



World Investment Forum 2014: Investing in Sustainable Development

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Excellencies,

Distinguished Participants, Ladies and Gentlemen,

The Government of Egypt would like to express its sincere gratitude to UNCTAD for organizing this forum and it gives me a great pleasure to be invited to this high-level event under the theme of International Investment Agreements (IIAs) Reform that is of utmost importance to us. Egypt as you probably know is signatory to a large network of IIAs, consisting mainly of Bilateral Investment Treaties (BITs) (73 enforced Treaties). Most of them were signed in the mid-90s.

Today, we are considering revising our network of IIAs in line with recent developments and best practices in international investment law. As a part of its strategy to attract FDI Egypt was always keen on promoting investment through concluding IIAs to reduce political risk as perceived by foreign investors. For this reason the reform focuses on opting for a review of its national and international legal frameworks that I will tackle in a nutshell.

Since Egypt is perceived as a capital importer country and while most of its BITs were signed with capital-exporting or developed countries, a bias towards investor protection against a State right to regulate were put in place. Hence, Egypt's investment agreements had to be revised, and reformed due to multiple defects that started to surface recently. Some of these include the risk of filing claims against host states in international arbitration for adopting laws and regulations aimed at protecting the public interest, the inconclusive impact of BITs on FDI flows, and above all, the broadly drafted provisions that may have very serious implications on our right to regulate investment for our national development strategies.

Ladies and gentlemen,

We were keen to streamline international trends and best practices on IIAs in our national and international legal frameworks in a manner that contribute to Sustainable Development Goals (SDGs) and national development strategy. On this occasion, we have been recently conducting a legal review to our national legislation and international legal frameworks in order to deliver a comprehensive legal framework conducive to SDGs national interests and security.

Recently, we have ended revision of our model BIT in cooperation with UNCTAD and relevant stakeholders. This revision will serve as a base of BITs review and regional agreements revision. This model BIT review advocates for the State's policy space, SDGs consideration and transparency concerns that exclude explicitly some sectors and areas from national treatment. This new aspect of transparency will ensure investor protection through an environment of legal certainty, predictability and national security without lowering international standards of health, safety and environmental concerns.

On a national level, we are working on reviewing national investment legal framework through amending national investment laws and compiling them in a new code on investment promotion that considers responsible foreign direct investors. This new draft code asserts the State's right to regulate, and its right to expropriate for a public purpose against an appropriate compensation according to the law provisions. It also asserts a chapter dedicated to investment disputes that gives importance to GAFI ADR mechanisms and requires mutual consent between the State and the investor before that the latter can have recourse to international arbitration.

Ladies and gentlemen,

I also would like to make it clear that our intention is not to reduce the level of investor protection. On the contrary, we wish to increase protection and legal certainty for foreign investors. But we wish to do so in a way that does not hamper our capacity to regulate investment for specific national development objectives. As a country in a transitional phase, we face challenges and also opportunities arising from the IIA reform process. On the one hand, our policy priority is to attract investments to increase employment, and technology transfer. On the other hand, this transitional phase presents a great opportunity to implement reforms and to restructure our IIA network in line with the best international practices.

Ladies and gentlemen,

Egypt aspires to a new IIA regime that is coherent, that presents less overlaps, that reflects sustainable development objectives and that balances investor's rights and obligations. We would like to see an IIA regime that protects investors effectively, but that also protects the state against frivolous and unfounded claims.

It is against this backdrop that we call on UNCTAD, as the multilateral focal point on IIA issues, to develop a Roadmap for a gradual but comprehensive IIA reform. Such a roadmap could point to the challenges facing developing countries arising from broadly drafted provisions and the rise of investment disputes; it could give guidance on how to address these shortcomings through treaty amendments and renegotiations. The roadmap could establish best practices or guidelines for countries wishing to reform their IIAs regime.

Ladies and gentlemen,

Egypt emphasizes the importance of balanced regional cooperation on investment issues. On this occasion, Egypt appreciates the excellent work done by UNCTAD on issues related to IIAs and regional agreements. In this context, we call on UNCTAD to further increase its technical assistance and capacity building activities on issues related to IIAs in its regional dimension. UNCTAD's investment policy framework for sustainable development (IPFSD) could reflect the regional dimension of IIA policy making, taking into account the rise of mega regional agreements. UNCTAD could even look into updating and expanding its IPFSD so as to make it an integral part of the SDG action plan, and to feed into the 2015 SDG Summit. We look forward to further guidance on all these issues and to a roadmap for a gradual and comprehensive IIA reform.

Thank you.