Enhancing the investment environment in Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN) economies

Capacity Building Training Program
2nd - 6th March 2015
Melbourne, Australia
Report on capacity building training program on ‘Enhancing the Investment Environment in APEC and ASEAN economies’

2-6 March, Melbourne, Australia

Organised by the Australian APEC Study Centre

Introduction

Enhancing investment flows has always been a priority in the region. The creation of the Regional Investment Analytical Group (RIAG) is an important and timely initiative of the APEC Business Advisory Council for the development of quantitative indicators to assess investment policy frameworks and performance in the Asia-Pacific region.

The first meeting of the RIAG was held over the first two days of this capacity building program to promote the participation of regional officials in discussions with investment experts on how best to utilise quantitative indicators to assess regional investment policy frameworks and performance. It is important to socialise the use of quantitative indicators in investment policy analysis and generate greater ownership. The outcomes of the RIAG meeting are summarised in Section 1.

The program also aimed to strengthen institutions and build the capacity of regional investment officials to monitor, review and implement best practice investment policies, improve predictability, stability and transparency in national investment decision making. The program involved discussions on best practice investment policy frameworks advocated by the OECD, the World Bank and APEC. Discussions focused on how to promote more investment by state owned enterprises, sovereign wealth funds, pension and managed funds in infrastructure. It focused on the growing importance of investment, especially in the services sector, to support global and regional value chain and the role of bilateral investment treaties as well as investment chapters in bilateral and plurilateral trade agreements to promote more investment. The discussions on contemporary regional investment policy issues are summarised in Section 2.

Section 1: Meeting of the Regional Investment Analytical Group

The first meeting of the Regional Investment Analytical Group (RIAG) was organised on 2-3 March 2015 in Melbourne by the Australian APEC Study Centre, which undertakes the Secretariat role for RIAG.

This inaugural meeting of RIAG was convened over the first two days of a capacity building program for APEC officials from investment promotion and facilitation agencies. Those officials participated in the RIAG meeting and gained an understanding of the way RIAG would operate and how it would develop its agenda. The Co-Covenor of the APEC Investment Experts Group (IEG), Mr Clarence Hoot from Papua New Guinea, was an active participant in the RIAG meeting and throughout the capacity building program. The APEC Business Advisory Council (ABAC) was represented by Mr Wayne Golding, ABAC member from Papua New Guinea.

The RIAG meeting brought together leading investment experts from multilateral development banks and international institutions, academics as well as policymakers from regional economies performing key roles in investment promotion and facilitation agencies.
The primary objective behind establishing RIAG is to encourage the use of quantitative indicators to assess investment policy frameworks and performance in the Asia-Pacific region. Discussions at the first RIAG meeting on the type of quantitative indicators that can be utilised to assess regional investment policy performance is summarised below.

**Quantitative indicators on investment performance in APEC economies**

The APEC Policy Support Unit (PSU), the key policy analysis arm of the APEC Secretariat, discussed APEC Investment Facilitation Action Plan (IFAP) and its Multi-year Plan on Infrastructure Development and Investment (MYPIDI). The aim of IFAP is to promote more investment in APEC economies by developing and implementing transparent and predictable investment policies that offer adequate protections to investors.

Dr Akhmad Bayhaqi who represented the APEC PSU noted in his presentation on APEC’s work on investment policy that there would be notable benefits from developing quantitative indicators that assessed whether implementation of policy reforms and changes proposed under IFAP actually led to increased investment in APEC economies.

Furthermore, Dr Bayhaqi also noted that there is a dearth of data and information on investment in different sectors and industries in APEC economies. Work that aims to shed more light on sectors and industries within APEC economies that are recipients of high levels of FDI would provide valuable insights to regional policymakers.

Participants responded by noting that existing quantitative indicators on investment mostly provide diagnostic information on the investment climate in different economies. There are very few indicators that assess the investment policies of different economies.

The OECD’s FDI Restrictiveness Index is one example of a quantitative indicator that attempts to benchmark restrictive policies on FDI in different economies. Dr Stephen Thomsen who represented the OECD in this RIAG meeting noted that developing quantitative indicators can be a time and resource-intensive process, with FDI Restrictiveness Index taking the OECD seven years to develop. Dr Thomsen advised RIAG to undertake a thorough gap analysis in the coverage and methodology of existing quantitative indicators before developing new quantitative indicators.

The role of investment promotion and incentives used by the governments to attract foreign investment was highlighted as another area where quantitative indicators and analysis could be valuable. Dr Roberto Echandi from the World Bank opined that quantitative indicators that evaluate policy implementation could help governments improve capacity to design and implement better investment policies with more targeted incentives schemes and investment promotion and facilitation plans.

Dr Echandi noted that the World Bank is working on developing guidelines on measuring policy reforms and implementation. This could be utilised by RIAG members to undertake deeper analysis of investment policy performance in APEC economies, and how policies might better reflect the primary motivations of investors with natural resource-seeking or market-seeking objectives.

**Data on FDI and economy-wide modelling**

Discussion on data availability on Foreign Direct Investment (FDI) and its use for computable general equilibrium (CGE) modelling was led by Professor Peter Dixon and Professor James
Giesecke from the Centre for Policy Studies (CoPS) at Victoria University. CoPS experts noted that FDI data is available for 30 industry sectors across 100 economies around the world. This dataset could be utilised to assess the impact of changes in investment policy on different industries within an economy, as well as the broader macroeconomic impact on a particular economy.

It was noted that the US Department of Commerce has an extensive database on cross-border investment flows. This could be one of a number of sources that RIAG would review to assess how the data could be incorporated in RIAG’s analytical work.

Participants responded to the discussion initiated by CoPS experts by noting that the results of CGE modelling on changes in investment policy in food production, processing, distribution and retail, as well as in the logistic industry in general, could be particularly valuable for policymakers.

CoPS also discussed a paper by an investment expert, David Tarr, which demonstrated benefits that would accrue to Russia through reforms to investment policy in the telecommunications sector. RIAG will consider how any CGE modelling exercise could lead to the development of new quantitative indicators to assess investment policy performance and effectiveness.

**Assessing investment promotion agency performance**

Jonathan Coppel, Chairman of RIAG, proposed the development of quantitative indicators to assess the performance of regional investment promotion agencies (IPAs). Jonathon noted that there are more than 500 public and private investment promotion agencies around the world. Many IPAs operate on small budgets with a primary focus on attracting FDI into economies, while very few undertake functions to facilitate outward investment.

The aim of developing quantitative indicators to assess IPAs would be to allow policy practice benchmarking to identify strong and weak IPA policy practices and to develop a better understanding of effective practices. This would facilitate knowledge sharing and learning between IPAs and establish an evidence base for IPA policy design. The overall benefit of undertaking this exercise would be for policymakers and investors to improve knowledge on IPA performance and effectiveness.

Jonathan’s proposal elicited substantive discussions and support on the nature and scope of developing indicators on IPA policy practices and its value add.

A number of participants expressed the view that the methodology used to develop indicators on IPA practices should reflect outcomes produced by IPAs and not be seen as an indicator of an economy’s performance or capacity to facilitate FDI. Analysis of indicator results would be most valuable if it leads to cooperation and collaboration between IPAs and not competition between agencies. This could be achieved through benchmarking on IPA practices and outcomes rather than ranking IPA performance.

**Assessing the impact of service sector productivity on trade performance**

Cross border trade is increasingly being driven by global and regional value chains with different types of producers, large and small, sub-contracting the delivery of business services to local firms and operators. This underscores the importance of services, and service sector productivity especially, to promote more international trade.
During the RIAG meeting Professor Sinclair Davidson from RMIT University proposed to investigate the interrelationship between trade performance (both exports and imports) and indicators such as the logistics performance indicator and service sector productivity.

The analysis will rely on using indicators on business sector productivity and trade infrastructure performance such as the World Bank’s Logistics Performance Index with the performance of economies benchmarked against their level of development and trade openness.

Participants responded to the proposal by noting that the lack of data availability would present significant challenges in establishing causality between service sector productivity and infrastructure and trade performance. Participants also noted that the results of this analysis would need to be evaluated closely to determine whether the results are reliable enough to draw conclusions about the level of FDI different economies receive and need to improve their service sector productivity, infrastructure quality and trade performance.

**Conclusions**

The first meeting of the Regional Investment Analytical Group (RIAG) involved substantive discussions on the development of quantitative indicators to assess the investment performance of regional economies. The meeting was attended by experts from the APEC Policy Support Unit, the World Bank, OECD, Asian Development Bank, Centre of Policy Studies at Victoria University, RMIT University as well as experts from the Australian Treasury and the Productivity Commission. The APEC Business Advisory Council (ABAC) was represented by Mr Wayne Golding, ABAC member for Papua New Guinea, and the APEC IEG was represented by its co-convenor, Mr Clarence Hoot.

The representatives from APEC PSU, the World Bank and OECD agreed to undertake a joint exercise to analyse gaps in existing quantitative indicators assessing investment policy and performance of APEC economies. The aim of this review is to identify areas where there is a lack of quantitative data and information to inform the contemporary policy discourse on international investment, especially inward and outward FDI.

Developing quantitative indicators are costly; the review will assess the need for the development of new indicators. Aside from this joint exercise by the APEC PSU, World Bank and OECD, other researchers on RIAG will also develop benchmarking tools to assess:

- the policy practices of investment promotion agencies; and
- the impact of service sector productivity on trade performance
- consideration will be given to ways to adopt CGE modelling to enhancing investment flows in the region

The objective of RIAG is to deliver its first phase of work by August 2015 for reporting to its key stakeholders: the APEC Business Advisory Council, the APEC Investment Experts Group (IEG), and ultimately, to APEC Ministers and Leaders.
Section 2: Training program on enhancing the investment environment in APEC and ASEAN economies

Ensuring sustainable foreign direct investment

The OECD uses its FDI Regulatory Restrictiveness Index to benchmark the policy performance of countries in their openness to inward FDI, and its policy framework on investment (PFI) as a means to identify particular areas where greater liberalization may be warranted. Given the implicit sensitivities underlying restrictiveness indices (also including the services trade restrictiveness index, which includes service mode 3 – establishment), and the lack of a standardized quantitative analysis, the creator of an index should ideally be the person applying it in practice. The policy focus of OECD indicators can be considered complementary to the diagnostic and monitoring/evaluation nature of World Bank investment indicators. Since 2006, the OECD has undertaken 30 PFI country reviews, including for 7 APEC members.

The World Bank notes that investment policy is not about choosing between foreign and domestic investment but about connecting them through global value chains. But since foreign investment is a relationship rather than a transaction, it is useful to differentiate between the stages of investment attraction, entry, retention and protection, and managing linkages and spillovers. While performance requirements tend to discourage inward investment, upgrading domestic suppliers for the quality and quantity of local content can be an effective means to attract and retain foreign investment, and to expand and diversify linkages to the domestic economy. In general, a country can only join global value chains through (1) inward FDI; (2) outward FDI; and (3) nonequity modes of investment. The economic context in which investment occurs is dynamic, with 39% of FDI flows now originating from developing countries.

At the same time it is important to remember the different motivations for FDI identified by John Dunning – natural resource seeking, market seeking, efficiency seeking, and strategic asset seeking – since the different motivations may call for different policy prescriptions. Different types of investment generate different socioeconomic impacts (including jobs and value added) and different trade patterns. Among the four motivations, efficiency-seeking FDI is the most mobile and tends to be the most trade-oriented form of investment, and so may be most effective where trade has been more liberalized. The dynamic changes mentioned above also highlights potential difficulty in retaining efficiency-seeking FDI if domestic counterparts are not continually upgraded, and there may be more spillovers from market-seeking than efficiency-seeking investment.

The employment goals from APEC’s investment facilitation action plan (IFAP) are still key for APEC economies but may be sensitive to sectoral differences across economies in their inward FDI stocks and flows. The investment experts group feels that RIAG may be a useful tool to address issues under some of IFAP’s 8 principles.

The APEC Policy Support Unit, which implements IFAP, is seeking a credible and useful approach toward assessing IFAP action plans, which may require more sectoral data than is currently readily available, suggesting greater support for data activities may be worthwhile. Further, there are notable opportunities for APEC PSU to collaborate with the work undertaken by the World Bank and the OECD to develop policy reform recommendations relevant to APEC economies as part of its exercise to update and develop the third edition of IFAP goals and action plans.
APEC’s role in promoting infrastructure investment

The APEC Policy Support Unit (PSU) provided a detailed outline of the work being undertaken in APEC on connectivity, noting three areas identified in Leaders’ Declaration of 2013 on physical, institutional and people-to-people connectivity. Furthermore, APEC’s Multi-Year Plan on Infrastructure Development and Investment (MYPIDI) provides a menu of actions and reforms that economies can adopt to deliver the supportive institutional environment that is needed to maximise private sector involvement in infrastructure.

Quantitative indicators show that there is a gap in infrastructure capacity and quality between APEC and OECD economies, and public-private partnerships (PPPs) are important to facilitate investment in infrastructure to close those gaps. The role of PPPs in supporting an efficient and attractive investment environment was discussed and work being undertaken to develop an APEC Guidebook on PPP frameworks was highlighted.

The role of PPPs in delivering physical infrastructure in the transport, energy and water sectors were highlighted, while acknowledging that PPPs are just as relevant to social infrastructure projects as they are to physical infrastructure. Furthermore, the role of multilateral development banks (MDBs) in mitigating risk through, for example, support for viability gap funding and guarantees in the early phase of PPPs was also noted.

Participants noted the role pension funds can play to finance long-term infrastructure delivery and highlighted the importance of developing advice on models to support cooperation between national and international investors, especially for after-care support for an infrastructure asset over its life-cycle where significant benefits can arise from collaboration between the public and private sectors.

The role of ABAC in supporting PPPs to meet the regional infrastructure was also discussed, including the work of the Asia Pacific Infrastructure Panel in convening dialogues with economies interested in discussing with private sector specialists ways to develop an environment conducive to attracting private capital.

APIP supports the APEC Experts’ Panel on promoting PPP centres of excellence in regional economies. ABAC also supports capacity building programs to enhance the capabilities of senior officials working in line agencies and central PPP agencies responsible for developing and implementing infrastructure projects.

ABAC is involved in public private dialogues on mobilising long-term savings and on PPP documentation and procedures. It contributes to the APEC Investment Experts Group (IEG) and its work in the Asia Pacific Financial Forum involves policy recommendations on long-term financing for infrastructure.

Long-term savings and infrastructure investment

Private sector finance specialists outlined the challenges faced by pension and superannuation funds in investing in infrastructure, with comments made from a legal perspective and related to the Australian environment.

Under Australian trust law, trustees of superannuation funds are required to work in the best interests of beneficiaries (pensioners) and relevant legislation requires compliance with factors involved in setting an investment Strategy, such as risk, return, liquidity, diversification, data
reliability and others. This can present challenges in the context of pension fund investment in infrastructure with respect to how pension funds match the duration of investment to its liquidity needs, sovereign risk and other investment risk management challenges.

Participants noted that the appetite for infrastructure as an asset class is growing. In Australia, superannuation funds have invested substantial amounts in specific projects, for example, $5.1 billion in the ports of Botany and Kembla and $2.3 billion in the port of Brisbane.

Participants also discussed the challenges insurance funds face in investing in infrastructure, given the historically low interest rate environment and the difficulties it presents in meeting long-term life insurance and pensions obligations to policyholders.

The investment objectives of the Australian sovereign wealth fund, the Future Fund, was discussed. The Future Fund invests on a commercial basis to generate a rate of return that corresponds to an appropriate level of risk. A large proportion of its investment is made overseas and including in in listed infrastructure funds.

Generally, long-term investors have a preference for brownfield investment over green field projects, especially in privatised public assets. Important issues investors take in account when considering infrastructure projects relate to risk sharing arrangements with the public sector, transparency and predictability of policy and regulations, especially on taxation matters.

Discussions also focused on the importance of partnership arrangements with local groups, with participants noting that large scale projects require numerous partners to achieve scale. The shortage of experienced global infrastructure managers was highlighted as a significant challenge in that regard.

Participants reported that the investment environment for infrastructure is improving and regulators are beginning to develop systematic approaches to encourage good practices and global standards are increasingly applied. Notwithstanding those improvements, large, long-term investors still do not have a lot of choice to invest in infrastructure and there is a need to better define infrastructure as an asset class.

Furthermore, for economies considering the establishment of a sovereign wealth fund discussions focused on the Australian Future Fund as a model in terms of its self-financing structure and independence established in legislation. Notwithstanding, legislative safeguards to its independence a critical factor is governance by its Board and the quality of its staff, and including specialists, who know how the public sector works. Replacing individual board members at spaced intervals, say one per year, also helps ensure continuity of culture and good governance.

**Investment in trade in services and emerging regional agreements**

Emphasis was placed on the relationship between services and investment, the role of services in exporting and the value add of services to exports and in the broader economy.

Barriers to services trade are high – at the border and behind the border – and recent free trade agreements are seen as a means to remove barriers and to bring about better regulatory practices that apply to services. Approaches being taken in negotiations on the Trans Pacific Partnership (TPP) and the Regional Economic Cooperation Partnership (RCEP) were discussed in terms of its ambition, coverage, scope of liberalisation, the structure – negative/positive lists, timing and phased commitments.
It was noted that the TPP would likely be more liberal if negotiations are successful in terms of coverage, structure and the scale of liberalisation. Approaches in the RCEP are less likely to provide a comprehensive coverage and it is based on a positive list whereas the TPP adopts a negative list approach. It also provides for a longer time frame for negotiations and a phasing-in of commitments. Both the TPP and RCEP should advance progress toward a Free Trade Area of Asia and the Pacific (FTAAP).

Furthermore, the treatment of Investor-State Dispute Settlement (ISDS) has not yet been settled in the TPP negotiations, but ISDS is likely to be included in the RCEP agreement. Participants noted that some economies may no longer resort to bilateral investment treaties (BITs) if ISDS is included in a broad regional agreement.

Inclusion of a ratchet provision in both TPP and RCEP to fully capture the benefits of liberalisation in acceding parties was also highlighted as a favourable outcome. Overall, participants stressed the importance of ensuring that emerging regional agreements conform and not conflict with the key principles of the WTO was noted.

Academic work involving Chinese and Australian experts are also focusing on differences in legal, financial and governance structures and the need for corporations in both countries to understand those differences in making investment decisions. Those differences lend some support to the need for bilateral investment treaties.

A free trade agreement does not provide comprehensive coverage of investment related matters and differences between legal approaches in the common law and the civil law systems are important factors in investor state relationships. Recent changes to Australian foreign investment regulations and policies were noted.

Discussion also focused on the value of trade agreements to small and medium enterprises. While agreements should support better access by SMEs in the global value chains, free trade agreements did not obviate the need for economies to undertake measures to effect structural reform. Much of APEC’s broad agenda is focused on encouraging structural reform and ways in which SMEs can be supported and benefit from such reforms. A key point however of agreements is that they do set standards of openness for economic agents.

**Conclusion**

Discussions in this training program followed up on earlier work in Beijing and in Melbourne. RIAG held its inaugural meeting at this workshop, and the involvement of experts and officials from regional economies who participated in the training program meant that the process of socialising the use of quantitative indicators in assessing investment policy performance has commenced.

Discussions focused on the work to be undertaken by RIAG, which was endorsed and supported by the World Bank, OECD, ADB, APEC PSU, APEC IEG, ABAC, the Australian Treasury, Jonathan Coppel of the Australian Productivity Commission, RMIT University and Victoria University, as well as officials who participated in this training program. This will be an inclusive process and nominations by economies not yet represented on RIAG will be welcomed.

RIAG’s governance processes were also discussed and clearly outlined. RIAG will report to ABAC which in turn will provide advice to IEG, which reports to the APEC Committee on Trade and Investment and the APEC Ministerial processes. ABAC will also provide its advice direct to
APEC Finance Ministers. RIAG’s work will support the work of IEG in developing constructive views in relation to reviews of IFAP and MYPIDI. All participants were encouraged to advise and generate support for the work of RIAG in their agencies and more broadly in their economies.

The APEC PSU, which implements IFAP, is seeking a credible and useful approach towards assessing the effectiveness of IFAP action plans, which may require more sectoral data than is currently readily available. Furthermore, a suggestion worth pursuing is to extend the work of IEG and APEC PSU, and ultimately CTI, in ways to measure the effectiveness of IFAP action plans, as distinct from principles, with a view to enhance investment flows in economies in the region. This would deepen relationships, through RIAG with the APEC PSU, the World Bank and the OECD. Such a proposal would comply with the intent of several IFAP principles and contribute to the prospect of advancing better investment actions in the region.

Discussions on the regional investment environment and policies noted that investment financing, especially in the form of FDI, is widely available to many economies. Incentives to attract FDI appear to play a relatively small role in investment decision making and more emphasis should be placed on policy regimes to attract different types of investment, ranging from natural resource seeking to market or efficiency seeking investment.

The need for greater investment in infrastructure and the role of pension and sovereign wealth funds in financing long-term infrastructure was discussed. Participants noted the importance of developing advice on models to support cooperation between national and international investors, especially on financing instruments and structure as well as after-care support for an infrastructure asset over its life-cycle where significant benefits can arise from collaboration between the public and private sectors.

The role of ABAC in supporting PPPs for regional infrastructure development was also discussed, including the work of the Asia Pacific Infrastructure Panel in convening dialogues with economies interested in discussing with private sector specialists ways to develop an environment conducive to attracting private capital.

Investor protection issues were highlighted as an important factor in promoting investment. Investment in services is becoming a major driving force for investors and trade in services is critical to generating efficiencies in global value chains. Hence, the focus on removing impediments to trade in services in APEC and ASEAN through trade agreements is important for cross-border investment.

Global value chains have been developing since the 1980s, partly encouraged by governments through endorsement of GATTs and increased trade and investment liberalisation. While the WTO Doha Round has stalled, the work on facilitating trade and investment flows continues through FTAs with significant emphasis on liberalisation to support global value chains and the role of SMEs in those chains.

APEC IEG is engaged in policy discussions to support regional and global value chains, especially through encouraging the role of SMEs in international trade in goods and services. The IEG will need to collaborate with APEC’s SME working group to ensure linkages are established between the work of IEG and the role of SMEs in international investment flows.
Introduction

The 5-day training program was the third component of a multi-year program aimed at supporting investment priorities of APEC and ASEAN leaders to improve investment in the region through institutional capacity building. It was funded by the Australian Commonwealth Government’s Public Sector Linkages Program (PSLP) and delivered in Melbourne, on 2-6 March 2015.

The program was endorsed by the APEC Business Advisory Council (ABAC) and the APEC Investment Experts’ Group (IEG). The APEC Finance Ministers and Leaders welcomed this capacity building initiative at their meetings in Beijing in October 2014. It was endorsed and supported by the OECD, the World Bank, UNCTAD and the ADB.

The program agenda considered outcomes from the Investment Seminar and Policy Dialogue held from 16-18 September 2013 in Beijing and the training program delivered in Melbourne from 12-18 June 2014. Regional officials who attended these previous components of the multi-year program expressed interest on the development of quantitative measures as a means to assess policies and to contribute to improving investment environment. Another theme of the program was how the indicators could contribute towards APEC member economies’ efforts to draw up a regional connectivity blueprint that will facilitate trade and investment growth.

Participation in the program

Senior/middle ranking officials of investment policy and facilitation agencies from selected APEC and ASEAN economies were invited to participate in the program. Participating APEC economies included: People’s Republic of China, Chile, Indonesia, Mexico, Papua New Guinea, Peru, Philippines, Thailand and Vietnam.

The program engaged with specialists from regional and international agencies, academia and business, most of who were involved in the seminar/policy dialogue held in Beijing, September 2013 and in the training program in Melbourne in June 2014. Their high quality presentations during previous programs were well-received by the participants.

Purpose and scope of the training program

Enhancing investment flows has always been a priority in the region. The creation of the Regional Investment Analytical Group (RIAG) has been an important and timely initiative of the APEC Business Advisory Council for the development of quantitative indicators to assess investment policy frameworks and performance in the Asia-Pacific region.

RIAG was established for the following purposes:

- to contribute to investment policy decision-making in regional economies by objectively reviewing and developing quantitative indicators of investment policies and undertaking comparative analysis that would promote the value and use of benchmarking;
• to review existing indicators, such as the OECD Services Trade Restrictiveness Index, and recent papers on competition and on taxation to assess what has been done to date and to develop an analytical framework that avoids duplication with other relevant analytical work and promotes support for quantitative indicators;

• to review the processes in place to derive the output of existing key indicators, confirm their suitability or propose their recalculation, where appropriate, or their extension to the APEC region;

• to develop additional high quality indicators that will contribute to enhancing investment policy assessments.

The program aimed to enhance the capacity of regional investment officials and policy makers in appreciating the development of and the value of quantitative indicators to better equip them to draw formulate/implement predictable and consistent investment policies. Officials gained an appreciation of linkages between quantitative measures and transparency and predictability in investment decision making; the value of enhanced dialogues between impacted parties and investment facilitation (including between economies and business); and on best practice principles in relation to handling investments of SOEs and SWFs, building on the work of the OECD, and the World Bank.

Based on the participants’ feedback from previous program components, the 5-day training program content was designed to revolve around the following general themes:

1) Regional Investment Analytical Group (RIAG)
2) OECD Policy Framework for Investment
3) World Bank’s new investment policy framework and tool kit
4) Investment by SOEs and SWFs
5) Investment policies and long-term savings and role of institutional investors

The program agenda is shown below.

**List of RIAG members who attended:**
Mr Akhmad Bayhaqi, Senior Analyst, APEC Policy Support Unit
Mr Doug Brooks, Principal Research Fellow, the Australian APEC Study Centre, RMIT University
Mr Jonathan Coppel, Commissioner, Australian Productivity Commission
Dr Sinclair Davidson, Professor, RMIT University
Mr Roberto Echandi, Global Product Leader, Investment Policy Program, The World Bank
Professor James Giesecke, Director, Centre of Policy Studies, Victoria University
Mr Wayne Golding, ABAC member for Papua New Guinea
Mr Shintaro Hamanaka, Economist, Economic Research and Regional Cooperation Department, Asian Development Bank
Mr Stewart Nixon, Policy Analyst, The Australian Treasury
Mr Stephen Thomsen, Head, Investment Policy Reviews, OECD Investment Division
Mr Clarence Hoot, Co-Convenor, APEC IEG
Mr Nofel Wahid, Policy Analyst, The Australian APEC Study Centre, RMIT University
Mr Ken Waller, Director, The Australian APEC Study Centre, RMIT University

**RIAG Members who were unable to attend:**
Mr Hafiz Mirza, Chief, Director, Investment Issues Research, UNCTAD
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| 9.00am - 10.15am | **Session 1.1**  
**Introduction to the Australian APEC Study Centre**  
**Presenter:** Ms Margot Kilgour, Senior Manager, The Australian APEC Study Centre, RMIT University  
**Introduction to the Regional Investment Analytical Group (RIAG) and training program**  
**Presenter:** Mr Ken Waller, Director, The Australian APEC Study Centre, RMIT University |
| 10.15am-10.45am | **Group Photo and Morning Tea**                                       |
| 10.45pm-12.30pm | **Session 1.2**  
**APEC Investment Facilitation Action Plan (IFAP) and Multi-Year Plan on Infrastructure Development and Investment (MYPIDI)**  
- What quantitative indicators will be developed and how will it support/assist objectives of the IFAP and MYPIDI?  
**Moderator:** Mr Ken Waller, Director, The Australian APEC Study Centre  
**Open discussion involving all participants** |
| 12.30pm - 2.00pm | **Lunch**                                                          |
| 2.00pm - 3.00pm | **Session 1.3**  
**What data do institutional and regional organisations and other members of RIAG have in the context of supporting the work of RIAG? What are the gaps and overlaps?**  
**Moderator:** Mr Ken Waller, Director, The Australian APEC Study Centre  
**Open discussion involving all participants** |
| 3.00pm - 3.30pm | **Afternoon Tea**                                                  |
| 3.30pm - 5.00pm | **Session 1.4**  
**How will RIAG develop it, initial phase of work in agreed activities? What will be the work plan and timeline?**  
**Moderator:** Mr Ken Waller, Director, The Australian APEC Study Centre  
**Open discussion involving all participants** |
**D A Y 2: Tuesday 3 March 2015**  
**Venue: Rydges Hotel, 186 Exhibition Street, Melbourne**  
‘42nd Street’ Private Function Room, Level 1

| Theme 2: Regional Investment Analytical Group (RIAG) |
|-----------------|-----------------|-----------------|
| **Session 2.1** | 9.00am - 10.30am | FDI data for economy-wide modelling |
| **Moderator:**  |                  | **Dr Doug Brooks**, Principal Research Fellow, the Australian APEC Study Centre |
| **Presenters:** |                  | **Professor James Giesecke**, Director, Centre of Policy Studies, Victoria University |
| **Presenters:** |                  | **Professor Peter Dixon**, Centre of Policy Studies, Victoria University |
| **Moderator:**  |                  | **Dr Doug Brooks**, Principal Research Fellow, the Australian APEC Study Centre |
| **Discussants:**|                  | **Mr Stewart Nixon**, Policy Analyst, Australian Commonwealth Treasury |
| **Discussants:**|                  | **Mr Nofel Wahid**, Policy Analyst, The Australian APEC Study Centre |
| **Open discussion involving all participants** |                  | |

| **Session 2.2** | 10.30am - 11.00am | **Morning Tea** |
| **Session 2.2** | 11.00am - 12.30pm | Quantitative indicators for assessing performance of investment promotion and facilitation agencies |
| **Moderator:**  |                  | **Dr Doug Brooks**, Principal Research Fellow, the Australian APEC Study Centre |
| **Presenters:** |                  | **Mr Jonathan Coppel**, Commissioner, Australian Productivity Commission |
| **Discussants:**|                  | **Mr Stewart Nixon**, Policy Analyst, Australian Commonwealth Treasury |
| **Discussants:**|                  | **Mr Nofel Wahid**, Policy Analyst, The Australian APEC Study Centre |
| **Open discussion involving all participants** |                  | |

| **Session 2.3** | 12.30pm - 2.00pm | **Lunch** |
| **Session 2.3** | 2.00pm - 3.30pm | Assessing the relationship between trade performance and indicators on logistics performance and service sector productivity; the importance of investment |
| **Moderator:**  |                  | **Dr Doug Brooks**, Principal Research Fellow, the Australian APEC Study Centre |
| **Presenter:**  |                  | **Prof Sinclair Davidson**, Professor of Institutional Economics, RMIT University |
| **Open discussion involving all participants** |                  | |

| **Session 2.4** | 3:30pm - 4.00pm | **Afternoon Tea** |
| **Session 2.4** | 4.00pm - 5.00pm | Discussion of outputs and commitments. Summary and next steps. |
| **Discussant:** |                  | **Mr Ken Waller**, Director, the Australian APEC Study Centre |
| **Discussant:** |                  | **Mr Nofel Wahid**, Policy Analyst, The Australian APEC Study Centre |
| **Open discussion involving all participants** |                  | |
**Theme 3: Ensuring Sustainable Foreign Direct Investment (FDI)**

| Session 3.1 | 9.00am - 10.30am | Updates to OECD’s PFI, especially on infrastructure investment  
  **Moderator:**  
  Mr Nofel Wahid, Policy Analyst, The Australian APEC Study Centre  
  **Presenter:**  
  Mr Stephen Thomsen, Head, Investment Policy Reviews, OECD Investment Division |
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| Session 3.2 | 11.00am - 1.00pm | World Bank’s new investment framework and toolkit  
  **Moderator:**  
  Mr Nofel Wahid, Policy Analyst, The Australian APEC Study Centre  
  **Presenter:**  
  Mr Roberto Echandi, Global Product Leader, Investment Policy Program, The World Bank |
|             | 1.00pm - 2.30pm  | **Lunch**                                                      |
| Session 3.3 | 2.30pm - 3.45pm | APEC and ASEAN’s evolving policy on FDI sustainability and facilitation  
  **Moderator:**  
  Mr Nofel Wahid, Policy Analyst, The Australian APEC Study Centre  
  **Presenters:**  
  Mr Akhmad Bayhaqi, Senior Analyst, APEC Secretariat, Policy Support Unit  
  Mr Clarence Hoot, Co-Convenor, Investment Experts Group (IEG) |
|             | 3.45pm - 4.15pm | **Afternoon Tea**                                              |
| Session 3.4 | 4.15pm - 5.15pm | Panel discussion followed by open discussion  
  **Moderator:**  
  Mr Nofel Wahid, Policy Analyst, The Australian APEC Study Centre  
  **Panellists:**  
  Mr Malcolm Brennan, Partner, King & Wood Mallesons  
  Mr Akhmad Bayhaqi, Senior Analyst, Policy Support Unit, APEC Secretariat  
  Mr Stephen Thomsen, Head, Investment Policy Reviews, OECD Investment Division  
  Mr Roberto Echandi, Global Product Leader, Investment Policy Program, The World Bank |
|             | 6.30pm - 9.30pm | **Group Dinner at Epocha Restaurant**  
  49 Rathdowne Street, Carlton  
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| 9.00am - 10.15am | Session 4.1: Regional PPP infrastructure investment developments                 | Moderator: Dr Doug Brooks, Principal Research Fellow, the Australian APEC Study Centre  
Presenter: Mr Akhmad Bayhaqi, Senior Analyst, APEC Secretariat, Policy Support Unit |
| 10.15am - 10.45am | Morning Tea                                                                   |                                                                        |
| 10.45am - 12.00pm | Session 4.2: APEC Business Advisory Council (ABAC) role in promoting infrastructure investment | Moderator: Dr Doug Brooks, Principal Research Fellow, the Australian APEC Study Centre  
Presenter: Mr Ken Waller, Director, The Australian APEC Study Centre          |
| 12.00pm - 1.30pm   | Lunch                                                                         |                                                                        |
| 1.30pm - 3.00pm   | Session 4.3: Challenges in mobilising wealth and pension funds for investment in infrastructure | Moderator: Dr Doug Brooks, Principal Research Fellow, the Australian APEC Study Centre  
Presenters: Ms Adeline Hiew, Partner, Holding Redlich  
Mr Mark Burgess, Former Managing Director, Australian Government Future Fund |
| 3.00pm - 3.30pm   | Afternoon Tea                                                                 |                                                                        |
| 3.00pm - 4.30pm   | Session 4.4: Panel discussion and sharing of economy experiences in infrastructure development | Moderator: Dr Doug Brooks, Principal Research Fellow, the Australian APEC Study Centre  
Panellists: Mr Mark Burgess, Former Managing Director, Australian Government Future Fund  
Mr Akhmad Bayhaqi, Senior Analyst, APEC Secretariat, Policy Support Unit  
Mr Ken Waller, Director, The Australian APEC Study Centre |
### Theme 5: Contemporary investment policy developments and issues

| Session 5.1 | 9.00am - 10.30am | New approaches to investment issues in current trade agreement negotiations  
- The emerging situation in regional and global trade agreements – TPP, RCEP, TiSA, WTO Bali Agreement, FTAAP  
- Contemporary thinking and ABAC’s engagement on next generation trade and investment issues  

**Moderator:**  
Mr Ken Waller, Director, the Australian APEC Study Centre  
**Presenter:**  
Ms Kristen Bondietti, Principal Consultant, ITS Global  
Mr Nathan Goldstein, Trade Policy Officer, South-East Asia Investment and Services Branch, Australian Department of Foreign Affairs and Trade (DFAT) - (to discuss and present views on RCEP) |
| --- |
| Session 5.2 | 11.00am - 1.00pm | Australia’s policy on investment issues in new bilateral trade agreements with China, Japan and South Korea  

**Moderator:**  
Mr Ken Waller, Director, the Australian APEC Study Centre  
**Presenter:**  
Mr Nathan Goldstein, Trade Policy Officer, South-East Asia Investment and Services Branch, Australian Department of Foreign Affairs and Trade (DFAT)  
Prof Geoff Nicoll, Senior Lecturer, Faculty of Business, Government & Law, University of Canberra  
‘Australia’s experience in receiving direct investment from China’ |
| 1.00pm - 2.30pm | Lunch |  |
| Session 5.3 | 2.30pm - 3.30pm | Summary of program content and open discussion  

**Moderator:**  
Mr Ken Waller, Director, the Australian APEC Study Centre |
| 3.30pm - 4.00pm | Concluding Ceremony | Program End |