

Article

UN and Business: The *WIR* Prequel

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AIB Insights

Referring back to the genesis of the *World Investment Report (WIR)*, this article shows how the *WIR* fits into a key objective of the UN's business agenda: enhancing the contribution of multinational enterprises to economic growth and development. Focusing on a particular period of the *WIR* life (the second half of the 2000s), this article highlights how the Report contributed to that end through the topics selected, the involvement of local stakeholders in the production process, and academic collaboration. While building on sound analytical bases, the Report provided action-oriented policy recommendations for effective and positive changes on the ground.

My journey in trying to combine the aspirations of the United Nations with the concrete realities of the world of multinationals dates back to the beginning of my professional career, when I joined the United Nations Centre on Transnational Corporations (UNCTC), in 1979. The *World Investment Report (WIR)* did not exist yet, but the seeds were being planted. Being a young professional just out of academia, new to the world of diplomacy and international negotiations, I probably did not fully realize at the time how lucky I was to be among the early participants of UNCTC, and what a remarkable achievement its creation represented. Created in 1974, the Center was born out of turbulent times, marked by the military coup in Chile that saw the demise and death of President Allende. The role played by large US multinationals such as ITT in influencing Chile's domestic policies was the object of much finger-pointing then. This triggered an unprecedented (and controversial) move by the United Nations to step into the world of business. There were hearings on the matter in the US Senate, and a Group of Eminent Persons to study the impact of multinational corporations on development and international relations was created at the UN. It quickly recommended the establishment of a Commission on Transnational Corporations, and of an associated Research and Information Center on Multinationals. They were to become respectively the UN Commission on Transnational Corporations, and the UN Centre on Transnational Corporations (UNCTC), both established by the UN Economic and Social Council

A central element of the work programme of the Commission, and in turn the Centre, was the negotiation on a UN Code of Conduct on Transnational Corporations.

The UNCTC was only five years old when I joined but it was vibrant with activity and energy. I was so lucky to participate in the long and animated discussions on the Code, drafting and redrafting provisions, working with paper, pencil, typewriters, scissors, glue and 'white out' – no word processors at the time – even acting as the secretary of small drafting groups on a few occasions. Led in particular by energetic and inspiring personalities such as Sotirios Mousouris, Secretary of the Intergovernmental Working Group on the Code of Conduct, and its Chairman, Sten Niklasson, the work was exciting and we were enthusiastically spending days and nights on something we believed in. The Code, however, did not survive the test of time, the change in global geopolitics and the debt crisis. In 1992,

with no possibility of consensus in sight, negotiations were closed.

UNCTC, though, had another *raison d'être*, i.e. to further the understanding of transitional corporations and their "political, legal, economic and social effects on home and host countries and in international relations". The rationale was that a better clarification of these issues would help enhance the contribution of transnational corporations while "controlling and eliminating their negative effects". Along those lines, a strong body of high-quality studies started to develop. Among them, was the UNCTC report on "Transnational Corporations in World Development", which can be regarded as the ancestor of *WIR*. I contributed to the 1983 Report in that series (Transnational Corporations in World Development: Third Survey). Combining a variety of statistical tables, a discussion of trends, and some in-depth policy analyses, it established the basis on which *WIR* would later flourish.

In 1984, the Code of Conduct on Transnational Corporations was already beginning to face serious challenges but the research work on transnational corporations and their impact on development was thriving.

This is the time when I left New York and UNCTC to head to Geneva's lakeshore, and joined UNCTAD, focusing on debt and financial flows to developing countries. This was the time of the debt crisis. The attitudes towards transnationals were much less antagonistic than during the prior decade. What mattered for many developing countries was to address their needs for development finance, including through foreign direct investment. They were much more welcoming to multinationals, perceived as a means to remedy their financial deprivation. Times had changed.

Let's fast forward. UNCTAD, 1998: after a great experience with the debt/finance side of development (including a great deal of Paris Club debt negotiations), I returned to the world of FDI, to join the *WIR* team. By then UNCTC had been disbanded and its work programme transferred to UNCTAD. Not only did the work programme cross the Atlantic, so did a number of UNCTC staff too. The institutional memory and intellectual capabilities built up during the UNCTC years were hence largely preserved.

For me, it was a great feeling to get back to the field of transnational corporations and their impact on development, with a few additional feathers on my cap. The *WIR*, under the leadership of Karl Sauvant, had already gained the status of a respected publication, a pioneer in the field

of FDI, combining conceptual research and fact-based analysis. It touched upon crucial issues such as TNCs and employment, market structure and competition policy, trade and international arrangements – just to name a few – and contributed to the development and dissemination of key concepts such as that of international production networks – a concept that became central to the analysis of FDI and TNCs activities. I was in charge of trends and data analysis, leading the work on the analysis of global and regional trends – basically what is known as Part I of the *WIR*. I paid particular attention to the databanks on FDI flows and stocks, aware of the polemics that popped up almost every year when national authorities challenged the statistical information published in the *WIR*. To avoid such polemics and ensure the quality of the data used in our analysis, we set up a systematic process of data checking with national statistical offices.

I then crossed the Atlantic again, for a couple of years in Washington, DC, working among others for the World Bank Group (with FIAS, the Foreign Investment Advisory Services of IFC). Returning to Geneva in 2003, I resumed my work at UNCTAD's Division on Investment, and became the leader of the *World Investment Report* team, a function I exercised from 2005 to 2009. This gave me the opportunity to add a new dimension to the *WIR*. I felt indeed that it was important to include once in a while in the *WIR* series topics that were focused on sectors, industries or other very specific issues to keep the *WIR* rooted in its time. The analysis would touch upon issues that would be in sync with the field realities and concerns of the day, bringing the TNC work of the UN closer to the ground so to speak. This led to the publication of 'themed reports': *WIR* 2005 dealt with the internationalization of R&D, *WIR* 2007 with extractive industries, *WIR* 2008 with infrastructure, and *WIR* 2009 with agriculture (in the wake of the 2008 global food crisis). Clearly, I felt comfortable with this 'new *WIR*', as it provided an ideal opportunity to happily mix business and industry related topics and macro-economics.

But of course, the fundamental goal pursued by initiating and implementing such a change was not just intellectual. It was clear, at the beginning of this new century, that the best way in which the UN system could foster development was to explore, document and explain how high-level policy principles could be effectively turned into positive changes in key areas and sectors. R&D, mining, electricity, water, and agriculture were key for development. *WIR* had a key role to play in formulating policy recommendations that could lead to rapid and significant action on the ground.

Until the latter part of the 20th century, FDI flows were largely North–South. The early 2000s marked the rise of a new wave of FDI originating in emerging countries. In 2006, the *WIR* was devoted to this phenomenon, which was soon to become one of the distinctive features of the subsequent decades. Again, the subject was very concrete, a key illustration of the changes taking place in the global economy. I also thought at the time that these changes would have major geopolitical implications, because the traditional casting (developed countries as investors, developing economies as recipients of FDI) was changing so dramatically. There was not so much literature on this new wave back then, perhaps because the phenomenon was just beginning to be visible. It was mostly a South–South phenomenon, and China did not feature as prominently as it does today. *WIR* enjoyed a unique position, being the first report of its kind to address the new wave of FDI and its impact on development.

As successive editions of *WIR* dealt more and more regularly with issues intricately linked to the host country con-

textual environment, it became important to involve as closely as possible experts from developing regions. The series of regional seminars organized to discuss the drafts of the report helped us to get first hand views from those directly concerned, and make our policy recommendations ever more relevant. For instance, the *WIR* on R&D was discussed in Mexico (Monterrey) and Thailand (Bangkok); the report on FDI in extractive industries in Chile (Santiago), South Africa (Randburg), and Vietnam (Hanoi), and the one on FDI in agriculture was discussed in Ethiopia (Addis Ababa), Brazil (Sao Paulo), and China (Tianjin). These were interactive debates that brought the *WIR* close to the realities of the field, a sort of reality check for the Report but also for members of the *WIR* team who could benefit from close interactions with various local stakeholders.

From its inception, the *WIR* faced an existential challenge. Born and produced in a field where academic research was thriving, it had to be credible and recognized by the academic community. At the same time, it was addressed to a wide audience, targeting in particular policy makers. Indeed, one of the ultimate *raison d'être* of the work was to enable the formulation of policies that would maximize the positive impacts of TNCs while minimizing their negative effects. The challenge turned out to be a strength. Indeed, throughout its history, the *WIR* has involved prominent scholars to ensure sound analytical and theoretical foundations to its analysis. This close interaction with the academic world enabled the Report to keep in touch with theoretical developments in the field of international business, and enriched its analysis. In that respect, I would like to pay tribute in particular to John Dunning, the senior economic adviser of many *WIR* issues, with whom I was so lucky to work when leading the *WIR* team; we all benefited from his expertise, his intellectual leadership, and his kindness. My thought, and gratitude also go to Sanjaya Lall, prominent development economist. The *WIR* 2005, in particular, owes a lot to Sanjaya and his pioneering work on technology and development.

As the *WIR* celebrates its 30th birthday, it faces – like many young adults – crucial questions about its future. It is a challenge to remain visionary; to build upon what has been achieved while remaining bold and adventurous. I have no doubt that the current *WIR* team will take it to even greater heights.

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eds., Cambridge University Press, 2021).



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