AGENDA

6 March 2017

2017 OECD Global Forum on International Investment

OECD

Background information

Globalisation has had many positive effects. It has improved global living standards, created millions of jobs, and lifted more than a billion people out of extreme poverty. It has spurred competition and contributed to the diffusion of new technologies and knowledge, thus supporting enhanced productivity and economic growth.

But it has also had negative effects. Inequality within countries has increased, median real wage growth has been weak, and global value chains have had important implications for the international re-location of production and jobs. For many of those who have experienced losses due to globalisation, the system seems rigged in favour of the "1%" and banks. This sense of unfairness has been an important factor behind populist political reactions in many countries.

The growing awareness of the negative side of globalisation and the anti-globalisation and protectionist responses to which it is giving rise lend urgency to the need to explore policies that could deliver a fairer globalisation, one that maintains the economic benefits of openness while placing greater emphasis on well-being for all and a strengthened social contract.

The objective of this GFII is to explore options for achieving a fairer globalisation, with a particular focus on the international investment policy regime and investment rule-making. Participants will discuss options across three dimensions:

- Openness: Was the process of economic opening too rapid for some countries, thus not leaving governments and societies enough time to adjust to the changes brought? Are we now in a situation in which the openness of the global economy is in danger of reversing?
- Responsibility: Have governments and businesses done enough to support sustainable development? Or have they, as some critics of globalisation contend, been driving a race to the bottom?
- Inclusiveness: Why have the benefits from openness been so unequal, across and within countries? How can we understand the extent to which globalisation is contributing to jobs, higher wages, gender inclusion, and domestic linkages? What policy approaches can be effective in supporting more broad-based gains from globalisaton?

Addressing the impacts globalisation will require that governments pay more attention to all three of these dimensions. The first session will lay the groundwork for the rest of the day, taking stock of globalisation's successes and failures and how the benefits of globalisation have been distributed across and within countries. The second session will consider the issue of openness for international investment and consider the forces that are supporting investment liberalisation, as well as those pushing in the other direction. The third session will examine the quality of international investment that has been underpinning globalisation, and whether governments and businesses, the key actors in globalisation, have been taking on sufficient responsibilities. The concluding session will discuss how to move towards a research and policy agenda that supports more inclusive forms of globalisation going forward.

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Agenda

09:30	**Keynote welcoming speeches**
	• **Gabriela Ramos**, Chief of Staff, G20 Sherpa and Special Counsellor to the Secretary-General , OECD • **Pierre Poret**, Director, Directorate for Financial and Enterprise Affairs, OECD

10:00-11:15	**Session 1. Taking stock of globalisation's successes and failures: the international investment perspective**
Objectives	Multinational enterprises (MNEs) have long been seen as one of the key drivers of globalisation and the benefits it has brought. The international investments of MNEs in their foreign operations include not just financing and expenditures on physical capital, but also investment in intangible capital, transfers of technology, and training. As such, MNEs link and organize production across countries and are an important channel for exchanging capital, goods and services, and knowledge across countries. Nevertheless, MNEs have also been among the key culprits singled out when social and economic outcomes from globalisation have been negative. One of the reasons for this is that MNEs can be identified, and consequences can often be linked directly to their actions. Multinationals are often applauded when they create jobs, help countries access international markets, and generate innovations. And they are blamed when they cause damage to people and the environment, avoid paying taxes, and engage in anti-competitive behaviour. Yet, it seems likely that the amount of responsibility ascribed to MNEs and their international investments has been overstated on various occasions, both with respect to the costs and the benefits. Partly as a result of globalisation, there has been a shift in global production and consumption to Emerging Market Economies (EMs). In response, MNEs are shifting the geography of their operations to these faster growing markets and production centres. In addition, outward investment from EMs has grown as they are the home to rapidly growing MNEs. The objective of this session is therefore to lay the groundwork for subsequent sessions by taking stock of the nature of globalisation, as well as of its successes and failures with a specific focus on the role of MNEs and international investment. Key empirical questions to be addressed in the presentations and during the discussion include: • Is globalisation giving rise to more negative outcomes today than in the past? Or is the current backlash against globalisation more the result of changing societal and political expectations? • How can cross border investment support jobs and economic growth at home? • If MNEs are among the key drivers of globalisation, does this mean that they should bear some responsibility for some of globalisation's negative dimensions, such as rising inequality, upheaval in some labour markets, and recurrent financial crises? What are other causes of these negative dimensions? In this context, what should be the role of governments? • Have governments done enough to compensate the losers from globalisation? Have MNEs done enough to compensate the losers from globalisation? • What role has technology played in influencing where MNEs locate production and jobs?
Moderator	**Michelle d'Auray**, Ambassador and Permanent Representative to the OECD, Canada
Panelists	• **Lisa Kubiske,** Deputy Assistant Secretary for International Finance and Development**,** United States • **Mohan Kumar**, Ambassador to France, India • **James Zhan**, Director, Investment and Enterprise Division, UNCTAD • **John Evans,** Secretary General, TUAC, OECD • **Bernhard Welschke**, Secretary General, BIAC, OECD

11:15-11:45 *Coffee break*

11:45-13:00	**Session 2. Is investment liberalisation shifting into reverse?**
Objectives	In the aftermath of the global financial crisis that started in 2008, some policy makers and analysts started questioning whether investment liberalisation had perhaps been taken too far. Open capital markets have been blamed for heightened volatility and bouts of capital flight and multinationals have been seen as taking advantage of the open international investment policy regime to engage in so-called tax inversions of other forms of aggressive tax planning. For much of the post-war period, investment liberalisation has proceeded at a steady pace, country by country, with only the occasional relapse. Liberalisation has been unilateral, bilateral, regional and plurilateral. Many emerging economies have also liberalised their investment regimes as part of their accession to the WTO. Foreign investment approvals, once common, are now the exception to the rule in advanced economies, with the exception of national security concerns. Foreign equity restrictions are also being reduced on a sector-by-sector basis. But while statutory restrictions may still be coming down on average worldwide, albeit at a slower rate than in the past, are new forms of protectionism arising to take their place, such as local content requirements tied to some incentive? Investment treaties and increasingly also investment chapters in broader preferential trade agreements have been the cornerstone of international investment rule-making in the past. They have been largely focused on the protection of existing foreign investments rather than on opening markets to new foreign investment but today there is growing interest in their use for greater openness. Levelling the playing field for companies active on the international market has also been a priority for making a fairer globalisation. A number of WTO disciplines and other international agreements and instruments, including the OECD Anti-Bribery Convention, the OECD Guidelines for Multinational Enterprises, and the OECD Guidelines on the Corporate Governance of SOEs, have been designed to address them. And given the very large share of non-OECD countries in the global economy, there have been continuous efforts to widen their reach among emerging economies. • Is investment liberalisation shifting into reverse? • Is the global investment regime more open or more closed today than 5 or 10 years ago? • Are new forms of protectionism arising to take the place of statutory barriers? • What is the scope for further investment treaties addressing greater openness to investment in this new environment? • Are multinationals reducing FDI? If so, what are the main drivers? Economic headwinds? Political headwinds?
Moderator	**John Drummond**, Head, Trade in Services Division, Trade and Agriculture Directorate, OECD
Panelists	• **Simon Evenett**, Professor of International Trade and Economic Development, University of St. Gallen, Switzerland • **Rupert Schlegelmilch**, Head of the European Union Delegation to the OECD and UNESCO • **Robert B. Koopman**, Chief Economist and Director of the Economic Research and Statistics Division, WTO • **Marten van den Berg**, Director-general foreign economic relations, Ministry of Foreign Affairs, The Netherlands • **Shaun Donnelly,** Vice President, Investment and Financial Services, United States Council for International Business

13:00-14:30 *Lunch break*

14:30-16:00	**Session 3. Does globalisation need more responsible business conduct?**
Objectives	The focus of international investment policy has been broadening in recent years beyond "more is better" to place greater emphasis on the quality of investment that countries receive and how this investment impacts domestic conditions. This is also in line with the Sustainable Development Goals, which expect all actors to contribute to long lasting sustainability and inclusive growth. A critical dimension of this shift concerns responsible business conduct (RBC), i.e., business conduct that contributes to sustainable development and avoids adverse impacts. Businesses increasingly recognise the social and economic benefits of operating in a responsible manner by, for example, embedding social, environmental and human rights due diligence in their risk management systems, throughout their entire supply chains. Despite these advances, a key challenge remains the measurement of the various social and economic benefits and challenges associated with international investment. Although we can measure many of the benefits and costs associated with MNEs and FDI (for example jobs created or lost), these measures only capture a small slice of the broader and largely intangible benefits (and costs) that might be associated with investment and globalisation. As such, our understanding of the overall social and economic impact of MNEs' operations and FDI remains partial. The objective of this session is to understand better what countries and businesses are doing to generate "quality investment" and examine options to ensure fuller contributions of investment to the Sustainable Development Goals. It will also consider how international standards, such as the OECD Guidelines for Multinational Enterprises are contributing to more responsible business conduct. Key questions to be addressed in the presentations and during the discussion include: • How can countries increase the social and environmental benefits of the investments they receive, and how can these benefits be measured? • How are companies integrating responsible business conduct standards in their operations, e.g. through due diligence and enhanced stakeholder engagement? • To what extent do non-financial disclosure and grievance mechanisms contribute to supporting businesses' contribution to sustainability?
Moderator	**Roel Nieuwenkamp**, Chair of the OECD Working Party on Responsible Business Conduct
Panelists	• **Miriam Minty**, Head of Protect and Prepare, Modern Slavery Unit, UK Home Office • **Geneviève Jean-van Rossum,** Représentante spéciale chargée de la bioéthique et de la responsabilité sociale des entreprises, France • **Hicham Boudraa,** Directeur, Agence marocaine de développement des investissements, Morocco • **Mark Goyder,** Chief Executive & Founder, Tomorrow's Company • **John Evans,** Secretary General, TUAC, OECD • **Tancrède Voituriez,** Programme Director, Governance, Institute for Sustainable Development and International Relations (IDDRI)

16:00-16:30 *Coffee break*

16:30-17:45	**Session 4. Towards an investment policy agenda that supports inclusive globalisation**
Objectives	It is widely recognised that FDI can be a channel to transfer technology and managerial skills; accelerate structural transformation; enhance integration in the world economy; and stimulate domestic private sector development, including of SMEs. All of these translate into better jobs and more opportunities for the population. Yet, it can no longer be expected that the potential opportunities from FDI will be automatic or that they will accrue broadly across and within countries. In this context, policy-makers are under pressure to ensure that FDI openness can support inclusive forms of globalisation. Policy objectives can no longer be confined to increasing the amounts of FDI flows, but also to maximise the benefits from those FDI flows and ensure a broad-based distribution of gains. FDI is—broadly speaking—considered positive for economic growth, albeit under specific conditions, and with considerable heterogeneity of outcomes A more nuanced view of FDI will be required to capture the sectorial, firm-level, and country particularities and design an appropriate policy mix to derive broad-based benefits from FDI. This session will provide an opportunity to discuss the research and policy agenda that may be able to support more inclusive FDI policy. It will address the following questions: • To what extent do the benefits from FDI vary depending on the type and composition of FDI, and how does this interact with country conditions? • Is there a need to monitor not just how much FDI, but also what type of FDI flows, are going into a country? • How do we define and measure the inclusiveness of FDI? How can we understand the extent to which FDI is contributing to jobs, higher wages, gender inclusion, and domestic linkages? • What policy approaches can be effective in supporting more broad-based gains from FDI openness? What does this imply for investment policy and promotion?
Moderator	**Mathilde Mesnard**, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD
Panelists	• **Iza Lejárraga** Investment Division, OECD & **Alexandros Ragoussis, IFC,** World Bank Group • **Holger Gorg,** Director, Kiel Centre for Globalization • **Adnan Seric,** Institute for Capacity Development, UNIDO • **Gemma Corrigan**, Practice Lead, Economic Growth and Social Inclusion Initiative, World Economic Forum
17:45-18:00	**Closing remarks**
	Ana Novik, Head, Investment Division, Directorate for Financial and Enterprise Affairs, OECD **Manfred Schekulin**, Chair, OECD Investment Committee

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