

Report on the 3rd webinar on a Multilateral Framework on Investment Facilitation for Development

30 April 2020

The 3rd webinar on a multilateral framework on investment facilitation for development took place on 30 April 2020 between 15:00 to 16:00 CET and hosted, at its peak, 240 participants. The aim of the webinar was to identify the main challenges in implementing an investment facilitation framework for development and explore how these challenges could be addressed in a multilateral instrument. The webinar was chaired by Mr. **Karl P. Sauvant**, (Columbia University/CCSI).

Proceedings of the meeting

Ms. **Marion Jansen**, Director of the Division for Market Development, International Trade Centre (ITC), opened the webinar. She explained that this discussion was part of a webinar series on a multilateral framework on investment facilitation for development, itself part of the Investment Facilitation for Development project implemented by ITC and the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE). **She highlighted that UNCTAD expects FDI flows to decrease by 30% to 40%, which would constitute a serious threat to businesses worldwide.** Being the only development agency that is fully dedicated to supporting the internationalisation of small and medium-sized enterprises (SMEs), the ITC is well aware that the stakeholders that are most vulnerable to instabilities in access to finance are SMEs.

After the opening remark, Mr. Sauvant described the agenda and the format of the webinar, highlighting that the webinar is meant to stimulate interactive and open discussion and encourage speakers and attendees to participate and raise questions.

The webinar benefitted from inputs by Mr. **Felipe Henriquez**, Counsellor at the Permanent Mission of Chile to the WTO and Advisor to the Coordinator of the Structured Discussions; Mr. **Axel Berger**, Senior Researcher, DIE; Mr. **Bernard Hoekman**, Professor, European University Institute; Ms. **Anabel González**, Non-Resident Senior Fellow, Peterson Institute for International Economics; and Ambassador **Alexandre Guido Lopes Parola**, Permanent Representative of Brazil to the WTO.

Agenda of the webinar

- I. *The state of play of the Structured Discussion*
- II. *The lay of the land: the adoption of investment facilitation measures in countries*
- III. *The role of special and differential treatment*
- IV. *The role of technical assistance and capacity building*
- V. *Institutional arrangements: Committee on Investment Facilitation*

The main outcomes of the discussions

I. The state of play of the Structured Discussions

To kick-off the discussion, Mr. Henríquez briefed participants about the progress of the Structured Discussions on Investment Facilitation for Development thus far. He explained that a stocktaking meeting for investment facilitation had taken place on December 2019 that resulted in the decision to begin formal negotiations in March 2020. In the stocktaking event, the participating members asked the coordinator to prepare a Streamlined Text, which was prepared and circulated among WTO members on 17 January 2020. Due to the COVID-19 pandemic and associated precautionary measures, all sessions that were scheduled starting on 11 March 2020 were suspended, at least until the end of May. Under these new and challenging circumstances, the coordination has been assessing options to maintain progress while ensuring that the discussions remain open, inclusive and transparent. The Chair has encouraged all delegations to submit written proposals, as this would help in preparing for the actual negotiations.

So far, submissions were received from the European Union, China, Japan, and Turkey. The Coordinator has prepared a Consolidated Text that incorporates the Streamlined Text and the proposals submitted by members to date. The first Consolidated Text was circulated on 20 February 2020. **The purpose of the Consolidated Text is to facilitate the assessment by members and assist members in conducting consultations and outreach efforts.** The Consolidated Text will be revised in light of additional text proposals by members. Mr. Henríquez concluded with the affirmation that the negotiating group has gained momentum with more members joining, the most recent being Morocco, bringing the total number of participating members to 101. The new Consolidated Text can only be made public if and when all participants in the Structured Discussions agree to do so.

II. The lay of the land: the adoption of investment facilitation measures in countries

In his introductory statement, Mr. Berger reported that DIE has developed the investment facilitation index (IFI). It covers 117 measures that are deemed investment facilitation measures and maps their implementation across 87 countries. The study focuses on measures applied domestically and does not cover Bilateral Investment Treaties and investor-state contracts.

The IFI measures implementation in countries at different development levels, indicating in this manner the extent of reforms that may be needed. Figure 1 below provides an overview of the results, where the grey bars indicate the existing level of implementation of investment facilitation measures. **It shows that low income countries have implemented fewer measures compared with high income countries.** The IFI also displays the number of measures that would have to be implemented by countries in case they sign up to a middle range (in red) or comprehensive scenario of an IFF (in orange). As shown in figure 1, the required policy reforms are the highest in developing and least developed countries, which **signifies that there is a substantial need for technical assistance and capacity building** in those countries. The comprehensive set of measures covered in the IFI include, by way of example, the establishment of a national investment website, the establishment of enquiry points and the notification to the WTO of laws, regulations and administrative procedures of general applications.

Figure 1: Scenarios for the 69 WTO members which have signed the WTO Joint Ministerial Statement on investment facilitation.

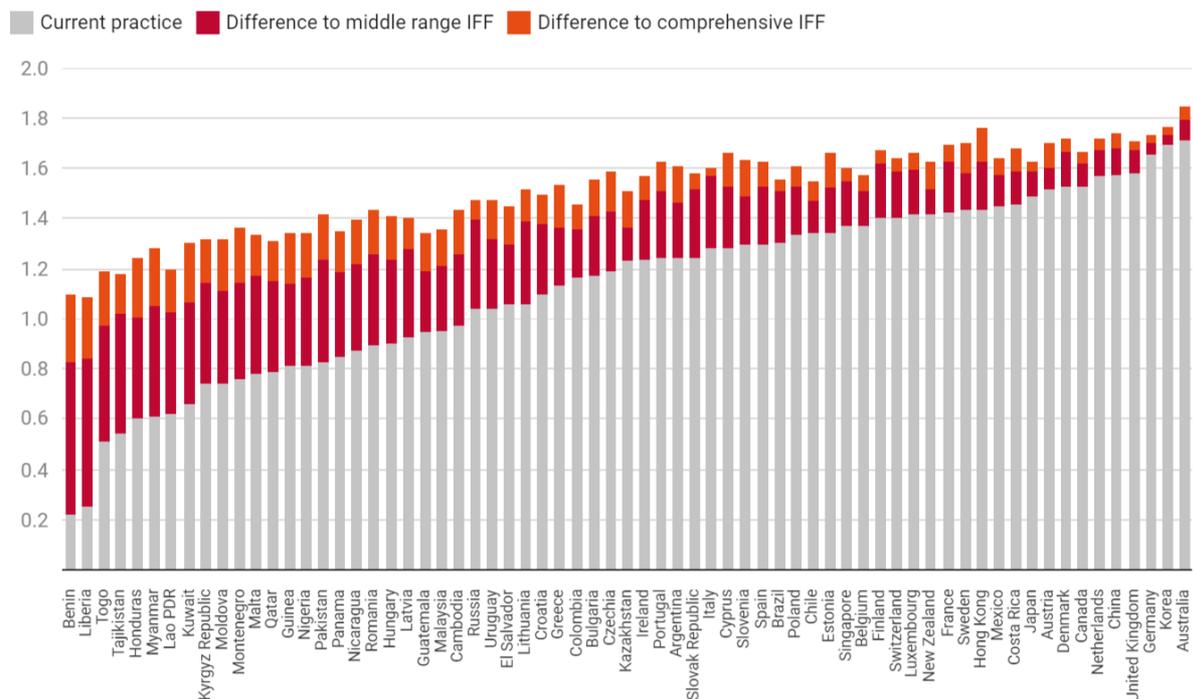


Chart: Axel Berger, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) • Created with Datawrapper

Source: German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE).

III. The role of special and differential treatment

In his introductory statement, Mr. Hoekman observed that the term “special and differential treatment” invokes several interpretations from the history of the WTO, many of which are not relevant in the context of investment facilitation. The most notable interpretation is associated with different levels of obligations relevant to market access, where developing countries do less and developed countries do more. This would not be the case for a

multilateral framework on investment facilitation for development; rather, such a framework would focus on utilising investment for development and taking into account the specific needs of signatories. Therefore, the focus of the discussions should be on identifying the best approaches to **increase investment's contribution to development**. Towards that end, the discussions should respond to questions such as **1) how can investment flows be increased?** and **2) how can the quality of investment be increased?**

There is **a significant disparity in the levels of capacity** among economies that are trying to move the discussions on investment facilitation for development forward. To address the heterogeneity of capacity levels, the multilateral framework should establish rules that apply to all economies, but are flexible enough to accommodate the various economies.

The implementation of investment facilitation measures could be costly, especially for measures related to e-government. One of the features in the proposals for a framework for investment facilitation for development is encouraging cooperation among economies to learn from the best practices of implementation in other countries. **However, there is not necessarily a standard implementation example that works for all economies.**

Special and differential treatment could take the form of technical assistance to help members implement the commitments they have undertaken in light of their own objectives and capacities.

It is important that **the WTO Investment facilitation Committee becomes a coordination mechanism** for the implementation of the multilateral framework, as well as a knowledge hub for the exchange of best practices among economies.

IV. The role of technical assistance and capacity building

In her introductory statement, Ms. González underlined that technical assistance and capacity building are essential for the effective negotiation and implementation of an investment facilitation framework for development. The objective is to leave no member behind, especially considering that developing and least developed countries are in dire need of investment to achieve their development goals. This also requires the full and active participation of capital-based representatives of developing countries and least developed countries in the negotiations of the framework, grounding the negotiations furthermore in the ground-level reality of individual countries. Therefore, **a trust fund should be established to support inclusive negotiations** that benefit from the active participation of all members. This would also pave the way for the subsequent implementation of a multilateral framework, as members who were active in its negotiation would be familiar with its commitments.

Having an agreement in place would help induce donors, partners and international organization to increase their **engagement and their levels of funding to provide technical assistance**. While there are initiatives underway that seek to increase engagement, the **conclusion of a multilateral framework would catalyse these initiatives** and bring additional focus to them.

A coordination role could be played by the WTO as well. For example, **a facility for coordination should operational as soon as the framework is adopted**. Also, the WTO could help members in their **self-assessments** of potential needs. Other coordination activities could include matchmaking with donors, regional and sub-regional workshops and **a dedicated website for the exchange of information**.

The following considerations should be taken into account when designing and implementing technical assistance and capacity building: 1) **the perspective and capacity of the private sector** should be included, as private investors have ground-level knowledge regarding facilitating FDI flows; 2) **reliable data** on international investment facilitation, such as DIE's investment facilitation index, are essential to informing the type of reforms that are necessary; and 3) **transparency and monitoring** of the progress and performance of technical assistance and capacity building contributes to the successful implementation of investment facilitation measures.

V. Institutional arrangements: Committee on Investment Facilitation for Development

In his introductory statement, Ambassador Parola observed that an investment facilitation framework would represent an important contribution towards improving the business and investment environment for developing and least developed economies, as well as for advanced economies. Brazil is committed to the initiative and hopes for an ambitious instrument that not only improves the business environment for investment, but also pays full attention to the development dimension.

The Committee on Investment Facilitation for Development is covered in chapter 7 of the consolidated text, which is concerned with institutional arrangements and final provisions. **The main functions of such a Committee will be:** 1) the sharing of information and experiences, as well as the identification of best practices; 2) the preparation of reports on investment facilitation measures undertaken to implement the framework; 3) maintaining close dialogue ties with international organization such as ITC, UNCTAD, OECD, and the World Bank; and 4) establishing a mechanism to manage technical assistant and investment facility contributions. Without technical assistance, least developed countries would not be able to reap the full benefits of the framework. **The Trade Facilitation Facility**, for example, created at the request of developing and least developing country members, has helped ensure **that all members receive the assistance necessary to benefit from the TFA**. In the discussions about investment facilitation for development so far, all members agree on creating an investment facilitation committee, but they are still not sure of its functions.

Annex I: Invitation, agenda, materials and speakers



Deutsches Institut für
Entwicklungspolitik



German Development
Institute

Webinar reminder: A multilateral framework on investment facilitation for development: issues concerning implementation

Dear colleague,

We would like to remind you of the webinar on:

A multilateral framework on investment facilitation for development: issues concerning implementation

held on Thursday, 30 April 2020, 15:00-16:00 Central European Time (CET)

This is the third of a webinar series on investment facilitation for development, organised jointly by ITC and DIE.

Negotiations on a multilateral framework on investment facilitation for development will start in the World Trade Organization (WTO) among 101 WTO members as soon as circumstances permit. The main objective of the negotiations is to increase the flow of sustainable foreign direct investment with a view towards advancing sustainable development.

This webinar is held in the framework of a joint ITC/DIE project on Investment Facilitation for Development. It will discuss a number of issues that need to be considered during the negotiations concerning how such a framework would have to be implemented to meet its objective.

The webinar will be conducted in an interactive manner and allow for questions by participants.

Introduction: Marion Jansen, Director and Chief Economist, ITC

Moderator: Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI

The panel:

- The state of play of the Structured Discussions: Felipe Henriquez, Counsellor at the Permanent Mission of Chile to the WTO and Advisor to the Coordinator of the Structured Discussions
- The lay of the land: the adoption of investment facilitation measures in countries: Axel Berger, Senior Researcher, DIE
- The role of special and differential treatment: Bernard Hoekman, Professor, European University Institute
- The role of technical assistance and capacity building: Anabel González, Non-Resident Senior Fellow, Peterson Institute for International Economics
- Institutional arrangements: Committee on Investment Facilitation: Alexandre Guido Lopes Parola, Permanent Representative of Brazil to the WTO

(For the bios and background materials, please see below.)

To join the meeting, kindly click on the link below shortly before **15:00 am CET on 30 April** and follow the instructions. If you are not able to connect online, you could connect using the dial-up options provided at the end of this email.

[Join Zoom Meeting](#)

If you would like to send written questions or comments during the meeting, please feel free to type them in the chat window by clicking on the “chat” button on the middle-bottom pane of the Zoom window.

With kind regards,

Rajesh Aggarwal, Chief Trade Facilitation and Policy for Business, ITC

Axel Berger, Senior Researcher, DIE

Karl P. Sauvant, Resident Senior Fellow, Columbia University, CCSI

Bios:

Axel Berger

Axel Berger is a Senior Researcher at the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE). 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.

Anabel Gonzalez

Anabel Gonzalez is non-resident senior fellow at the Peterson Institute for International Economics in Washington DC and a consultant on trade and investment. As former Senior Director of the World Bank's Global Practice on Trade & Competitiveness, she led the Bank's agenda on trade, investment climate, competitiveness, innovation, and entrepreneurship. She previously served as Minister of Trade of Costa Rica, where she headed the country's strategy to join the OECD, negotiated several trade agreements and contributed to attract over 140 foreign direct investment projects. She also worked as Director of the Agriculture Division at the World Trade Organization, and Director-General of Costa Rica's Investment Promotion Agency, among others. She is a member of the World Economic Forum Global Future Council on Trade and Investment and has presented on these topics in over 60 countries around the world.

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.

Bernard Hoekman

Bernard Hoekman is Professor and Director, Global Economics at the Robert Schuman Centre for Advanced Studies, European University Institute in Florence, Italy, where he also serves as the Dean for External Relations. Previous positions include Director of the International Trade Department (2008-13) and Research Manager in the Development Research Group (2001-08) at the World Bank. A CEPR Research Fellow, he holds a Ph.D. in economics from the University of Michigan (Ann Arbor, MI).

Marion Jansen

Marion Jansen is Director of the Division for Market Development and Chief Economist at the International Trade Centre (ITC) in Geneva. She oversees ITC's work on export strategy and trade facilitation and ITC's contributions to G20 processes. Ms Jansen previously held senior positions in the WTO and the International Labour Office. She has published widely on international trade and global economic governance, notably co-editing the volumes "[Internationalization of Financial Services](#)" and "[The Use of Economics in International Trade and Investment Disputes](#)". Ms Jansen holds a PhD in economics from the Universitat Pompeu Fabra (Spain) and has lectured in multiple academic institutions, including the University of Geneva and the World Trade Institute (Bern). A German national, she grew up in the Netherlands. Next to German and Dutch, she speaks English, French, Italian, and Spanish.

Alexandre Guido Lopes Parola

Alexandre Guido Lopes Parola serves in the Permanent Mission of Brazil to the World Trade Organization (WTO) and to other Economic Organizations in Geneva since October 2018. Previously, Ambassador Parola held various positions in the Brazilian Government: advisor at the Cabinet of the Minister of Foreign Affairs (1991), at the Cabinet of the Minister of Economy, Finance and Planning (1992) and at the Special Advisory to the Presidency of the Republic (1999); Spokesperson for the President of the Republic of Brazil (2002, 2016-2018); Director of the Economic Department of the Ministry of Foreign Affairs (2015) and President of Brazil Communication Enterprise - EBC (2018). Ambassador Parola has been a diplomat since 1988, with a Bachelor's degree in Economics from the Federal University of Rio de Janeiro in 1985, a Master's in Economics from the University of Brasília in 1991, a PhD in Philosophy from the Catholic University of America in 2003, and a Post-Doctorate in International Relations and Foreign Policy from the University of Oxford in 2003.

Karl P. Sauvant

Karl P. Sauvant 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 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.

Background materials

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

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

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