International Investment Agreements Conference 2010
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Intervention by Jean Feyder, Ambassador, Permanent Representative of Luxembourg to the UN Office in Geneva, President of UNCTAD's Trade and Development Board

Mr. President,
Ministers,
Excellencies,
Ladies and Gentlemen,

I would first of all wish to congratulate Dr Supachai Panitchpakdi, UNCTAD's Secretary General as well as Director Dr. James Zhan for organizing this year's World Investment Forum and this important Conference on International Investment Agreements. I thank Dr Supachai Panitchpakdi for inviting me to participate as a panellist in this closing Round Table.

As President of UNCTAD's Trade and Development Board over the last year, I can say that we have been working hard on two major issues which have also a link with the theme of this Conference and this Round-Table : we were preparing UNCTAD's contribution to the High-Level meeting on the Millenium Goals for Development which will bring Heads of State and Governments from the whole world together later this month in New York. We have also been laying a kind of groundwork for the IVth LDC Conference which will take place next year in Turkey at a moment when the present Decade is expiring and a new Programme has to be defined for future years.

We undertook this work against the background of multiple ongoing crises, the financial and economic crisis, the food crisis which is also far from being over as recent events have shown, the climate change crisis and the energy crisis.

For the MDG debate, we reached the following conclusions related to investments :

- In general, production conditions had, to date, been unduly neglected in the discussion of MDG's. Investment in productive capacities, including human capital, needed to be given much greater prominence on the MDG agenda. Indeed, targets in that regard could be usefully added to the MDG's.
- A fair and open trading system could contribute significantly to meeting the MDG's; however, particularly among poorer countries, trade rules should be managed in a way that supported efforts to build productive capacities;
- For many developing countries, where poverty was linked to underinvestment in the rural economy, strengthening the agricultural sector was key to advancing the MDG's;
- Mobilizing resources to raise productive investments levels was still the biggest policy challenge in establishing a more inclusive development path;
- In that respect macroeconomic policies would need to become more broadly supportive of productive investments, but more strategic policies at the sectoral level also needed to be added to the inclusive development toolkit;
- A renewed focus on productive conditions, distributional issues, and domestic resource mobilisation implied that an active state with an inclusive developmental vision was needed to establish a new growth path consistent with meeting the MDG's;

In another President's Summary on the IVth LDC Conference, the following recommendations were dealing with the issue of Investment Promotion.
- Promotion of domestic investment that boost domestic demand as well as support export expansion should be a fundamental policy objective in LDC's.
- Both home and host country measures are to be put in place to guide FDI away from extractive industries to productive sectors in LDC's.
-Inflows of FDI have to be refocused on basic infrastructure development, such as building and upgrading roads, ports, communication facilities and production of electricity.
- A synergy between private investment and ODA has to be sought, including through public-private partnerships (PPP), so as to promote productive transformation of LDC economies.
- Local financial institutions have to be developed by LDC's to support both domestic and foreign investment

Other recommendations are related to a new development approach, the macroeconomic framework, specific vulnerabilities, agriculture and food security, trade diversification and market access, the reduction of commodity dependence, infrastructure development, science, technology and innovation capacity-building, access to technology, ODA, other forms of development finance, South-South and triangular cooperation and regional integration and climate change.

As far as international investment agreements are concerned, I believe that it is of importance that these agreements provide an adequate level of transparency, predictability and legal protection. But, as Ministers stated in the 2008 Accra Agreement, they have in particular to find a fair balance between interests of countries of origin, of receiving countries and of those of foreign investors. These agreements have to seek to maximise the positive aspects of investment such as the creation of employment, the transfer of technologies and know-how and the opening of new market access and to international competition. At the same time the potential risks outlined by Ministers have to be minimized in particular the elimination of local investments, anti-competition practices, the prices of transfer as well as environmental and social implications.

Having these objectives in mind, UNCTAD has to continue to play a particular role in the field of analysis of investment flows, of investment practices and their implications for development, building on its long-term and unique experience. It has in particular to assist the least developed countries which so far have been attracting less than 1% of all investments. It has to help all those countries including by offering them its consultative services in order

- to build their national capacities in particular their institutional environment
- to identify best practices in the field of investment
- to develop their knowledge required to negotiate international investment agreements.

UNCTAD is also fulfilling its mandate through the organization of broad dialogue meetings like this one as well as through the regular examination of investment policies for developing countries. As Ministers agreed in Accra, UNCTAD mandate is also covering the analysis of the voluntary policies of companies in the field of social responsibility and other codes of conduct in view of determining best practices favourable for development.

I thank you