



# World Investment Forum

Investing in Sustainable Development

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WIF 2010 was organized by UNCTAD  
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Investment and Trade



MINISTRY OF COMMERCE  
OF THE PEOPLE'S REPUBLIC OF CHINA







“The biennial UNCTAD World Investment Forum is the most important event of the international investment community and its stakeholders.”

**Mr. Ban Ki-moon**  
Secretary-General of the United Nations

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“Both public and private sector actors must ensure that economic development meets challenges set by the UN Millennium Development Goals, namely of bringing the bottom billion out of extreme poverty.”



The UNCTAD World Investment Forum has become a global gravity centre for high-level discussion and action on how to harness international investment as an engine of growth and development.

The increasing importance of this topic is reflected in the growth of the Forum itself. In just two years it has become one of the world's leading international investment events, attracting over 1,800 participants from 120 countries including Heads of State and ministers, global CEOs, heads of international organizations and civil society.

As I said in my opening remarks to World Investment Forum 2010 (WIF 2010), we are entering a new phase of globalization that recognises both the importance of investment to economic growth and the need to ensure investment leads to sustainable development. The theme of WIF 2010 was therefore 'Investing in Sustainable Development' and it was timely for three reasons:

- Firstly, the global economy is starting to emerge from a profound economic and financial crisis and faces a very different global investment landscape in which developing and transition economies now attract over half of the global investment inflows, and invest 28% of global outflows. The Forum provided crucial answers on how investors in developed and developing countries can face this new landscape, the importance of putting in place a new and balanced global policy framework for investment, and how the world's fragile growth can be sustained by both the private and public sectors.

- Secondly, the imperatives of a low-carbon economy brought about by the effects of climate change open up new opportunities in the green race for corporations and call for the integration of investment policies into a global regime of climate change mitigation. Participants jointly considered policies that could enable and encourage greater investment in this area, and catalyse more sustainable global development.

- Thirdly, while investment can bring about development, that process is not automatic. Both public and private actors must ensure that economic development meets the challenge set by the UN Millennium Development Goals, namely of bringing the bottom billion out of extreme poverty. At WIF 2010, participants resolved to ensure greater sustainable investments in the poor, for the poor and with the poor.

Beyond the individual sessions, WIF 2010 also provided unique opportunities for global investors and policy-makers to hold official bilateral meetings, network informally and exchange ideas which have led to new policy initiatives, partnerships and concrete investment projects.

I wish to thank the Government of China for hosting WIF 2010 and all of our partners for their support and inputs. I look forward to welcoming you to WIF 2012 in Doha, Qatar.

**Dr. Supachai Panitchpakdi**  
Secretary-General, UNCTAD

# Highlights

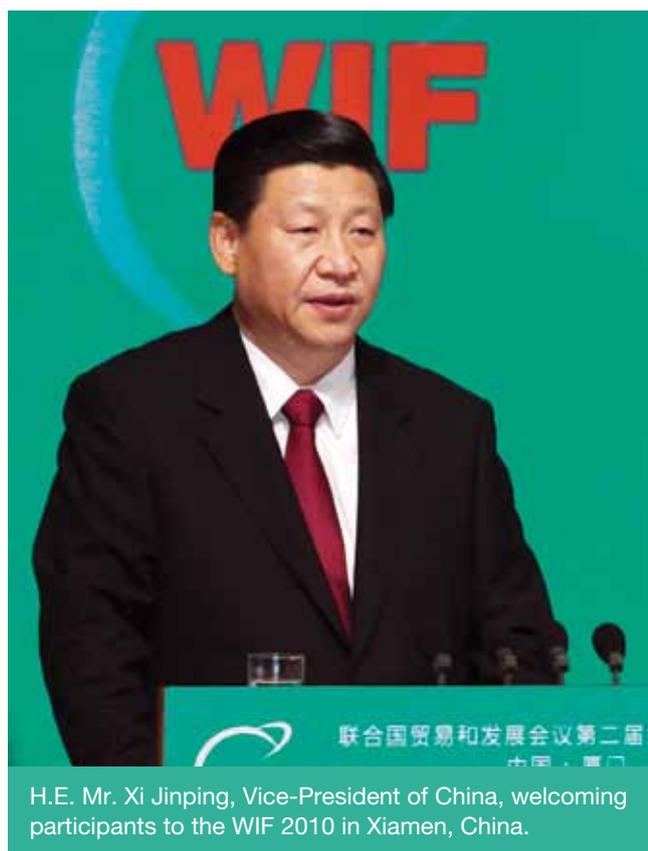
“World Investment Forum... played a positive role in improving the global investment environment and promotion of investment cooperation.”

H.E. Mr. Xi Jinping, Vice-President of China

The **World Investment Forum** is a high-level, biennial, multi-stakeholder gathering that is designed to facilitate dialogue and action on the world's key emerging investment-related challenges. WIF 2010 aimed to foster a better understanding of the development challenges and opportunities that the post-crisis investment landscape entails, and in that context, provided inputs into the formulation of a new generation of national and international investment policies that can bring about sustainable development and help achieve the UN Millennium Development Goals.

In its 8 high-level events and conferences, WIF 2010 brought together stakeholders from all angles of the investment community, including policy-makers, investors, negotiators, practitioners, investment promotion officials, solicitors, senior counsels, academic experts and representatives of civil society, as well as stock market managers, portfolio investors and sovereign debt managers. WIF 2010 attracted more than 1,800 participants from 120 countries and 16 international organizations – including 9 Heads of State, 4 Heads of international organizations, 79 Ministerial-level Officials, 116 senior business executives, and more than 250 other senior representatives from the public and private sector, as well as 250 media representatives.

On the first day, in the **World Leaders Investment Summit**, 6 Heads of State and 5 prominent Chief Executive Officers (CEOs), as well as former President Bill Clinton (via letter), reiterated the importance of sustainable investment as an engine of growth and in overcoming the multiple crises of food, energy and the economy.



H.E. Mr. Xi Jinping, Vice-President of China, welcoming participants to the WIF 2010 in Xiamen, China.

The **Ministerial Roundtable** stressed that redesigning investment policies is a must, rebalancing the rights and obligations of investors and States, and paying more attention to the interaction of investment policies with other public policies such as climate change and financial systems reforms.

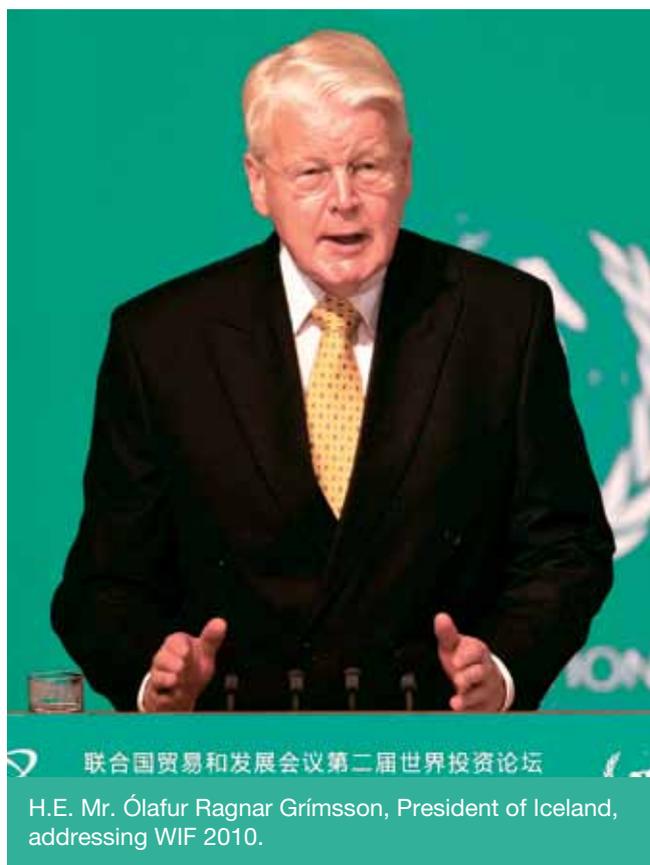
These issues were also touched upon in the **High-Level Tripartite Conference** in which CEOs and chief strategists of transnational corporations (TNCs), senior government officials and heads of investment promotion agencies focused on the opportunities and challenges in the post-crisis investment landscape, including those related to the fight against climate change.





“The utilization of geothermal, solar, wind and other clean energy resources offers... a wealth of new opportunities for economic development...”

**H.E. Mr. Ólafur Ragnar Grímsson,**  
President of Iceland



The **2010 Conference on International Investment Agreements (IIAs)** focused on the central development and systemic challenges facing the current regime of IIAs and the investor-state dispute settlement system. It concluded that concerted international efforts are needed to ensure that the IIA regime is coherent and interacts effectively with other public policies, and work for development.

It also saw the launch of the ‘G15 of Law Schools’, bringing academic excellence to help tackle international investment law issues.

In the **2010 Sustainable Stock Exchanges Conference**, high-level stock market regulators, leading stock exchange executives and CEOs of large portfolio investors explored how the world’s exchanges could work together with investors, regulators and business to encourage responsible long-term approaches to investment. The Conference noted the efforts that emerging markets are making in promoting sustainable stock exchanges.

Other WIF 2010 highlights included the **8th International Investment Advisory Council**; a **High-level meeting on responsible sovereign lending and borrowing**; the 2010 UNCTAD Investment Promotion Awards and investment showcases for countries (i.e. Cambodia, Jordan and Namibia); as well as consultations on an Economic Relief Plan for Haiti.

In addition to these high-level events, WIF 2010 offered numerous networking opportunities, both formal and informal, including two networking luncheons and three major evening events.

# New global aspirations: Opening Ceremony

UNCTAD Secretary-General **Dr. Supachai Panitchpakdi** officially opened the Forum and set the stage for the days ahead by urging participants to use new global investment practices to provide new impetus to overcoming the global economic crisis, to drive the world towards a low-carbon economy and to address the plight of the poor and marginalized. In a video message, the UN Secretary-General **Mr. Ban Ki-moon** echoed these thoughts asking WIF 2010 participants to facilitate a better understanding of the challenges and opportunities of the post-crisis investment landscape, in particular for developing countries.

Such opportunities were highlighted by the President of Iceland **H.E. Mr. Ólafur Ragnar Grímsson** who pointed to his country's experience of using clean energy as a core part of its strategy to attract foreign investment. President Grímsson also stressed the opportunities that a low carbon economy created for developing economies and said the willingness of developed markets to share experience and technology with developing countries was a key ingredient for success.

Giving an African viewpoint, the Prime Minister of Mozambique **H.E. Mr. Aires Bonifacio Ali** referred to the growth of new investment opportunities for African countries that are coming from emerging economies such as Brazil, China and India. He emphasized the importance of financing infrastructure development and mining to help Africa recover from the global financial crisis.



H.E. Mr. Aires Bonifacio Ali, Prime Minister of Mozambique at the opening of WIF 2010.

The theme of greater South-South cooperation was also discussed by the Vice President of China **H.E. Mr. Xi Jinping**. China became the sixth largest global investor in 2009 and the Vice President said that his country was, “*stepping up efforts to boost various forms of overseas investment cooperation and develop our own multinational companies*”. He said China would help developing countries enhance their capacity for development, improve living standards and narrow the gap with developed countries.

The Chinese Vice President also highlighted the importance of open investment and trade for development and remarked that WIF 2010's theme of *Investing in Sustainable Development* encapsulated new global aspirations for using international investment to promote economic development.



# A time for global cooperation: World Leaders Investment Summit

Session objectives	Main policy developments / recommendations
<i>Highlight major challenges for the international investment policy regime</i>	<ul style="list-style-type: none"> <li>■ Avoid protectionism, while allowing room for local regulation that serves development</li> <li>■ Greater coordination of international economic policy-making needed</li> </ul>
<i>Identify ways to maximise the development benefits of investment</i>	<ul style="list-style-type: none"> <li>■ Increase technical support to developing countries</li> <li>■ Greater coordination of international green investment policy needed</li> <li>■ Focus international assistance for least developed countries (LDCs) on capacity-building and human resources</li> </ul>
<i>Highlight best practice in developing countries</i>	<ul style="list-style-type: none"> <li>■ Harness 'leapfrogging' technology to help development</li> <li>■ Use green investment as an economic diversification tool</li> <li>■ Exploit regional integration and increased investment flows from emerging economies</li> <li>■ Ensure local communities benefit from inward investment</li> </ul>

Six Heads of State and five prominent CEOs from major transnational companies came together at the World Leaders Investment Summit to discuss how international investment flows could be better harnessed to ensure a robust recovery from the financial crisis, reduce global inequalities and foster a low-carbon economy.

A key theme was the need to build a new age of cooperation between public and private sectors. Protectionism was cited as one of the main risks to global economic recovery and panellists saw an urgent need for governments to resist the temptations of protectionist policies and instead work towards more transparency, accountability and predictability in international investment policy-making. The leaders on the panel agreed that an open global investment regime was a vital pre-condition for making investment work for development and saw a need for more international coordination of economic policies.

Companies were also challenged to be “*part of the solution, not part of the problem*”. In particular, the private sector should integrate sustainable practices of investment into its operations and enable cross-border technology flows between companies. Leaders stressed that development must take place in the context of an economic recovery that was still imbalanced, fragile and full of uncertainties.



Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD (left) and Mr. Paul Abberley, CEO, Aviva Investors, London, United Kingdom.

## A time for global cooperation: World Leaders Investment Summit



Mr. Jonathan Charles (in front) from BBC World with world leaders at the WIF 2010 Summit: H.E. Mr. Delroy Chuck (left), Speaker, House of Representatives, Jamaica; H.E. Mr. Miyegombo Enkhbold, Deputy Prime Minister, Mongolia; H.E. Mr. Angel Marin, Vice-President, Bulgaria; H.E. Mr. John Dramani Mahama, Vice-President, Ghana; H.E. Prof. Arthur G. O. Mutambara, Deputy Prime Minister, Zimbabwe; Mr. Martin Taylor, Chairman, Syngenta, Switzerland; Mr. Jim Quigley, CEO, Deloitte Touche Tohmatsu Limited, USA; Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD; H.E. Mr. Luis Giampietri Rojas, Vice-President, Peru; Mr. Paul Abberley, CEO, Aviva Investors London, United Kingdom; Mr. Balasubramanian Muthuraman, Chairman, Tata International, India.

The panel agreed that the world economic and investment landscape was undergoing profound changes, which pose both daunting challenges and promising opportunities for sustainable development. Some of the challenges were seen as:

- A lack of necessary financial resources and institutional capabilities in many developing countries;
- Segmented or even conflicting policies governing nascent low-carbon industries, and the need to integrate green investment policies into a global regime of climate change mitigation;
- A lack of information on sustainable operations from the business community with less than one in five listed companies reporting environmental, social and governance information;
- A difficulty in striking the right balance at national level between investment policies that reduce entry barriers for foreign investment, while keeping enough policy flexibility to serve development purposes.

«I am pleased that this event brings together all sectors of society – government and business, non-profit organizations and academia – to focus on how we can promote economic growth in a sustainable and equitable way.»

**Mr. Bill Clinton**, former President of the United States and Chairman of the William J. Clinton Foundation

Some of the most promising *opportunities* were seen as:

- The chance for developing countries to use the green investment market to build more diversified and sustainable economic structures, strengthen productive capacities and enhance export competitiveness;
- Investment in a new wave of technology that could help developing countries to skip inferior, less efficient or more polluting industries and move directly to more advanced ones. Leaders cited the booming of mobile communication as an example of such ‘leapfrogging’ development;
- Rising investment flows from emerging countries that will play an ever more important role. Potentials and benefits of South-South cooperation should be explored.

It was stressed that international investment must be factored in to policy-making decisions on issues such as climate change, the food crisis and poverty reduction.

**H.E. Prof. Arthur G.O. Mutambara**, Deputy Prime Minister of Zimbabwe, summed up this discussion saying that, “*sustainability of development has to be through investment, not aid*”.

At national scale, leaders shared their experiences of using investment to rebalance economies, for example, by diverting new investment into infrastructure or the service sector in order to reduce dependence on natural resources. More tailored international assistance to increase the capacity of some countries to receive investment, including skills and human resources, was also considered crucial.

Developing countries were also encouraged to exploit the benefits of regional integration and to put in place policy regimes that ensured fair distribution of the benefits of investment for all stakeholders, including local communities. For the LDCs it was noted that investment liberalisation was often not sufficient to ensure investment inflows. Increased capacity-building assistance to LDCs is necessary.



Mr. Jim Quigley (left), CEO, Deloitte Touche Tohmatsu Limited, USA and Mr. Balasubramanian Muthuraman, Chairman, Tata International, India.

# Maximising development benefits through redesigned investment policies: Ministerial Round Table

Session objectives	Main policy developments/recommendations
<i>Identify best policy practices in making investment work for development</i>	<ul style="list-style-type: none"> <li>Establish strong and transparent governance systems as a pre-requisite for investment</li> <li>Reduce the cost of doing business, including through institutional reforms</li> </ul>
<i>Identify ways to maximise the development impact of investment</i>	<ul style="list-style-type: none"> <li>Ensure local markets benefit from investment through linkages</li> <li>Harmonise investment policies with health, education and other important public welfare policies</li> <li>Encourage greater levels of corporate responsibility</li> <li>Ensure a pace of liberalisation that protects social and economic institutions, while benefitting investors</li> </ul>
<i>Discuss ways to improve international policy-making and cooperation</i>	<ul style="list-style-type: none"> <li>Consider a multilateral approach to international investment rule-making</li> <li>Offer international assistance, specifically to LDCs, to help build basic infrastructure and create an attractive investment climate; address special needs of small island, landlocked and post-conflict countries</li> <li>Further explore international cooperation</li> </ul>

Ministerial level officials from 34 countries joined UNCTAD Secretary-General **Dr. Supachai Panitchpakdi** and **Mr. Pascal Lamy**, Director-General of the World Trade Organization (WTO), for an in-depth discussion on the need to redesign investment policies to adapt to the changing economic landscape.

The meeting was co-chaired by **H.E. Mr. John Dramani Mahama**, Vice-President of Ghana, **H.E. Mr. Robert D. Hormats**, Under-Secretary for Economic, Energy and Agricultural Affairs, United States of America, and **H.E. Mr. Rob Davies**, Minister of Trade and Industry, South Africa.



H.E. Mr. Robert D. Hormats (centre), Under Secretary of State for Economic, Energy and Agricultural Affairs, USA, and co-chairman of the Ministerial Roundtable, summing up key issues discussed during the meeting.

“It is crucial that investment policies take into account countries’ social, environmental and economic conditions. There is no ‘one-size-fits-all’ approach, but instead, flexibility and care are needed to design policies that reflect the realities of each country’s specificities.”

H.E. Ms. Mary Nagu, Minister of Industry and Trade, Tanzania



H.E. Mr. John Dramani Mahama (left), Vice-President, Ghana; Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD; and H.E. Mr. Anwar-UI Haq Ahady, Minister of Commerce and Industry, Afghanistan.

The high-profile attendees shared practical experiences and visions about best policy practices to attract and benefit from investment. Although approaches varied across a wide range of sectors, countries and differing contexts, some key themes emerged:

- **Institutional reform:** Ministers agreed on the need to implement reforms to reduce the cost of doing business. Good governance and access to justice combined with transparency were seen as vital to avoid corruption and build a system of law-based processes and institutions that help enhance predictability and due process, protect property rights and ultimately build investor confidence. IIAs were also seen as an important tool in this area.
- **Incentivizing investment:** The use of pro-active investment promotion regimes – such as offering investment aftercare and assistance to prevent disputes - was seen as potentially effective for attracting investment. Some ministers also reported on how synergies between trade and investment could be exploited through better integration of investment promotion with export oriented strategies.
- **Specific challenges for some countries:** It was emphasized that adopting liberal economic laws alone was not always sufficient to attract investment to some countries. In some LDCs, poor infrastructure undermined attempts to attract investment and there was a call for technical assistance, cooperation and policy advice for those countries.

“It is the balancing issue between the liberalization of FDI and its re-regulation which has to be carefully worked out.”

H.E. Mr. Choong-Yong Ahn, Foreign Investment Ombudsman and Chairman of the Regulatory Reform Committee, Republic of Korea

Ministers agreed that attracting international investment was not an end in itself and that it needed to be harnessed for generating development benefits. International investment can bring both on-the-ground benefits such as new employment, technology and skills, and market-level benefits such as increased competitiveness and new linkages for local production with global markets. Some key guidance and discussion points on how to link investment with development outcomes were:

- **Take a holistic policy approach:** Redesigning investment policies in tandem with other important domestic policies such as social, health and education policies, was seen as vital for ensuring positive distributional effects from investment. For example, strong environmental policies can help avoid negative environmental impacts from increasing production, and health and labour standards can assist in avoiding a race to the bottom due to increased competition.

“With respect to multilateral investment rule making, there are many doors open to do that, ranging from some form of soft law and code of conduct to more binding instruments like international treaties. This whole spectrum of possibilities is an issue UNCTAD should – and could – work on.”

**Mr. Pascal Lamy**, Director-General, WTO

- **Encourage corporate responsibility:** Pro-active approaches to promote corporate social responsibility can help ensure development benefits, including those deriving from capacity building, human resource development, technology dissemination, and more broadly, foster the overall spirit of cooperation.
- **Control the pace of change:** There was broad agreement that liberalisation must be carefully paced and sequenced to protect host countries’ social and economic institutions while offering benefits to investors.
- **Build local linkages:** A number of ministers argued that there was value in reserving certain sectors to local investors, including small and micro enterprises, or requiring transnational corporations to establish jointly with local investors. Among other advantages this approach can help avoid crowding out of domestic companies and more broadly enhance the development impact for local companies.
- **Improve data and research:** Throughout the discussion ministers noted that improved data and understanding in this area was needed so as to allow for a more accurate assessment of the overall effects of investment flows on sustainable development.

Finally, there was a broad consensus that the current spaghetti bowl of IIAs needed improvement, with a view to enhancing coherence and predictability and ensuring development benefits. A multilateral approach to international investment rule-making would offer a promising avenue in this regard. Ministers noted the merits of exploring international cooperation, suggesting that it offered a wide spectrum of possibilities, including avenues which UNCTAD could work on.



H.E. Mr. Choong-Yong Ahn, Foreign Investment Ombudsman and Chairman of the Regulatory Reform Committee, Republic of Korea, speaking at the Ministerial Round Table.

# The future of investment promotion: High-Level Tripartite Conference

Session objectives	Main policy developments / recommendations
<p><i>How can foreign investment be promoted and used for development</i></p>	<ul style="list-style-type: none"> <li>■ With the right government strategies, foreign investment can help shift production to more knowledge intensive industries</li> <li>■ LDCs should aim to move away from a dependency on extractive industries and focus on how to use foreign investment for the development of the manufacturing and services sectors</li> <li>■ Clear, efficient and transparent regulations can reinforce liberalization efforts</li> </ul>
<p><i>Exchange best practices and ideas on how to attract green investment</i></p>	<ul style="list-style-type: none"> <li>■ Promotion of green investment requires a carefully thought out, collaborative effort involving both public and private sector players</li> <li>■ Successful efforts to promote green investment often include the development of green business clusters with local and international companies, government entities and research institutions</li> <li>■ An ability to attract and develop local talent may prove critical in the offer to green investors</li> </ul>

**“The private sector needs to join the green band wagon.”**

**H.E. Mr. Choong-Yong Ahn**, Foreign Investment Ombudsman and Regulatory Reform Committee of the Republic of Korea

The trends and prospects for investment promotion were discussed in a unique event that brought together senior government officials, heads of investment promotion agencies (IPAs) and corporate executives from more than 90 countries.



Mrs. Patricia Francis, Executive Director, International Trade Centre, speaking at the High-level Tripartite Session “World Investment Prospects”.



Panel of the High-level Tripartite Session “World Investment Prospects”.

“FDI will be the greatest driver for the transfer of green tech to developing countries.”

Mr. Laurence Alberts, CEO, Suzlon Energy Tianjin Ltd.

The High-Level Tripartite Conference was opened by the Secretary-General of UNCTAD, **Dr. Supachai Panitchpakdi**, and **H.E. Mr. Jiang Zengwei**, Vice Minister of Commerce for China. Both expressed cautious optimism over world investment prospects. The Secretary-General of UNCTAD predicted that international investment flows will slowly recover and gain momentum in the long run, but he also noted that these prospects are subject to risks and uncertainties.

The opening was followed by three separate sessions where the following key points on the future of investment promotion efforts emerged:

- **LDC governments need long-term policy solutions:** LDCs trying to improve investment flows should focus on long-term targets to improve social conditions, infrastructure, education and healthcare. It was also argued that LDCs should aim to move away from a dependency on extractive industries and use new investment to shift production to other activities, bring expertise and technology and improve manufacturing and services sectors.
- **“You cannot have a World Cup without referees”:** This quote from one private sector panellist captured a consensus that in the post-crisis investment environment further liberalisation needed to go hand-in hand with clear, efficient and transparent regulations with defined public policy goals.

“At the micro level, better investment policies are needed to seize the opportunities for new FDI.”

**H.E. Mr. Michael Bonello**, Governor of the Central Bank of Malta

- **New strategies emerging:** A discussion on changing investor influences and shifting TNC strategies highlighted the increased use of non-equity forms in controlling productive assets abroad. There was also wide agreement about the growing importance of South-South investment cooperation.

- **Cluster building:** The significance of developing desirable destinations where local and international companies can cluster and produce globally competitive products was also highlighted as a key strategy for attracting investment. The role of cities in developing such an offer was stressed, as was the special function of sub-national IPAs.

- **Enter the green race:** The opportunities to promote green investment in light of government commitments to combat climate change and the rise of green industries were also explored. The financial crisis has in some aspects been beneficial to green industries due to special allocations to green projects in public sector stimulus programmes. Some of the advantages cited for attracting green investment included improved knowledge transfer, reduced carbon emissions, upgraded productivity and more competitive exports. It was argued that successful promotion of green investment requires a carefully thought out, collaborative effort involving both public and private sector players.

- **Recruit and retain talent:** It is also important to develop local human resources that have the skills to maximise green opportunities. As one IPA executive put it, facilitating the development of networks of local companies, green TNCs, government entities and research institutions is important to develop green business clusters, but one should not forget to also develop an, “*ability to attract and develop talent*”.

# Making international investment rules work for sustainable development: International Investment Agreements Conference 2010

Session objectives	Main policy developments / recommendations
Identify ways and means to improve the system of IIAs	<ul style="list-style-type: none"> <li>Concerted international efforts are important to ensure that the IIA regime is coherent and interacts effectively with other public policies areas such as finance, climate change and national security policy</li> <li>Greater consistency, stability and continuity is needed across the IIA system</li> <li>Further international cooperation on IIAs is warranted</li> </ul>
Identify ways and means to improve the system of investor-State dispute settlement (ISDS)	<ul style="list-style-type: none"> <li>The predictability and legitimacy of the ISDS system needs to be improved</li> <li>Awareness of alternatives to arbitration and the effective management and prevention of disputes should be strengthened</li> </ul>

IIAs constitute a key way for countries to promote foreign investment and its attendant benefits. In recent years, the global network of IIAs has grown into a varied patchwork of over 2,700 agreements. The 2010 IIA Conference set out to tackle the key issues around the evolving IIA system such as its interaction with other policy areas, to discuss potential improvements to the ISDS system and to consider how international cooperation might enhance the IIA system. The Conference brought together 223 IIA experts from 80 countries including Ministers, investors, senior counsels, academics and civil society representatives. Senior representatives from relevant UN bodies, the International Centre for Settlement of Investment Disputes, the International Monetary Fund and the International Chamber of Commerce were also present.

There was consensus from experts that the IIA regime is increasingly **interacting with important international and domestic public policy areas**, such as finance, climate change and national security policy. In relation to financial policy, it was suggested that IIAs should include safeguards that comprehensively and sufficiently reconcile macroeconomic public interests with the interests of private investors. This was noted as a very ambitious challenge given the highly technical nature of the financial sector and its unique importance to countries' social welfare.

In relation to environmental policy, it was suggested that IIAs could include provisions to promote investment in green and low-carbon sectors. There was also discussion about the insertion of clauses into IIAs to reflect national security policy. However it was noted that the



Prof. Patrick Juillard, Emeritus Professor Université Paris I Pantheon Sorbonne speaking at the International Investment Agreements Conference 2010.



“The IIA regime is entering a new phase... the system needs to show that international investment law, and the protections it offers to foreign investors, is not an end in itself, but instead, is an instrument in the hand of stakeholders to pursue sustainable growth and development.”

**Mr. James Zhan**, Director, Division on Investment and Enterprise, UNCTAD

difficulty with this lies in balancing the credible promise to protect investment with the necessity to accommodate the fundamental roles of the state in this regard.

In general, balancing investor protection with legitimate public policies poses several challenges. For example, as general public policies may lead to cases of indirect expropriation, the question was raised as to how to distinguish indirect expropriation from regulatory taking that does not give rise to compensation.

Also, it was noted that arbitrators addressing public policy concerns may not be in a position to comprehend individual countries' conditions and contexts, and may lack expertise on issues beyond investment. It was acknowledged that there is no “perfect clause” or recommended formula for exceptions in a treaty, and that care needs to be taken to ensure that IIAs do not become overburdened by trying to address too many specialised public policy issues.

On the matter of the **systemic evolution of the IIA system**, experts highlighted that certain basic investment principles are manifest, even so their precise wording may differ considerably. A common understanding on the precise delineations of these principles is thus still limited. Equally divergent are the treaty safeguards and exceptions to these basic principles. Model investment treaties are regularly being revised, and although they do not have a legally binding effect, they may have an associated minimal legal value especially if published.

On the **ISDS system**, experts concluded that improvements to make the system more predictable and legitimate were warranted. They agreed that proposals, suggestions and discussions should be welcome on a broad basis and in various forums. The main potential improvements to the ISDS system suggested were revising the arbitration rules of international

arbitration institutions, increasing transparency in arbitral proceedings and raising awareness of alternatives to arbitration through more effective management and prevention of disputes.

There was recognition of the significant challenges to the IIA and ISDS systems. However progress is being made on all fronts and if harnessed properly, these simultaneous developments could help move the IIA system towards a more convergent and coherent body of international law that will function in a way that is more efficient and conducive to growth and development.

Future **international cooperation** can help overcome some of these challenges. Experts cited initiatives such as the Asia-Pacific Economic Cooperation and the ASEAN Comprehensive Investment Agreement as examples of successful international collaboration on investment. The shift of investment competence within the European Union away from member states towards a more centralised approach was also discussed in this context. By way of conclusion, experts agreed that more concerted international cooperation on IIAs is a way forward to improve the IIA and ISDS regimes and ensure that the IIA regime interacts effectively with other public policies.



# Building more responsible capital markets: Sustainable Stock Exchanges 2010

Session objectives	Main policy developments / recommendations
<p><i>How stock exchanges can promote sustainable development</i></p>	<ul style="list-style-type: none"> <li>■ Stock exchanges can provide sustainability reporting guidance for listed companies and establish standardized reporting on environmental, social and governance (ESG) issues</li> <li>■ In many countries, especially emerging markets, stock exchanges are establishing new sustainability indices to promote responsible corporate practices</li> </ul>
<p><i>Exchange best practices and ideas on how to promote responsible capital markets</i></p>	<ul style="list-style-type: none"> <li>■ Stock exchanges vary significantly from country to country; international dialogue between exchanges, investors and regulators can aid the development of customized approaches to sustainability promotion</li> <li>■ A 'hybrid' approach (involving a mixture of voluntary and mandatory rules) is a practical way for stock exchanges to promote sustainability issues</li> </ul>

Around 80 high-level security regulators, executives of stock exchanges and institutional investors from more than 40 countries attended the 'Sustainable Stock Exchanges' event and discussed the growing calls by investors for greater corporate disclosure of sustainability-related information. The tripartite event analysed how key market participants – investors, exchanges and regulators – can help meet this demand and, in particular, examined the role of stock exchanges and their listing rules.

**“There is wide-spread consensus about the need for sustainable development; capital markets should adjust to help meet this goal”**

**H.E. Mr. Fulin Shang**, Chairman, China Securities Regulatory Commission

**“Smart companies are seeing that ESG reporting is good business, and the momentum from the exchange community is absolutely growing”**

**H.E. Ms. Jane Diplock**, Chairman, International Organisation of Securities Commissions



H.E. Mr. Fulin Shang, Chairman of the China Securities Regulatory Commission opening the Sustainable Stock Exchanges 2010 meeting.

# Building more responsible capital markets: Sustainable Stock Exchanges 2010

Some of the key points were:

- **Increasing demand from investors for ESG data:** Mainstream investors increasingly accept that ESG issues materially affect their investments. For example, the UNCTAD Investment and Enterprise Responsibility Review found that over 40% of the assets under management by the world's 100 largest pension funds are now subject to ESG criteria.
- **Growing number of stock exchanges promoting sustainability:** According to Aviva Investors and Responsible Research's report on 'Sustainable Stock Exchanges', one third of the world's 30 largest stock exchanges currently provide sustainability reporting guidance for listed companies, and 25% would consider altering listing rules to oblige companies to assess how responsible and sustainable their business model is.
- **Emerging markets leading the way:** The same report found that stock exchanges in emerging economies progressed most rapidly in implementing measures to enhance corporate sustainability practices of listed companies. In recent years, new sustainability indices and ESG disclosure rules have been launched in Brazil, China, Egypt, India, Indonesia, Malaysia, Singapore, South Africa and Turkey, among others.
- **ESG reporting needs standardisation:** Demand from investors is being met with increased ESG reporting on the part of companies but the lack of a standardised approach reduces its usefulness. In this regard stock exchanges were seen to have the potential to play a significant role in both promoting and improving reporting practices.
- **Stock exchanges have different approaches to sustainability:** Stock exchanges are hugely varied entities and have differing relationships with their regulators and owners, and therefore individual circumstances greatly affect each exchange's approach to the sustainability agenda.

*Not-for-profit* stock exchanges and *partially-state-owned* exchanges find it easier to promote more long-term approaches to investing than *for-profit* stock exchanges. The latter derive revenues from high-frequency trading which could encourage short-termism. More research is required on the linkages between sustainability, systemic risk and short-termism.

## ■ What is the role of stock exchanges?

A number of avenues are open to stock exchanges that want to facilitate the promotion of sustainability issues. Indeed, exchanges have a vital part to play in guiding companies towards the acknowledgement, measurement and communication of ESG risks to future earnings. Exchanges also provide a platform to distribute that information to responsible investors.

## ■ What is the role of other market participants?

Several speakers also emphasized the role of asset owners on this agenda. It was argued that they are in a position to demand 'comply or explain' approaches to ESG reporting from the companies in which they invest and are also able to foster action from asset managers through the mandates they set.

There was wide support for an eventual global standard for an integrated financial and non-financial reporting methodology, such as has been successfully adopted in South Africa. There was a sense that, whilst mandatory reporting and an overhaul of listing rules is desirable in the long-term, a 'hybrid' approach (involving some mixture of voluntary and mandatory rules) could be a practical near term goal.



# A new business model for the poor: International Investment Advisory Council (8th Meeting)

Session objectives	Main policy developments / recommendations
Explore new practices and models for enhancing contribution of investment to the UN Millennium Development Goals (MDGs)	<ul style="list-style-type: none"> <li>■ A new business model to, “invest in the poor, for the poor and with the poor”, was proposed by UNCTAD Secretary General Dr. Supachai Panitchpakdi</li> <li>■ Cooperation with global business schools was recommended to explore how MDGs could be embedded into the strategies of TNCs</li> </ul>
Identify opportunities and priority areas to benefit from investment	<ul style="list-style-type: none"> <li>■ Foreign investment outflows from emerging markets should be tapped</li> <li>■ Increased and responsible investment and new technologies are needed to reverse declining agricultural productivity in LDCs</li> <li>■ Infrastructure is another key area in which many low-income countries would need to massively increase investment</li> </ul>

A total of 40 Heads of State, ministers, heads of international organisations and CEOs attended this lunchtime meeting to discuss how investment can help address the shortfall in achieving the MDGs, as well as other related investment and development issues such as food security. Some of the key points were:

- **A new business model:** There was a call for the creation of a new business model that, in the words of UNCTAD Secretary-General **Dr. Supachai Panitchpakdi**, would encourage foreign investors to, “invest in the poor, for the poor and with the poor.” Ideas for such a model were discussed and widely-supported. It was also proposed that UNCTAD work with global business schools to examine how the MDGs could be embedded into the strategies of TNCs.
- **Emerging outflows:** Investment outflows from emerging markets are potentially helpful to development objectives. According to UNCTAD, some 28% of global investment now originates in developing countries, up from 15% in 2007. A substantial part of these outflows goes to LDCs.

“FDI in agriculture is showing immediate results and an increase in productivity.”

**H.E. Mr. John Dramani Mahama**, Vice President of Ghana



H.E. Mr. Ólafur Ragnar Grímsson (left), President of Iceland; Mr. James Zhan, Director, Investment and Enterprise Division; Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD; Mr. Jim Quigley, CEO, Deloitte Touche Tohmatsu Limited, USA; and H.E. Mr. John Dramani Mahama, Vice-President, Ghana.



H.E. Mr. Badamassi Annou (left), Minister of Economy and Finance, Niger, and Mr. Pascal Lamy, Director-General of the World Trade Organization.

- **Responsible agriculture:** In LDCs, especially in Africa, new investment and new technologies are needed to reverse three decades of declining agricultural productivity and provide these countries with food security. It was stressed that the emerging initiative to promote Principles for Responsible Agricultural Investment was a timely development.
- **Invest in infrastructure:** The importance of infrastructure investments and in particular affordable electricity, drinking water and transport infrastructure was also raised. It was noted that many low-income countries would need to massively increase investment from the current level of 3-4% of gross domestic product (GDP) to 7-9% of GDP in order to improve infrastructure.

“There is a crucial missing link in the implementation of MDGs by TNCs; this is the embedding of the MDGs into the strategy of TNCs.”

**Prof. Peter Buckley**, Centre for International Business of the University of Leeds



# Avoiding future debt crises: Conference on Promoting Responsible Sovereign Lending and Borrowing

Session objective	Main policy developments / recommendations
<p><i>Exchange ideas and practices on how to foster and promote responsible sovereign lending and borrowing</i></p>	<ul style="list-style-type: none"> <li>■ The first draft of a set of voluntary international principles on lending and borrowing by sovereign governments, prepared by UNCTAD and subject to further discussions, was reviewed</li> <li>■ Fiduciary duty of government was emphasized since sovereign lending and borrowing involves diverse interests</li> <li>■ Transparency and accountability, due diligence, audits, country ownership and social responsibility were deemed the critical elements for responsible sovereign lending and borrowing</li> </ul>

High-levels of public debt are one of the most serious areas of concern for the world economy and some recent major conferences of the United Nations have repeatedly stressed the importance of promoting responsible lending and borrowing.

The aim of this special conference was to foster and promote responsible sovereign lending and borrowing practices and to present the first draft of a set of voluntary international principles on lending and borrowing by sovereign governments. The aim of the principles is to reduce the prevalence of the debt crisis and help nations to lend and borrow in a way that leads to stable economic growth.

A distinctive element is the focus on the fiduciary duty of governments which emphasizes that sovereign borrowing and lending involves diverse interests, including future generations of citizens and a wide range of public and private, domestic and international claimants on state resources. Other issues addressed include: transparency and accountability, due diligence, audits, country ownership and social responsibility.

The meeting in Xiamen was opened by the UNCTAD Secretary-General **Dr. Supachai Panitchpakdi**, H.E. **Mr. Ólafur Ragnar Grímsson**, President of Iceland, H.E. **Prof. Arthur G.O. Mutambara**, Deputy Prime Minister of Zimbabwe; and H.E. **Ms. Ingrid Fiskaa**, State Secretary of Foreign Affairs of Norway.

Also in attendance at the conference were senior government officials from 14 countries, as well as representatives from the Asian Development Bank, the International Monetary Fund (IMF) and the United Nations Department of Economic and Social Affairs (UN DESA). A number of organisations representing civil society were also present.

No universally agreed principles for responsible sovereign lending and borrowing currently exist and officials expressed support for the continued work of this initiative.



H.E. Prof. Arthur G.O. Mutambara, Deputy Prime Minister of Zimbabwe, addressing the Conference on Promoting Responsible Sovereign Lending and Borrowing.

# UNCTAD Investment Promotion Awards 2010



Ceremony of the UNCTAD Investment Promotion Awards 2010.

The UNCTAD Investment Promotion Awards 2010 were presented during a WIF 2010 networking lunch. In line with the theme of the conference the Awards were given to recognise excellence in the promotion of green investment and to draw attention to the key role that IPAs, regardless of their country's level of development, can play in attracting environmentally sustainable investment.

Three equal Awards were given to *Copenhagen Capacity*, the *Board of Investment of Mauritius* and *InvestHK*.

*Copenhagen Capacity*, the Danish capital region's official IPA was judged to have "made a vital contribution to Copenhagen's goal of becoming the first carbon neutral capital in the world". **Mr. Steen Donner**, Managing Director of *Copenhagen Capacity*, accepted the Award.

The *Board of Investment of Mauritius* received the Award for its "dedicated work to raise awareness of sustainability issues among stakeholders" and "successful efforts to attract investors in renewable energy". **H.E. Mr. Paul Chong Leung**, Ambassador of Mauritius to China, accepted the Award.

*Invest HK*, the official IPA of Hong Kong (China), and the *Shenzhen Municipal Government* were given an Award for collaboration in attracting a major solar energy project, including an R&D centre and a manufacturing facility. **Mr. Andrew Davis**, Associate Director-General of Invest HK, and **Mr. Xiaochun Wang**, Deputy Director of the Shenzhen Science, Industry, Trade and Information Committee, jointly accepted the Award.

The Awards were presented by **Dr. Supachai Panitchpakdi**, Secretary-General of UNCTAD; **H.E. Mr. Wang Chao**, Vice Minister of Commerce of China; and **Ms. Patricia Francis**, Executive Director of the International Trade Centre.

# Investment showcases

“Jordan is a land of opportunity, strategically located at the heart of the MENA region.”

**Mr. Nasser Sunnaa**  
CEO, Jordan Investment Board

“Namibia is a gem worth investing in.”

**Mr. Moses Pakote**  
Director of the Namibia Investment Centre



Investment Showcase of Cambodia

Throughout the third day of WIF 2010, the Investment Showcase Event, organised jointly by UNCTAD and the China Investment Promotion Agency brought six developing country governments (Cambodia, Jordan, Lao PDR, Namibia, Viet Nam and Zambia) together with international and Chinese investors.

At the event, investment ministers and heads of IPAs took it in turns to present their countries' investment climates and opportunities, including in forestry, agriculture, mining, industrial zones, infrastructure, manufacturing and tourism. Specific project proposals were sent to the investors in advance and bilateral meetings took place to discuss projects of interest to investors.

Full use was made of the event by both sides to network, exchange contacts and arrange follow-up meetings.

The event also provided a platform for stakeholders to engage in a series of consultations around the UNCTAD Haiti-Dominican Republic Border-Zone Industrial Parks initiative meant to provide medium to long-term relief after the devastation of the January 2010 earthquake. This idea attracted great interest from a number of investors and donors.

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# Launch of the G15 of Law Schools Network

“The network will provide a bridge between research and governance and act as a *‘think tank for the think tank’*.”

**Prof. David Caron**, Chairman of the American Society of International Law



WIF 2010 also marked the launch of the G15 of Law Schools Project, establishing an academic network of 15 leading law schools from 6 continents to provide excellence in the area of international investment law.

The network will provide a bridge between research and governance and act as a ‘think tank for the think tank’, in the words of **Prof. David Caron**, Chairman of the American Society of International Law, who launched the initiative together with the Secretary-General of UNCTAD **Dr. Supachai Panitchpakdi**.

**Prof. Susan Franck** from Washington and Lee University School of Law and one of the major initiators of this project added that the project will, *“provide an opportunity for scholars – and their students – to collaborate and break down the development divide so that we can learn from each other’s ideas and experiences irrespective of whether we come from the developed or the developing world.”*

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## Media coverage

The World Investment Forum is one of the few high-profile investment summits on the global calendar that is entirely open to the media.

WIF 2010 was attended by 250 journalists. Its media partners included BBC World News, Bloomberg, CCTV, Economist Intelligence Unit (The Economist), fDiIntelligence (Financial Times Ltd.), and World Finance.

The summit was covered internationally with reports in 136 newspapers and online media sites in over 40 countries; including Asian News International, BBC, Bloomberg, China Daily, Dow Jones, La Correspondance Economique, MarketWatch, and Reuters.



The Opening Ceremony and World Leaders Investment Summit were broadcasted live by CCTV-9 and CCTV International. The Ministerial Roundtable, the High-level Tripartite Conference and the 2010 IIA Conference were webcasted.

# Partners

## Media Partners



WORLD FINANCE

Bloomberg



## Organizational Partners



EUROPEAN CHAMBER



中国欧盟商会



# WIF 2012

Organized by UNCTAD's Division on Investment and Enterprise, the **World Investment Forum 2012 (WIF 2012)** will take place in Doha, Qatar, from 20 to 22 April 2012.

Situated on the bank of the Arabian Gulf, Doha is one of the most rapidly developing business centres in the world. It is the site of major international conferences and sports events and will host the FIFA soccer World Cup in 2022.

Taking place in conjunction with UNCTAD's thirteenth ministerial conference (UNCTAD XIII), WIF 2012 will offer a unique opportunity to all investment stakeholders – policy makers, business executives, investment promotion officials, investment agreement negotiators, stock exchange managers, portfolio investors, sovereign wealth fund managers, academic experts and civil society – to discuss new opportunities in international investment and the challenges ahead in making investment work for development.



*fgeoffroy – Fotolia*

## WIF 2012

The Forum for investment stakeholders worldwide

**H.E. Mr. Abdulla A. Al-Muftah**, Ambassador of Qatar to China, invites you on behalf of the Government of Qatar to the World Investment Forum 2012 in Doha.

Join us in Doha, Qatar





联合国贸易和发展会议第二届世界投资论坛  
UNCTAD WORLD INVESTMENT FORUM 2010



部长级会议  
MINISTERIAL ROUND TABLE





WIF 2012 is organized by the UNCTAD Investment and Enterprise Division (DIAE).

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# 联合国贸易和发展会议第二届世界投资论坛 UNCTAD WORLD INVESTMENT FORUM 2010

## 开幕式暨全球投资峰会

## OPENING CEREMONY & WORLD LEADERS INVESTMENT SUMMIT

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Discover more at the WIF 2010 website  
[www.unctad-worldinvestmentforum.org](http://www.unctad-worldinvestmentforum.org)

- ▶ View the entire three-day programme with over 15 separate events.
- ▶ Access keynote speeches, photos and the opening video message from the UN Secretary-General.
- ▶ View webcast footage from the entire IIA Conference and read the online blog from external participants.
- ▶ Access press clippings and media releases from all the main sessions.
- ▶ Access the UNCTAD World Investment Report 2010 at: [www.unctad.org/wir](http://www.unctad.org/wir).
- ▶ Access other programmes of the Division on Investment and Enterprise of UNCTAD at: [www.unctad.org/diae](http://www.unctad.org/diae).