

Quarter 1, 2008

Welcome to:

A.C.I., Agencia de Cooperacion e Inversion de Medellin y el Area Metropolitana, Medellin, Colombia
ETECK, Evolving TecNologies and Enterprise Development, Trinidad and Tobago

WAIPA currently gathers 153 countries worldwide with 220 members.



Letter of the WAIPA President



Dear Friends and Colleagues,

Yet another year has come to an end. This gives me the opportunity both to look back and to look ahead.

FDI flows at record level

Preliminary figures from UNCTAD show that 2007 marked a new record year for FDI, with total global flows amounting to approximately 1.500 billion USD, compared to 1.300 billion USD in 2006. The last record year was in 2000, when FDI amounted to 1.400 billion USD.

The significance of these figures is multiple. First of all, the sheer volume of FDI points to the increasing importance of foreign investment for economic growth in countries and regions. Secondly, FDI is not a zero sum game. Many countries and regions are attracting increasing flows of FDI, especially developing countries. And many emerging economies are becoming important overseas investors.

And, thirdly, the increasing importance of FDI also signifies that the competition among countries and regions for FDI is becoming ever more intense. Therefore, investment promotion is nowadays less about general "promotion" and more about targeted "business". Investment promotion has become a business in its own right..

IPAs growing in importance

The development of FDI underscores the role of WAIPA, i.e. to constitute a forum for networking, benchmarking and staying well informed about the latest facts, developments and trends in FDI. By organizing conferences and workshops, training programs and study tours, studies and working papers, etc. we have the ambition to contribute to the institutional capacity of our members.

In 2007, a large number of these demand-driven activities were organized, and it is my hope that they have been useful to you in honing your investment promotion skills. Among the various activities I have noted, there are two topics which are of particular interest and, perhaps, of concern. First, how to accommodate an increasing number of agencies within a country, i.e. on national, sub-national/regional and local level. And second, how to retain and maximize the benefits from investment already in place, i.e. the work of aftercare.

The competition for attracting FDI increases the importance of IPAs. It is therefore vital that we continue to strive for excellence in our profession.

Rendezvous in Accra, Ghana, April 18-21

The next WAIPA World Investment Conference (WIC) will take place in Accra, Ghana, April 18-21. The WIC will be part of the World Investment Forum (April 19-21), which is organized jointly by UNCTAD and WAIPA. The Forum will be attended by a large number of both Government representatives and executives from the corporate world.

The Forum will be followed by UNCTAD XII (April 20-25). The theme of UNCTAD XII is "Addressing the Opportunities and Challenges of Globalization for Development".

It is my sincere hope that you will be able to come to Accra to participate in the *General Assembly of WAIPA* owing to the importance of the gathering. There is much to be done:

- Amending the WAIPA Statutes.
- Discussion of creating a chapter of national and another chapter for regional/sub-national IPAs within WAIPA.
- Election of a new Steering Committee for the period 2008-2010, including our President, two Vice-Presidents and twelve members.

Regarding the composition of the Steering Committee, it is currently written in the Statutes that "at least one seat in the Steering Committee shall be reserved for representation from the African region, the Asia and Pacific region, the Central and Eastern European region, the Latin America and Caribbean region, and the North Atlantic region" (Art. XI).

At the Steering Committee we are of the opinion that having in mind international developments, we would like to have a representation within the Steering Committee from more regions. Therefore we suggest that "at least one seat in the Steering Committee shall be reserved for representation from each of the African, Middle East and North African

(MENA), European Union, Eastern Europe, Asian, East and South East Asian, South American, Central American and the Caribbean, North American, and Oceania regions.”

The General Assembly will convene on April 18 at 3-6 p.m. Gala Dinner and WAIPA Awards at 7.30 p.m.

I would like to convey my thanks to our growing fraternity of members, which now stands at a record level of 220, for your fruitful cooperation during 2007. I wish you all continued success in 2008.

I look forward to seeing you in Accra in April.

Sincerely,

Kai Hammerich
President, World Association of Investment Promotion Agencies (WAIPA)
Director-General, Invest in Sweden Agency (ISA)

papers dealing with “international investment and innovation”, “the social dimension of international investment agreements”, “policies for promoting investment in energy sustainability”, and “promoting investment for development: new approaches”. Given the focus of the GFII on the identification and dissemination of practical policy solutions and knowledge, papers submitted for the conference should have a strong “applied” orientation.

Proposals and papers received will be reviewed by the OECD Secretariat and by members of the Advisory Expert Group to the GFII. All accepted submissions will be distributed as part of the official conference documentation and serve as background documentation for the relevant sessions in the programme. Depending upon the stage of development of individual papers (e.g. exploratory research versus the reporting of advanced empirical findings), authors will be invited to present their work either during regular conference sessions, poster sessions, or specially planned side events (e.g. breakfast sessions).

Papers should be no longer than 15 pages in length (approximately 7500 words) in English or French. However, much shorter submissions are also welcome.

For planning purposes, authors are strongly encouraged to indicate to the OECD Secretariat their intention to submit a paper on a given conference theme by 21 December 2007. The deadline for final submissions is 29 February 2008.

General information on the Global Forum on International Investment, including the preliminary programme, can be obtained on the OECD website at: <http://www.oecd.org/investment/GFI-7>. Letters of intent, paper submissions, and further inquiries concerning the Global Forum on International Investment should be directed to the GFII programme manager, Dr. Michael Gestrin [Michael.gestrin@oecd.org].

The upcoming report in UNCTAD's Series on International Investment Policies for Development will give an analyses of investment promotion provisions in international investment agreements (IIAs). The report underlines the fact that IIAs seek both investment promotion and protection, however their emphasis is clearly on the latter part with investment promotion primarily perceived as a side effect of investment protection. The report reveals the findings of a comprehensive survey of the various forms of investment promotion provisions in IIAs and provides policy options for enhancing the investment promotion dimension and strengthening their overall development impact.

Promotion activities agreed upon in the IIA cover such diverse issues as measures to improve the overall policy framework for foreign investment or the granting of financial or fiscal incentives to individual investors. Promotion measures may cover all economic sectors or focus on specific economic activities. They may be limited to confirming the applicability of already existing promotion schemes of the contracting parties or provide for the setting up of new investment promotion instruments. They may address promotion activities of the home country or of the host country, and may likewise provide for joint activities.

Recent developments in the evolution of the IIA universe might be an indication that more countries are ready to explore new approaches in investment rulemaking. An increasing number of IIAs have amended existing treaty language with regard to some core investment protection provisions, such as the ones on fair and equitable treatment and on expropriation, and some treaties also include new rules concerning the use of exception clauses or on dispute settlement. It is worthwhile considering to introduce such innovative traits also in respect of investment promotion.

EXECUTIVE SUMMARY

Investment promotion is a key challenge in the global competition for foreign investment. International investment agreements (IIAs) are an element of investment promotion



OECD Global Forum on International Investment VII
Best practices in promoting investment for development

27-28 MARCH 2008, PARIS, FRANCE

Conference Announcement And Call For Papers

The OECD Global Forum on International Investment (GFI) is the annual meeting of a global network of policy makers, investment promotion agencies, academics, business leaders, labour representatives, and members of civil society dealing with the policy challenges of international investment. The theme of this year's conference is “Best practices in promoting investment for development”. The meeting will take place on 27-28 March 2008 at the new OECD Conference Centre in Paris France.

This call for papers invites contributions from WAIPA members focusing on the conference sub-themes, especially papers dealing with investment, trade, competition, and tax policy reforms aimed at promoting “investment for development”. Also welcome are



Upcoming Report in UNCTAD's Series on International Investment Policies for Development

strategies as contracting parties seek to encourage foreign investment through the granting of investment protection. Notwithstanding the great importance of a stable and predictable international legal framework for attracting foreign investment, existing IIAs might not live up to their full potential as regards their investment promotion objective. Despite the fact that these agreements seek both investment promotion and protection, their emphasis is clearly on the latter part with investment promotion primarily perceived as a side effect of investment protection. However, this effect – an increase in investment flows – remains often behind the expectations of the contracting parties.

Only a small minority of IIAs expressly deals with this issue of investment promotion. A survey of these agreements shows that they have taken various approaches on how to strengthen the investment promotion component of IIAs. Promotion activities agreed upon in the IIA cover such diverse issues as measures to improve the overall policy framework for foreign investment or the granting of financial or fiscal incentives to individual investors. Promotion measures may cover all economic sectors or focus on specific economic activities. They may be limited to confirming the applicability of already existing promotion schemes of the contracting parties or provide for the setting up of new investment promotion instruments. They may address promotion activities of the home country or of the host country, and may likewise provide for joint activities. Investment promotion provisions may be stand-alone provisions or establish a follow-up mechanism to monitor their operation in practice. Finally, investment promotion provisions may be drafted as voluntary commitments or as legally binding obligations.

The promotional effect might be particularly strong if contracting parties were to agree upon *new* investment promotion activities in the IIA. However, even if investment promotion provisions only confirm the existence of promotion programmes that contracting parties have already put in place, their added value should not be underestimated. Not only would it increase transparency, but it would also give potential foreign

investors more assurance on what they can reasonably expect in the host country.

Nonetheless, agreeing upon investment promotion provisions in

IIAs would not be without any costs to the contracting parties, especially if they include new promotion activities. First of all, such programmes might be expensive, in particular if financial or fiscal incentives are involved. Second, developing countries might face capacity constraints during the implementation phase. And investment promotion provisions agreed upon in an IIA might be at odds with the contracting parties' desire to retain a maximum of flexibility in the design and operation of their national investment promotion schemes. Furthermore, inserting investment promotion provisions in IIAs is no guarantee that investment flows will actually increase.

What option contracting parties finally choose depends on various factors. Countries that basically pursue a *laissez faire* policy with regard to foreign investment might favour promotion strategies aimed at improving the general policy and institutional framework, while governments applying strategic investment policies might have a preference for sector-specific or activity-specific promotion measures, or those aimed at fostering linkages between foreign investors and domestic companies. Financial considerations may also play a role, since many developing countries may not have the means to agree upon expensive promotion programmes, such as investment incentives, in IIAs.

Recent developments in the evolution of the IIA universe might be an indication that more countries are ready to explore new approaches in investment rulemaking. An increasing number of IIAs have amended existing treaty language with regard to some core investment protection provisions, such as the ones on fair and equitable treatment and on expropriation, and some treaties also include new rules concerning the use of exception clauses or on dispute settlement. It is worthwhile considering to introduce such innovative traits also in respect of investment promotion.



Promoting Foreign Direct Investment in European Regions Report

On 3rd December 2007 the regional workshop on "Promoting Foreign Direct Investment in the European Regions: Experiences and Prospects" was held in Milan, Italy organised by Invest in Milan – the investment promotion agency of the Milan Chamber of Commerce - with the support of WAIPA.

The Milan Chamber of Commerce, in fact, is particularly committed to support Milan's competitiveness and the strengthening of international co-operation is intended to further develop new and mutual opportunities with other regional European and non-EU economies.

The IPAs' speakers, representing the regional Investment Promotion Agencies of

Milan/Lombardy, Catalonia, East Midlands, Baden Württemberg, Rhône Alpes shared their concrete experiences and their considered perceptions of the future. The Workshop confirmed that although European regional IPAs do objectively compete for FDI, there is sufficient complementarity to make co-operation both feasible and worthwhile. During the Workshop the interest in sharing an European FDI Policy also emerged. The Universities of Nottingham Trent and Napier in Edinburgh outlined the need to upgrade the professional competences of investment promotion personnel and the role of universities and research institutions to enhance the international competitiveness of an FDI location. UNCTAD presented an analysis on the theme "How is Europe doing as an FDI location? Insights from the World Investment Report" focusing on inward FDI trends and the Bocconi University presented the survey on "Foreign Multinationals in Lombardy and in Italy. Opportunities, Trends and Prospects". A round-table debate moderated by the co-ordinator of the FDIPE (Foreign Direct Investment Policy for Europe) Initiative Group within the European Union concluded the Workshop.

The event was a success and around 130 persons attended the full-day workshop, including representatives

of several European regional and national IPAs, Italian regional and provincial IPAs and representatives of economic and commercial consular and diplomatic representations in Italy.

For comments and submissions to WAIPA Newsletter please contact Mrs. Beatrice Abel at: isa-beatrice.abel@waipa.org



What is WAIPA ?

The World Association of Investment Promotion Agencies (WAIPA) was established in 1995 and is registered as a non-governmental organization (NGO) in Geneva, Switzerland. The Association currently has more than 200 member agencies from all over the world. WAIPA acts as a forum for investment promotion agencies (IPAs) to provide networking opportunities and facilitate the exchange of best practices in capacity-building and investment promotion. Membership is open to all agencies whose prime function is to promote any country or territory for investment.

What are the goals of WAIPA?

WAIPA aims to improve co-operation amongst IPAs on a regional and global scale and facilitate the exchange of experiences in attracting FDI. The objectives of WAIPA, as reflected in its statutes, are to:

- Promote and develop understanding and co-operation amongst IPAs;
- Strengthen information gathering systems and information exchange amongst IPAs;
- Share country and regional experiences in attracting investment;
- Help IPAs gain access to technical assistance and training through referrals to relevant agencies;
- Assist IPAs in advising their respective governments on the formulation of appropriate investment promotion policies and strategies.

Who are the partners of WAIPA?

WAIPA's Consultative Committee comprises the following international and multilateral organizations:

- Foreign Investment Advisory Services (FIAS) of the World Bank Group,
- International Economic Development Council (IEDC),
- Organization for Economic Co-operation and Development (OECD),
- PROINVEST,
- United Nations Conference on Trade and Development (UNCTAD),
- United Nations Industrial Development Organization (UNIDO).

WAIPA's Consultative Advisory Group members are the following:

- Buck Consultants International,
- Ernst & Young,
- IBM-PLI Global Location Strategies,
- OCO Consulting

WAIPA shall establish working relations with organizations which have relevance to WAIPA's objectives.

Where do WAIPA members come from?

Afghanistan, Albania, Algeria, Angola, Anguilla, Antigua and Barbuda, Argentina, Armenia, Aruba, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Bulgaria, Cameroon, Canada, Cape Verde, Cayman Islands, Chile, China, Colombia, Congo (Democratic Republic of the), Costa Rica, Côte d'Ivoire, Croatia, Cuba, Curacao (Netherlands Antilles), Cyprus, Czech Republic, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Fiji, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iraq, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kiribati, Korea (Republic of), Kuwait, Kyrgyzstan, Latvia, Lebanon, Lesotho, Libya, Lithuania, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Moldova (Republic of), Mongolia, Montenegro, Morocco, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Oman, Pakistan, Palestinian National Authority, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar (State of), Romania, Russian Federation, Rwanda, Saint

Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Serbia, Seychelles, Sierra Leone, Slovakia, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Tajikistan, Tanzania (United Republic of), Thailand, Trinidad and Tobago, Tunisia, Turkey, Turks and Caicos Islands, Uganda, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan, Vanuatu, Venezuela, Yemen (Republic of), Zambia and Zimbabwe.