

**Opening Remarks by  
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*AS PREPARED FOR DELIVERY*

Excellencies,  
Distinguished guests,  
Ladies and gentlemen,

We are meeting at a time when the importance of international investment in the global economy has significantly increased, with new important players and new policy issues emerging.

In the post-crisis era, we are entering a new phase of globalization which is characterized by both state- and market-driven approaches to the economy, and by the recognition of the importance of investment as an engine of growth.

Indeed, large scale public investment has so far rescued the global economy from a prolonged depression, and is stimulating the recovery in many areas. However, as stimulus packages and public fiscal policies are exhausted or removed, private investment must step in to the breach to avoid a double dip and to ensure sustainable growth and development. The public sector alone cannot indefinitely support development without private investment.

The many problems left by the crisis, such as unemployment and jobless-growth, require a renewed commitment to investment by

private business. Private investment will be essential to overcome the multiple crises of food, energy and the economy, and contribute to achieving the Millennium Development Goals. Additionally, it can also help orient the economy towards a sustainable low-carbon future, which can begin to address the burgeoning climate crisis.

### **What are the trends?**

As we report in this year's World Investment Report – which is the main background document for the World Investment Forum – the outlook for international investment flows in the short to medium term is “cautiously optimistic”, with a full recovery of flows expected by 2012.

We estimate that global foreign direct investment inflows are expected to increase to over \$1.2 trillion in 2010, rising further to \$1.3–1.5 trillion in 2011, and then \$1.6–2 trillion in 2012.

However, we should note the proviso that flows of international investment are recovering in the wake of a drastic decline in 2008-2009. The brighter prospects we estimate for 2010-2012 still remain fraught with risks and uncertainties, especially because of the fragility of the global economic recovery. At the same time, global patterns of international investment flows are undergoing major transformational changes that are expected to last into the medium term as the momentum for international investment flows gathers pace. These changes can be characterised by three principle features:

Firstly, developing and transition economies today absorb half of global investment inflows and account for a quarter of global outflows. Their relative weight as both destinations and sources for international investment is expected to increase further, as these economies lead the private investment recovery.

Secondly, services and the primary sector continue to capture an increasing share of international investment, as the historical shift away from manufacturing intensifies.

And, thirdly, stock of foreign direct investment and assets of foreign operations continued to increase despite the impact of the crisis on companies' sales and value added.

It is against this background that governments all over the world are rebalancing their approach to international investment, with an increasingly closer scrutiny and regulation of inflows, albeit with the continuation of long-standing trends towards liberalization. National security considerations are only one of the concerns in this regard. Policymakers are also increasingly faced with the challenge of integrating investment policies into other policy areas – such as agricultural, financial and climate change-related policies – and to make them mutually coherent and supportive.

In my view, these developments pose three key questions:

1. how to strike the right policy balance between the rights and obligations of investors and the State;

2. how to enhance the relationship between investment and development; and
3. how to ensure coherence between national and international investment policies, and between investment policies and other public policies.

Despite some progress in recent years, for example in the area of arbitration, the world is still in need of a sound international investment regime that effectively promotes sustainable development for all. I hope that during the various sessions of the Forum, you will have the opportunity to discuss some of these issues and for us in UNCTAD to add your views to our analysis of the investment problematique. I am most looking forward to hearing your views on these issues.

Thank you.