Committee: General Assembly 2nd Committee
Topic: The Role of Foreign Direct Investment in Development
Sponsors: Algeria, Bolivarian Republic of Venezuela, Bolivia, Cuba, Ecuador, Guatemala, Libyan Arab Jamahiriya, Malaysia, Nicaragua, Tunisia
Signatories: Argentina, Azerbaijan, Bahamas, Burundi, Canada, Czech Republic, Democratic People’s Republic of Korea, Dominican Republic, Germany, Haiti, Holy See, Honduras, Indonesia, Iran, Italy, Jamaica, Pakistan, Panama, Madagascar, Mali, Mozambique, Russian Federation, Saudi Arabia, Sudan, Suriname, Qatar, Ukraine, Uzbekistan

The General Assembly Second Committee:

Acknowledging that the goals before this convening of the General Assembly Second Committee are to focus on the issues of Foreign Direct Investment (FDI) and sustainable development,

Reaffirming the importance of FDI in developing countries with economies in transition through support of A/Res/61/210 and A/Res/61/215, thereby strengthening not only North to South but also South to South cooperation,

Stressing that development does not only mean economic development, but also humanitarian, cultural, ethical and spiritual progress,

Keeping in mind General Assembly Resolutions 55/186 and 56/181 concerning a stable international financial system with the priorities of growth and development, especially in developing countries, and the promotion of economic and social equity,

Recalling the United Nations Millennium Declaration and its resolution 56/210 B, endorsing the Monterrey Consensus of the International Conference on Financing for Development and the follow up of this conference to be held at the end of this year, 2008, as well as the Plan of Implementation of the World Summit on Sustainable Development,

Recalling further the 2005 World Summit Outcome,

Recognizing the importance of state sovereignty as stipulated in the United Nations Charter, Article 2.1,

Further stressing the importance of improved FDI policies to allow developing countries to spend more on social spending such as education, health, resource development and basics such as communication and transportation infrastructure so that countries are not forced to choose between economic development and providing basic needs for their citizens,

Further recognizing the special problems of landlocked developing countries and the UN Almaty Programme of Action addressing these concerns within an improved global framework for transit transportation cooperation,

Believing further that regional cooperation, growth and interdependence is the foundation for continued international cooperation and interdependence as well as individual Member State welfare,

Keeping in mind the importance of an open, transparent, inclusive and democratic process, and of procedures for the effective function of the multilateral trading system that would allow internal transparency and the effective participation of membership,

Emphasizing the importance of addressing the concerns of several developing countries regarding the erosion of preferences and the impact of liberalization on their tariff revenues,
Recognizing that current anti-corruption policies have specifically been aimed towards host countries and the necessity for these policies to extend further into both realms of FDI,

Underlining the fact that most progress has been made holding States responsible for creating better investing environments whereas little has been done to reform policies for investors,

Further Acknowledging that all parties involved, investors and receivers of FDI, can best benefit from focusing on long term goals centered on improving social welfare in recipient countries,

Recognizing that the World Bank and International Monetary Fund has provided for important means of development through debt relief and yet have also marginalized developing countries,

1. **Asserts** the sovereignty of the state in matters of FDI, promoting transparency in investment environments and the regional and domestic regulation of FDI;

2. **Affirms** the inalienable rights of states and its citizens over their own natural resources and therefore calls for the adoption of Resolution A/C.2/58/L.36 by the General Assembly Plenary;

3. **Encourages** further South to South cooperation to allow for regional collaboration and development as South-South trade is more likely to represent similar interests and considers it imperative that all developed nations encourage and support these ties to provide for globally improved and equal economic relations as well as financial stability;

4. **Further requests** that the international community pursue South-South FDI through:
   a. Strengthening the role of the World Association of Investment Promotion Agencies by providing yearly forums for information sharing among developing and developed countries;
   b. Establishing biannual international forums through UNCTAD to discuss strategies for improving risk management;
   c. Renewing support for capacity building discussions in UNCTAD;

5. **Encourages** the international community to better utilize means of promoting regional FDI and cooperation because regionally originating investment is best in promoting the interests of local governments and peoples and further encourages the development of regionalization and localized FDI support through:
   a. Formation of regional free trade agreements (FTAs);
   b. Regional development banks such as the Banco del Sur, Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, Carribean Development Bank and the creation of specialized FDI Promotion Agencies within these banks as outlined below;
   c. Emphasis on cooperation with other regional organizations such as the Organization of the Islamic Conference, African Union, Mercado Común del Sur, Bolivarian Alternative, European Union, Association of South East Asian Nations and others;
   d. The convening of a specific UNCTAD conference in Tunis, Tunisia at the start of 2009 to discuss the role of regionalization and its importance in development;
   e. Increasing regional efforts for improved transparency and collaboration;
f. Encourages more research and discussion on improved risk management strategies to provide for a more stable, sustainable trade environment;

6. Highly recommends the establishment of specialized FDI Promotion Agencies within the regional development banks:
   a. Making sure that a regional approach in development is followed;
   b. Having the developing countries report to these Agencies their underinvested sectors as determined by Member States themselves, thus being able to diversify their economies without restricting any Member State’s sovereignty;
   c. Facilitating the FDI process and making the contracting process more transparent and efficient for both investors and FDI recipients by providing legal aid to developing countries when formulating contracts;

7. Encourages regional development banks and developed countries to create grants and loans as incentives for donors to invest in the developing world not only in low-skilled industries, but highly skilled, and technology-based industries as well;

8. Recommends the creation of policies and structures that encourage profits and benefits from FDI to remain in the receiving country through the following means:
   a. Establishing an international goal of 30% of benefits and profits of FDI that should stay in each host country, allowing for a goal of 70% of benefits and profits to return to the investing country, different from the current levels of 20% retention and 80% to investors;
   b. These percentage goals be codified in international agreements between investors and host countries and are provided with this information to allow developing nations with a standard for the amount of returns they are able to achieve;

REPLACE B WITH: b. Suggests that these percentages be used by individual Member States in negotiating contracts with prospective investors in the context of this global consensus;

Add c. to read: c. Encourages that this goal be set for 2023 at which point in time the FDI situation and ratio should be reevaluated and discussed within the context of UNCTAD;

Change c to d

9. Suggests that investors help to strengthen the countries they are investing in through infrastructure, education, health and social programs by using Public to Public Partnerships (PUP), Public Private Partnerships (PPP), UNDP Country Programs centered on improving these programs in individual Member States, and encouraging regional banks to provide incentives in the form of grants and loans to those investors who also support such programs;

10. Further considers revision of the requirements of companies to provide for the above betterment of host countries through the improvement of best practice policies ensuring that sustainable development occur through the modification of agencies such as Multilateral Investment Guarantee Agency (MIGA) as well as the creation of a Good Governance for Development (GfD) for Developing Countries Initiative with regional working groups to promote regional information sharing with regard to good governance and development in the following areas:
a. Civil service and integrity;
b. E-government and administrative simplification where possible;
c. Governance of public finances;
d. Public service delivery, PUPs and regulator reform;
e. Role of judiciary and law enforcement;
f. Citizens, civil service and public sector reform;
g. Environmental protection;
h. Indigenous peoples and the labor force;

11. **Urges** transnational companies to ensure compliance with the principles established in the Global Compact and the code of conduct guidelines provided by the United Nations Conference on Trade and Development (UNCTAD);

12. **Calls** for the end of the use of subsidies, such as agricultural and steel subsidies, by many countries;

13. **Calls attention** to the negative effects of unilateral trade sanctions specifically aimed at countries when not approved and authorized by the United Nations as they impede development and the ability of FDI to positively influence and sustainably develop a country.