

Promotion of Trade and Investment within FTAs

Date: 12 January 2024

Learning Objectives



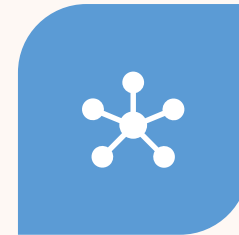
Landscape of trade and investment promotion within the realm of FTAs



Strategies to promote trade and investment opportunities



Strategies to showcase trade and investment opportunities



Promotion of Business Connectivity and Networking



Measuring and Evaluating Promotion Efforts

Landscape of Trade and Investment Promotion - I

- **FTAs promote** trade and investment ~~stimulate economic growth~~ - increases the flow of goods and services -> stimulates economic growth ~~creates jobs, fosters innovation~~
- Robust trade and investment environment under FTA:
 - Supports economic diversification
 - Provides **firms** with access to larger markets ~~that allow businesses to scale up production reach a broader consumer base~~
 - Attracts foreign direct investment ~~—brings in capital, expertise, and technology from abroad~~
→ ~~boosts host country's economic development~~
 - Creates a favorable investment environment **in partner countries**
 - **Promotes, facilitates, protects, and liberalizes investments, foster a pro-business and competitive investment landscape**
 - FDI also creates linkages between domestic and foreign firms, fosters collaboration and knowledge exchange
- ~~Increased trade and investment leads to the creation of new jobs~~
 - ~~As businesses expand and new ventures emerge, employment opportunities grow, contributing to lower unemployment rates and improved living standards~~

Landscape of Trade and Investment Promotion - II

- Trade allows countries to access resources that may not be available domestically, e.g. raw materials, technology, and specialized skills -> enhances overall economic efficiency and competitiveness
- Trade and investment is a tool to achieve geo-political and strategic interests
- Overall, trade and investment can strengthen diplomatic ties between countries
 - Economic interdependence often fosters peaceful relations, as nations have a vested interest in maintaining stable and cooperative partnerships

Purpose of Trade and Investment Promotion within FTA

- Countries enter into FTAs to integrate their economies by adopting common rules and regulations governing cross-border trade in goods and services
 - Eliminates / reduces barriers to the flow of goods and services across FTA Partners
- FTAs promote cross-border flow of capital in the form of equity investments
 - Harmonizes investment laws
 - Ensures investor protection rights under these agreements
- FTAs foster a regulatory environment -> improves ease of doing business among the FTA partners

Trade and Investment Promotion via FTAs - I

- **Trade in Goods:**

- **Market Access and Tariff Reductions:**

- FTAs typically involve the reduction or elimination of tariffs on goods and services traded between member countries
 - This facilitates market access and promotes exports by making products more competitive in the partner countries

- **Rules of Origin:**

- FTAs establish rules of origin to determine the eligibility of products for preferential tariff treatment
 - Understanding and complying with these rules is crucial for businesses to benefit from tariff reductions under the FTA

Trade and Investment Promotion via FTAs II

- **Trade in Services:**

- FTAs address sectors such as finance, telecommunications, and professional services
- Services promotion provisions include:
 - Cross Border Trade in Services – Sets out the rules regarding the treatment of foreign service suppliers
 - Temporary Entry for Business-Persons – Outlines the facilitation and movement of highly-skilled people between FTA countries
 - Sector-specific facilitation for example in financial services, e-commerce, telecommunications, etc

Trade and Investment Promotion via FTAs - III

- **Investment**

- **Most Favored Nation** – host countries must provide foreign investors and their investments treatment that is at least as favorable as that given to investors from any third state
- **Non-discrimination and National Treatment** – treatment accorded by a host state to foreign investors and their investments that is no less favorable than that accorded to domestic investors or investors and their investments
- **Market Access** – entails commitments by a country not to impose certain restrictions, such as legal entity requirements, limitations on share ownership, or quotas
- **Expropriation** – an expropriation is the taking of a foreign investor's private property by a government acting in its sovereign capacity
 - Investors have frequently used the 'expropriation' provisions to challenge government regulatory measures
 - Provisions are included to protect of foreign investors from uncompensated expropriations

Trade and Investment Promotion via FTAs - IV

- **Investment (contd.)**

- **Non-lowering of standards** - prevents a 'race to the bottom' in environmental, health, safety and labor standards and taxation incentives to attract investors
- **Current and capital movement** – host governments usually commit not to restrict the investor's ability to transfer funds either into or out of the country
- **"In-built" agenda** – commitments to review not only the implementation of the investment deal, but the entire environment
- **Protection** – involves creating a favorable environment for investors by ensuring fair and equitable treatment, protection against expropriation, and mechanisms for dispute resolution

Investment Commitment Schedules in International Agreements - I

- Schedules of investment commitments provide clarity on the treatment foreign investors can expect in partner economies
- **Types of Schedules:**
 - Horizontal Commitments: Apply broadly across investment activities, addressing issues like approval procedures, land purchases, and foreign exchange regulations
 - Sectoral Commitments: Specific to certain sectors, covering actual or potential measures against foreign investors

Investment Commitment Schedules in International Agreements - II

- **Listing Approaches:**
 - Negative Listings: Predominantly used, outlining measures that may be applied against foreign investors.
 - Reserved Measures: Allow unilateral changes without violating the agreement. Covers sectors like education, health, and cultural areas.
- **Negative Scheduling:**
 - Promotes transparency and enhances regulatory transparency.
 - Foreign investors gain insight into potential restrictions or requirements they may encounter.
- **Horizontal Commitments vs. Reserved Sectors:**
 - Horizontal Commitments: Apply universally to various investment activities, specifying potential measures.
 - Reserved Sectors: Allow unilateral changes, focusing on sensitive areas like education and health, with stringent controls on foreign investment.

Trade and Investment Promotion via FTAs - V

- **Regulatory Cooperation:**

- FTAs may promote regulatory cooperation to reduce non-tariff barriers
- Harmonize standards and regulations between member countries to simplify compliance for businesses and promote cross-border trade

- **Government Procurement:**

- Some FTAs cover government procurement that open up opportunities for businesses to bid for government contracts in partner countries

- **Intellectual Property Rights (IPR) Protection:**

- FTAs often include provisions related to the protection of IP rights
- Particularly relevant for pharmaceuticals, technology, and creative sectors

Trade and Investment Promotion via FTAs - VI

- **Trade Facilitation:**

- FTAs often include measures to simplify customs procedures, reduce bureaucracy, and streamline the movement of goods across borders
- This leads to cost savings and increased efficiency in trade

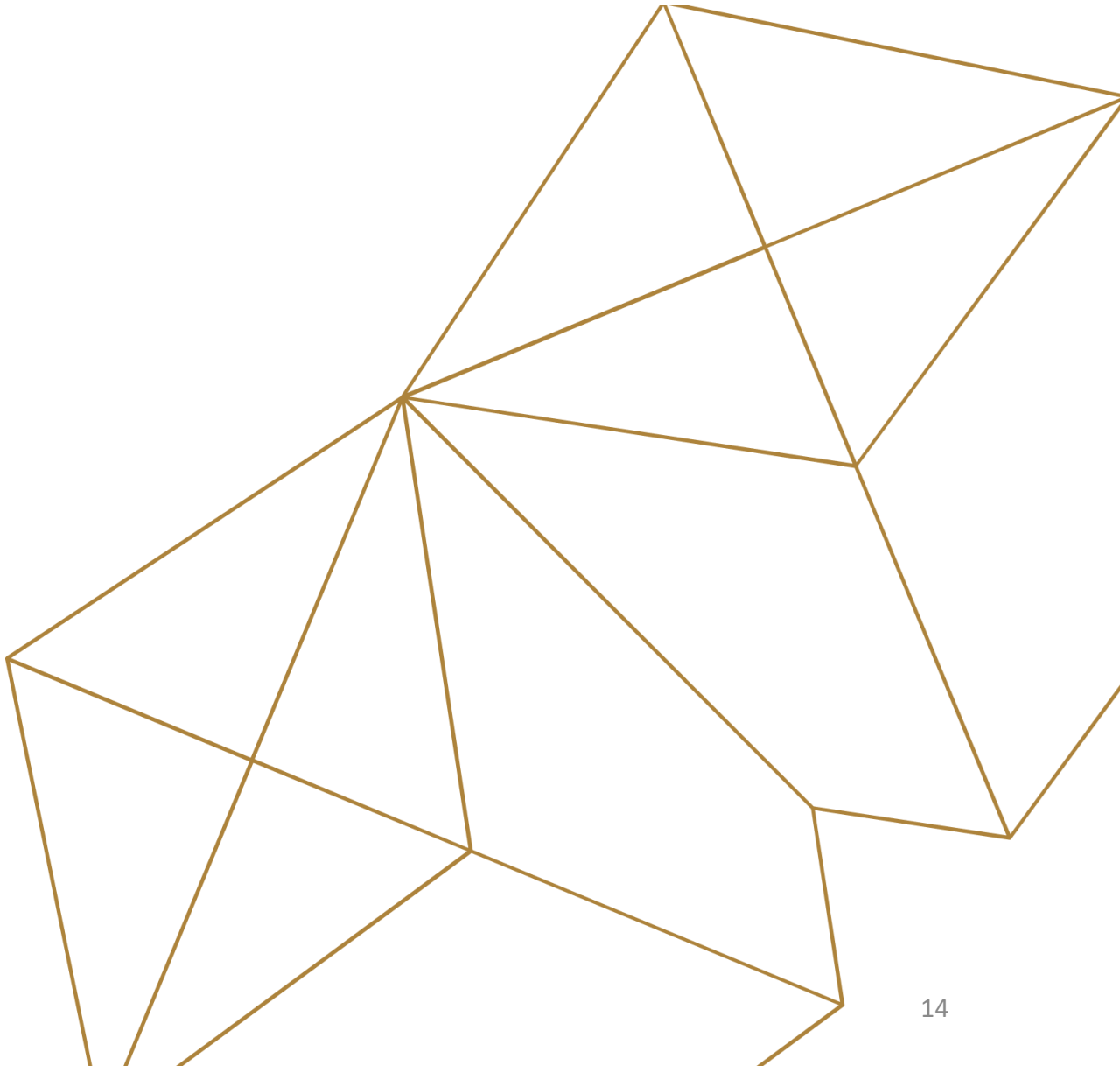
- **Capacity Building and Technical Assistance:**

- FTAs may include provisions for capacity building and technical assistance to help member countries implement and comply with the terms of the agreement
- This is particularly important for developing countries with limited resources

- **Dispute Settlement Mechanisms:**

- FTAs typically include mechanisms for the resolution of disputes between member countries
- These mechanisms provide a structured process for addressing issues that may arise in the interpretation or implementation of the agreement

Strategies to Promote Trade And Investment Opportunities



Strategies to Promote Trade And Investment Opportunities

- Once relevant provisions are included in FTAs, it is important to discuss what strategies are adopted by governments to ensure promotion of trade and investment under an FTA?
- Strategies include:
 - [Fostering Awareness on FTAs](#)
 - Dissemination Strategies for FTA-related information
 - [Trade Support Website](#)
 - [Market Guides](#)
 - [Handbooks](#)
 - [Export-Import Guide](#)
 - [Additional Support](#)
 - [Promotional Activities](#)

Disseminate Awareness on FTA - I

- Awareness is built around:
 - What are FTAs?
 - How many FTAs are currently active?
 - What is the regional distribution of FTAs?
- In particular, awareness is built on how FTAs can help businesses grow for:
 - Increasing Competitiveness:
 - How lower or no tariffs under an FTA reduce the cost of bringing the intended product or service to a new market?
 - How it makes the good more cost-effective compared to competitors from non-FTA countries?

Disseminate Awareness on FTA - II

- Awareness in particular is built on how can FTAs help business grow
 - Access to New Consumers:
 - How the FTA facilitates easier access to consumers in other countries, including foreign governments
 - Which tariff and non-tariff barriers have been removed
 - Preferential Rules for Operations:
 - How to exporter can harness the preferential rules of origin
 - How to comply with such rules
 - Transparency and Stability in Trade Operations:
 - Making businesses aware of the simplified, transparent trade operations
 - Assuring businesses of a predictable trade environment with FTA partners

Disseminate Awareness on FTA - III

- Information is provided in broad categories of
 - Principal outcomes on trade in goods, services, and investment
 - preferential access
 - reduced trade barriers in partner country
 - Guide to the provisions of the FTA
 - FTA commitments on tariffs and non-tariff measures
 - FTA commitments on services and investment
 - How to read each country's commitments on services and investment
 - Taking advantage of FTA benefits and opportunities
 - Step-by-step guide to determining a good's origin

Dissemination Strategies – Trade Support Website

- **Trade Support Website**

- Access **detailed information** on various aspects of international trade, covering tariffs, taxes, procedures, formalities, and compliance requirements
- Learn about **rules of origin to determine eligibility for preferential trade agreements** and navigate complex global trade scenarios
- Stay informed about **export measures, regulations, and standards**
- Access **up-to-date trade statistics** to analyze market trends, monitor performance, and make data-driven decisions
- Identify and understand **potential trade barriers**
- Understand **procurement processes** in third countries
- **Explore success stories** of companies that have effectively leveraged trade agreements
- Example – [EU Market Access](#)

Dissemination Strategies – Market Guides

- **Market Guides**

- Offer comprehensive analyses of target markets - provide insights into the economic environment, consumer behavior, and industry trends
 - Gives overview of best prospect sectors, major infrastructure projects, government procurement and other business opportunities
- Help businesses understand the dynamics of the market they are entering
- Assist business in navigating preferential trade terms, and ensure compliance with FTA requirements
- Enable businesses tailor their products or services to meet local demands and preferences
- Example – UK’s Department for Business and International Trade’s [Market Guides](#)

Dissemination Strategies – Handbooks

- **Handbooks** are common tools to disseminate information on FTA-related issues which elaborate on
 - Compliance with FTA rules
 - Risk mitigation
 - Training and education
 - Example - [Handbook on Rules of Origin for Preferential Certificates of Origin](#) prepared by the Singapore Customs
 - This handbook intends to help manufacturers and exporters understand the Rules of Origin (ROOs) for the various FTAs

Dissemination Strategies – Export-Import Guides I

Export-import guides provide guidance broadly on the following steps:

- **Step 1: Getting started**

- Trade relations with FTA Partner
 - Existing trade
 - Market structure
- Market analysis
 - Product/service need assessment
 - Export potential

- **Step 2: Identify the tariff classification of the intended goods**

- Classifications
- Advance rulings, if any

- **Step 3: Understanding how goods will be treated under an FTA**

- For exporters
- For importers

Dissemination Strategies – Export-Import Guides II

- **Step 4: Determine whether goods meet the rules of origin and any other regulations that may pose as a barrier**
 - Understanding product-specific rules
 - Rules of Origin
 - Sanitary and Phyto-Sanitary Rules
 - Technical Barriers to Trade
 - Change in tariff classification
 - Regional value content
 - Treatment of goods with inputs from non-FTA countries
- **Step 5: Trade logistics and finance**
 - Management of export and import logistics
 - Trade financing opportunities

Dissemination Strategies – Export-Import Guides III

- **Step 6: Preparing relevant trade documents**
 - Declaration of Origin
 - Export Declarations and Certifications
 - Verification
- **Step 7: Dispute Settlement**
 - Reporting of trade barriers faced
 - Dispute settlement mechanism under the FTA
- Guidebooks also provide relevant checklists for importer and exporters to assess preparedness
- Example:
 - [Guide to using the Australia-UK FTA to export and import goods](#)

Checklist for Exporters

Have you....?

- ✓ Researched preferred market access and demand for the intended product/ service
- ✓ Checked preferential treatment under an FTA and potential gains from it
- ✓ Checked if the intended product/ service is controlled or restricted in the potential market
- ✓ Explored the tariffs, taxes and duties applicable for these markets
- ✓ Searched the Tariff finder tool to find out what tariffs may apply to my goods
- ✓ Developed understanding of export rules for market entry
- ✓ Developed understanding of export declarations and certifications to export the product/ service

Dissemination Strategies – Additional Support Services I

One-to-one advice provided by an in-market trade adviser

- Businesses can benefit from one-to-one advice provided by an in-market trade adviser
- Advisers provide access to an extensive repository of sector and market intelligence relevant to exporting to FTA markets
- Advisers assist businesses in:
 - considering their next strategic steps
 - offering tailored support to navigate the complexities of international trade
- Example – [UK's International Trade Adviser Services](#)

Dissemination Strategies – Additional Support Services II

- **Support services** provide specific answers to queries by exporter/importer:
 - Codes, tariff and procedures
 - Where to find commodity codes and tariffs specific to the product
 - Duties, taxes and customs
 - Assist in understanding taxes and duties needed to be paid during exporting
 - Funding and finance
 - Answer queries on export finance and how to avail the existing products
 - Market analysis of new markets
 - Understand what needs to be done to set up business in selected export markets

Dissemination Strategies – Additional Support Services III

- Support services are often subject to certain eligibility criteria:
 - Minimum Turnover Requirement
 - Many support services programs may impose a minimum turnover requirement on businesses seeking assistance
 - This criterion ensures that the companies receiving support have a certain level of financial stability and operational capacity
 - It helps to target resources towards businesses that are more likely to benefit from the support with demonstrated past experience

Dissemination Strategies – Additional Support Services IV

- Export-Ready Products or Services
 - Products or services should meet certain standards and be well-positioned for international markets
 - It could include compliance with international regulations, adherence to quality standards, or the presence of unique features that make them competitive globally
- Previous Export Experience
 - Prioritisation of previous export experience aims to assist companies that have already demonstrated an ability to navigate international markets
 - Such businesses are likely to have
 - Experienced successful export transactions
 - Established relationships with overseas partners
 - A track record of adapting products or services for global consumers

Dissemination Strategies - Promotional Activities I

- **Promotional Activities:**

- Such activities play a crucial role in trade and investment promotion
 - Highlight the economic opportunities available in a region
 - Facilitate networking opportunities
 - Foster high-level government engagements and diplomatic efforts
 - Enables sharing success stories
- Raises awareness, builds relationships, and showcases business opportunities

Dissemination Strategies – Promotional Activities II

Trade Fairs/ Road Shows

- Provides a platform for businesses to showcase products and services
- Facilitates networking, market exposure, and potential partnerships
- Brings key stakeholders, government officials, and businesses to various locations

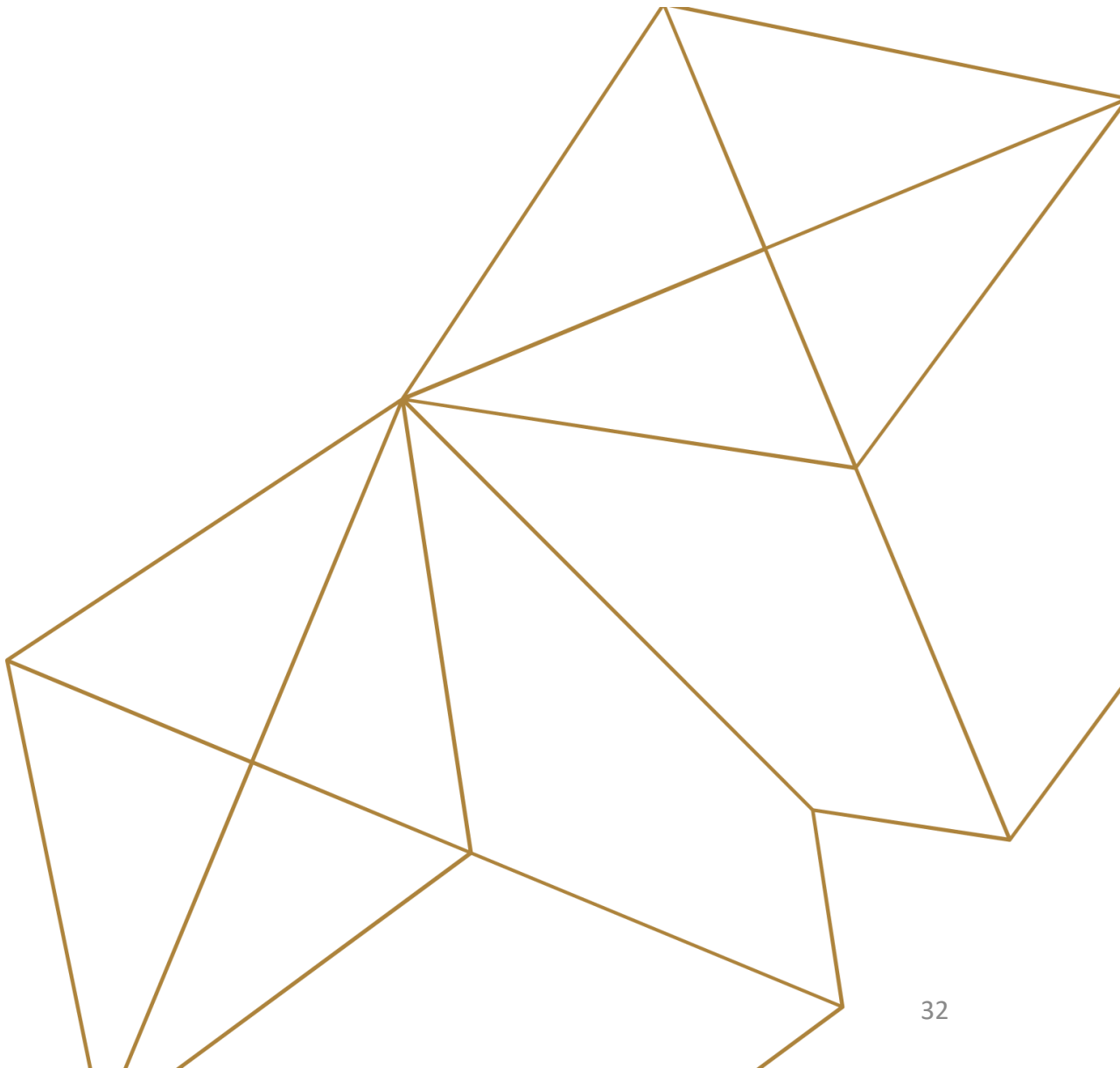
Webinars

- Offers a cost-effective and accessible way to disseminate information about trade policies, investment incentives, and market opportunities
- Fosters awareness on how NTMs are being addressed and engagement among a global audience

Educational Programs and Workshops

- Equips businesses and investors with the knowledge and skills needed to navigate regulatory environments, understand market nuances, and make informed decisions

Business Connectivity and Networking



Business Networking Tools - I



Governments in FTA Partners deploy various tools and initiatives to enhance business connectivity and networking



These include a combination of the following tools and strategies to create an environment conducive to business growth, innovation, and collaboration

Government Portals and Websites:

- Centralized online platforms provide information, resources, and services for businesses
- These portals may include business directories, regulatory information, and access to government services

Business Networking Tools - II

E-Government Services:

- Online services, such as e-filing of taxes, permit applications, and license renewals, streamline processes and reduce bureaucratic hurdles
- Fosters better connectivity between businesses and government agencies

Business Registration Systems:

- Streamlined and digital business registration systems in each FTA Partner make it easier for entrepreneurs to start and manage businesses
- Promotes a more connected business environment

Networking Events, Road shows and Conferences:

- FTA Partners often organize and sponsor business networking events, conferences, and trade shows to bring together businesses, investors, and industry leaders for collaboration and information exchange

Example – Networking Event

[4th Joint EU-US stakeholders outreach event Re-export of dual-use items](#)

The EU and U.S. in July 2023 invited stakeholders to participate to a new outreach event with a special focus on transatlantic trade facilitation in relation to dual-use item, in particular their re-export and relevant license requirement and exceptions. Mindful of stakeholders' input in the occasion of previous consultations, the event focused on the evidence gathered by the Export Control Working Group on the issue of identification and streamlining of possible duplicative actions for transactions that had obtained a license in one of the two jurisdictions, the similarities and differences between EU General Export Authorisations and US License Exceptions and the kinds of information sharing between exporter and consignee that may be helpful.. Stakeholders' input fed into EU-US work to help reduce administrative burden for both economic operators and government authorities.

Incubators and Innovation Hubs:

- FTA partners may support the creation of incubators, innovation hubs, and co-working spaces
 - Encourages collaboration among startups, entrepreneurs, and established businesses

Export/Investment Promotion Zones:

- Dedicated regions where incentives, such as tax breaks, grants, enhanced physical and digital connectivity to encourage businesses to invest or trade in a particular region
 - FTA partners target their investments in such projects to harness gains from agglomeration

Industry Associations and Chambers of Commerce:

- Governments may support and collaborate with industry associations and chambers of commerce across the FTA partners
 - Provide networking opportunities, advocacy, and resources for businesses within specific sectors

Example – Industry Associations (I)

Memorandum of Understanding between USA Chamber of Commerce and AfCFTA

The U.S. Chamber of Commerce's U.S.-Africa Business Center (USAfBC) and the African Continental Free Trade Area Secretariat (AfCFTA) signed a Memorandum of Understanding (MoU) in December 2022 to launch a working group to help advance trade and investment between the U.S. and Africa and reaffirm commitment to elevating a strong private sector voice in AfCFTA implementation.

At the core of this collaboration is the acknowledgment that a vibrant private sector is instrumental in the success of the AfCFTA. The working group will serve as a vital platform for members of the U.S.-Africa Business Center to engage with policy experts and senior government officials. These engagements will focus on addressing key issues critical to the U.S.-Africa trade and investment landscape. Emphasis will be placed on areas such as the digital economy, where opportunities for growth abound, as well as trade facilitation and customs modernization. Furthermore, the working group will delve into the development of value chains, recognizing the potential for increased collaboration and mutual benefit in this aspect of economic integration.

Example – Industry Associations (II)

Belgian Luxembourg Chamber of Commerce in Great Britain ([BLCC](#))

The Belgian Luxembourg Chamber of Commerce in Great Britain serves as a dynamic platform dedicated to assisting businesses in their pursuit of new markets, network expansion, and the exploration of fresh opportunities. The BLCC orchestrates a series of impactful Trade Missions and Road Shows throughout the year, providing a valuable nexus for business professionals.

Its Trade Missions predominantly focus on **an inward approach**, directed towards the United Kingdom. These missions are conducted in collaboration with esteemed professional organizations from Belgium and Luxembourg. These missions thus create a conducive environment for networking, knowledge exchange, and the exploration of potential partnerships within the UK market.

In tandem, its Road Shows adopt **an outward approach**, with the BLCC Team venturing to Belgium or Luxembourg. These Road Shows serve as a catalyst for fostering connections, sparking conversations, and uncovering prospects for mutual growth.

For the convenience of our members and partners, details of upcoming Trade Missions and Road Shows are readily accessible through BLCC's online calendar. Typically, these events are announced approximately 8 weeks prior to their scheduled dates, and invitations are dispatched to the members approximately 4 weeks in advance. This transparent and proactive approach ensures that businesses have ample time to prepare and engage in these impactful initiatives.

Data Sharing Platforms:

- FTA countries may create platforms for sharing non-sensitive business data among authorized stakeholders of the FTA partners to
 - Facilitate market intelligence
 - Trend analysis
 - Collaborative decision-making
- Example – [ASEAN Trade Repository](#)

Capacity Development Programs:

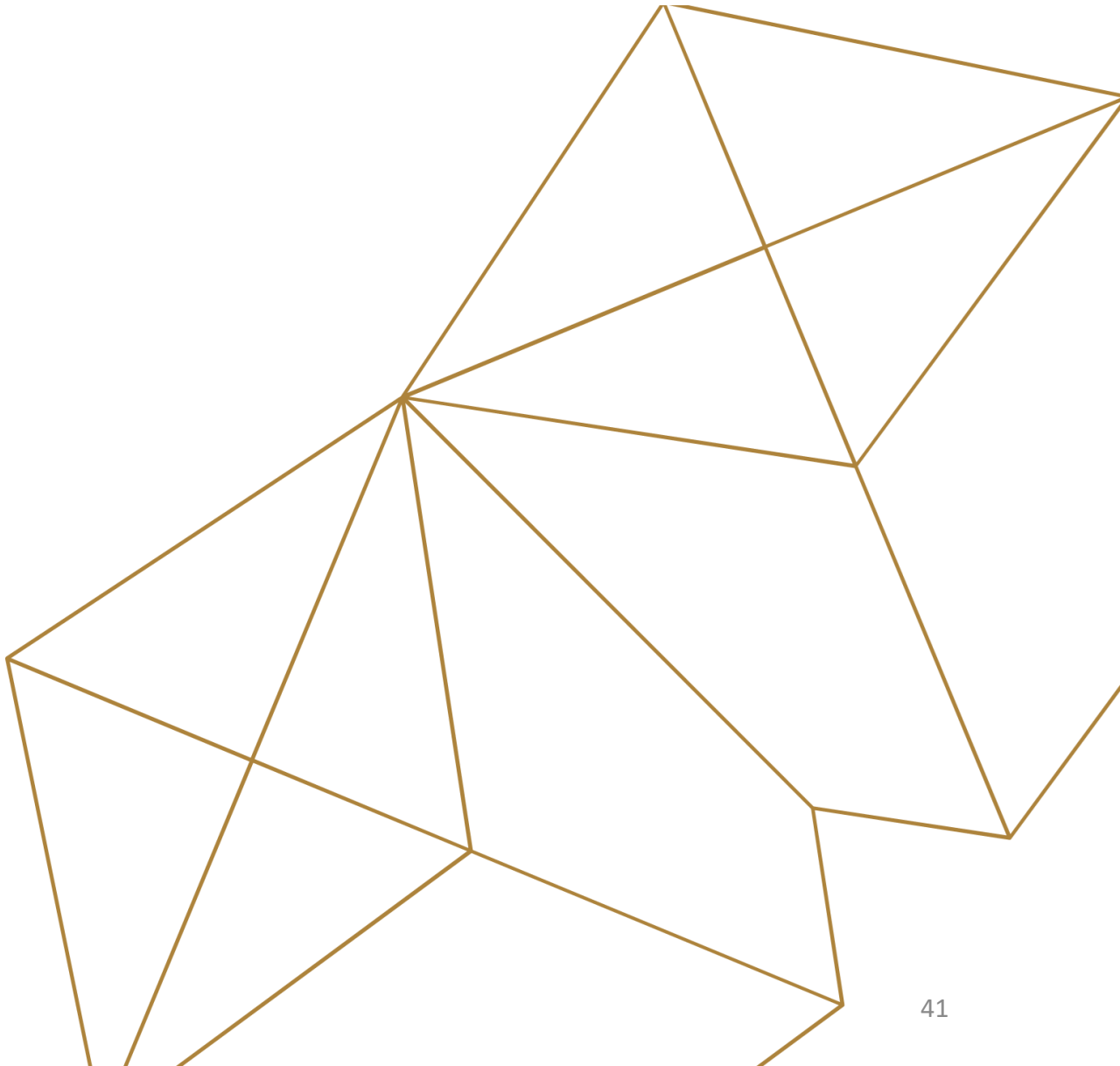
- Training and skill development programs help businesses adapt to FTA-induced changes in trade environment
- It helps businesses to stay connected with other businesses of FTA partners and learn about the evolving demands of the market

Example – Capacity Development Program

The Tripartite Free Trade Area brought together the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern Africa Development Community (SADC). The three regional economic communities represent 53% of the African Union members, which is more than 60 percent of continental gross domestic product, and a combined population of 800 million.

The first regional [Training of Trainers](#) session on the TFTA Rules of Origin was hosted in Nairobi, Kenya on 17 – 18 February 2023. It targeted the business community, revenue authorities' customs services departments, government ministries and agencies and organizations that support trade to enhance their skills and knowledge on TFTA Rules of Origin. This aimed to improve their operational performance and support the uniform application of TFTA Rules of Origin to enhance regional cooperation and intra-Tripartite trade.

Monitoring and Evaluating Promotion Activities



Understanding Core Concepts

Monitoring:

- It is the continuous function of using systematic collection of data on specified indicators to track the extent of progress of the activities undertaken
- It offers insights into the efficient utilization of allocated funds

Evaluation:

- It is the systematic and objective assessment of an ongoing or completed project, program, or policy
 - Including its design, implementation, and results
- The aim is to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact, and sustainability
- It provides information that is credible and useful to enable the incorporation of lessons learned into the decision-making process

Strategies to Monitor and Evaluate - I

Establish Key Performance Indicators (KPIs):

- Identify relevant KPIs aligned with the objectives
 - Attendance numbers, leads generated, business partnerships formed, website traffic, social media engagement, investments attracted
 - Example – MOUs signed and investments attracted

Surveying Participants and Stakeholders:

- Conduct surveys or feedback sessions with participants, exhibitors, and stakeholders to gather qualitative insights
- Understand their perspectives on the effectiveness of the promotional activity

Strategies to Monitor and Evaluate - II



Assessing Media Coverage:

- Monitor media coverage and public relations impact
- Analyze press mentions, media interviews, and articles related to the promotional activities to gauge the level of exposure and public interest generated



Post-Event Surveys and Feedback:

- Collect feedback from participants after the promotional activity
- Understand their satisfaction levels, gather insights into their experience, and identify areas for improvement in future activities

Thank you for your attention!

