



**GROUP OF 77 & CHINA
G E N E V A**

**INTERVENTIONS BY H.E. DR. JAMES ALEX MSEKELA
AMBASSADOR AND PERMANENT REPRESENTATIVE OF THE UNITED
REPUBLIC OF TANZANIA,
CHAIRMAN OF THE GROUP OF 77 AND CHINA ON INVESTMENT FOR
DEVELOPMENT AGENDA ITEM 8 AT THE SIXTY-FOURTH SESSION
GENEVA, 12 SEPTEMBER 2017**

- The Group of 77 and China wish to express its appreciation for UNCTAD's work on foreign direct investment, which is published, amongst others, in the World Investment Report (WIR) every year. The Group particularly welcomes the thematic focus in the WIR17, which provides a useful contribution to the discussions on the expanding digital economy worldwide and its implications for investment and development.
- The Group is encouraged that UNCTAD also chose this theme as topic for this meeting of the Trade and Development Board, and look forward to robust and fruitful deliberations.
- We note with grave concern that in 2016, global investment flows shrunk by 2 per cent amid weak economic growth and significant policy risks. Flows to developing countries were especially hard hit, with a decline of 14%, to \$646 billion. Despite this global fall, some economies continued to perform well, and, as a result, developing economies still accounted for half of the top 10 recipient economies. Compared with a significant decline of outflows from developed countries, those from developing economies remained stable, at \$383 billion. This was owing to surging outflows from China, now the second largest investing country in the world.

- We note with interest that global FDI is seeing a modest recovery, with the WIR's projections for 2017 cautiously optimistic. Nevertheless, as noted in the Report, policy uncertainty and geopolitical risks could hamper the recovery, and tax policy changes in developed countries could significantly affect cross-border investment. Analysis is needed on the potential implications of these developments for developing countries.
- Turning to investment policy, the G77 and China wish to draw attention to the comprehensive analysis of investment frameworks, through which UNCTAD's Investment Policy Reviews (IPRs) support the beneficiary countries by providing concrete policy recommendations to increase investment and its development impact. The Group of 77 and China recognize the Investment Policy Framework for Sustainable Development as a core pillar guiding the preparation of IPRs and technical assistance provided to implement the reviews. The Group thus congratulates the Secretariat on the recent release of the IPR of The Gambia and on the completion of the first ever regional IPR for South-East Europe, which covers seven economies. These recent IPRs provide concrete, timely and actionable advice, in line with the tradition of the UNCTAD IPR programme.
- The Group also acknowledges the efforts made by the Secretariat to follow up on the recommendations of past IPRs, and appreciates the completion of implementation reports on Benin, Botswana and the Dominican Republic. The Group also looks forward to the preparation of an upcoming implementation report for Mauritius, which will be undertaken jointly with the elaboration of a strategic investment plan for the country. For the beneficiary economies (51 to date), the impact on the investment environment has been significant. For example, the implementation of IPR recommendations in the Dominican Republic led to their international doing business ranking improving from 117th in 2007 to 84th in 2015. Morocco experienced similar effects – it ranked 68th in 2017, compared to 129th in 2008. The implementation of IPR recommendations have contributed, among others, to the establishment of investment promotion agencies in Botswana, Morocco and Burundi, a model bilateral investment treaty – or BIT – in the Dominican Republic, the modernization of investment promotion and protection laws in

Belarus, Benin, Kenya and Mongolia, the formulation of a new investment policy regime in Lesotho, and the preparation of a national investment policy in Kenya.

- We note with appreciation that a majority of countries for which an IPR was concluded in recent years have also experienced significant increases in FDI inflows. With a pipeline of nearly 40 countries currently requiring follow-up activities or IPRs, the Group of 77 and China recognize the relevance of UNCTAD's IPR programme and calls on development partners to increase their support to this programme.
- The Group of 77 and China also wish to thank UNCTAD for its valuable analysis on international investment agreement (IIA) reform, including its continuing guidance on reform options, as expounded also in the 2017 edition of the World Investment Report. The Group recognizes the importance of sustainable development-oriented reform of the international investment regime, and the need to address the many issues relevant to older IIAs, pursuant to which a number of Group members have been involved in dispute settlement proceedings.
- The policy tools provided in this year's World Investment Report will help countries channel their efforts towards systemic and sustainable development-oriented IIA reform. In this regard, the Group also looks much forward to the multi-year experts meeting (MYEM) in October that will provide a forum to continue discussions on the second phase of IIA Reform, and, specifically, will look at the modernization of the existing stock of "old-generation" IIAs. In the absence of a formal global governance body for investment, UNCTAD has been providing a valuable platform for continued intergovernmental discussion on IIA reform. The forthcoming MYEM will present another valuable opportunity to steer this process forward.
- The Group of 77 and China would also like to recognize UNCTAD's work on enterprise development. The United Nations General Assembly has rightly pointed out the importance of SMEs in development efforts, and as such in the delivery of the sustainable development goals. UNCTAD's unceasing work to ignite the entrepreneurial spark and

unlock its development potential – more recently with targeted focus on youth, women and migrants – is highly appreciated. We commend the ongoing implementation of the Entrepreneurship Policy Framework. The framework has already been served several members from the Group, including Brazil, Cameroon, the Dominican Republic, Ecuador, the Gambia, Ghana, Nigeria, Panama, the United Republic of Tanzania and Zimbabwe. Likewise, the Empretec entrepreneurship program continued to benefit member States with the opening of new centres and the expansion of existing services. We are especially heartened by the impressive extension of entrepreneurship training in Ethiopia.

- In the area of business facilitation, the Group of 77 and China note with gratitude the launch of UNCTAD's eRegulations system in Bhutan, Kenya, Macedonia, Morocco and Viet Nam along with notable expansions made to the Rwandan and Tanzanian platforms. We wish to congratulate UNCTAD on the scope of its eGovernment initiatives, which now includes 51 systems implemented across 29 countries worldwide.

I thank you Mr. President.