

## Public-Private Dialogue on Improving the Investment Climate for Global Value Chain Development

28-29 April 2016, Kuala Lumpur, Malaysia

### Objectives

- 1) To explore trends in investment regimes in the APEC region and compare with investment regimes in other parts of the world, including on the investment measures or incentives undertaken specifically to facilitate and promote GVC development and cooperation;
- 2) To identify regulations and standards that impede investment in the region and consider ways of addressing these issues, including measures that promote effective investment facilitation and improve the investment climate for GVC development; and
- 3) To provide a forum for shared experiences and lessons learned for economies that have already implemented investment facilitation measures and policies in line with best practice.

### Introduction

As reaffirmed by Ministers Responsible for Trade at their meeting in Boracay in May 2015, investment liberalization and facilitation is important in fostering economic growth in the APEC region. Investment is integral to the promotion and development of GVCs, and thus improvement of the investment climate is an important priority for APEC. APEC has adopted investment-related rules and principles such as the APEC Non-Binding Investment Principles, the APEC Investment Strategy and the APEC Investment Facilitation Action Plan (IFAP). While there has been some progress toward implementing IFAP principles, more can be done to improve the investment environment in the APEC region, for example through enhancing transparency of investment regimes and encouraging free and open investment.

The 2013 report by the APEC Policy Support Unit (PSU) on IFAP implementation progress demonstrated that APEC economies have been magnets for foreign investment over the last decade, attracting over \$4.8 trillion from global investors. Foreign firms remain positive about the APEC region, announcing over \$330 billion in new investment in the last two years and citing growing markets and close proximity as their primary motives. Foreign firms believe that the benefits of investing in the Asia-Pacific region outweigh the costs and risks of doing so, decisions made easier by a more transparent, accessible investment climate facilitated by the eight principles laid out in the IFAP agenda.

On the other hand, there is still work to be done to improve APEC economy investment climates. The 2014 APEC Bogor Goals Progress Report stated that, “for investors, there is a perception that the investment environment has not changed much, or it has worsened, due to persisting investment barriers in some sectors”. This public-private dialogue (PPD) will provide an opportunity to identify ways of addressing these barriers.

At the APEC Economic Leaders’ Meeting (AELM) in Beijing in November 2014, Leaders endorsed the “APEC Strategic Blueprint for promoting Global Value Chains (GVCs) Development and Cooperation (GVCs Strategic Blueprint)”. In it, APEC Leaders recognised the importance of adopting and maintaining laws, regulations, and practices that facilitate investment, and reaffirmed the importance of continued efforts to improve the investment climate in the APEC region.

Under the Committee on Trade and Investment (CTI) Friends of the Chair (FotC) on GVCs 2014 work plan, Japan is leading work stream six: ‘Improve the investment climate for GVCs development’. At CTI 1 in Clark in February 2015, Japan put forward a work plan to conduct an APEC-wide Survey and to develop an Action Plan. As proposed by Japan, three regional groups were formed for the purposes of convening PPDs on challenges and measures for improving the investment climates in those sub-regions. Australia agreed to convene the PPD for Group Two consisting of ten economies, namely Australia, Brunei, Indonesia, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Thailand and Vietnam. This PPD is a direct contribution to taking forward the implementation of the investment climates work stream under the GVCs Strategic Blueprint. The results of the PPD, consisting of a written report and recommendations for follow-up policy initiatives, are

intended to inform both the Survey and Action Plan.

The Survey will be conducted with a view to helping APEC economies 1) implement sound investment strategies which deal with investment applications expeditiously, fairly, and equitably; and 2) facilitate investment through creating and maintaining transparent and sound administration procedures that apply for the lifetime of the investment, as stipulated in the GVCs Strategic Blueprint.

This public-private dialogue is funded by the Australian Department of Foreign Affairs and Trade.

<b>DAY ONE: 28 April 2016</b>	
Shangri-La Hotel, 11 Jalan Sultan Ismail, Kuala Lumpur	
<b>8.50am – 9.00am: Registration</b>	
<b>9.00am – 11.25am</b>	<b>Session One: Welcome and Introduction</b>
<b>9.00am</b>	<b>1.1 Welcome and Introduction (20 mins)</b> <ul style="list-style-type: none"><li>➤ Heath McMichael, APEC Branch, Department of Foreign Affairs and Trade, Australia</li><li>➤ Doug Brooks, Principal Research Fellow, The Australian APEC Study Centre at RMIT University</li></ul>
<b>9.20am</b>	<b>1.2 Assessing trade patterns in global value chains - obstacles and the scope for improvement and using data to inform investment policy (20 mins)</b> <ul style="list-style-type: none"><li>➤ Doug Brooks, Principal Research Fellow, The Australian APEC Study Centre at RMIT University</li></ul>
<b>9.40am</b>	<b>1.3 FTAs (AANZFTA, TPP, RCEP), GATS, AEC and their effects on global value chains and investment regimes (35 mins)</b> <ul style="list-style-type: none"><li>➤ Michael Plummer, Johns Hopkins University, Bologna</li></ul>
<b>10.15am – 10.50am: Group Photo then Morning Tea</b>	
<b>10.50am</b>	<b>1.4 Link between foreign direct investment and global value chains (20 mins)</b> <ul style="list-style-type: none"><li>➤ Akhmad Bayhaqi, Senior Analyst, Policy Support Unit, APEC Secretariat</li></ul>
<b>11.10am</b>	<b>1.5 Open discussion (15 mins)</b>
<b>11.25am – 12.50pm</b>	<b>Session Two: Industry Insights Dialogue</b>
<b>11.25pm</b>	<b>2.1 Focusing on South-East Asia: The challenges, regulation and standards that business faces, and their hopes for the future. What would promote their investment decisions in the South-East Asian region? (45 mins)</b> <ul style="list-style-type: none"><li>➤ Carol Bate, Strategic Policy Consultant, Ex-Regulatory Manager at Fonterra</li><li>➤ Allan Robins, Automotive Global Value Chain Consultant</li></ul>
<b>12.10pm</b>	<b>2.2 Roundtable 1 – possible measures for improving investment climates for FDI which will expand global value chains (40 mins)</b>

<b>12.50pm – 1.50pm: Lunch</b>	
<b>1.50pm – 3.20pm</b>	<b>Session Three: A Regulators Perspective</b>
<b>1:50pm</b>	<b>3.1 IFAP Principles: What it means for South-East Asia (15 min)</b> <ul style="list-style-type: none"> <li>➤ Akhmad Bayhaqi, Senior Analyst, Policy Support Unit, APEC Secretariat</li> </ul>
<b>2:05pm</b>	<b>3.2 Government’s progress towards implementing IFAP principles: transparency and accessibility of investment regimes</b> Lessons learned from invited Government officials of the investment facilitation measures and policies implemented (25 mins) <ul style="list-style-type: none"> <li>➤ Daroa Peter, Manager - Investment Promotion, Investment Promotion Authority (IPA)</li> <li>➤ Atty. Raul V. Angeles, Executive Director, Investments Assistance Service, Board of Investments, Philippines</li> </ul>
<b>2:30pm</b>	<b>3.3 Governments that collaborated with OECD to undertake Investment Policy Framework reviews present on progress (25 mins)</b> <ul style="list-style-type: none"> <li>➤ Fernando Mistura, Policy Analyst, OECD</li> <li>➤ Tran Kim Oanh, Investment Promotion Center for Industry and Trade</li> </ul>
<b>2.55am</b>	<b>3.4 Open Discussion (25 mins)</b>
<b>3.20pm – 3.40pm: Afternoon Tea</b>	
<b>3.40pm – 5.05pm</b>	<b>Session Four: Focusing down on South-East Asia</b>
<b>3:40pm</b>	<b>4.1 Applying global practices to South-East Asia (20 minutes)</b> <ul style="list-style-type: none"> <li>➤ Hafiz Mirza, Chief, Investment Issues Section, Investment Trends and Issues Branch, DIAE/UNCTAD</li> </ul>
<b>4:00pm</b>	<b>4.2 How agencies have promoted global value chain development and cooperation in South-East Asia (25 mins)</b> <ul style="list-style-type: none"> <li>➤ Nur Rakhman Setyoko, International Trade Cooperation Study Center, Indonesian Ministry of Trade</li> <li>➤ Pannee Chengsuttha, Investment Advisor, Thailand Board of Investment</li> </ul>
<b>4:25pm</b>	<b>4.3 Open Discussion (30 mins)</b>
<b>4.55pm</b>	<b>4.4 Facilitator wrap-up of Day One (10 mins)</b>
<b>5.30pm - 6:30pm</b>	<b>Dialogue Drinks: Arthur’s Bar &amp; Grill, Level 1, Shangri-La Hotel</b>

<b>DAY TWO: 29 April 2016</b>	
Shangri-La Hotel, 11 Jalan Sultan Ismail, Kuala Lumpur	
<b>9.00am – 12.30am</b>	<b>Session Five: Best Practice Discussion</b>
<b>9.00am</b>	<p><b>5.1 A Global Perspective: Government initiatives that have been successful in enhancing the investment climate for global value chains (40 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Satish Mishra, Managing Director, Strategic Asia Institute, Bali</li> <li>➤ Toshiro Nishizawa, Project Professor, Graduate School of Public Policy, University of Tokyo</li> </ul>
<b>9.40am</b>	<b>5.2 Open Discussion (15 min)</b>
<b>9.55am</b>	<p><b>5.3 How global value chain development and cooperation have been promoted in other regions outside South-East Asia (40 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Iza Lejarraga, Head of the Investment Policy Linkages Unit, OECD</li> <li>➤ Susan Stone, Chief of Division, Trade and Investment Division, ESCAP</li> </ul>
<b>10.35am</b>	<b>5.4 Open Discussion (15 min)</b>
<b>10.50am – 11.10am: Morning Tea</b>	
<b>11.10am</b>	<p><b>5.5 What successful policy changes have been implemented in investment climates in South-East Asia that have increased transparency and accessibility for investors (40 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Siew Yean Tham, Institute of Malaysian &amp; International Studies, National University of Malaysia</li> <li>➤ Mark Holden, Analyst, New Zealand Treasury</li> </ul>
<b>11.50pm</b>	<b>5.6 Small Group Activity</b> – groups discuss recommendations that they would endorse if they could speak straight to leaders, then submit (60 mins)
<b>12.50pm – 1.50pm: Lunch</b>	
<b>1.50pm – 3.40pm</b>	<b>Session Six: The Fourth Industrial Revolution: Implications for global value chains</b>
<b>1:50pm</b>	<p><b>6.1 Automation vs. globalisation (20 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Michael Plummer, Johns Hopkins University, Bologna</li> </ul>
<b>2.20pm</b>	<b>6.2 Open Discussion (10 min)</b>
<b>2:30pm</b>	<p><b>6.3 Human capital and skill requirements (15 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Allan Robins, Automotive Global Value Chain Consultant</li> </ul>
<b>2.45pm</b>	<b>6.4 Open Discussion (10 min)</b>
<b>2:55pm</b>	<p><b>6.5 SME Participation in Global Production Networks (15 mins)</b></p> <ul style="list-style-type: none"> <li>➤ Dr Prema-chandra Athukorala, Professor of Economics, Crawford School of Public Policy, ANU</li> </ul>

**3.10pm**    **6.6 Open Discussion** (30 mins)

**3.40pm – 4.00pm: Afternoon Tea**

**4.00pm – 5.50pm**    **Session Seven: The Role of Policy - Creating Recommendations**

**4:00pm**    **7.1 Roundtable 2 - Discussion of recommendations and brainstorm.** How to promote investment liberalisation and facilitation and overcome the barriers that persist (50 mins)

**4:50pm**    **7.2 Groups read out favourite recommendations** (40 min)

**5:30pm**    **7.3 Conclusion of Symposium** (10 mins)

- Doug Brooks, Principal Research Fellow, The Australian APEC Study Centre at RMIT University

**5:40pm**    **7.4 Closing Remarks** (10 mins)

- Heath McMichael, APEC Branch, Department of Foreign Affairs and Trade, Australia