

# WORLD TRADE ORGANIZATION

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General Council

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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Negotiations on Trade and Investment

#### *Communication from Switzerland*

The following communication, dated 20 July 1999, has been received from the Permanent Mission of Switzerland.

#### **Proposal**

1. Negotiations shall aim to establish a multilateral framework of principles, rules and disciplines for international investment with the overall objective to increase legal security and predictability for governments and investors, as well as to favour international flows of investment, taking into account the work already undertaken in the WTO Working Party on the Relationship between Trade and Investment. Due consideration shall be given to the WTO Agreement on Trade-Related Investment Measures with a view to supplement the list of measures which are inconsistent with WTO rules. The negotiations shall also ensure the coherence between the multilateral framework on investment and the relevant WTO agreements like the General Agreement on Trade in Services (GATS).

#### **Background**

2. In Switzerland's view, the introduction of multilateral rules for investment should be among the main subjects of the forthcoming round of WTO negotiations. A fair, transparent and predictable international system in this area is bound to be beneficial in ensuring a more rational utilization of resources, creating employment opportunities and improving living standards.

3. The overall objective is to favour, in an orderly manner, not only liberalization, but also the promotion and protection of international investment, bearing in mind the need for the host countries to be able to conduct their own economic policies.

4. The draft mandate proposed by Switzerland is deliberately very broad and open. To begin with, Members must agree on the notion of international investment, since the definition adopted will have a determining influence on the nature and scope of the obligations that a multilateral agreement could contain. The above draft mandate makes it possible not only to address the application of the fundamental principles of national treatment and most-favoured-nation treatment to investment, but also to develop new rules, for example with respect to incentives or performance requirements.

5. It will be essential, during the forthcoming negotiations, to ensure full coherence between the new rules and the relevant WTO Agreements, in particular the Agreement on Trade-Related Investment Measures - which will have to be adapted if necessary - and the General Agreement on Trade in Services.

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