

**APEC Investment Experts' Group (IEG) Meeting
Clark, Philippines
29-30 January 2015**

Introduction

The First IEG meeting of 2015 was held on 29-30 January in Clark, Philippines. The meeting was chaired by Mr. Clarence Hoot, IEG Co-Convenor, and attended by representatives from 19 member economies, namely: Australia; Brunei Darussalam; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States; and Viet Nam. Representatives from ABAC and UNCTAD also attended the meeting.

1. Opening Remarks by APEC IEG Convenor

The IEG Co-Convenors welcomed the delegates and recapitulated IEG's achievements of 2014 including the successful holding of 2014 IEG Public-Private Dialogue (PPD) and ongoing preparations to launch the Guidebook on PPP Frameworks in the APEC Region, among others.

2. Adoption of Agenda

Members reviewed the draft agenda and requested that, under Agenda Item 8, the Action Agenda on Promoting Infrastructure Investment Through Public-Private Partnership (PPP) be removed from subheading and be included as an ordinary item. Members adopted the agenda as revised. **(2015/SOM1/IEG/001)**

3. Business Arrangements

No particular issues were discussed.

4. APEC 2014 summary and 2015 priorities and expected outcomes from CTI and sub-for a for 2015

China made brief remarks about last year's achievements.

SOM Vice-Chair introduced the theme for APEC 2015, "Building Inclusive Economies, Building a Better World", with four (4) priority areas, namely:

- (i) Enhancing the Regional Economic Integration Agenda
- (ii) Fostering Small and Medium Enterprises' (SMEs) Participation in Regional and Global Economy
- (iii) Investing in Human Capital Development
- (iv) Building Sustainable and Resilient Communities

The SOM Vice-Chair highlighted that the 2015 APEC Initiatives should be aligned with the Leaders Declaration, and emphasized the importance of ensuring that these initiatives are relevant and measurable in terms of quality, quantity and timeliness.

CTI Chair highlighted the main priority areas for CTI in 2015, including improving the enabling environment for infrastructure investment and GVCs. The CTI Chair noted the importance of IEG's annual Public-Private Dialogue and encouraged members to consider topics that are relevant to broad, high-profile issues such as GVCs and impediments to investment. **(2015/SOM1/IEG/002)**

5. Reports on activities and developments since the last IEG meeting, held in Beijing on 14-15 August 2014

5.1. IEG Convenor's Report

IEG Co-Convenor briefed members on major outcomes of the APEC Ministerial and Leaders Meetings in November 2014 as well as the tasks assigned to IEG in the Tasking Statement for 2015. **(2015/SOM1/IEG/003)**

Members endorsed the Chair's Summary Report of IEG2, 2014. **(2015/SOM1/IEG/004)**

5.2. APEC Secretariat Report

APEC Secretariat provided updates on overall APEC key developments and project management including the new templates for concept note ranking and prioritization to be piloted at project session 1, 2015. **(2015/SOM1/IEG/005, 006)**

6. Investment Principles and Practices

Australia reported on the Japan-Australia Economic Partnership Agreement and its investment chapter outlining the scope and key provisions of the chapter. **(2015/SOM1/IEG/007)**

Peru presented a project proposal entitled "Manual of Best Practices on Estimation of Foreign Investment Statistics and Preliminary Database regarding Foreign Investment," which seeks to harmonize techniques for collecting information about investment flows by compiling a Manual of Best Practices and create a preliminary and internal database of foreign investment for APEC member economies. **(2015/SOM1/IEG/023)**

Thailand pointed to similar activities undertaken by ASEAN and the multiple sources for concerned data to consider.

Australia encouraged Peru to harmonize the proposed activities with those of the Regional Investment Analytical Group.

Chile presented on the importance of transparency in international investment. Referring to the UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration and the Convention on Transparency in Treaty-based Investor-State Arbitration, Chile encouraged member economies to improve the standard and provisions in their investment agreements. **(2015/SOM1/IEG/008)**

7. Facilitation for Better Business Environment

7.1. Investment Facilitation Action Plan (IFAP)

APEC PSU presented the final draft of *IFAP Implementation in Facilitating Investment for the Asia Pacific Region: 2014 Update* that includes analyses of investment trends in the region and the progress reports on IFAP actions and measures submitted by Brunei Darussalam, Canada, Mexico, New Zealand and Papua New Guinea. **(2015/SOM1/IEG/019, 019a)**

United States questioned the role of the government described in the draft conclusion, for which PSU explained that governments' role is understood as facilitatory rather than mandating enterprises.

ABAC commented that IEG should take into account the important points that come through the report when framing IFAP 3. ABAC also pointed to the links between the government and business sectors that covered in the report.

Papua New Guinea commented on the importance of business views to the work of the government and shared the institutional arrangement in PNG for reflecting inputs from the private sector in public policy development.

IEG Co-Convenor tabled the revised discussion paper for IFAP next steps following the discussion at IEG2, 2014 and incorporating comments received from members intersessionally. The Co-Convenor invited members to consider the priority themes and actions as well as the actions not included in the original IFAP menu of actions and measures endorsed by Ministers in 2008, as suggested by some member economies. The paper also included in Attachment B a list of possible actions to be pursued in 2015-2016. The Co-Convenor also invited members to nominate champion economies to take lead on specific actions for monitoring implementation and reporting progress. **(2015/SOM1/IEG/009)**

United States expressed objection to making amendments to the original IFAP menu of actions and measures without formal proposal and subsequent consideration by IEG, and requested that such process be followed for any intended amendments.

Following discussion and consultation, members agreed to adhere to the 2008 IFAP menu of actions and measures without amendment for implementation in 2015-2016. Members also endorsed the list of priority actions in Attachment B and requested the Secretariat to circulate a formatted list to members intersessionally for nomination of champion economies.

7.2. Global / Regional Value Chains / Supply Chains

Japan presented a proposal for the Work Plan on the “Improving the investment climate for GVCs Development” under APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation. Japan explained that, given the cross-cutting nature of the theme, the proposal will be dealt with at CTI but invited inputs from IEG for investment-related aspects. **(2015/SOM1/IEG/017)**

7.3. Settlement of Disputes

Members noted the on-going project of Research on Best Practices in Prompt Consideration of Investor’s Complaints in the APEC Region (CTI 06 2013T), implemented by Russia (absent).

7.4. Investment Environment

7.5. Regional Investment Analytical Group (RIAG)

ABAC presented on the Regional Investment Analytical Group (RIAG) including its work program for 2015 and how it would contribute to APEC/ABAC priorities. ABAC presented the outline of the capacity building training program to be conducted in March 2015 as the third component of the multi-year project of Enhancing the Investment Environment in APEC and ASEAN Economies. It was emphasized that the program involves multiple stakeholders such as academic and research institutions and international organizations and is conducted on the basis of government support through funding from the Australian government. **(2015/SOM1/IEG/010)**

7.6. Sustainable Investment

China reported on the project of Case Studies on the Best Practices of Sustainable Investment in APEC Region (CTI 10 2013T) and informed the meeting that the project workshop would be held on 9 February in Beijing. **(2015/SOM1/IEG/018)**

United States expressed concern over the lack of criteria for selecting and reviewing the case studies despite its request for such criteria last year.

IEG Co-Convenor encouraged China to provide the criteria to members in due course.

7.7. Corporate Social Responsibility (CSR)

Chile reported that the project of Corporate Social Responsibility (CSR) International Instruments for APEC Economies is due to be completed in March 2015 and requested member economies to respond to its follow-up survey.

8. Investment Promotion

Viet Nam reported on the outcome of Public-Private Dialogue on Identifying and Addressing Impediments to Improve a Business-friendly Infrastructure Investment in the APEC Region, conducted in Ha Noi, Viet Nam, on 15-16 January 2015.

Indonesia reported that 15 economies had submitted information for the *Guidebook on PPP Frameworks in the APEC Region*, and presented major findings of the compiled inputs. The Guidebook will be published on the APEC webpage. **(2015/SOM1/IEG/014, 014a)**

Thailand reported on its new policies and criteria for investment promotion 2015-2021 launched in January 2015, and introduced salient features of the new strategy. In response to questions from members, Thailand explained about the new concept of “Industrial Clusters” and how different agencies award incentives to investors under the new strategy. Efforts to encourage more outbound investment was also highlighted. **(2015/SOM1/IEG/011)**

China and Papua New Guinea also shared their respective policies and incentives for outbound investment.

Japan presented two proposals relevant to infrastructure investment: (i) Study on Infrastructure Investment in the APEC Region **(2015/SOM1/IEG/015)**; and (ii) Peer Review and Capacity Building to Advance Cross-Sectoral Issues on Physical Connectivity as Identified in the Connectivity Blueprint for 2015-2025 **(2015/SOM1/IEG/016)**. Japan explained that the projects will be led mainly by CTI but sought IEG’s comments.

United States asked about criteria for project evaluation and whether other international organizations will be engaged in the peer review. Japan responded that evaluation will be conducted in collaboration with member economies and that it is seeking co-sponsors and has no fixed idea yet about stakeholders in the peer review.

Indonesia expressed support for both proposals and interest in participating in capacity building programs.

Papua New Guinea reported on its activities for promoting public-private partnership in infrastructure development including improving the legal system for PPP arrangements and pursuing good management practices.

9. Outreach and Collaborative Activities with ABAC and Other Organizations and Guest Economies

ABAC briefed members on its work relevant to investment including ABAC’s support to the PPP Centre in Jakarta, the Asia Pacific Infrastructure Partnership and the Asia Pacific Financial Forum. With reference to the ABAC Enablers of Infrastructure Checklist, ABAC reported that it is working with selected economies to complete the Checklist and expressed interest in pursuing synergy with IEG’s work such as the Guidebook on PPP Frameworks.

UNCTAD briefed members on global and regional FDI trends as well as domestic and international investment policy trends with APEC-specific analyses. **(2015/SOM1/IEG/022)**

Members noted information papers submitted by OECD **(2015/SOM1/IEG/020, 021)** and Colombia **(2015/SOM1/IEG/013)**.

10. IEG Convenor’s Report to CTI

Members reviewed the draft IEG Work Plan for 2015 and endorsed it after revision for reporting to CTI. **(2015/SOM1/IEG/012)**

11. Date and Venue of the Next Meeting

Philippines informed members that the next IEG meeting will be scheduled for SOM3, 24 August – 8 September 2015, Cebu, Philippines.

12. Document Classification

IEG endorsed the document classification list of the meeting. **(2015/SOM1/IEG/000)**
