



## DECLARATION ON INVESTMENT PRINCIPLES

*The BRICS Business Council members,*

*Considering* the Declaration on the establishment of the BRICS Business Council that stated its mission of identifying problems and bottlenecks to ensure greater economic, trade and investment ties among the BRICS countries and recommending solutions accordingly,

*Welcoming* the commitment of the leaders of the BRICS countries to raise the economic cooperation to a qualitatively new level with a view to intensifying trade and investment flows among BRICS countries as well as between BRICS and other partners around the world, according to the Fortaleza Declaration and Action Plan adopted in the Sixth Summit 2014,

*Applauding* the adoption of the BRICS Trade and Investment Plan during the Sixth Summit 2014 which stated as principles - transparency and awareness; simplification and efficiency; consistency and predictability; communication and consultation; and cooperation and harmonization -, and provided a menu of suggested actions for the BRICS members with the aim of further advancing the work in the area of trade and investment facilitation, taking fully into account the economic diversities among BRICS members,

*Acclaiming* the adoption of the BRICS Perspective on International Investment Agreements adopted in the Sixth Summit 2014 which recognized that foreign direct investment can make a positive contribution to sustainable development when integrated into national development strategies, including, among others, technology transfer, skills development, enhanced research at the national level, and the establishment of stronger supply chains between domestic and foreign firms,

*Recalling* that the leaders of the BRICS members recognized the mandate of the United Nations Conference on Trade and Development as the focal point in the United Nations system dedicated to consider the interrelated issues of trade, investment, finance and technology from a development perspective, and recognizing the relevance of the Investment Policy Framework for Sustainable Development to facilitate the development of a new generation of investment policies and to make investment work for sustainable development and inclusive growth,

*Emphasizing* the importance of promoting domestic environments that are conducive to attracting foreign investment including stable growth, adequate infrastructure, adequately developed human resources, and protection of intellectual property rights,

*Aware that* the BRICS countries are both sources and recipients of foreign investments, and that the investment flows among them have potential to be improved considering their sectoral compatibilities and the adoption of facilitation and cooperation initiatives by the governments,

*Claim* for the leaders of the BRICS countries to prioritize the initiatives related to investments facilitation and cooperation in the BRICS agenda,

*Adopt* the following Declaration on Investment Principles aimed at contributing to the implementation of the BRICS Trade and Investment Plan, especially in the area of investment:

## **1. Transparency and awareness**

- 1.1. Investment policies should be developed involving all stakeholders, and embedded in an institutional framework that ensures transparent procedures for investors;
- 1.2. All laws and regulations pertaining to investment in the BRICS countries should be publicly available in a prompt, transparent and readily accessible manner;
- 1.3. Justified health, safety, labor, and environmental regulations in domestic laws and their updating should be informed in a timely and transparent manner.

## **2. Facilitation**

- 2.1. Investment policies and domestic frameworks should ensure efficient procedures for investors;
- 2.2. The BRICS economies should strive towards easier transfer of funds related to foreign investment, such as capital contributions, profits, dividends, royalties, loan payments and liquidations, in freely usable currency;
- 2.3. Business travel facilitation should be a priority for the agenda of the BRICS economies. Facilitation of business visas issuance and airport entry procedures is of crucial importance;
- 2.4. Acceptance of foreign investment is facilitated when foreign investors abide by the host economy's laws, regulations, administrative guidelines and policies, just as domestic investors should, and when investors take into account best international practices of corporate social responsibility and good corporate governance.

### **3. Consistency and predictability**

- 3.1. All policies that impact on investment should be coherent at both national and international level;
- 3.2. The BRICS Business Council members affirm:
  - (a) the importance of ensuring consistent interpretation of laws, regulations, administrative procedures and policies governing foreign investment, as well as prompt, transparent licensing and approval processes, coordinated across all levels of government;
  - (b) the relevance of extending to investors, from any economy, treatment in relation to the management, operation and disposition of their investments that is no less favorable than that accorded to investors from any other economy in like circumstances, without prejudice to relevant international obligations and principles;
  - (c) with exceptions as clearly provided for in domestic laws, regulations and policies, the need of according to foreign investors in relation to the management, operation and disposition of their investments, treatment no less favorable than that accorded in like circumstances to domestic investors in accordance with each party's international obligations;
  - (d) the use of investment incentives which distort fair competition within or between BRICS countries or which are inconsistent with these principles should be avoided, with limited and justified exceptions;
  - (e) the BRICS countries should endeavour to avoid double taxation related to foreign investment.
- 3.3. The BRICS countries should reaffirm their commitment of not expropriating foreign investments or taking measures that have a similar effect, except for a public purpose and on a non-discriminatory basis, in accordance with the laws of each economy and principles of international law, and against just and equitable compensation, reflecting a balance between the public interest and the interests of those affected.
- 3.4. Laws and regulations for the protection of intellectual property rights and mechanisms for their enforcement should meet the minimum standards of international treaties that BRICS countries adhere to and encourage innovation and investment.

### **4. Communication and consultation**

- 4.1. The focal point (ombudsman) for the purpose of supporting the investors from the BRICS countries could be established in a comprehensive perspective. Each

BRICS country should indicate the national body which will be in charge of: interacting with the other BRICS countries' ombudsmen; providing information related to investment; receiving suggestions and complaints from BRICS governments and investors and monitoring their developments; and acting in preventing and facilitating the settlement of investment related disputes.

- 4.2. The BRICS countries should formally recognize the advisory role of the BRICS Business Council in facilitation and cooperation on investments issues.

## **5. Cooperation**

- 5.1. The BRICS countries should cooperate in order to minimize regulatory and institutional barriers to the flow of investment among them.
- 5.2. The BRICS countries and the private sector should cooperate for the settlement of disputes arising in connection with a foreign investment through alternative mechanisms or, failing this, through procedures for settlement of disputes in accordance with international commitments or through other acceptable procedures.
- 5.3. The BRICS countries should endeavour their best efforts in order to identify specific issues to promote initiatives and specific measures of cooperation and facilitation in the area of investments between their economies.
- 5.4. The BRICS countries should engage in dialogues on their domestic investment policy and international investment rules.

Ufa, 8<sup>th</sup> July 2015.

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