



**Asia-Pacific
Economic Cooperation**

2016/SOM1/CTI/049

Agenda Item: 7.8

IEG Convenor's Report to CTI

Purpose: Consideration
Submitted by: IEG Co-Convenors



**First Committee on Trade and Investment Meeting
Lima, Peru
28-29 February 2016**

OAA ISSUE AREA:

IEG CO-CONVENORS' SUMMARY REPORT TO CTI

Investment Expert Group (IEG) held its first meeting for 2016 at Westin Lima Hotel in Lima, Peru on 25-26 February 2016 (*free discussions for each members on 26 Feb). The IEG meeting was attended by delegates from 19 Member Economies and three guests (Remote Participations: Dr. Stephen Thomsen of OECD and Ms. Elisabeth Tuerk of UNCTAD, Three Years Guest Economy: Colombia).

1. **PROPOSED WORK PLAN FOR 2016 IN RESPONSE TO 2016 APEC PRIORITIES, WITH PARTICULAR REFERENCE TO APEC LEADERS/ MINISTERS/SOM DECISIONS OF 2015:**

A) SUPPORT THE MULTILATERAL TRADING SYSTEM

- The meeting received a summary update from Peru on the Capacity Building Workshop on Existing International Investment Agreements (IIAs) in the APEC Region, Relevance, Emerging Trends, Challenges and Policy Options to Address Coherence in Treaty Making which was held on 22-24 February in Lima; including the topic such as evolving international regime for foreign investment in the APEC region, convergences and divergences in the region, international arbitration, investment treaty jurisprudence and etc.

B) ADVANCING REGIONAL ECONOMIC INTEGRATION

Exploring an FTAAP

- The significance of active discussions and reviewing existing analytical work on investment issues relevant to a possible FTAAP towards the IEG 2 was confirmed.

Global Value Chain Cooperation

- IEG received progress report from Japan on its CTI project, the “Improving the investment climate for GVCs Development” under APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation, and Japan asked the members for further cooperation in field study and etc. Current status of another project “Study on Enhancement of Integration of Regional Value Chains in Asia and Latin America and the Caribbean” was also reported.

Investment

- IEG received the report from The Philippines on updates of the Public-Private Dialogue on Investments; under the 2016 APEC theme “Quality Growth and Human Development,” it was emphasized that the Inclusive Business (IB) discussions should be continue through IEG further.
- IEG received the report from Peru on Peruvian Law on Private Investment Promotion through PPP and other modalities; which is a good showcase of the PPP model in the APEC region for other member economies.
- IEG received the report from Indonesia on its status of the published “Guidebook on PPP Frameworks in the APEC Region”. The APEC

Secretariat will facilitate to share the information and update on this for better usage of the Guidebook.

- IEG received the report from Thailand on new recent development of invest promotion measures of Thailand including the topics such as incentives for investment in industrial cluster, incentives for investment in special economic zones and incentives for investment acceleration measures.
- Australia proposed to hold a dialogue seminar among the IEG members on the occasion of IEG 2 during SOM 3, regarding the topic of foreign investment screening also in collaboration with ABAC. Host economy Peru expressed its intension to give an assistance on this, and some economies including US gave a support on this. The APEC Secretariat will facilitate for this towards the preparation of IEG 2.
- IEG discussed on possible ways to proceed the Investment Facilitation Action Plan (IFAP), in aspect of actual nominations of “Implementing Economies” on each areas. Indonesia gave a report on its progress in the areas of Investor Relations Unit, One Stop Service Center, Licensing Simplification and Investment Licensing Service and Online Information and Investment Licensing Services. Thailand also shared the update of Office of the Board of Investment. Peru expressed its interests on nomination in the areas such as E-Transparency and Simplifying business regulations. However, for its actual implementation of IFAP, a format of Implementing Economies would be necessary and this should be prepared intersessionally towards IEG 2.

C) STRENGTHING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE DEVELOPMENT

D) EXPANDING REGULATORY COOPERATION AND ADVANCING REGULATORY CONVERGENCE

Good Regulatory Practice

- IEG received the report from Chile on “Agreement on Cooperation and Facilitation of Investment between Chile and Brazil”, which includes the three main characters such as investment protection, institutional aspects and dispute prevention and lastly cooperation and investment facilitation.
- IEG received the report from Papua New Guinea on its recent legislative amendments and policy development, the amended Companies and Business Names Laws, the Personal Properties Securities Act and the SME Policy and Master Plan amongst others.

E) PROMOTING INNOVATIVE DEVELOPMENT, ECONOMIC REFORM, QUALITY GROWTH; CONTRIBUTIONS TO OTHER CROSS-CUTTING INITIATIVES

Quality Growth

- No particular discussion was exchanged in this meeting, however, it is recommended for IEG 2 to consider and discuss how to connect various issues of IEG with Quality Growth.

2. ACTIVITIES WITH ABAC (INCLUDING RESPONSES TO ABAC’S 2015 RECOMMENDATIONS) AND/OR OTHER EXTERNAL STAKEHOLDERS: INTERACTION WITH BUSINESS

- IEG received a short brief of Australia (on behalf of ABAC) on ABAC's paper of "RIAG Workshop on Indicator Based Investment Climate Assessment in APEC Economies", it was shared that "Indicator based Investment Climate Assessment in APEC economies" will be held on 3 March 2016 in Melbourne. A report on the Investment Climate Assessment framework will be presented to ABAC 3 this year and to IEG 2 in August 2016.
- OECD made a presentation on "Investment Policy reviews of APEC Member Economies and Conference on Investment Treaties".
- UNCTAD made a presentation on "Recent Developments in Investment Trends and Policies, as well as UNCTAD Activities (e.g. World Investment Report and World Investment Forum)".
- Colombia made a presentation on "What are We Doing to Attract and Protect Investment?" and it showed its interests on further engagements with APEC.
- It was confirmed that IEG should have closer collaboration with external stakeholders including ABAC, OECD, UNCTAD and etc. for exchanging views and analysis each other.

3. EXPECTED OUTCOMES/DELIVERABLES FOR 2016

- Refer to the IEG Work Plan for 2016 and the List of Expected TILF Deliverables for 2016 attached.

4. DECISION POINTS NEEDED FROM CTI

- Endorse the IEG Convener's Summary Report.

IEG WORK PLAN FOR 2016

This work plan for 2016 is based on SOM's decision on key priorities for APEC 2016 namely; (1) Advancing Regional Economic Integration and Quality Growth; (2) Enhancing the Regional Food Market; (3) Towards the Modernization of MSMEs in the Asia-Pacific; and (4) Developing Human Capital. IEG will continue to review and accelerate the process of IFAP to improve the investment climate in the APEC region, and also organize such actions as laid out in the APEC Strategy for Investment, a comprehensive package consisting of three pillars, and undertake projects and activities under these pillars.

Priority	IEG task/project
1. Supporting for the Multilateral Trading System	Analyze different multilateral fora with the purpose of evaluating the benefits of multilateralism.
2. CAP Implementation and Review	<p>Continue to review the CAP with particular emphasis on "Transparency" and "Policy Dialogue" and implement relevant projects by member economies.</p> <p>Review the IFAP for its continued implementation in 2016 and beyond, with a view to accelerate progress toward achieving the Bogor Goals.</p>
<p>3. Strengthening Regional Economic Integration</p> <p>(a) Exploring an FTAAP</p> <p>(b) Promoting Convergences</p> <p>(c) Investment</p> <p>1) Advanced Principles & Practices</p> <p>2) Facilitation</p> <p>3) Promotion</p>	<p>Report back to CTI on measures taken to implement the <i>APEC Regional Economic Integration Agenda</i> including:</p> <p>Review existing analytical work on investment issues relevant to a possible FTAAP and assess the need for any additional analytical work.</p> <p>Achieve greater consistency in key provisions of RTAs/FTAs in the region through capacity building projects.</p> <p>Report back to CTI on activities related to three pillars for the APEC Strategy for Investment.</p> <p>Implement projects by member economies.</p> <ul style="list-style-type: none"> - No on-going projects. New projects may be developed. <p>Review the IFAP for its acceleration of the process in 2016 and beyond.</p> <p>Commence new projects by member economies (there is no on-going projects)</p> <ul style="list-style-type: none"> - APEC Public-Private Dialogue on Investment should be organized as direct response to the Leaders' Yokohama Vision in November 2010 to take actions laid out in the APEC Strategy for Investment. <p>Implement the Action Agenda on Promoting Infrastructure Investment Through Public-Private Partnership (PPP) which was endorsed by Leaders in Beijing.</p> <p>Implement projects by member economies.</p> <ul style="list-style-type: none"> - Guidebook on PPP Frameworks in the APEC Region (Self-funded, Lead Economy: Indonesia)
4. Improving Business Environment	Implement projects by member economies.

Priority	IEG task/project
5. Enhancing Regional Connectivity and Promoting Trade Facilitation	Collaborate with other Sub-fora/Working Groups under the coordination of the SCE in implementing the APEC Multi-year Plan on Infrastructure Development and Investment (MYPIDI)
6. Contributions to APEC Leaders' Growth Strategy	See 3. (C) Investment 2) Facilitation and 3) Promotion.
7. Other areas including APEC-wide initiatives on security, structural reform and gender	No activities planned.
8. Activities with ABAC and/or other external stakeholders	<p>Maintain regular contact with ABAC and other stakeholders for exchange of views and discussion, including receiving reports from the Regional Investment Analytical Group. Members are strongly advised to seek ABAC's views as appropriate in developing projects and invite business sector participants for project events.</p> <p>Continue cooperation with international organizations for input on current investment issues, and in development and implementation of collaborative projects.</p>