

**Remarks by H.E.Dr.Seyed Shamseddin Hosseini, Minister of Economic Affairs
and Finance of Iran on the Occasion of WIF 2010, Ministerial roundtable**

In the name of God

Mr. Chairman,

Esteemed Colleagues,

At the outset I avail the opportunity to express my gratitude towards His Excellency, the Secretary General of UNCTAD and the people and the Government of China for organizing and hosting the Second World Investment Forum in Xiamen.

Ladies and Gentlemen,

We are meeting here at the WIF 2010 in the wake of a three year financial crisis with numerous lessons learnt which I hereby emphasize on some of them:

First: it was clear that the crisis originated from financial structures and mechanisms specifically those employed in the capital market.

Second: The great tendency to deregulate and ignoring supervisory approaches towards financial markets were amongst the main structural reasons of crisis outbreak, to the extent that even the early alarming signals were not attended due to these wrong approaches.

Third: Being too much optimistic towards international organizations and concentration of interests in few states, caused in more vulnerability of many countries.

Esteemed colleagues,

The negative attitude toward severe deregulations and unlimited liberalization of investment could be expected given the lack of confidence in the international

organizations. Thus we should identify the roots of the crisis and cope with it by employing a realistic and fair approach and adjust the policies. Some points should be attended in this regard:

First: Financial and economic crisis would be avoided if the institutions, structures and tools and mechanisms are redefined. Free flow of capital and investment is not a crisis generating phenomenon by nature as the ignoring of the regulations and supervisory observations are the main causes. This would lead us to divert to protectionism given the consequences of extreme liberalization of investment.

Second: Following coherence and rationality in the course of reengineering the institutional, structural and regulatory arrangements, is of great importance. Policy making on the issue of investment liberalization should be based on a win-win approach and synergy and correlation between the interests of the host country (company) and the home country (company) be observed in practice. Then we may witness the coalition between the foreign and domestic investments rather than countering and opposing of national policies, forces and institutions to the foreign investment flows.

Third: Nations expect to observe the fair distribution and positive impacts of foreign investment in practice and therefore the aggressive and monopoly seeking approaches should be avoided by foreign investors. Thus any kind of negative image building or putting pressure on international organizations to prevent any country from free access to trade and investment flows, know how, technical, scientific and managerial expertise is strongly condemned and there should not be any imposed sanctions creating obstacles on the flow and spillover of healthy and constructive capital to a country or a nation. Whilst no government should impose this kind of wills and decisions to its people and companies.

Mr. Chairman,

If the synergy between the interests of the nations and governments, respect towards the freedom of actions and decisions of nations and companies and the principles of fair competition be followed in the course of designing the global strategies and policies for flow of trade and investment, we would experience the

increase in the capacity of international regulations to adapt with the national interests and policies. Thus there would be no motivation to move towards extreme protectionism which may somehow result in extreme deregulation at different stages.

Esteemed colleagues,

This is the view of my favorite country to the issue of investment which has also directed the recent developments of the Iranian economy as follows:

- By virtue of the interpretation of the economic related articles of the constitution, the domestic and foreign private investors could engage and invest in various areas and fields from energy to transportation and construction, from industry and mines to services including banking, insurance, information technology, communication and tourism. The huge privatization program is under implementation in Iran resulting in more than US\$ 70 billion worth of state owned companies already privatized and almost the same amount in the agenda of the government.
- The foreign investment promotion and protection act for FDI and regulation to protect FPI is in force ensuring the fair and non discriminated treatment towards foreign investors while preserving the supervisory and monitoring observations.
- There has been a process of revising the investment related rules and regulations in Iran in recent years to facilitate the flow of investment which has contributed largely to the 85 percent increase in the volume of foreign investment flow to the country in 2009, 57 percent growth in the capital market index in the previous year and the 40 percent growth of the same index in the last five months.
- The same vision and approach has been followed in the context of the country's fifth development plan which is undergoing the review and approval process in the parliament. Extending financial facilities and supports to the foreign investors from resources of sovereign wealth fund has also been reflected in the said plan as one of the priorities of the Fund.

Excellencies,

We are ready and willing to cooperate and work closely with all of you and appreciate your kind attention.