**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**

# Trade and Development Board, sixtieth session

**Geneva, 16–27 September 2013**

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

## Speaker: G77 and China

**Wednesday, 18 September 2013**

*Not checked against delivery **

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

GROUP OF 77 & CHINA
G E N E V A

**Statement by H.E. Mr. Miguel Carbo Benites,**
**Ambassador and Permanent Representative of Ecuador to the WTO,**
**on behalf of the Group of 77 & China, at the sixty session of the**
**Trade and Development Board - Inaugural session**

**Wednesday, 18 September 2013**

**Item 9 - Investment for development: Global value chains & development**

H.E. Mr. Triyono Wibowo (Indonesia), President of the Trade and Development Board
Mr. Pekto Draganov, Deputy Secretary-General of UNCTAD,
H.E. Mr. Kan Zaw, Union Minister of National Planning and Economic Development, Myanmar
H.E. Mr. Lamine Doghri, Minister of Development and International Cooperation, Tunisia
Mr. Chris Brett, Vice-President, Olam International
Mr. John Humphrey, Professor, Institute of Development Studies, United Kingdom
Mr. James Zhan, Director, Division on Investment and Enterprise
Excellencies, Distinguished colleagues

1. From the outset, allow me first to thank the presentations we have heard today. We have carefully followed all of them, because we recognize that investment is one of the fundamental factors for economic growth, as a source of capital, as a source of technologies and business models or as developer of the human capital necessary to underpin the productive transformations that have preceded the processes of development of mankind.

2. In this sense, no one disputes the importance of investments in the economy of any country. However, it is necessary to reiterate that like trade, investments are not an end in itself but a means to development, so for their potential can be crystallized there are conditions to be met. Without attempting to be exhaustive, I should mention that investments are more useful when they are stable, generate local employment, have a long-term perspective and are committed to the development of the host country, ie when they are clearly aligned with its policies development.

3. An important part of this equation is the legal framework that regulates investments. This framework should be balanced in order to allow investors to have certainty about the conditions under which they invest, but it also should provide security to the States that they keep policy options to be used to refine their development policies. In this field it is very important to strengthen the reflection on the contents of bilateral investment agreements and more generally on national investment policies that could be more friendly to development.

4. In this regard, we thank UNCTADs Secretariat, especially the Investment and Enterprise Division, for the excellent work done to identify key issues for using investments as a means for development. For reasons of time, among the various products prepared by UNCTAD, I would like to mention two: first, the World Investment Report, which updates us every year of the major trends in foreign direct investment flows and how to adapt national policies to promote sustainable development and, secondly, the Investment Policy Framework for Sustainable Development (IPFSD), which offers a number of alternatives for the development of a more balanced legal framework to encourage investment.

Mr. President,

5. The foreign direct investment data included in the 2013 World Investment Report confronts us to some trends that are useful to highlight at this meeting. 2012 was the first year in which developing countries took the first place as a destination for foreign direct investment. However, we need to take into account that this trend is uneven, because Asian countries have decreased their participation, while Latin America has maintained it and Africa has increased it.

6. The importance of developed countries as sources of foreign direct investment has also increased. That should make us to reflect on the need to strengthen the options for integration and regional cooperation, to take advantage of these new flows in building synergies, such as the development of economies of scale, which will allow our countries to be best placed in the international market.

7. In the field of the attraction of foreign direct investment, the Group of 77 and China will not stop to repeat that this process should not become a race to the bottom, where developing countries must scarify the minimum standard of protection of workers and of the nature. To allow investments to be a means to support sustainable development, they must be structured to contribute to both social inclusion processes as environmental protection.

Mr. President,

8. The topic of this meeting is the contribution that global value chains can make to development. While this is a relatively new issue in multilateral discussions, it has been given ample space, so that UNCTAD has also sought to contribute to this process. We appreciate the contributions included in the World Investment Report, which allow us to have elements about the advantages and challenges of the insertion of developing countries in these mechanisms.

9. Developing countries, not having sufficient endogenous capacity to access on equal terms in these chains, look to foreign direct investment as one of the primary sources to develop economic sectors that are able to insert themselves in advantageous conditions on these global production chains.

10. The main challenge for developing countries is not to be inserted in the value chains: any country that participates in international trade is in one way or another related to these processes. The major challenge is to generate a production level that allow developing countries to enter these chains not only at its base, but also at other levels, in order to generate higher quality jobs. This requires strengthening the productive transformation processes in order to develop higher value-added products and to diversify export markets, through specialization of human resources and development of the industrial capacity, including the service sector.

11. In an increasingly specialized international market, collaboration between private sector and States is essential. But such collaboration should be equilibrated, aimed to build balanced relationships that allow enterprises to have their due revenue, but also allowing recipient countries to benefit from the relationship. Foreign direct investment should be a win-win exercise, which can contribute substantially to the insertion of developing countries on favorable terms into global value chains.

Thank you very much