

Global Leaders Forum

Charting a New Development Course in a Changing World

60th Anniversary of UN Trade and Development (UNCTAD)

High-level session

Palais des Nations, Geneva, Switzerland

13 June 2024

CONCEPT NOTE

Reshaping foreign direct investment and global value chains for development

Foreign direct investment patterns and global value chains are changing fundamentally. The growth of FDI has lost pace with GDP and trade. There is less investment in manufacturing and more in services. And geographical links and investment relationships are becoming much less stable.

These changes affect the prospects for developing countries to increase their GVC participation and to gradually upgrade to higher value-added industrial activities; the GVC development ladder is becoming harder to climb. Changes in the patterns of sources and destinations of investment due to global economic fracturing and resilience trends can bring opportunities for some countries but are a challenge for most. They introduce new complexity and increase uncertainty for both investors and investment policymakers as geopolitical considerations become more important FDI determinants.

The sectoral shifts and geographic rebalancing that are taking place offer potential benefits mainly to larger developing economies equipped to compete for investment in the burgeoning services sector. Other developing countries face declining manufacturing investment and a shrinking pool of efficiency-seeking, lower-value-added projects to leverage for GVC participation. This necessitates a re-evaluation of traditional strategies to harness FDI for inclusive and sustainable development.

This session aims to explore the implications of the GVC transformation for the future Investment-GVC-Development Path, considering the need for sustainability, inclusiveness, and resilience – contributing to the overall theme of the event of “Charting a New Development Course in a Changing World”.

The session will bring together thought leaders and policymakers. It will feature a structured debate, built on the background document “Global economic fracturing and shifting investment patterns – a diagnostic of 10 FDI trends and their development implications”. Participants will aim to answer questions such as:

- What policies should developing countries prioritize in future to maximize the sustainable development benefits of FDI and GVCs?
- How can they minimize risks in a fracturing world economy, and how can they capture possible opportunities from moves to diversify supply chains?
- What can the international community do to support this, and what should be avoided?

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