

E15 Initiative

Evolving International Investment Regime *Many Questions; Few Agreed Answers*

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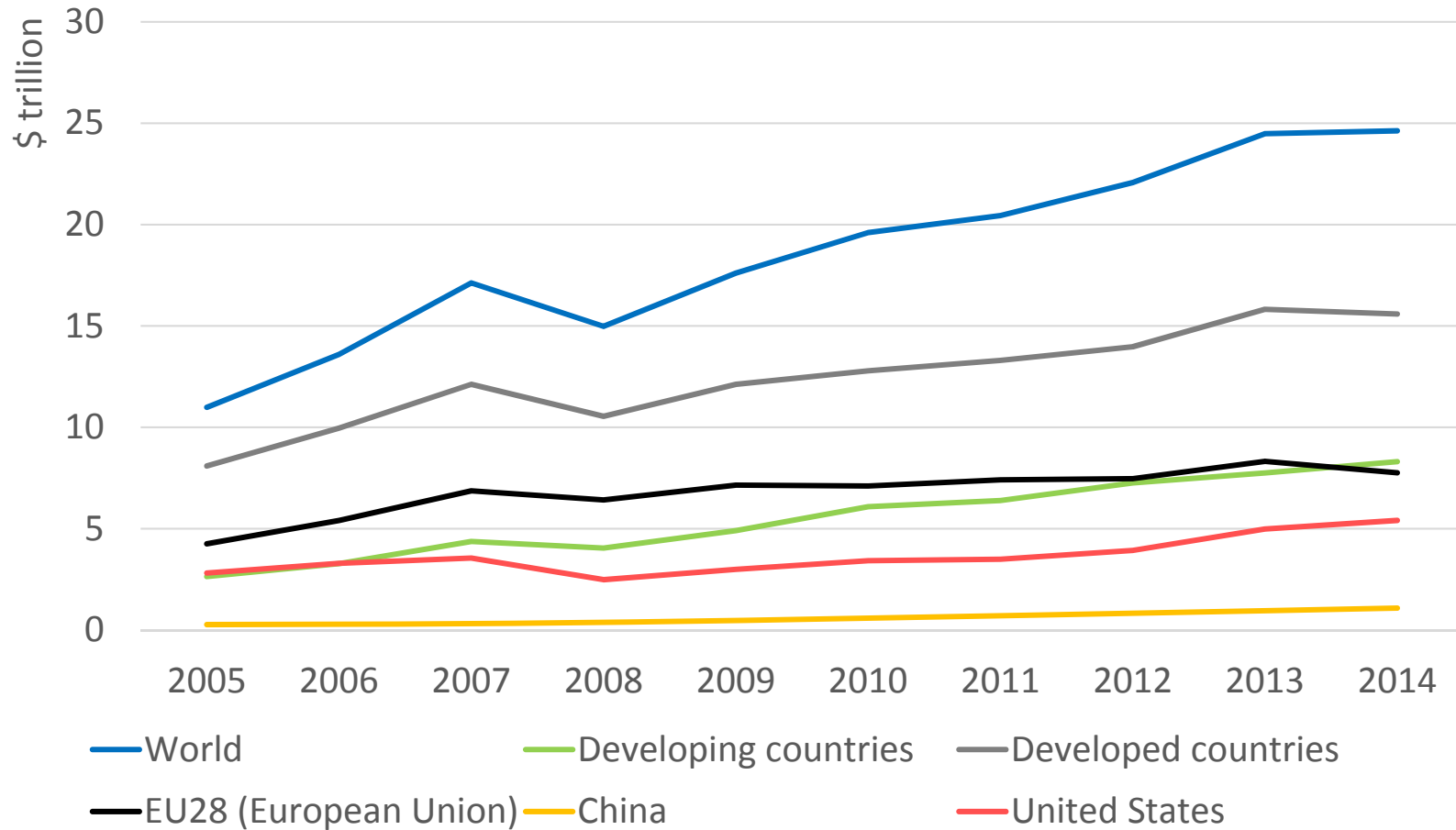
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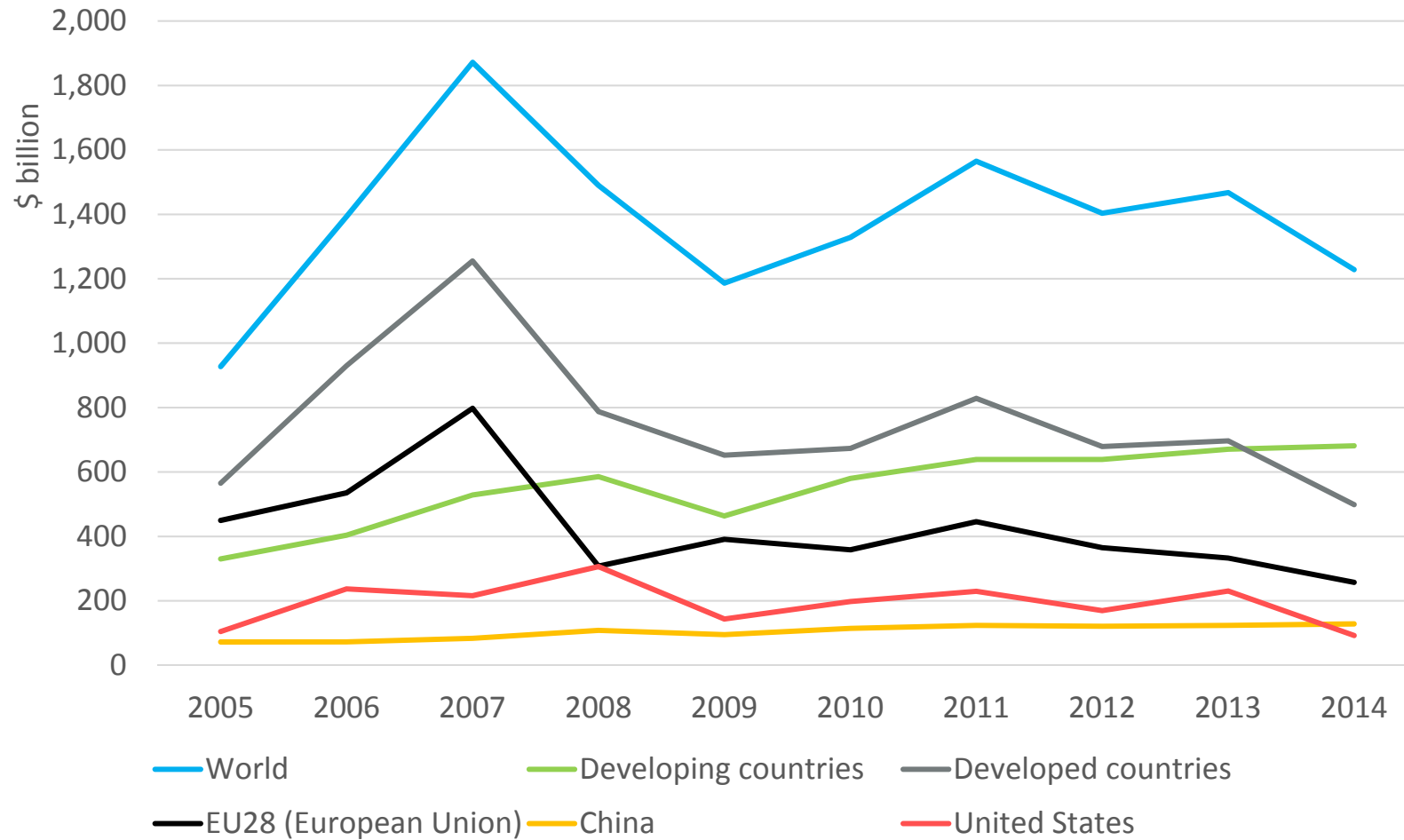
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Inward FDI Stocks



Inward FDI Flows



What Purposes for the Investment Regime?

- Foster FDI through stronger investor protection and more stable rules; and/or
- Ensure “policy space” for “sustainable development” – human rights, environment, labor regulations; and/or
- Level the global playing field with respect to business taxation.

What About Investor Responsibilities?

- Should International Investment Agreements (IIAs) incorporate the OECD Guidelines for MNEs?
- Should MNEs be required to adopt and disclose “social responsibility” programs?
- Should MNE contracts with host governments be public documents?
- Should resort to Investor-State Dispute Settlement (ISDS) be conditioned on “good behavior” by the MNC?

What Forum for Investment Agreements?

- Bilateral Investment Treaties and chapters in Free Trade Agreements (now more than 3000); and/or
- Separate track of bilateral Double Tax Treaties (now more than 2000); and/or
- New WTO Model Agreement; or
- New ICSID Model Agreement

Concluding Observations

- MNEs and business associations favor the current regime of bilateral and regional IIAs and DTTs.
- They fear “watering down” investor protections in any multilateral model (WTO or ICSID).
- According to Pew polls, public opinion disfavors M&A inward FDI, but loves greenfield inward FDI.
- Some NGOs violently object to ISDS and dislike both inward and outward FDI.
- **Big Question:** Who wins the tug-of-war in the next round of investment agreements?
- For recommendations, see the Hufbauer & Moran E15 *Think Piece*.