



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

**Statement by the Group of 77 and China**

**Agenda Item 5: Investment for Development**

**Sixty-Fifth Session of the Trade and Development Board (Part-II)  
Geneva, 1-4 October 2018**

Mr. President, H.E. Ambassador Salim Baddoura (Lebanon),  
Mr. Mukhisa Kituyi, Secretary-General of UNCTAD  
Mr. James Zhan, Director, Division on Investment and Enterprise  
Excellencies,  
Distinguished Colleagues,

I have the honour to deliver this statement on behalf of the Group of 77 and China.

We thank Director James Zhan for the presentation of the 2018 World Investment Report.

**Mr. President,**

We are concerned to note the Report's main finding which observed a sharp fall in global foreign direct investment (FDI) in 2017. FDI flows fell by 23 percent in 2017 to USD 1.43 trillion from USD 1.87 trillion in 2016 in large part due to a 22 percent decrease in the value of cross-border mergers and acquisitions. However, as Report states, significant fall was also observed in the value of announced greenfield investment which fell by 14 percent to USD 720 billion. It is important to note that despite significant fall, investment still remains the largest external source of finance for developing countries.

We also note that even as global FDI fell by 23 percent, flows to developing Asia remained stable at USD 476 billion – regaining its position as the largest FDI recipient in the world. There was a modest increase in FDI flows to Latin American and Caribbean. However, FDI in Africa was at a 10-year low.

**Mr. President,**

Investment is recognized as one of the major sources of financing the 2030 Agenda, together with the provision of financial resources, transfer of technologies and capacity building for developing countries. As stated by the World Investment Report 2018, “the Addis Ababa Action Agenda on Financing for Development recognizes the important contribution that FDI can make to sustainable development, while noting that the other flows are also critical”. In this regard, fall in investment – in quantitative or qualitative terms – would surely have negative impact on the realization of the 2030 Agenda and its Sustainable Development Goals. The Secretariat is requested to share further insight into the implications of such decline in investment on financing the SDGs. How do we see investment trends in coming years and its impact on SDGs?

Developing countries need quality investment which can create jobs, enhance competitiveness and productivity and open up opportunities for local businesses including most importantly micro, small and medium-sized enterprises.

The Report has also observed a sharp decline in number of new International Investment Agreements (IIAs) concluded in 2017, which was the lowest since 1983. This may be partly due to high number of Investor-State dispute settlement claims. There are many questions surrounding the efficacy of IIAs in delivering the desired results at a time when alternative mechanisms have worked well in some jurisdictions. We need to further contemplate the reasons for decreasing level of confidence on IIAs for promotion of investment.

**I thank you Mr. President.**