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The World Investment Report 2013 **(*WIR13*) is the 23rd in the series and will be released by the United Nations Conference on Trade and Development (UNCTAD) at 17:00GMT on 26 June 2013. The report is subtitled "Global Value Chains – Investment and Trade for Development".**

The *WIR13* presents the latest data and trends on foreign direct investment (FDI) and related policies. It focuses particularly on global value chains and the role that investment and trade related to value chains play in development.

Global FDI flows declined in 2012 to below the pre-crisis level, due mainly to macroeconomic fragility and policy uncertainty for investors. In 2012 – for the first time ever – developing economies absorbed more FDI than developed countries. In addition, they generated almost one third of global FDI outflows. The FDI recovery that started in 2010 and 2011 will take longer than expected, the Report predicts. As the global economy is making a hesitant and uneven recovery, FDI flows could rise moderately over 2013-2014. Structural weaknesses in the global financial system, weaker growth in the EU countries, and significant policy uncertainty in areas crucial for investor confidence, if they continue, may further delay FDI recovery.

National investment policies and investment rulemaking continued a bipolar trend in 2012, the report says. On the one hand, governments remained keen to attract foreign investment. On the other hand, many strengthened their regulatory environments for foreign investment, made more use of industrial policies, tightened screening and monitoring procedures, reviewed mergers and acquisitions more assiduously, and became more selective with regard to FDI involvement in strategic industries. With respect to international investment policies, more countries included a sustainable development dimension in their investment treaties and created more regulatory "space" for maximizing the positive and minimizing the negative socio-environmental effects of FDI. The fact that over 350 bilateral investment treaties (BITs) will reach the end of their initial fixed terms during 2014-2018, and an additional 1,300 BITs can now be terminated at any time, provides opportunities for enhancing this process, the *WIR13* notes.

The thematic part of the report focuses on global value chains (GVCs) and how host countries can most effectively use them for building productive capacity, economic upgrading, and social upscaling. The report shows how GVCs constitute the nexus between *trade and investment*. The vast preponderance of global trade is linked to the international production networks of transnational corporations, which shape patterns of value added generated from trade, orchestrating GVCs through FDI, non-equity modes (such as services outsourcing, contract farming, and contract manufacturing) and cross-border transactions with independent firms. There are both opportunities and risks associated with GVCs for host countries. The Report discusses how to embed GVCs in development strategy and industrial development policies and proposes policies for productive capacity building in GVCs, a social and environmental governance framework for GVCs, and a synergistic approach to aligning trade and investment policies in GVCs.