A NEW GLOBAL INVESTMENT LANDSCAPE, A NEW GENERATION OF INVESTMENT POLICIES

Presentation on UNCTAD's Investment Policy Framework for Sustainable Development and the World Investment Report 2015: Reforming International Investment Governance

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The new global investment landscape Outline

- > Trends in investment flows: tectonic changes
- > Trends in investment policies
- UNCTAD Investment Policy Framework for Sustainable Development
- UNCTAD Roadmap for International Investment Governance Reform

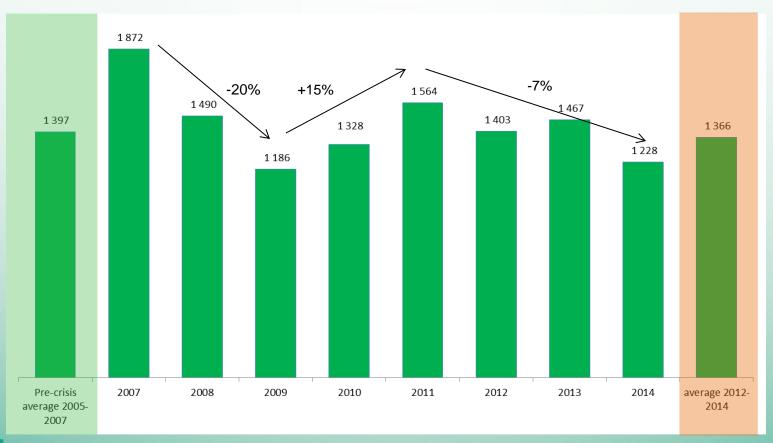




FDI recovery road proves bumpy

Global FDI inflows (Billions of dollars)









The trend of FDI flows is in contrast with other macro variables

Growth rates of global GDP, GFCF, trade, employment and FDI, 2008-2016 (Per cent)

Variable	2007	2008	2009	2010	2011	2012	2013	2014	2015 ^a	2016 ^a
GDP	5.7	3.1	0.0	5.4	4.2	3.4	3.3	3.4	3.1	3.6
Trade	7.9	2.9	- 10.3	12.5	6.7	2.9	3.3	3.3	3.2	4.1
GFCF	8.3	3.0	- 3.5	5.7	5.5	3.9	3.2	2.9	3.0	4.7
Employment	1.7	1.2	1.1	1.2	1.4	1.4	1.4	1.3	1.3	1.2
FDI	34	- 20.4	- 20.4	11.9	17.7	- 10.3	4.6	- 16.3	11.4	8.4
Memorandum:										
FDI value (in \$trillions)	1.9	1.5	1.2	1.3	1.6	1.4	1.5	1.2	1.4	1.5

Source: UNCTAD, FDI/MNE database for FDI in 2007-2014; IMF (2015) for GDP, GFCF and trade, ILO for employment; and UNCTAD estimates for FDI in 2015-2016.

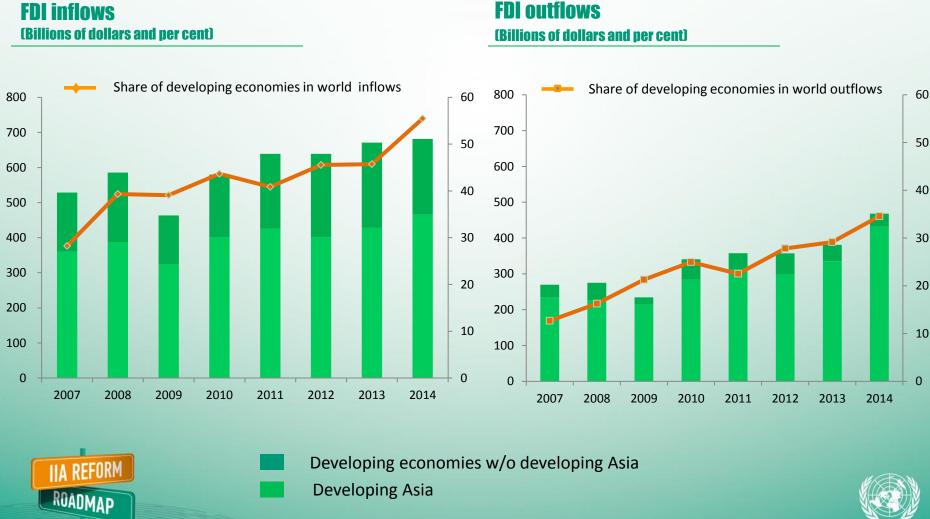
Note: Excluding Caribbean offshore financial centres. GFCF = Gross fixed capital formation.





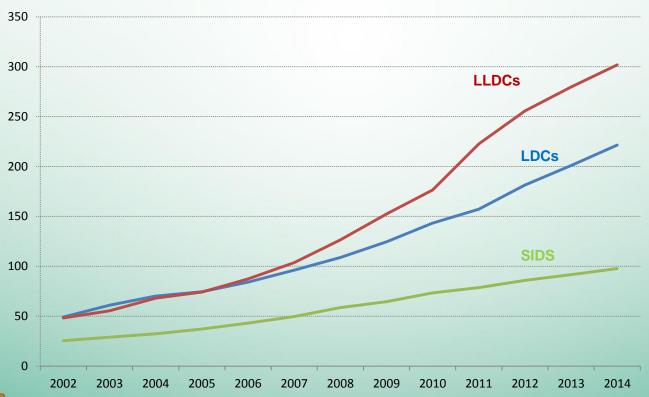
^a Projections.

Developing economies are the driver of global FDI flows Asia is the largest recipient and investor



Over the past decade, FDI stock tripled in LDCs and SIDS and quadrupled in LLDCs

FDI inward stock, 2002-2014 (Billions of dollars)



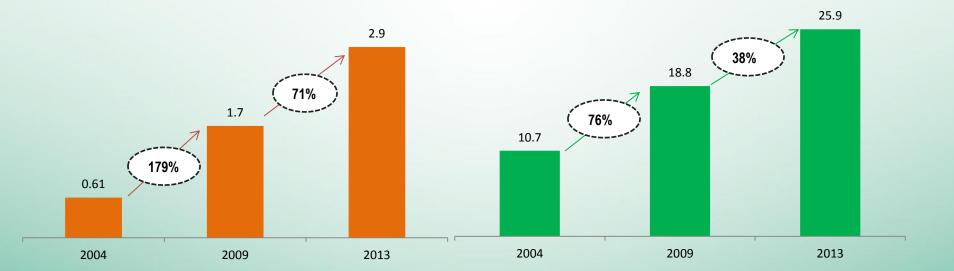




South-South FDI have intensified in recent years

Estimated South-South FDI stock (Trillions of dollars and per cent)

Global outward FDI stock (Trillions of dollars and per cent)

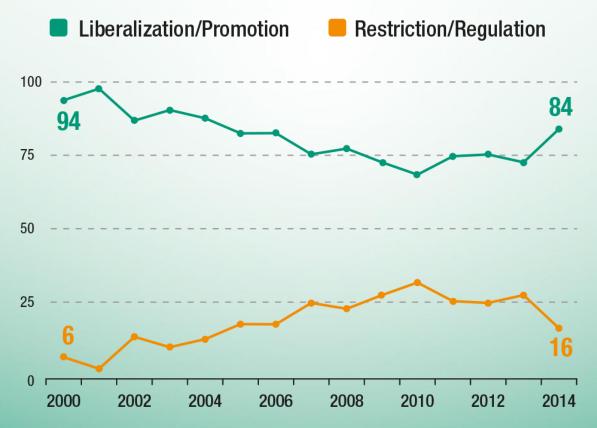






Dichotomy in national investment policy developments

Trends in national investment policies, 2000–2014 (Percent)







International investment policies: new IIAs in 2014: 31 88 countries involved in 7 megaregional negotiations (concluded and/or ongoing)

Trends in IIAs signed, 1980–2014





UNCTAD's Investment Policy Framework 2015

Investment Policy Framework for Sustainable Development

Core Principles

"Design criteria" for investment strategies, policies and treaties

National investment policy guidelines

Concrete guidance on how to formulate investment policies and regulations and on how to ensure their effectiveness

IIA guidance: policy options

Framework and toolkit for designing and negotiating international investment treaties

Action menu: promoting investment in sustainable development

Strategic initiatives to mobilize funds and channel investment towards sectors key for sustainable development prospects





UNCTAD Roadmap for IIA Reform (WIR 2015)

6 GUIDELINES

5 AREAS

4 LEVELS

Harness IIAs for SD

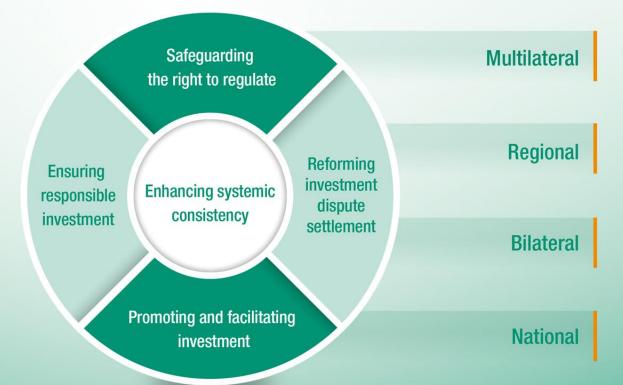
Focus on critical reform areas

Act at all levels

Sequence properly

Inclusive / transparent process

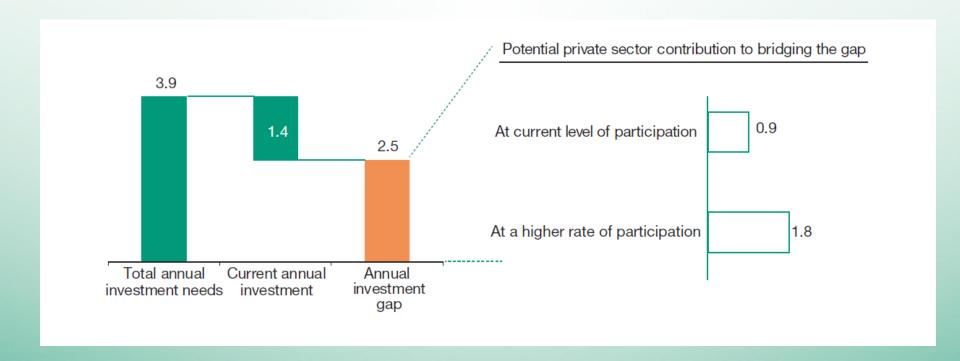
Multilateral support structure







Estimated annual investment needs for SDGs and potential private sector contribution (WIR2014) (Trillions of dollars)







A Transformative Action Plan for the SDGs (WIR 2014)

New generation of investment promotion strategies and institutions

- At national level:
- New investment promotion strategies focusing on SDG sectors
- New investment promotion institutions: SDG investment development agencies developing and marketing pipelines of bankable projects
- New generation of IIAs:
- Pro-active SDG investment promotion and facilitation
- Safeguarding policy space for sustainable development

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New forms of partnerships for SDG investment

- Partnerships between outward investment agencies in home countries and IPAs in host countries
- Online pools of bankable SDG projects
- SDG-oriented linkages programmes
- Multi-agency technical assistance consortia
- SVE-TNC-MDG partnerships

Reorientation of investment incentives

- SDG-oriented investment incentives
 - Targeting SDG sectors
 - Conditional on sustainability contributions
- SDG investment guarantees and insurance schemes

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Regional SDG Investment Compacts

- Regional/South-South economic cooperation focusing on:
- Regional cross-border SDG infrastructure development
- Regional SDG industrial clusters, including development of regional value chains
- Regional industrial collaboration agreements

Enabling innovative financing and a reorientation of financial markets

- New SDG financing vehicles
- SDG investment impact indicators
- Investors' SDG contribution rating
- Integrated reporting and multistakeholder monitoring
- Sustainable Stock Exchanges (SSEs)

Changing the global business mindset

- Global Impact MBAs
- Training programmes for SDG investment (e.g. fund management/financial market certifications)
- Enrepreneurship programmes in schools

Guiding Principles

Balancing liberalization and regulation Balancing the need for attractive riskreturn rates with the need for accessible and affordable services for all

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Balancing a push for private funds with the push for public investment Balancing the global scope of the SDGs with the need to make a special effort in LDCs





THANK YOU!

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