

Ombudsman Shares Knowledge at SelectUSA Roundtable



Last week 'SelectUSA' convened its 2017 Annual Investment Summit. The Meeting was held in Washington D.C. during June 18-20 and was attended by more than 2,500 people including government officials and business men. Participants were not only from the United States but also from many other parts of the world.

SelectUSA invited me as a special guest to speak about the role of Korea's foreign investment ombudsman and its success stories. I talked about Korea's FDI policy and aftercare services to foreign-invested companies. Also, I argued that any country receiving FDI, regardless of whether it is an advanced or developing country, needs to have an ombudsman system.

Having discussed various FDI issues with the roundtable participants, I have learned some special features about SelectUSA. It is the premier federal investment program designed to promote

and facilitate foreign direct investment into the U.S. Its principal aim is to substantially create jobs through increased exports.

SelectUSA was founded in March 2007 under the original name 'Invest in America'. It was established to promote the U.S. as a destination for FDI. It supports foreign governments, foreign investors and state governments in their efforts to attract FDI into the United States. Additionally, it serves as the ombudsman in Washington, D.C. for the international investment community.

SelectUSA widely publicizes the strong investment qualities of the country and urges global investors to select the U.S. for investment. It proudly points out the nation's merits such as transparent and stable business environment, predictable legal system treating all companies equally and a huge consumer market with a population of 325 million. Most notably, its workforce is well-educated, produc-

tive, innovative and mobile.

Despite all these merits for investment, the U.S. was not the top country in the ease of doing business ranking. According to the World Bank's 2016 assessment, it ranked 8th. In order, the top 10 countries in the ranking are New Zealand, Singapore, Denmark, Hong Kong, South Korea, Norway, the UK, the U.S., Sweden and Macedonia.

This is a result of using different criteria developed by the World Bank's research team, which measures the degrees of regulations in 11 areas. These categories include various factors, including starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation. They use data reported from more than 130,000 firms in 139 economies.



Comparing the two approaches taken by SelectUSA and the World Bank, one can see that SelectUSA focuses on the provision of non-discriminatory benefits to investors whereas the World Bank tries to measure the degrees of regulations affecting foreign investors. The World Bank's assessment of the ease of doing business is critically affected by the host country's discriminatory incentives and aftercare services given to foreign investors.

In general, advanced countries like the U.S. would not provide discriminatory benefits to attract foreign direct investment like developing countries. However, the hosting country should compensate the foreign investors for unjustifiable grievances they suffer from.

Foreign-invested companies unexpectedly encounter numerous difficulties and problems due to lack of local information, difficult communication and different interpretations of the laws between two different agencies of the same government. It is imperative that while advanced countries should present non-discriminatory benefits to investors, they should

provide foreign investors with proper aftercare services to compensate for their grievances.

Nowadays both advanced and developing countries have a number of tasks to focus on, including keeping the GDP growth rate stable and creating jobs. To fulfill this task, they should strive not only to attract foreign direct investments but also to keep them for a longer period.

Most of all, building trustworthy human relationships is most important. It is worth remembering, "Programs are programs but programs become successful because of people." This quote is from the welcoming statement made by Fred Volcansek, Executive Director of SelectUSA. The number of foreign investment ombudsman in the world is still very small. There is no doubt, however, that their collaboration and cooperation with SelectUSA will bring about much increased benefit to all the countries involved.

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Who is the Ombudsman?

The Foreign Investment Ombudsman and his grievance resolution body collect and analyze information concerning problems facing foreign firms, request cooperation from relevant government agencies, propose new policies to improve the foreign investment promotion system and carry out other necessary tasks to assist foreign-invested companies in resolving their grievances.