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*INVESTMENT FOR DEVELOPMENT:
FORGING PARTNERSHIPS*

Remarks by Richard Hecklinger
Deputy Secretary-General, OECD

Opening ceremony, Global Forum on International Investment
20-21 October 2004-10-20
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1) Welcome to the fourth annual Global Forum on International Investment

Minister Dayanidhi Maran (Minister of Communication and Information Technology), Mr. Vandrevala, Vice Minister Ma Xiuhong (Chinese Vice Minister of Commerce), Ladies and Gentlemen,

It is a great pleasure for me to open, together with Minister Maran and Mr. Phiroz Adi Vandrevala of the Confederation of Indian Industry, the fourth annual meeting of the OECD Global Forum on International Investment.

We are grateful to the Government of India, Minister Maran, and to the dedicated team at the Ministry of Commerce and Industry, as well as Mr. Vandrevala and his colleagues at the Confederation of Indian Industry, for making this meeting possible.

India is a particularly appropriate venue for this year's Global Forum on International Investment. We learned yesterday of the significant progress India has made in mobilising international and domestic investment to support economic growth and development. We also learned how Indian companies have become major investors throughout the world. India has also been actively involved in international discussions on investment issues including the role of investment in development, and has stressed the point that more dialogue between the developing and the developed countries is needed. This Global Forum is an opportunity for such a dialogue.

2) Investment for development needed more than ever

When they were agreed in 2000, the Millennium Development Goals did not ascribe an important role to private investment. However, it was quickly realised that these goals cannot be achieved without substantial private investment and strong public-private partnerships. The role of the private sector has therefore come to be recognised as a vital component of international development initiatives, particularly in the Monterrey

Consensus. It was with a view to strengthening these international efforts that the OECD, in co-operation with our partner countries and organisations, launched the Initiative on Investment for Development at last year's Global Forum on International Investment in Johannesburg, South Africa.

The Initiative has made good progress since its launch and I hope that this Global Forum will provide an opportunity to give it further impetus and guidance.

3) The overarching theme of this Global Forum is international co-operation

During the next two days we will be discussing three policy issues related to the Initiative on Investment for Development:

- The Policy Framework for Investment;
- Synergy between Official Development Assistance and investment, and;
- Government and business roles in promoting corporate responsibility.

The common thread that cuts across these issues is international co-operation. These are areas where the policy solutions to the challenges faced by governments lie in working together across geographic, political, economic, institutional, and social boundaries.

4) The Policy Framework for Investment

Let's begin with the proposed Policy Framework for Investment. This is intended as -- and here I quote from one of the papers that has been distributed -- a "non-prescriptive, operational guide to be at the disposal of any interested government engaged in domestic reform, regional co-operation or international policy dialogue aimed at creating an investment environment that is attractive to investors and that enhances the benefits of investment to societies". Furthermore, the Framework is intended to deal with policy issues from both a host country and a home country perspective.

Many of you will appreciate that this exercise is quite different from previous international efforts on investment issues. Above all, this project is not intended as a negotiation. Rather, the Framework is intended as a vehicle through which this wealth of international experience on investment can be brought together, shared, and, ultimately, put to use.

Our first plenary session today, starting this morning, will consider the Framework within the broader context of international initiatives to promote investment and private sector development. Tomorrow the Task Force responsible for the development of the Framework will meet to discuss two of the topics that the Framework will cover -- Trade Policy and Competition Policy.

5) Synergy between Official Development Assistance and investment:

The second topic of this Global Forum concerns the synergies between Official Development Assistance and private investment. Aid agencies can greatly leverage the impact of their programs by ensuring that their assistance contributes to building good investment climates and strong public-private partnerships. A project to address these issues, also part of the OECD Initiative on Investment for Development, was launched last year jointly by the OECD Investment Committee and the OECD Development

Assistance Committee. It reflects the commitment of the donor community to make ODA more effective. We are pleased to have with us the Chair of the Development Assistance Committee, Richard Manning, to lead off the discussion of this issue.

6) Government and business roles in promoting corporate responsibility:

The third topic is another example of an area where international co-operation can enhance the benefits of investment for development: corporate responsibility.

The OECD Guidelines for Multinational Enterprises are the only corporate responsibility instrument negotiated by governments. Business cooperated fully in this effort. The Guidelines cover such issues as protection of the environment, labour relations, consumer interests, and combating bribery. They are not binding, but are recommendations by governments to companies. There are a number of other instruments in this field: the Global Compact is a good example.

This is a field in which three parties have an important role to play: businesses, host governments and home governments. The MNE guidelines and the OECD Anti-Bribery Convention are examples of what home governments can do. Host governments have the responsibility to create a legal and regulatory environment that will address issues such as protection of the environment, labour relations and corporate governance. Businesses themselves are increasingly attentive to issues of corporate responsibility and most find developing a comprehensive program for their companies to be good for their business as well as an important element in their relations with host governments and communities. Our discussions today will address all these roles and responsibilities.

7) Conclusion: Global Forums promote mutual understanding and co-operation

I would like to conclude by reiterating that the main objective of the OECD Global Forums is to provide policy makers and other interested parties from business and civil society from around the world with an opportunity to meet and discuss issues of common concern. Our Global Forums try to address issues that go beyond national solutions, and call for international co-operation.

I hope you will find the Global Forum to be useful, and that you will look at it as one step in a process of dialogue and cooperation which will enhance economic growth and standards of living in all of our countries.

I thank you and wish you all a productive and fruitful meeting.