



**Closing Remarks by H.E. Sundram Pushpanathan
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for ASEAN Economic Community
ASEAN-OECD INVESTMENT POLICY CONFERENCE
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H.E. Mari Amano, Deputy Secretary-General of OECD,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

I believe we can all agree that this has been an exceptionally successful conference on investment policy participated by ASEAN, OECD, ASEAN Dialogue Partners and other stakeholders. I would like to express my deepest appreciation to the Government of Japan and the staff of OECD for funding and jointly organising this important Conference on ASEAN-OECD Investment Policy with the ASEAN Secretariat. I would like to also express my appreciation to the session Chairs, panellists, speakers and all participants for the active involvement in the various sessions that has led to fruitful outcomes. Indeed, during the past two days we have generated a wealth of information and experience-sharing through this Conference.

Several key points have emerged during your discussions. First, we are glad to see the positive trend of foreign direct investment flows into ASEAN and the increasing OECD investors' exposure to ASEAN market. ASEAN hopes to remain the traditional and long-term destination for investment projects from the OECD as well as from other important ASEAN Dialogue Partners. We also discussed how ASEAN can further enhance quantity and quality of foreign direct investment into the region, especially under the current economic conditions. We discussed the emerging roles of the multinational enterprises in the region, particularly the rising profits expectations of the US Multinational Enterprises in the ASEAN economies. There was an important question on how ASEAN can benchmark itself vis-a-vis China and India, as these two economies have been attracting more foreign direct investment. We have strong confidence in ASEAN's competitive advantages in regional production networks and willingness to take complementary approaches in economic development through mutually beneficial partnerships.

Second, we were introduced to some of the OECD effective investment policy instruments including the FDI Restrictiveness Index and Policy Framework for Investment, as well as the

cooperative process which has led to the successful implementation of the policy investment reviews in Indonesia and Viet Nam. While we were given the fact that most of the OECD economies have become more restrictive with their individual investment regimes over the period 1997-2010, we acknowledged that investment measures in the OECD economies will be taken to carry on the trend towards investment liberalisation and facilitation. ASEAN shares this commitment of OECD as it is in line with ASEAN Economic Community goal, which is the achievement of a single market and production base by the year 2015.

Third, we had vibrant discussion on how we can facilitate investment in areas that we have already liberalised. We agreed that investment facilitation is considered one of the primary vehicles for the region to maintain and improve its international competitiveness. We discussed institutional and organisational issues associated with successful investment promotion, the importance of deepening market linkages, strengthening human and organisational capability, and flexibility during the process. I believe that with the development and recent achievements under the ASEAN initiatives such as the Master Plan on Connectivity, ASEAN is moving in the right direction towards deeper economic integration by 2015.

Fourth, on the role of international investment agreements in ASEAN, there was an acknowledgement of the enhanced partnerships between ASEAN and its Dialogue Partners through the recent conclusion of the regional investment negotiations, and prospective partnerships through on-going and future negotiations. There was recognition at this conference of the recent trend in the negotiations of investment agreements including both of bilateral investment treaties and regional free trade agreements, as well as the improved jurisprudence covering key procedural and substantive aspects of national investment laws in these agreements. While we had a very interesting discussion on the approaches to international investment agreements, the question on how we can benefit more from the existing investment agreements without impinging on national policy space remains open for further dialogue.

Last, in recognition of the increasing competition as a destination for investment and the risks of falling behind if effective actions are not taken, we had a useful interactive panel discussion on how ASEAN can attract more investment. We shared insights on the application and effectiveness of international instruments for corporate responsibility, other opportunities, constraints and challenges that ASEAN will be exposed to in ensuring flow and impact of foreign direct investment in achieving ASEAN economic development goals.

Going forward, we are all aware of the muted global demand, and the growing uncertainty that investors face these days due to the impact of the financial crisis. This may continue to have a negative effect on aggregate demand and affect investors' confidence in making investment decisions. In parallel with regionalising opportunities, thus, internalising costs and risks will be important. ASEAN is taking steps in this direction to ensure ASEAN remains an attractive investment destination and we look forward to engaging more with the OECD countries in investment policy work.

With regard to the initiatives for investment policy collaboration that both sides have implemented, I am positive that there is merit in having further collaboration between OECD and ASEAN in the selected investment policy areas of interest to ASEAN and OECD. Such areas may include development of micro, small and medium enterprises, effective promotion of multinational enterprises, green foreign direct investment, corporate governance, statistics, and other initiatives to enhance intra-ASEAN and inter-regional investment. Cooperation in these areas can be channelled through substantive policy dialogues, thematic symposiums, joint analytical work, technical assistance and capacity building programmes.

Achieving the ASEAN goal by 2015 requires significant effort and commitment by all Member States to implement key initiatives across a wide range of policy areas toward our goal of establishing a competitive single market and production base, which is fully integrated into the world economy and where development gaps within ASEAN are narrowed. Together with making ASEAN investment policy more competitive and conducive to the business environment, regulatory reform is a crucial aspect in weaving the ASEAN Economic Community fabric. This is not a one-off effort but a dynamic, long-term, multi-disciplinary, and multi-sectoral process. The goal of regulatory reform is to improve ASEAN and national economies, and enhance their competitiveness and ability to adapt to change. Better regulatory reforms are necessary complements to trade and investment facilitation efforts of ASEAN as well as sound fiscal and macroeconomic policies.

In closing, on behalf of ASEAN, I would like to express once again our sincere appreciation to OECD and the Government of Japan in supporting this event, and all of you who worked hard to make this conference a success. The experience that we have shared over these two days is valuable in our continued effort along our journey to building a vibrant ASEAN Economic Community by the year 2015.

Thank you.