

NGO Intervention

Mobilizing international resources: foreign direct investment and other private flows

My name is Eva Hanfstaengl, Board member of Erlassjahr, the German Jubilee Campaign, and member of the NGO Committee on FfD. I will present the main points of the “Key Recommendations of the Doha NGO Facilitating Group” on foreign direct investment and want to express my appreciation to the co-chairs for the opportunity to give us the opportunity to speak. Copies are available in the back of the Conference room.

We welcome that the Draft Outcome Document rightly emphasizes the need to maximize linkages with domestic production activities, transfer of technology and training of the local labor force. However, the weak language on the responsibility of private investors to uphold **labour and environmental standards** as well as transparency in the accounting of revenues, including in the Extractive Industries, fails to address the real need for a **strong regulatory framework** to counter well-documented abuses, and ensure positive developmental impacts of foreign direct investments.

Development countries should avoid underbidding each other to compete for investment as this can lead to a “race to the bottom” of social and environmental standards and negative development impacts of foreign direct investments. No tax incentives for re-transfer of profits from foreign investment should be granted, and governments ought to commit to **abolishing all incentives for the transfer of profits**. Instead, they ought to boost international tax co-operation with the aim of preventing all forms of ruinous tax competition, and ensuring that tax regimes mobilize adequate resources for development.

We miss a stronger language on strengthening co-operation to stabilise capital flows and **improving regulation of institutional investors**. More stringent disclosure requirements should be established for hedge funds vis-à-vis the financial regulatory authorities.

Strict regulations should be applied to institutional actors investing in food and energy futures.

Thank you