

**Statement by the Delegation of Peru on behalf of the
Group of Latin America and the Caribbean
at the 71st Executive Session of the Trade and Development Board**

Agenda item 3 – Investment for Development: Investment in sustainable recovery

16 February 2022

President of the Trade and Development Board, Ambassador Ms. Maimuna Kibenga Tarishi of Tanzania,
Secretary-General of UNCTAD, Ms. Rebeca Grynspan,
Director of the Division on Investment and Enterprise, Mr. James Zhang,
Excellencies,
Distinguished delegates,
Ladies and gentlemen,

Madame Chair, it is an honour for Peru to deliver this statement on behalf of the Latin America and the Caribbean Group.

1. GRULAC would like to start by expressing its appreciation for the trends, research and well documented analysis presented in the *World Investment Report for 2021: Investing in sustainable recovery*. We would also like to take this opportunity to congratulate UNCTAD for organizing the successful 7th World Investment Forum which was held last year few days after the UNCTAD15 and that allowed us to start reflecting on the implementation of the Bridgetown Covenant in this important area.
2. The scenario presented by the Report is worrisome. The fall of FDI is a dramatic one, reaching 35%, which is even worse than what we experience in the global economic crisis of 2008, and the most affected area compared to trade and GDP. For our region, the decline reaches 45%, with collapsing investments in natural resources and tourism, which are crucial for our economies. As a result, it becomes a matter of urgency to strengthen efforts to increase the investments that will help us not only to avoid a lost decade but to quickly put ourselves back on the track to achieve the Sustainable Development Goals.
3. Developing countries experienced a decline in greenfield investment by 44% reaching the lowest level ever recorded, and international project finance by 53%, this is particularly problematic because they are crucial for development of productive capacity and infrastructure relevant for sustainable recovery therefore posing a risk for delivering the 2030 agenda. Another worrying piece of data this report presents includes the 41% increase of restrictive and regulatory investment policy measures, a clear step back in our efforts towards liberalization.
4. Despite this backdrop, these challenges also bring with them the opportunity to rebuild in a more sustainable and resilient way and not to continue with business as usual. The report states that policymakers and firms are now reflecting on building back better, and that is the correct and only way to be prepared for future crisis. Seizing this opportunity to promote resilient and sustainable investment demands a coherent policy approach, including by rebalance international production networks for greater supply chain resilience. We believe UNCTAD is well placed to continue its cooperation to countries in this line, therefore we call this organization to continue assisting members eliminating structural weaknesses and improving their fiscal policies.

5. Promoting investment in sustainable recovery involves focusing on infrastructure and industries that are key to regaining lost ground and restart growth in productive capacity. Industrial policy is also key to shape the extent to which firms rebalance international production networks for greater supply chain resilience and greater economic and social resilience. Unfortunately, developing countries account only 10% of the 3.5 trillion dollars global recovery investment packages.

6. Therefore, we need proactive investment strategies, so we make sure we stop misallocation of scarce resources. We have also painfully learnt that the cost of non-resilient supply chains, especially in a pandemic, can have disastrous effects in people's lives and livelihoods. Changes such as reshoring, regionalization and diversification are being discussed and we need to be prepared to absorb those changes. UNCTAD guidance will be needed in this regard.

7. We also appreciate the inclusion of recommendations for building productive capacity in the health area including by investing in skills development and technological capacity, building partnerships, upgrade the streamline negotiations, among others.

8. We welcome the launch of the UN Global Sustainable Finance Observatory, an instrument that will help the members address the challenges related to fragmentation in standards, benchmarking, disclosure, among others. In the same line, we commend the launch of the International Investment Agreement Reform Accelerator to support the reform process. GRULAC looks forward to learning more about the activities that will accompany these initiatives.

9. Finally, we echo the introductory remarks made by the Secretary-General last week, regarding the need to make sure the investment wave does not sidestep the countries that need it the most. We therefore hope that UNCTAD will continue its work in this area and continue assisting members in planning and developing policies to mitigate the negative impact of the pandemic on FDI. As we are in the last decade of the sustainable development agenda, we must accelerate efforts with the Bridgetown Compact as a guideline that paves the way to this end.

I thank you, Madam President.