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**THE RELATIONSHIP BETWEEN REGIONAL TRADE AGREEMENTS AND THE MULTILATERAL  
TRADING SYSTEM**

**INVESTMENT**

*This paper forms part of a broader study on the relationship between Regional Trade Agreements and the Multilateral Trading System. Together with other chapters and an overall assessment, it will be incorporated into a consolidated document to be submitted to the Trade Committee on 28-30 October 2002.*

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## INVESTMENT

### I. Key points emerging

1. The purpose of this paper is to survey investment provisions in RTAs and to highlight how these have gone beyond WTO norms on investment. It is generally acknowledged that the Uruguay Round of GATT talks went further than any previous rounds in placing investment issues on the multilateral trade agenda. Concurrently, the pace of developments with respect to the negotiation of rules on investment at the sub-multilateral level also accelerated during the early 1990s.

2. This dual evolution of the international policy framework for international investment reflects the growing recognition of the role investment has come to play in international economic development and integration. Just as trade was perceived as one of the key drivers of global economic growth during the post-War decades, foreign investment has since the 1980s come to be perceived as an important 'new' mode of global economic linkage. Statistics indicating that flows of foreign direct investment began outstripping both global trade and GDP growth rates in the 1980s only reinforced the perception that it was time for the international policy framework to catch up with the new international economic landscape.

3. This review of investment provisions in RTAs reveals that one of the attractive features of negotiating investment rules at the sub-multilateral level is the flexibility and selectivity that countries with historically similar approaches to investment issues can bring to the process of negotiation. This is an important point because it suggests that any negotiation of investment rules at the multilateral level would have to take into account the diversity of experience with and practice of international investment policy that has evolved at the regional level.

4. Several themes emerge from this short survey of investment provisions in RTAs. First, the extent to which signatories to an RTA attempt to establish ambitious investment rules, with a broad definition of investment, disciplines on TRIMs that go beyond the WTO's illustrative list and binding dispute settlement mechanisms, *inter alia*, would seem to be largely a function of the countries' previous experience with a liberal investment regime. Most countries that have entered into agreements containing high-standard rules on investment had either already been liberalising their investment regimes unilaterally or had experimented with investment rules in prior agreements (e.g. a number of agreements recently negotiated by the NAFTA signatories contain provisions almost identical to NAFTA's chapter 11). Where countries have only recently begun to liberalise their investment regimes and where these have traditionally been highly restrictive, the preference has been for less encompassing agreements covering limited rights of establishment and the movement of capital. In other words, the negotiation of investment rules in RTAs could be characterised as taking place at the investment policy margin. Countries at similar levels on the investment liberalisation 'trajectory' can scale their investment rule-making ambitions in line with historical local norms on international investment.

5. A related point concerns the objectives of investment rules. In most cases these are aimed at improving economic efficiency. This is the purpose of investment rules at the WTO and in most RTAs. However, some provisions in RTAs are more oriented towards development issues, especially as concerns the promotion of local firms. This is the case in both agreements that distinguish between the rights of

local and third-party investors as well as those agreements that provide incentives and preferences for regional enterprises.

6. Another theme to emerge from this survey concerns the apparent convergence of investment provisions in RTAs towards what might be described as an implicit international standard. This convergence is taking place through two channels. The first channel is through 'side-BITs', separate agreements on investment but nonetheless in the context of wider processes of trade and economic integration and co-operation.<sup>1</sup> What this suggests is that the perceived role of BITs is shifting beyond the protection of FDI from developed to developing countries to complementing broader and deeper liberalisation initiatives.

7. The second channel is through RTAs that closely resemble or build upon NAFTA investment provisions. Indeed, just as most BITs are based upon model BITs, the NAFTA investment provisions have in many instances become a sort of 'model RTA investment chapter'. The trend therefore seems to be towards a more consistent treatment of investment in RTAs, *both in terms of the tendency of RTAs to include rules on investment (or side-BITs) and in terms of their content.*

8. This apparent convergence is especially significant to the extent that most BITs and NAFTA-based RTA investment provisions do not result in the sort of preferences that RTAs give rise to with respect to trade. Third party investors typically enjoy the same rights as investors based in the RTA area when they have a substantial presence in one member and, through this presence, make an investment in another signatory to the RTA. Therefore, for example, a Japanese affiliate based in Canada making an investment in the United States or Mexico enjoys the same rights under the NAFTA as a Canadian-based firm making a similar investment. To the extent that BITs and RTA investment provisions have increasingly come to reflect similar (high) standards, the spread of such agreements results in the de facto plurilateralisation of investment rules -- as long as these do not discriminate against third party investors.

9. However, the current patchwork of investment provisions can give rise to certain difficulties. RTAs can affect investment patterns, whether through perceived growth opportunities in an expanded market, investment protection provisions within the RTA or specific rules of origin. Although, the most important factors concerning investment patterns remains the country's productivity and macro economic policy. Finally, the growth of RTAs (and BITs) has given rise to a number of investment disputes submitted under international tribunals. For example, between 1972 and 1999, 69 disputes were registered with ICSID, for an average of two and a half per year. Between January 2000 and February 2002, 29 disputes have been registered, an average of about 13 per year. The WTO dispute settlement mechanism has likewise experienced heavy traffic. However, the increasing number of disputes may reflect the fact that the international mechanisms for the settlement of disputes are gaining credibility among economic operators by providing a set of clear and predictable rules.

## II. Provisions in WTO agreements

10. Foreign investment issues are dealt with in several WTO Agreements. The General Agreement on Trade in Services (GATS), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and the plurilateral Agreement on Government Procurement include provisions relating to the entry and treatment of foreign enterprises and the protection of certain property rights. The Agreement on Trade-Related Investment Measures (TRIMs) and the Agreement on Subsidies and Countervailing

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<sup>1</sup> In the context of a discussion of investment provisions in RTAs, this is an important development insofar as it becomes necessary to look beyond the content of RTAs themselves to determine whether they 'contain' investment provisions.

Measures (ASCM) circumscribe the ability of WTO members to apply certain kinds of measures to attract investment or influence the operations of foreign investors. The Understanding on Rules and Procedures Governing the Settlement of Disputes contains clearly-defined rules for addressing conflicts that arise under all of these agreements.

### ***The GATS***

11. Of all the agreements in the WTO, the GATS deals most directly with investment issues. It does so by defining four modes of supply covered by the agreement, one of which, mode three, consists of the provision of services through an established presence in a foreign territory. General obligations are contained in Parts I and II of the agreement. The most important of these are articles I and II. Article I, on scope and definition, stipulates that the GATS applies to measures by members affecting trade in services, defined as including any service in any sector delivered via any of the four modes, with the exception of those supplied in the exercise of government functions. Article II codifies the unconditional most-favoured-nation treatment principle, making it one of the agreement's core general obligations. Under the MFN rule, members of the GATS are committed to treating services and service providers from one member in the same way as services and service providers from any other member. The basic obligation of national treatment is stated in terms very similar to those of the national treatment rule in GATT's Article III, but in the case of GATS, it is limited to services sectors where commitments have been undertaken in the schedule of the Member concerned.

### ***TRIMs***

12. The Agreement on Trade-Related Investment Measures recognises that certain investment measures restrict and distort trade. It provides that no WTO Member shall apply any TRIM inconsistent with Articles III (national treatment) and XI (prohibition of quantitative restrictions) of the GATT. To this end, an illustrative list of TRIMs agreed to be inconsistent with these articles is appended to the agreement. The list includes measures which require particular levels of local procurement by an enterprise ("local content requirements") or which restrict the volume or value of imports that an enterprise can purchase or use to an amount related to the level of products it exports ("trade balancing requirements").

### ***TRIPs***

13. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) builds upon the existing framework of intellectual property conventions (i.e. the Berne Convention, 1971, the Paris Convention, 1967 and the Washington Treaty on Intellectual Property in Respect of Integrated Circuits, 1989, among others). The agreement includes national treatment, MFN and substantive standards for the protection of specific categories of intellectual property, domestic enforcement procedures and international dispute settlement. The importance of the agreement in the context of investment relates to the increasingly important share of MNE assets accounted for by intangible assets, such as brands, patents, trademarks, etc. Furthermore, virtually all modern investment agreements which lay down standards for the promotion and protection of foreign investment include intellectual property within the definition of investment.

### ***Agreement on Government Procurement***

14. The plurilateral Agreement on Government Procurement requires not only that there be no discrimination against foreign products, but also no discrimination against foreign suppliers and, in

particular, no discrimination against locally established suppliers on the basis of their degree of foreign affiliation or ownership. Another investment related aspect of this Agreement is the provision in Article XVI that procuring entities shall not, in the qualification and selection of suppliers, products or services, or in the evaluation of tenders and award of contracts, impose, seek or consider offsets, defined as "...measures used to encourage local development or improve the balance-of-payments accounts by means of domestic content, licensing of technology, investment requirements, counter-trade or similar requirements".

### ***Agreement on Subsidies and Countervailing Measures***

15. The Agreement on Subsidies and Countervailing Measures (ASCM) defines the concept of "subsidy" and establishes disciplines on the provision of subsidies. The relevance of the ASCM to investment issues is that a number of investment incentives fall under the definition of a subsidy and are either prohibited or are subject to the disciplines of the ASCM if they cause "adverse effects". Subsidies contingent upon the exportation of goods produced are prohibited. Adverse effects are defined in terms of distortions to the trade flows of subsidised goods.

### **III. Provisions in Regional Trade Agreements**

16. At the sub-multilateral level, investment issues have been addressed through RTAs, bilateral investment treaties (BITs) and a range of plurilateral arrangements specifically aimed at dealing with investment issues. Indeed, where investment protection is concerned RTAs are not typically the main vehicle for negotiating international investment rules. Rather, BITs constitute the most popular instrument in this regard. Whereas the number of BITs is estimated to have reached 1941 in 2000, an estimated 172 RTAs are currently in force and only a small (albeit growing) minority of these deal with investment issues.<sup>2</sup> Given the focus of this survey on how RTAs have dealt with investment issues, it is important to keep in perspective that these only represent one of several institutional settings at the sub-multilateral level in which investment-rule making has taken place.

17. Rules on investment have been linked to wider processes of trade and economic integration and cooperation in various ways. The following sub-sections deal respectively with: i) agreements that focus on the right of establishment and the free movement of capital, ii) agreements that build upon treatment and protection principles typically found in BITs, iii) agreements that distinguish between the rights accorded to local and third-party investors and iv) agreements that include provisions on the status of regional enterprises.

18. This classification of RTAs according to general characteristics is imperfect insofar as the complexity of many agreements means that they could be included in several categories. Indeed, the only perfectly exclusive categorisation of agreements is at the level of the individual agreements themselves since no two agreements are exactly alike. However, in order to give the discussion some structure and to avoid simply listing agreements and their investment provisions it was felt that a rough characterisation according to broad objectives would render the discussion more reader-friendly.

19. Finally, all of the agreements discussed below constitute examples of efforts to go beyond existing provisions on investment at the WTO, either in terms of substance or objectives. Indeed, even the most modest rules on investment found in RTAs usually contain some sort of provisions on the right of establishment, something that does not exist in any WTO agreement.

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<sup>2</sup> Although, as noted, many of these now have 'side-BITs'.

***Rules on right of establishment and free movement of capital***

20. Early efforts at introducing rules on investment at the regional level emphasised the issues of establishment and the free movement of capital. One of the most comprehensive examples of this approach was the *Treaty Establishing the European Community* (1957) (revised by the Treaty of Amsterdam which entered into force on 1 May 1999). The EC Treaty addresses investment primarily through provisions on freedom of establishment and free movement of capital. Article 52 of the original treaty prohibits restrictions on the freedom of establishment of nationals of a member State in the territory of another member State and on the setting up of agencies, branches or subsidiaries by nationals of any member State established in the territory of any member State.<sup>3</sup> Freedom of establishment includes the right to take up and pursue activities as self-employed persons and to set up and manage undertakings under the conditions laid down for its nationals by the law of the country where such establishment is effected. By virtue of Article 58<sup>4</sup>, this right of establishment applies to companies or firms formed in accordance with the law of a member State and having their registered office, central administration or principal place of business within the Community.

21. Since the end of the transitional period on 31 December 1969, Article 52<sup>5</sup> has been directly applicable in the sense that it can be invoked by individuals before the national courts of member States. EC Treaty rules on freedom of establishment are not only addressed to the member States but also require the adoption of measures by the Community institutions with respect to a wide range of matters specified in Articles 54 and 57 in order to facilitate the implementation of the freedom of establishment.<sup>6</sup> Pursuant to these provisions, directives have been adopted *inter alia* with respect to standards in specific sectors, company law, government procurement, and the mutual recognition and acceptance of diplomas, certificates and other evidence of formal qualifications.

22. With respect to movement of capital, Article 73(b) of the EC Treaty, which was added by the 1992 Treaty on European Union, provides for the prohibition as of 1 January 1994 of restrictions on movements of capital and payments between the member States and between the member States and third countries.<sup>7</sup> Capital movements covered by this provision include direct investments, defined as investments of all kinds which serve to establish or to maintain lasting and direct links between the person providing the capital and the undertaking to which the capital is made available in order to carry on an economic activity. This general prohibition is subject to "grandfather" and transition clauses in respect of certain existing restrictions, exceptions (e.g. relating to taxation and prudential measures) and a safeguard clause applicable in case of difficulties for the operation of economic and monetary union caused by capital movements to or from third countries.

23. Agreements involving countries that have historically restricted capital movements have also tended to emphasise establishment and capital movement issues but much less comprehensively than the EC Treaties. For example, the *Europe Agreements* concluded in the early and mid-1990s between the European Community and Central and Eastern European countries, also focus primarily upon

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<sup>3</sup> The reference in the original text to the progressive abolition of restrictions on the right of establishment in the course of the transitional period was deleted and replaced by the concept of prohibition in amendments made by the Treaty of Amsterdam, Article 43. *Official Journal of the European Communities*, No. C 340, 10 November 1997, p.61

<sup>4</sup> Treaty of Amsterdam, Article 48.

<sup>5</sup> Treaty of Amsterdam, Article 43.

<sup>6</sup> Treaty of Amsterdam, Articles 44 and 47, respectively.

<sup>7</sup> Treaty of Amsterdam, Article 56.

establishment issues by providing for national treatment with regard to the establishment and operation of companies and nationals. The term "establishment" is defined in each of these Agreements as meaning the right to take up and pursue economic activities by means of the setting up and management of subsidiaries, branches and agencies.

24. The *Treaty Establishing the Caribbean Community (CARICOM)* (1973), as amended by a Protocol adopted in July 1997, prohibits the introduction by member States of any new restrictions relating to the right of establishment of nationals of other member States (Article 35b). Member States are also required to remove restrictions on the right of establishment of nationals of other member States, including restrictions on the setting up of agencies, branches or subsidiaries by nationals of a member State in the territory of another member State (Article 35c).

25. Likewise, the Treaty Establishing the African Economic Community (1991) and the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) (1993) include among their objectives the removal of obstacles to the free movement of capital and the right of residence and establishment.<sup>8</sup> Finally, the Revised Treaty of the Economic Community of West African States (ECOWAS) (1993) includes among its objectives the establishment of a common market involving, inter alia, the removal of obstacles to the free movement of persons, goods, services and capital and obstacles to the right of residence and establishment (Article 3(2)). The Treaty Establishing the Economic and Monetary Union of West Africa (1996) provides for freedom of nationals of one member State to provide services in the territory of another member State and proscribes restrictions on movement of capital.

#### ***Rules building on treatment and protection principles of bilateral investment treaties***

26. A number of RTAs have gone beyond issues relating to establishment and the free flow of capital. For example, the *North American Free Trade Agreement (NAFTA)* (1994) contains generic provisions on investment in Chapter 11<sup>9</sup>. "Investment" is defined in Article 1139 through a broad list of assets along with a negative list of certain claims to money, including claims arising from commercial transactions, which are not considered to be investments. Each Party is required to accord the better of national treatment and MFN treatment to investors of another Party, and to investments of investors of another Party, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments (Articles 1102-1104).<sup>10</sup>

27. The provisions of the NAFTA concerning performance requirements apply to both investments of investors of a Party and investments of investors of a non-Party. Article 1106(1) proscribes the imposition or enforcement of mandatory requirements and the enforcement of any undertakings or commitments: (1) to export a given level or percentage of goods or services; (2) to achieve a given level or percentage of domestic content; (3) to purchase, use or accord a preference to goods produced or services provided in the territory of a Party or to purchase goods or services from persons in its territory; (4) to relate the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with investment; (5) to restrict sales of goods or services produced or

<sup>8</sup> See, respectively Article 4(2)(i) of the Treaty Establishing the African Economic Community and Article 4(4)(c) and 4(6)(e) of the COMESA Treaty.

<sup>9</sup> In addition to Chapter 11, separate provisions dealing with investment issues are contained in Chapter 14 on financial services, Chapter 15 on competition, monopolies and state enterprises, and Chapter 16 on temporary entry for business persons.

<sup>10</sup> The NAFTA adopts the negative list approach such that the actual coverage of the agreement's investment provisions is determined by the exceptions and reservations contained in the annexes to the agreement.

provided by an investment in a Party's territory by relating such sales to the volume or value of exports or foreign exchange earnings of the investment; (6) to transfer technology, a production process or other proprietary knowledge; and (7) to act as the exclusive supplier of the goods produced or services provided by an investment to a specific region or world market. With the exception of the first and the last two requirements, these requirements are also prohibited if applied as conditions for the receipt of an advantage (Article 1106(3)).

28. NAFTA Articles 1115-1138 provide for international arbitration of disputes between a Party and an investor of another Party. An investor may submit to international arbitration a claim that another Party has breached an obligation under Chapter 11 or under certain provisions of the chapter on monopolies and state enterprises and that the investor has incurred loss or damage by reason of, or arising out of, that breach. Article 1122 contains the unconditional consent of the Parties to the submission of a claim to arbitration. The investor can elect to proceed under the International Centre for Settlement of Investment Disputes (ICSID) Convention, the Additional Facility Rules of ICSID or the United Nations Commission of International Trade Law (UNCITRAL) Arbitration Rules. Detailed rules are contained in these provisions on matters such as the constitution of arbitral tribunals, consolidation of claims, applicable law, nature of remedies, and finality and enforcement of arbitral awards.

29. A number of more recent RTAs (and proposed RTAs), especially those involving NAFTA signatories, have been broadly modelled after the NAFTA with respect to investment rules. This is the case, for example, in the Canada-Chile Free Trade Agreement (1997) and in the draft text for the Free Trade Area of the Americas. A structure and content broadly similar to that found in the NAFTA investment provisions is also reflected in the Vaduz Convention, the revised Convention establishing the European Free Trade Association<sup>11</sup> (2001) and the Japan-Singapore Free Trade Agreement. One interesting point to note is that some recent bilateral RTAs do not cover investment for the stated reason that a BIT already exists between the signatories. This is the case, for example, in the Canada-Costa Rica Free Trade Agreement (2000).

30. Other RTAs have sought to incorporate BIT-like provisions on investment but have eschewed the strict enforcement standards (e.g. binding dispute settlement mechanisms) and the levels of protection and liberalisation found in agreements like the NAFTA. In the context of the Asia-Pacific Economic Cooperation (APEC), norms of a legally non-binding nature relating to the admission, treatment and protection of foreign investment have been adopted in the *APEC Non-Binding Investment Principles* (1994). Principles of a general nature state that Member economies will ensure transparency with respect to laws, regulations and policies affecting foreign investment; extend MFN treatment to investors from any economy with respect to the establishment, expansion and operation of their investments; and accord national treatment to foreign investors in relation to the establishment, expansion, operation and protection of foreign investment, with exceptions as provided for in domestic laws, regulations and policies. More specific Principles provide that Member economies will not relax health, safety and environmental regulations as an incentive to encourage foreign investment; minimise the use of performance requirements that distort or limit expansion of trade and investment; and permit the temporary entry and sojourn of key personnel for the purpose of engaging in activities connected with foreign investment, subject to relevant laws and regulations.

31. A number of regional and plurilateral agreements exist which, instead of directly incorporating the full range of investment protection and dispute settlement provisions typically found in bilateral investment treaties, envisage the conclusion of such bilateral treaties between the parties. Although not part of the RTAs themselves, these 'side-BITs' are explicitly recognised as contributing to the wider process of liberalisation between the parties. An example of this approach is the Cotonou Agreement

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<sup>11</sup> The original Stockholm Convention was signed in 1960.

between the European Union and the ACP Countries.<sup>12</sup> This agreement sets forth general principles regarding the treatment of foreign investment, such as the requirement to accord fair and equitable treatment, and envisages that more specific regulation of policies on foreign investment will be dealt with through the negotiation of bilateral agreements between the Contracting Parties. Already in the Lomé Convention VI, which the Cotonou Agreement replaces, a Joint Declaration in Annex LIII of the Convention provided that the Contracting Parties would undertake a study of the main clauses of model bilateral investment agreements. Various recent agreements of the European Union with third countries also refer to the possible conclusion of bilateral investment treaties between member States of the European Union and the third countries in question.<sup>13</sup>

### *Rules that distinguish between local and third-party investors*

32. Investment rules on establishment, the free flow of capital and those that build upon issues usually covered in BITs all have as their underlying purpose the promotion of a more efficient international allocation and use of capital. However, not all investment rules in RTAs have economic efficiency as their prime objective. Some agreements contain investment provisions whose aim is more developmental in nature. For example, in August 1994, Member States of the MERCOSUR adopted a *Protocol on Promotion and Protection of Investments from States not Parties to MERCOSUR*. The signatories to the Protocol undertake not to accord to investments of investors of third countries more favourable treatment than that provided for in the Protocol. In respect of the treatment of established investments, the Protocol lays down general standards of treatment which are similar to those contained in the Colonia Protocol<sup>14</sup>, except that the parties to the agreement enjoy discretion to decide whether or not to accord national treatment and MFN treatment to established investments of investors of third countries. The *Protocol on Promotion and Protection of Investments from States not Parties to MERCOSUR* contains no provisions on performance requirements.

33. Other agreements dealing with investments from third countries have sought to reduce restrictions traditionally aimed at these. For example, in the context of the Andean Community, rules aiming at the harmonisation of investment policies of member countries towards investment from third countries were first adopted in 1970. The currently applicable regime appears in *Decision 291 of the Commission of the Cartagena Agreement -Common Code for the Treatment of Foreign Capital and on Trademarks, Patents, Licences and Royalties* (1991). This Decision provides that foreign investors shall have the same rights and obligations as national investors, except as otherwise provided in the legislation of each member country, and eliminates the previously existing requirement to subject foreign investment to an authorisation procedure. It also removes restrictions contained in the previous rules on the transfer of funds by obligating member countries to permit foreign investors and sub-regional investors to remit abroad in convertible currency the verified net profits derived from foreign direct investment and the proceeds from the sale or liquidation of such investment. A third important change effected by the Decision is the removal of restrictions on access of products produced by foreign enterprises to the benefits

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<sup>12</sup> Signed in June 2000.

<sup>13</sup> In addition to the Europe Agreements and the Partnership and Cooperation Agreements, references to the future conclusion of bilateral investment treaties appear in, for example, the Cooperation Agreement between the European Community and the Kingdom of Nepal (1995), Article 10; the Interregional Framework Cooperation Agreement between the European Community and its Member States, of the one part, and the Southern Common Market and its Party States, of the other part (1995), Article 12, and the Framework Cooperation Agreement leading ultimately to the establishment of a political and economic association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part (1996), Article 15.

<sup>14</sup> The Colonia Protocol governs the treatment of regionally based investors and their investments.

from the trade liberalisation under the Cartagena Agreement. Prior to the adoption of this Decision, such products could benefit from this trade liberalisation only if the foreign enterprise undertook to convert into a joint or national enterprise.

***Rules on regional enterprises***

34. Several regional agreements aim at fostering co-operation between firms of member States by establishing a special legal regime for the formation of a regional form of business enterprise. For example, the *Uniform Code on Andean Multinational Enterprises* established by Decision 292 of the Commission of the Cartagena Agreement provides for the formation of Andean Multinational Enterprises. One of the conditions for the creation of such an enterprise is that capital contributions by national investors of two or more member countries must make up more than 60 per cent of the capital of the enterprise. Among the privileges which the Decision requires member countries to grant to such enterprises are national treatment with respect to government procurement, export incentives and taxation, the right to participate in economic sectors reserved for national companies, the right to open branches in any member country, and the right of free transfer of funds related to investments. Likewise, the *Basic Agreement on the ASEAN Industrial Cooperation Scheme* (AICO Scheme) was concluded by members of ASEAN in 1996 to promote joint manufacturing industrial activities between ASEAN-based companies.

## GLOSSARY

**ACP (African, Caribbean and Pacific States):** Burundi Cameroon Central African Republic Chad Congo (Brazzaville) Equatorial Guinea Gabon Rwanda Sao Tomé and Príncipe Congo, Democratic Republic Comoros Djibouti Eritrea Ethiopia Kenya Madagascar Mauritius Seychelles Somalia Sudan Tanzania Uganda Angola Botswana Lesotho Malawi Mozambique Namibia South Africa Swaziland Zambia Zimbabwe Benin Burkina Faso Cape Verde Côte d'Ivoire Gambia Ghana Guinea Guinea Bissau Liberia Mali Mauritania Liberia Mali Mauritania Niger Nigeria Senegal Sierra Leone Togo Antigua and Barbuda Bahamas Barbados Belize Dominica Dominican Republic Grenada Guyana Haiti Jamaica St Christopher and Nevis St Lucia St Vincent and the Grenadines Haiti Jamaica St Christopher and Nevis St Lucia Suriname Trinidad and Tobago Cook Islands Federated States of Micronesia Fiji Kiribati Marshall Islands Niue Papua New Guinea Republic of Nauru Republic of Palau Solomon Islands Republic of Nauru Republic of Palau Solomon Islands Tonga Tuvalu Vanuatu Samoa.

**AFTA (ASEAN Free Trade Area):** Brunei Darussalam, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

**ANDEAN COMMUNITY:** Bolivia, Colombia, Ecuador, Peru and Venezuela.

**ANZCERTA (Australia-New Zealand Closer Economic Relations Trade Agreement):** Australia and New Zealand

**APEC (Asia Pacific Economic Co-operation Forum):** Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States; Vietnam.

**CARICOM (Caribbean Community):** Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Republic of Suriname and Trinidad and Tobago. The Bahamas does not participate in the common market and Haiti is not yet a full member.

**CEFTA (Central European Free Trade Agreement):** Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia.

**COMESA (Common Market for Eastern and Southern Africa):** Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Zambia, Zimbabwe.

**EAA (Agreement on the European Economic Area):** Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Portugal, United Kingdom, Spain, Sweden.

**ECOWAS (Revised Treaty of the Economic Community of West African States):** Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo

**EFTA (European Free Trade Association):** Iceland, Liechtenstein, Norway and Switzerland.

**EU (European Union)** : Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, United Kingdom, Spain, Sweden.

**Europe Agreements:** The EU has concluded these with Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia.

**Euro-Med (Euro-Mediterranean Association Agreements) (First-generation):** The EU has concluded these with Cyprus, Malta, Turkey.

**Euro-Med (Euro-Mediterranean Association Agreements):** The EU has concluded these with Tunisia, Israel, Morocco and the Palestinian Authority.

**Euro-Med (Euro-Mediterranean Co-operation Agreements):** The EU has concluded these with Algeria, Egypt, Jordan, Lebanon and Syria.

**FTAA (Free Trade Area of the Americas):** Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St Lucia, St Kitts and Nevis, St Vincent and Grenadines, Suriname, Trinidad and Tobago, Uruguay, United States, Venezuela.

**MERCOSUR (Mercado Común del Sur / Southern Common Market Agreement):** Argentina, Brazil, Paraguay and Uruguay.

**NAFTA (North American Free Trade Agreement):** Canada, Mexico, United States.

**OAU (Organization of African Unity):** Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Cote d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Saharawi, Arab Democratic Republic, Sao Tome and Principe, Seychelles, Senegal, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

**SAARC (South Asian Association for Regional Co-operation):** Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

**SADC (Southern African Development Community):** Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe.

**Treaty Establishing the African Economic Community:** Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Cote D'Ivoire, Democratic Republic Of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Saharawi Arab Democratic Republic, Sao Tome And Principe, Seychelles, Senegal, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

**Treaty Establishing the Economic and Monetary Union of West Africa:** Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo.