



## OECD GLOBAL FORUM ON INTERNATIONAL INVESTMENT

**CENTER FOR CO-OPERATION WITH NON-MEMBERS  
DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE  
AFFAIRS**

### ***NEW HORIZONS AND POLICY CHALLENGES FOR FOREIGN DIRECT INVESTMENT IN THE 21<sup>ST</sup> CENTURY***

Hosted by the Government of Mexico  
*26-27 November 2001, Mexico City*

#### **Objectives**

It is increasingly recognised that within the right policy setting foreign direct investment (FDI) can be a powerful engine for sustainable growth and integration of nations at various levels of development into the world economy. Governments in all continents now compete actively for FDI. The international community has intensified efforts to assist less developed countries in this process. Hence, as we enter into the 21<sup>st</sup> century, despite the anticipated decline in FDI flows in 2001, opportunities for reaping the full benefits of inward direct investment and achieving a better world for all remain high in the long run. Today FDI is needed more than ever to achieve sustainable development and poverty reduction.

At the same time, this prospect poses new challenges. Host and home governments need to move beyond traditional liberal FDI policy to embrace and develop a broader set of policies for an enabling environment for investment: respect for workers and environmental rights, competition, taxation, financial markets, trade, corporate governance, public administration, and other public policy goals. Building the capacity to formulate and implement these policies has become an equally important and pressing challenge. How and in what ways can policy frameworks be developed to ensure that multinational enterprises contribute to development goals and capacity building also remains a priority issue on the international agenda.

#### **Structure**

The conference will address these challenges with a view to contributing to improved common understanding on the conditions for increasing benefits of FDI. It will lay the groundwork for further co-operation and experience sharing between OECD Member countries, non-Members, private sector practitioners, trade unions, NGOs and other main partners. It also aims to contribute inputs into the UN International Conference on Financing for Development in March 2002, Mexico.

This conference represents the first event of the Global Forum on International Investment (GFII) aimed at fostering an open and inclusive dialogue on emerging investment issues among the international investment policy community and other

main stakeholders. The GFII is one of eight "Global Forums" created last year within the framework of the Center for Co-operation with Non-Members in order to deepen and extend relations with a larger number of non-OECD economies in fields where the OECD has particular expertise and global dialogue is important.

### **Participation**

Participants will include government officials from OECD and non-Member economies in charge of investment policy, promotion and development issues. World Bank Group, IMF, UNCTAD, UNIDO, UNECE, Inter-American Development Bank, Asian Development Bank, and European Commission are among the multilateral/regional organisation partners invited. There will be active presence from business, labour and civil society organisations.

### **Venue and Hotel**

The conference will be held at: Hotel Camino Real Av. Mariano Escobedo 700 11590 México D.F., México, Tel: (52) 52 63 88 88 Fax: (52) 52 63 88 89 E-mail: reservas@crmexico.com.mx

All participants are expected to book directly with the hotel. The host organisation has arranged a specially negotiated rate of 1200 Mexican pesos for the luxury room; 1580 Mexican pesos for the room with view of the pool; and 1612 Mexican pesos for the Club Camino Real room. Plus 17 percent tax. Please refer to *Gpo Secretaría de Economía* when booking. Transportation airport-hotel costs around 140 Mexican pesos for the single trip. The taxi service should be paid at the airport taxi desk.

### **For Further Information**

Please contact:

#### OECD

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#### Mexico

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And consult the OECD website at <http://www.oecd.org/daf/investment>.

**FINAL AGENDA  
27 NOVEMBER 2001**

**SUNDAY 25 NOVEMBER**

**19:30**

Reception for conference chairs, speakers, panelists, and rapporteurs, hosted by Mexico at the Hotel Camino Real

**MONDAY 26 NOVEMBER**

**8:00 Registration**

**Opening Remarks**

**9:00-9:45**

- *Mr. Luis Ernesto Derbez, Minister of Economy, Mexico*
- *Mr. Thorvald Moe, Deputy Secretary-General, OECD*

**Press Briefing**

**Plenary Session**

**NEW APPROACHES AND OPPORTUNITIES ON FDI AND  
DEVELOPMENT**

**10:15-13:00**

**Chair:** Mr. William Witherell, Director, Financial, Fiscal and Enterprise Affairs, OECD

**Rapporteur:** Mr. Mehmet Ögütçü, OECD

Over the past decade, the FDI landscape has been considerably transformed, presenting government and company policymakers with new challenges at the global and local levels. The FDI scene is set to be considerably different in the next decades

from how it looks today: “*new e-technologies*”; “*mergers and acquisitions*”; “*trade and investment*”, “*regional integration*”; “*investment agreement discussions*”; “*socially responsible investment*”; “*what does all this mean for FDI and development*”?

***Presentations (15 minutes each)***

- *A new perspective on FDI and development, Mr. Hernando de Soto, President, Institute for Liberty and Democracy, Lima, Peru*
- *Recent FDI trends, implications for developing countries and policy challenges, Mr. Karl Sauvant, Director, United Nations Conference on Trade and Development*
- *“New global FDI trends and prospects: A survey of the world's 1,000 biggest companies”, Mr. Paul Laudicina, Managing Director of AT Kearney's Global Business Policy Council*

***Q&A and Coffee Break (45 minutes)***

***Panel Discussion (10 minutes each)***

- *Ms Olivia Jensen, Investment Team, Consumer Unity & Trust Society, India, “Investment Policy and Performance: Cases of India and South Africa”*
- *Mr. John Evans, Secretary General of the Trade Union Advisory Committee to the OECD, “Trade Union Perspective”*
- *Mr. Jorge Roldos, Senior Economist, Emerging Markets Studies Division, International Capital Markets Department, International Monetary Fund, “FDI in the Financial Sector of Emerging Markets”*
- *Mr. Ernesto Stein, Senior Economist, Inter-American Development Bank , “Institutions, Integration and Location of Foreign Direct Investment”*

***Open Discussion and Q&A (45 minutes)***

**PANEL A**  
**BENEFITS OF FDI FOR DEVELOPMENT: COUNTRY**  
**EXPERIENCES**

**15:00-18:30**

**Chair:** Mr. Neil Roger, Deputy Director, Private Sector Advisory Services and Foreign Investment Advisory Services, World Bank

**Rapporteur:** Mr. Jan Schuijjer, OECD

Growth is fuelled by investment -- domestic and foreign. And demand for investment exceeds supply. Countries are competing for more and better “quality” FDI. Both economic theory and case studies suggest that FDI has a beneficial impact on

developing host countries, but there may also be missed opportunities to reap the full benefits of FDI and potential risks that should be carefully assessed: “*what empirical evidence are there for FDI benefits*”, “*how can negative aspects be minimised*”, “*why are some countries doing better than others*”, “*China’s success story and the post-WTO accession outlook*”, “*what are the social implications of FDI flows to Malaysia?*”.

***Presentations (15 minutes each)***

- *The experience of Mexico in investment liberalisation and capturing benefits of FDI: What worked and what next?*, Mr. Luis de la Calle, Vice-Minister of Economy, Mexico
- *Mrs. Melek Us, Director-General of Foreign Investment Department, Turkey, “Removing Administrative Barriers to FDI: Particular Case of Turkey”*.
- *FDI and its impact on employment and social policies: The Malaysian experience*, Mr. Govindasamy Rajasekaran, Secretary-General of the Malaysian Trade Union Confederation.

***Q&A and Coffee Break (45 minutes)***

***Panel Discussion (10 minutes each)***

- *Ms. Anabel Gonzalez, Director, Investment Board, Costa Rica, “Intel Experience and FDI in Costa Rica”*
- *Mr. Jacques Morisset, Lead Economist & Program Manager for Africa, Foreign Investment Advisory Service, World Bank, “Foreign Direct Investment in Africa: Policies also Matter”*
- *Mr. Carlo Pettinato, European Commission, “EU Perspective”*
- *Mr. Brian Caplean, Editor, Financial Times, “Role of Media on Investment Issues”*

***Open Discussion and Q&A (45 minutes)***

19:30 Official welcoming function, hosted by the Government of Mexico

**PANEL B**  
**GOVERNMENT RESPONSIBILITY: BEYOND TRADITIONAL**  
**FDI POLICIES**

**15:00-18.30**

**Chair:** Mr. Wesley Scholz, Director, Investment Affairs, State Department, United States (and Vice-Chairman of the Committee on International Investment and Multinational Enterprises)

**Rapporteur:** Mr. Rogelio Arellano, Mexican Delegation to the OECD

The new trends and developments require going beyond traditional FDI policies and taking a broader perspective as to the interaction of related policy tools. *What are the most critical policy areas, which need to be addressed by host and home countries? How should they interplay in order to better respond to new challenges?*

***Presentations (15 minutes each)***

- Need for a broader policy approach to FDI and effective implementation, *Mr. Vudayagi N. Balasubramanyam, Professor of Development Economics, Lancaster University*
- The Need for a Broader Policy Approach to Foreign Direct Investment, *Ambassador Marino Baldi, Switzerland and Chairman, Advisory Group on Non-Members of the OECD Committee on International Investment and Multinational Enterprises (CIME)*
- Making FDI and financial-sector policies mutually supportive, *Mr. Pierre Poret, Head of Division, Directorate of Financial, Fiscal and Enterprise Affairs, OECD*

***Q&A and Coffee Break (45 minutes)***

***Panel Discussion (10 minutes each)***

- *Ms. Nataliya Yacheistova, Advisor to the Minister for Antimonopoly Policy & Support of Entrepreneurship, Russia, “Russian Experience Regarding the Impact of Competition Policy on FDI Flows”*
- *Ms. Maliza Nonkqubela, South Africa,, “South Africa’s FDI policies, with a particular emphasis on FDI and taxation”*
- *Mr Michael Gestrin, Administrator, OECD Trade Directorate, “Trade Policy and FDI Linkages”*
- *Ms. Aimée T. Gonzales, Senior Policy Adviser, WWF International, “FDI and Environment”*

***Open Discussion and Q&A (45 minutes)***

19:30 Official welcoming function, hosted by the Government of Mexico

**TUESDAY 27 NOVEMBER**

**PANEL C**  
**CAPACITY BUILDING FOR FDI IN HOST COUNTRIES**

**9:00-13:00**

**Chair:** Mr. Carlos Garcia Fernandez, Director-General of Foreign Investment, Ministry of Economy, Mexico

**Rapporteur:** Mr. William Nicol, OECD

Establishing a favorable environment for investment requires development of institutional and human resource capacities in order to respond positively to policy and incentive structures. This makes a big difference in a country's ability to benefit from the positive aspects of FDI: "*how to develop human resources for good public governance practices*", "*how institutions and policies should respond to investors' concerns and vice versa*", "*how combating bribery and corruption can affect investment*", "*how FDI can support financial sector development*", "*how multilateral co-operation and standard-setting systems best accompany domestic efforts*".

***Presentations (15 minutes each)***

- Improving the Investment Climate: New Policies and Institutions, *Mr. Richard Newfarmer, Economic Advisor, Economic Policy and Prospects Group, World Bank*
- International investment agreements and instruments, *Mr. Carlos Garcia Fernandez, Director-General of Foreign Investment, Ministry of Economy, Mexico*
- *Benefits of FDI for a Transitional Economy: Case of China*, Prof. Yasheng Huang, Harvard Business School

***Q&A and Coffee Break (45 minutes)***

***Panel Discussion (10 minutes each)***

- *Ms. Patricia Francis, President, Jamaica Promotions Corporation (and President, World Federation of Investment Promotion Agencies) "FDI's Linkages with Local Enterprise Development"*
- *Mr. William Nicol, Head of Division, Development Co-operation Directorate, OECD Secretariat, "FDI, Official Development Assistance and Capacity Building: Prospects and Policy Challenges"*
- *Mr. Mauricio Domenge, Head, Rothschilds, "Public-Private Partnerships"*
- *Mr. Luis Bates, Chile, Transparency International, "Corruption as Barrier to FDI"*

***Open Discussion and Q&A (45 minutes)***

**PANEL D  
INITIATIVES FOR CORPORATE RESPONSIBILITY AND  
ECONOMIC DEVELOPMENT**

**9:00-13:00**

**Chair:** Mr. Steve Canner, Vice-President, US Council for International Business

**Rapporteur:** Ms. France Benois, OECD

Business adherence to principles of corporate responsibility is seen as contributing towards more sustainable development for the host countries. Increasingly this is also seen as being in the interest of the enterprises themselves: “*in what ways can business codes of conduct contribute to development and the expectations of shareholders*”, “*are there risks for corporate responsibility to weaken competitiveness*”, “*what does it mean for developing countries?*”.

***Presentations (15 minutes each)***

- Corporate Social Responsibility and Economic Development, *Mr. Jim Baker, Head, Multinationals Branch, International Confederation of Free Trade Unions*
- Corporate responsibility and competitiveness, *Mr. Enrico Masimo Carle, BIAC Chairman on Investment and Multinational Enterprises*
- Corporate Social Responsibility: Are investors the solution or the problem?, *Mr. Raj Thamotheram, Senior Adviser, Socially Responsible and Sustainable Investment, Universities Superannuation Scheme Ltd*
- “Do Corporate Responsibility Initiatives Work for Development? An OECD Perspective”, *Mr. Pierre Poret, Head of Division, OECD*

***Q&A and coffee break (45 minutes)***

***Panel Discussion (10 minutes each)***

- *Mr. Herbert Oberhänsli, International Chamber of Commerce (and Manager - Economic and International Relations, Nestlé SA), Business Perspective*
- *Mr. Brett Parris, World Vision, Australia, Foreign Direct Investment and Corporate Codes of Conduct in National Development Strategies: Costs, Benefits and Policy Options*
- *Mr. Fikret Pashayev, Deputy Head of Department, Ministry of Foreign Affairs, Azerbaijan, “Role of multinational enterprises in economic and social development of energy-rich transition countries”*

***Open Discussion and Q&A (45 minutes)***

**CONCLUDING PLENARY SESSION**

**KEY POLICY MESSAGES**

**15.00-17.00**

**Co-chairs:** Mr. Luis de la Calle, Vice-Minister of Economy, Mexico, and Mr. William Witherell, Director, DAF, OECD

- *Summary reports from panel chairs*
- *Mr. Harris Gleckman, Financing for Development Co-ordinating Secretariat, United Nations*
- *Discussion*
- *Forward-looking messages*

**Press Conference**