Welcome Statement
by
H.E. Dr. Seyed Ali Mohammad Mousavi D-8 Secretary-General at the
1st D-8 Expert Meeting on the Establishment of Joint Investment Fund 21-22 January 2013, Tehran - Iran

Honorable Chairman,
Distinguished Colleagues,
Ladies and Gentlemen,

Assalamualaikum Warrahmatullahi Wabarakatuh,

On behalf of the D-8 Organization for Economic Cooperation, I would like to welcome you all ***to 1st D-8 Expert Meeting on the Establishment of Joint Investment Fund.***

It is my great honor and pleasure to be with you at the opening of this important Meeting. First, I would like to extend my heartfelt gratitude to the Government of Islamic Republic of Iran, especially to the National Organization for Investment and Technical Assistance (NOITA), for this well-prepared Meeting, providing us with a very comfortable venue in the metropolitan city of Tehran. I would also like to express my appreciation to my previous colleagues in the Ministry of Foreign Affairs of Islamic Republic of Iran and all delegates here, whose dedication and support has made this meeting possible.

Distinguished Delegates,

According to Global Investment Trends Monitor prepared by United Nations Conference on Trade and Development (UNCTAD) in October 2012, global foreign direct investment (FDI) inflows rose 16 percent in 2011, from $1.35 trillion to $1.6 trillion. This meant that the FDI was surpassing the 2005-2007 pre-crisis level for the first time, despite the continuing effects of the global financial and economic crisis of 2008-2009 and the ongoing sovereign debt crises. This increase occurred against a background of higher profits of transnational corporations (TNCs) and relatively high economic growth in developing countries during the year.

Furthermore, resurgence in economic uncertainty and the possibility of lower growth rates in major emerging markets weakened this favorable trend in 2012. The growth rate of FDI is estimated to slow down in 2012, with flows leveling off at about $1.6 trillion, the midpoint of a range. Based on macroeconomic fundamentals the medium term will continue to show FDI flows increasing at a moderate but steady pace, reaching $1.8 trillion and $1.9 trillion in 2013 and 2014, respectively, barring any macroeconomic shocks. Investor uncertainty about the course of economic events for this period is still high.

FDI inflows increased across all major economic groupings in 2011, compared to 2010. Flows to developed countries increased by 21 percent, from $653 billion to $748 billion. In developing countries FDI also increased by 11 percent, from $623 billion to $684 billion. Particularly in D-8 Countries, total FDI inflows increased from $51 billion in 2010 to $62 billion in 2011 and intra-FDI inflows increased from $680 million in 2010 to $ 775 million.

Distinguished Colleagues,

Continuing globalization in global and regional economic environment affecting domestic investment has also increased the strategic importance of well- designed economic grouping cooperation measures, particularly for funding cooperation. The genuine objective of this cooperation is to foster the economic development and to participate in equity capital, grant loans and technical assistance for numerous productive projects and programmes. Thus, please allow me to inform you briefly some financial mechanisms in a number of sister organizations that have their own financial mechanism, inter alia:

1) Economic Cooperation Organization (ECO) established ECOBANK. The Bank is not a profit maximizing organization but would rather focus on financing development programmes and projects at reasonable costs with a favorable repayment conditions.

2) Islamic Development Bank (IDB) is also another form of the financial mechanisms, which was established by OIC in October 1975. The purpose of the Bank is to foster the economic development and social progress of OIC member countries and Muslim communities individually as well as jointly in accordance with the principles of Shari'ah i.e., Islamic Law. In addition,

3) The BSEC established its own financial resource and mechanism, entitled The Black Sea Trade and Development Bank (BSTDB). Objectives of the Bank include promoting regional trade links, cross-country projects, and foreign direct investment, supporting activities that contribute to sustainable development, and equity for development projects supporting both public and private enterprises in its member countries.

4) ASEAN and China agreed and established their own financial mechanism, entitled The China-ASEAN Investment Cooperation Fund (CAF). The CAF is a private equity fund focusing on investment opportunities in infrastructure, energy and natural resources in

the ASEAN region and China.

Congruent with above examples of financial mechanisms, I believe, we could establish a feasible financial mechanism to our community as envisioned in our D-8 Roadmap. The implementation of the Roadmap will require substantial financial resources. The challenge, therefore, is how to mobilize the requisite resources from all possible sources, including governments and private sectors, to support the development of D-8.

As we know, the D-8 countries are rich with natural resources and high population, characterized by economic potency, huge and beautiful geographical endowment for tourism, and close religious, historical and cultural ties. D-8 has a vast potential for development, given large amounts of land, abundant inexpensive and skilled labor, diversified human capital, rich natural resources, and a large market of around 1 billion people with an intra-trade of almost $130 billion and intra-FDI of $775 million in 2011.

The D-8 governments will take the feasible necessary steps to ensure that the respective national components of key D-8 programs and projects will be given priority in their public investment and expenditure programs. However, as the financial requirements for the development of D-8 far exceeds the resources available to the governments of the eight countries, there is a need to actively promote financing of priority D-8 programs and projects. In this context, various model-financing mechanisms will be explored and developed in the course of implementing the Roadmap.

Distinguished Colleagues,

Let me now turn to the Meeting here today. As you all know, the first consideration of the establishment of Joint Investment Fund (JIF) for D-8 was introduced by Iran at the 28th Session of D-8 Commission on 4-5 July 2010 in Abuja- Nigeria. In addition, at 7th D-8 Summit on 8 July 2010, particularly in Abuja Declaration (Para 6), D-8 Heads of States reaffirmed the necessity of taking immediate measures to encourage, facilitate and promote foreign direct investment (FDI) in the priority areas. Furthermore, D-8 Heads of States directed the Commission to explore ways and means to establish a D-8 Investment Fund and identify investment opportunities in the member countries, including the proposal by the Islamic Republic of Iran to establish the D-8 Joint Investment Fund.

Looking back at where we started, and looking forward to where we should be headed, I believe that the genuine initiation to formulate a tangible framework of investment fund is properly reflective of the momentum of our collective enterprise in this field and provides a good chapeau for the meeting today.

I would also like to emphasize that the Meeting here in Tehran has provided us all with a precious opportunity to liaise with each other better, at both public and private levels and also between the two complimenting sectors. We can - and we should - expand and institutionalize our connections and communications. I really doubt that you need to be further encouraged on the urgent need for sharing information, experiences and best practices to promote actual cooperation on investment.

Distinguished Colleagues,

Coming to the end of my remarks, let me underline that I find reassuring the feasible importance of JIF for D-8 Community through long-term and strategically oriented investment outlook. For instance, JIF could appear well placed to invest in productive programmes, projects and infrastructure development. JIF could also offer the scale to be able to invest in the upgrading of agricultural productivity - key to economic development in our members - as well as in industrial development, including the build-up of green growth industries.

My last word would be to urge all of you to focus on developing a good set of feasible financial mechanism framework, as part of a workable action plan for investment cooperation, which, as everybody knows, has been clearly stipulated in the our Organization's 2008-2018 Roadmap.

Finally, I thank you very much for your attention and wish all of you every success in this meeting.

Wassalamualaikum Warrahmatullahi Wabarakatuh.