European Union

Statement

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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Agenda Item 3 – World Investment Report 2019

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Statement by the European Union Delegation to the UN and other international organisations in Geneva

Geneva, 01 October 2019

- CHECK AGAINST DELIVERY –

World Investment Report

Dear Secretary General, Mr Kituyi, Mr. President, Excellencies, distinguished Delegates,

I am pleased and honoured to speak on behalf of the European Union and its Member States in this session of the Executive Trade and Development Board. We commend UNCTAD for its high-quality work on the interrelation between investment and sustainable development and we would like to welcome this year's World Investment Report (WIR) – a key document that underpins our collective efforts to achieve the SDGs.

In this context, we are concerned about the WIR's finding that global Foreign Direct Investment has decreased by 13% in 2018 – the third consecutive annual decline. This adds to the significant shortfall of almost 30 trillion USD[1] in SDG funding. To overcome this situation, open markets, a stable international investment climate and fair domestic legal frameworks, that provide equal opportunities for all, are indispensable requirements. The EU remains firmly committed to all of these central issues, in particular at a time of rising protectionism.

At the same time, we are pleased to see that developing countries managed to keep their FDI inflows at a stable increase of 2%, with Africa alone experiencing a remarkable increase of 11% over the past year. We strongly welcome this noticeable development, clearly showing that, together, developing countries and the international community as a whole have already achieved a lot in strengthening the economic resilience of the developing world – a good omen for our future collective efforts.

Moreover, we would like commend the Secretariat for focussing this year's WIR on Special Economic Zones (SEZs) – an increasingly popular instrument to promote economic development across developing countries. While we do agree that SEZs can make an important contribution to investment and economic growth, it is worrying that, according to the WIR, the performance of many zones remains below expectations. More problematically, despite significant levels of public investment, only a few developing countries regularly assess the performance and economic impact of SEZs, putting governments' fiscal sustainability at risk.

In light of these challenges, the EU believes that a number of issues are of critical importance to harness the economic opportunities of SEZs: first, SEZs need to be in line with WTO

[1] https://www.undp.org/content/undp/en/home/news-centre/news/2018/UNDP_launches_SDG_Impact_to_help_unlock_investment_in_the_UN_Global_Goals.html

commitments to avoid undermining the rules-based, multilateral trading system; second, they should be built on transparent regulatory frameworks to attract more foreign investment; and, third, SEZs need to comply with the highest standards of environmental and social governance that are enforced, on a national or international level, in order to strengthen environmental protection, promote gender inclusiveness and foster labour protection. As such, we welcome the WIR's suggestion to transform SEZs into "SDG model zones", reconciling economic development with all dimensions of sustainability.

Chair, Distinguished Delegates,

At a time of falling global FDI flows, the EU and its Member States continue to believe that public and private investment is a vital driver of sustainable development and economic diversification in developing countries. In line with this, we have implemented a number of investment initiative since 2016: we launched the *EU External Investment Plan* to strengthen sustainable investment in Africa and EU neighbourhood countries, leveraging more than 44 billion EUR by 2020[2]; together with our African friends, we kicked off the *Africa-Europe Alliance for Sustainable Investment and Jobs*, creating 10 million jobs in the next 4 years and providing vocational training to more than 750,000 people[3]; and, finally, the EU and its MS sustained their leading position as the biggest ODA donor in the world, accounting for 57% of the total global development assistance in 2018[4]. With these efforts in mind, we remain fully committed to our targets in the Addis Ababa Action Agenda (AAAA, Para. 51), in particular our aim to increase ODA for LDCs to 0.20% of EU Gross National Income by 2030.

However, to fully achieve the 2030 Agenda and to attain the financial means to implement the SDGs, attracting private capital will be of major importance for developing countries. Here, we are convinced that effective domestic measures can have a particularly positive impact: indeed, as highlighted in Para. 36 of the AAAA, good governance, democratic structures and regulatory stability all play a pivotal role for creating an enabling investment environment. To this effect, we appreciate UNCTAD's support to provide transparency on how investments are made in support of sustainable development, particularly with the Sustainable Stock Exchange Initiative.

[2] https://ec.europa.eu/commission/sites/beta-political/files/external-investment-plan-factsheet_en.pdf
[3] https://ec.europa.eu/europeaid/news-and-events/state-union-2018-towards-new-africa-europe-alliance-deepen-economic-relations-and_en
[4] http://europa.eu/rapid/press-release_IP-19-2075_en.htm

We therefore believe that combating corruption, eliminating discriminatory investment policies and the building, or further strengthening of accountable, public institutions are key priorities to promote FDI inflows.

The EU stands ready to actively engage with our development partners on these complex endeavours – in close cooperation with UNCTAD which can and should play a re-vitalized role in this context. We commend UNCTAD for its work on investment and encourage the Secretariat to further support developing countries in their efforts to establish inclusive investment frameworks.

Thank you.