INVESTMENT-RELATED ACTIVITIES IN OTHER OECD COMMITTEES AND OTHER INTERNATIONAL ORGANISATIONS

This background note has been prepared by the Secretariat for information at the CIME meeting on 19 and 20 September 2000.
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1. At the Committee’s request, the Secretariat has prepared the following outline of ongoing or planned investment-related activities in other OECD Committees, horizontal projects involving two or more OECD Committees or Directorates, and activities in other international organisations. It has been updated as of 18 September 2000.

A. Horizontal projects in the OECD

2. The three-year Initiative on Sustainable Development will result in an analytical report. DAFFE, the Trade Directorate and Environment Directorate are jointly preparing the chapter on Trade, Investment and Sustainable Development. The chapter will be reviewed in CIME, the Trade Committee and the Joint Working Party on Trade and Environment during the second half of 2000. The Analytical Report will be presented to the Meeting of the OECD Council at Ministerial Level in 2001.*

3. DAFFE and the Trade Directorate have continued their horizontal fact-finding mission on codes of conduct and corporate responsibility initiatives within enterprises. The Working Party of the Trade Committee has discussed a paper [TD/TC/WP(99)56/REV1] that provides a content analysis of the codes of corporate conduct that had been inventoried by the Secretariat. This paper draws on a document previously considered by CIME in June 1999 and that further develops aspects of the work programme agreed by both the CIME and the Trade Committee [DAFFE/IME(99)16 and TD/TC/WP(99)32]. A Status Report on Ongoing Work [TD/TC/WP/RD(2000)6] is submitted to the Working Party of the Trade Committee for information. The Working Party has begun analysing the economic and trade coverage of codes and similar voluntary commitments. In addition, codes of conduct is one of the items on the agenda of the Trade Committee consultations with representatives of civil society to be held in October 2000.

4. The 1996 publication Trade, Employment and Labour Standards: A Study of Core Workers’ Rights and International Trade has been updated [COM/TD/TC/DELSA/ELSA(2000)4/FINAL]. DAFFE contributed to this update. The work programme of the Education, Employment, Labour and Social Affairs Committee contains a provision for a possible follow-up activity in the area of labour standards and lists DAFFE as a directorate that would be collaborating.

5. For the past two years OECD’s horizontal project on Regulatory reform has focused on country reviews. The Trade Committee contributes to these reviews by preparing and discussing a chapter on market openness, which analyses the extent to which national regulatory practices support an economy that is open to international trade and investment, in particular as measured through the application of six principles of efficient regulation (transparency, non-discrimination, avoidance of unnecessary trade restriction, international harmonisation, acceptance of equivalence – referring to other countries’ measures

and use of competition principles). Four countries are under review in 2000 (the Czech Republic, Greece, Ireland and Italy). The project is co-ordinated by Public Management Service (PUMA) with contributions made by Trade, Directorate for Financial, Fiscal and Enterprise Affairs (DAFFE), the Economics Department (ECO), International Energy Agency (IEA), Directorate for Science, Technology and Industry (DSTI).

B. OECD Committees/Directorates

6. In the Industry Committee, the project Globalisation and industrial performance includes development of globalisation data and indicators, assessments of ongoing globalisation patterns, and economic analysis of the links to performance. A survey collected data on the industrial activity of outward and inward foreign investment, and on the activities of foreign affiliates with the update of the R&D expenditure and number of researchers for multinational enterprises. These resulted in a new statistical publication entitled Measuring Globalisation: The Role of Multinationals in OECD Economies and in data, which is available electronically and on the OECD Intranet site. A paper on the Manual of globalisation indicators [DSTI/IND(2000)16] will be submitted to the Industry Committee for consideration on 27-29 September.

7. A business and industrial policy forum will be organised in the coming two years, Changing industrial structures at the global level, which examines the implications of cross-border mergers and acquisitions and international strategic alliances for the global structure of industrial sectors, levels of competition, industrial performance and industry-related policies. Analyses of Trends in Cross-Border M&A and Trends in International Strategic Alliances have been published as working papers and will be put together in an expanded publication by the end of 2000.

8. The Environment Programme of Work is overseen by the Environment Policy Committee (EPOC). The programme includes an activity on Investment and Environment, which is aimed at identifying ways of exploiting potential synergies between investment liberalisation policies and environmental policies. This involves work on a better understanding of the issues and how policies and institutions can contribute to realising the full benefits of economic globalisation whilst factoring environmental concerns fully into the equation and developing principles and guidelines favourable to environmental protection (in collaboration with DAFFE and Trade).

9. The Environment Directorate is currently working on the “Environmental Outlook and Strategy” which contains a chapter on Globalisation, Trade and Investment (Chapter 3). The paper will be submitted to EPOC for consideration at its meeting in November before it is finalised for the Environment Ministerial in May 2001.

10. The Trade Committee plans a comprehensive analysis of the effects of trade and investment liberalisation and of related international rule making, extending earlier studies and addressing major concerns of non-governmental organisations (in co-operation with the Development Co-operation Directorate, the Development Centre, DAFFE and the Environment Directorate). Following the Second Services Experts meeting in May 2000, the Working Party of the Trade Committee agreed to work in the following areas: “clusters” approaches to specific commitments for services; on the Economic Needs Test; transparency in domestic regulation; preliminary scoping work on quantification of the costs to national welfare of barriers to trade in services; and the possibility of taking a “cluster” approach to input services for e-commerce.

11. The Development Assistance Committee’s (DAC) work on the “development finance agenda” is concerned with mobilising financial resources from all sources (external/domestic; private/official) to
contribute to meeting the international development goals. This work will seek to set out a “road map”, on
the basis of a number of financing scenarios, for efforts required to advance towards self-sustained
development finance and reduced aid dependency.

12. In addition, the DAC is also developing a set of good practices in promoting enterprise
development for private sector led growth. This work builds on workshops in the areas of enterprise
development, financial systems and infrastructure provision.

13. The DAC also maintains a data-base (DAC Statistics) on external financing for development,
which also covers private external flows, including FDI (from DAC donors).

14. In the Development Centre, two policy dialogue meetings will be held in 2000 which touch on
certain aspects of investment-related activities: one planned for October on Corporate Governance in
Developing Countries and Emerging Economies, and the other on The Impact of Globalisation on Income
Inequality in Developing Countries: Lessons for Policy-Makers, scheduled for end-November. Several
activities with an investment component are proposed in the draft 2001-2002 Programme of Work of the
Development Centre, to be submitted to its Advisory Board on 26th April 2000 (in collaboration with
DAFFE, STI and ELS).

15. The Working Party on Financial Statistics (WFS) collects data and promotes the
harmonisation of methodology and comparability of foreign direct investment statistics of Member
countries, based on balance of payments concepts, in co-operation with the IMF and EUROSTAT. It
issues the OECD Benchmark Definition of Foreign Direct Investment (Benchmark). In addition, CIME
and WFS collect and disseminate FDI statistics complemented by country notes identifying, for all
countries, the methodological deviations from the Benchmark. A Workshop on Foreign Direct Investment
Statistics 1999 to promote further efforts for international harmonisation of direct investment statistics will
be organised in the first half of 2001.

C. International Organisations

16. The UN plans for a year 2001 or 2002 High Level Intergovernmental Event on Financing for
Development see DAFFE/IME/RD(2000)22.

17. UNCTAD has continued working on the three main investment-related fields, paying particular
attention to the problems of developing (and transition) economies. First, the World Investment Report this
year concentrates on the problems of the different forms of foreign direct investment, mergers and
acquisitions versus greenfield investments. A series of regional seminars was organised on the topic, with
OECD experts attending them. Second, the work on international investment agreements continued in the
form of seminars, training programmes and the publication of a series of analytical studies. Third,
technical co-operation has been continued, mainly in the form of Investment Policy Reviews of individual
countries.

18. The action plan of the UNCTAD-X conference held in Bangkok in February 2000 specified the
three broad objectives for work on FDI in developing countries. First, improving the understanding of the
role of FDI, technological capacity building and enterprise internationalisation. Second, strengthening
developing countries’ national ability to formulate and implement policies to attract and benefit from FDI,
strengthen technological capacities and foster the development of enterprises. Third, improving
understanding of emerging issues, including the role of international arrangements for the purpose of
attracting and benefiting from FDI, enhancing technological capacity and promoting enterprise
development in a globalising world economy.
19. At the **WTO**, the working group on the relationship between trade and investment met in June 2000 and it is planning to meet again on 11-12 October 2000.

20. The **IMF** is engaged in numerous research projects, which deal with investment issues, including *the role of tax policy in attracting FDI; capital flows to developing countries and host country competition for FDI* and a joint OECD/IMF survey on FDI statistics (see above).

21. The **World Bank** has a number of research projects dealing with investment issues, including the nature of capital flows to emerging markets and the relationship between trade, technology diffusion, foreign direct investment and growth.