



DRAFT 28 NOVEMBER 2002

OECD-EMERGING ASIA INVESTMENT POLICY DIALOGUE

EXPLORATORY MEETING

Shanghai, China, 6 December 2002, 15.00 - 18.00 pm

Objectives and Background

1. The primary objective of this exploratory meeting is to discuss, *inter alia*, with senior investment officials from emerging Asian non-OECD economies¹, the private sector, other multilateral organisations the investment outlook and policy challenges in the region and identify possible areas of dialogue and co-operation between the OECD and these economies. The meeting will also take note of the investment-related activities and initiatives currently underway in the region to avoid duplication of efforts, and to achieve synergies. The intention is to develop, in light of the discussions with, and suggestions from, main stakeholders an OECD-Emerging Asia investment policy dialogue initiative, which will reflect OECD's comparative strengths and bring added value to what already exists.
2. Emerging Asia, with the exception of China for which there is a country-specific OECD programme of co-operation, has recently been a relatively neglected region in OECD's investment activities after a number of activities undertaken in the immediate aftermath of the 1997-98 Asian financial crisis. At a time when the overall FDI flows are declining, disinvestments and relocation of investments are on the increase, and hence the concerns for intensified FDI competition among and within countries have become more pronounced, it is the right time to focus on efforts to improve the investment environment for businesses, foreign and domestic alike, and share the varied experiences of governments and businesses in investment policy and promotion practices.
3. With its forty years of experience with investment instruments² of co-operation, the expertise accumulated by the investment policy community in the 30 OECD members, which include two Asian countries (Japan and Korea), well-tested investment policy peer review method, the OECD is well placed to provide policy advice and best practices to host and home countries to help utilise the potential of FDI for development. Open dialogue with governments, business, trade unions and civil

1. For the sake of this initiative, emerging Asian economies will include ASEAN-7, South Asia (India, Pakistan and Sri Lanka), Mongolia and Chinese Taipei.

2. The OECD Declaration on International Investment and Multilateral Enterprises, the Codes of Liberalisation of Capital Movements, the Principles of Corporate Governance, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, all of which are this way or another related to investment and open to adherence by non-members. In particular, the 1976 OECD Declaration constitutes a policy commitment to improve the investment climate, encourage the positive contribution multinational enterprises can make to economic and social progress and minimise and resolve difficulties, which may arise from their operations. All 30 OECD member countries and seven non-member countries have subscribed to the Declaration, and non-members, which are able and willing to join, are encouraged to do so.

society is an essential part of the OECD approach, helping it to enhance the relevance and substance of its work. The OECD also wants to learn from the varied experiences and perspectives of non-members, and reflect them onto the OECD investment community.

4. The preliminary ideas on the proposed initiative were presented at a meeting with Asian Ambassadors to France in July 2002. Informal consultations were also held with several ASEAN and multilateral organisation experts in the region. The proposal was endorsed in principle by the OECD Committee on International Investment and Multinational Enterprises at its September 2002 meeting.

Target Audience

5. Principal partners in this initiative will be the governments of emerging Asian economies, the ASEAN Secretariat, the World Bank Group, and the Asian Development Bank. Co-operation will also be sought with the APEC, the UNCTAD, the European Commission, and the United Nations Environmental Programme. Representatives of the international/domestic business community and trade unions, including BIAC, TUAC and the Business Council on Sustainable Development will also be brought on board.

6. In addition to OECD member countries, the following key stakeholders in emerging Asian economies will be engaged:

- public investment authorities, state-owned enterprises, governmental development agencies, and local governments;
- financing institutions, development and commercial banks, investment funds and export credit agencies;
- private business and industry corporations, their associations/federations, chambers of commerce, and small and medium-sized enterprises/associations;
- important civil society representatives, such as non-governmental organisations engaged in grassroots development, legislators and parliamentarians, charity trusts/foundations, and similar development-oriented interest groups; and
- research and development organisations, training centres, academia, rating agencies, policy think tanks.

Expected Output

7. In light of the discussions with, and suggestions from, main stakeholders, the main indicative outputs could include:

- (i) establishment of an OECD-emerging Asian countries network of investment officials,
- (ii) analysis and development of policy actions for sustainable investment in emerging Asian economies;
- (iii) promotion of corporate responsibility initiatives including the OECD Guidelines for Multinational Enterprises;

- (iv) identification of the current status of policy reform and development in the designated policy areas related to international investment,
- (v) FDI policy surveys of emerging Asian countries wishing to adhere to the OECD Declaration on International Investment and Multinational Enterprises; and
- (vi) regular dialogue meetings on emerging investment policy and promotion issues.

Contact Points:

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DRAFT AGENDA

Chairman: 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)**

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

Setting the Scene

15.00-15:20

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

Interventions (10-minute each)

15:20-16:45

- 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. John Lintjer, *Vice-President, Finance, 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)**
- Ms. Liang Dan, *Director, Industrial Promotion and Technology Branch, United Nations Industrial Development Organisation (UNIDO)**
- Mr. Rajan R. Gandhi, *CUTS, India**

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