

General Council Meeting
(22-23 May 2024)

Statements by Hong Kong, China

Items 7 & 8 – Principle of Decision-Making in the WTO

- I would like to thank the ACP Group and the African Group for Communication 932 (WT/GC/W/932 Rev. 1), as well as Singapore and the other 8 co-sponsors for Communication 933 (WT/GC/W/933).
- **HKC** has always been a true believer of the principle of decision-making by consensus, which is codified in Art. 9 of the Marrakesh Agreement by our forbearers.
- The egalitarian procedures ensure that the views of every WTO member, large or small, developed or least developed, carry the same weight when their national interest is at stake.
- We are reassured by the affirmation of all who have taken the floor before us of their keen interest to uphold this principle. We also appreciate Singapore's engagement with us on its proposal. Our decision of not co-sponsoring it is not because we fear that the proposal would take away or undermine the principle of decision-making by consensus. Quite to the contrary, the three principles or criteria set out in the proposal look benign and any Member, even those seen as the target of naming and shaming, would have no difficulty to justify their actions as being compliant with all three criteria. What I fear is that the communication may engender a debate in the General Council: it would be good if it was a debate that would lead us to a more collegial environment for negotiation, but I'm a bit worried that it would trigger a position-based debate.
- From the discussion today, we have observed a few more commonalities amongst us – the shared frustration at the stagnancy of this Organization, and the root cause of the lack of progress, such as geopolitical fissures and the mistrust that have built up over the years. The question is how do we move beyond that.
- It is instinctive for us to point the fingers at others. For the WTO to produce outcome, however, we need to move beyond blaming and shaming and engage in what everyone has talked about: interest-based discussion. Hong Kong, China has not given up hope that WTO can produce results. We remain hopeful unless it is proven that it is the interest of some Members not to have any outcome from the WTO. From now to the Retreat, we should engage in interest-based discussions to work together to produce results instead of repeating the old dialogue. We all know where we agree to disagree. Let's look at new areas where we see opportunities for agreement.
- Thank you.

Item 12 – Incorporation of the Investment Facilitation for Development Agreement into Annex 4 of the WTO Agreement

- First of all, I would like to thank Sophia, Ambassador of Chile, for her statement on behalf of all participating Members of the IFD Agreement for updating the WTO

membership at large. We are encouraged by the sincere and constructive interest-based conversations that have taken place with individual members who still harbour some doubts or concerns over the incorporation of the IFD Agreement into the WTO rulebook. We look forward to having more of these collegial dialogue to build consensus for our request

- We have heard some saying that **investment has no place in the WTO**. In the last GC meeting, I have pointed out why that proposition runs contrary to the history and the mission of the WTO. This time, I would like to elaborate on the relevancy of investment-related measures to the WTO. It should be made clear that we are not arguing that “investment is trade”. Rather, we firmly believe that FDI supports trade and, as such, pertains to the trade relations of WTO members. This is why we see it fitting for the IFD Agreement to be included in the WTO rulebook. In fact, the WTO Agreement already contains certain agreements that deal with investment measures (e.g. TRIMS Agreement, GATS), albeit in a piecemeal manner.
- There are **concerns about the lack of definition of investment** in the IFD Agreement. The text of the agreement (especially the objectives and scope provisions¹) clearly states that the IFD Agreement aims to facilitate the flow of FDIs between the Parties – particularly to developing and least developed areas. When reading the relevant provisions together, we think it is sufficiently clear that the IFD Agreement is about foreign direct investment.
- There are **suggestions that investment should be defined using the GATS concept of commercial presence**, which is based on a majority shareholding. We can see where this is coming from. However, this concept may not be the best option in the context of investment facilitation, as we aim to facilitate foreign investors and attract more FDI through enhanced transparency and streamlining of administrative procedures.
- We understand that some members **worry about** the incorporation of the IFD Agreement would **open the floodgate for other plurilaterals** and would like to have further dialogue. We sincerely welcome further engagement in this respect. Meanwhile, I would just like to urge that Members assessed each requests on its own merits, rather than taking a cookie-cutter approach to reject all for fear of possible spillover.
- Thank you.

Hong Kong Economic and Trade Office in Geneva
May 2024

¹ “**Article 1: Objectives**

The purpose of this Agreement is to improve the transparency of measures, streamline administrative procedures, adopt other investment facilitation measures and promote international cooperation, as a means of facilitating the flow of foreign direct investment between the Parties, particularly to developing and least-developed country Parties, with the aim of fostering sustainable development.

Article 2: Scope

2.1 With the aim of facilitating foreign direct investment, this Agreement applies to measures adopted or maintained by a Party relating to investment activities of investors of another Party.

...” (emphasis added)