

GLOBAL FORUM VIII

ON International Investment



Beyond the crisis:
International investment
for a stronger, cleaner,
fairer global economy

7-8 December 2009
OECD Conference Centre
Paris, France

Programme

OVERVIEW

DAY 1 – 7 DECEMBER 2009

08:00 – 09:30	Registration
09:30 – 12:30	Opening plenary and ministerial roundtable debate Topic: International investment is a force for a stronger, cleaner, fairer global economy (Room 1)
12:30 – 15:00	Lunch
15:00 – 18:00	Parallel sessions 1.1 Investment policy challenges and priorities in Latin America (Room 6) 1.2 Unlocking investment potential in Africa: What role for the OECD after the Doha review of the Monterrey Consensus (Room 7) 1.3 Exploring the interface between responsible business conduct and corporate governance: Lessons from the Japanese experience (Auditorium) 1.4 World Investment and Political Risk 2009: Cross-border investment in uncertain times (Room 9)
18:00 – 20:00	Reception (Château)

DAY 2 – 8 DECEMBER 2009

10:00 – 12:30	Parallel sessions 2.1 Foreign investment and national security: Future challenges to a balanced approach (Room 6) 2.2 Promoting responsible international investment in agriculture (Room D) 2.3 Outward investment from emerging markets in a time of crisis (Room 9) 2.4 Measuring the quality of investment policy frameworks: Useful guides for policy reform or a beauty contest? (Auditorium)
12:30 – 15:00	Lunch
14:30 – 18:00	Consultation on an update of the OECD Guidelines for Multinational Enterprises (Room 1)
15:00 – 18:00	GFII Special Session: Briefing with Dr. Ibrahim Assane Mayaki, Chief Executive Officer, NEPAD, for African Ambassadors and other interested GFII delegates on recent NEPAD initiatives, including the NEPAD-OECD Africa Investment Initiative. This session will be chaired by Ambassador Konji Sebati, South Africa. (Room 9)
18:00 – 20:00	Reception (Château)

DETAILED PROGRAMME

DAY 1 – 7 DECEMBER 2009

08:00- 09:30	Registration - Coffee and viennoiseries provided outside Room 1
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Opening plenary (Room 1)

09:30- 09:45	Welcome address, Mr. Angel Gurría, OECD Secretary-General
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09:45 - 12:30	<p style="text-align: center;">Ministerial Roundtable Debate International Investment is a force for a Stronger, Cleaner, Fairer Global Economy</p> <p style="text-align: center;">The Participants</p> <p>The conference co-chairs</p> <p>H.E. Mahmoud Mohieldin, Minister of Investment, Egypt H.E. Jose W. Fernandez, Assistant Secretary of State for Economic, Energy and Business Affairs, United States</p> <p>The panel</p> <p>H.E. Marco Vinicio Ruiz, Minister for Trade, Costa Rica H.E. Ibrahima Mbaye, Minister in charge of NEPAD, Senegal H.E. Nguyen Bich Dat, Vice Minister of Planning and Investment, Vietnam H.E. Bayu Krishnamurti, Vice-Minister for Agriculture, Indonesia</p> <p>The discussants</p> <p>Carolyn Ervin, Director, Directorate for Financial and Enterprise Affairs, OECD Izumi Kobayashi, Executive Vice President, MIGA, World Bank James Zhan, Director, Division on Investment and Enterprise, UNCTAD Karl P. Sauvart, Executive Director, Vale Columbia Center on Sustainable International Investment, United States</p> <p>The moderator</p> <p>Jeremy Gaunt, Reuters European Investment Correspondent, London</p>
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	<p>Overview and structure of the debate</p> <p>The panel for the debate consists of high-ranking government representatives from Africa, Asia, Latin America, the Middle East, and North America. The session will be co-chaired by Egypt and the United States. The debate will explore the three dimensions of the conference theme in turn. Each segment of the debate will open with a presentation laying out key arguments on how international investment can contribute to a stronger, cleaner, and fairer global economy.</p> <p>Before the debate gets underway, the audience will be invited to vote on the key proposition being discussed, namely that “International investment is a force for a stronger, cleaner, fairer global economy”. At the end of the debate, the audience will be again invited to vote on the proposition to see what impact the discussion has had on opinion. The results of the votes will be tabulated automatically and presented on-screen.</p>
<p>09:45 – 10:00</p>	<p>Opening presentations by the conference co-chairs (7 minutes each)</p>
<p>10:00 – 10:40</p>	<p>International Investment for a Stronger Global Economy</p> <p>Kick-off presentation: Karl P. Sauvant (5 minutes)</p> <p>Panel debate (35 minutes)</p> <p>Key policy questions:</p> <ul style="list-style-type: none"> • Can international investment be part of the solution to the crisis, or has the crisis shown that, in reality, it is more part of the problem? • Could the crisis spur more coherent approaches to international investment policy in the future, in contrast to the incoherence of the current “spaghetti bowl” of international agreements? • Could the crisis result in a stronger global economy by bringing greater balance to investment globalization?
<p>10:40 – 11:20</p>	<p>International Investment for a Cleaner Global Economy</p> <p>Kick-off presentation: H.E. Marco Vinicio Ruiz (5 minutes)</p> <p>Panel debate (35 minutes)</p> <p>Key policy questions:</p> <ul style="list-style-type: none"> • With respect to the environment, many people see international investment as part of the problem. Others view it as a necessary part of the solution. How can these views be reconciled, if at all? • Is the only path to a cleaner global economy limits on investment globalization? • What role should governments play, including through instruments for promoting responsible business conduct, such as the OECD Guidelines for Multinational Enterprises?

Parallel sessions 15:00 – 18:00 (with a coffee break from 16:00 – 16:30)

Session 1.1. Investment policy challenges and priorities in Latin America

(Room 6)

Co-Chairs:

H.E. Marco Vinicio Ruiz, Minister for Trade, Costa Rica

Manfred Schekulin, Chair, OECD Investment Committee

Speakers

Fernando Cepeda Ulloa, Ambassador of Colombia, Paris, France

Beatriz Nofal, President, ProsperAr (National Investment Development Agency), Argentina

Discussant

Anthony O’Sullivan, Head, Private Sector Development Division, OECD

Overview

Across Latin America and the Caribbean governments are moving to improve their investment climates in support of more and better private investment for sustainable growth and employment. As they do so many of these countries have sought to draw on OECD experience and methods to strengthen their investment policy frameworks and implementation strategies. Indeed, several countries in the region were actively involved in developing the OECD’s Policy Framework for Investment (PFI) and participate in other core activities of the OECD Investment Committee.

This session will seek to identify and discuss the key policy areas for OECD’s future co-operation with Latin America and the Caribbean, for example:

- International investment, including open and transparent investment policies and sound approaches to foreign investment incentives;
- Good practices for investment promotion agencies, including governance, customer segmentation, aftercare services and monitoring of effectiveness;
- Policies to foster enterprise development: including one-stop shops, access to finance, business skills development and the promotion of SME-MNE linkages;
- Responsible business conduct, building on the existing Latin American network of five National Contact Points for the OECD Guidelines for Multinational Enterprises;
- Infrastructure development: making the most of private-public partnerships to maximise the provision of essential services;
- National strategies for promoting “green investment”.

Key questions

- What are the top investment policy priorities in Latin America today?
- To what extent has the global economic crisis affected investment in Latin America?

Session 1.2. Unlocking Investment Potential in Africa: What role for the OECD after the Doha review of the Monterrey Consensus?

Joint DAC-Investment Committee Session (Room 7)

Chair:

H.E. Ibrahima Mbaye, Minister Counsellor in charge of NEPAD, Senegal

Keynote speaker:

Dr. Ibrahim Assane Mayaki, Chief Executive Officer, NEPAD

Discussants:

Steve Groff, Deputy Director, OECD Development Co-operation Directorate

Karim Dahou, Executive Manager, NEPAD-OECD Africa Investment Initiative, OECD

Richard Parry, Head of Unit, OECD Centre for Tax Policy Administration

Dambudzo Muzenda, OECD Investment Division

Toru Homma, Regional Advisor, Japan International Cooperation Agency, Kenya

Kimmo Sinivuori, Commercial Counsellor, Ministry of Foreign Affairs, Finland

Overview:

With a particular focus on the NEPAD-OECD Africa Investment Initiative as a vehicle for promoting private sector-led growth in Africa, this session will consider how the OECD can more effectively support financing for development post-Doha. The session will consider how the Initiative can promote a balanced approach to development in the area of investment. One of the key themes in the Monterrey Consensus is the need for policy coherence and co-ordination between the different policy communities involved. This recognition has underpinned the growing co-operation between the OECD's Development Assistance Committee and the OECD Investment Committee, including the formation of a group of "Friends of the Africa Investment Initiative", which aims to align better the activities of donors around investment policy priorities in Africa.

The session will consider how to take co-operation between these two policy communities forward, including through joint use of African and OECD instruments such as the African Peer Review Mechanism (APRM), the PFI and the OECD Principles for Private sector Participation in Infrastructure to improve Africa's business climate. It will also consider development partners' innovative strategies aimed at using ODA as a catalyst for sound private investment.

The first part will address key focus issues discussed during the last Ministerial Meeting of the Initiative, held in Johannesburg on 11-12 November. It will focus on *tax for investment and development* and on *boosting investment in energy infrastructure, including through carbon finance*. The second part will concentrate on lessons learned from development partners using ODA as a leverage for sustainable investment. The use of the PFI in Japan's and Finland's bilateral ODA will serve as an example.

Key questions:

- What lessons have donors learned in terms of effective methods of leveraging ODA in support of efforts to improve investment climates?
- How can we achieve a better three-way alignment between donors, the investment policy community, which is increasingly engaging on development issues, and African countries' investment policy priorities?

**Session 1.3. Special lecture on exploring the interface between
responsible business conduct and corporate governance:
Lessons from the Japanese experience (Auditorium)**

Keynote speaker:

Professor Haruo Funabashi, Visiting Professor at Hitotsubashi University Graduate School of International Corporate Strategy, Tokyo, and author of *“Timeless Ventures: 32 Japanese Companies that Imbibe 8 Principles of Longevity”*

Discussants:

Anant G. Nadkarni, Vice President of the Tata Council for Community Initiatives

Pierre Habbard, Senior Fellow, TUAC

Pamela Muckosy, Head of Research, Ethical Corporation

Overview

It is widely acknowledged that good governance is critical to corporate profitability and longevity. However achieving it is an increasingly complex task. Nature, society, and business are interconnected in complex ways. It indeed no longer appears sufficient for decision-makers to be accountable to shareholders; they are increasingly expected to respond to the expectations of the societies in which they operate as well.

Key questions:

- Are corporate governance and corporate social responsibility two alien concepts or two sides of the same coin?
- How has the financial crisis altered the relationship between corporate governance and corporate social responsibility?
- What supporting role can the OECD Corporate Governance Principles and the OECD Guidelines for Multinational Enterprises play in promoting corporate sustainability?

Session 1.4. World Investment and Political Risk 2009: Cross-border investment in uncertain times

Organised in co-operation with MIGA, World Bank (Room 9)

Chair:

James Zhan, Director, DITE, UNCTAD

Speakers:

Frank J. Lysy, Chief Economist and Director, Economics and Policy Group, MIGA

Karin Millett, Head, IG Vienna Office, Investment Climate Advisory Services, World Bank Group

Stephan Dreyhaupt, Head, Research and Knowledge, MIGA

Persephone Economou, Co-Author, World Investment and Political Risk 2009

Jean-Luc Debièvre, Broker, Gras Savoye - Risques Financiers et Politiques

Overview

Well into its deepest financial crisis in the post-war era, the world economy is entering a phase of economic recovery and financial stabilization. While corporate investors have maintained an overall positive outlook on foreign direct investment, political risk still features as major concern. Against this back drop, this session will showcase a major study by the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, just released, on World Investment and Political Risk.

Key questions:

- How has the financial crisis altered foreign direct investment prospects for emerging markets? (Frank Lysy)
- What was the impact of the financial crisis on investment climate reform and what is the link to political risk (Karin Millett)
- How has the financial crisis affected political risk perceptions for North- and South-based investors? (Stephan Dreyhaupt, Persephone Economou)

Discussion

- Foreign direct investment and political risk mitigation (Frank Lysy)
- Political risk mitigation: the corporate perspective (Jean-Luc Debièvre)
- South-based FDI: what can the PRI industry do to support this trend? (Stephan Dreyhaupt)

Discussion

**All participants are invited to a reception in the
Chateau 18:00 – 20:00**

9:00-10:00

Coffee and viennoiseries provided outside Room 1

Parallel sessions 10:00 – 12:30 (with coffee break from 11:00 – 11:30)

**Session 2.1. Foreign investment and national security:
Future challenges to a balanced approach (Room 6)**

In co-operation with the Peterson Institute for International Economics

Chair:

The Hon. Marc Lalonde, P.C., O.C., Q.C.

Speakers:

Theodore H. Moran, Non-Resident Senior Fellow, Peterson Institute of International Economics

Nicolas Véron, Senior Research Fellow, Bruegel, Brussels

Kathryn Gordon, Head of the Freedom of Investment Unit, OECD

Daniel M. Price, Senior Partner, Sidley Austin LLP; former Assistant to the US President and Deputy National Security Advisor for International Economics

Overview:

The OECD Guidelines for Recipient Country Investment Policies relating to National Security were adopted by the OECD in 2009 to help governments safeguard their countries' national security, while also preserving their reputation for fair treatment of international investors. The motivation behind the development of these Guidelines has been the increasing use of national security reviews of incoming investment over the last five years and the growing number of investment transactions being investigated, mitigated or eventually blocked on national security grounds. To prevent protectionist use of national security measures and to increase their effectiveness, these new Guidelines help governments to make their national security measures least-discriminatory, transparent and predictable, proportionate to the objective pursued, and accountable in their application. They also form the basis for peer review of national security measures under investment policy peer monitoring hosted at the OECD.

Key questions:

- When might a foreign acquisition pose a genuine national security threat, and when is this entirely implausible?
- Does the fact that more countries are adopting security-related investment policies reflect a riskier international security environment or a trend toward disguised protectionism?
- Are there signs that security-related arrangements are more open for strategic use by domestic companies to gain competitive advantage over foreign rivals? Given that SWFs are relatively new actors in the international investment arena, what issues might yet pose challenges for governments?

Session 2.2. Promoting responsible international investment in agriculture (Room D)

Co-Chairs

Kenko Sone, Director of OECD Division, Ministry of Foreign Affairs, Japan

H.E. Bayu Krishnamurti, Vice-Minister for Agriculture, Indonesia

Speakers

Hafiz Mirza, Chief, Development Issues Section - IIAB, UNCTAD

David Hallam, Deputy Director, Trade and Market Division, FAO

John Lamb, Senior Agribusiness Specialist, World Bank

Joachim Pohl, Legal Expert, Investment Division, OECD

Overview

Increasing investment in agriculture is vital to achieving higher productivity and greater food production, thereby ensuring global food security and poverty reduction. Investment in agriculture has the potential to raise recipient country incomes, especially rural incomes, by providing employment, increasing agricultural productivity, transferring agricultural techniques and technology, and creating market infrastructure. However, it also holds potential dangers. If the recipient country policy framework is weak, such investment could pose significant risks, including corruption, displacement of local peoples, and environmental damage.

Any policy response will need to achieve a balance by addressing both the responsibilities of investors as well as the role of government in putting in place sound policy frameworks. Work is therefore underway to initiate a co-ordinated global response to the growing trend of major agricultural investment associated with acquisition of rights to land and related resources, particularly in the developing world.

This session will serve as a consultation to a Japanese led initiative on this topic (co-sponsored by the FAO, IFAD, UNCTAD, and the World Bank), which was kick-started at a roundtable held concurrently with the 64th United Nations General Assembly on 23 September 2009. The session provides an opportunity to both consult the Global Forum on these issues and to support co-operation with the international bodies and other stakeholders involved in the initiative. Internationally agreed standards, including OECD instruments, that could be built upon to develop a code of conduct will be discussed.

Key questions

- How can the current initiative draw on past good practices and experience gained and, where appropriate, content already developed by relevant guidelines, schemes or codes of conduct, whether public or private?
- Examples of existing schemes include the Equator Principles, the Extractive Industry Transparency Initiative, Santiago Principles, and the OECD Guidelines for MNEs and other OECD instruments. What others might be relevant? In what ways might they be used?

Session 2.3. Outward investment from emerging markets in a time of crisis

Hosted by the Vale Columbia Center on Sustainable International Investment (Room 9)

Chair:

Karl P. Sauvant, Executive Director, Vale Columbia Center on Sustainable International Investment

Speakers:

Sedat Aybar, Associate Professor of Economics, Department of Economics; Chair, Director of Centre for Middle-eastern and African Studies, Kadir Has University, Istanbul, Turkey.

Dheeraj Bhatnagar, Commissioner, Department of Revenue, Ministry of Finance, Government of India

Seev Hirsch, Emeritus Professor, The Leon Recanati Graduate School of Business, Tel Aviv University, Israel.

Alexei Kuznetsov, Head, Section of EU Studies, Institute of World Economy and International Relations (IMEMO), Moscow, Russia.

Beatriz Nofal, President of ProsperAr (National Investment Development Agency), Argentina.

Marjan Svetličič, Head, Centre of International Relations, University of Ljubljana, Ljubljana, Slovenia.

Overview:

Building on recent surveys of multinationals in a number of emerging markets, this session will discuss a number of issues related to outward FDI from these economies. Outward investment from emerging markets was USD 350 billion in 2008, representing a sizable share of global investment flows. However, beyond some headline names (Gazprom) and deals (Tata buying Jaguar), not much is widely known about the companies that undertake this investment, what drives them to do so, the locations and industries on which they have focused, the challenges they face and the policy regimes under which they operate in their home countries. One aim of this session is to explore these issues.

The second aim of the session is to explore how the global financial and economic crisis has affected (and may continue to affect) outward investment from emerging markets. Some consequences of the crisis, e.g., declining growth and tight credit, have been perhaps more widespread than others, e.g., new restrictions on both inward and outward FDI. But even so, there are significant differences among emerging economies, say China and Russia. The former has the resources to acquire foreign assets in a buyer's market, while the latter has suffered from the steep fall in commodity prices.

Key questions:

- Are there any general trends discernible in outward investment from emerging markets – in regional concentration, industry focus, reliance on M&As, etc.?
- What is the impact of the financial crisis and recession?
- Has FDI protectionism been a factor in decline or delay?
- Is the crisis having an effect on emerging market outward investors and is it likely to be a long-term effect?
- To what extent are home countries helping/hindering outward FDI from emerging markets?

Session 2.4. Measuring the quality of investment policy frameworks: Useful guides for policy or a beauty contest?

Organised in co-operation with UNCTAD and the World Bank (Auditorium)

Chair:

Pierre Poret, Head, Investment Division, OECD

Speakers:

Peter Kusek, Investment Policy Officer, Investment Climate Advisory Services, World Bank Group; Investment Across Borders

Astrit Sulstarova, Economic Affairs Officer, Investment Trends and Data section, UNCTAD; FDI performance and potential rankings

Jeremy Clegg, Head of the International Business Division, University of Leeds Business School

Stephen Thompsen, Senior Economist, Investment Division, OECD; The FDI Regulatory Restrictiveness Index

Alexander Böhmer, Head, MENA Programme, Private Sector Development Division, OECD; Business Climate Development Strategy

Overview

Foreign direct investment can make an important contribution to development. It can generate employment, it can serve as a channel for technology transfer, and it can improve access to export markets, to name but a few benefits. For this reason, there has been growing interest in developing tools for measuring the attractiveness of countries for FDI. This session will consider several such tools that have been developed at the OECD, UNCTAD, and the World Bank. It will do so from two perspectives. First, it will consider some of the methodological challenges involved, including data quality. Second, it will consider how these tools, which are often presented in the form of rankings, influence the policy reform process in the countries covered.

Key questions

- What are the key methodological challenges in measuring the attractiveness of countries to FDI?
- Is there evidence that such metrics and rankings have had a positive impact on the policy reform process?
- How can governments seeking to improve their investment environments best incorporate such measures into their broader investment policy reform efforts?

12:30-14:30	Lunch break
14:30 – 18:00	Consultation on an update of the OECD Guidelines for Multinational Enterprises (Room 1)
16:00-16:30	Coffee provided outside Room 1
15:00 – 18:00	GFII Special Session: Briefing with Dr. Ibrahim Assane Mayaki, Chief Executive Officer, NEPAD, for African Ambassadors and other interested GFII delegates on recent NEPAD initiatives, including the NEPAD-OECD Africa Investment Initiative. This session will be chaired by Ambassador Konji Sebati, South Africa. (Room 9)

**All participants are cordially invited to a reception
hosted by
H.E. Ambassador Konji Sebati, South Africa
Venue: Chateau 18:00**



**Organised by the OECD Investment Committee in co-operation with
the United Nations Conference on Trade and Development (UNCTAD)**