

25 May 2022

**High-level Regional Roundtable on Investment
Facilitation for Development:
How Arab Economies Will Benefit**

1 June 2022, 11:00am-13:30pm CET (Geneva time)

DG Okonjo-Iweala Guest Address

Thank you, Your Excellency Ambassador Saqer ALMOQBEL of the Kingdom of Saudi Arabia to the WTO and Coordinator of the Arab Group.

Honourable Ministers,

Excellencies,

Ladies and Gentlemen,

I am very pleased to be here. Thank you to the organizers for the invitation.

Over **110 WTO Members** – more than two-thirds of the WTO's 164-strong Membership – are already participating in the negotiations on investment facilitation for development. This includes **9 members** of the Arab Group.

This initiative was launched by developing countries and LDCs five years ago. And developing countries and LDCs remain at the forefront of these negotiations. Let me commend Ambassador Mathias Francke of Chile for his excellent work as Coordinator to

steer the work forward. I know you are leaving Geneva soon. We will all miss you. The solid basis for future work on investment facilitation will be one of your legacies here.

Today I want to talk about **three major contributions** that an Agreement on Investment Facilitation could make to economies across the Arab region.

MESSAGE#1: RESILIENCE

First, **by helping catalyse investment, it would support efforts to enhance resilience.**

The COVID-19 pandemic provoked a 35% fall in global foreign direct investment in 2020 – the sharpest reduction on record.¹ Effects were uneven across the MENA region, with some countries experiencing drastic drops in inflows while others proved more resilient.

Stepping up investment – foreign as well as domestic – is fundamental for a strong and inclusive recovery from the COVID crisis.

Governments in the region had been working hard to attract FDI in critical sectors even before the pandemic. Greenfield investments in the pharmaceuticals, medical supplies and equipment sectors grew 42% between 2015 and 2019.²

¹ [UNCTAD's 2021 World Investment Report \(WIR\)](#).

² See OECD note on the face mask global value chains in the COVID-19 outbreak evidence and policy lessons. Also, OECD, Investment in the MENA region in the time of COVID-19, June 2020, p. 12. Available at: https://read.oecd-ilibrary.org/view/?ref=134_134467-ydi12subjo&title=Investment-in-the-MENA-region-in-the-time-of-COVID-19

Investment facilitation measures can help governments to attract and retain FDI.

In response to the recent crisis, governments across the Arab region have accelerated domestic reforms to enhance transparency and cut red tape for investors. Many have made investment-related information available online, though some countries are lagging behind in the use of digital technologies.³

A few examples of reforms in the Arab region include making it possible to set up businesses online, from registration to payment and documentation, and setting up special units to provide information and aftercare services to investors. One country strengthened Investor Services Centres to facilitate licenses and approvals for investors.

Still, much remains to be done on the ground across the region, and a prospective agreement on investment facilitation for development would bolster such efforts.

It's important to remember what the IFD negotiations are not: they are not about changing national investment policies, or about establishing rights for foreign investors vis-à-vis host country governments. Rather, the talks focus on **improving the transparency of investment measures; simplifying and speeding up investment authorization procedures;** and **strengthening cooperation** between governments and

³ UNCTAD, Investment Trade Monitor, May 2020; and, Findings of the OECD IPA Network meeting on 9 April 2020, available at: <https://www.oecd.org/coronavirus/policy-responses/investment-promotion-agencies-in-the-time-of-covid-19-50f79678/>

investors. It's about enabling governments to get a higher return on their own national investment policies, by making them more transparent and efficient. Domestic investors also stand to benefit from enhanced transparency and clearer procedures.

But it is not only about attracting more investment – it is also about better investment.

MESSAGE#2: Attracting sustainable investment

This brings me to my second point, which is that an Agreement on Investment Facilitation is not only about attracting more investment – it is also about attracting higher quality investment – investment that is fully aligned with the **development priorities of each country**.

International benchmarks on investment facilitation could help countries promote sustainable development in all three dimensions: economic, social and environmental.

For instance, attracting investment in climate-responsive technologies is critical for a **region that is particularly sensitive to climate change**.⁴ Investment in cutting-edge conservation agriculture and hydroponics would help create jobs to help meet the region's youth unemployment challenges, while reducing risks associated with the region's heavy dependence on food imports. The MENA region imports half of its food, which rises to 80 to 90% for Gulf Cooperation Council countries.⁵ This

⁴ SUSTAINABLE DEVELOPMENT GOALS / [GOAL 13: CLIMATE ACTION](#).

⁵ World Bank, 'MENA Has a food security problem, but there are ways to address it', September 2021. Available at: <https://www.worldbank.org/en/news/opinion/2021/09/24/mena-has-a-food-security-problem-but-there-are-ways-to-address-it>

leaves the region particularly vulnerable the rising food prices we currently see, in part due to the war in Ukraine.

Several governments in the region have started adopting measures aimed at facilitating investments in essential sectors such as health or agrobusiness.⁶ Attracting investment in new sectors would help governments' efforts to diversify economies to reduce reliance on the oil and hydrocarbon industry.

The investment facilitation negotiations also address ways of promoting the uptake by companies of **responsible business conduct practices**, including anti-corruption measures.

Foreign investment can open new opportunities for micro, small and medium-sized enterprises (MSMEs) and women – and an Agreement on Investment Facilitation could help capture these synergies.

MESSAGE#3: Special and Differential Treatment is a key pillar of the future IFD Agreement

The final point I want to highlight is the **Special and Differential Treatment** (SDT) provisions being considered for the prospective Agreement on Investment Facilitation.

Modelled on the Trade Facilitation Agreement, the SDT provisions would allow developing Members to implement the IFD Agreement **at a self-determined pace**, conditioned on

⁶ OECD, Investment in the MENA region in the time of COVID-19, June 2020, ps. 8, 9 15 and 16.
Available at: https://read.oecd-ilibrary.org/view/?ref=134_134467-ydi12subjo&title=Investment-in-the-MENA-region-in-the-time-of-COVID-19

receiving the technical assistance and capacity building support needed to do so.

Participants have emphasized the importance of **investment facilitation needs assessments** to enable developing country Members to signal their needs for such support or additional implementation time.

Work on an investment facilitation 'Needs Assessment Guide' is ongoing – coordinated by the WTO Secretariat in cooperation with partner organizations including *ITC, the OECD, UNCTAD, the United Nations Economic Commission for Africa, the World Bank Group, the World Economic Forum, and the Inter-American Development Bank.*

CONCLUSION

Let me conclude with two observations:

- First, defining investment facilitation best practices at the global level is directly relevant to creating jobs and making economies more sustainable. It thus responds to the WTO's founding objectives, as well as the ongoing efforts to **make the WTO more responsive** to 21st century challenges.
- Second, 2022 is a crucial year for the investment facilitation initiative, as participants aim to conclude text-based negotiations by the end of this year. A successful Investment Facilitation Agreement would show what Members can do when they work together – for the benefit of all. Imagine if all 110 Members would really come round

the table and sign this Agreement. Of course, all IFD participants want all WTO members to take part and eventually if we get them. This could really end up being a multilateral agreement which would strengthen the emphasis of the WTO as an instrument of a multilateral trading system. And of course, delivering results at MC12 this month would bolster the climate for global trade and investment at a time when we all need it.

Meetings like this one provide a valuable opportunity to hear perspectives from Arab countries, to ensure that global approaches on investment facilitation act as a force multiplier for national efforts. This event will also provide an opportunity for non-participating WTO members to be updated about the on-going IFD negotiations and consider their future course of action.

I hope your discussions are productive, and look forward to hearing about the result.
