Building Consensus, Pursuing Facilitation, in a Changing World

Submitted by: China
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Agenda

• Living in a changing world

• Positive and negative/difficult impacts on the global investment agreement

• Chinese experience
Living in a changing world

• FDI world trend kept on changing.
  • Before and after financial crisis
  • Both developed countries and developing countries started to re-think about how to get more from the globalization/FDI.

• Source of the FDI has been changing.
  • More FDI comes from developing countries.
  • As new comers, raise more doubt and expectations.
Global FDI Trend (OFDI)

Source: UNCTAD
Source of the FDI has been changing

Source: UNCTAD
Living in a changing world

• With the development of the human society, we accumulated more knowledge of what kinds of world we want to have.
  ➢ Raise the issue of sustainability.
  ➢ Raise the issue of social responsibility.
  ➢ Realize the importance of collaboration.
    ✓ Collaboration between government and private sector (PPP)
    ✓ Collaboration between foreign firms & local firms
    ✓ Collaboration among government, academies/ think tanks, and business society.
Positive and negative/difficult impacts

• Negative / difficult impacts
  • Before 2007, even though the motivation was quite different, it ended up with both pushing FDI going up;
  • After 2007, different countries pursued different goals, with which the original coherence broke.
• Fortunately; there are good impacts
  • BIT to multinational/regional (NAFTA, EU), more are trying...
  • most of the difficulties have been experienced, so that more common senses have formed.
    • G20 2016, interests of host countries and the right of supervision have been recognized.
    • G20 2016, the issue such as sustainable grow and social responsibility has also been accepted.
Positive and negative/difficult impacts

• Besides, compared with investment freedom, investments promotion and investors’ protection, investments facilitation measures have been recognized as a relatively clearer and more common interests to pursue, especially regarding government efficiency, which can be greatly enhanced by IT system.

• China has been learning and practicing the facilitation measures such as one stop window; building data, etc. in latest two or three years.

• China’s young MNCs has been experiencing the convenience of the host countries that take on the facilitation measures.
Positive and negative/difficult impacts

• More than what we are trying, we alliance with WTO

  ➢ In 2016, under the Chinese G20 Presidency and efforts, G20 Trade Ministers agreed G20 Guiding Principles for Global Investment Policymaking.

  ➢ On April 2017, under the efforts of China and other countries, Investment Facilitation discussions were launched in the WTO platform in, and a group called “Friends of Investment Facilitation for Development” (FIFD) – comprising 14 developing and least-developed economy members – proposed an Informal WTO Dialogue on Investment Facilitation for Development.

  ➢ On 5 September 2017 in Xiamen, China, the BRICS Summit approved the “Outlines” for BRICS Investment Facilitation as a key deliverable of the Summit.

  ➢ On December 2017, at the WTO Ministerial Conference level, a group of 70 member-states, including both developed and developing states, signed a Joint Ministerial Statement on Investment Facilitation for Development, calling for structured discussions toward the development of a multilateral framework on investment facilitation.
China’s FDI position & its Experience

• China’s FDI position
  • Top II in FDI inflow
  • Top II /Top III in FDI outflow
  • As developing countries, growing from opening up welcoming IFDI to developing its capabilities to invest abroad.

• A real practitioner in developing world on both side of FDI.
World to China (From 1980 to 2017)

Source: UNCTAD Database
China FDI Outward overall condition (From 1982 to 2017)

Source: UNCTAD
China’s IFDI vs. OFDI
Chinese Experience

• First, It is so much important to be open-minded, learning from each other, meaning that, learning from economy cases, learning the best practice;

• Second, we need more patience toward the need for the testing of new roads of development for developing countries;

• Third, which I believe the most important one, is to promote collaboration, and the collaboration of all levels and with all the players.
  • In fact, we are trying this in the collaboration of governments, think tanks, academies, business, and from both sides.
Thanks for listening!