



High-Level Policy Roundtable on International Investment Policies in Asia

7-8 April 2011, Melbourne, Australia

Background

Increasing investment flows in recent decades have been an important element of economic integration at both the global and regional levels, notably in Asia. The global financial crisis has put a temporary halt to this trend. Mergers and acquisitions slowed down, sometimes significantly, and new greenfield projects also came to a halt, at least temporarily. More generally, foreign companies faced increasing difficulties in the investment market of destination countries.

As Asian economies recover, and looking ahead, many countries in the region are considering to attract more foreign investment to meet their development needs and sustain long-term economic growth and innovation. Regional investment can also contribute to the challenge of “rebalancing growth” towards greater reliance on domestic and regional demand in the wake of the global financial crisis. Well-managed investment in the Asia-Pacific region indeed holds the promise of many benefits to both receiving and sending countries, but important challenges remain to be addressed in terms of governance, absorption capacity, and macroeconomic management.

In 2010 the Asian Development Bank Institute (ADB) and the Organization for Economic Cooperation & Development (OECD) joined forces to hold a Roundtable on “Asia's Policy Framework for Investment: Investing in a Stronger, Cleaner, and Fairer Asian Economy” in Tokyo, from 6 to 8 April 2010. The main objective of this roundtable was to discuss how, looking ahead, investment can play a leading role in “rebalancing growth” toward greater reliance on domestic and regional demand, and in making growth “greener” and more inclusive.

In this year's Roundtable the ADBI and the OECD will join forces with the Australian APEC Study Centre, to look at how investment policies can

contribute to the recovery from the global crisis and improve the development prospects across Asia. It will also consider how the *G20 Seoul Development Consensus for Shared Growth* can promote private sector involvement and innovation. Special emphasis will be put on the mining and mineral sectors, in which investment flows are rapidly recovering to pre-crisis levels and developing Asia is a major destination. Many OECD countries (including Australia, Canada and Chile) have a long experience in the management of international investment in extractive industries that would be useful to share with countries in the Asian Pacific region. Furthermore, exchange of experiences within the region in terms of management of such activities would be particularly beneficial.

This Roundtable will deal with the following issues relating:

- (i) trends and outlook for international investment in Asia 2011-12;
- (ii) international investment policies in the postcrisis context;
- (iii) recent trends in investment to and from Asia;
- (iv) the globalization of extractive industries;
- (v) making the most of investment in extractive industries.

Outputs

1. Better understanding of challenges of international investment in the postcrisis context.
2. Policy recommendations concerning international investment in mining and minerals
3. Closer cooperation among key stakeholders handling this issue

Participants

Senior-level government officials from economic planning ministries and from the ministries in charge of investment from developing Asian countries: Bangladesh, Cambodia, P.R. China, India, Indonesia, Kazakhstan, Lao P.D.R., Malaysia, Mongolia, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste and Viet Nam.

Government officials from OECD countries, notably Australia, Canada, Chile, France, Japan, the Republic of Korea, New Zealand, the United Kingdom, and the United States of America.

Business and labour representatives.

Agenda

Thursday, 7 April 2011

8:30 - 9:00	Registration
9:00 - 9:30	Opening Remarks Andrea Goldstein , Head, Global Relations, Investment Division, OECD and John West , Senior Consultant, Capacity Building & Training Department, ADBI
Session I: Investment and the Seoul Development Consensus for Shared Growth	
<p>Since the London Summit in 2009, G20 leaders have devoted increasing attention to investment issues. They committed to keep markets open, manage the transition to a more balanced pattern of global growth, and in the <i>Seoul Development Consensus for Shared Growth</i> to promote private sector involvement and innovation.</p> <p>This session will address the following questions:</p> <ul style="list-style-type: none">• What are the prospects for economic growth in Asia in 2011-2012? How will they translate into international investment activity? What are the prospects for a re-balancing of investment to domestic and regional demand?• How can the <i>Seoul Development Consensus</i> improve investment opportunities and development prospects to Asia and in particular to Pacific Islands?• What drives investment into developing Asia? from OECD countries? <p>Chair: Ken Waller, Director, Australian APEC Study Centre</p>	
9:30 - 10:00	<u>Asia's Contribution to Global Rebalancing and the Role of International Investment</u> : Douglas Brooks , Assistant Chief Economist, Asian Development Bank
10:00 - 10:30	<u>The Seoul Development Consensus for Shared Growth to promote private sector involvement and innovation</u> : Haeryong Kwon , Director-General (Trade and International Cooperation), Ministry of Foreign Affairs, Korea (TBC)
10:30 - 10:45	Coffee Break

10:45 - 11:00	<u>Chinese Outward FDI: Australia as a recipient</u> : John Larum , Former President of China Business, UBS Global Asset Management
11:00 - 11:15	Discussant: Nikunj Soni , Board Chair, Pacific Institute of Public Policy
11:15 - 12:30	Open Discussion
12:30 - 14:00	Lunch and Photo Session

Session II: Promoting Investment in Developing Asia

Strong investment, including by multinational corporations, have sustained rapid economic development in Asia and the Pacific. Some Asia's emerging economies are now increasingly important overseas investors themselves. Global FDI flows were hard hit by the crisis and while Asia was not immune, the region has recovered more rapidly. In fact cross-border deals in and out of emerging markets will become even more prominent in future years.

This session will address the following questions:

- What are Asian governments doing to create a truly attractive, robust and competitive environment for domestic and foreign investment?
- What is the status of reform concerning the fundamental principles of rule of law, transparency, non-discrimination and the protection of property rights?
- How can freedom of investment be reconciled with other legitimate policy goals?

Chair: **John West**, Senior Consultant, Capacity Building & Training Department, ADBI

14:00 - 14:15	Introduction
14:15 - 14:45	<u>Philippines</u> : investment policies in the services industry
14:30 - 15:00	<u>Cambodia</u> : responsible investment in the clothing industry
15:00 - 15:30	<u>Sri Lanka</u> : investment policies in the tourism sector
15:30 - 15:45	Coffee Break

15:45 - 17:15	Open Discussion led by Tim Harcourt , Chief Economist, Australian Trade Commission (Austrade) (TBC)
18:30 - 20:30	Cocktail Dinner

Friday, 8 April 2011

Session III: Attracting High-Quality Investment in Mining and Minerals

Strong demand from emerging countries has helped base metal prices rebound and supported gold and silver prices, even as the strengthening dollar pared some gains in precious metal prices from last year. Mining companies are cash-rich and positioned to do deals, but high prices and the chance to develop existing properties are slowing consolidation.

This session will address the following questions:

- What are the global best practices to attract investment in mining and minerals? How can environmentally and socially responsible investment be encouraged?
- What measures have Asian governments adopted? What have been the impacts and opportunities on business practices?
- What have companies in the region done to enhance the development impact of their investments?

Chair: **Andrea Goldstein**, Head, Global Relations, Investment Division, OECD

9:00 - 9:15	Introduction
9:15 - 9:35	<u>The Globalization of Extractive Industries</u> : Mike Elliott , Global Mining & Metals Leader, Ernst & Young, Australia
9:35 - 9:55	<u>Due Diligence Guidance for Responsible Supply Chains of Minerals</u> : Lahra Liberti , Adviser on International Law, Investment Division, OECD
9:55 - 10:15	<u>China as an Outward Investor in Mining and Infrastructure</u> : Chuan Chen , Lecturer in Construction Management, University of Melbourne (TBC)
10:15 - 10:30	Discussant: Asian

10:30 - 11:00	Open Discussion
11:00 - 11:15	Coffee Break
11:15 - 11:30	<u>Indonesia:</u>
11:30 - 11:50	<u>Kazakhstan or Mongolia:</u>
11:50 - 12:10	<u>PNG or Pacific Island:</u>
12:10 - 12:45	Open Discussion led by Darren Murphy , Partner, Allens Arthur Robinson, Australia (TBC)
13:00 - 14:00	Lunch
Session IV: Stakeholders' Views on Responsible Investment in Extractive Industry	
14:00 - 16:00	<u>Panel</u> (TBC): Perilya; Roy Nixon , former Chair of the APEC Investment Experts Group; two policy makers from countries with significant mining industry; Serena Lillywhite , Mining Advocacy Lead, Oxfam Australia; moderated by a journalist or John West
Session V: Conclusions and Next Steps	
16:00 - 16:30	Concluding Remarks and Next Steps: Andrea Goldstein , Head, Global Relations, Investment Division, OECD and John West , Senior Consultant, Capacity Building & Training Department, ADBI