

Trade and Development Board, sixtieth session
Geneva, 16–27 September 2013

**Plenary on Item 9:
Investment for development: Global Value
Chains and Development**

Speaker: African Group

Wednesday, 18 September 2013

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AFRICAN GROUP GENEVA

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Statement by the Coordinator of the African Group
Delegation of the Federal Democratic Republic of Ethiopia
to the UN Office at Geneva, and other international organizations in Switzerland
at the 60th Session of the Trade and Development Board, UNCTAD
from 16 to 27 September 2013

**Item 9: Investment for Development : Global value chains and development - to be
delivered on 18 September 2013**

Excellencies,
Dr. Kituyi, Secretary-General of UNCTAD,
Ladies and Gentlemen,

I have the honor to deliver this statement on behalf of the African Group. The Group associates itself with the statement presented by Distinguished Delegate of Ecuador on behalf of the G 77 and China.

I thank Dr. Kituyi for his comprehensive and thought provoking remarks.

The African Group wishes to express its appreciation for UNCTAD for World Investment Report (WIR). The Group welcomes the thematic focus in the WIR 13 which explores the potential development gains that can be unlocked from global value chains (GVCs). These global production networks hold much potential in terms of technology transfer, skills development and job creation, which are all issues of high priority for countries of our Group. African countries, rich in natural resources, with strong growth markets, a fast urbanizing population and growing middle class, are in a strong position to benefit from the expansion of global production networks.

Mr. President,

Africa is described as the next investment frontier. FDI flows to Africa in 2012 were able to resist the trend of a global slowdown in investment growth. FDI inflows grew by 5 per cent to \$50 billion, making it one of only a very few regions to register annual growth last year. The strong economic performance of the continent – with GDP growing at an estimated 5 per cent in 2012 – encouraged the rise in investment, notably in manufacturing and services. Investment in the exploration of natural resources continued unabated. The WIR notes that transnational corporations (TNCs), especially from other developing countries, are increasingly active in Africa.

Several African countries themselves have become drivers of increased cross-border activity, with many African investors making business into countries on the continent. African investors are tapping into advantages from greater regional integration and the opportunities presented by bigger markets in their own neighborhoods. WIR data show an investment outflows from Africa – from \$5 billion in 2011 to \$14 billion last year. All of this indicates that Africa could be well poised to take advantage from the opportunities for GVC participation. It is therefore of the utmost importance that African countries use these opportunities to unlock developmental gains from GVC participation and ensure that welfare gains are shared by the great portion of their populations.

Mr. President,

We wish to commend UNCTAD's World Investment Report 2013 for its thoughtful analysis of the international investment regime and for pointing out the window of opportunity presented by two factors to overhaul that regime. The IIA regime is indeed the legal framework within which transnational corporations (which are the key drivers of global value chains) operate. The current system is marked by its complexity and incoherence. This presents enormous challenges for African countries that are capacity-constrained and resource-scarce to dedicate resources effectively. It is therefore pleasing to see that UNCTAD has identified concrete opportunities to facilitate the reform of the regime. The reform of the system could also help strengthen the development dimension in IIAs and reflects our desire to instill sustainability and inclusive growth objectives into investment policies.

The Investment Policy Framework for Sustainable Development (IPFSD) remains an important work of the UNCTAD Secretariat. In this regard, UNCTAD has already assisted a regional bloc from our group – the Southern African Development Community (SADC). Several countries from our Group also benefited from a training workshop held in Casablanca, Morocco in November last year on the theme of the sustainable development dimension in a new generation of investment treaties. We would like to thank UNCTAD for complementing its research work with this very necessary element of technical training and capacity building.

Mr. President,

The African Group emphasizes that endeavors to improve the market access of African countries will only be meaningful if such efforts are coupled by matching endeavors to enhance the supply capacities of African countries. I therefore want to thank UNCTAD for its continued efforts to assist African countries with practical assistance and advice to increase their opportunities to benefit from investment. In this regard its Investment Policy Review (IPR) Programme has been particularly valuable to support members of our Group to improve their policy environment for investment. Since the inception of the programme, more than 20 African countries have benefited from the programme and follow-up activities to support the implementation of IPR proposals. Most recently, Djibouti received the recommendations of its own IPR review, which was welcomed by the government of Djibouti. An implementation report to the investment policy review of Lesotho is currently under way and UNCTAD is assisting the Government of Lesotho in the preparation of a national investment policy, following a recommendation of the IPR.

We are also pleased to note that UNCTAD has started the background preparation to carry out an IPR of the Republic of the Congo and of the Republic of Sudan. We wish to encourage UNCTAD to intensify its efforts to support the investment environment of developing countries through the IPRs, particularly in Africa, to enable them to better participate in the world economy and in this manner advance development and bring social benefits to their people.

As many African countries lack the technical capacity to compile FDI data, and most of them find the compilation of operational data of TNC affiliates to be a challenge, we acknowledge UNCTAD's support to strengthen the capacity of African countries' government agencies to compile, disseminate and analyze data on FDI and TNC activities, through the implementation of internationally recommended methodological standards. The Group also calls on UNCTAD to continue such technical assistance both at the country and regional level.