

Forum: Special Political and Decolonization Committee (GA4)

Issue: Promoting Sustainable Foreign Investment in Formerly Colonized States

Student Officer: Zoi Mathiopoulos

Position: Co Chair

INTRODUCTION

Promoting sustainable foreign investment in formerly colonized states, a topic that sounds complicated at first, but if one divides it into segments, it can be simplified. The first segment that we are going to break down is “sustainable investing”. This term refers to the responsibility of the investment. It is not a haphazard act and therefore it can be located in bibliographies as “ethical investment”. The added adjective “foreign” gives this matter a new aspect. This is not about internal investment, but other developed countries invest in development. Hence, it is very important to ensure that the stronger don’t take advantage of the weaker and hinder the country’s progress.

Moving on to the term “formerly colonized states”. This term is going to be defined in the section “Definitions of Key- terms”, but bear in mind that it is a core term for the topic. Most of the formerly colonized world (“third world,” “less-developed countries,” “Southern countries,” and so on) suffer from the detrimental effects of modernization to a greater extent than the industrialized world. With the word colonialism, an association is made with the politics of imperialism and general history. But keep in mind, that colonialism did not happen this far away in the past and countries still fight to develop a balanced standard of living.

The world is more than the industrialized countries. The world is every individual, every animal, and every part of the land. Societies have the liability to preserve it, making sustainable investment essential. Although, since many countries such as the formerly colonized ones cannot support investments by themselves, foreign investment is needed.

The whole issue depends on the present-day state of affairs in formerly colonized countries. Since they cover a very broad spectrum from totally modern efficiently functioning states today, to totally dysfunctioning bureaucratic and even dystopian kleptocratic totalitarian states where corruption and inefficiencies thrive, there can be no single recipe for direct foreign investments in foreign colonized states. Each case should be examined on an ad hoc basis taking into serious consideration the actual and present current situation of affairs on the ground.

Through this guide, the historical, political, and economical aspects of the problem will be covered as well as important information and possible solutions accompanied by graphs and images will be provided to the delegates, for the construction of the best possible guide.

DEFINITION OF KEY-TERMS

Sustainability

Sustainability is a method where the needs of the present are covered in ways that make sure the resource which is used is not depleted or damaged and therefore next generations will be able to use them.¹

Investment

Investment is the action of allocating money to a specific goal in order to make a profit out of this move in the future, "capital outlay".²

Colonialism

Colonialism is a policy which is based on the control a country has over other countries or societies and therefore there are areas that are dependent from a more powerful one.³

Foreign direct investment (FDI)

Foreign Direct Investment (FDI) is a long-term investment into a firm from an investor (can be either person or a firm) who is located in another country. The investment happens because the investor wants to be able to have full control over the decisions in management of the firm.⁴

Formerly colonized states

This term is used to describe territories that were formerly ruled or administrated by stronger and richer countries, empires, kingdoms etc.

Investor

An entity (person, firm, etc) that puts money into anything (financial schemes, property, firms, capitals), with final goal to make a profit out of this move.⁵

¹ "Sustainable." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/sustainable>

² "Investment." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/investment>

³ "Colonialism." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/colonialism>

⁴ "Foreign Direct Investment (FDI)." Investopedia, www.investopedia.com/terms/f/fdi.asp

⁵ "Investor." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/investor

Investee

An entity that has been given money in order to give in return a profit.⁶

Neocolonialism

The “political control by a rich country of a poorer country that should be independent and free to govern itself”. It refers to this century.⁷

Globalization

The process of having closer political, social, cultural and economic relations between countries. In other words, characteristics of a society, mainly through global trade, become mutual between more countries.⁸

Imperialism

A system, or a situation where one country, that is more powerful and has great economic and political influence, wants to expand its sphere of power and therefore moves to acts such as forcing its power to other countries.⁹

BACKGROUND INFORMATION

Colonialism

Colonialism in the Colonial Era corresponds to the colonization of territories primarily in the Americas, Africa, Asia, and Oceania by Western European countries. Spain, Portugal, France, the United Kingdom of England, the Netherlands, and Prussia, as well as the United States, were the major European countries involved in this form of colonization starting in the 18th century.

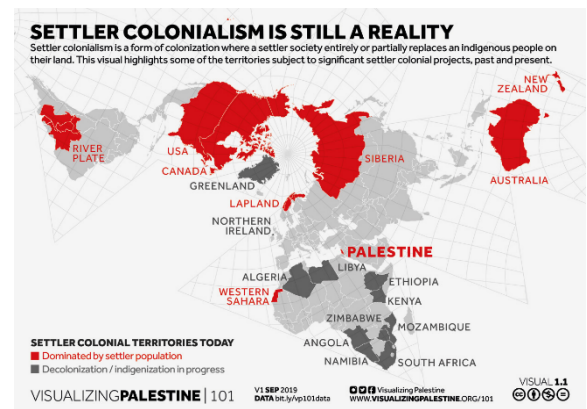


FIGURE 1: SETTLER COLONIALISM IS NOT LEFT BEHIND IN THE 18TH, 19TH AND 20TH CENTURY

Source: "1.1 Settler Colonialism is Still a Reality." Visualizing Palestine 101, 25 Sept. 2019, 101.visualizingpalestine.org/visuals/settler-colonialism-still-reality

⁶ "Investee." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/investee

⁷ "NEOCOLONIALISM | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/neocolonialism

⁸ "GLOBALIZATION | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/globalization

⁹ "IMPERIALISM | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/imperialism

Several of these nations enjoyed near-total dominance in world trade at some point between roughly 1500 and 1900. Although many European colonization schemes concentrated on the short-term exploitation of economic opportunities (Newfoundland, for example, or Siberia) or discussed specific targets, others focused on the long-term exploitation of economic opportunities (Massachusetts or New South Wales), a long-standing tradition of meticulous long-term socioeconomic planning including both parties, but especially for the colonizing regions, centered on elaborate theory-building.

Settler colonialism



FIGURE 2: SETTLER COLONIALISM IN THE AMERICAS

Source: "Settler Colonialism." Wikipedia, the Free Encyclopedia, Wikimedia Foundation, Inc, 19 Mar. 2007, en.wikipedia.org/wiki/Settler_colonialism

Settler colonialism entails large-scale immigration as a result of social, economic, or political issues. More specifically, settler colonialism seeks to replace the original population with new masses coming from the settlers. Settler colonialism diverges from exploitation colonialism, which involves a public financial strategy of vanquishing a nation to abuse its populace as modest or free work and its regular assets as crude material.

As settler colonialism, we name the process of the European colonization of the Americas. Few European realms (principally Spain, Portugal, England, and France) started to investigate and guarantee the characteristic assets and human resources of the Americas bringing about the disestablishment of some Native Countries, and the foundation of a few pilgrim provincial states.

Exploitation colonialism

Exploitation colonialism is the national financial arrangement of vanquishing a nation to misuse its populace as work and its regular assets as crude material. Profiteering Trade and commerce, such the sale of commodities and even the slave trade, are also part of colonialism. Labor is needed to conduct out the trade, so the colonists forced the indigenous people to work. They were paid a pittance or no pay at times, and they were exploited.

With the promotion of sustainable

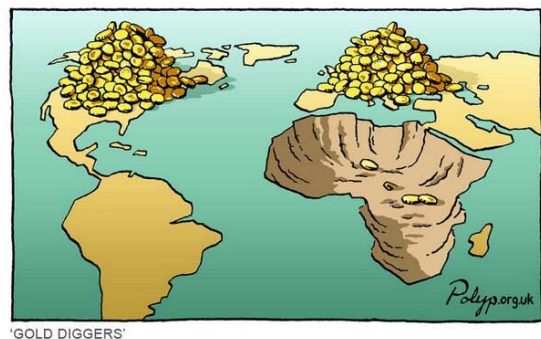


FIGURE 3: EXPLOITATION COLONIALISM

"This Browser is No Longer Supported."
twitter.com/anarchistgeog/status/481529651253100544.

investment, an effort is been made to turn this situation. The goal is to help the countries to overcome the burden of the past and make them able to thrive and use all their advantages correctly.

Neocolonialism and Post- Colonial

Until the twentieth century, empires ruled the Middle East. These were frequently European colonial empires in the 19th and early 20th centuries. Colonial rule crumbled in the twentieth century, and numerous post-colonial states arose. They are post-colonial in that context since they arose from colonial empires.

Unlike the previous colonial methods of overt military control (imperialism) or indirect political control, neocolonialism employs economics, globalization, cultural imperialism, and conditional assistance to dominate a region (hegemony). Neocolonialism varies from traditional globalization and development aid in that it often results in a dependency, subservience, or financial duty to the neocolonialist government. This might lead to an excessive amount of political influence or spiraling debt obligations, effectively mimicking the relationship between conventional colonialism and the United States.

Creation of core and periphery

In every action that happens there is the affecter and the affectee. In this case the role of the affecter is occupied by the industrialized countries that had adopted the politics of imperialism in order to expand their sphere of economical and political influence. These states, formally known as 1st world countries are the states that had colonies and are named Core States. Core States are the United States of America, United Kingdom, France, Germany and many more.

Moving away from the core we move to the periphery. As it is mentioned before, decolonized states have evolved very differently. On the one hand there are countries that since they have gained their independence they have thrived; their economy has bloomed and some are even a part of the Group of 20 (G20: the 20 strongest economies).

These countries are identified as Semi-



FIGURE 4: CORE AND PERIPHERY IN THE MAP

Source: "Core / Periphery Division of the World." The Geography of Transport Systems, 2 Nov. 2017, transportgeography.org/contents/chapter2/transport-and-spatial-organization/world-core-periphery/

Periphery states, as they are former colonies that are developing quickly. China, Australia and New Zealand fall under this category. Unfortunately, this is not how all the countries have moved on. Many due to the extreme exploitation could not form a strong economical and political basis leaving a huge space for any kind of warfare, terrorism and totalitarian system to be implemented. These former colonies are known as the third world and are called Peripheral states (Central America, Sub-Saharan Africa).

The situation in the African countries

Many African countries never had the chance to come back from the exploitation they lived through. Slave trade, extreme poverty, living under a state of fear, exploitation of the land and the soil, genocides and many more still haunt these countries. Therefore, it is a matter of great importance to ensure a steady rate of investments, but also to ensure that these investments are qualified as sustainable and do not hide ulterior motives.

Foreign investment

Foreign investments are regularly made by bigger monetary establishments expecting to enhance their portfolio or extend activities for one of their present organizations universally. It is frequently viewed as a move for scaling purposes or an impetus to spike in monetary development.

For instance, a few organizations may extend their workplaces worldwide to arrive at worldwide ability and associations. As examples we can name Goldman Sachs, J.P. Morgan, Morgan Stanley, and other enormous organizations. In different cases, a few organizations may open offices or activities to exploit less expensive work or creation costs offered in explicit nations.

Direct investment

Foreign direct investments are when financial backers buy an actual resource like a plant, manufacturing plant, or apparatus in a foreign country. As a rule, direct foreign investments are supported by the foreign country over indirect foreign investments on the grounds that the resources they buy are viewed as long haul. Hence, they help support the foreign country's economy over the long run.

Indirect investment

Conversely, foreign indirect investments are when financial backers purchase stakes in foreign organizations that exchange on their individual stock trades. Indirect means getting tied up with property investment without really purchasing the actual property straightforwardly.

For instance, an indirect investment may include buying units in an organization or scheme which claims the property investment. A form of indirect investment can be

Real Estate Investments Trusts (ERIT).

MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED

Argentina

In Argentina, during the 1990s it was thought that everything would be solved through foreign direct investment. One of the main problems was that the country did not have the infrastructures to support the investment and there was no economic growth.

As it is expected, the investments helped the economy and core problems of the society, such as unemployment and poverty. Unfortunately, it didn't cure all of the problems of the country.

From 2004 and after the Working Group Project has set its eye on Argentina and is trying to help to support any foreign investment and make sure that the country can absorb any incoming investments.

Egypt

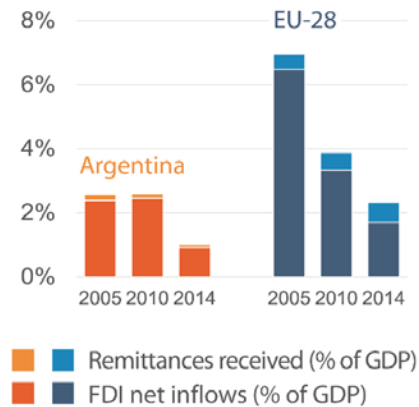
Egypt was ruled by the British at the turn of the twentieth century. It was one of the Middle East's most cosmopolitan nations. It was home to huge numbers of Turks, Greeks, Jews, Italians, and Levantine Arabs.

This cosmopolitan crowd did not suffer when Egypt gained independence in 1922. Egypt's monarchy (Fouad came in power) remained in power, and it maintained strong links to British and foreign networks, until the 1950s. However, anti-Imperialist movements arose in Egypt, calling for not only formal democracy but also the severance of relations with Britain and the abolition of the colonial order in Egypt.

Morocco

During the 1990s, expansive macroeconomic changes have made a positive investment environment in Morocco. The privatization program and the progression of the FDI system have too added to making the country more alluring to foreign financial backers. Therefore, FDI inflows to Morocco expanded from a yearly normal of \$231 million every 1988–1992 to a normal of \$562 million out of 1993– 1997 (add-on table 5); in 1997, they added up to \$1.1

FDI and remittances to Argentina and the EU-28



EPRS | European Parliamentary Research Service

EUI | European University Institute

FIGURE 5: THE DIFFERENCE BETWEEN ARGENTINA AND THE EUROPEAN UNION REGARDING FDI AND REMITTANCES

Source: "FDI and Remittances to Argentina and the EU-28." European Parliamentary Research Service Blog, 20 Sept. 2016, epthinktank.eu/fig-3-fdi-and-remittances-argentina/

billion. The single biggest FDI project has been embraced by Corral (Sweden), which put some \$380 million in the petrol area when purchasing into the privatized SAMIR partnership. Another \$270 million of FDI went into energy, while banking pulled in some \$178 million of investment. Possibilities for supported FDI inflows are promising. Later declarations of huge investment projects incorporate a \$400 million investment by Daewoo (Republic of Korea) and ABB-CMS's investment of \$1.6 billion. Morocco has set up itself as perhaps the biggest beneficiary of FDI in Africa and is at the cutting edge of changing the picture of Africa.

United States of America

American imperialism refers to policies aimed at spreading the United States' political, economic, and cultural dominance beyond its borders. Military conquest, gunboat diplomacy, unjust alliances, subsidization of favored factions, economic penetration by private corporations, and interference when those interests are threatened may be included.

For the entirety of the country's existence, the issue of whether the United States can interfere in the affairs of other countries has been discussed in domestic politics. Opponents cited the country's past as a former colony that revolted against an overlord, as well as American ideals of democracy, liberty, and autonomy.

Another aspect of the involvement of the country in this topic is the great power it holds. A country like this holds the power to help formerly developing countries, as it has the economic opportunity and the advanced technologies to make its investment sustainable.

France and United Kingdom

It's no secret that European colonialism was a massive, sometimes disastrous project that placed virtually the entire world under the rule of one European power or another for many centuries.

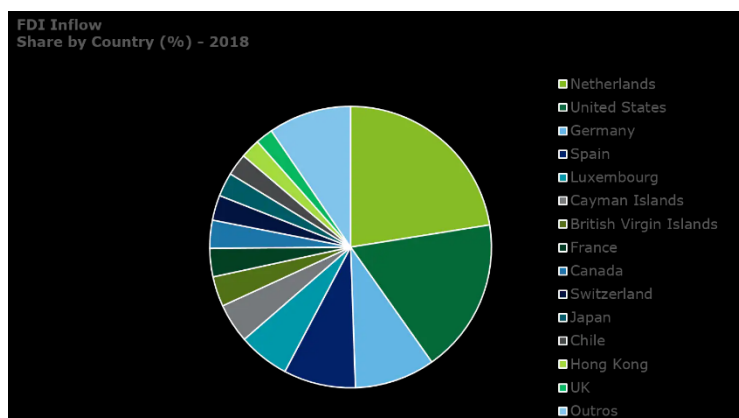


FIGURE 6: FDI INFLOW (DIFFERENCE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES)

Source: "Evolution of Foreign Investment in Brazil." Deloitte, 8 Jan. 2020, www2.deloitte.com/br/en/pages/doing-business-brazil/articles/evolution-of-foreign-investment.html

Just four countries have absolutely avoided European colonialism. Because of their power and diplomacy, as well as their isolationism and maybe their distance, Japan and Korea were able to fend off European dominance. When the French and British Empires agreed to keep Thailand independent as a barrier between British-controlled Burma and French Indochina, Thailand was spared. Also, there is Liberia, which was not harmed by European forces,

as the US supported Liberia and considered the country an ally. The Liberian state was set up in the mid-1800s by liberated American slaves who decided to migrate to Africa.

The United Kingdom was one of the empires with the biggest colonies. Countries such as Australia and New Zealand used to be British colonies that gained their actual independence in the 1980s. As one of the protagonists in the colonization era and in the modern economic world, the UK has a big role in this topic.

United Nations Conference on Trade and Development (UNCTAD)

UNCTAD has lately significantly ventured up its exercises regarding Africa. A significant exploration project on the "Financial turn of events and territorial elements in Africa: Exercises from the East Asian experience" was started by UNCTAD at the beginning of 1997 with subsidizing from the public authority of Japan. The project analyzed issues including explanations behind helpless stock side reactions to strategy change, absence of fare broadening, and troubles in developing homegrown limit in the private and public areas.

UNCTAD has fostered a broad program of help to African nations in the space of exchange, investment, administration improvement, obligation the executives, and venture advancement.

TIMELINE OF EVENTS

DATE	DESCRIPTION OF EVENT
1922	Egypt gained its independence.
1964	The Trusteeship Council was established.
14 December 1960	Declaration on the Granting of Independence to Colonial Countries and Peoples
3 March 1986	Date of final relinquishment of British powers from Australia.
1990	The United Nations raises awareness for the problem of colonization by putting out media focusing on the process of decolonization and how the United Nations has contributed to development of the principle and practice of "self-determination" for people living in non-

	self-governing territories.
1990s	During this time, Foreign Direct Investment was seen as the only solution for Argentina's economy. Even though, it did not mend all the problems, it helped in cases such as unemployment, poverty and general social problems.
1 November 1994	This was the last session of Trusteeship Council, as the independence of Palau (last trust territory) was made.
June 1999	The UNCTAD relaces the "Foreign direct investment in Africa: Performance and Potential" Agenda.
2013	The International Institute for Environment and Development publishes a handbook on Foreign investment, law and sustainable development.
November 2021	The Trusteeship Council will meet again.

RELEVANT UN RESOLUTIONS, TREATIES AND EVENTS

INVEST IN SUSTAINABLE DEVELOPMENT

To solve major global challenges, businesses and investors are increasingly collaborating. Environmental, Social, and Governance (ESG) factors in investment funds are transforming from a risk management practice to a catalyst of innovation and new investments that generate long-term value for society and business.

The numerous private actors' ESG activities are in line with the Sustainable Development Goals (SDGs), but they need to be leveraged even further to produce better results. The foundations for an ESG alliance have been laid.

Trusteeship Council

The Charter also established the Trusteeship Council as the UN's main organ. Its mission was to keep an eye on 11 distinct "Trust Territories" that were governed by separate agreements with administering countries.

These territories had been officially governed under League of Nations mandates, or had been divided from countries defeated in World War II, or had been voluntarily put under the regime by their administering Power. This scheme was implemented in Eleven Territories.

UNCTAD act

During the ninth session, in Geneva, of the council (20-24 November 2017) the UNCTAD relaced an agenda based on the Sustainable Development Goals for 2030, in order to promote sustainable foreign investments.

The 2030 Agenda for Sustainable Development means to address social, monetary, and natural difficulties and requires significant investments to do as such. The UNCTAD activity bundle for investment in the Objectives incorporates a few proposals that identify with crafted by investment advancement organizations. More specifically, new investment advancement techniques and investment advancement offices center on the readiness and advertising of pipelines of bankable Goals related undertakings and the improvement of new associations.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Generally, this is a problem that worries many organizations, with first of all the UN. It is believed that with the Sustainable Development Goals that the problem will start to seem easier. The Sustainable Development Objectives cover different aspects of social development, environmental protection and economic growth.

Working Group project

The Working Group on Improvement and Climate in the Americas, established in 2004, unites analysts from a few nations in the Americas have done observational investigations of the social and natural effects of financial advancement. The objective of the Working Group Project is to contribute exact examination and strategy investigation to the continuous approach banter on public monetary improvement systems and worldwide exchange.

POSSIBLE SOLUTIONS

As it has been mentioned before this is a kind of complex problem, which means that there might be complicated solutions. Generally, solutions can focus on how organizations can invest.

First of all, the funding of organizations (Doctors without borders, Working Group Project, Greenpeace) that already are investing sustainably in these countries is very important. For example, on the Sahara coast in Africa, there are organizations and volunteering teams that go and collect all the garbage that is stacked there. This garbage actually comes from industrialized countries, as we are talking about many industrial wastes and even hazardous materials. These groups collect the waste and create furniture, art, machines, or any product that helps green

projects. This form of recycling is very helpful, as it does not leave developing countries to combat the problem alone when these wastes are not even produced by them. Unfortunately, all this procedure is expensive and requires funds to be able to be maintained.

A different aspect of solutions can be encouraging and promoting investment in green infrastructures. Many countries that were formerly colonized are near the equator making solar radiation and power stronger, as well as they, have a lot of free lands. Therefore, the construction of many solar panels or solar generators could be implemented. The same goes for wind power and other sustainable substructures. In order to ensure that these countries are not exploited by the investors, a law or a treaty can be implemented that ensures that part of the produced energy goes to support the electricity and water supply of nearby villages and towns.

Moreover, it should be encouraged that investors can construct health centers and scientific centers, to help the population and also be able to make more researches in a new environment. These centers can have a percentage of indigenous workers, which will actually have a positive outcome for both the country and the investor. For the country, it will help with the lack of available job positions and therefore with poverty and it will generally upgrade the standard of living. For the investor, it will reduce the cost of relocating many employees and finding them a living environment as well as giving them allowances for the relocation.

BIBLIOGRAPHY

"Colonialism." *Merriam-Webster.com Dictionary*, Merriam-Webster, <https://www.merriam-webster.com/dictionary/colonialism>

"Colonialism: Meaning, History, Types, and Evolution." *Sociology Group: Sociology and Other Social Sciences Blog*, 18 Apr. 2020, www.sociologygroup.com/colonialism-meaning-history-types-evolution/

Corporate Finance Institute. "Foreign Investment - Overview, Methodologies, Types." Corporate Finance Institute, 4 Feb. 2021, corporatefinanceinstitute.com/resources/knowledge/economics/foreign-investment/

"GLOBALIZATION | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/globalization

Home :: Sustainable Development Knowledge Platform, sustainabledevelopment.un.org/content/documents/857argentina.pdf

"IMPERIALISM | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/imperialism

"Investee." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/investee

"Investment." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/investment>

"Investor." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/investor

"NEOCOLONIALISM | Meaning in the Cambridge English Dictionary." Cambridge Dictionary | English Dictionary, Translations & Thesaurus, dictionary.cambridge.org/dictionary/english/neocolonialism

"Sustainable." Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/sustainable>

UNCTAD, unctad.org/system/files/official-document/ciid35_EN.pdf

UNCTAD, unctad.org/system/files/official-document/poiteiitm15.pdf

"Foreign Direct Investment (FDI)." *Investopedia*, www.investopedia.com/terms/f/fdi.asp

Fisher, Max. "Map: European Colonialism Conquered Every Country in the World but These Five." *Vox*, 24 Feb. 2015, www.vox.com/2014/6/24/5835320/map-in-the-whole-world-only-these-five-countries-escaped-european

"Invest in Sustainable Development." *UN Global Compact*, www.unglobalcompact.org/take-action/action/private-sustainability-finance. Accessed 20 May. 2021.

"Milestones: 1945–1952." *Office of the Historian*, history.state.gov/milestones/1945-1952/asia-and-africa

"OHCHR | Declaration on the Granting of Independence to Colonial Countries and Peoples." www.ohchr.org/EN/ProfessionalInterest/Pages/Independence.aspx

"Post-Colonial States and the Struggle for Identity in the Middle East Since World War Two." *Foreign Policy Research Institute*, www.fpri.org/article/2015/10/post-colonial-states-and-the-struggle-for-identity-in-the-middle-east-since-world-war-two/

United Nations. "Decolonization." *United Nations*, www.un.org/en/global-issues/decolonization.

MULTIMEDIA RESOURCES

"1.1 Settler Colonialism is Still a Reality." Visualizing Palestine 101, 25 Sept. 2019, 101.visualizingpalestine.org/visuals/settler-colonialism-still-reality

"Core / Periphery Division of the World." The Geography of Transport Systems, 2 Nov. 2017, transportgeography.org/contents/chapter2/transport-and-spatial-organization/world-core-periphery/

"Evolution of Foreign Investment in Brazil." Deloitte, 8 Jan. 2020, www2.deloitte.com/br/en/pages/doing-business-brazil/articles/evolution-of-foreign-investment.html

"FDI and Remittances to Argentina and the EU-28." European Parliamentary Research Service Blog, 20 Sept. 2016, eprthinktank.eu/fig-3-fdi-and-remittances-argentina/

"Settler Colonialism." Wikipedia, the Free Encyclopedia, Wikimedia Foundation, Inc, 19 Mar. 2007, https://en.wikipedia.org/wiki/Settler_colonialism