



Australian Government
AusAID



Regional Symposium: Policies and Environment Conducive to Investment

**The Australian APEC Study Centre/ Melbourne APEC Finance Centre
Melbourne, 5 & 6 April 2011**

Introduction

The Australian APEC Study Centre at RMIT University has successfully completed programs to enhance institutional capacity building in the Asia Pacific region to promote an environment conducive to stronger investment flows.

The objective of the symposium is to build policy and implementation capacities to minimise investor risk in an uncertain global economic climate and to encourage and facilitate investment flows in the Asia-Pacific region. We aim to bring together heads and senior officials of investment policy advising agencies, including investment facilitation and promotion agencies, senior business people and representatives of major regional and global agencies, to consider major challenges now impacting on investment flows in the region's economies. The symposium will draw on key lessons emanating from APEC's investment framework, including the OECD's Policy Framework for Investment (PFI) and also work of the World Bank, UNCTAD, UNESCAP, the ADB and the ADBI. It is intended that a report of the symposium would be made available to APEC forums and contribute to APEC's work on supporting investment policies in the region.

In recent years, there has been a marked decline in investment flows. In the recent report by the OECD and UNCTAD to G20 Leaders, those organisations noted a sharp decline in FDI flows to G20 countries of 36% in the second quarter 2010 and that as the economic recovery (from the global financial crisis) "remains fragile and new risk factors (such as competitive devaluations) are emerging, G20 and global FDI flows for 2010 as a whole are estimated to remain stagnant. That implies that 2010 FDI flows will still be some 25% lower than the average of the last three pre-crisis years (2005/2007). A new FDI boom remains a distant prospect". In many economies domestic investment remains weak. Recovery in most economies will be a lengthy process and is by no means assured. The ADBI's recent study on *Infrastructure for a Seamless Asia* estimates that between 2010 and 2020, Asia needs to invest approximately US\$8 trillion in overall national infrastructure, and a further US\$290 billion on specific regional infrastructure projects, an average overall infrastructure investment of US\$750 billion per year.

The symposium is the first part of an activity, funded by AuAID and supported by the State Government of Victoria through its support of the Melbourne APEC Finance Centre, the OECD and the Asian Development Bank Institute. The symposium aims to contribute to enhancing investment flows in the region by defining key investor risk concerns, and measures to ameliorate them.

Relevant priority issues would be identified and could be taken into account by APEC in formulating the Investment Facilitation Action Plan (IFAP) 2, thereby contributing to a sustained enhancement of APEC's investment policy environment.

The symposium will draw on key lessons emanating from APEC's investment framework, including the OECD's Policy Framework for Investment (PFI) and also work of the World Bank, UNCTAD, UNESCAP, the ADB and the ADBI. The views and experiences of major private investors in the region's economies will be considered. Australian institutions including the Treasury, the Productivity Commission, the Business Council of Australia, Partnerships Victoria, the APEC Business Advisory Council (ABAC) and other major business groups will be invited to be involved. The views and experiences of major private investors in the region's economies will be considered.

Drawing on the lessons learned from the regional symposium, and contemporary relevant developments in investment, the Centre will develop a five day intensive capacity building training course for investment policy specialists and investment promotion and facilitation officials, covering policy issues relevant to enhancing domestic and foreign investment flows.

The symposium will focus on measures aimed at reducing risk in investment and in promoting an environment conducive to business investment. Its purposes are to: encourage and facilitate investment; to reduce risk in infrastructure investment; the amelioration of sovereign risk; to support the role of investment in structural reform; to consider the role of investment treaties; to promote policies to ensure efficient administration in investment decision making processes, and to consider business perspectives on investment risk minimisation.

The symposium is designed with the following objectives in mind:

- To encourage and facilitate investment;
- The amelioration of sovereign risk and the reduction of risk in infrastructure investment;
- Emphasise the role of investment in structural reform;
- Develop policies to ensure efficient administration in investment decision making processes;
- Address the role of investment treaties; and
- Provide business perspectives on investment risk minimisation.

The symposium will be the first part of a two-part activity. Key education and capacity building issues identified during the symposium will be incorporated into an intensive 5 day training program for regional system policy makers and regulators and which will be delivered in Melbourne later in 2011.

The coordinator of the symposium will be Mr Roy Nixon, who has more than 25 years of experience in the Australian Treasury and has worked extensively on major multilateral agreements including the OECD Multilateral Agreement on Investment, Energy Charter Treaty, the WTO GATS, and many bilateral and plurilateral BITs and FTAs. Mr Tony Hinton, who is a former Commissioner at the Productivity Commission and has extensive experience in the Australian Treasury, will coordinate the training program.

The Symposium will be followed by a two-day High Level Roundtable where policy makers will discuss and debate some of the policy issues in further depth.

A copy of a draft of the outline of the symposium program is shown below:

DRAFT SYMPOSIUM OUTLINE

Session	Content	Moderator & Speakers
DAY 1		
REGISTRATION: 8:45 am		
Welcome & Opening Address 9:00 – 9:30 am	Reducing uncertainty; increasing private investment flows	TBC
Session 1. Basic Determinants of Investment and Sovereign Risk 9:30 – 11:00 am	<ul style="list-style-type: none"> • Key measures to promote investment flows – evidence of success • Measures to reduce sovereign risk to support foreign investment flows • Is business responsive in current environment? 	Moderator: <ul style="list-style-type: none"> • Tom Westcott, Senior Consultant, ITS Global Speakers <ul style="list-style-type: none"> • Bob Prieto, Senior Vice President, Fluor Corporation US, TBC • Darrin Grimsey, Partner, Ernst and Young
11:00 – 11:15 – Morning Tea		
Session 2. Macro-Economic Policy Factors 11:15 – 12:45 pm	<ul style="list-style-type: none"> • Relevance of fiscal and monetary policy settings to domestic and foreign investment • Importance to business decision-making • Regional trends in investment risk 	Moderator <ul style="list-style-type: none"> • Andrea Goldstein, Head, Global Relations, Investment Division, OECD Speakers <ul style="list-style-type: none"> • Jim Murphy, Executive Director, Australian Treasury • Doug Brooks, Assistant Chief Economist, Asian Development Bank
12:45 – 1:45 pm – Lunch		
Session 3 Characteristics of a Sound Foreign Investment Policy 1:45 – 3:15 pm	<ul style="list-style-type: none"> • Specifics of a Sound Foreign Investment Policy to attract foreign capital • Assessment of ways to improve the foreign investment policy framework in regional economies 	Moderator <ul style="list-style-type: none"> • Masato Abe, UNESCAP Speakers <ul style="list-style-type: none"> • Tony Cole AO, Senior Partner, Mercer • John Walter, Partner, Corrs, Chambers, Westgarth
3:15 – 3:30 pm – Afternoon Tea		
Session 4 Behind the Border Barriers to Investment 3:30 – 5:00 pm	<ul style="list-style-type: none"> • Indicators of barriers impacting on investment flows • Progress in easing barriers to investment in the Asia Pacific region • regional measures to promote reforms to investment policies 	Moderator <ul style="list-style-type: none"> • Roy Nixon, former convenor of APEC IEG Speakers <ul style="list-style-type: none"> • Eduardo Ferreyros, Vice Minister of Foreign Trade, Peru, TBC • Peter Kusek, World Bank expert • Enrique Prieto, Director of International Affairs, Ministry of Economy

Session	Content	Moderator & Speakers
DAY 2		
REGISTRATION: 8:45 am		
Session 5 Investment in Infrastructure 9:00 – 10:30 am	<ul style="list-style-type: none"> Challenges in promoting infrastructure investment Mobilising domestic and international finance Reducing risk in infrastructure Role of multilateral agencies and private sector Role for APEC 	Moderator <ul style="list-style-type: none"> Jason Loos, Director, Partnerships Victoria, Department of Treasury and Finance, State Government of Victoria Speakers <ul style="list-style-type: none"> Kamran Khan, Director, Singapore Urban Hub, World Bank Jon Lindborg, Advisor, Director General's Office (Public-Private Partnership) ADB Garry Bowditch, Director, SMART Infrastructure Facility, University of Wollongong
10:30 – 11:00 am – Morning tea		
Session 6 Investment in Resources Sectors 11:00 am – 12:30 pm	<ul style="list-style-type: none"> Resources needs in Asia Pacific region Developing strategic partnerships in resources Public and private sector roles 	Moderator <ul style="list-style-type: none"> John West, Senior Consultant, Asian Development Bank Institute Speakers <ul style="list-style-type: none"> Zhao Youli and He Chongyang, Finance Research Institute of Industrial and Commercial Bank of China Ernst & Young, TBC
12:30 – 1:30 pm - Lunch		
Session 7 Investment in Financial Sectors 1:30 – 3:00 pm	<ul style="list-style-type: none"> Policy options to manage barriers in investment in financial sectors in the region Improving financial regulatory coordination in the region 	Moderator <ul style="list-style-type: none"> Rod Maddock, Executive General Manager, Group Strategy, Commonwealth Bank of Australia Speakers <ul style="list-style-type: none"> Yoshihiro Watanabe, APEC Business Advisory Council Member of Japan Jeremy Duffield, CEO, Vanguard Investments, TBC Dr Twatchai Yongkittikul, Secretary-General, Thai Bankers' Association
3:00 – 3:30 pm – Afternoon tea		
Session 8 Key Messages and Conclusions 3:30 – 5:00 pm	<ul style="list-style-type: none"> Identification of key measures to reduce risk in investment in the Asia Pacific region Policy options for governments Role of private sector Advantages of enhanced regional coordination Identification of capacity building needs for regional investment policy, facilitation and promotion agencies. 	Moderator <ul style="list-style-type: none"> Forum Chairman Ken Waller Speakers <ul style="list-style-type: none"> Jon Lindborg, ADB Andrea Goldstein, OECD Anna Joubin-Bret, UNCTAD, TBC Bob Prieto, Fluor US, TBC