



UNCTAD High-level International Investment Agreements (IIA) Conference 2018

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Distinguished Delegates,

Ladies and Gentlemen,

I am very pleased to address you today at this High-Level IIA Conference in Geneva. I take this opportunity to thank the UNCTAD for the inviting us to reflect the perspective of SESRIC based on its experience with the 56 Member States of the Organization of Islamic Cooperation in the domain of investment agreements.

OIC member countries benefited from the worldwide positive trends seen in FDI flows directed to developing countries over the last decades. According to latest figures, the total value of FDI flows to OIC countries recorded at US\$ 106.9 billion and the share of the OIC Group in the world FDI flows reached 7.1% in 2017.

Despite this positive outlook, the OIC region, which hosts more than 23% of the total world population, the performance of OIC member countries in attracting FDI flows is below their potential. The modest performance of OIC member countries in attracting FDI requires a new IIA setting and improved investment climate.

Distinguished Delegates, Ladies and Gentlemen,

Decisive structural reforms are essential to boost potential output and productivity across OIC member countries. Structural reforms can help to increase domestic demand, allow for attracting more foreign capital, improve national competitiveness and support sustainable development. To this end, one of the structural reform areas that OIC member countries need to consider is the area of 'international investment setting'.

According to the International Investment Agreements Navigator Database, OIC member countries in total signed 1736 Bilateral Investment Treaties (BITs) and 524 other International Investment Agreements (IIAs). As one of the pioneering regional investment agreement that was adopted in 1981 'Agreement for Promotion, Protection and Guarantee of Investments among OIC Member States' came into force in 1988. To date, this agreement has been signed by 30 OIC member countries and ratified by 24.

In the light of *structural reform needs* both at the national and OIC levels, it is timely for OIC member countries to review this agreement with a view to align it with the new IIAs reform understanding as well as Sustainable Development Goals (SDGs). In this context, I truly believe that maintaining the cooperation between the UNCTAD and OIC institutions is important where the UNCTAD's previous studies on 'IIA reform' and 'investment policy framework' would enlighten discussions in the review process of the OIC Investments Agreement.

As you may know that, since 2012, at least 110 countries have reviewed their national and/or international investment policies worldwide. Concerns of countries and organizations for updating their IIA models is to include provisions safeguarding the right to regulate, including for sustainable development objectives, and provisions aimed at minimizing exposure to investment arbitration. Several OIC member countries also have undergone this IIA review process. The OIC member countries which have recently reviewed their IIAs regimes include Azerbaijan, Egypt, and Indonesia.

At this point, I would like to highlight that while reviewing the IIA setting, one of the major concerns of countries and organizations should be making the new IIA setting supportive of SDGs. As of 2018, millions of people across the globe still could not enjoy expected benefits of *international investments*. On the contrary, hundreds of thousands of people lost their local jobs and faced with some environmental challenges such as reduction in the quality of water and increase in emission gas levels stemming from some activities undertaken by multinational companies.

As 21 members of the OIC are listed in the group of the least developed countries, alignment of the IIA reform and SDGs is very critical from the perspective of the OIC region. In this regard, the new IIA setting should support sustainable development goals by facilitating investments through investment insurance and guarantees and shifting the mindset of governments on location based investment incentives to SDG-based incentives where the development impact of investment should be taken into consideration.

Distinguished Delegates, Ladies and Gentlemen,

SESRIC will be glad to support the UNCTAD's Work Programme on the IIA reform process that promotes international investment rules that effectively foster sustainable development and inclusive growth.

I truly believe that deliberations and in this Conference will contribute positively the reform process of IIAs through equipping stakeholders with the most recent developments and knowledge as well as foster international cooperation.

Thank you for your kind attention.