

**GRULAC UNCTAD
G E N E V A**

Statement by H.E. Mr. Diego Aulestia Valencia, Ambassador and Permanent Representative of Ecuador to WTO on behalf of the Group of Latin American and Caribbean States (GRULAC) at the Sixty-fourth session of the Trade and Development Board

Item 8 – Investment for development: Investment and the digital economy

Tuesday, 12 September 2017(afternoon session)

Mr. President, H.E. Ambassador Tudor Ulianovschi (Moldova),
Mr. James Zhan, Director of the Division of Investments and Enterprise,
Excellencies,
Distinguished delegates,

Mr. President,

1. I have the honor to deliver this statement on behalf of the Group of Latin American and Caribbean Countries (GRULAC).
2. The Group of Latin American and Caribbean Countries (GRULAC) expresses its appreciation for the research that UNCTAD carries out on foreign direct investment (FDI) and, accordingly, welcomes the publication of the "World Investment Report 2017".
3. One of the central messages of this Report is that the FDI outlook for 2017 is moderately optimistic for most regions. However, GRULAC notes with deep concern that, unlike the global trend, FDI prospects for the region are not positive, as investment flows are expected to fall by about 10%, to \$ 130 billion. This situation is particularly serious if one takes into account that FDI continues to be a key source of financing for developing economies.
4. While the Report cites the continuation of the economic recession and the weakness of commodity prices and export pressures as causes for the poor performance of FDI in the region, a more focused analysis, particularly on the volatility of investments in the extractive sectors, might offer guidelines that could assist Member-states in the design of public policies aimed at reversing this situation.
5. The Group pays particular attention to the thematic approach of the Report, which focuses on investment and the digital economy. The Group is conscious of the opportunities offered by the digital economy in terms of growth and development. However, the challenges facing the region in this area, such as the design of an appropriate regulatory framework, the investment in infrastructure, and the digital gap, should not be underestimated. From that perspective, the report provides useful inputs for discussions on the expansion of the global digital economy and its impact on investment and development.

6. GRULAC recognizes the value of UNCTAD's program of work on International Investment Agreements. This is a theme to which the Group attaches particular importance because, as the "World Investment Report 2017" indicates, the number of dispute resolution cases between investors and state based on this type of treaties, most of which are considered as "old generation", continues to increase, reaching a total of 767 until January 2017. In addition, the fact that, until the end of 2016, the complainant companies had won 60% of all cases presented, cannot be overlooked.
7. Against this background, the Group considers necessary to move expeditiously into the second phase of the roadmap for the reform of the International Investment Agreements, that is, the modernization of old-generation treaties, in order to build a balanced regime that safeguards the regulatory power of the state and incorporates development as one of its fundamental pillars. In this regard, we look forward to the next multi-annual expert meeting on investment, to be held here in Geneva this October.
8. GRULAC would like to highlight the value of UNCTAD's technical assistance in relation to the International Investment Agreements for the members of the Group, in particular the advisory services offered with respect to the practical evaluation of the existing new investment treaties, as well as the implementation of a free database.
9. Likewise, GRULAC supports the Investment Policy Review Program (IPR), whose recommendations have a positive impact on the design of public policies on investment flows, the Global Action Menu for Investment Facilitation, and the UNCTAD work program on business development, which has provided valuable technical assistance to the members of the Group.
10. To conclude, I must stress that for GRULAC investment in basic infrastructure, health and education, as well as in productive capacity to generate employment, greater equity and income growth, is fundamental to the achievement of sustainable development. We, therefore, encourage UNCTAD to continue its work on investment in its various facets and reiterate our support for furthering the dialogues that will enable the delivery of concrete results in the benefit of developing countries.
11. The members of GRULAC who are part of the Group of 77 and China associate ourselves with the statement made by the distinguished Chair of the G77 and China.

Thank you very much,