



Have International Investment Agreements had an impact on Science, Technology, and Innovation in the Asia-Pacific region? Preliminary Analysis

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*The Role of Foreign Direct Investment in Economic Development***

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Overview of the Paper

Set the Scene

- Role of IIAs in the region
- Types of IIAs examined
- Why STI?

STI Provisions

- Defining STI Provisions
- Approaches to including STI in BITs.
- Some descriptive Statistics

Discerning Patterns

- Is the inclusion of STI related to income level?
- Is the Provision of STI related to economic output?

Preliminary Conclusions and Next Steps





Role of IIAs in the Region

- Most common form of IIA is bilateral investment treaty (BITs).
- Of the more than 2,400 BITs currently in force, more than half (1,480) involve a country from the Asia-Pacific region.
- The majority of BITs focus on investor protection:
 - Fair and equitable treatment of foreign investors
 - Compensation in the case of expropriation
 - Right to move investment-related capital freely
- More and more investment provisions included in RTAs





Types of IIAs examined

Selection based on:

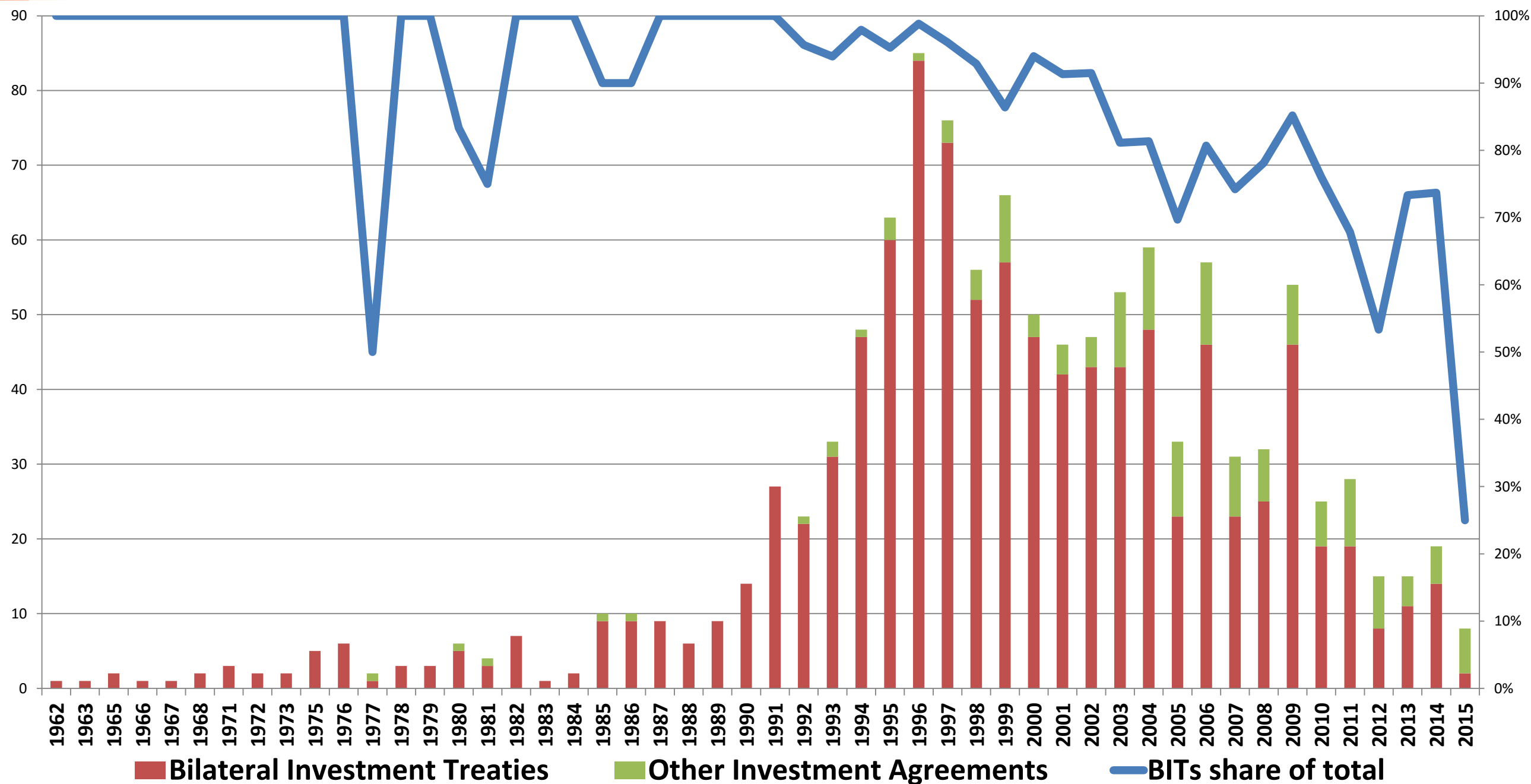
- One or more parties from Asia Pacific
- Currently in-force
- Full text available in English
- Taken from UNCTAD IIA Navigator
- Focused on BITs



Summary of Agreements Examined

Year grouping	Number in sample	Category compared to total sample	Number in total population	Category compared to total population
-75	17	3%	20	2%
76-85	25	4%	40	4%
86-95	157	24%	234	23%
96-00	206	31%	313	31%
01-05	128	19%	199	20%
06-10	94	14%	159	16%
11-15	30	5%	54	5%
Classification				
North-North	33	5%	46	5%
North-South	338	51%	497	49%
South-South	286	44%	476	47%
Income classification				
Has HIC	371	56%	543	53%
Has LIC	287	44%	449	44%
Has LMIC	332	51%	533	52%
Has UMIC	206	31%	315	31%
Grand Total	657		1019	

Evolution of Agreements





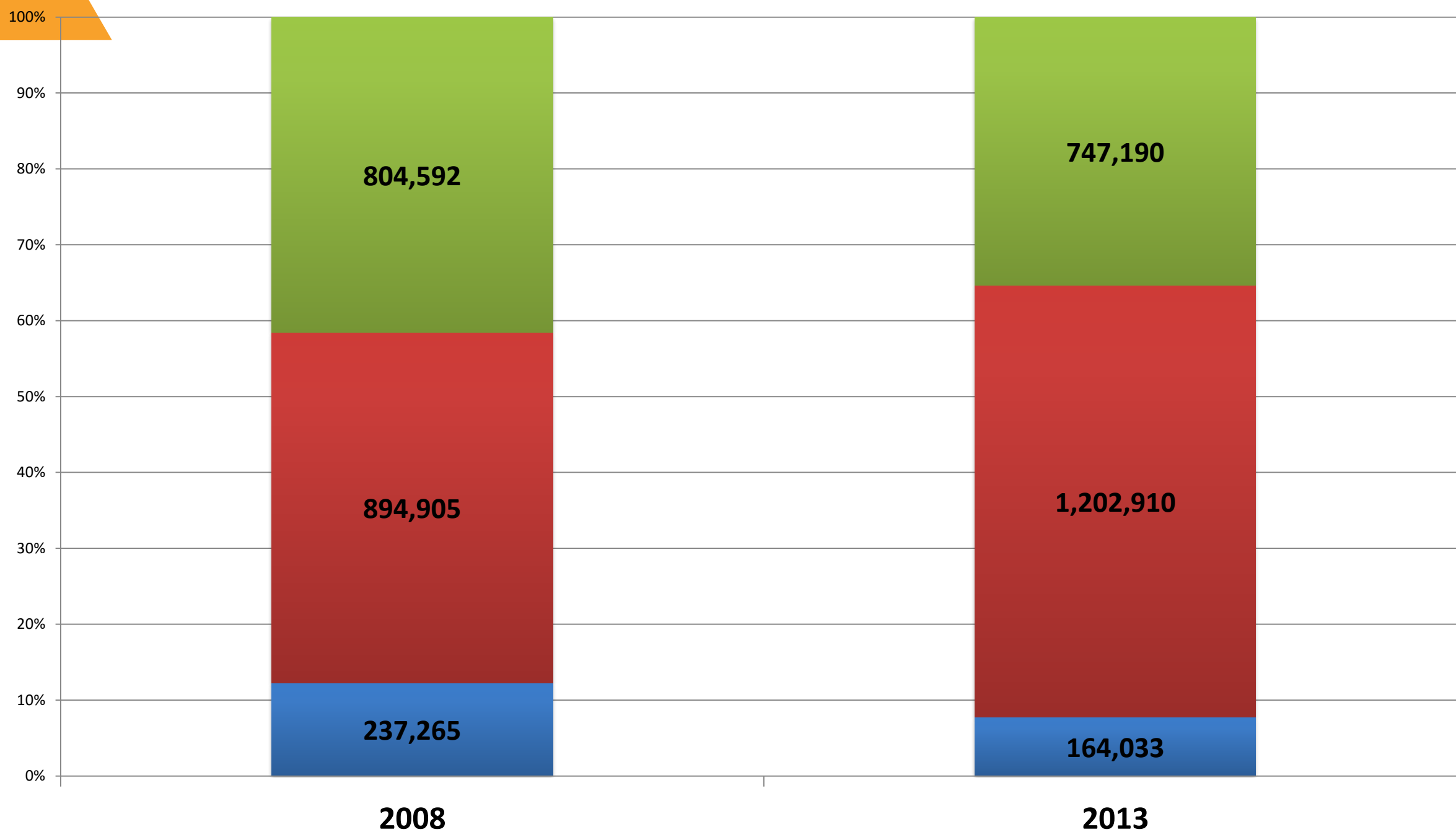
Why Science, Technology and Innovation?

While technology, and technology transfer, have always been a large part of FDI, STI in general is gaining in importance in agreements.

- STI's role in the SDGs
- STI's role in economic transformation and structural adjustment
- Importance of technology and innovation in value added trade



High-tech products traded



■ USA

■ ESCAP-Asia

■ Rest of the world



Source: Comtrade

Patents in the Region

Patent

50000

40000

30000

20000

10000

0

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

Japan China, People's Republic of Australia India

Patent

1400

1200

1000

800

600

400

200

0

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

Singapore Thailand Malaysia Indonesia Viet Nam





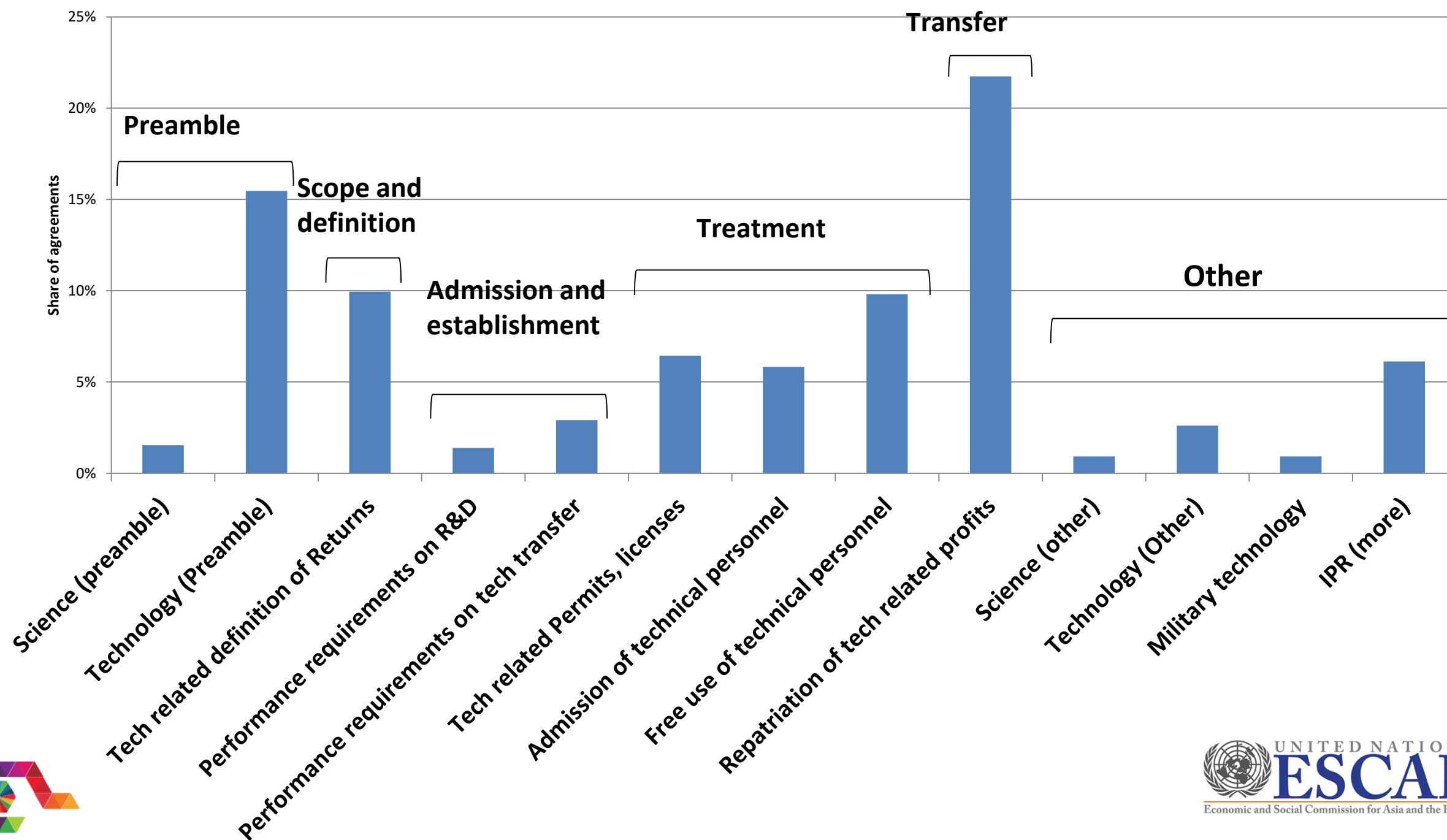
Approaches to including STI in BITs

Examined agreements to see if reference is made to science, technology or innovation:

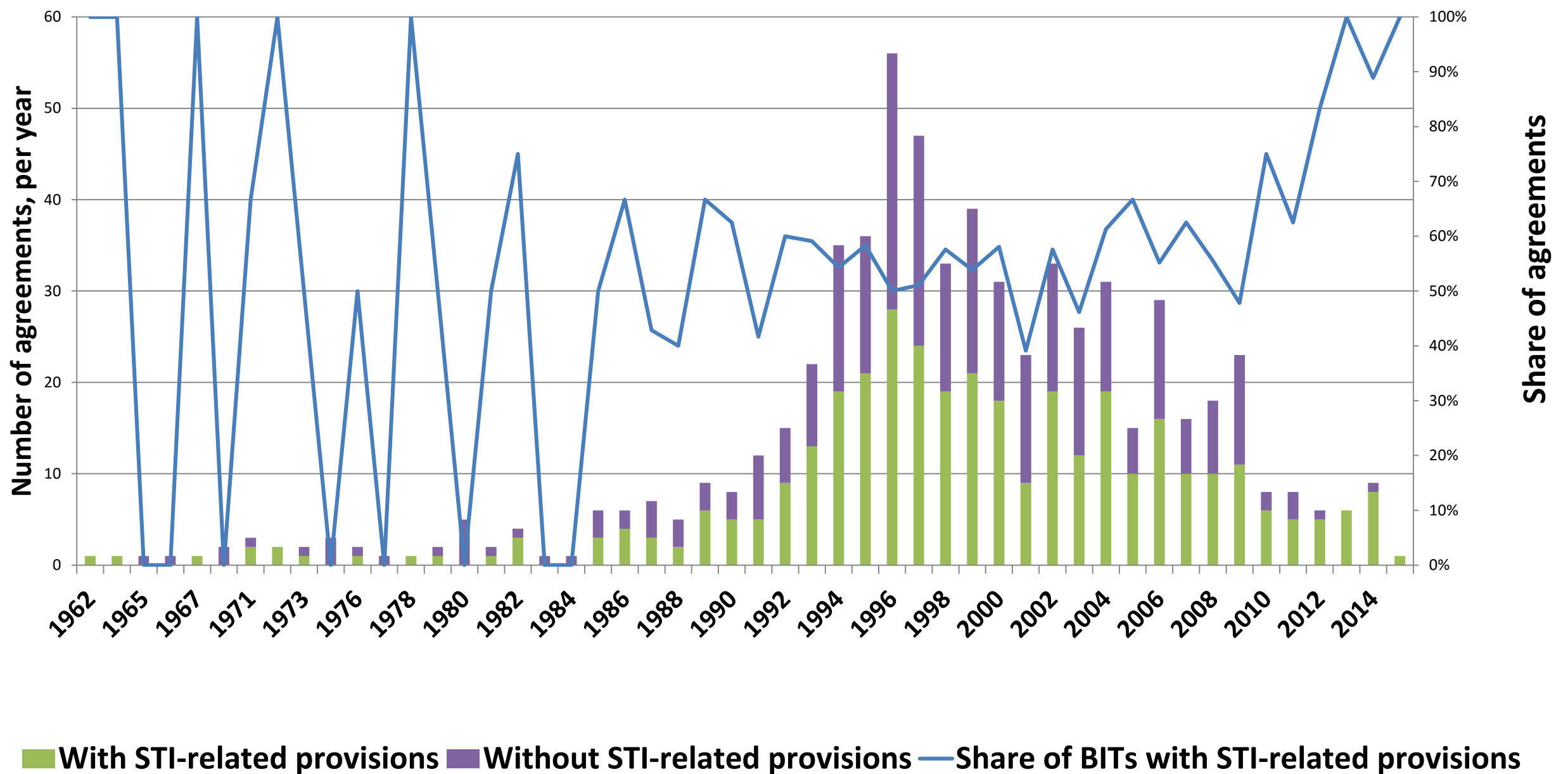
- Preamble
- Scope and definition of the agreement
- Admission and establishment
- Treatment
- Transfer
- Other



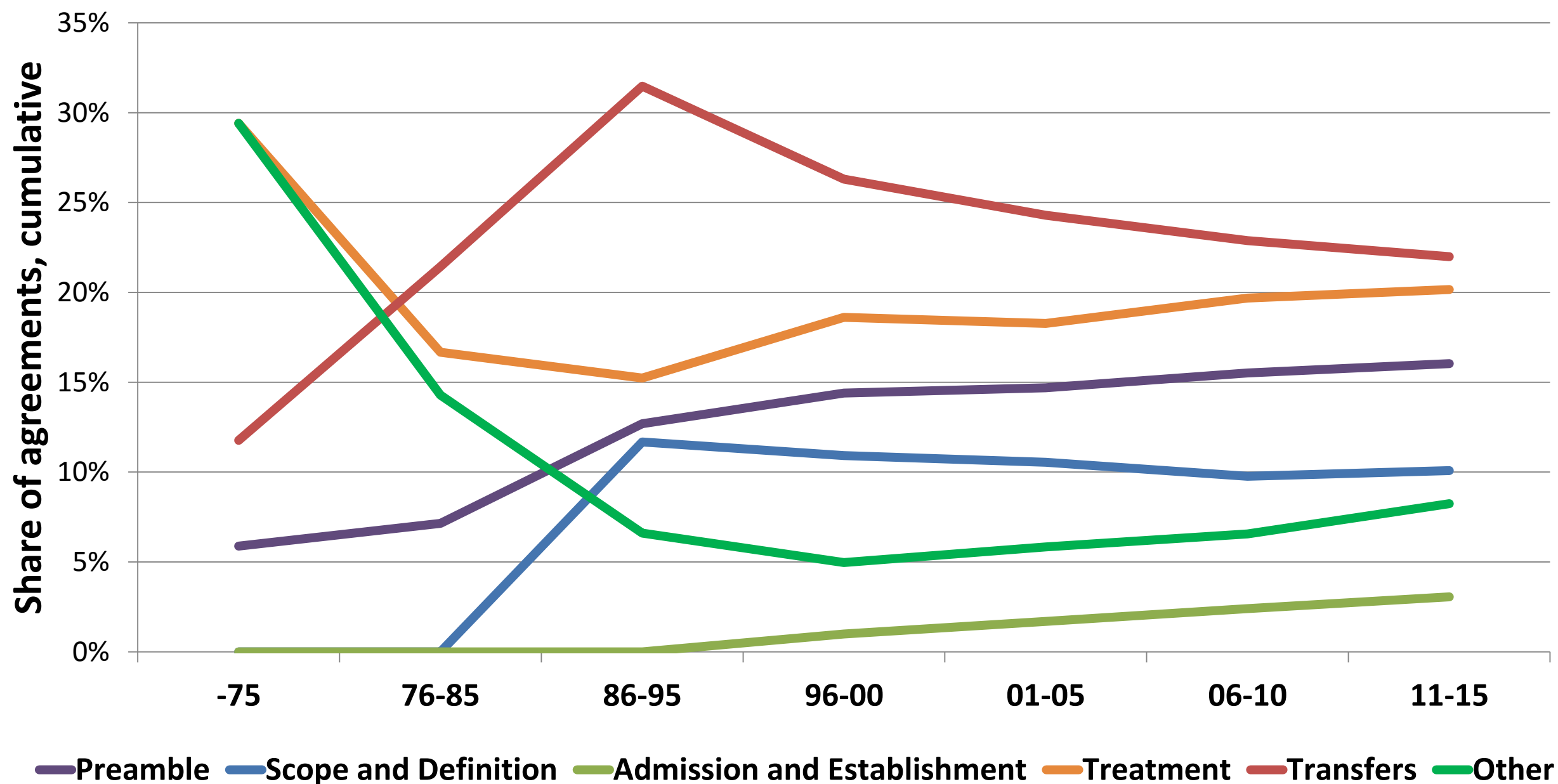
Share of STI Provisions



BITS with or without STI provisions (by year entered into force)



STI Provisions over time





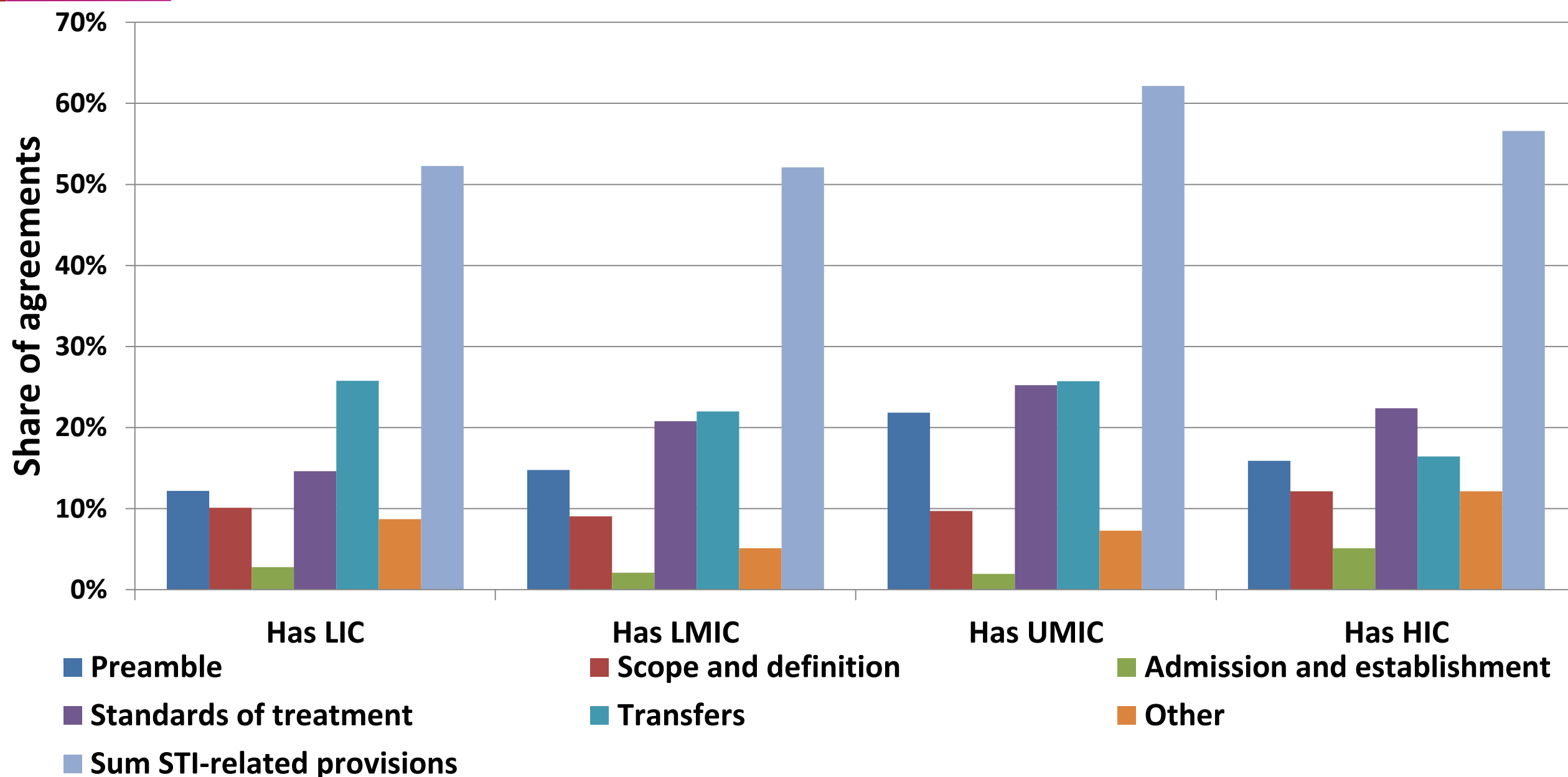
Discerning Patterns

We examined the agreements to see if there are any specific pattern relating to income level or economic structure.

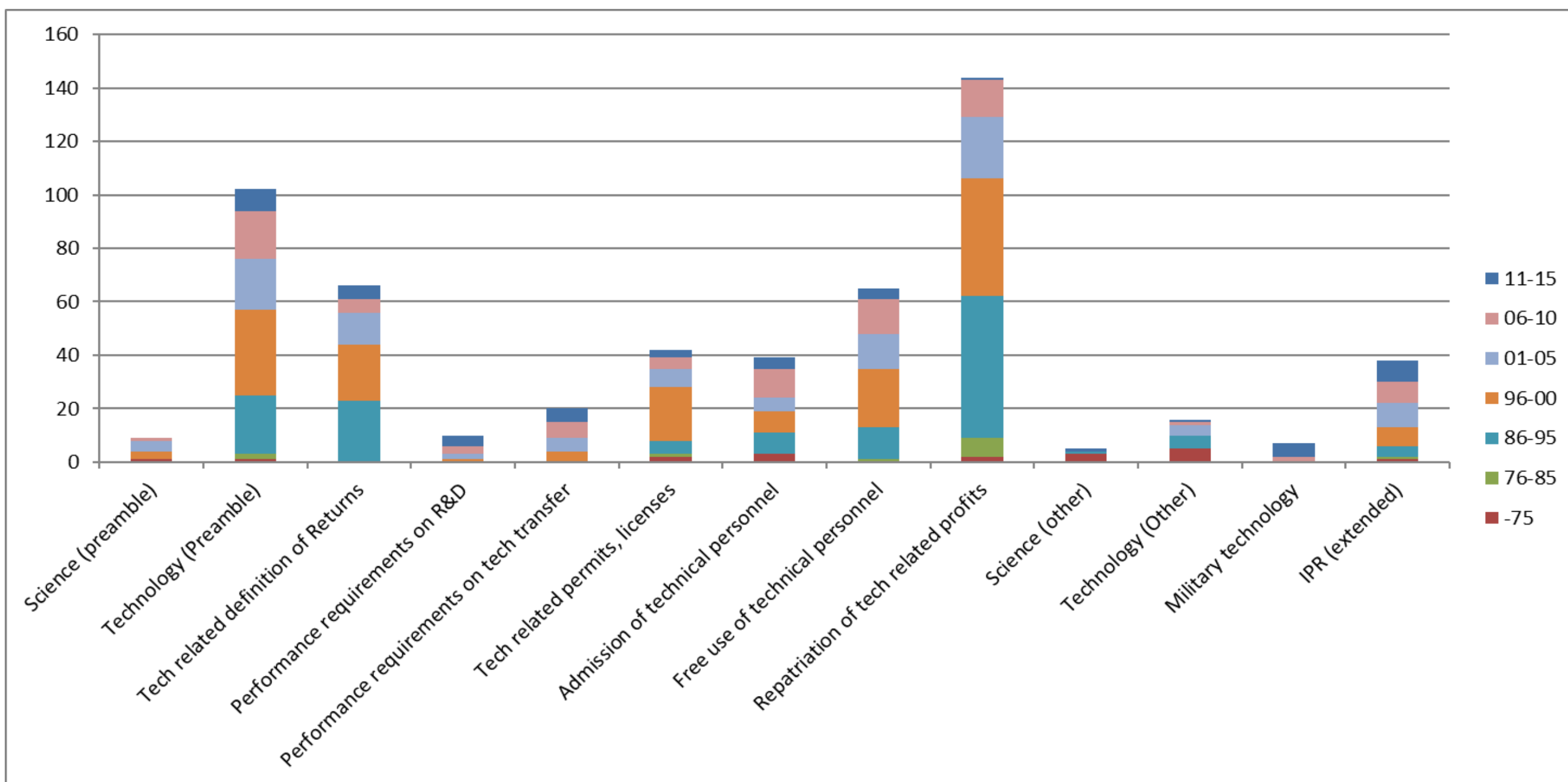
- Across each part of the agreement
- Across time
- Across income
- Across export sophistication



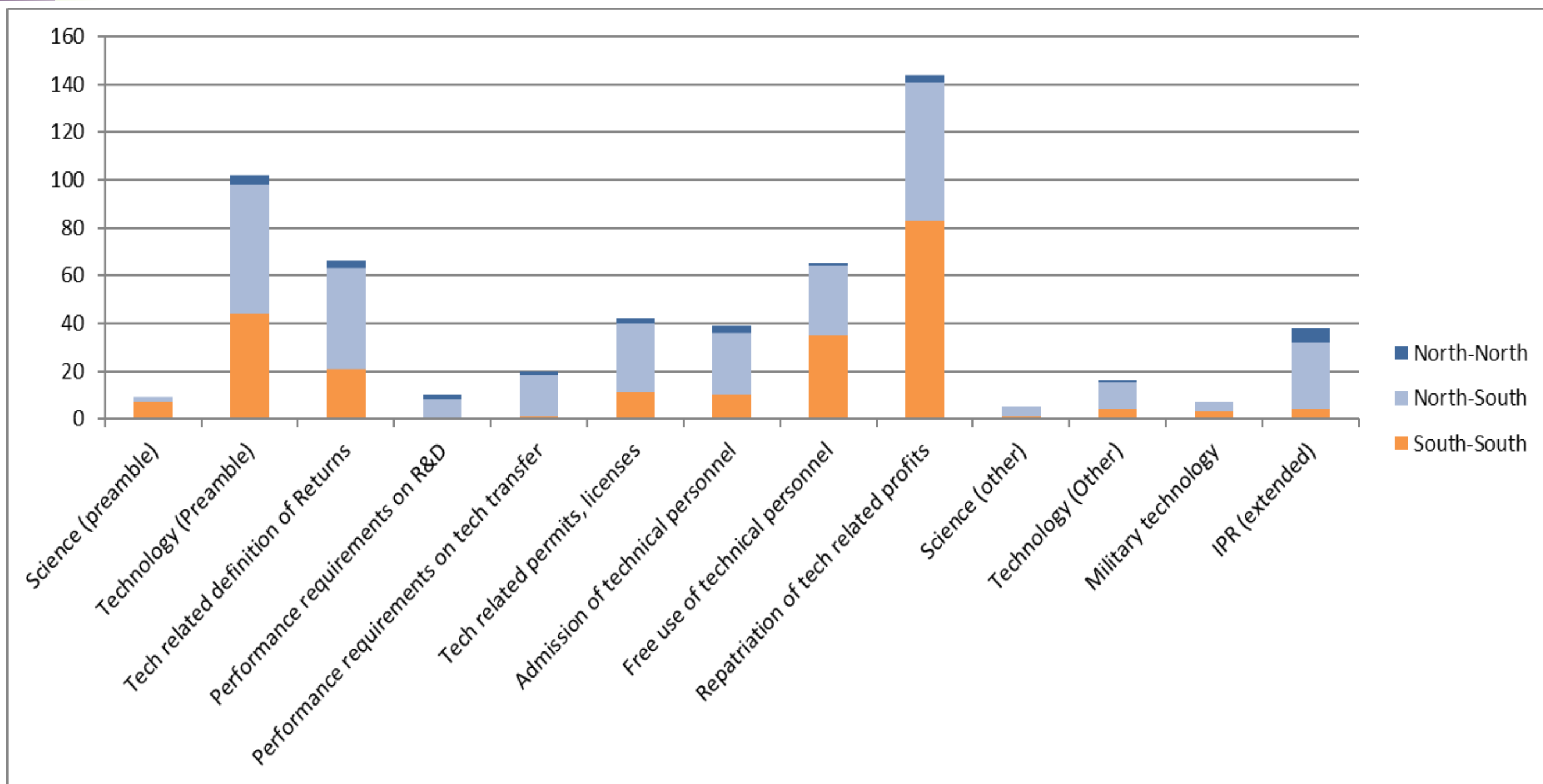
Share of BITs with STI by income level



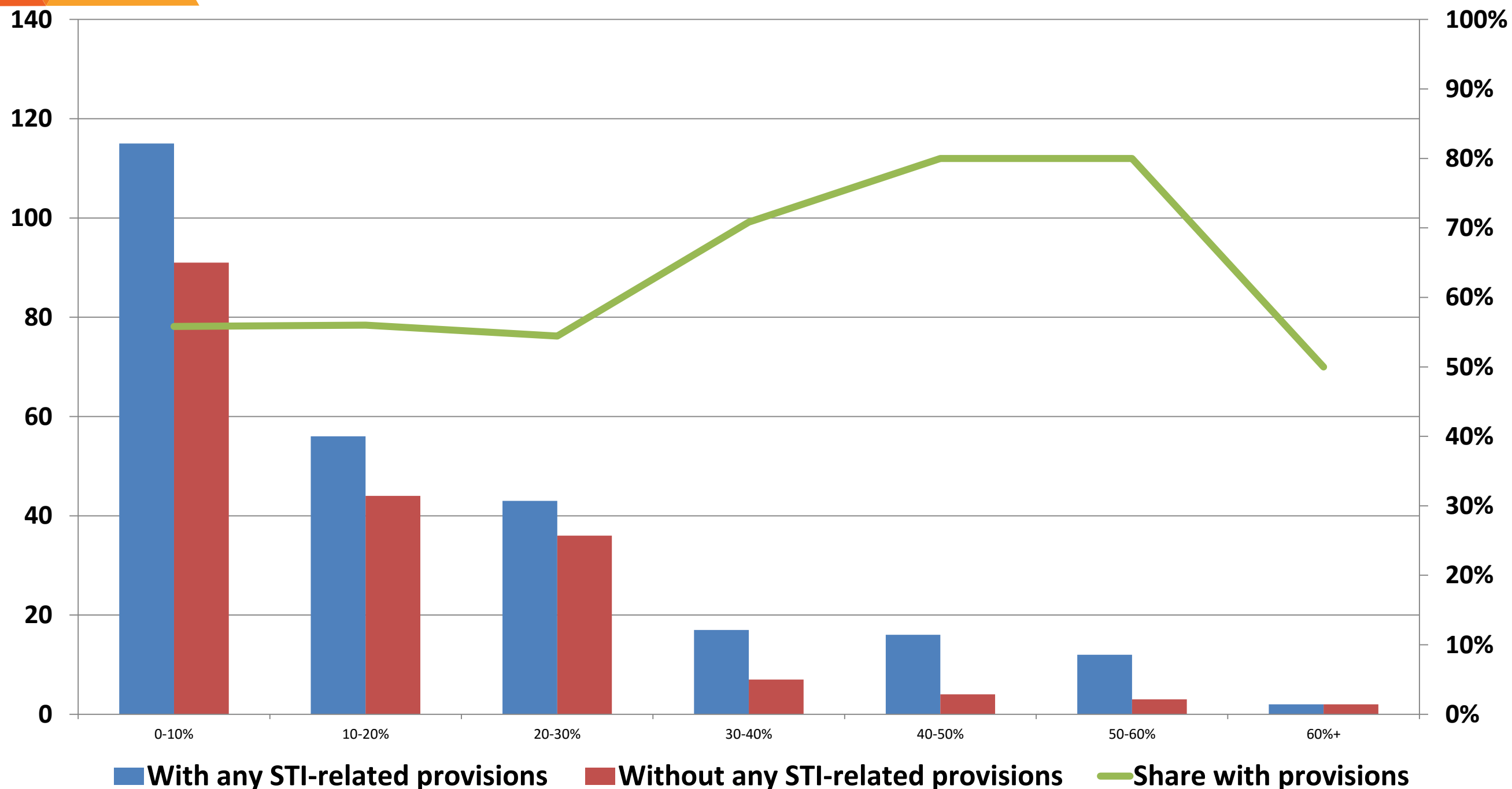
BITs with STI over time



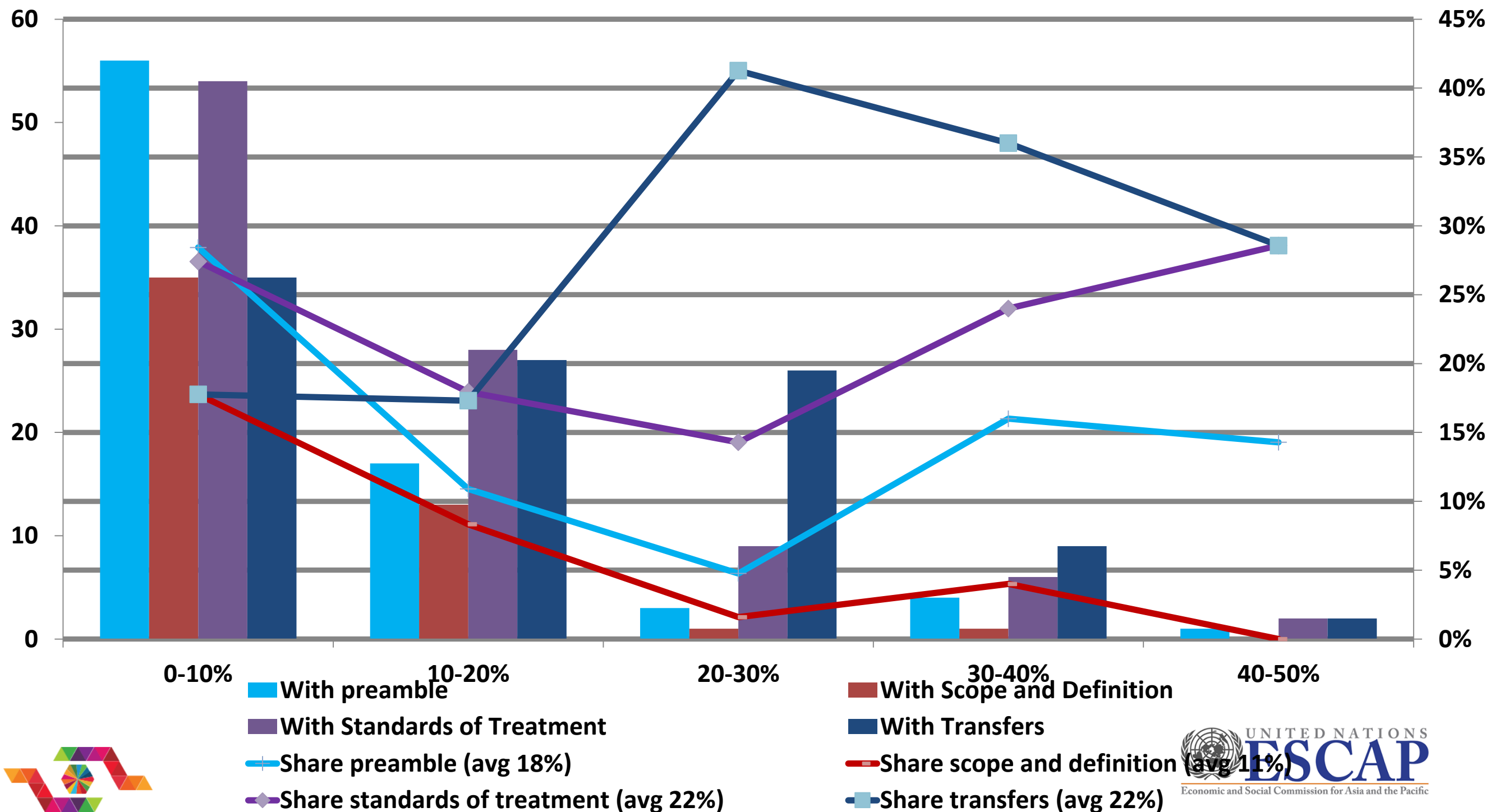
STI Provisions by Partner Income



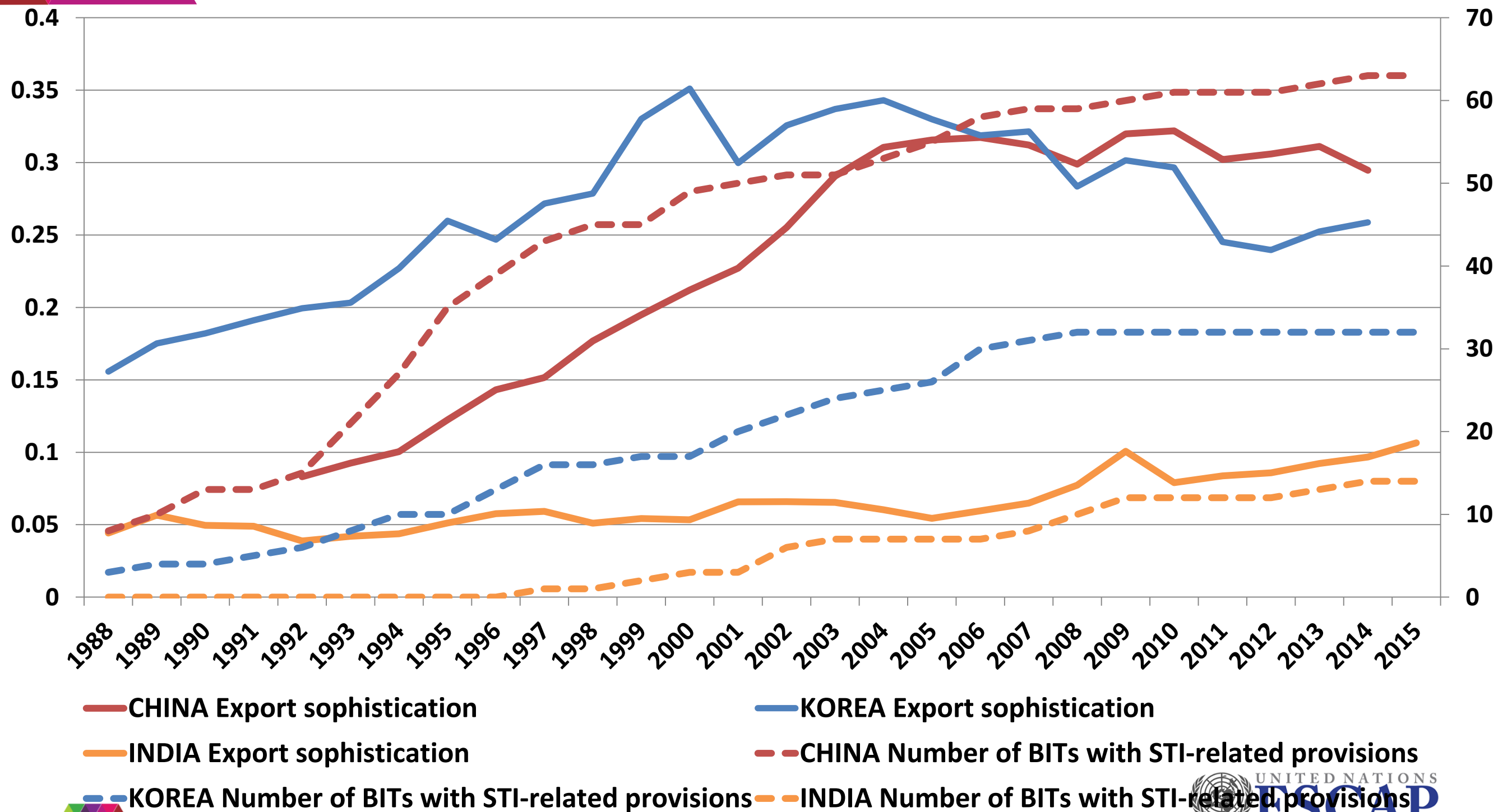
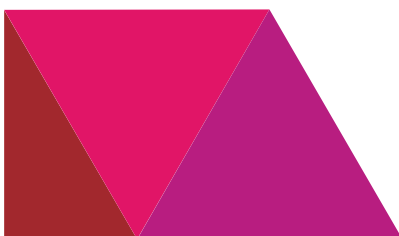
Export Sophistication Gap



STI Provisions and Export Sophistication



Select Economies





Preliminary Conclusions and Next Steps

Preliminary Conclusions:

- A greater variety of STI provisions are increasingly included in BITs.
- Upper Middle Income economies seem especially active.
- Level of export sophistication appears to be negatively associated with the inclusion of STI provisions.

Next Steps:

- Examine correlation (not causation!) across various measures, including domestic policy space will be undertaken.
- Examine in the context of investment provisions in RTAs



Thank you

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<http://www.unescap.org/our-work/trade-investment>

