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Jeffrey Lang

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Keynote Address

Jeffrey Lang*

I want to begin by trying to figure out what we are talking about when we discuss international investment agreements. Let's look at a very simple, hypothetical fact situation.

Assume that a company in New York discovers that the product it makes has a market in Europe. After some research, it decides the economics of exporting to a single customer make sense. The company negotiates various details in a series of transatlantic telephone calls and travel, and shipments begin. At this point, no significant foreign direct investment has occurred.

Later, the New York company discovers that more than one customer is interested in its product, which poses several problems. The company cannot find out exactly what the customers need without a representative in Europe (someday soon, the Internet will probably eliminate this stage). Consequently, someone must be hired and furnished with an office. Boom: A little outward direct investment.

Further down the road, the company has so many customers with demands such that the company needs a warehouse. Boom: Another direct investment.

Even further down the road, the company realizes it can assemble the last stage of the product in Europe, so it rents some land and puts up a final assembly facility, employing twenty workers. More outward investment.

If you extrapolate this fact situation to the largest single economy in the world, you find a tangle of economic activity in which trade in goods, trade in services, and outward and inward direct and portfolio investment (and probably a few other complications) are all wrapped up in enormous economic activity. It is that activity that we are talking about.

The first question we have to ask is, "Is this good?"

Of course, whether it is good is more or less a moot question because so much of this is happening now that it would be almost impossible to unwind it without crippling the economy. But humor me a little.

It is certainly good for the single company in New York that is making money by increasing sales. But what about the community the company is located in? Is it losing tax revenue because storage or some stage of manufacturing facilities are no longer needed in that community? Is it losing jobs because people who used to work in those facilities are no longer employed in such facilities? Or is it gaining jobs? In 1995, non-

* Deputy United States Trade Representative; Co-leader of U.S. Delegation to OECD Negotiation of a Multilateral Agreement on Investment.

bank, foreign-owned facilities in the United States employed five percent of our people! Who are they? Are we losing more than we are gaining? Can we measure any of this?

There is some gross data. We know that the United States imports a lot of capital. We are the biggest magnet for foreign capital in the world. In fact, last year, we attracted sixty percent more capital than China, the second-largest importer of capital in the world.[1] We imported $60 billion in 1996[2] and $84.6 billion in 1997. As my hypothetical fact situation suggests, this is probably partly related to the fact that the United States is the largest importing country in the world. However, if you review all the data, you see that is not the only reason.

Why did we import so much capital? Capital, after all, is just money. And money – allowing for changes in exchange rates – is a fungible commodity. This money had a choice: if it was to be "invested," it could have been invested here or somewhere else. As almost any governor in the United States could tell us, our objective is, or ought to be, to attract investment because it will bring jobs. We might do that with tax holidays and shaving corners on environmental requirements, but seventy billion dollars? That is a big tax holiday.

No, as far as we can tell, the main reason that foreign investment is sent to the United States is that the relationship between risk and reward is very good. There is very little risk that the United States will treat a foreign investment differently from domestic investments. Also, the strength of the U.S. economy assures a reasonably good return.

What about the other side of the transaction, the part about exporting capital? I think we have to admit that the jobs of specific workers have, in some sense, been moved abroad. Sometimes such workers get a new job in the same company that sent their job abroad because the company is doing so much better in exporting that it has the jobs to give. Often enough, however, such workers cannot get jobs even in their home community. They have to learn a new skill and relocate. That is why President Clinton has emphasized lifetime learning so much.

More importantly, however, when we export and import capital vigorously, our economy as a whole gains through more exports and more jobs. Therefore, as a policy matter, we believe that being open to foreign investment is a good policy, especially if other countries are open to our investments. Moreover, the more security we give foreigners in their investments here, the more likely we are to attract the investment. By the same token, if we can get that security from others, all things being equal, our exports to these countries ought to increase.

Our policy ought to be to convince other countries to provide as much security for investments as we do. Indeed, that is our policy.

1. U.N. Conference on Trade and Dev. (UNCTAD), World Investment Report 1997, at XIX, U.N. Doc. TD/JUNCTAD/ITE/IIT/5, U.N. Sales No. 97.II.D.10 (1997).

2. Organisation for Economic Co-operation and Development (OECD), International Direct Investment Statistics Yearbook 1997, at 12 (1997).

The United States has negotiated over forty bilateral investment treaties, or BITs, with countries around the world. These treaties give us an assurance, through dispute resolution procedures, that certain basic rights and privileges will be accorded to our outward investors in these countries, and, of course, we accord the same privileges on a reciprocal basis. The BIT Program supports the key U.S. government economic policy objectives of promoting U.S. exports and enhancing the international competitiveness of U.S. companies.

The BIT program's basic aims are to: 1) protect U.S. investment abroad in those countries where U.S. investors' rights are not protected through existing agreements; 2) encourage adoption in foreign countries of market-oriented domestic policies that treat private investment fairly; and 3) support the development of international law standards consistent with these objectives.

There are six basic guarantees found in U.S. BITs. First, our BITs ensure that host governments treat U.S. companies as favorably as their competitors. U.S. investors receive the better of national or most favored nation (MFN) treatment both when they seek to initiate investment and throughout the life of the investment, subject to certain limited and specifically described exceptions listed in annexes or protocols to the treaties.

Second, BITs establish clear limits on the expropriation of investments and ensure that U.S. investors will be fairly compensated. Expropriation can occur only in accordance with international law standards, that is, for a public purpose, in a nondiscriminatory manner, under due process of law, and accompanied by payment of prompt, adequate, and effective compensation.

Third, BITs guarantee that U.S. investors have the right to transfer funds into and out of the country without delay using a market rate of exchange. This guarantee covers all transfers related to an investment, including interest, proceeds from liquidation, repatriated profits, and infusions of additional financial resources after the initial investment has been made. Ensuring the right to transfer funds creates a predictable environment guided by market forces.

Fourth, BITs limit the ability of host governments to require U.S. investors to adopt inefficient and trade distorting practices. In particular, BITs limit performance requirements, such as local content or export quotas. This provision may also open up new markets for U.S. producers and increase U.S. exports. U.S. investors protected by BITs can purchase competitive U.S.-produced components without restriction on inputs in their production of various products. They also can import other U.S.-produced products for distribution and sale in the local market. They cannot be forced, as a condition of establishment or operation, to export locally produced goods back to the U.S. market or to third-country markets.

Fifth, BITs give U.S. investors the right to submit an investment dispute with the treaty partner's government to international arbitration. There is no requirement to use the host country's domestic courts.

Sixth, BITs give U.S. investors the right to engage the top managerial personnel (i.e., not unskilled workers) of their choice, regardless of nationality.

Since these agreements are treaties, they require Senate approval through the treaty-making power. Once approved, the treaties become the policy of this country. Thirty-one of forty-two treaties signed have entered into force. The remaining agreements are pending ratification.

In addition, Congress has approved or encouraged multilateral trade agreements in services. While investment is plainly necessary to exporting a good, as demonstrated above, we do not generally include investment provisions in goods agreements, such as tariff agreements.

However, we cannot even begin to have an effective services trade agreement without investment commitments. As a practical matter, it is almost impossible (at least it was before the Internet) to deliver a service without a commercial presence in the target market. Moreover, most services markets are even more regulated than goods markets.

The United States is the largest exporter in the world. Therefore it should not be surprising that we are also the largest capital exporter in the world. We have a trade surplus in services, so, again, it should not be surprising that Congress would generally approve of our trying to assure that security for U.S. investments related to services.

In the case of the services trade agreement, the enforcement mechanism is quite powerful indeed: it is the so-called single undertaking of the World Trade Organization (WTO). Therefore, if countries fail to abide by their investment commitments in services, we are, in effect, pre-authorized to retaliate against that practice to the extent we are injured. For example, the United States could, to some degree, refuse to accept sneakers or computer chips from countries that deny us the investment assurances we have achieved in services.

The nature of WTO assurances on investment issues is sweeping. Those most prominently mentioned in the press are simply the ability to own a percentage of a foreign enterprise or to open branches of U.S. firms. Of course, some of these obligations are phased in over time, and others are less ambitious than we would like. For example, in the financial services agreement achieved last December, a number of countries have agreed to allow foreigners to own only fifty-one percent or, in some cases, only forty-nine percent of financial services providers.[3] While these agreements generated industry support, they are less ambitious than the United States desires, and therefore we are continuing to urge our trading partners to improve them.

In addition to these commitments, however, services trade agreements are generally subject to the General Agreement on Trade in Services, or

3. General Agreement on Trade in Services, Dec. 15, 1993, 33 I.L.M. 44.

GATS, which provides for national treatment and other basic rights of services.

Both BITs and GATS have general exceptions and specific exceptions. Exceptions are reservations or carve-outs from the obligations of the agreements. General objections are those written into the normative text of the agreements, which generally relate to subjects such as national security and public health. This means that a country may act inconsistent with some or all of it's obligations if the reasons for that action fall under the exception.

Specific exceptions are taken by a country when it is not ready as a domestic political matter or domestic policy to allow the obligation to apply. Specific exceptions should be, in our view, as narrow as possible. They should be country specific and should be no broader than necessary to service the political or policy interest concerned. The reason is simple: In the future, we expect more services negotiations, and we hope then to remove these specific exceptions in the give and take of market access negotiations.

Let me give you two U.S. examples of specific exceptions.

In telecommunications services, we have an MFN exception for direct-to-home (DTH) and direct broadcast satellite (DBS) broadcasting, and we have an exception from our general policy of allowing 100% foreign ownership of telecommunications facilities, to require that these interests be held indirectly. The first is a political requirement, and the second is a policy requirement.

The DTH/DBS exception is completely transparent. At the end of telecommunications negotiations, we were concerned that Canada refused to give us access to their direct-to-home market on the same basis as we had given to them. We therefore framed a targeted MFN exception that applies to all countries to offset this lack of reciprocity. This is an exception to the most-favored-nation obligation of GATS, which means we can discriminate against Canada, for example, in licensing decisions.

The indirect ownership requirement reflects the provisions of U.S. law that require certain U.S. telecommunications radio licenses to be held by companies that are owned no more than twenty percent by foreigners. However, the requirement permits 100% foreign ownership of those companies. This provision of U.S. law serves jurisdictional and other legal purposes. The exception applies only to the United States, and is no broader than absolutely necessary under current U.S. law. As a practical matter, it does not affect market access in the United States, even though as a technical matter it does discriminate against foreigners.

We have also addressed investment issues in the North American Free Trade Agreement, or NAFTA. The six basic principles identified for the BITs are exactly the same basic principles of the investment provisions of the NAFTA:[4]

4. North American Free Trade Agreement, Dec. 17, 1992, U.S.-Mex.-Can., 32 I.L.M. 296 and 32 I.L.M. 605 (entered into force Jan. 1, 1994).

1) U.S. investors receive the better of national or most-favored-nation (MFN) treatment both when they seek to initiate investment and throughout the life of that investment, subject to certain limited and specifically described exceptions listed in annexes or protocols to the treaties.

2) NAFTA establishes international law standards for the expropriation of investments and ensures that U.S. investors will be fairly compensated.

3) Investors have the right to transfer funds into and out of the country without delay using a market rate of exchange. This covers all transfers related to an investment, including interest, proceeds from liquidation, repatriated profits and infusions of additional financial resources after the initial investment has been made.

4) Disciplines on the use of trade and investment distorting performance requirements, such as local content or export quotas, are prohibited.

5) In addition to state-to-state arbitration, U.S. investors have the right to submit an investment dispute with the treaty partner's government to international arbitration.

6) U.S. investors have the right to engage the top managerial personnel (i.e., not unskilled workers) of their choice, regardless of nationality.

Most of the U.S. exceptions to the NAFTA are tied to specific laws and thus are as narrow as possible. For example, the United States took reservations for the Mineral Lands Leasing Act; the Atomic Energy Act of 1954; and the insurance and loan guarantees for the Overseas Private Investment Corporation (OPIC). In the NAFTA, the United States also took some broader exceptions to cover matters where we were unwilling to bind ourselves, primarily because there were insufficient commitments from NAFTA partners – similar to why we took the exception for DTH/DBS in the GATS.

We have actually been addressing investment issues for some years now, with the full advice, approval and consent of the Congress and our business community. The reasons are, basically, that these agreements help our exports and our employment overall.

Some years ago, the Congress directed us at the Office of the United States Trade Representative (USTR) in our role as the U.S. representative at multilateral trade negotiations to consider the general issue of investment issues. In the process of this review, the Administration noticed an interesting fact: most international investment, contrary to popular belief, is between industrialized, mature economies, not between developed and developing countries. Nearly three-quarters of global investment stock (70.9%, to be specific)[5] is in industrialized countries. New investment primarily continues to go to industrial countries, at an average growth rate of ten percent over the last fourteen years.[6] Even the increase in U.S.

5. UNCTAD, *supra* note 1, at XIX-XX.
6. *Id.*

foreign direct investment, which grew eleven percent between 1995 and 1996, was concentrated in industrialized, high wage countries rather than in developing, low wage countries. Nearly two-thirds of the increase occurred in Western Europe, Canada, Japan, and Australia. Moreover, within Europe, four countries alone – France, Germany, the UK, and the Netherlands – account for eighty-three percent of U.S. Foreign Direct Investment in Europe, eighty-three percent of our exports to the EU, and eighty-five percent of our imports from the EU.[7]

Industrialized countries are members of the Organization for Economic Co-operation and Development (OECD), the successor to the Marshall Plan, which now includes several non-European countries that are fully industrialized or on their way to being industrialized, such as Japan, Australia, Korea, and Mexico.

Rather than try to bring investment into the WTO directly, where it would have to be accepted by 130 countries, including many developing and least-developed countries, we decided to try to reach an agreement within the OECD that generalized the ambitious provisions we had achieved in services trade agreements and NAFTA. Such provisions include narrow general exceptions, extremely narrow country-specific exceptions, and strong general provisions on national treatment, MFN treatment, and dispute settlement.

Now, let's examine some of the proposals on the table in an active negotiation – the Multilateral Agreement on Investment (MAI). In light of the facts about the relationship between investment and trade, I would like to point out some of the reasons why the United States has difficulty accepting some proposals made by other governments in this negotiation.

The United States is concerned that the sound investment policy principles we aim for in an MAI would be undercut by proposals for ambiguous and non-transparent carve-outs or exceptions from the MAI's basic obligations. Certain countries support several broad exceptions of general application to the obligations without clearly specifying what measures would be covered. Such provisions are the public order exception, the exception for cultural issues, and the provision for Regional Economic Integration Organizations (the REIO clause).

We intend for the MAI agreement to provide a broad multilateral framework for international investment, with high standards for the liberalization of investment regimes, investment protection, and effective dispute settlement.

Specific key elements should be the same as those in the BITs and the NAFTA:

- the better of national or MFN treatment, including application to the making of investments, with only limited exceptions;
- prohibition of performance requirements that distort trade or investment;

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7. Johanna L. Barranza, U.S. Dep't of Commerce, *U.S.-EU Foreign Direct Investment*, *in* FOREIGN DIRECT INVESTMENT IN THE UNITED STATES: AN UPDATE 71, 84 (1997).

- freedom to make any investment-related transfer, including profits, capital, royalties, and fees;
- international law standards for expropriation, including that compensation must be prompt, adequate and effective, consistent with U.S. law and practice;
- effective dispute settlement procedures for state-to-state and investor-to-state disputes.

The MAI we envision would: 1) lock-in current treatment to the greatest extent possible; 2) improve the investment climate among current OECD members and future MAI signatories; 3) broaden acceptance of international investment norms; and 4) provide clear, predictable, and transparent treatment of U.S. investors.

A key element for the success of the negotiations is the issue of exceptions to the agreement. We are negotiating strong economy-wide provisions on non-discrimination (national treatment and MFN) and the protection of investment. The MAI is a top-down agreement; therefore, obligations would apply in all cases unless specific exceptions are scheduled. This means that unless a country takes an exception, it is bound to the MAI obligations. If a country fails to meet those obligations, it can be taken to binding dispute settlement and subjected to compensation and retaliation.

Negotiating specific exceptions to the basic obligations, which is crucial to determining the quality of commitments, is a complex task. We all support the goals of clarity, certainty, and predictability for investors. However, these goals will be compromised unless exceptions are handled properly. We have yet to reach final agreement on either the process for negotiating or the architecture of exceptions. The United States believes these goals are best achieved through narrowly and precisely drawn country specific exceptions rather than broad, ambiguous, and non-transparent carve-outs.

I would like to focus on one exception: the REIO clause. The proposal by the European Community for an exception for a REIO raises a number of concerns. The proposal strikes at the core of the non-discrimination principle that is fundamental to the MAI. The exception would deny other parties the benefits of liberalization that members of the EU provide themselves and would allow member states to erect new barriers to U.S. firms as they harmonize their policies to new Community standards. In addition, it is not clear that U.S. firms already established in a member state could rely on the protections of the Treaty of Rome (entitling them to be treated as community companies) against such discrimination.

As I highlighted earlier, the ownership of foreign affiliates is a key determinant of overall U.S.-EU bilateral trade performance, as trade between related-parties (i.e., parent-subsidiaries) accounts for nearly onehalf of the total.[8] In addition, foreign direct investment leads to substantial export surpluses in U.S.-EU trade, with both U.S. and EU parent firms having large export surpluses in that trade with their foreign affiliates. If the REIO clause denied U.S. companies investment opportunities in new sectors or newly-liberalized sectors, U.S. exports to Europe could be adversely affected. If the United States is to maintain its competitive advantage, U.S. firms need to be able to react internationally to such changes. Restrictions imposed on U.S. firms in our most important investment partnership could be detrimental to our competitiveness.

The Europeans have suggested that U.S. investors would benefit from the overall liberalization that would occur as a result of harmonization of measures through the Community. If, for example, foreign equity limitations in the United Kingdom were imposed in the future in a sector where there are none today, the benefit from the "liberalization" would occur in other member states. Other member states would raise the equity limitations in the sector, possible creating new opportunities in those countries. On average, we are told, there would be net liberalization. I am not sure one can calculate this type of benefit with any precision because many other factors determine where investment takes place.

Liberalization has changed the determinates of investment. Tariff and non-tariff barriers have been lowered considerably and the cost differences between locations, the quality of infrastructure, the ease of doing business, and the availability of skills have become more important. It is unclear that the member state economies are interchangeable in this regard. I believe it would be nearly impossible to say that lost opportunities in the United Kingdom, the Netherlands, and Germany are readily and immediately offset by new opportunities in Portugal, Spain, and Italy.

The proposed REIO clause would apply not only to present Community members, but would allow, and might require, prospective members[9] to erect new barriers long before they join. This is particularly important given the need to have the ability to respond quickly to changes in consumer demands or changing competitive situations. If EU companies can invest in the Czech Republic, Hungary, and Poland, for example, before U.S. firms, our exports to those markets could lag behind.

FDI flows to Central and Eastern Europe have soared to record levels. Having remained stagnant in 1994, FDI inflows to these countries nearly doubled in 1995, to reach an estimated $12 billion.[10] The region now accounts for five percent of world inflows.[11] The EU continues to account for most FDI flows into this region and accounts for nearly "three-quarters of the FDI stock in Hungary and Bulgaria, two-thirds in the Czech

8. Lester Davis, U.S. Dep't of Commerce, *U.S.-EU Goods and Services Trade Between Unrelated Parties, in* FOREIGN DIRECT INVESTMENT IN THE UNITED STATES: AN UPDATE, *supra* note 7, at 91, 98.

9. Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, and Slovenia.

10. OECD, *supra* note 2, at 342.

11. *Id.*

Republic, Poland, Slovakia, and Slovenia," and a little over fifty percent in Latvia, Lithuania, and Estonia.[12]

The FDI pattern in Central and Eastern Europe mirrors the pattern of international trade in the region. The EU is the most important trading partner for all of these countries, reflecting related party trade between EU parents and their affiliates in the region.

There are many examples of FDI liberalization in Central and Eastern Europe contributing to a healthier competitive market. Foreign direct investment, particularly in small and medium-sized enterprises, has helped to de-monopolize markets and stimulate competitive behavior. Foreign-investor participation in the restructuring and privatization of large state-owned enterprises has helped to overcome the legacy of monopolization.

Foreign affiliates typically have better marketing capabilities, a superior market performance, and also engage more actively in exporting than do purely domestic firms. "Competition introduced by such firms, either in the form of products and services unavailable previously or of higher quality, is forcing local producers and service providers to enhance their own performance."[13]

The United States will not accept being disadvantaged both in terms of investment and trade even before countries join the EU. We need to study carefully the risks associated with the REIO proposal. Permitting broad, discriminatory practices puts the competitiveness of U.S. companies and the competitive advantage of the United States at risk. These concerns only increase when the scope of the provision is examined in light of other REIOs, such as Mecosur.

Even though the OECD is generally thought of as a "European" organization, the correct completion of the MAI has implications beyond the United States and Europe. First, OECD membership is expanding; its most recent members are South Korea, the Czech Republic, Hungary, and Poland. Second, MAI membership will not be limited to OECD member countries. Hong Kong, Argentina, Estonia, Latvia, and Lithuania have all expressed interest in joining the agreement.

Finally, the MAI will set a precedent for others to follow – either by joining the agreement or using the MAI as the model for a regional or bilateral agreement. It is important to ensure that any agreement on international regulation of foreign direct investment meets the objectives I have laid out today since there are far reaching consequences. We need to negotiate a good agreement in the MAI for these reasons, particularly in light of the recent events in Asia.

As I will point out, the reforms called for by the International Monetary Fund (IMF) to address the structural problems in Asia are complemented by the basic objectives of an MAI: non-discriminatory

12. UNCTAD, World Investment Report 1996, at 65, U.N. Sales No. E.96.II.A.14 (1996).

13. UNCTAD, *supra* note 1, at 100.

treatment of foreign investors and investment liberalization fostering competition along with clear, transparent, and predictable rules.

The economic difficulties faced by several economies in Asia are far reaching. The IMF, however, moved quickly to stabilize the economies and create the conditions for stabilized currencies in the affected Asian countries. Beyond these immediate goals, structural reform must be implemented to build a longer-term foundation for economic stability in the region. The stabilization programs that the IMF is financing in Asia reflect this goal; the programs are more heavily focused on structural reforms than on adjustment to macroeconomic policies. Such reforms include measures to strengthen financial sectors, rationalize business-government linkages, improve transparency, open markets to foreign investment, and reduce trade barriers.

The IMF concluded that microeconomic barriers to competition helped worsen the financial problems. Structural reform leading to systemic change, including greater competition engendered by market opening measures, transparency, and economic deregulation, all intersect with the broader goals of market stabilization. It is not surprising that many of the structural reform components of the IMF packages will contribute directly to improvements in the trade and investment regimes of these countries.

The fundamentals of these structural reforms are similar to the fundamental policy objectives underlying the MAI.

In closing, I would like to stress a few important factors:

1) Firms can no longer rely on domestic markets to sustain their competitive advantage. Improved access to foreign markets, as a result of unilateral liberalization and the success of the WTO negotiations, enable firms to choose more freely the modality, be it FDI, trade, licensing, or subcontracting, that they prefer to serve markets overseas.

2) Improvements in information and communication technologies not only have made it possible for firms to process and communicate vastly more information at reduced costs, but to manage day-to-day, widely dispersed production and service networks.

3) It seems clear that, first, trade eventually leads to FDI; and second, that on balance, FDI leads to more trade.

4) For the United States to sustain and enhance its competitive advantage as a nation, U.S. firms must take a global approach to strategy.

5) There is no comprehensive set of rules governing foreign investment on par with the rules on trade as found in the World Trade Organization.

For these reasons international rules governing the regulation of foreign direct investment are an important issue that governments should and must tackle. We have found that one approach may not be the most successful way to achieve our objectives, nor may a single initiative be acceptable to all of our trading partners. The United States moves forward on investment issues in several different fora with each effort complementing and building upon the other. U.S. initiatives include:

Continued bilateral negotiations: As investment issues come to the forefront of the trade agenda, we are moving away from negotiations with capital-scarce countries. We are now focussing on capital-exporting countries, such as Hong Kong, Taiwan, Bolivia, and Venezuela.

Fulfilling our longstanding commitment to Chile (since 1990) would be our first step in building the Free Trade Area of the Americas (FTAA) by the year 2005. Investment will be a key element of that negotiation.

Regional Initiatives: As you know, we plan to complete to an FTAA by the year 2005. The FTAA initiative has an active investment group preparing for the launching of negotiations next year. In APEC, there is a goal of free and open trade and investment by 2010-2020. There is also an active Investment Experts Group examining investment issues.

Multilateral Efforts: In addition to the MAI, we are working in the WTO on investment issues. At the Singapore Ministerial in 1996, it was agreed to "establish a working group to study issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework."[14] The group has two years to complete its work and will report to Ministers in 1999. The work will not prejudice a decision on whether negotiations will be initiated. The initiation of any future negotiations would require an explicit consensus among WTO members.

The United States will be active in negotiating agreements that regulate foreign direct investment because, as I believe I have explained, it is vitally important for our economic well-being to do so. This symposium will discuss in more detail some of the specific policy issues and choices facing countries today. I hope I have set the stage for a healthy debate. Thank you.

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14. WTO, *Singapore Ministerial Declaration*, *in* World Trade Organization Annual Report 97 (1997).