Globalization and Multilateral Agreement on Investment (MAI)

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Preface

In September 1998 one of the panelists who participated in the symposium entitled "What is Information Society," Jody Williams (a winner of Novel Prize, Peace Award in 1997), criticized furiously the controversial agenda of "Multilateral Agreement on Investment" (MAI) expressing "I have never seen such an obviously arrogant agreement on multinational corporation ever since the unfair treaty was ratified during the colonial era." The reason for Williams' vehement opposition was that according to this agreement, the national government or the local government must treat foreign investors (foreign capital companies) as equal as the local companies. If the government will not grant equal treatment, such foreign investors may break out the dispute mechanism of "Investor vs. Nation" to settle the matter in court and eventually request a "reparation of injury" from the government. Just like the case of "International Campaign for Banning the Mines," where the NGO's took up the issue on their Internet websites, and from this, many sympathizers including the politicians from all over the world started to harbor resentment towards the MAI.

Originally, MAI was an agreement intended to liberalize international investment, which has been discussed at the OECD (Organization for Economic Cooperation and Development) since September of 1995. During the negotiation on MAI, France declared its withdrawal from the negotiation in February 1998. In March of the same year, the European Congress called for major content amendment and Canada as well as New Zealand resolved against this issue at the local congress.

Opposition arose spontaneously among the people and the NGO's all over the world when the terms of MAI, previously considered confidential, were disclosed. Resistance versus "company priority thought" induced global scale solidarity by exchanging information through the MAI opposition movement. In Japan, approximately 17,000 signatures were collected to demand withdrawal of the Japanese government from MAI and enactment of international rules to restrict the multinational corporations' activities by the so-called "People's Forum 2001, Japan." It indicates strong opposition to the content of MAI, which if enacted may allow multinational corporation to pursue borderless, unrestricted free activities that will deprive right of the (1) national, local government unit to implement "social / environmental restriction," "economic policy" and "safety of the people of the developing nations." Such MAI negotiations aimed at more liberal activities of the multinational corporations in the advent of globalization; however, due to strong opposition, negotiations ceased. In the background of opposition movement of MAI, the world market lived on market economy and capitalism to the detriment of growing people's anxiety caused by homogenous world economy attributed to "deregulation" and "globalization." When the international economic environment changes drastically by major migration of capital and investment across border, people voice their economic-social problems that are faced directly. Unfortunately, despite efforts to solve the problem by each government (including the local government unit) it remains uncontrollable due to overwhelming globalization, and because of this people feel the ineffectiveness. Grave concerns are expressed in U. S. and European countries over the liberalization of investment including MAI, and the degrading role of the national government. More than ever, it is with this prevailing condition that subjective participation of people over such historical flow is required most.

I. What does "Globalization" indicate?

The terminology "globalization" has been frequently used since the latter part of 1980's. Particularly in the 1990's, globalization was commonly discussed in the fields of politics, economy, society, culture and others. The initiation of globalization dated back to the 16th -17th century, where it was uplifted in terms of quality during the French revolution and Industrial revolution in England and further bloomed during the Second World War and Cold War. "Globalization" in a narrow sense is a term to express the phenomenon of economy that made man, commodities, money and service travel liberally across borders. In our time at present, globalization is one "proper noun" with the advancement of rapid information technology (IT) after the Cold War.

There are three visions in globalization. These are: worldwide economy, worldwide "modernization" and globalization as "European" or "American" (Yoshinobu Yamamoto 1998). In the advent of megacompetition, such globalization of economy that migrates capital and work force internationally based on free trade and market economy (which is considered one of mankind's greatest innovation) offers the most favorable environment for company competition.

Another universality, which is incorporated in the globalization, is "democracy" which is one symbol of the most convincing social operation system in the world now. It is doubtless to say that "globalization" materializes the two values of "democracy" and "market economy," and the world is now disseminating the idea. On the other hand, "Globalism" is an outsidein theory to focus each nation from worldwide viewpoint, and not a theory to view the world from the problems among each nation like "Internationalism" or "Transnationalism" (Takeo Iida, 1999). This definition may be easier to understand using the example of "Environmental pollution issue" that affects several countries. "Globalization" is often considered identical to that of "Americanization." The United States possessed an overwhelming power after the World War II and became the only supremacy among nations in the fields of information, economy, and military after the Cold War. This indicates clearly the predominance of the "legislative system" in terms of corporate business international transaction. But come to think of "market economy" and "capitalism," these both originated in Europe.

And it is the United States that is trying to disseminate to the world its value of market economy and capitalism based on its honorable reputation that induced destruction of "Totalitarianism" in Soviet Union by fully utilizing state of the art communication technology created by its superb science technology (Seiichi Kondo, 1998).

Such Americanization often faces rejection from countries like France or Canada in the field of culture because of its strong influence. The global economy induces not only the field of finance, or increase of inter-nation trade and investment but also integration of the world economy which may transcend the framework of existing nations and integrate the world market. When this happens, "self-reliance" as well as "territorial integrity" of one nation may be destroyed instead of more "interdependency" be expected. On the other hand, the political and economic systems for people and nation, which are products of modern age, continue to co-exist. Although globalization continues, there are still close political, economic, social and cultural ties all over the world. Despite the domination of market economy after the Cold War, there are problems such as "environment," "food security," and "energy" which can't be solved by market economy. In addition to this, there are production activities and social relationships that are different from the market economy. Some countries even have a different type of market economy. What is important is that when we discuss globalization, we should not forget about integrity, which is the diversification (Ibid., Y. Yamamoto). Perhaps the upcoming genuine "global era" for 21^{st} century is the kind of era in which the ideological framework of individual and national identity, developed in European modern era, will be destroyed and may eventually transcended (Shintaro Fukase 1999). Unfortunately, no one at this time knows what kind of ideology or framework the upcoming world would have nor what value systems in Europe at the final stage of globalization still exists. People adhere to the dream of globalization though they do not even know what would globalization finally bring to mankind, moreover, men are also afraid of what globalization may deliver (Ibid, S. Kondo).

Recently, the French writer Vivian Forestel in her book "Fear of Economy" stated that globalization pulls people into unknown apprehension, and warns the future mankind that in current era, the value of man is not measured by one's dignity but by one's economic efficiency. When globalization becomes more advanced, and more emphasized on the intellectual aspect and accident liability that leads to resurgence of Winner-Loser logic, definitely there will be a loser in the competition and generate more weak people in the society. This will result in the serious social problems of unemployment and crime rate increase aside from income gap, which is typical problem in the United States. High information technology which is described as the Third Industrial Revolution is considered the main spring of present globalization, in which such revolution even replaces the brain of people not only the labor itself. Because of this, an employment problem poses a more serious problem. Therefore, globalization has not only optimistic views but also carries with it negative side and this negative aspect gives warning to people because it may destabilize economic society. With the development of market economy and information technology, man, commodities, money as well as information travel liberally across the border and go around the world. People take this more optimistically, because such advanced technology may uplift the welfare of the people all over the world. On the other hand, with the development of globalization, it may rule out the system of people and nation. So what happens now is instead of traditional players like the nation or companies, the "non-profit organizations" like NGO's and NPO's, LGU (Local government units), media, and even the individuals are the ones making a strong influence on the world economy, industry, and finance. Some European nations and the United States tend to use "trade issues" and "development assistance" as tools to negotiate with developing countries, so that these countries will observe certain labor quality or environmental standard. In reality the "environmentalist group" and the "labor unions" are giving pressure due to the fact that companies from advanced countries take advantage by transferring from one developing country to another to explore lower labor wages and lenient environmental standard in the trend called globalization. Due to these situations, the government must have to listen to the voice of labor union and NGO's and incorporate their voices into government policy, even on matters of trade or economic problems.

Heated discussion has been exchanged in a place like WTO (World Trade Organization), which is considered a multilateral economic negotiation venue, because developing countries express its strong doubt that advanced countries might have been using these issues as their "invisible mantle." On the one hand a monster called "Globalization" is about to rule the world which allows company, money, information to travel across the country without difficulty while on the other hand, it will turn the world lugubrious once an incident such as the Asian economic crisis occurs.

In June 1999, during the "Cologne Summit" (organized at Cologne, Germany) Chancellor Shroeder discussed the issue on how to correspond to the negative aspect of globalization which includes the employment issue in the topic "Globalization" exemplified as a human face, but nothing detailed came out of this discussion. The "identity" of nation and earth are now being questioned (Keishi Saeki, 1999) in line with globalization to offer firm fundamentals to the life of people through market economy.

II. Liberalization of Investment and Anti-MAI Campaign

Presently, regardless of what industry each industry is accelerating the "oligopoly" crosses the border. It is an era in which companies with insufficient business scale and profitability can not survive the world scale business, which accelerates rapidly. In this background, we can observe the globalization of market and rapid progress of technology innovation. In this mega competition era, personnel, commodities, and money cannot be handled by one company alone, which forces industries to go into major merging.

For example, statistics of UNCTAD (United Nations Conference on Trade and Development) reflected the M & A, which crossed countries in 1997 reached 342B US dollars, which was the highest record in the history. Among which, trade worth over 1 (one) billion dollars increased from 35 cases in 1995 to 58 of 1997. Value wise it increased from 59B dollars of 1995 to 161B dollars of 1997. It is the MAI forming activities of OECD to aim literal investment, which is one of the symbols of drastic capital migration. The logic of multinational capitals, which enhances global oligopoly, is very clear. The economic crisis, which took place in the summer of 1997, indicates recovery, picking up from the critical condition.

The Japanese and other multinational corporations are re-focusing the position of Asia including China which shows bluntied growth lately with their world business strategy.

"Oligopoly" always goes along with a wish of major countries to assume supremacy, therefore, behind the term of "global standard" is always a high strategy incorporated (Kazunori Ishiguro, 1998). In the event of next WTO Round, starting from the year 2000, the US is aiming to apply to other countries the competition policy similar to its domestic standard on the service-agreement, while the EU may imply its environmental standard as international standard. Historically, Japan tried to raise the competitiveness of industries on the assumption of the international framework. But now, with delaying of enactment of international rules, such traditional strategies are failing.

Pursuing the efficiency and promotion of competition under "market principles" is the logic of the gigantic multinational corporation itself. During the 1970's different multinational corporations generated problems in each country. Specifically, the expansion of U. S. national companies triggered concerns from European countries. From this time, the voices against regulating multinational corporations became louder. This means, while a certain multinational corporation is located in a territory of one sovereign nation, this company must wait for instruction from the parent company while at the same time listen to other sovereign nations (Raymond Vernon, 1976). As a result, multinational corporations making inroads into other countries created a great tension.

It cannot be denied that when the Cold War became drastic, just to prevent the spread of communism to European countries and East Asia, others used a roll of inroad investment of corporation. And when such investing company had U. S. nationality, tension became greater. Because of this situation, OECD enacted "Guidelines for the Activities of Multinational Corporation" to be disseminated among members so as not to interfere with internal affairs, respect for fundamental human rights, protection of basic labor laws, environmental protection etc. to monitor each other.

According to R. Vernon (Ibid.), the perception of position of major companies within the economy varies upon "attitude," "sensitivity" of nation that is composed of culture and history with specific elements. This clearly expressed using the example of the difference between U. S. and France. The U. S. attitude toward companies is either "completely free condition" or "prohibition" while France explores balance and harmony. The reason why the NGO's and local public bodies in European countries represented by France oppose the MAI is that multinational corporation establishing itself in an other country using MAI tries to control society, culture and economics of the country where they want to put up business (K. Ishiguro). According to Kondo, NGO groups in France prepared and distributed their pamphlets written "L'AMI NON MERCI" ("AMI" is the abbreviation of MAI in French, at the same time, it is considered sarcastic because the other meaning of AMI is "friend"). It is very "French" logic in a sense that they give importance to the tradition and culture to protect sovereignty of the rights of people or environment. In March 1998, "Living People's Network" which is a citizen-oriented political party composed of housewives, proposed and adopted a position paper in relation to the negotiation of MAI unanimously at the Edogawa District assembly in Tokyo.

According to this group, MAI through the liberalization of international investment will give even bigger freedom and authority to either multinational corporations or investors. If MAI will materialize, local government units can not give favor to indigenous industries or local companies, and it can not even give requirements to foreign companies concerning environment or secure employment. The Party also gave an example that even certain banned pesticides can give an international pesticide manufacturer a chance to sue Japanese government because they feel that they were discriminated. Foreign companies may force labor to work under critical conditions to win a world scale competition. Companies, which do not even care about environmental destruction because of the profitability, require more "regulation" than "freedom". In Edogawa District in Tokyo, such agenda is adopted because this district still remains rural agriculture for vegetable and flowers despite its rapid urbanization. Aside from agriculture this district also has many SME's and backyard companies for metal fabrication and plating businesses.

According to Ishiguro, during the 1960's and 70's people looked at foreign investment "antagonistically" and "alertly." During that time not only the U. S. and Britain but also European countries considered that harmonious relation is so difficult to obtain for the profitability of multinational corporation and the profitability of the nation or region (Laurence G. Franco, 1976). But for now, their views have changed to "friendly" and "amicable." For this point Ishiguro is stressing that it is not the multinational corporation which will be regulated but the nation is the one being controlled in the discussion of liberalization of trade and investment. Therefore Ishiguro further stresses, such exchanging paradigm must be given injunction and in the process of pursuing liberalization of trade and investment, not only efficiency but also fairness must be considered.

The position paper of Edogawa District also states that government should be very careful on how to correspond to the negotiation of MAI, because under MAI a few companies may destroy the socially weak people and even life of people in developing countries through sacrificing environment or employees in order to obtain lower price from liberalization.

Under the rapid globalization in the 1990's, sovereign nations were greatly influenced by market economy through enlargement of international market, increase of either direct investment or liberalization of finance capital not only on trade and investment, but also on reduction of duties, and deregulation. Not only the people from Europe or U. S. but also the regional society from all over the world are expressing their concerns and urging the formation of new paradigm which is more diversified to even incorporate humanity and culture within it. In the recently published *'The Myth of Global Corporation'* it says "If nation can be described as systematic structure or political organization, even it becomes a mega global corporation, its basic structure can only be influenced or determined by the system and characteristics of each member country" (Paul N. Doremus, Louis W. Pauly, William W. Keller 1999). This new vision expresses doubt over the international economic system, particularly clarifying the element of multinational corporations which has a tendency to suppress the globalization. It is the insistence of each country to reiterate particular historcal system reflecting the culture and ideology that determines the domestic structure and that therefore, even as each country becomes part of globalization, its domestic system should not be influenced by the global corporation. This example is given from the Japan—U. S. structural negotiation in the 1980's. The U. S. claimed that "Japan must change its social structure or culture, if such elements become the cause of restricting market activities across the border." Thus, instead of giving priority to each country's social system, the U. S. position is that universal market activities must be given more priority. Issues over globalism throw us opportunities to divert the thought over economics.

III. The collapse of MAI

Different methodologies were applied recently for the legal framework preparation of overseas investment liberalization. In such time, suddenly the OECD stopped pushing for the binding negotiation of the MAI in December 1998. A representative of OECD expressed a short statement that "We abandoned the continuation of MAI negotiation" on December 3. It had been three and a half years since May 1995 when they declared the start of negotiation. This negotiation was intended to liberalize more the activities of multinational corporations, however, the negotiation was wrecked due to the opposition of NGO's. The difference between the "Bilateral investment agreement" and MAI is that the "Bilateral investment agreement" is intended to protect the assets while MAI was intended to abolish investment restriction. The MAI was supposed to push through to "abrogate" immigration requirements and nationality agenda, and required duty to the country accepting investment to treat the multinational corporation equally without domestic and or international discrimination and preferentially including in case a national corporation would be privatized and required investment. The MAI would also give the multinational corporation authority to file a case versus opponent government directly, and if this materialized, multinational corporation was supposed to obtain lethal weapon through M & A across the border.

The MAI negotiation would involve high level liberalization and effective countermeasure procedure for the dispute over the investment protection. At the same time, it would be open for non-member countries to aim for integrated multilateral investment framework preparation.

From the start, there have been different views among Japan, Europe and U. S., and as a result, the negotiation period has been extended for many times and faced rough sailing. At a certain point the minister's meeting no longer set the time frame even extending the negotiation. The OECD determined a slim chance for the MAI to be enacted. During this meeting, France all of a sudden urged the cessation of MAI negotiation, which shattered the discussion into pieces. It was also this time when the cabinet board meeting clearly stated that OECD member countries would endorse the work of WTO for the investment agreement setting. At this point, people paid more attention to the WTO's "Working group in relation to trade and investment." The U. S. urged that there should be no commitment time for negotiation and it was agreed upon, while adjustment went on between EU-Canada which wanted to shift the ground of investment agreement negotiation to WTO as soon as possible and the U. S. which is passive on this issue. As a result, the following consensus has been decided upon.

(1) The OECD member countries will endorse the work of WTO from now on.

(2) The work of WTO and MAI will proceed side by side.

Both OECD and WTO will discuss side by side the issue of investment agreement because as of this time, there is no negotiating venue for the investment agreement setting of WTO. Consequently, significant issues from now on will be substantially discussed at the WTO.

Trade ministers from four continents agreed to promote the WTO operation understanding, as the result of OECD cabinet board meeting during the "Four Continent Ministerial Summit." During this summit, the importance of direct investment was reconsidered as a lesson from the Asian economic crises. Each minister agreed the necessity to set the rules, which can be forecasted, for direct investment. It was October 1998, when France Prime Minister Lionel Jospin declared the withdrawal of the French government from MAI, which served as the trigger for the OECD to abandon negotiation with MAI. According to Prime Minister Jospin, the bottom line of MAI is that it protects so much the profit of investors that sovereign nations may subjugate to the private companies, which is unacceptable.

Just like France opposed to the MAI negotiation because of the fear that inroads by major corporation in other countries may give bad influence to "French culture," other European countries endorsed this thought. These movement became the background to stop negotiation. Some point out that this is an indication of more concerns of the civil society from Europe or United States. Apparently, this indicates that civil society's influence becomes greater (Seiichi Kondo, 1999).

On the other hand, social systems and company management are about to be diverted to European countries, where there is respect for welfare of people and human rights giving emphasis to man-centered labor process and not much interest on pursuing economic efficiency.

Represented by strengthening of EU and integrated currency "Euro," to respond to the economic challenge of Japan, and the U. S., European countries are facing major historic change to efficient prioritized society (Yoshikazu Kageyama, 1999). For the European citizen and society, they have been protecting traditional society based on human welfare and environmental improvement and for such people MAI is the symbol of the negative aspects of globalization. This is due to the fact the content of MAI stipulates that investors can sue the investment-accepting country, and can argue in the court under the arbitration of a third party ("Investors-Government procedure"). It also contains that investment-accepting countries can not enact a certain responsibility as part of investment condition (such as the government requires investors to procure local parts, export duty, employment of local people etc.) which is considered as performance demand (Shinichi Tania, Naoki Ohkubo, 1998). Such rules alerted the people in Europe because once there will be such rules implemented, the foreign investing companies may take over the role of government which will affect the effective economic management of one sovereign country to protect it's life and culture.

Environmental NGO's voiced its concern over this negotiation because the present and upcoming environmental regulations may affect the liberalization of investment, and the potential amendment of good environmental laws may degrade the environmental situation.

It is an amazing contradiction that citizens of different countries utilized the "Internet," which is a byproduct of globalization to exchange information with each other, to increase the opposition members of MAI. So far, the province of British Colombia, Suskatoon City, Montreal City, Toronto City Congress in Canada, Berkeley City, San Francisco City of California in U. S., Oxford City in England, Edogawa District Ward Assembly in Japan have adopted to voice this opposition against MAI.

IV. Investment liberalization and investment agreement negotiation

During the internationalization of corporate activities in recent years, investment liberalization and investment agreement negotiation to ensure "International rules" in relation to investment becomes one significant issue. When corporate activities become borderlesss, international economic relation changes from simple import / export of goods to co-existing with various trade channels. This is because liberalization of trading goods can not assume efficiency of capital allocation. Observing this situation, the WTO meeting in Uruguay about control of foreign capital became the agenda for the first time, which led to agreement such as TRIM and GATS. Unfortunately, even the agreement like TRIM presents limited and specific issues such as "local content demand," "demand for equalizing export-import," "restriction of foreign currency utilization," "prohibition of domestic sales" etc. and there are no overall rules and framework. When we observe direct investment, which has a strong link with practical aspect, it demonstrates that all countries have no restriction on domestic investment. Regulation itself varies according to the country.

When companies from advanced countries push external direct investments, countries from developing nations directly encounter obstacles and because of this there is a necessity for international investment rules which will accelerate and strengthen investment protection. In the 1980's, developing countries and moderate developed countries more or less followed the path of liberalization in terms of "foreign capital policy" in the framework of foreign investment. Some countries experienced "chaos" of industries and labor because the government tried to link investment and duties just to invite foreign investors.

To avoid the above-mentioned problem and reduce domestic chaos, some tried to amend the foreign capital laws in their country. However, they found it difficult to succeed in this because of the contradiction between industrial policy and the proposed amendments, reliability of foreign investors to the country, and competition with other countries which also invite investment.

This is the reason why the supplementation of international agreement becomes necessary (Masao Sakurai, 1999). Different methods have been applied in recent years for the preparation of a legal framework of foreign investment liberalization. There are two types of regulation for the direct investment: that which may apply to investment itself or that which regulation applied after the investments have been made. Regulation to direct investment itself restricts the inroads of specific industries into the country, capital restriction or location restriction. For the latter type of restriction, such companies are usually being discriminated against in terms of taxation, employment, export / import incentives, which is exemplified by "local contents demand," "export demand," and some countries even applied "seizure" or "expropriation" conditions. Some people considered that rules / regulations on investment must be set voluntarily by each country because they also use this regulation domestically. In case of developing countries, some say certain reserves must be recognized for the economic development, although principally investment may be liberalized.

In any case, it is obvious that the welfare of the third nations is being damaged due to distortion of the efficient resource distribution, which must be originally decided by market mechanism (Fukushige Kimura, 1998). Specifically in the developing countries, problems with transparency in the application of regulation, countermeasures on dispute, and accepting illegal money may occur. Because of such reasons, preparation of certain international rules becomes necessary. For advanced countries, from the view of securing market access to developing countries, they are more or less in favor of the preparation of investment rules. On the other hand, developing countries recognize the necessity of certain rules but at the same time they are on the alert to the sense that once investment may be liberalized, inroading foreign investors may monopolize the industry in the country or these companies may even obtain the management rights to develop the country.

It is indeed necessary to set multilateral and diverted investment agreements. However, at present, there is no such written agreement among multilateral nations in relation to investment. That is why many of investment rules are set bilaterally, by few countries or regional bases. According to the UNCTAD, among 162 participant countries, there were 1,310 cases of bilateral agreement in early 1997. For the regional base, EU, NAFTA, and ASEAN have already existing certain investment rules. Even for APEC, is proceeding with the principle of non-binding liberalization of investment. To summarize APEC's content: (1) the country which accepts investment will regulate, promote, protect and encourage foreign capital inroads. (2) Investing countries request liberalization, protection, encouragement and procedure to solve dispute in the country which accepts investment unilaterally. (3) Based on the "mutualism" between investing country and investment accepting country, ensuring liberalization, protection, encouragement and procedure to solve disputes.

To obtain the above premises, there are two forms. (1) Include investment-related regulation in the trade-related documents and (2) Try to link trade and investment directly. The problem is, when there are too many "investment rules" set among two countries or regional bases, adjusting different rules and regulations becomes difficult. Consequently, it may become the cause of another economic dispute. During the WTO's Ministerial meeting in Singapore in December 1996, it decided on "Working Group on Relationship between Trade and Investment." In the paragraph of declaration of the Ministerial meeting, it was stated that "under the present WTO's investment issues including TRIM's agreement and competition policy and other agenda confined to such field are considered. And based on understanding the work or negotiation in the future whether this may or may not be implemented, we are to agree on the following: We will set Working Group on Relationship between Trade and Investment."

During the Ministerial Declaration in December 1998, the declaration incorporated a 2-year continuation of the above Working Group. It will be up to the next Seattle Ministerial meeting in November 1999 whether to include or not the "investment problem" in the new round's content. And if there will be a negotiation in the WTO for the preparation of new framework in relation to investment problem, it may be one which is a more integrated version which is close to that of ensuring multilateral investment rules. Japan wrapped up 11 different field content including how to set investment rules in the next trade liberalization negotiation agenda in WTO on July 1999. The U. S. is very much interested in open market in the field of agriculture and service industries, in which they are dominant. However the U. S. does not want to include agreements of investment rules. But Japan and the EU are in unison to include as varied fields as possible including agriculture, service industries and investment rules for the upcoming WTO negotiation. Japan aims to take the leadership by cooperating with the EU and include ASEAN (Association of the South East Asian Nations) to compete with the United States. Japan opposes the issues of foreign investing corporation to have rights to directly prosecute other government in the investment rules, and aims to prepare rules, acceptable to developing countries, which are less aggressive in setting investment rules. By this, Japan attempts to emphasize to developing nations that such investment rules and promoting investment from advanced countries can create a bottom-up economy of the developing nations.

It cannot be denied that there is insufficient consideration from advanced country to the developing countries to prepare the investment framework smoothly.

V. conclusion

WTO is planning to take up the issue of Investment liberalization as one agenda in the upcoming multilateral trade negotiation round with the participation of the developing countries. However, it is imperative that strategy must be reviewed and amended because of the failure of MAI.

During the "Subcommittee Workshop on Investment and Trade" of WTO in November 1998, EU countries tried to take up the agenda to negotiate on investment agreement, but India and other developing countries opposed strongly. This is because developing countries like India and others that export manpower claim that "If we are to recognize the liberal activities of multinational corporation, the developed countries must also recognize the migration of labor forces." Ironically, advanced countries defy the acceptance of simple workers. Even the investment liberalization itself will backward to unexpected content from the original MAI. Some developing countries and country like U. S. which already have existing high level bilateral regional agreement do not wish to join MAI simply because the U. S. does not want such high-level agreement to degrade. Therefore, it is the future agenda for the parties who want to push through with the "Investment agreement enactment" to take in the U. S. and some developing countries. "Globalization" is a world integration through expansion and deepening of market economy, and is usually the market logic, democratic procedure, and small government which rules (world standard) the world

These are universal values for the mankind, and such flow of the world is irreversible. The more perfect market the people establishes, the more drastic violence in the market may be observed. Only one player wins in the game called economy, and income gap becomes greater. We need to furnish the countermeasure for those who may lose in the competition upon amending either the systems, or for those who can't even participate in the competition. Some people resist strongly to the globalization, because they think the traditional culture is still important. France didn't join the negotiation of MAI due to the conviction that "MAI will just assist the cultural invasion of U. S. and other multinational companies."

The theory that gives emphasis only on market logic and supply side (company side) brings into relief the other visions which give importance to social fairness and impartiality (K. Ishiguro 1999). On the other hand, the citizen's group, environmentalist group and NGO's urge the necessity to consider totally different international investment rules from different points of view. James D. Wolfenson, the governor of the World Bank said, "the framework which everyone on earth takes role upon setting the world's common rules and standard, is just like each country function contributing to the world ... However, it is also important for the security of each country" to tell others what should international society do to avoid world economic crisis.

I believe that the starting point to manage the world economy, which changes rapidly under globalization, good balance, is for us to establish new system (paradigm).

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