Expert Workshop

Opportunities and challenges of establishing an international framework on investment facilitation for development in the WTO

Wednesday, 11 December 2019

Venue:

World Trade Organization (WTO), Room S3, Centre William Rappard, Rue de Lausanne, 154, Geneva

Co-organizers:
Bertelsmann Stiftung
German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)
International Trade Centre (ITC)
World Economic Forum (WEF)
Background

Additional funding of USD 2.5 trillion is needed annually to achieve the sustainable development goals (SDGs). Traditional overseas development assistance (ODA) alone cannot cover this gap. Private investment is therefore critical, but the trend there is not favorable. According to UNCTAD’s 2019 World Investment Report, global foreign direct investment (FDI) flows fell by 13% in 2018 – the third consecutive year with falling global FDI flows.

Beyond economic fundamentals like market size, economic growth, infra-structure, and human resources, inefficiencies and uncertainty, arising from unnecessary red tape, bureaucratic overlap, out-of-date procedures, and the lack of transparency and predictability of the regulatory environment, can become costly impediments to investment. In contrast, tax incentives and international investment agreements have been found to be less important. To harness the advantages of FDI, it is critical that governments have policies and regulations in place that help to attract and retain international investment and encourage its contribution to sustainable development. Investment facilitation initiatives have the potential to support policy reforms that help to attract more and retain existing FDI and increase its contribution to sustainable development.

In this context, the Joint Ministerial Statement on Investment Facilitation for Development adopted at the 11th Ministerial Conference of the World Trade Organization (WTO) in December 2017 called for the start of “structured discussions with the aim of developing a multilateral framework on investment facilitation”. “Investment facilitation” refers, among other things, to a set of practical measures concerned with improving the transparency and predictability of investment frameworks, streamlining and speeding up administrative procedures and requirements related to foreign investors, and enhancing coordination and cooperation among stakeholders, such as host and home country governments, foreign investors and domestic corporations, as well as societal actors. An international framework on investment facilitation for development can support domestic reform processes, enable the exchange of best practice examples of investment facilitation measures, increase international cooperation, and channel technical assistance to developing countries in need of external support to implement policy reforms.

On 5 November 2019, 98 WTO members adopted a Joint Ministerial Statement affirming their commitment to intensify work to further develop a framework for facilitating foreign direct investment, and work toward a concrete outcome on Investment Facilitation for Development at the Twelfth WTO Ministerial Conference (MC12), to be held in Kazakhstan in June 2020.

The Structured Discussions are conducted by a group of 90-plus WTO members. A number of countries, in particular a number of developing countries, do not participate in these discussions due to various types of constraints they face, including competing negotiation priorities, capacity constraints making it difficult closely to follow the discussions, as well as the financial and administrative costs of implementing investment facilitation measures.
Objectives and methods

The main aim of the expert workshop is to further the debate about an investment facilitation framework for development. It will be held under the Chatham House Rule,¹ to ensure open and frank discussions outside a formal negotiation setting. The one-day workshop will be held on 11 December 2019, the day before the 12-13 December meeting of the Structured Discussions. It will bring together delegates, representatives of investment promotion agencies (IPAs), international investors, civil society organizations, academic experts, and representatives of international organizations.

To discuss the challenges described above, the workshop will consist of three sessions:

1) Identifying key concrete investment facilitation measures.
2) The contribution of an investment facilitation framework to fostering sustainable FDI for sustainable development.
3) Opportunities and challenges for developing countries negotiating and implementing an investment facilitation framework.

For each session, a short background note will be presented by an expert or a group of experts to prepare and facilitate the discussions. To integrate a diverse set of stakeholder perspectives, discussants representing IPAs, international investors, academia, civil society, and international organizations will comment on the presentations of the background notes. After these interventions, the participants will be invited to share their perspectives. The discussions of each session will be interactive and results-oriented. Based on the results of the three sessions, the project team will prepare a short report.

¹ Conference participants are free to use the information received, but neither the identity nor the affiliation of the speakers may be revealed.
Programme

9:00 - 9:10 Welcome address
Marion Jansen, Chief Economist and Director, Division of Market Development, ITC

9:10-10:00 Introduction to the workshop’s objectives and keynote
Chair: Karl P. Sauvant, Resident Senior Fellow, Columbia Center on Sustainable Investment (CCSI), Columbia University

Keynotes: The state of play of the Structured Discussion on Investment Facilitation for Development and the way forward
Ambassador Eduardo Gálvez, Permanent Representative, Mission of Chile to the WTO, and Chair of the Structured Discussions, and
Ambassador Zhang Xiangchen, Permanent Representative, Mission of the People’s Republic of China to the WTO

Guiding questions:
- Why investment facilitation for development?
- What has been the process and progress so far?
- What are possible next steps as we approach MC12, post Shanghai mini-Ministerial?

Discussion

10:00-10:15 Coffee break

10:15-12:15 Session I: Identifying key concrete investment facilitation measures
Chair: Matthew Stephenson, Policy and Community Lead, International Trade and Investment, WEF

Guiding questions:
- What are key concrete and practical facilitation measures to foster increased FDI flows to developing countries and to benefit from them as much as possible that are a priority for investment authorities/IPAs and why are they a priority?
- What are key concrete and practical facilitation measures that are a priority for international investors in developing countries and why are they a priority?
- How could an international investment facilitation framework help to encourage such measures?
Presentation of discussion notes:

Bostjan Skalar, Executive Director and CEO, World Association of Investment Promotion Agencies (WAIPA)

Matthew Stephenson, WEF

Henry Loewendahl, CEO, Wavteq, and Judith Walker, Marketing and Operations Director, Wavteq

Comments:

Hanna Tatarchenko Welgacz, Coordinator of the Innovation Investment Division at Apex-Brasil

Sarvathullah Mathari, Managing Director, Hurera Leather and Shoes Uganda Limited

Ivan Nimac, Global Lead, Investment Policy and Promotion, World Bank Group

Kavaljit Singh, Director, Madhyam, a public policy research institute, India

Discussion

12:15- 13:15 Lunch

13:15- 14:45 Session II: The contribution of an investment facilitation framework to fostering sustainable FDI for sustainable development

Chair: Karl P. Sauvant, CCSI

Guiding questions:
- How to identify sustainable FDI?
- How to promote sustainable FDI, including through promoting Corporate Social Responsibility and creating a special category of “Recognized Sustainable Investor”?
- How to promote sustainable FDI through home country measures?

Presentation of discussion note:

Karl P. Sauvant, CCSI, and Evan Gabor, Columbia Law School

Comments:

Hassan Jallow, CEO, the Gambia Investment and Exports Promotion Agency

Andreas Dressler, Managing Director, Location Decisions

Chi Manjiao, Professor and Founding Director, Centre for International Economic Law and Policy, Law School, University of International Business and Economics

Khalil Hamdani, Board Member, CUTS International

Ghita Roelans, Head, Multinational Enterprise and Enterprise Engagement Unit, ILO

Discussion
14:45-15:00 Coffee break

15:00-16:30 Session III: Opportunities and challenges for developing countries negotiating and implementing an investment facilitation framework
Chair: Axel Berger, Senior Researcher, DIE
Guiding questions:
- What are the concrete challenges in negotiating a framework and how can they be dealt with?
- What are the concrete challenges in implementing a framework and how can they be dealt with?
- What is the value added of an investment facilitation framework in the WTO?

Presentation of discussion note:
Axel Berger, DIE, and Ali Dadkhah, Dadkhah Consulting

Comments:
Sophal Suon, Director of Investment Promotion and Public Affairs, Cambodia
Hamid Mamdouh, Visiting Professor, Centre for Commercial Law Studies, London University
Nathalie Bernasconi, Group Director, Economic Law & Policy, International Institute for Sustainable Development

Discussion

16:30-17:45 Session IV: Main take-aways
Discussion facilitator: Axel Berger, DIE

R. Yofi Grant, CEO, Ghana Investment Promotion Centre, Office of the President
Crispin Conroy, Director, ICC Representative, Geneva
Manuel Chacón, Counsellor, Permanent Mission of Colombia to the WTO
Roman Busch, Deputy Permanent Representative, Permanent Mission of Switzerland to the WTO and the EFTA

17:45-18:00 Closing remarks
Andreas Esche, Director Megatrends Programme, Bertelsmann Stiftung
Material prepared for this workshop:

Axel Berger and Ali Dadkhah, “Challenges of negotiating and implementing an international investment facilitation framework”.

Henry Loewendahl and Judith Walker, “Enhancing FDI performance: practical measures for FDI success”.

Ahmed Omic and Matthew Stephenson, “What can Governments do to Facilitate Investment? A Menu of the Most Important Measures Identified through Surveys”.

Karl P. Sauvant and Evan Gabor, “Advancing Sustainable Development by Facilitating Sustainable FDI, Promoting CSR, Designating Recognized Sustainable Investors, and Giving Home Countries a Role”.

Background material:
WTO Joint Ministerial Statement of Investment Facilitation for Development (November 2019)
WTO Joint Ministerial Statement on Investment Facilitation for Development (December 2017)
Crafting a Framework on Investment Facilitation
Towards G20 Guiding Principles on Investment Facilitation for Sustainable Development, T20 Policy Brief
Investment Facilitation for Sustainable Development: Index maps adoption at domestic level, DIE Longread
The Potential Value-Added of a Multilateral Framework on Investment Facilitation for Development

Co-organizers:

The Bertelsmann Stiftung is one of Germany’s largest private think tanks. The Global Economic Dynamics project works extensively on global economic governance, including the reform of the World Trade Organization, and on international investment flows and interdependencies. More information can be found on www.ged-project.com.

The German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) is one of the leading think tanks for global development and international cooperation worldwide. DIE builds bridges between theory and practice and works within international research networks. Research at DIE is theory-based, empirically driven and application-oriented. It provides the basis for the Institute’s policy advice.

The International Trade Centre (ITC) - a joint agency of the World Trade Organization (WTO) and the United Nations - enables small and medium-sized enterprises in developing, least-developed and transition economies to become more competitive and connect to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people, and poor communities. More information can be found on www.intracen.org.

The World Economic Forum (WEF) is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business, cultural, and other leaders of society to shape global, regional and industry agendas. It is independent, impartial and not tied to any special interests. We believe that progress happens by bringing together people from all walks of life who have the drive and the influence to make positive change.