

How Did China Promote the Issue of Investment Facilitation?

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Abstract: Since China proposed its investment facilitation initiative in 2017, it has been engaged in a difficult process of agenda-setting and negotiation advancement at the regional and multilateral levels. Ministers representing WTO members have issued Joint Ministerial Declaration marking the finalization of the Investment Facilitation for Development (IFD) Agreement. Looking back at the process of the investment facilitation negotiation, the agenda-setting China involved and its practice in negotiations are remarkable. International agenda-setting is the process by which relevant actors place issues of concern on the international agenda through issue selection and definition, conflict and mobilization, and the choice of agenda entry points. Throughout this process, not only traditional state actors matter, but also non-state actors matter. In the context of the COVID-19 pandemic, economic downturn, and the rise of global unilateralism and conservatism, the resolution of the problem of investment facilitation will add new momentum to the multilateral economic and trading system. When China takes the lead on investment facilitation, it has maximized its agenda-setting, Issue-oriented alliance, and discourse power network building to promote the conclusion of the Agreement on Investment Facilitation. However, China also needs to keep improving its training of international policy professionals and knowledge leaders to help it continue to expand its international influence and participate more extensively in the international standard-setting and rule-making.

Keywords: Facilitation of Investment, Agenda-setting, Issue-oriented Alliance, Leadership, Discourse Power Network

I. INTRODUCTION

The 2023 World Investment Report showed that global Foreign Direct Investment (FDI) was US\$1.3 trillion in 2022, declined by 12 percent.¹ At the same time, the impact of reduced cross-border direct investment, current

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1 United Nations Conference on Trade and Development, World Investment Report 2023, https://unctad.org/system/files/official-document/wir2023_en.pdf (Last Visited on March 2, 2024).

geopolitics, and pessimistic expectations in financial markets has been putting significant pressure on the global economy. Over the past three years, multiple crises have led to sluggish economic growth, worsening poverty, high prices for the means of production and living, and debt in many developing countries, including China. In this context, it is particularly important to encourage increased FDI to drive economic growth, increase productivity, create jobs, and improve living standards. As a preliminary study by the German Institute for Development and Sustainability explained, depending on the depth of the potential agreement, the Investment Facilitation Agreement (IFA), as the world's first multilateral investment agreement, could deliver global welfare gains of 0.56% to 1.74%, with the largest gains in low- and middle-income countries.² It is foreseeable that the IFA will help enhance the stability and predictability of global investment regulatory policies, further boost global investor confidence, and promote the steady growth of global investment.

In addition, since the Cancun Conference in 2004, when the Singapore issues were shelved, the agenda of multilateral investment rules within international investment rules has not achieved practical progress for many years. Whether the international community can reach a unified consensus on investment facilitation is very important for solving global investment governance issues and safeguarding multilateralism. Investment facilitation is the first issue that China has led negotiations at the multilateral level. In the context of the challenges facing the World Trade Organization (WTO) and multilateralism, China's successful promotion of the investment facilitation agenda will enhance its discourse power and influence in international affairs. Therefore, it has both political and economic driving forces when promoting investment facilitation.

On July 6, 2023, WTO members participating in negotiations on the IFA announced the conclusion of its text after three years of intense negotiations by more than 110 delegations at all development levels.³ These negotiations have

2 Balistreri Edward J. and Zoryana Oleksyuk, *Economic Impacts of Investment Facilitation*, Center for Agricultural and Rural Development/Iowa State University, Working Paper 21-WP 615, 2021, p. 21, <https://www.idos-research.de/en/others-publications/article/economic-impacts-of-investment-facilitation/> (Last Visited on November 18, 2023).

3 WTO, *Investment Facilitation Negotiators Announce Deal on Agreement's Text*, https://www.wto.org/english/news_e/news23_e/infac_06jul23_e.htm (Last Visited on November 18, 2023).

been concluded, and some subsequent agreements are incorporated into the WTO legal system. The final treaty text has been finalized and the groups of members in different configurations to discuss next steps to incorporate the IFD Agreement into the WTO agreement Annex 4.

Among them, the IFD SAG, the basis for the IFA implementation regime, is organized by seven international organizations with expertise in investment facilitation: International Trade Centre (ITC), Organization for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), United Nations Economic Commission for Africa (UNECA), World Bank Group (WBG), Industrial Development Board (IDB), and World Economic Forum (WEF). Developing countries' implementation of their obligations under the IFA will be closely related to the assessment indicators system and self-assessment results. However, the only regional organization that has participated in compiling the SAG is the OECD, whose members are mostly developed countries. Therefore, on the issue of investment facilitation, China need to further involve in the self-assessment indicators, pilot work, and subsequent adjustment of the assessment system for developing countries. To participate in the formulation of policies and standards in the WTO and United Nations (UN) system, and to enhance its voice and influence in the formulation of global policies and standards, it not only must integrate itself into the negotiations, but also gradually cultivate non-state actors in state departments to extensively participate in formulating global policies to build its international influence.

II. AGENDA-SETTING OF INVESTMENT FACILITATION ISSUES

In order to gain the attention of international organizations and countries, an issue should firstly be set on the agenda. In international politics, Richard W. Mansbach and John A. Vasquez proposed the research theory of "issue paradigm" by criticizing the traditional power politics paradigm.⁴ Unlike traditional research, the issue paradigm focuses more on the problem, how

⁴ Richard W. Mansbach and John A. Vasquez, *In Search of Theory: A New Paradigm for Global Politics*, Columbia University Press, 1981, pp. 72–73.

to solve it, and how the participants who try to solve the problem act. The issues paradigm allows non-state actors to engage in international politics and sidestep distinctions between domestic and international politics, observing the standpoint of each actor on proposals and the processes through which individual actors interact. Agenda-setting is a key factor affecting issue resolution.

A. Agenda-setting Theory

Agendas guide action by expressing, at a particular point in time, what issues are being addressed and the order in which this occurs. Thus, the interaction and competition between issues constitute the concept of an agenda.⁵ Previously, agenda-setting was the process of raising issues to make them salient, even when their political importance was widely recognized, among specific groups of actors. Since the number of topics that can be added to the international agenda within a given period of time is limited, when one party's concerns are added to the agenda, some of the other party's issues are kept off it. Therefore, issue setting is inherently zero-sum.⁶ Hence, in international politics, agenda-setting, as well as the control of agendas, is crucial and the "primary tool for consolidating and extending power".⁷ Therefore, proposing the topic of investment facilitation and setting the negotiation agenda is the primary work and key step for China to advance the topic of investment facilitation.

The selection and definition of issues, expansion of conflicts, stakeholders attracting, search for "entry points" and whether an issue can be finally set on the agenda all affect a country's inclusion of issues in an agenda.⁸

B. Enhancing the Salience of Issues

As international agenda-setting is the product of intense negotiations, only

⁵ Stephen Hilgartner and Charles L. Bosk, *The Rise and Fall of Social Problems: A Public Arenas Model*, *The American Journal of Sociology*, Vol. 94, No. 1, 1988, pp. 53–78.

⁶ B. Dan Wood and Jeffrey S. Peake, *The Dynamics of Foreign Policy Agenda Setting*, *The American Political Science Review*, Vol. 92, No. 1, 1998, p. 179.

⁷ Steven G. Livingston, *The Politics of International Agenda-setting: Reagan and North-South*, *International Studies Quarterly*, Vol. 36, No. 3, 1992, pp. 313–315.

⁸ Z. Wei, *International Agenda-setting: A Theoretical Framework*, *World Economics and Politics*, No. 10, 2011, p. 84.

issues that can gain enough support or strongly resonate with actors are expected to get added to it. Issues that resonate with multiple participants and do not result in diverging international interests are more successful in getting added, such as multilateral investment rules. Since the Singapore Ministerial Declaration in 1996 clearly stipulated that any multilateral negotiations on investment can only be conducted with the express and unanimous consent of WTO members, it has been difficult to add the issue of establishing multilateral investment rules to the agenda. This involves sensitive topics such as market access and investment protection, and differences among members on these topics are difficult to minimize. Therefore, negotiation topics related to multilateral investment rules have never been added to the WTO agenda and negotiations among WTO members.

In order to enhance the influence and salience of the investment facilitation issue, China has relied on regional organization platforms to communicate with developing and developed countries on this issue at the regional level, and reached a consensus on outcome documents. In the early stage of setting the agenda for promoting investment facilitation, the scope of investment facilitation topics was wide, and the content of these topics was fluid, resulting in a non-legally binding outcome document.

1. Institutional Involvement: Asia-Pacific Economic Cooperation

Asia-Pacific Economic Cooperation (APEC) is the highest-level, broadest, and most influential economic cooperation mechanism in the Asia-Pacific region. As early as 1989, APEC, with China as one of its major members, focused on the investment facilitation issue, and was the earliest international organization to pursue this objective. The Bogor Goals in 1994 included the liberalization and facilitation of trade and investment. In 2008, APEC formally proposed the Investment Facilitation Action Plan (IFAP), providing members with a comprehensive example for reference when formulating domestic policies. The APEC outcome document lists eight non-exhaustive investment facilitation principles, proposes a list of specific actions to provide a basic idea of general guidance for investment decision-making, and outlines the basic context of its predicted investment facilitation results.

Table 1: Main Content of the APEC Investment Facilitation Action Plan⁹

General Principles	Specific Actions (Not an Exhaustive List)
Accessibility and Transparency	Issuing laws, regulations, judicial decisions, and administrative rulings of general application, including amendments and updates
Stability, Security and Protection	Exploring the possibility of using the World Bank indicator “Protecting Investors” as a basis for peer dialogue, as well as benchmarking and measuring progress in APEC
Predictability and Consistency	Improving the predictability and consistency of investment-related policies, increasing the use of legislation to simplify and restate laws to improve clarity and identify and eliminate inconsistencies
Efficiency and Effectiveness	Simplifying and streamlining application and registration, licensing and tax procedures and, where appropriate, setting up a one-stop shop
Constructive Stakeholder Relationships	To the extent possible, establishing a mechanism that provides an opportunity for interested parties, including the business community, to comment on proposed new laws, regulations and policies or changes to existing laws, regulations and policies
Using New Technology	Promoting the introduction and use of new technologies aimed at making the investment process simpler and faster
Supervision and Review	Regular review of investment procedures to ensure they are simple, transparent, and low-cost
Strengthening International Cooperation	Joining or complying with multilateral and/or regional investment promotion and promotion conventions whenever possible.

2. Regional Initiatives: G20 Summit and BRICS Meeting

In order to increase the world’s understanding of the issue of investment facilitation and promote its full popularization in developed and developing countries, China communicated with other member countries on this issue during the G20 Hangzhou Summit and the Third BRICS Economic and Trade Ministers’ Meeting during its two-year presidency of the G20 and BRICS. China actively contributed to the agreement of the G20 Guiding Principles on Global Investment and the BRICS Cooperation Outline on Investment Facilitation, while being fully aware of the complex divergence of interests in investment and the negative position of South Africa, India, and other members.¹⁰ After the impact of the global financial crisis and the setback of the

⁹ APEC Secretariat, APEC Investment Facilitation Action Plan, https://www.apec.org/docs/default-source/press/features/2009/09_cti_ieg_ifap.pdf (Last Visited on November 18, 2023).

¹⁰ Organization for Economic Co-operation and Development, *The G20 Guiding Principles for Investment Policymaking*, <https://www.oecd.org/daf/inv/investment-policy/G20-Guiding-Principles-for-Global-Investment-Policymaking.pdf> (Last Visited on November 18, 2023); The Third BRICS Economic and Trade Ministers’ Meeting issued a joint communique and the BRICS Trade and Investment Cooperation Framework, which was published by the Ministry of Commerce of the People’s Republic of China, <http://uz.mofcom.gov.cn/article/ddfg/201303/20130300071107.shtml> (Last Visited on November 18, 2023).

Doha Round negotiations, the lack of mutual trust among WTO members has increased significantly as well as the anxiety among all parties. If multilateral negotiations on the “Singapore issues” are restarted in the traditional way, it is highly probable that the Cancun Conference will be repeated. Therefore, China must seek new ways of building consensus and cooperation to push investment facilitation into the WTO negotiation agenda.

Table 2: Main Content of the G20 Guiding Principles for Global Investment

Main Content	Specific Clauses
Anti-protectionism	Avoiding protectionism on cross-border investment
Non-discrimination, Transparency and Predictability	Investment policies should establish open, non-discriminatory, transparent, and predictable investment conditions for investment.
Protection of Investments	Investment policies should provide legal certainty and strong protection for investors and investments, both tangible and intangible, including access to effective mechanisms for the prevention and resolution of disputes and enforcement procedures. Dispute resolution procedures should be fair, open, and transparent with appropriate safeguards to prevent abuse.
Constructive Stakeholder Relationships	Regulations related to investment should be developed in a transparent manner, giving all stakeholders the opportunity to participate, and incorporated into an institutional framework based on the rule of law.
Consistency and Sustainable Development	Investment policies and other policies affecting investment should be consistent at the national and international levels and aimed at promoting investment in line with the objectives of sustainable development and inclusive growth.
Right of Supervision	Governments have reaffirmed the right to regulate investments for legitimate public policy purposes.
Investment Promotion and Facilitation	Policies to promote investment should maximize economic benefits, be effective and efficient, aim to attract and retain investments, and ultimately promote transparency and benefit investors in establishing, conducting, and expanding their businesses.
Responsible Business Practices	Investment policies should promote investor compliance with international best practices and applicable instruments for responsible business conduct and corporate governance.
International Cooperation	The international community should continue to cooperate and engage in dialogue to maintain an open and conducive investment policy environment and to address common investment policy challenges.

3. Multilateral Advancement: The WTO

In order to promote the progress of investment facilitation at the WTO, in April 2017, China proposed to establish the Friends of Investment Facilitation for Development (FIFD) in Geneva, and creatively integrated the three fields of investment, trade and development, and initiated an informal discussion on investment facilitation at the WTO. In order to accommodate the interests and concerns of additional developing members, the FIFD has made it clear that

informal discussions on investment facilitation do not involve sensitive areas such as market access, dispute settlement and investment protection.¹¹ FIFD aims to focus on the improvement of administrative efficiency and investment environment during the investment process as well as implement facilitation measures to enhance investor confidence and promote investment to developing countries.¹²

However, even if sensitive investment topics are avoided, efforts to add investment facilitation to the WTO's existing agenda have faced opposition from some countries, including India, South Africa, Uganda, and Bolivia. These countries believe that the topic of investment facilitation is beyond the existing WTO agenda and should not appear in the WTO framework. Based on the zero-sum nature of agenda-setting, opponents argue that devoting energy to investment facilitation issue may "divert attention from advancing the priority issues in negotiating the Doha agenda" and divert negotiating resources. For example, the Cuban government has said that the current resolution of the Doha Round is the top priority, and WTO members should fulfill their promise to take the lead in making breakthroughs on outstanding issues.¹³

In addition, the definition of this topic is also controversial. China stressed that the informal discussions on investment facilitation did not cover sensitive areas such as market access, dispute resolution and investment protection, but the Russian proposal contained provisions on "dispute prevention and resolution" and left room for adding market access provisions in the future.¹⁴ Moreover, particularly in the developing world, whether the principle of Special and Differential Treatment apply amongst WTO members have produced some of the differences, which has become one of the root of tensions among parties

11 WTO, Possible Elements of Investment Facilitation: Communication from China, JOB/GC/123, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?CatalogueIdList=236954,236782,236668,236429,236189,236149,235960,235961,235962,235526&CurrentCatalogueIdIndex=7 (Last Visited on March 2, 2024).

12 China's Permanent Mission to the WTO, *Tough Times: WTO and China 2018–2019*, Shanghai People's Publishing House, 2021, pp. 158–175.

13 TWN, *Investment Facilitation Can Not Now Be Discussed Formally at WTO*, <https://www.twtn.my/title2/wto.info/2017/ti170518.htm> (Last Visited on March 11, 2023).

14 The World Trade Organization, Communication from the Russian Federation: Investment Policy Discussion Group, JOB/GC/120, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=236414,236189,236149,235996,235960,235961,235962,235526,235438&CurrentCatalogueIdIndex=6&FullTextHash=&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True (Last Visited on March 2, 2024).

in the WTO reform.¹⁵ Argentina and Brazil's joint proposal also requested a more detailed definition of the scope of investment facilitation discussions.¹⁶

Table 3: Main Text of the Investment Facilitation Agreement

	Main Content
Chapter 1	Scope and General Principles
Chapter 2	Transparency of Investment Measures
Chapter 3	Simplification and Acceleration of Administrative Procedures
Chapter 4	Focal Points, Domestic Regulatory Coherence, and Cross-border Cooperation
Chapter 5	Special Treatment and Differential Treatment
Chapter 6	Sustainable Investment
Chapter 7	Institutional Arrangements and Final Provisions

Source: Collated by referencing publicly available information on the WTO website.

During the WTO agenda-setting and text negotiations, China convened two special WTO ministerial meetings, reached three joint statements, submitted 15 formal proposals, and brought over 110 WTO members to join the negotiations.¹⁷ Public information from the coordinators Sofia Boza of Chile and Jung Sung Park of the Republic of Korea has shown that the main negotiations on the text of the IFA have been completed. However, this does not mean that the preparation of the IFA is over. Information released by the coordinators demonstrated that the next steps of the IFA are to complete a technical review at the legal level, finalize a provision arrangement, compile a SAG, and confirm how the IFA will be integrated into the existing WTO legal system. Therefore, China's leadership on the issue of investment facilitation has not been completed and is still needed.

15 Zhijin Huang, *The Evidence and Realization of China Leading International Cooperation in Investment Facilitation*, *Wuhan University Review of International Law*, Vol. 4, No. 44, 2019, p. 23.

16 WTO, *Possible Elements of a WTO Instrument on Investment Facilitation*, Communication from Argentina and Brazil, JOB/GC/124, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=236414,236189,236149,235996,235960,235961,235962,235526,235438&CurrentCatalogueIdIndex=6&FullTextHash=&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True (Last Visited on March 2, 2024).

17 Information Office of the Ministry of Commerce of the People's Republic of China, <http://file.mofcom.gov.cn/article/xwfb/xwsjfbz/202307/20230703420570.shtml> (Last Visited on November 18, 2023).

C. Selection of Entry Points for Investment Facilitation Issue

The concept of entry points of agendas means that the agenda-setting and control of international politics is carried out through these points. These points refer to compelling platforms where actors initiate topics. In international politics, they generally include four types of platforms for global knowledge production, transnational networks and media, key international organizations or mechanisms, as well as international conferences or alliances and other diplomatic activities. It is through these entry points that the definition of the problem, the policy alternatives, and the salience of the issue combine to form an international issue.¹⁸ In a sense, “the success of agenda-setting depends on whether an actor is well positioned to have, or can exploit, those entry points”.¹⁹ Therefore, it is very important to select the appropriate international organization, conference, or mechanism as the entry point to prompt a country to advance this issue.

1. The World Trade Organization — Arena for Multilateral Norm Initiatives

The WTO is the largest multilateral trade organization in the world with 164 members, whose trade volume accounts for more than 98% of world trade. It is one of the cores of the current world economic system.²⁰ As one of the three pillars of global economic governance, involving the world’s major economies, as well as a binding dispute settlement mechanism, the WTO has undeniable advantages in investment policy coordination. It is therefore an irreplaceable platform for implementing the multilateral negotiating agenda of an investment facilitation agreement.

Based on the core position of the WTO in the world economic system, the international rules under it have a wide and far-reaching influence. Countries refer to the current WTO rules when signing bilateral or plurilateral agreements. Moreover, its achievements are mostly presented as legally binding multilateral treaties, which embed the negotiation outcomes into the current

18 Steven G. Livingston, The Politics of International Agenda-setting: Reagan and North-South, *International Studies Quarterly*, Vol. 36, No. 3, 1992, pp. 313–315.

19 *Ibid.*, pp. 314–326.

20 Introduction to World Trade Organization (WTO), Ministry of Commerce of the People’s Republic of China, <http://www.mofcom.gov.cn/aarticle/bg/200207/20020700032312.html> (Last Visited on November 18, 2023).

effective international system, and determine the negotiation outcomes of international game and compromise. In addition, the “hard law” multilateral treaties concluded by the WTO prompt countries to modify their domestic laws, internalize them into domestic laws, as well as disseminate and embed international multilateral rules. The WTO provides the only platform for negotiations on matters it covers.²¹ The issue of investment facilitation is within the scope of the WTO negotiations. Therefore, as China wants to maximize its international influence, the WTO is its most suitable international platform for promoting the process of investment facilitation.

In order to promote investment facilitation, China organized nine dialogue meetings and seminars in 2017. While emphasizing basic topics such as defining investment facilitation and its meaning, along with practical considerations such as why and how the WTO should implement its work, China has attracted increasingly more WTO members in less than a year. During the Mini-ministerial Meeting in Marrakesh in October 2017, China’s Vice Minister of Commerce Shouwen Wang convened ministers from major FIFD members and the EU, Japan, Canada, and other member countries to have in-depth exchanges on investment facilitation.²²

2. Regional International Conferences — Auxiliary Platforms for Norm Initiatives

In order to popularize the investment facilitation issue to many WTO members, especially developing members who are unfamiliar with it, China fully respects and understands the limited communication between some countries and Geneva. Therefore, China encouraged Nigeria, a FIFD member, to use the Assistance Fund for South-south Cooperation to hold a high-level forum on Investment Facilitation and African Development in Abuja, its capital.²³ At this meeting, the Chinese representative used the example of China’s experience to promote investment facilitation topics among African members. This gave

²¹ Peter van der Bosch, *Principles of the Law of the World Trade Organization (Part II)*, Translated by Kuan Shang and Yan He, Law Press, 2020, p. 488.

²² *Supra* n. 12.

²³ WTO, Deepening Africa’s Integration in the Global Economy through Trade and Investment Facilitation for Development, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-Html.aspx?Id=239992&BoxNumber=3&DocumentPartNumber=1&Language=E&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True&Window=L&PreviewContext=DP&FullTextHash=371857150 (Last Visited on March 2, 2024).

African members a new perspective on investment facilitation. It not only convinced African members who were interested in investment issues to change their minds, but also prompted Mauritania, Liberia, and the Gambia to support investment facilitation.

The Ministerial Declaration of the 11th WTO Ministerial Conference in December 2017 was abandoned. However, the issue of investment facilitation that China promoted was able to achieve progress. China and other WTO members signed the Joint Ministerial Statement on Investment Facilitation for Development, which set the goal of establishing a multilateral framework for investment facilitation. It indicated to the WTO that they should further promote this issue and led to successful consultations on this issue.²⁴ Ultimately, investment facilitation, along with e-commerce as well as Micro-, Small-, and Medium-sized Enterprises (MSMEs), was one of the main outcomes of this conference, while three new issues promoted by the WTO as a Joint Statement Initiative (JSI) were introduced, attracting intense interest from the international community.

The scope of application of the investment facilitation issue specifically excluded sensitive topics such as market access, investment protection, and settlement of disputes between investors and states. When China decided investment facilitation topics during three separate instances, the APEC Investment Facilitation Action Plan in 2008 and the G20 Guiding Principles for Global Investment in 2016 both contained the sensitive topic of investment protection as compared with the WTO Investment Facilitation Agreement, such that the former two did not reach legally binding text outcomes. Based on common principles, countries are expected to further advance the specific content of this issue. Setting an agenda in the WTO, the cornerstone organization of the multilateral trading system, means that other international organizations and informal mechanisms are no longer motivated to promote an agenda on this platform.

Thereafter, during structured discussion, measures that may be covered by the future multilateral rule framework are proposed for full discussions of

24 WTO, *Joint Statement on Investment Facilitation for Development*, WT/L/1130, December 10, 2021, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/L/1130.pdf&Open=True> (Last Visited on November 18, 2023).

investment facilitation elements. Drawing on the successful Abuja Forum, China has helped Kazakhstan to host the High-level Forum on Investment Facilitation and Development in the Eurasian Region. China and the ITC jointly held a seminar on investment facilitation in Zambia, and also invited ministers and ambassadors from opposing parties who doubted the usefulness to attend seminars on investment facilitation and development held in Xiamen and Beijing. China has utilized the WTO Public Forum, Trade Dialogue, and other platforms to promote industry-university-research presentations and enhance the influence of this issue.

III. ADVANCING NEGOTIATIONS ON INVESTMENT FACILITATION ISSUE

Issue-oriented alliance refers to the joint relationship network formed by international actors with like-minded people for specific issues at a specific time and based on common interests. Issue-oriented alliance is an important factor affecting agenda-setting and order change of specific issues.²⁵ Negotiation coalitions are typical forms of issue-oriented alliances, such as the Keynes Group in the free trade negotiation process, the G10, the G20, and the Alliance of Small Island States, non-EU, developed country group, and umbrella group in the climate change negotiation process.

Issue-oriented alliances are not based on comprehensive strategic international relations. This prevents sharp differences among members, allows countries to easily cross differences in positions, political forms and others, as well as unite with heterogeneous members, maximize the membership and influence of these alliances, and maximize the concentration of all forces that can be united to achieve cooperation on a certain issue. Structurally weak countries can use issue-oriented alliances, such as the Non-aligned Movement and the Alliance of Small Island States, a group of developing countries that China previously participated in, as a tool to compensate for their lack of power and can help them change the current world order.

In international relations, group cooperation can be internally or externally

25 R. W. Mansbach et al., *In Search of the Theory: A New Paradigm for Global Politics*, Cambridge University Press, 1981, pp. 74–76.

oriented.²⁶ The external orientation of issue-oriented alliance means that the main purpose of issue-oriented alliance cooperation is to exert influence on external actors by aggregating actors' capabilities and resources,²⁷ which is directed to shape international rules. For example, during climate change negotiations, major EU countries have formed an alliance on issues in opposition to other groups of countries due to their consistent or similar positions.

Action alliances typically focus on a certain issue or a certain type of issues, avoid formally constructing systems, and form an alliance to implement normal coordination and action. At the beginning of 2017, China led the establishment of the FIFD group ambassador-level breakfast meeting mechanism to regularly discuss investment facilitation trends, determine the direction of key nodes, and clarify ways of cooperating on major tasks (such as outreach). FIFD issue-oriented alliances have a regular operation mechanism. FIFD members regularly and frequently communicate and cooperate on investment facilitation issue, which enables FIFD alliances to cooperate amongst each other, integrate resources, and effectively promote investment facilitation issue.

A. Building and Strengthening Issue-oriented Alliances

To promote the investment facilitation issue at the WTO platform, China first gathered together WTO member states with the same position, complementary interests or similar values within the WTO in 2017, and established the Friends of Investment Facilitation issue-oriented alliance to enhance the interests of group members on the specific issue of investment facilitation, and ensure that the governance and actions related to these issue can conform to their preferences. The size and diversity of the issue-oriented alliance is crucial for improving the legitimacy and influence of the alliance.²⁸ Since then, with the help of WTO public forums, trade dialogues, and investment facilitation seminars held at other platforms, China has invited its own government

26 J. S. Duffield, Explaining the Long Peace in Europe: The Contributions of Regional Security Regimes, *Review of International Studies*, Vol. 20, No. 4, 1994, pp. 369–388.

27 T. Shi, Why Countries Form Alliances on Specific Issues, *World Economic and Political Forum*, Vol. 3, No. 25, 2020, p. 35.

28 F. O. Hampson et al., Coalition Diversity and Normative Legitimacy in Human Security Negotiations, *International Negotiation*, Vol. 8, No. 1, 2003, pp. 7–42.

ministers, skeptical ministers from opposing parties, and ambassadors to participate in investment facilitation and development seminars to further increase the influence of the issue and expand the issue-oriented alliance. In 2021, FIFD expanded from five developing members (China, Brazil, Argentina, Nigeria, Pakistan) to 18 members.²⁹ As the FIFD investment facilitation issue-oriented alliance has more members, this issue is considered to represent the interests of increased numbers of national groups, and the influence and resources of this alliance have been integrated and enhanced.

FIFD, which is mainly composed of developing members with similar positions, has firmly promoted investment facilitation issue, but differences exist within the issue-oriented alliance. As a core FIFD member, Brazil has exhaustively promoted the electronic single window as a way of implementing facilitation measures. However, other members have had difficulty in advancing the electronic single window according to the Brazilian scheme based on existing practice management, which is a controversial issue for FIFD members. However, the Republic of Korea has different positions from other FIFD members on the relationship between investment facilitation and development, as well as on the topics of special and differential treatment. In view of the existing or possible internal differences among FIFD members, China seeks common ground while putting aside differences and considers the overall situation. Adhering to the general principle of promoting and safeguarding the multilateral trading system, China has actively coordinated its positions, resolved conflicts and made smooth progress on the investment facilitation issue with a focus on development and results.

In addition to consolidating internal issue-oriented alliances, Chinese representatives often use issue-related strategies to promote investment facilitation. In addition to FIFD, developed countries also have more experience and resources to support the investment facilitation issue, including those in the European Union, along with Canada, Australia, and other countries. These developed countries are unwilling to devote more resources to advance the issue of investment facilitation. They hope to connect their own concerns with its promotion, and exchange their interests with China in relation to it so they

29 Argentina, Brazil, Chile, China, Colombia, Gambia, Guatemala, Hong Kong China, Kazakhstan, Republic of Korea, Liberia, Mauritania, Mexico, Nigeria, Pakistan, Qatar, Turkey, and Uruguay, https://www.wto.org/english/news_e/news21_e/infac_03nov21_e.htm (Last Visited on November 18, 2023).

can attain more benefits. The most common form of benefit exchange is when a WTO member uses support for investment facilitation as a bargaining chip in exchange for China's participation in negotiations on relevant issues. The "package agreement" negotiation model that the WTO implements naturally results in members adopting issue-related strategies intended to promote negotiations.

B. Playing a Central Leadership Role

International institutions provide the communication platforms used for negotiations, provide legitimacy, and shape the rules under which new international regimes are negotiated. The international system and institutions cannot automatically play their role and achieve the goal of negotiation. At the same time, the existence of collective action problems usually leads to difficulties in reaching a consensus in multi-party institutional negotiations. At this point, leaders of these institutions play a crucial role in facilitating the international negotiation process.

Oran Young's leadership theory pointed out the important role of three types of leaders during international negotiations. As Young reminded us, leaders in issue-oriented alliance and multilateral negotiations involves three different leadership roles: structural leadership related to the use of strategic leverage; entrepreneurial leadership related to negotiation skills aiming to bring parties together to achieve common goals; and knowledge-based leadership related to the use of ideas to shape perceptions and attitudes towards policy issues.³⁰

Structural leaders are usually individuals who engage in negotiations in the name of the state, acting as agents for main party, usually the state, during the negotiation process. They effectively use the structural power of the party (that is, power based on the possession of material resources) to bargain over issues of interest and convert this possession into a bargaining chip. The risk of uncertainty that multilateral negotiations face makes it possible for none of the stakeholders to initially make confident predictions about the likely benefits of future institutional arrangements. Thus, structural leadership must be insightful and creative to ensure that the structural power it represents is translated into

30 Oran R. Young, Political Leadership and Regime Formation: On the Development of Institutions in International Society, *International Organization*, Vol. 45, No. 3, 1991, pp. 281–308.

negotiated benefits. For example, in the postwar period, the United States (US) had strong structural power in many instances of institutional bargaining at the international level, dominating the establishment of the postwar monetary system.

As China's comprehensive strength continues to improve, its influence within the WTO is increasing. Therefore, it gradually has gained greater structural power, that is, bargaining chips, during multilateral negotiations. When China is participating in multilateral negotiations, the chief negotiator of a specific negotiating team or the ambassador of its permanent mission to the WTO usually serves as the structural leader. Their primary mission as structural leaders is to demonstrate an ability to convert structural power into bargaining chips as a means of agreeing on the terms of an agreement that is commonly found throughout the international community. This not only requires them to have a broad body of knowledge, but also means that they require extensive diplomatic experience as well as firm negotiating goals.

Under the leadership of Ambassadors Xiangchen Zhang and Chenggang Li, two Ambassadors of China's permanent mission to the WTO, China established the FIFD Group ambassador-level breakfast meeting mechanism to regularly discuss the trends of investment facilitation, determine the direction and target of key points, and clarify the way to cooperate on major tasks. At the same time, China has rigorously and methodically led the FIFD alliance to gradually expand its influence. The promotion process, promotion method, activity promotion, and document dissemination of investment facilitation issue have all been discussed and approved within the FIFD, and then launched and finalized during large-scale meetings. From informal dialogues to structured discussions to textual negotiations, negotiation coordinators for the issue were all members of the FIFD team. Ambassador Cima of Argentina (2017), Ambassador Gonzalez of Colombia (2018) and Ambassador Galvez of Chile (2019), who served as coordinators on the investment facilitation issue, were all proposed by China and unanimously recommended by FIFD members.³¹ At the technical level, the business cadres in charge of investment facilitation also regularly communicate with other FIFD members' topic managers.

One week before the investment facilitation discussion, Chinese representatives convene a FIFD technical-level meeting to exchange information,

³¹ *Supra* n. 12.

coordinate proposals and speeches, arrange speeches in advance at important moments, and listen to each other's input to ensure that this meeting has positive outcomes. As the FIFD leader, China will maximize its main role in coordinating the positions of group members and promoting the successful progress of the topic.

IV. FORMING A TRANSNATIONAL DISCOURSE POWER NETWORKS

Although WTO members have completed the text negotiation of the IFA, public information has indicated that they still need to complete the follow-up work, such as the final provisions, legal and technical work, and the SAG. The end of the text negotiation does not mean that China's work in shaping international discourse power and promoting investment facilitation is over. On the contrary, China needs even more in-depth work to enhance its international discourse power and build its international discourse power networks outside the negotiations.

A. Discourse Formation Theory

Discourse formation is a collective process that involves the communicative interaction of numerous actors in civil society, politics, media, and academia.³² At the same time, policy players seek to coordinate their discourse to the exclusion of other policy players. This means that some of these actors can attempt to influence the collective formation of the discursive context in which they advocate norms by guiding the participation of actors. Thus, the structure among actors involved in constructing the discursive context of policy norms can be understood in terms of discursive networks. In discourse power networks, participants refer to, reiterate, and construct their own representations based on each other's representations. These networks cross organizational boundaries and are based on the contributions of participants to specific policy topics.³³

The participation and power of actors in these networks has discursive

32 Diez T., *Setting the Limits: Discourse and EU Foreign Policy*, *Cooperation and Conflict*, Vol. 49, No. 3, 2014, p. 330.

33 Steingass S., *Too Effective for Europe? The UK, Norm Advocacy and the Case of EU International Cooperation*, *JCMS: Journal of Common Market Studies*, Vol. 58, No. 2, 2020, p. 388.

and structural components. First, the discursive context impacts activeness because it sets the limits within which the outcomes of actors should be considered legitimate. This excludes some actors and empowers others. Policy professionals can control the problem by engaging in discourse formation. Thus, for policy professionals, despite their limited formal power and capacity in norm advocacy, they can shape this by facilitating networks of collective discourse formation. In fact, during the negotiations on the issue of investment facilitation, legal and policy experts responsible for drafting and revising the negotiation text have shaped norm boundaries while drafting the negotiation text of the IFA and the preparation of the SAG. Although participants can raise objections during the negotiation and try to modify its terms or content, due to the large number of negotiators, the limited negotiation time, and the limitation of the “sunset method”,³⁴ it is difficult for small- and medium-sized countries with weak structural power to have the WTO fully respect and recognize their interests. Therefore, policy professionals who influence the development of multilateral economic and trade norms under the WTO framework play an important role in safeguarding national interests and providing China’s solutions.

B. Multi-subject Formation of International Discourse Power

The WTO provides an institutional platform for members to shape common multilateral economic and trade rules. This also provides room for other non-state actors to use actions such as coordinated consultations to bridge gaps and advance their interests. Non-state actors can be either staff members from within the WTO or direct representatives from member states. They seek to codify their dominant norms into international norms at the WTO level, seek their national interests, demonstrate and expand norm power, as well as constructively and effectively influence issues related to international economic and trade exchanges.

1. Forming Non-state Actors Networks

When institutions are absent or characterized by a high degree of ambiguity and

³⁴ The sunset method refers to a time limit set for dropping issues that lack broad support. Initiatives that do not gain enough support by the end of a specified time period are dropped from the negotiating table. WTO, Investment Facilitation Negotiators Welcome Substantive Progress in Draft Agreement, https://www.wto.org/english/news_e/news23_e/infac_04may23_e.htm (Last Visited on November 19, 2023).

uncertainty, different actors actively seek to engage in norm advocacy in order to form norm representations intended to guide international practice. When the main content of the negotiating text has been finalized and negotiations on the text begin, China and other developing countries can only make choices within the scope of the compilers, and they have limited options. This implies that the negotiations take place mainly among policy professionals with a shared sense of professionalism, crossing organizational boundaries, and moving between organizations. Entities participating in the construction of transnational discourse power networks also include non-state actors, especially transnational researchers.³⁵

The process of formulating policy norms is informal, as binding mechanisms for actor participation and power are missing or uncertain.³⁶ Thus, non-state actors such as non-state organizations, expert think tanks, and international forums gain access to the norm-setting process and bring influences at the WTO level. The Norm Advocacy in Europe proves that policy professionals can promote transnational coordination of competing and effective discourses. This supports EU norm advocacy based on the interests and identities of political administrative actors in the UK Department for International Development (DFID), affecting the operative power of EU norm advocacy. Despite their limited role in norm coordination, policy professionals align the policies of transnational institutions towards their political and administrative interests and identities when they rely on connections among issue professionals across governance levels to facilitate discourse power networks.

The issue of investment facilitation has become part of the WTO's multilateral international norm advocacy. Working groups have formed norm discourse while setting agenda, initiating and actively codifying norm formulation. The norms they codify will gain meaning and legitimacy from their discursive context.³⁷ Despite their limited official status, these actors participate in and contribute to norm-setting at the international level.

³⁵ *Supra* n. 32, pp. 314–326.

³⁶ Henriksen L. F. and Seabrooke L., Transnational Organizing: Issue Professionals in Environmental Sustainability Networks, *Organization*, Vol. 23, No. 5, 2016, pp. 722–741.

³⁷ Wiener A., Contestation and Constitution of Norms in Global International Relations, *Contestation and Constitution of Norms in Global International Relations*, Cambridge University Press, 2020, pp. 381–392.

Therefore, as China tries to continue leading the investment facilitation issue, it is worthwhile for them to use the unofficial identity of non-state actors. At this stage, the negotiation of the IFA text has concluded, and the negotiations led by China and other developing countries are limited. However, the SAG regarding the implementation system of the agreement, prepared by other international organizations, remains important and leaves room for participation. Therefore, as additional discussions mainly occur between versatile policy professionals such as international academics, China could try to recruit non-state actors who know how to influence the WTO norm-setting process.

2. Establishing the Entry Points of National Departments

China can exert a long-term and stable influence on an issue by establishing a permanent state functional department. These departments propose initiatives on international issues and form discourse power network nodes in the multilateral agenda. UK policy researchers found that the introduction of transparency and results-oriented institutions in the International Aid Transparency Initiative (IATI) by DFID had dominated EU policy making.³⁸

For example, DFID institutionalized transparency and accountability in the IATI. The IATI became an increasingly important point of focus for British officials in the EU. To strengthen the role of the IATI as a reference point for the EU, these officials are involved in forming the discourse power of supranational actors at the EU level, particularly in the European Commission, where they become agenda setters. DFID officials support supranational institutions by sending experts in transparency to the Directorate-General for International Cooperation and Development and the IATI. As one DFID official argued, the experts are those who can influence the policy stance.³⁹

China's main diplomatic affairs related to multilateral negotiations on investment and trade are handled by the permanent mission of its Ministry of Commerce to the WTO. As functional departments, the Ministry of Commerce and the permanent mission formulate long-term work plans, actively host academic seminars, policy research projects, and other multilateral meetings to

38 Oliv   I. and P  rez A., Possible Impacts of Brexit on EU Development and Humanitarian Policies, EPRS: European Parliamentary Research Service, Belgium, <https://policycommons.net/artifacts/1338120/possible-impacts-of-brexite-on-eu-development-and-humanitarian-policies/1946376/> (Last Visited on March 2, 2024).

39 *Supra* n. 33, pp. 314–326.

expand China's discourse power in the WTO, and expand China's influence on relevant issues. In fact, while promoting the investment facilitation issue, this permanent mission organized regional expert forums (Abuja, Astana, Zambia) by hosting academic seminars while introducing and promoting this issue. Through exchanges and cooperation with regional organizations, industries, academia, and international organizations, China delivered information through these channels, enhanced trust, dispelled doubts, and gained support for this issue.

China should send policy experts, senior officials, outstanding scholars, and other professionals to the WTO to expand its participation in and influence on the investment facilitation issue. As British officials said, the best way to influence policy is to provide the expert groups with one's own professionals. While promoting investment facilitation, non-state actors who provide text drafting or professional support for the WTO can still be found and recruited to increase the ability to influence the WTO negotiation agenda and build key supporting points within the discourse power network.

3. Deepening the Global Knowledge Production

As the main force of knowledge production, expert think tanks should be the primary method of spreading Chinese discourse and cultivating Chinese knowledge leaders. The case of UK think tanks shows that the function of national or departmental think tanks is not limited to providing policy consultation for national departments, but can also maximize the construction of knowledge discourse power.⁴⁰ With financial support from the state, China should establish funds for relevant topics to encourage outstanding Chinese and international scholars to fully research these topics.⁴¹ Seminars and conferences at the national, regional, and international levels should also be actively organized to disseminate knowledge and ideas and promote integration of discourses. During these seminars, all participants do not need to take a stance and persuade others by relying on academic exchanges.

Knowledge leadership is difficult to be generated regularly, partly because

⁴⁰ The Overseas Development Institute (ODI), largely funded by DFID, has played an important role in government capacity building in the EU by implementing a specialized plan.

⁴¹ T. Williamson et al., Greater Aid Transparency: Crucial for Aid Effectiveness, <https://reliefweb.int/report/world/greater-aid-transparency-crucial-aid-effectiveness> (Last Visited on March 2, 2024).

intellectual leadership typically operates on a different schedule than other types of leadership involved in agency negotiations. This is a process of deliberation or constant reflection. Moreover, it is difficult for knowledge leaders to comprehensively articulate a coherent system of thought during fast-paced multilateral negotiations. Furthermore, the diffusion of new ideas usually must overcome the entrenched mindsets or worldviews of policymakers. Therefore, the cultivation of knowledge leadership is more important in peacetime and requires a long-term commitment. While promoting the investment facilitation issue, China has not only hosted international academic seminars to invite experts who can clarify the doubts of opposing ministers and ambassadors, but also utilized resources such as regional organizations, industrial circles, and academia to remove obstacles to promoting this issue by using knowledge and discourse power. However, the publicly available documents did not contain any knowledge leaders sent by China who directly compiled legal texts on investment facilitation or formulated relevant global policies, played a role in knowledge leadership, or expressed China's opinions on the investment facilitation issue. When China intends to integrate the issue of investment facilitation into the vision of the international community, it should export intellectual capital on investment facilitation.

4. Integration of Transnational Discourse Power Networks

While promoting the issue of investment facilitation, state and non-state actors such as national functional departments (China's permanent mission), international forum platforms (e.g., Abuja Advanced Trade and Investment for Development Forum 2017), regional organizations (APEC and G20 summits), national leading officials (Ambassadors Xiangchen Zhang and Chenggang Li) and policy experts jointly form a transnational discourse power network. The complementary efforts of these actors while advancing this issue have collectively contributed to integrating global discourse on investment facilitation. At the same time, this network provides discourse power and organizational support for the work of the permanent mission, and its staff use it to communicate and negotiate with other WTO members on investment facilitation issue. Finally, on July 6, 2023, WTO members involved in negotiating the IFA announced that they had completed their negotiations on

its text. The IFA framework has been remarkably shaped by a wide network of international discourse power, including policy professionals.

Afterwards, China can try to build a multi-level transnational governance network that includes state subjects, non-state subjects, transnational organizations, and public platforms. These entities interact with each other to promote China's norm advocacy of investment facilitation issue on the WTO platform.

V. CONCLUSION

In the past, when developed members such as the US and Europe monopolized international rule-making and the setting of economic and trade issues, developing members, including China, often had to prudently approach issues they were not familiar with or had doubts about, stick to their bottom line, and safeguard their interests. China has taken the lead in international economic governance, and there is no operational guide for the transformation of roles in multilateral negotiations.

The issue of investment facilitation presents China with numerous challenges at each stage, from the proposal to the conclusion of agenda-setting to the completion of text negotiation, which requires it to promote the development of this issue. During the agenda-setting of multilateral negotiations, China has maximized its ability to use diversified platforms and leadership to enhance the salience of investment facilitation issue, expand the issue alliance, promote the multilateral negotiation process, and shape its long-term influence on this issue. After gaining experience with leading the investment facilitation issue, while relying on permanent functional national departments, China will provide financial, platform, and channel support for professionals by offering local training, external recruitment, and specialized fund programs. This will enable China to transfer policy experts, senior officials, outstanding scholars, and other professionals to the WTO, the UN, international research institutions, and international forums by cultivating knowledge leaders, accumulating intellectual capital, guiding non-state actors to participate in international governance, and jointly building its transnational discourse power networks.