

## Report on the 1st webinar on a Multilateral Framework on Investment Facilitation for Development

11 February 2020

The 1<sup>st</sup> webinar on a multilateral framework on investment facilitation for development (IFF) took place on 11 February 2020 between 16:00 and 17:00 CET and hosted about 75 participants. It dealt with a range of issues related to the negotiations of an IFF, as indicated in the webinar invitation below. The meeting was chaired by Mr. Karl P. Sauvant (Columbia University/CCSI).

The webinar started with opening remarks by Mr. Sauvant. He explained that this discussion is the first of a webinar series conducted on a multilateral framework on investment facilitation for development, to be negotiated at the World Trade Organization (WTO). The webinar series is part of the Investment Facilitation for Development project implemented by the International Trade Centre (ITC) and the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). Mr. Sauvant's remarks were followed by a welcome note by Mr. Matthew Wilson, the Chief Advisor to the Executive Director and Deputy Executive Director of the ITC, who introduced the main issues that are addressed in the current discussion on investment facilitation for development.

The webinar benefitted from inputs by Mr. Axel Berger, Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), Mr. Felipe Henríquez, Counsellor at the Permanent Mission of Chile to the WTO and a key advisor to the chair of the Structured Discussion, Mr. Matthew Stephenson, Policy and Community Lead for International Trade and Investment at the World Economic Forum, and Ms. Zixuan Zhou, third Secretary in the Permanent Mission of China to the WTO and the focal point for China's engagement in the Structured Discussions on Investment Facilitation for Development at the WTO; she is also responsible for the coordination of the Friends of Investment Facilitation for Development (FIFD).

The main outcomes of the discussion are summarised below.

### **What should be addressed before negotiations on a multilateral framework on investment facilitation for development?**

Negotiations of an IFF are challenging in the context of the WTO, including because they **address highly technical investment-related measures**. Hence, **input from capital-based**

**experts and ground-level expertise from IPAs and other investment-related institutions** is important. Moreover, it is necessary to include civil society and private sector representatives in the process, to obtain ground-level input.

The panellists highlighted that an IFF should be designed to be flexible enough to facilitate the implementation of the agreement by developing and least developed countries. In that context, it is important to consider a model for **technical assistance and capacity building** that supports these countries in this respect. To ensure a common understanding of the scope of an IFF, several issues need to be clarified. First, it should focus on all sectors. Second, the legal framework that would house the framework should be determined, for example, as a stand-alone multilateral or a plurilateral agreement. Finally, if dispute settlement in the context of this framework is to be addressed, how should it be drafted? For example, the TFA makes references to the WTO's Dispute Settlement Understanding.

**Making the Streamlined Text publicly available** is very desirable, to ensure transparency. This could help include the perspective of stakeholders in the Structured Discussions.

### **There are several potential implementation challenges of a multilateral framework on investment facilitation for development.**

Panellists raised the issue of the challenge of implementing an IFF. One challenge is related to the fact that developing countries have great capacity challenges in implementing investment facilitation measures. Therefore, negotiators **should identify and understand the specific needs of implementing developing countries.**

Ensuring effective implementation of all countries would contribute to reaching the Sustainable Development Goals (SDGs). Thus, for example, investors could make **greater efforts to source locally and increase local employment training.** A prominent example of a measure that promotes sustainable Foreign Direct Investment (FDI) is the **recognised sustainable investor scheme.** Another example could be a measure on facilitating **linkages between investors and local firms and institutions,** through databases and supplier-developer programmes.

Another point of discussion was the issue of **domestic coherence.** An IFF should accommodate members with federal state structures where permissions and licenses are required by investors from government bodies at multiple levels. For example, single window mechanisms may not be as readily applicable in the context of federal systems. In general, an IFF should **enhance intra-state coordination between national and sub-national level governments.**

There are several obstacles to reaching and implementing an IFF, such as **the lack of resources** to negotiate the framework and, eventually, implement the investment facilitation measures. The WTO Missions of some WTO members are understaffed, which could explain why some LDCs and Caribbean members have not yet signed the joint statement.

## **A multilateral framework on investment facilitation for development can support domestic reform in developing and least developed countries.**

It was argued that the investment facilitation discussions in the WTO represent a new **approach to international investment governance**. The technical focus of the negotiations has the potential to address key impediments to FDI such as **predictability, transparency and ease of regulatory environments**.

The DIE's Investment Facilitation Index, which maps the implementation of investment facilitation at country level, shows that developing countries have considerably lower implementation rates of investment facilitation measures than their developed counterparts. A multilateral framework can be used to support domestic reforms in developing countries. Furthermore, an IFF can be used to promote knowledge sharing about best practices on investment facilitation. Thus, an IFF constitutes a critical opportunity to **advance sustainable development goals**.

## **A multilateral framework on investment facilitation for development should include promoting sustainable FDI.**

Advancing sustainable development should be an integral part of a future IFF. Panellists emphasised that the issue of sustainable development is one of the main reasons why developing countries had brought investment facilitation to the WTO. Panellists also emphasised that a multilateral framework should protect the host countries' right to regulate foreign investments. Sustainable development is a process as well as an outcome. If incentives were to be implemented to attract investors, continuous assessments would have to be carried out on the benefits for the host economy.

## **A dialogue on investment facilitation for development should be a priority before the forthcoming Ministerial Conference 12 in Kazakhstan.**

The webinar concluded with a discussion about the priorities before the upcoming Ministerial Conference 12. Participants reaffirmed that **increased public dialogue** on a multilateral framework on investment facilitation for development, such as this webinar, help to inform the negotiations. They also stressed the importance of participation by developing country members in the negotiations, as this will ensure an outcome that is beneficial to all countries. Finally, it was highlighted that another priority could be ensuring stronger engagement from **non-governmental organizations**.

## Annex I: Invitation, agenda and bios



d.i.e

Deutsches Institut für  
Entwicklungspolitik



German Development  
Institute

### **Webinar invitation: The forthcoming negotiations on a WTO Multilateral Framework on Investment Facilitation for Development, February 11, 2020, 16:00-17:00 CET**

Dear Colleague,

On behalf of the [International Trade Centre \(ITC\)](#) and the [German Development Institute / Deutsches Institut für Entwicklungspolitik \(DIE\)](#), we cordially invite you to the first of a joint ITC/DIE webinar series on investment facilitation for development:

#### **THE FORTHCOMING NEGOTIATIONS ON A WTO MULTILATERAL FRAMEWORK ON INVESTMENT FACILITATION FOR DEVELOPMENT**

on February 11, 2020, 16:00 - 17:00 Central European Time.

Please [register](#) if you are interested in attending this webinar.

At a stock-taking and next-steps meeting of the Structured Discussions on Investment Facilitation for Development held last December in Geneva, participating WTO members decided to move into negotiating mode as of March 2020. Negotiations will be guided by the Joint Ministerial Statement on Investment Facilitation for Development adopted in December 2017 by 70 WTO members at the Eleventh WTO Ministerial Conference in Buenos Aires, as well as by the subsequent Joint Ministerial Statement endorsed by 98 WTO members in November 2019 (see links below).

After an organisational meeting to be held in February 2020, negotiations will likely begin in March, based notably on a text consolidating the contributions made so far during the Structured Discussions. The 98 co-signatories of the November 2019 Joint Ministerial Statement committed themselves to "intensify work (...) and work towards a concrete outcome on Investment Facilitation for Development at the Twelfth WTO Ministerial Conference" to be held in Kazakhstan in June 2020.

Discussions so far have focussed on practical measures concerned with improving the transparency and predictability of national investment frameworks, streamlining and speeding up administrative procedures and requirements related to foreign investors, and enhancing coordination and cooperation among stakeholders. During the negotiation phase, members will face the challenge of transferring conceptual proposals into concrete treaty language that broadly reflects the interests of the participating WTO members.

The webinar—which will be conducted in an interactive manner and allow for questions by participants—will discuss key issues relating to the negotiations:

- What is the state of play of the ongoing discussions on this issue and their main elements, and where do we go from here?
- What are the principal facilitation measures considered so far?
- How can such a framework include a strong pro-development dimension and promote sustainable FDI?
- What value would an Investment Facilitation Framework add to national and bilateral investment facilitation efforts?
- What are the principal obstacles negotiators face?

**Introduction:** Matthew Wilson, Chief Adviser & Chef de Cabinet, International Trade Centre

**Moderator:** Karl P. Sauvant, Resident Senior Fellow, Columbia Center on Sustainable Investment, New York

**Panellists:**

- Axel Berger, Senior Researcher, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), Bonn
- Felipe Henriquez, Counsellor at the Permanent Mission of Chile to the WTO and Advisor to the Coordinator of the Structured Discussions
- Mathew Stephenson, Policy and Community Lead, Trade and Investment, World Economic Forum
- Zixuan Zhou, Permanent Mission of China to the WTO, Geneva

**Background materials:**

[WTO Joint Ministerial Statement on Investment Facilitation for Development \(December 2017\).](#)

[WTO Joint Ministerial Statement on Investment Facilitation for Development \(November 2019\).](#)

[Crafting a Framework on Investment Facilitation, ICTSD Policy Brief.](#)

[Concrete measures for a Framework on Investment Facilitation for Development: Report.](#)

[What can Governments do to Facilitate Investment? A Menu of the Most Important Measures Identified through Surveys.](#)

[Advancing Sustainable Development by Facilitating Sustainable FDI, Promoting CSR, Designating Recognized Sustainable Investors, and Giving Home Countries a Role.](#)

[Investment Facilitation for Sustainable Development: Index Maps Adoption at Domestic Level, DIE Longread.](#)

Kind regards,

Rajesh Aggarwal, Axel Berger, Karl P. Sauvant

## **Bios**

### **Axel Berger**

Axel Berger is a Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), Programme Transformation of Economic and Social Systems. He is heading the G20 Policy Research Group at DIE and led the T20 Task Force on Trade, Investment and Tax in 2017, 2018 and 2019. Axel holds a doctorate in political science from the University of Duisburg-Essen and a Master's degree from the Munich Ludwig-Maximilians-University in political science, economics and modern history. He works on the design, effects and diffusion patterns of international trade and investment agreements, with a focus on emerging markets and developing countries. Other areas of current research include the effects of an international investment facilitation framework, the impact of free trade agreements on upgrading within global value chains and the role of the G20 in global governance. He teaches international political economy at the University of Bonn and regularly advises developing countries, development agencies and international organisations on trade and investment matters.

### **Felipe Henríquez**

Felipe Henríquez is a Counsellor at the Permanent Mission of Chile to the WTO, in charge of Trade in Services, Investment, E-commerce, Trade and Environment, and Government Procurement. He has professional experience as negotiator and head of negotiating teams of Free Trade Agreements (Chapters on Investment, Services, Temporary Entry for Business Persons, Telecommunications and E-commerce), participant in plurilateral and multilateral fora (TPP, Pacific Alliance, WTO, OECD, APEC, UNASUR) and negotiator of Air Services Agreements and Mutual Recognition Agreements.

### **Karl P. Sauvant**

Karl P. Sauvant, Ph.D., introduced the idea of an International Support Program for Sustainable Investment Facilitation in the E15 Task Force on Investment Policy in 2015. From there, the proposal was taken forward in the WTO. He has written extensively on this subject (see <https://ssrn.com/author=2461782>), participated in various events relating to it and currently assists the ITC and DIE on a project on Fostering Knowledge and a Common Understanding on Investment Facilitation for Development. He retired in 2005 as Director of UNCTAD's Investment Division and established, in 2006, what is now the Columbia Center on Sustainable Investment (CCSI), stepping down as its Executive Director in 2012, to focus his work, as a CCSI Resident Senior Fellow, on teaching, research and writing.

### **Matthew Stephenson**

Matthew Stephenson is Policy and Community Lead for International Trade and Investment at the World Economic Forum, where he manages the Global Investment Policy initiative. In that

capacity, he works closely with governments, firms, and civil society in several emerging markets to identify measures that facilitate investment and maximise investment's sustainable development impact. This work led to the publishing of a white paper, together with WAIPA, in December 2019 entitled "*What can governments do to facilitate investment? Important measures identified through surveys*". Previously, Matthew worked at the IFC on advisory services for investment policy, where he led the workstream on outward FDI. He has also worked at the OECD on Africa and investment and served as a diplomat for the U.S. Department of State, leading the economic team on Afghanistan and managing economic programs in the Middle East. He is a member of the T20 Task Force on Trade and Investment, where he has authored several policy proposals for the G20. Matthew has a PhD from the Graduate Institute of International and Development Studies, a master's from the Harvard Kennedy School, and a bachelor's from the University of Oxford.

### **Matthew Wilson**

Matthew Wilson is the Chief Advisor to the Executive Director and Deputy Executive Director of the ITC. Prior to this he served in the Cabinet of Pascal Lamy, Director-General of the WTO. He was the Deputy Aid for Trade Coordinator at the WTO and was a trade and human rights negotiator for Barbados. He has a MSC degree in International Development, MSC Post-Graduate degree in International Relations and Bachelor's degrees in Psychology and Sociology.

### **Zixuan Zhou**

Zixuan Zhou is the third Secretary in the Permanent Mission of China to the WTO and the focal point for China's engagement in the Structured Discussions on Investment Facilitation for Development in the WTO. She is also responsible for the coordination of Friends of Investment Facilitation for Development (FIFD).