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2020 World Investment Report

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Geneva, 9 September 2020

- CHECK AGAINST DELIVERY –
Mr President, Secretary General, Excellencies, distinguished Delegates,

I have the honour to speak on behalf of the European Union and its Member States.

At the outset, we would like to thank UNCTAD for this very insightful 2020 World Investment Report. The report is very timely given the major developments and upheavals on global investment flows as a result of the COVID-19 pandemic. As per usual practice, the report offers a comprehensive and well-argued set of statistics and analytical forecast. The report’s special section on the transformation of international production in the next decade is particularly illuminating and highly recommended reading for policymakers. The validity and robustness of the analysis are confirmed by the widespread recognition and quotation of the presented findings by different stakeholders all around the globe.

The report, as well as its early pre-report briefing papers, confirm the dire situation of global investment flows. The 40% expected fall in FDI for 2020 and a further 5-10% in 2021 will unquestionably bear consequences in terms of growth and employment for years to come. And while all countries are affected, the averages hide important differences. Indeed, the effects greatly depend on the structure of the country’s economy and on its ability to implement policy measures that support businesses while creating an attractive domestic investment climate.

As noted by the report, many countries introduced some form of investment policies to mitigate the negative effects of the pandemic on FDI. Enactment of such policies in light of such a profound shock can be a suitable approach, provided these are temporary. At the same time, we should ensure that such investment policies contribute to the global 2030 Agenda by creating a business environment that will attract sustainable investments, add to the resilience of the country and be compatible with multilateral or bilateral commitments agreed by the country. On the upside, the report also notes that in response to the pandemic, several countries have introduced investment facilitation measures such as more online tools, eRegulations, acceleration of approval procedures, automatic renewal of permits, reduction of fees, etc.
Furthermore, the report offers an insightful perspective on the underlying megatrends in terms of technology, economic governance and sustainability, for the transformation of the international production and value chains. In this regard, the report offers an interesting observation on the link between automation and reshoring. In terms of longer term impacts, the report suggests that the different trajectories all point in the direction of shorter value chains, more concentrated added value and reduced cross-border investment in physical productive assets. Undeniably, there are benefits in such transformation, but also challenges. Consequently, certain aspects of the traditional investment-development path might need to be reconsidered in the longer term. **However, one should not view these conclusions as an alternative to the current multilateral order but rather as an opportunity for structural improvements of production processes resulting in better access to value chains for SMEs and for better preparedness for future crises.**

Indeed, the **globalised nature of our society and economy is a fact.** Pretending otherwise only slows us down in making the necessary changes. Our post-COVID-19 recovery requires well-functioning global value chains, as well as the opportunities supplied by open and interconnected markets. But this “opportunity of openness” must be paired with policies that will address the vulnerabilities in our supply chains.

The **EU is in the process of detailing what this means concretely by building on our “Open Strategic Autonomy”.** This absolutely does not mean closing off our economy, as the autonomy reference might imply. Rather it means building a better, fairer and more sustainable kind of globalisation, with strong and up-to-date multilateral rules, based on the opportunity of openness and diversified supply chains. Indeed, this creates additional and ample opportunities for our trading partners, reinforced through our global network of 76 trade deals.

We also remain **committed to supporting developing countries in their path towards sustainable development and in building back better post-COVID-19.** By being the largest ODA donor, as well as the biggest FDI origin for many developing countries by a considerable margin, we continue to support these countries in identifying and
implementing their nationally appropriate investment policies compatible with multilateral rules, and in attracting and facilitating investments for reaching the SDGs. In this sense, the EU External Investment Plan, an integrated instrument for mitigating risks, providing financing and technical assistance, and supporting policy dialogue, aims to leverage €47 billion of investment in our partner countries. This is further boosted by the €36 billion “Team Europe” global response to COVID-19, providing for emergency and recovery support to those most in need. Beyond that, the EU is part of the multilateral alliance in support of Integrated National Financing Frameworks, which is also mentioned in the report. These Frameworks will help our partner countries set up sustainable investment-facilitating frameworks and promote nationally owned and government-led implementation of the SDGs.

This brings me to another key element of this World Investment Report – the importance of the private sector involvement for attaining the SDGs. As also noted in our statement on last year’s World Investment Report, attracting private capital is of fundamental importance for the 2030 Agenda. This has only become more critical for the post-COVID-19 recovery efforts, when we are all faced with struggling public finance and an increasing public debt.

As this year’s report correctly notes, to ensure a positive developmental impact of the private capital, it is crucial that these investment flows integrate good environmental, social and governance practices. And for this to take place, effective domestic measures in terms of good governance, regulatory stability, non-discriminatory practices, and strong and accountable public institutions, are fundamental for creating an enabling investment environment, as highlighted in Para. 36 of the Addis Ababa Action Agenda.

On this note, the EU and its Member States would like to highlight the importance of bilateral and multilateral cooperation, resulting in better enabling environments and an increase of investments that contribute to sustainable development. The WTO negotiations on Investment Facilitation for Development, in which many of us already participate, provides such an opportunity.
In conclusion: we highly commend UNCTAD for this excellent analytical work on investment and encourage the Secretariat to continue supporting developing countries in their efforts to establish inclusive and facilitating investment frameworks, coherent with their national development plans. Experience over the years confirms the value of UNCTAD in the field of investment analysis and reporting, as well as investment promotion. The observed high level of developing countries’ ownership and trust in UNCTAD’s investment related work resulted in improved investment climate through better regulation and improved implementation of national policies.

The EU and its Member States remain committed to engage with our development partners on this complex and multifaceted endeavour of creating the necessary enabling environment to attract and facilitate investment flows that will help us all build back better and greener.

Thank you.