

Collapse of the Multilateral Agreement on Investment (MAI) (1997)

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Description The Multilateral Agreement on Investment (MAI) was initiated by the Organization for Economic Co-operation and Development (OECD) in 1995 with the hopes to increase investment flows among nations. The agreement called for the protection of investors, ensuring that discrimination and other disruptive government practices in foreign nations would not occur. Antiglobalization activists found this to be quite disturbing. The "national treatment" and "most-favoured nation" clauses were at the core of the MAI and they garnered the most opposition. Anti-MAI groups argued that the sovereignty of individual nations would be jeopardized by the "national treatment" clause, preventing governmental discretion and performance standards. It was also feared that the "most-favoured-nation" clause would not allow action to be taken against nations and companies that violated human rights and environmental standards. Opponents further argued that the treaty was one-sided, stressing the rights of investors over citizens and nations. What this entailed was a subordination of local sovereignty and autonomy and a shift of power to transnational corporations and their interests.

Opposition to the MAI was vast. After the organization Public Citizen published a draft copy of the MAI online in February of 1997, a grassroots movement began. Protesters took to the streets in demonstrations organized through electronic communication. Antiglobalization activists and non-governmental organizations found themselves becoming transnational in nature — in the words of Stephen Kobrin (1998, 104), "an electronically networked global civil society."

Local governments in Toronto, San Francisco, and Houston passed opposing resolutions. The French government was the first nation to officially pull out of the MAI, partly as the result of pressure by anti-MAI organizations in France. The OECD eventually suspended negotiations for six months, but talks never resumed. The agreement, it was argued, had lost its significance, as many felt that it merely replicated existing laws and policies with measures that detracted from its main goals of liberalizing investment policies. Many exceptions had also been added to the agreement, as the talks had progressed. Significantly, the failure of the MAI showed the increasing lack of support for globalization agreements by various groups, along with the inability of industrialized nations to come to solid agreements in the area of trade and investment.

Work Cited: **Kobrin, Stephen J.** 1998. The MAI and the clash of globalizations. *Foreign Policy* 112 (Autumn): 97-109.

Suggested Reading: **Thomas, Janet.** 2000. *The battle in Seattle: The story behind and beyond the WTO demonstrations*. Golden, CO: Fulcrum Publishing.

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