

United Nations Conference on Trade and Development

World Investment Report

2003 **FDI Policies for Development:
National and International
Perspectives**



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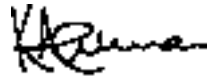
PREFACE

With its enormous potential to create jobs, raise productivity, enhance exports and transfer technology, foreign direct investment is a vital factor in the long-term economic development of the world's developing countries. Yet global investment inflows have declined significantly, from \$1.4 trillion in 2000 to \$650 billion in 2002, raising considerable concerns about prospects for achieving the Millennium Development Goals.

The World Investment Report 2003 looks in detail at what lies behind the downturn, how various regions and countries have fared, and what the chances are for recovery and growth in FDI flows at the global and regional levels.

The *Report* also assesses the interaction between national and international FDI policies and the implications this has for development. As competition for foreign direct investment increases, policies vis-à-vis transnational corporations are evolving. While national policies are the most important consideration in attracting such investment and benefiting more from it, they are increasingly being affected by rule-making at the international level. The challenge is to find a development-oriented balance.

Toward that end, the *Report* highlights some of the key issues, from the perspective of development, that need to be considered in investment agreements. Whether, how and where governments negotiate investment agreements is, of course, their own sovereign decision. But if such agreements are negotiated, the need to reduce poverty and stimulate development should take a central place as a guiding principle of such negotiations. Only then will we be able to say that investment can truly achieve its objectives.



Kofi A. Annan

Secretary-General of the United Nations

New York, July 2003

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