

United Nations Conference on Trade and Development

World Investment Report 1997

Transnational Corporations, Market Structure and Competition Policy



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Preface

The *World Investment Report*, the seventh in this annual series, provides a comprehensive analysis and policy discussion of international investment issues. This year, the *Report* examines the interrelationship between transnational corporations, market structure and competition policy. This issue is particularly relevant because the liberalization of foreign-direct-investment regimes allows a greater presence of transnational corporations in host countries, with important implications for market structures and competition.

Major issues discussed in *WIR 97* are:

- Global and regional trends as regards foreign direct investment, including its interlinkages with foreign portfolio equity investment.
- The impact of foreign direct investment on market structure and competition in host economies, as well as globally.
- The implications of the interaction between foreign direct investment, market structure and competition for investment and competition policies at the national, regional and global levels.

As countries liberalize their foreign-direct-investment regimes and firms increase their investment activities across borders, maintaining the proper functioning of markets assumes increasing importance. Competition policy has a key role to play in this respect. By focusing on the relationships between foreign direct investment, market structure and competition, and considering policy implications arising from these relationships, this year's *WIR* rounds out discussions in previous *Reports*. These dealt with the reduction of barriers to foreign direct investment and the strengthening of standards of treatment of foreign investors.

In discussing these issues, *WIR 97* seeks to contribute to a better understanding of the role of foreign direct investment in the world economy and, in particular, its implications for developing countries.

New York, July 1997

Kofi A. Annan
Secretary-General of the United Nations

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