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Item 9: Investment for development: Towards a new generation of investment policies for inclusive growth and sustainable development

General statements by member States
Speaker: Barbados

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Comments by H. E. Marion Williams, Ambassador for Barbados at the 59th session of the UNCTAD Trade and Development Board, September 24, 2012

Item 9: Investment for Development - Towards a new generation of investment policies for inclusive growth and sustainable development

Thank you Chair,

I first wish to thank the panelists for their thoughtful presentations. I also wish to align myself with the comments of GRULAC and the Group of 77 and China.

Investment and enterprise development are two critical factors which influence economic growth and both are heavily dependent on the involvement of the private sector. The best laid plans by governments, without access to investment funds and without the involvement of entrepreneurs, will not go very far. I therefore wish to applaud the work of UNCTAD in the extraordinary efforts it has made to bring government and business leaders together over the past several years, in particular through the World Investment Forum and many other initiatives. The Investment Policy Framework for Sustainable Development and the Entrepreneurship Policy Framework are other important examples of its efforts. The recognition that business networking opportunities can lead to concrete ideas and that coupled with investment in productive capacity and access to funding, countries can turn opportunities into real projects and to industrial expansion, needs to be constantly emphasized in developing countries to give them greater hope.

Statistics show that there is the beginning of a turnaround in investment inflows in developing countries. While this is consistent with the revival in FDI flows in 2010 and 2011 following the downturn in 2008 and 2009, it is still of concern that FDI flows to the poorest countries in the world continue to fall. Since one of the recurring themes in this conference is inequality, it is something that needs to be addressed if we are to address these shortcomings. How governments and international institutions, who are not the major investors encourage private sectors to invest in neglected countries, especially in small island developing states (SIDS, has never been an easy proposition, and while we recognize some progress in 2011 in capital flows to SIDS, this has been very uneven. This demonstrates the perennial divide between private good and the public need, which exists at both the national and international levels. In the face of high unemployment social entrepreneurship is an option which is increasingly emphasized. It carries greater commitment of projects to employment generation which is a priority for many countries and should be further considered.

Local capacity building, technological upgrading and investment promotion are areas in which governments can help to create a climate which is likely to attract investment, and we thank UNCTAD for its efforts in that regard. However, in an economic environment where many governments budgets are constrained and where the pressure to control fiscal deficits is immense, developing countries need financial assistance in trying to enhance the investment environments so as to attract the needed levels of foreign direct investment. Sovereign wealth funds, for example, are better placed than private entities to assist in this effort. The larger Funds might wish to consider earmarking some percentage of their resources to such development efforts.

As in most things, those developing countries who are trying to break through into the world of sustainable investment are doing so when, becoming successful in manufacturing and other industrial areas brings with it, not just the challenge of absorbing the technology, but additional challenges which the older and more experienced businesses did not have to deal with in such early stages of their development. Issues such as competition policy and environmental policies, commitments to trade rules and non trade measures are examples of such hurdles. Fortunately, making breakthroughs into many areas of manufacturing does not necessarily require a sequential learning process, and one can catapult into acquiring 21st century manufacturing techniques, but only provided that one has business partners that are willing to share the technology and take on training responsibilities through, for example, the use of global value chains. The price at which countries and domestic partners take this on is usually high, but they often have little choice as their options are often limited.

The search for answers for many countries has resulted in a proliferation of investment agreements and other partnership agreements. There is much hope that they will contribute to the growth in developing countries which will be more inclusive and sustainable.

Institutions such as UNCTAD have been recommending approaches that are likely to lead to economic development of all parties and hence to sustainable growth. However, developed countries and other international organizations and especially multi- national corporations (MNCs) also need to contribute to this effort, so governments can create the environment for the private sector to flourish and to increase the chances of developing countries achieving sustainable development.

I thank you.