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High-Level Investment Promotion Conference

UNCTAD XIII special event

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Summary prepared by the UNCTAD secretariat

1. At the High-level Investment Promotion Conference of the World Investment Forum 2012, chief executive officers (CEOs), government policymakers and investment promotion experts explored strategies behind renewed corporate expansion abroad. They also discussed how countries could compete for their investments, including investments in green industries.
2. For 2012, UNCTAD estimated that foreign direct investment (FDI) inflows would rise moderately to around \$1.6 trillion. An UNCTAD survey of transnational corporations conducted in 2012 revealed that roughly 60 per cent of those companies expected their FDI expenditure to increase in the coming years. CEOs at the Conference agreed that many firms were ready to invest, underlining the importance of the investment environment in locations where business opportunities arose. Mr. Stefan Bude, President of DAA Draexlmaier Automotive of America LLC, said that investors were looking for environments that made them feel safe and welcome, not just tax incentives. Ms. Rebecca Fatima Sta Maria, Secretary-General of the Ministry of Trade and Industry of Malaysia, highlighted the importance of transparency, predictability and stability, which were needed to attract international investment to put investors at ease.
3. In 2011, global companies had paid \$1.5 trillion to expand their operations abroad, an increase of 17 per cent on the previous year. More than 50 per cent of those international investment flows had gone to developing and transition economies. The latter figure was of interest to investment promotion efforts in the global South, where international investment could provide a valuable source of development finance. CEOs emphasized the importance of specific sectors that could contribute to development in the South and where investment promotion efforts should be concentrated. Mr. R. Seetharaman, CEO of the Doha Bank Group, emphasized the importance of hard and soft infrastructure in developing countries,

while the Vice-President of Vale, Mr. Rafael Benke, argued that the mining sector could be a platform for other sectors, especially in Africa. Indeed, recent UNCTAD figures showed that FDI flows to Africa had declined again in 2011, indicating the need for governments to refocus their investment promotion efforts.

4. Pressure for attracting – and even more for retaining – companies that were large employers had been mounting among developing countries, and after several years of economic crisis, such pressure was also being felt in the developed world. Immediate job creation has become target number one in the FDI attraction strategy of many investment promotion agencies. Mr. Aaron Brickman, Deputy Executive Director of SelectUSA, the federal investment promotion body of the United States of America, stated that one of the main reasons for investment attraction and retention in his country had to do with job creation. In addition, growth rates of investments in the United States from developing countries, especially in services and export oriented industries, had been remarkable.

5. Governments were cited for their role in facilitating companies' entry and establishment and in providing incentives to attract international investors in priority sectors. Mr. Omran Hamad Al-Kuwari, CEO of Green Gulf Inc., based in the Qatar Science and Technology Park, said his company had benefited from a government programme that supported science and technology development by companies in areas identified by the government as a priority, such as food security, water and medical research.

6. Attracting green FDI had now become the choice of many governments. It involved policy measures that could help create a viable market for green industries, as well as public investments in facilities, incentives, promotion and business facilitation. Promotion experts at the conference argued that special economic zones could play a bigger role in developing green industry clusters, especially in developing countries. Investment promotion in green industries used to be seen as merely fashionable, according to Mr. Alessandro Teixeira, Deputy Minister of Development, Industry and Foreign Trade of Brazil; today, however, big opportunities were emerging with real possibilities for contributing to sustainable development.

7. The panel agreed that determinants of FDI in the low-carbon sector had been largely policy-led and not market-led; however, that trend needed to change to ensure the sustainability of the sector in the future.

8. Over 200 investment promotion experts attended the Conference, which was moderated by Mr. Jamie Robertson of BBC World and Mr. Teymoor Nabili of Al-Jazeera Network.
