



OECD-Emerging Asia Investment Policy Dialogue

EXPLORATORY MEETING

Shanghai, 6 December 2002

Summary of Discussions

1. The exploratory meeting, held back-to-back with OECD Global Forum on International Investment, brought together about forty senior officials responsible for investment policy and promotion from emerging Asian and OECD countries, as well as representatives of regional and international organisations, notably the Asian Development Bank (ADB), the European Commission (EC), the United Nations Industrial Development Organisation (UNIDO), and the World Association of Investment Promotion Agencies (WAIPA). Other participants included representatives from BIAC, TUAC, and other civil society partners from the region.

2. The main objective of this meeting was to resume the investment dialogue at a time when countries in the region are concerned about declining levels of FDI inflows, disinvestments and relocation of investments. The meeting paved the ground for a step-by-step investment co-operation programme with, and learn first hand the priorities and concerns of, Asian economies.

Background

3. The OECD CCNM's Asia programme, designed to promote economic and financial stability in the region, covers corporate governance, regulatory reform, competition policy, taxation, capital market reform, insurance and pension reform, insolvency reform, anti-corruption, budget management, social policies, knowledge-based economy, statistics and environment. With the exception of China for which there is a country-specific programme, there have been relatively few CCNM activities concerning investment in Asia.

Outcomes

4. The Shanghai exploratory meeting was very productive in terms of identifying key areas where OECD-Emerging Asia dialogue could focus in the initial stage. The meeting's immediate benefit has been the establishment of an initial network among investment officials from participating countries, organisations and businesses. Other Asian economies, which were not able to join the meeting would also be consulted. The meeting stimulated a very active exchange of ideas and suggestions among all participants.

5. From the deliberations it has emerged that the following activities could win support in the next stage of the Asia investment initiative:

- **Exploring areas where ODA funds could be used to leverage private investment**, particularly through public-private partnerships in infrastructure projects and in building institutions of good governance and human capital improvements. This activity aroused great interest. It can be undertaken jointly with the Asian Development Bank in Manila. The European Commission, UNIDO and WAIPA expressed willingness in joining this activity. ASEAN, World Bank, UNCTAD are other possible partners. On the OECD side, close co-operation will be necessary with DCD, Sustainable Development Roundtable and Development Center. ODA agencies and CIME delegates of member countries would be among key participants.
- **Promoting a better understanding of the corporate responsibility initiatives**, particularly of the process and mechanisms of the OECD Guidelines for Multinational Enterprises and how to make effective use of the Guidelines in promoting sustainable development in Asia. This activity will target Asian governments, businesses, media and civil society partners. Given the strong interest expressed by Indian participants, the activity could take place in New Delhi.
- **Deepening the dialogue on key elements of the international investment agenda** such as transparency, non-discrimination, the relationship between bilateral, regional and international investment instruments and the use of incentives.
- **Enhancing the policy advocacy functions of Investment Promotion Agencies** so that they can play an effective bridging role between investors and policy-makers in improving the investment climate. This activity would be undertaken jointly with WAIPA, UNCTAD, World Bank/MIGA and WTO.
- **Assessing FDI in the context of regional integration initiatives in Asia**, including through ASEAN (free trade area and investment area), free trade agreements with non-ASEAN countries, and APEC in co-operation with WTO, ASEAN and APEC.
- **Sharing experiences on capital controls, FDI versus short-term flows**. This activity could be pursued during one of the ASEAN investment officials' regular meetings.
- **FDI policy surveys of emerging Asian countries**, who express interest in adhering to the OECD Declaration on International Investment and Multinational Enterprises.

Next Steps

6. The foregoing ideas are an indicative menu, which will be further explored with partners in the region before turning them into concrete projects in a step-by-step approach. Special attention will be paid to identifying existing work in these areas,

remaining gaps that exist and the best way for OECD to contribute in areas where it has comparative advantages.

7. There will also be discussions with EU's AsiaInvest programme (part of ASEM initiative), UNCTAD, World Bank, IMF, APEC, ASEAN and WTO to ensure synergies and avoid duplication.

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DRAFT AGENDA

Chairmen: **Ambassador Marino Baldi**, *Chairman, OECD Advisory Group on Co-operation with Non-Members of the Committee on International Investment and Multinational Enterprises (and Deputy Secretary of State, Office fédéral des affaires économiques extérieures, Switzerland)*, and **Mr. Richard Hecklinger**, *OECD Deputy Secretary-General*

Rapporteur: Mr. Mehmet Ögütçü, *Head, Non-Members Liaison Group and OECD Global Forum on International Investment*

Setting the Scene

- Ambassador Marino Baldi
- Mr. Kenneth Davies, *Principal Administrator, Directorate for Financial, Fiscal and Enterprise Affairs, OECD*

Interventions

- Mr. Shigeo Matsutomi, *Minister, Japanese Delegation to the OECD Japan*
- Mr. Somphong Wanapha, *Secretary-General of the Board of Investment of Thailand*
- Mr. Carl John Matriano, *Executive Director of the Board of Investments, The Philippines*
- Mr. Ng Cho Set, *Director, MIDA Shanghai, Malaysia*
- Mr. Ajay Sagav, *Asian Development Bank*
- Mr. Clarence T. Kwan, *Deputy Managing Director, US Deloitte & Touche LLP (and a member of the Business and Industry Advisory Committee to the OECD)*
- Mr. Arvind Mayaram, *Vice-President, World Association of Investment Promotion Agencies (WAIPA)*
- Mr. Dong Tao, *Director, Industrial Promotion and Technology Branch, United Nations Industrial Development Organisation (UNIDO)*
- Mr. Rajan R. Gandhi, *CUTS, India*
- Mr. Kim Young-Sam, *Commercial Consul, Consulate General of Korea in Shanghai*

16:45-17:00 Coffee Break

17:00-18:00 Open Forum and Conclusions

Moderator: Mr. Rainer Geiger, *Deputy Director, Directorate for Financial, Fiscal and Enterprise Affairs, OECD*

The floor will be open for discussion on investment policy challenges facing the region and possible common areas of interest where the OECD and emerging Asian countries should focus in the next stage of their co-operation and policy dialogue. The discussants are invited to table documents in support of their interventions.

Possible questions for discussion

1. What is the perception of the situation for FDI outflows from and inflows to the region since the 1997-98 financial crisis? How has the region and countries been affected by decline in FDI levels since 2000?
2. What are the effects of FDI for emerging Asian economies with respect to environmental and social standards? Why are some Asian economies doing better than others in attracting FDI? Role of incentives and enabling environment in supporting sustainable development?
3. What are the most critical policy areas, which need to be addressed in the current conjuncture?
4. How can multilateral co-operation, both in a regional (e.g. ASEAN) and international context, accompany efforts in host and home countries?
5. What should be the possible areas of focus in the next stages of the OECD-Emerging Asia dialogue and co-operation on investment matters? In what ways can your government support this initiative and play a role in further developing it?

19:00-21:30 Reception

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