



UNCTAD High-level International Investment Agreements (IIA) Conference 2018

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The last few years have been challenging for trade and investment practitioners and policy makers. For Israel, which functions as an island like, services oriented economy, highly dependent on international trade and investment it was even more challenging. The world of trade and investment is shifting and states have to adopt. States must take advantage of the opportunities this change is bringing. Any backlash in international trade and investment policies, any new barriers to trade and investment in one side of the world can create new opportunities in the other side. That is why economies, especially medium and small sized ones must use change for their advantage. National policies must take into account recent world trends and try to leverage change into a positive outcome.

Israel has been taking several steps to improve its trade and investment policy and performance.

2017 marked a great change in Israel's IIA policy as it signed its most advanced BIT to date with Japan. This highly advanced treaty has already benefited both states and has brought to a dramatic increase in the bilateral investment flows between the parties.

Israel has also taken actions to modernize its stock of IIAs including negotiating amendments to exiting treaties, negotiating comprehensive trade agreements that would replace existing treaties and pursuing cooperation with other states on the subject of joint treaty interpretations. That is, Israel has chosen a hybrid path in modernizing and advancing its IIA regime. One solution does not fit all existing treaties. Thus, a hybrid policy better suits the needs of the state.

Another aspect of modernizing its IIA regime, which correlates to the current world trend and to UNCTAD's roadmap, is introducing novelties in ISDS that provide a better and clearer ISDS framework, thus providing states and investors more certainty and predictability and increase the public legitimacy of the system.

It seems that reforming the ISDS would take a bigger role in the next few years, side by side with the modernization and update of the basic rules and definitions included in IIAs to fit the needs of states, investors, international critics and public demand.

It is an exciting time to practice Trade and Investment.