

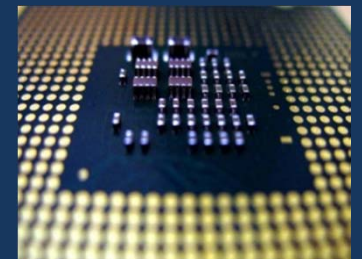
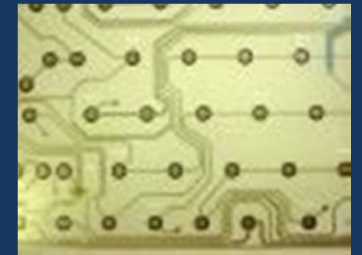
# Investment for development:

Towards a new generation of investment policies for inclusive growth and sustainable development

**Anabel González**

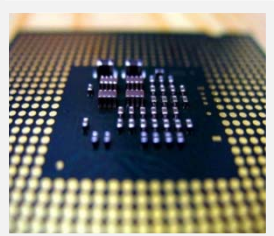
**Minister of Foreign Trade, Costa Rica**

59th Session – Trade and Development Board  
Geneva, September 24<sup>th</sup>, 2012



# Content

- 1 The starting point
- 2 The case of Costa Rica
- 3 The global competitive scenario:  
Where do we stand today?



# 1 The starting point

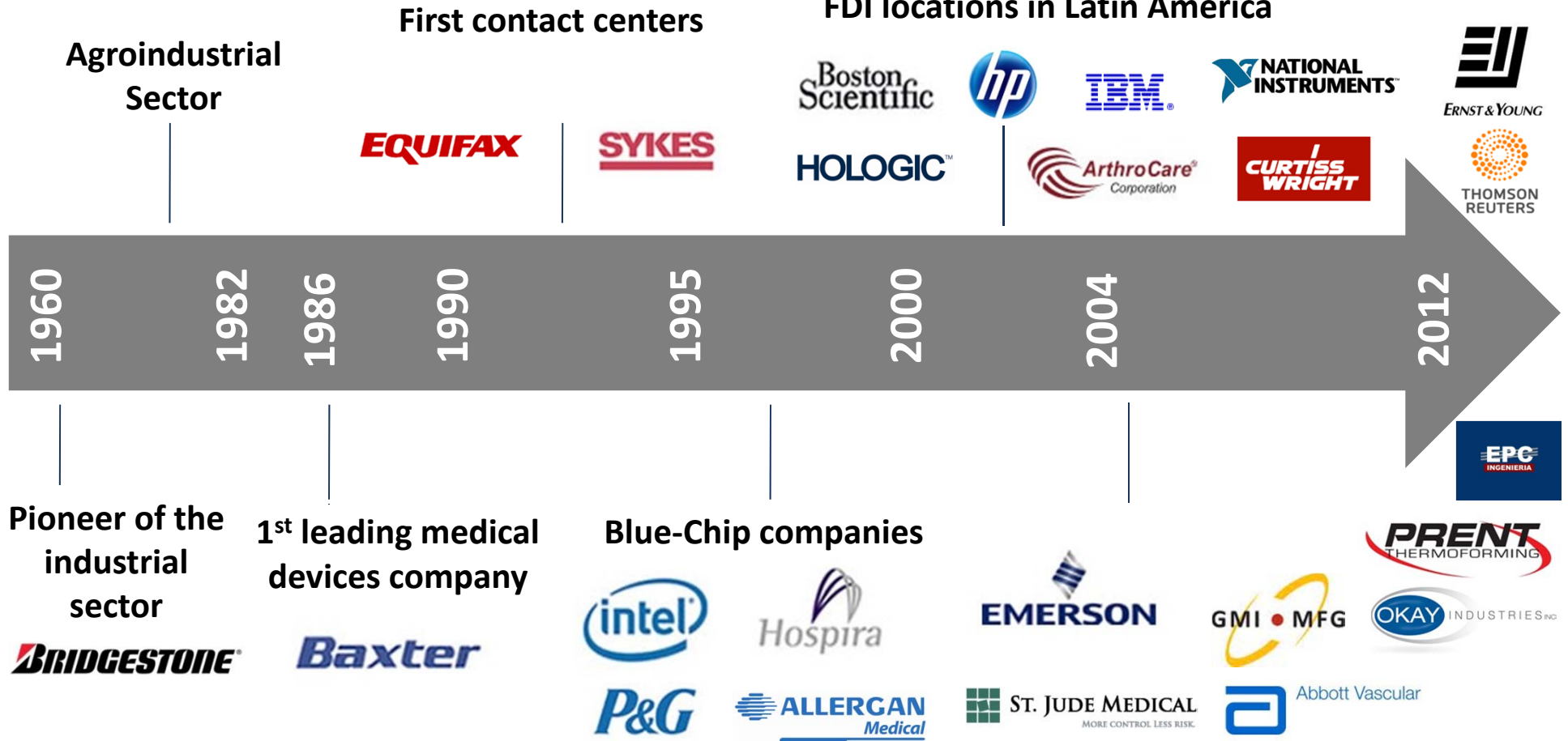
- FDI is a powerful engine for growth and sustainable development
- Key points for setting the stage to maximize the benefits of FDI:

- A Embedding investment policy in the national development strategy
- B Aligning investment policy with policies in other areas
- C Making investment policy consistent over time

# 2

## The case of Costa Rica: Evolution of FDI

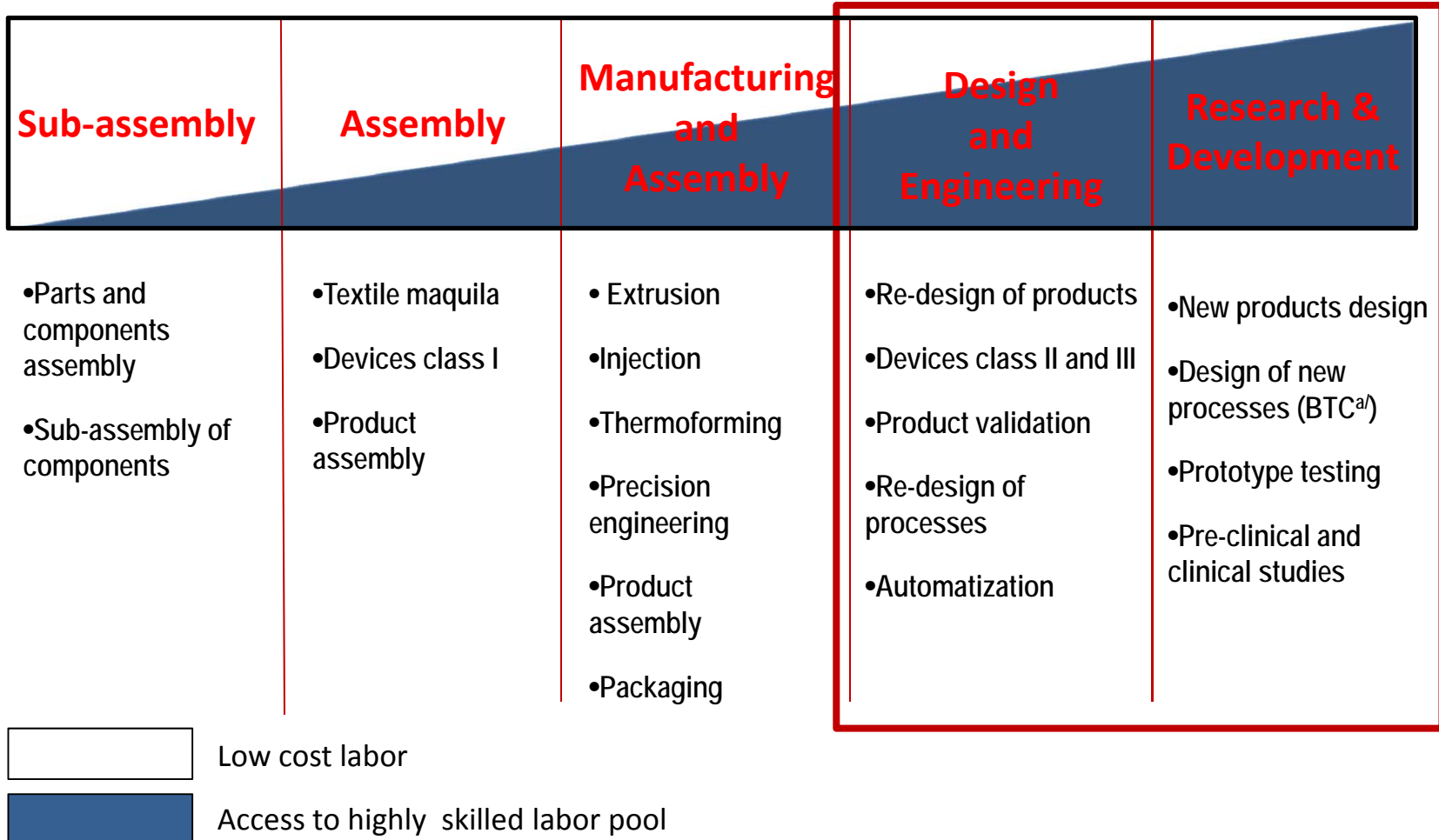
Consolidation of CR as one of the main FDI locations in Latin America



# 2

## The case of Costa Rica: Evolution of FDI

Towards increased sophistication of production processes



Source: CINDE, 2011

Notes: <sup>a/</sup>Business Transformation Center.

# 2

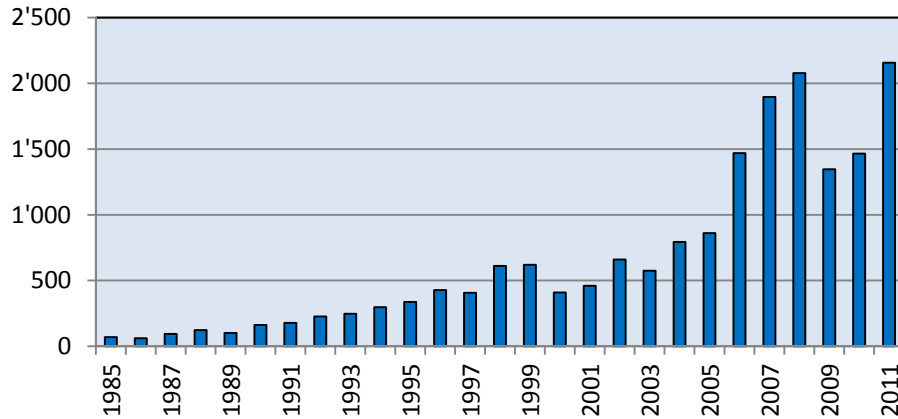
## The case of Costa Rica: Impact of FDI



# 2

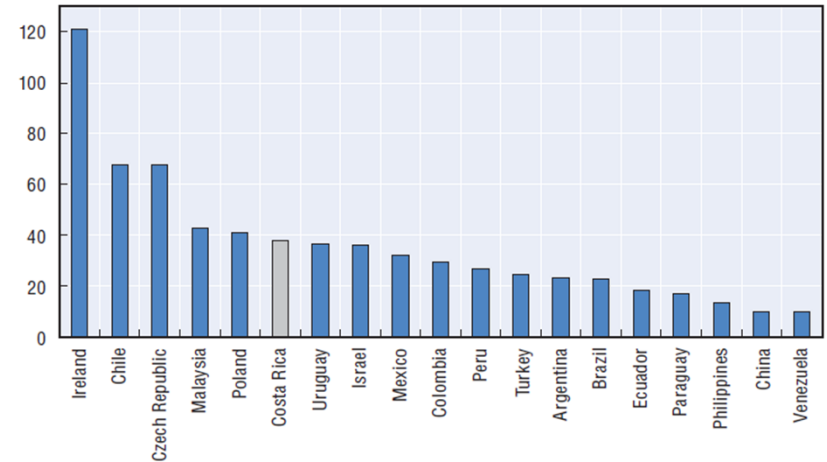
## The case of Costa Rica: Impact of FDI

Costa Rica: Evolution of FDI, 1985- 2011 (USD millions)



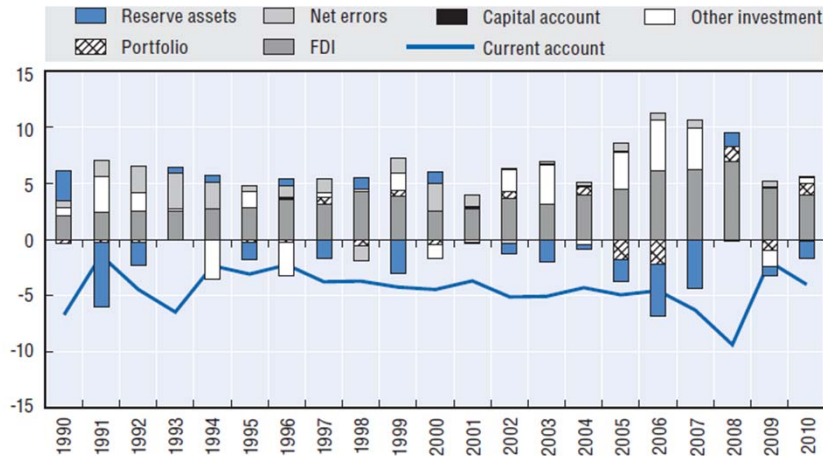
Source: COMEX using Central Bank of Costa Rica data

Stock of FDI, selected economies, 2010 (% GDP)



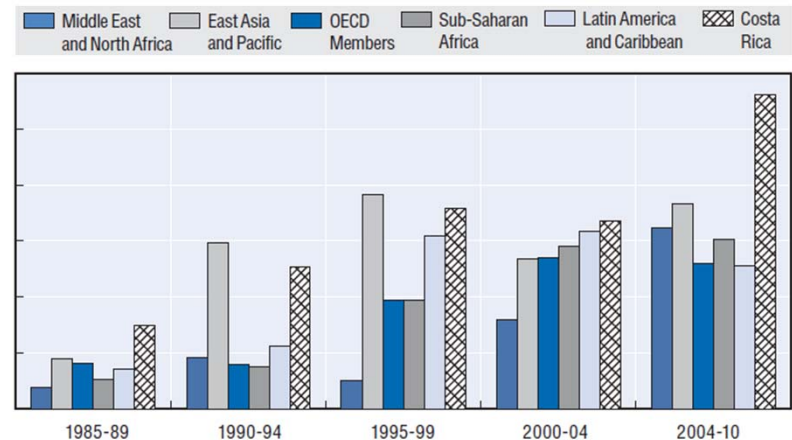
Source: OECD based on UNCTAD FDI data

Costa Rica: Balance of payments, 1990 - 2010 (% GDP)



Source: OECD based on IMF data

FDI, selected economies, 1985 -2010 (net inflows as % of GDP)

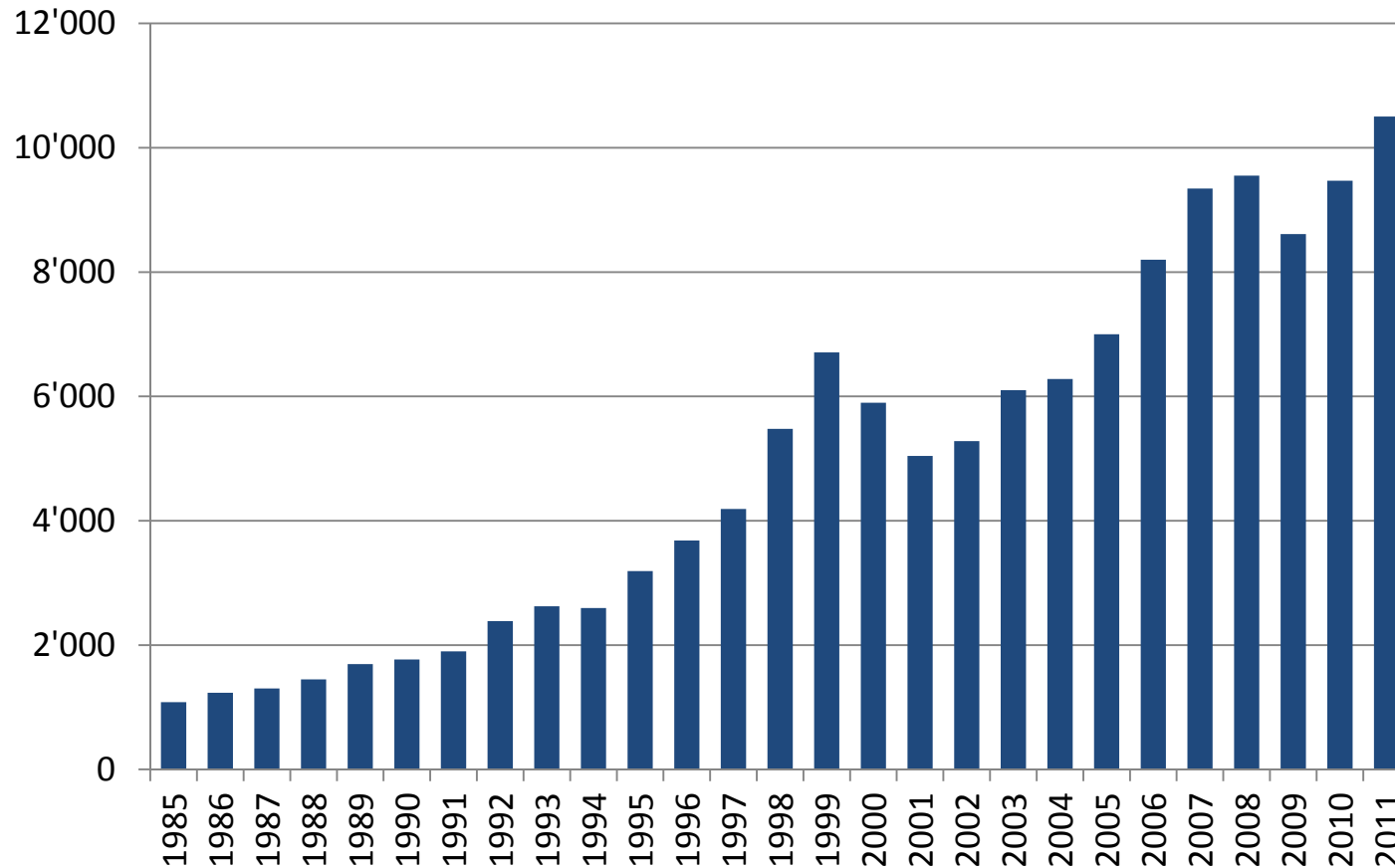


Source: OECD based on World Bank data

# 2

## The case of Costa Rica: Impact of FDI

Costa Rican: Evolution of exports, 1985 - 2011 (USD millions)



4300 products

145 countries

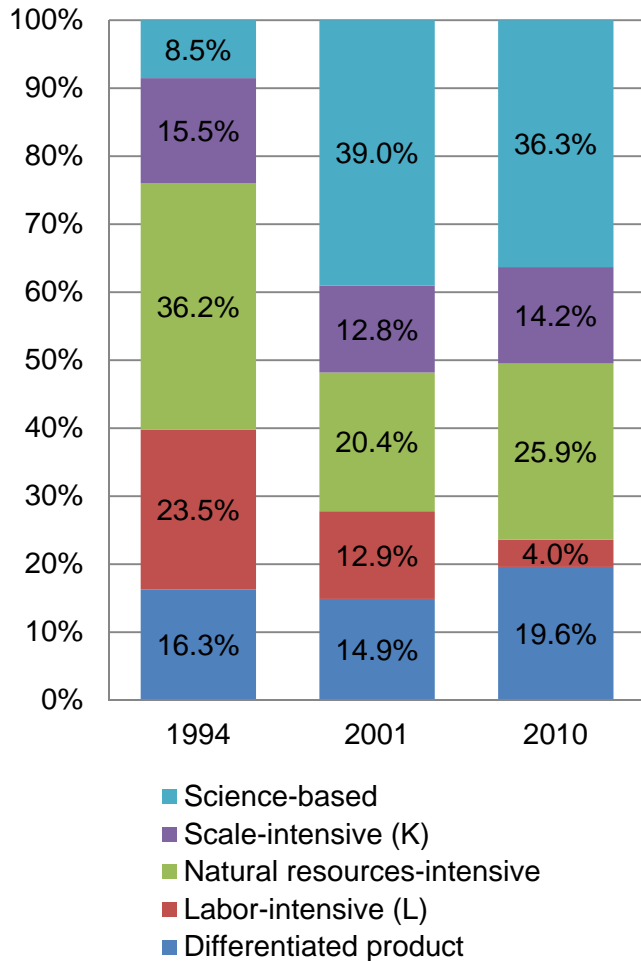
Source: COMEX with PROCOMER data



# 2

## The case of Costa Rica: Impact of FDI

Structure of industrial exports by intensity in the use of factors of production



Source: CINDE, PROCOMER

Costa Rica: Top exports 2011

- Integrated circuits and electronic microstructures (18.02%)
- Precision and medical equipment (11.92%)<sup>a/</sup>
- Banana (7.41%)
- Pineapple (6.91%)
- Gold coffee (3.56%)
- Other food preparations (2.99%)
- Pharmaceuticals (2.34%)
- Textiles (2.15%)
- Electric cables (2.09%)
- Palm oil (1.93%)

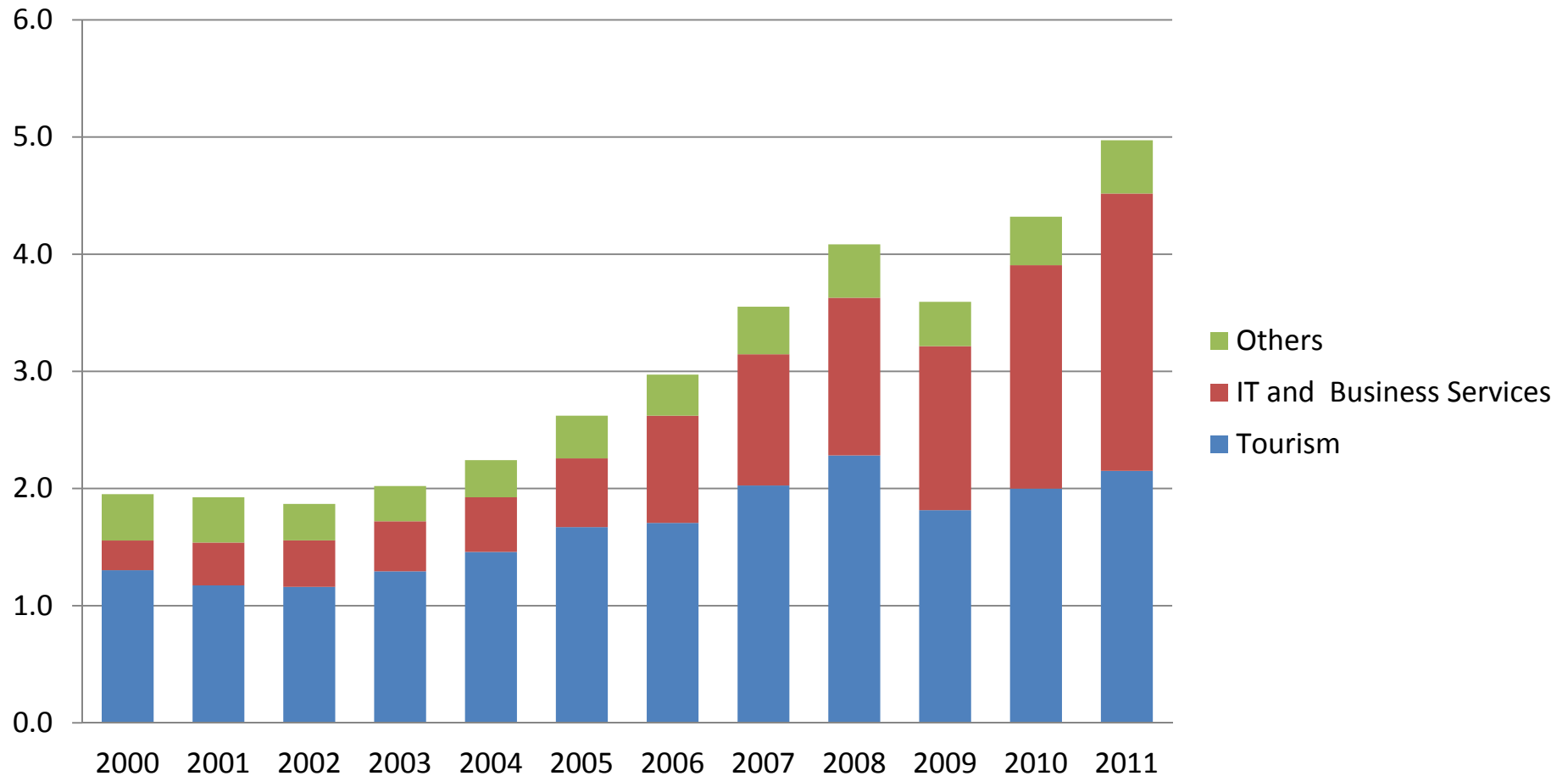
Source: Procomer, Comex, 2012

Note: a/ This sector comprises IV sets, medical prosthesis and other medical devices

# 2

## The case of Costa Rica: Impact of FDI

Costa Rica: Evolution of exports in services, 2000-2011 (USD billions)

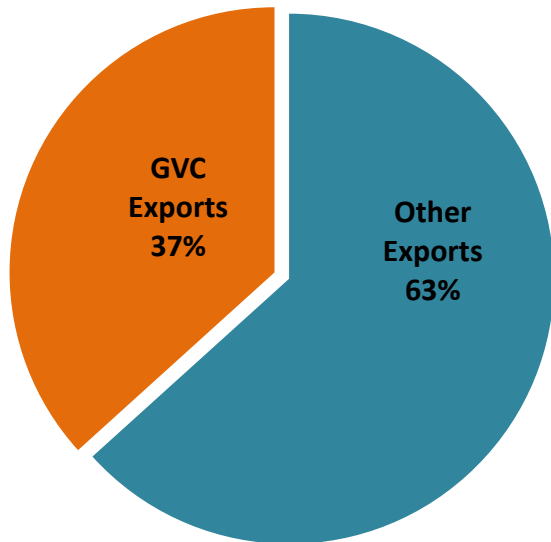


Source : COMEX based on data from Central Bank of Costa Rica

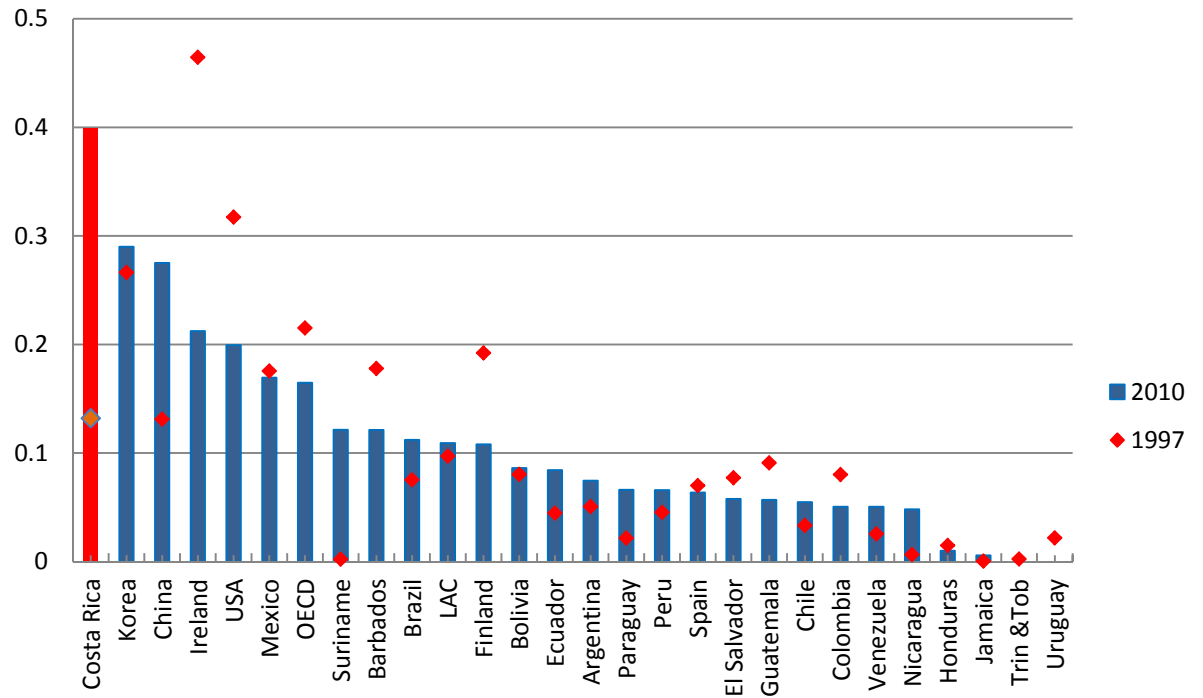
# 2

## The case of Costa Rica: Impact of FDI

Costa Rica: Participation of global value chains in total exports, 2009 - 2011



Share of high - tech exports in manufactured exports, selected economies



Source: COMEX using Central Bank of Costa Rica data

# 2

## Key drivers of investment in Costa Rica

### Strategic vision - proactive and coordinated approach

- Attraction of FDI
- Interagency execution

### Sound business environment

- Political and economic stability
- Export processing zone regime

### Solid export platform

- WTO + 12 PTAs
- Robust air transportation network

### Educated work force

- Quality of educational system - 1<sup>st</sup> in LA (WEF)
- Cost competitive

### Privileged geographical location

- Middle of the Americas
- Proximity to US market

# 3

## The new global competitive scenario: Where do we stand today?

- Opportunities from unbundling of productive processes
- Key challenges:
  - Continued attraction of FDI
  - Consolidating, growing, upgrading and harnessing investment for sustainable development
- The role of UNCTAD's Investment Policy Framework for Sustainable Development

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