russian Federation, the objective of the country’s economic policy was to achieve macroeconomic stabilization and resume economic growth. The FDI received so far ($1 billion in 1994) was still low by international standards, because a number of obstacles to increased FDI flows continued to persist, including inflation, debt, insufficient legal guarantees for foreign investors, etc. The Government was aware of these and other obstacles and was taking steps in many areas to establish a favourable investment climate, including better protection and incentives for FDI.

37. The representative of **Poland** said that, since the very beginning of his country’s economic reforms, FDI had been expected to play an important role as a factor not only in development but also in the transformation of the country into a fully fledged market economy. The capital needs of Poland by far exceeded its domestic savings potential and would continue to do so in the foreseeable future. Poland therefore had to rely on foreign companies in this regard until

higher domestic income would generate sufficient savings. So far, however, the inflow of FDI had been modest compared with needs: in the first quarter of 1995, the cumulated value of flows had amounted to $5 billion, with future commitments amounting to another $5 billion. This was not much in the context of Poland's ambitious plans to revamp the whole capital-intensive infrastructure, including highways, telecommunications, etc. Poland therefore realized that it would have to fight even harder to attract foreign capital. FDI was needed not only as a source of additional capital but also, and perhaps even more importantly, as a source of new technology, marketing and management skills, and access to foreign markets. In fact, TNCs had already helped the country to reintegrate the world market in industries such as electrical engineering and automobiles. On the other hand, FDI in food and detergent industries was mainly domestic-market-oriented.

38. The representative of **Morocco**, referring to his country's experience with regard to attracting FDI, said that the economic restructuring and reforms initiated in the early 1980s had gradually brought an improvement in macroeconomic indicators relating to growth, inflation, internal and external debt, etc. Fiscal reform, financial liberalization and privatization had followed, making Morocco increasingly interesting to foreign investors. As a result, FDI inflows had also increased to an annual level of $500 million in the 1990s. Morocco's efforts to strengthen and reform the economy with the growing participation of foreign capital had thus proved positive and were continuing.

39. The unequal distribution of FDI flows to developing countries, including African countries, had many underlying reasons, but the key among them was poor infrastructure in the less developed countries and the continued inability to improve it because of financial constraints aggravated by budgetary constraints and the external debt problem. With few exceptions, there was a clear link between high external debt and a low level of FDI in host developing countries. One of the reasons why many Asian countries were more successful in attracting FDI was that, in the absence of a debt burden, they were able to build better infrastructure. The key problem to be solved in countries receiving little FDI was thus to find financing to improve infrastructure.

40. The representative of the **United States of America**, referring to the issue of a multilateral framework for FDI, said that the OECD member countries had decided to open negotiations on their own investment agreement because they felt that there was a need for such an agreement and because no multilateral negotiations were in sight in the near future. WTO might deal with the subject in the long term, if a review of the TRIMS agreement, planned in five years, concluded that multilateral negotiations within WTO were worthwhile, but this

was by no means guaranteed. OECD had decided to open future agreements to interested third countries, and he disagreed that membership of third countries in an agreement which they had not negotiated must be disadvantageous to those countries, because the rules concerning FDI within the frameworks which already existed or which would emerge in the future were by and large similar.

41. The representative of **Algeria** said that his country was about to start a structural adjustment programme agreed with IMF. The programme included measures aiming at macroeconomic stabilization and growth, including liberalization of trade and opening up to private and foreign investment. FDI had been assigned a central role in this programme as a source of capital from abroad needed to achieve the planned growth rates and as a source of improved management and access to markets. A new investment code had been introduced to this effect which included guarantees of profit transfer, and a new one-stop investment agency had been established to facilitate FDI. In the Algerian economy, in which the public sector predominated, enterprises were divided into three categories, and one of those categories included enterprises which could be privatized, including with participation of FDI. Special terms were also offered to foreign investors (including cheap infrastructure) to channel their activities to areas of importance such as the food and health industries.

42. The representative of **Consumers International** said that the growing importance of TNCs had been received with mixed feelings by consumers, because on the one hand TNCs brought widened choice for consumers, but on the other hand they also engaged in questionable activities where consumers were the losers. Her organization viewed the new mandate of the Commission as narrower than the preceding mandate and a cause for concern for consumers because of its focus on the establishment of an enabling environment for FDI while possibly neglecting such issues as the relationship between investment and competition and ethical behaviour of TNCs. She hoped that the terms of reference of the Commission could be renegotiated in the future to provide a more balanced mandate.

43. The representative of the **International Confederation of Free Trade Unions** stressed the importance of the contribution of the UNCTAD secretariat to a better understanding of the role of TNCs in the world economy and as a source of analysis of FDI trends. In his organization’s view, the World Investment Report 1994 contained a very good and balanced analysis of labour issues in the context of TNCs, as well as very useful work on corporate social responsibility which should be continued. He expressed concern that the revised mandate of the Commission, by focusing on an enabling environment for FDI, did not leave much room for dealing with policies aimed at minimizing the negative effects of FDI. In his view, the background paper on incentives took a narrow view of incentives,

ignoring the fact that restricted labour rights served as a hidden incentive for investors. In that connection, the Commission should address the issue of labour standards and rights in the context of FDI and TNCs' activities, since while FDI had security and protection, labour frequently did not have them and was thus exposed to the danger of exploitation resulting from pressure of competition. There was a need for a comprehensive multinational framework for FDI, including minimum labour standards, and the Commission should play a leading role in this area.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

44. The twenty-first session of the Commission on International Investment and Transnational Corporations was opened on 24 April 1995 at the Palais des Nations, Geneva, by Mr. C. Fortin, Officer-in-charge of UNCTAD.

B. Rules of procedure

45. The Commission was informed that, pursuant to General Assembly resolution 49/130 of 19 December 1994 and Board decision 425 (XLI) of 31 March 1995, the Commission, as a subsidiary body of the Trade and Development Board, would apply the rules of procedure of the main committees of the Trade and Development Board. Furthermore, as a general rule applicable to all UNCTAD intergovernmental bodies unless otherwise stated, the Commission would have open-ended membership, and intergovernmental and non-governmental organizations in status with UNCTAD would be entitled to participate as observers.

C. Election of officers

(Agenda item 1)

46. At the first plenary meeting of its twenty-first session, the Commission elected its officers, as follows:

Chairman:	Ms. L. Bautista (Philippines)
Vice-Chairmen:	Mr. Y. Afanassiev (Russian Federation)
	Mr. I. Kinnas (Greece)
	Mr. P. Sinyinza (Zambia)
	Mr. A. Ghafoor (Pakistan)
	Ms. M.F. Arias (Colombia)
Rapporteur:	Mr. W. Haynes (United States of America)

D. **Adoption of the agenda and organization of work**

(Agenda item 2)

47. Also at the first plenary meeting of its twenty-first session, the Commission adopted the provisional agenda for the session (TD/B/ITNC/1). The agenda was thus as follows:

1. Election of officers

2. Adoption of the agenda and organization of work

3. Recent developments in international investment and transnational corporations

4. Country and regional experiences in attracting foreign direct investment for development

5. Implementation of the programme on international investment and transnational corporations

6. Provisional agenda for the twenty-second session of the Commission

7. Other business

8. Adoption of the report of the Commission

48. The Commission was informed that a High-level Meeting of Investment Promotion Agencies would be taking place on 25, 26 and 27 April in parallel with the meetings of the Commission.

E. **Provisional agenda for the twenty-second session of the Commission**

(Agenda item 6)

[To be completed]

F. **Other business**

[To be completed as appropriate]

G. **Adoption of the report of the Commission**

[To be completed]