



**Asia-Pacific
Economic Cooperation**

2014/SOM1/IEG/003
Agenda Item: 5(1)

Chair's Summary Report – Third Investment Experts' Group Meeting 2013

Purpose: Consideration
Submitted by: IEG Convenor



**First Investment Experts' Group Meeting
Ningbo, China
21-22 February 2014**

**APEC Investment Experts' Group (IEG) Meeting
Medan, Indonesia
30 June – 1 July 2013**

Introduction

The third IEG meeting for 2013 was held on 30 June - 1 July in Medan, Indonesia. The meeting was chaired by the Interim IEG Convenor, Mr John Kitchen, and attended by approximately 50 representatives from 19 member economies and representatives from ABAC and Colombia both of which are IEG's official guest. The APEC Secretariat's Program Directors for IEG also attended.

1. Opening Remarks by APEC IEG Convenor

The IEG Convenor, welcomed the delegates and the IEG guests, ABAC and Colombia.

2. Business Arrangements

The Group adopted the draft agenda and agreed to the business arrangements and the meeting schedule proposed by the IEG Convenor.

3. Adoption of Agenda

The Group adopted the draft agenda and agreed to the business arrangements and the meeting schedule proposed by the IEG Convenor (2013/SOM3/IEG/001).

4. Reports on Activities and Developments since the last IEG Meeting, held in Surabaya on 9-10 April 2013

(a) IEG Convenor's Report

- IEG Convenor briefed the Group on developments related to IEG (2013/SOM3/IEG/003). The Group endorsed the Chair's Summary Report of IEG2, 2013, which was reviewed intersessionally (2013/SOM3/IEG/002).

- IEG Convenor briefed the Group on three papers: the final MRT statement; the CTI Chair's comments on IEG's activity; and the Next Steps Infrastructure and Development (2013/SOM3/IEG/005-009). Indonesia requested the further explanation on the establishment of a multilateral investment arrangement stated in the letter from CTI's Chair regarding IEG's activities (2013/SOM3/IEG/004). The Convenor responded that he would ask the CTI Chair and would get back to Indonesia as it was not clear for IEG.

(b) APEC Secretariat Report

- APEC Secretariat reported to the Group on APEC-wide developments relevant to the IEG (2013/SOM3/IEG/010). Project Management Unit (PMU) briefed the Group on the project management update and the available project budget for session 2 and 3 in 2013. APEC secretariat emphasized the importance of improvement of the quality of IEG-related projects. The Group was informed that the CNs submission deadline for session 3 would be by 4 September 2013. The Group was also reminded the Quality Assessment Framework (QAF) procedure, noting the QAF members of 2013 (Russia and Chinese Taipei), 2014 (Thailand and United States) and 2015 (Viet Nam and Australia) (2013/SOM3/IEG/011).

- Policy Support Unit (PSU) briefed the Group on an overview of the report on APEC Economic Trends Analysis published in April 2013, noting policy implications and barriers to infrastructure investment (2013/SOM3/IEG/012). It was concluded that IEG could play a crucial role in accelerating infrastructure in 1) address barriers in institutional framework that impede infrastructure investment; 2) address regulatory failures related to infrastructure investment; 3) tackle the challenges of insufficient private sector; and 4) promote innovative approach to enhance foreign direct investment in infrastructure sector.

5. IEG Projects

5.1 Advanced Principles & Practices for more Predictability & Stability – Analytical Studies on Practices and Capacity Building

(a) Reports on Ongoing 2012/2013 Projects

United States reported to the Group on the outcomes of the self-funded project on Handbook on Dispute Prevention Strategies, noting the finalized handbook available on the APEC website. The hard copies of the handbook were distributed at the meeting. United States thanked the the Group for the support and cooperation..

(b) Reports on Completed 2011/2012 Projects

Mexico reported to the Group on the outcome of the project on International Investment Agreements Negotiators Handbook: APEC/UNCTAD MODULES (CTI 15/10T), noting the IIA Handbook published in May 2013, which was available on APEC and UNCTAD websites. The Convenor noted that the handbook was very useful for those who were involved in trade negotiation. Malaysia asked if the project would continue updating the handbook, and Mexico responded that any economy could take up the project, depending on the interest of the Group. The Group expressed appreciation to Mexico for their efforts and support for the IFAP principles..

5.2 Facilitation for Better Business Environment

(a) Economy's presentation on IFAP related activities

- Australia briefed the Group on the paper on possible future effort by IEG arising from PSU's examination of progress of the IFAP (2013/SOM3/IEG/024). Australia also briefed the Group on the ISEAS papers on infrastructure and connectivity in ASEAN and APEC (2013/SOM3/IEG/014).

Regarding the IFAP, the Convenor encouraged the five economies: **Brunei Darussalam; Canada; Mexico; New Zealand; and PNG** that did not submit the voluntary action report for the IFAP progress report published in April 2013 to contact the Secretariat. The Convenor informed the Group that PSU would be able to prepare an addendum to the report. It was noted that the five economies were encouraged to take action for PSU to compete the addendum by IEG1 in 2014.

- Indonesia briefed the Group on their investment application system, noting SPIPISE Investment Information License Service System (SPIPISE) and Tracking System (2013/SOM3/IEG/025). Responding to the questions from the Group, Indonesia stated that the system that was centralized in the capital applied to domestic investors and improved efficiency. The current system takes only 10-14 days for approval, and there is no regulation to define a minimum period for approval process by law. Indonesia noted that they hoped that the system could be a positive driving force for investors so that they could keep the same number of issuance of license coming two years. The Convenor noted that it was very useful information as each economy was in a different level of investment process in terms of transparency, efficiency and predictability.

- PNG briefed the Group on the key IFAP related activities undertaken by PNG, noting internal organisational restructure, and review of the Securities Act to make it compatible to international standards, introduction of the alternate dispute settlement system under the courts system, bilateral investment treaties and publications. (2013/SOM3/IEG/28a-28c).

- Chile briefed the Group on the outline of Concept Note on International Corporate Social Responsibility Instruments for APEC Economies to be submitted at Session 3 in 2013 (2013/SOM3/IEG/027) and Chile expressed the intention of holding a following workshop in Santiago in conjunction with ABAC meeting.. Thailand asked if the project was to adopt the OECD Guideline on Multinational Enterprises, and Chile responded that five key documents would be the themes of the workshop in this project. Given the importance of the topic for IEG, the Convenor called for co-sponsors of the project. Peru expressed its willingness of being a co-sponsor, and Australia and United States stated that they would consider co-sponsorship. The Group thanked Chile for the proposal.

- Mexico briefed the Group on the Constitutional Reform on Telecommunications, noting promoting competition and Foreign Direct Investment (FDI) in the telecommunication sector in relation with IFAP (2013/SOM3/IEG/016). Responding to questions from the Group, Mexico stated that the study and

review on telecommunication sector by international organization like OECD advised Mexico on the reform of the sector to improve competitiveness of national and international companies. Mexico added that they had only one company which shared 80% of the market in telecommunication sector, and the market became completely open for FDI without any regulations being imposed on the ground to protect the interests of nationals. Mexico noted that it was aware that the reform should solve impediments such as usage of network and infrastructure for foreign companies and new entry companies. The Group thanked Mexico for the presentation.

(b) Public-Private Dialogue (PPD)

China updated the Group that the schedule and the theme of PPD were under internal discussion, and they would inform the Group in due course.

5.3 Promotion for More Investment Opportunities

(a) Reports on On-going 2012/2013 Projects

- Russia reported the progress of the project on Research on Best practices in prompt consideration of investor's complaints in the APEC region, noting that the project was under internal procedure.

- Australia (APEC Study Centre) reported to the Group on the progress of the project on Enhancing the Investment Environment in APEC and ASEAN economies (2013/SOM3/IEG/017). Responding to the request from PNG, APEC Study Centre informed that they could provide extension for the nomination deadline for the involved economies to participate in the seminar to be held in Beijing, China on 16-18 September 2013.

(b) Public Private Partnership (PPP)

- Indonesia briefed the Group on the progress of the self-funded project on Guidebook on PPP Frameworks in APEC Region, noting the targeted completion of the project in September/ October in 2013. The Guidebook will cover the information on policies, administration and procedure that will be required in handling the PPP projects in APEC region. Indonesia informed the Group that the project which incorporated the comments received at SOM2, was in line with SOM and FMP initiative, and the format which Indonesia would request the member economies to fill in, had included a number of elements, such as type of PPP structure, risk sharing policy practices and the role of local government. Indonesia invited the Group to provide further comments and inputs to the format, and eventually they would request the member economies to fill in the form to complete the Guidebook..

- Mr. Ken Waller, Australian APEC Study Centre (RMIT University) presented on key issues considered and reflections on the recent FMP Infrastructure Workshop in Makassar (2013/SOM3/IEG/018-22) held on 22-23 April.

6. Outreach and collaborative activities of APEC with ABAC and guest economies.

- ABAC briefed the Group on the ABAC project: the APEC-wide research study on opportunities and challenges in FDI within the APEC region, undertaken by Marshall School of the University of Southern California (2013/SOM3/IEG/026). The project will identify and quantify the key impediments to FDI and will describe the rationale given for FDI regulations, ABAC informed the Group that the findings would be presented to ABAC at the APEC Leaders meeting in Bali on October 2013.

- Colombia presented the Colombian Outward Foreign Direct Investment (OFDI), noting the National Development Plan from 2010 till 2014 and the strategies including a) National Investor's experience in foreign markets; b) International Experience; and c) Econometric model, set by the Directorate of Foreign Direct Investment and Services of the Ministry in 2011 (2013/SOM3/IEG/023).

7. Review of CAP2013 – looking forward to 2014

The Group reviewed and endorsed CAP 2013, and look forward to 2014 (2013/SOM3/IEG/024).

8. IEG Convenor's selection

The IEG Convenor called for nomination for the Convenor's role and Deputy Convenor into the future. PNG was the only economy which formally nominated for this leadership role. Chile indicated that they were actively considering their nomination, however they were unable to confirm this as their

SOM was in transit. A recommendation for filling this role and that of a Deputy Convenor will be made intersessionally for CTI and SOM's consideration and endorsement.

9. IEG Convenor's report to CTI

The Group reviewed and endorsed the IEG Convenor's report to CTI3.

10. Date and Venue of the Next Meeting

China informed the Group that the date and venue of the next IEG meeting in 2014 due course.

11. Document Classification

The Group reviewed and endorsed the document classification list of the meeting (2013/SOM3/IEG/000).