Opening Remarks by H.E. Khurram Dastgir Khan
Minister of Commerce
Government of Pakistan

Intervention – FIFD Workshop (What Investment can do for Trade Connectivity and Development – Investment Needs and Bottlenecks)

Excellency Abrao Arabe NETO, Secretary Foreign Trade of Brazil,

Deputy-Director General Yi of the WTO,

Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

Good Morning,

On behalf of the Friends of Investment Facilitation for Development (FIFD), I welcome you all and thank you for attending this event. I am delighted to contribute to this discussion and start by reiterating that Pakistan is a strong supporter of world trade and investment, the multilateral trading system, and an advocate for inclusive growth. We were one of the pioneers of BITs with one of the earliest ever BITs signed between Pakistan and Germany in 1959. Investment remains central to our strategy for growth and shared prosperity.

Developing countries have become extremely important sources of FDI with South-South investment reaching a record high of $681 billion in 2014, constituting 55% of world FDI flows, compared to 20% in 2000 and 8% at the start of the 20th century. However, in 2016, global annual flows of FDI fell by about

2%, to $1.75 trillion. Investment in developing countries declined by an alarming 14% and flows to LDCs and structurally weak economies remain low and volatile. Global external financial flows to developing economies were estimated at $1.4 trillion in 2016, down from more than $2 trillion in 2010. Although UNCTAD predicts a modest recovery of FDI flows in 2017–2018, they are expected to remain well below their 2007 peak.

Additionally, GVCs mean that trade and investment are increasingly intertwined and efforts to expand one are likely to affect the other. As Professor Baldwin's work on Global Value Chains shows us, we live in an economically inter-connected world with trade and investment increasingly looking like two sides of the same coin. These rapid changes have led to the creation of sophisticated trade and investment networks encased in a digitized economy. In a nutshell, attracting FDI is one of the easiest way for developing countries to access global value chains.

Investment facilitation is crucial for developing countries to achieve the 2030 Sustainable Development Goals. According to UNCTAD, developing countries will need an additional $2.5 trillion annually in foreign and domestic investment to meet the Sustainable Development Goals through investment in infrastructure, energy, water and sanitation, climate change mitigation, health and education and good jobs. To achieve these goals, a wide-ranging dialogue is necessary in areas such as regulatory transparency, administrative procedures, technical assistance and capacity-building of developing, and particularly LDC countries. With regards to steps that countries can take to promote investment facilitation, we see immense promise in 10 action areas highlighted by UNCTAD’s Global Action Menu for Investment Facilitation which consist of

1. Promoting accessibility and transparency in the formulation of investment policies, regulations and procedures relevant to investors;

2. Enhancing predictability and consistency in the application of investment policies;

3. Improving the efficiency and effectiveness of investment administrative procedures;

4. Building constructive stakeholder relationships in investment policy practice;

5. Designating a lead agency or investment facilitator with a specific mandate for disputes prevention and mediation;

6. Establishing monitoring and review mechanisms for investment facilitation;

7. Enhancing international cooperation for investment facilitation;

8. Strengthen investment facilitation efforts in developing-country partners through technical assistance;

9. Enhancing investment policy and proactive investment attraction in developing-country partners, through capacity building; and

10. Enhancing international cooperation towards investment for development, including through provisions in IIAs.

Let me elaborate on Pakistan’s example and talk about our near-term plans for investments to enhance trade connectivity and development through international cooperation. We have focused on a wide range of measures targeting transparency, efficiency and administrative improvements to facilitate FDI. Additionally, envisioning Pakistan as the economic and trade hub for Central and South Asia, we are working on the China Pakistan Economic Corridor (CPEC) which will give a much-needed stimulus to regional trade integration. CPEC is linked with two larger infrastructure projects embracing the whole of Asia and designed to establish new trade and transport links between China, South Asia, Middle East, Central Asia and beyond. It is the vital link between the Silk Road Economic Belt and the 21st-Century Maritime Silk Road – the ‘Belt and Road Initiative’. The initiative covers an ambitious array of physical infrastructural projects consisting of highways, railways, ports, industrial zones and power plants. It also includes initiatives on the knowledge economy with collaboration between research institutes, enhanced links between academia and technical assistance. The initiative will deepen regional integration and provide robust stimuli to trade, investment and financial flows in the region by lowering costs and improving infrastructure. It will go a long way in materializing the vision of making Pakistan a regional economic hub. It will increase trade, investment and financial flows, bringing peace and prosperity to the region through enhancement in the competitiveness of the economies and reduction in trade cost. It epitomises South-South trade, investment and cooperation at its best.

Ladies and gentlemen,

Pakistan remains a strong support of global collaboration and cooperation. The challenges we face can only be solved effectively, efficiently and in a sustainable way if we pool our resources together and synergize our expertise. This requires that we discuss then openly. While similar discussions are taking place in other international organizations, G20, UNCTAD, OECD, APEC; it is the right time for a similar dialogue at the WTO and support strongly the Friends of Investment Facilitation for Development. I have followed closely the work previously done by FIFD and believe that the two dialogues have been very fruitful and helpful in clarifying the elements within investment facilitation and elaborating on them. On that note, I thank all the FIFD colleagues and the WTO secretariat for their efforts and contribution in making this event a success. I look forward to the discussions planned during the next few days. Thank you.