



GROUP OF 77 & CHINA
GENEVA

**Statement of
H.E. MS. CECILIA B. REBONG
Ambassador and Permanent Representative of the Philippines and
Chairperson of the Group of 77 and China in Geneva
at the 62nd Session of the Trade and Development Board
Geneva, 16 September 2015**

Agenda Item 7

Investment for Development: Reforming the international investment regime

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Mr. President,
Dr. Mukhisa Kituyi, Secretary-General of UNCTAD,
Excellencies,
Distinguished delegates,

1. At the outset the Group of 77 and China would like to express our appreciation to the Secretariat for responding to today's sustainable development imperative and congratulates UNCTAD for launching the 2015 World Investment Report, notably the "Roadmap and Action Menu for International Investment Agreement Reform" included therein. The report thoroughly discusses International Investment Agreements or IIAs, whose numbers are on the rise with many agreements being concluded within the last decade or so. Their impact is being felt by developing countries and it is therefore essential that UNCTAD continue to focus its attention on the implications of these agreements on the developing South.
2. The Group notes that the World Investment Report provides timely information and analysis on global and regional trends in foreign direct investments (FDI). It also offers policy advice and recommendations that are highly relevant to the members of the Group.
3. IIAs have come to be much debated and also a controversial aspect of investment policy making. The report correctly points out that IIAs can be harnessed and utilized for sustainable development. However, IIAs could have unforeseen risks and consequences for the host country. The Group greatly appreciates UNCTAD's facts based analysis and policy recommendations, which will no doubt be picked up by policy makers, stakeholders and experts in our capitals.
4. For the Group of 77 and China, there is no doubt that the IIA regime needs to be reviewed. Arbitration through Investor State Dispute Settlement mechanisms has proven to be financially costly for several countries from the developing South because of increased legal exposure and the lack of due process, not to mention the loss of policy space due to constraints created by obligations in these IIAs

that have limited the ability of some states to address legitimate domestic concerns through appropriate and timely policy making.

5. In this regard the Group of 77 and China wishes to highlight a paragraph from the AAAA, which states "We will endeavor to craft trade and investment agreements with appropriate safeguards so as not to constrain domestic policies and regulation in the public interest. We will implement such agreements in a transparent manner. We commit to supporting capacity-building including through bilateral and multilateral channels, in particular to least developed countries, in order to benefit from opportunities in international trade and investment agreements. We request UNCTAD to continue its existing program of meetings and consultations with Member States on investment agreements."
6. The Group of 77 and China call on all States to adhere to what was agreed upon in Addis Ababa last July 2015 and keep the relevant portions of the AAAA in mind when negotiating future IIAs. Furthermore, States should seriously consider the well thought out policy options and guidelines provided by the World Investment Report on how to reform the IIA regime, especially in terms of "strengthening the multilateral supportive structure," which is an area where UNCTAD can excel.
7. The Group would also like to congratulate the Secretariat for the 2015 Update of its Investment Policy Framework for Sustainable Development. Members of our Group have extensively used the 2012 Version of the UNCTAD Policy Framework, when designing national and international investment policies. As we go forward, this timely update will prove helpful for those who strive to formulate the new generation of investment agreements.
8. Members of our Group have also benefitted from UNCTAD's IIA-related capacity building and other meetings, notably the IIA Conference at the World Investment Forum. We look forward to further IIA training courses, and to the IIA Conference in the World Investment Forum to be held in Lima, Peru. All of this will help us to move collectively towards a balanced international investment system that takes into account the sustainable development objectives of developing countries.

I thank you Mr. President.