

# Impact Case Study

## APEC Study Centre - Enhancing the investment environment in Asia-Pacific Economic Cooperation and Association of Southeast Asian Nations economies

### Project Summary:

This project aimed to improve investment flows and strengthen economic development in APEC and ASEAN nations. Coordinated by RMIT's Australian APEC Study Centre (AASC), this project brought together RMIT researchers, industry, multilateral agencies and regulators. Project milestones included a policy dialogue, two capacity building training programs and the formation of the Regional Investment Analytical Group (RIAG). This activity empowered regional investment officials to monitor, review and implement best practice investment policies, and improve predictability, stability and transparency in investment decision making. The project also improved quantitative data availability, promoted policy dialogue on investment, and strengthened government networks within the Asia-Pacific region.

### Case Study:

This project has had considerable impact on APEC and ASEAN member nations. This case study asserts three key areas of research impact: (1) capacity building and training programs informed participating nations and built the capacity of regional investment officials to monitor, review, and implement best practice investment policies, and improve the predictability, stability and transparency in national investment decisions, (2) the project activities promoted policy dialogue on investment with the business community of APEC and ASEAN and strengthened economic relationships within the Asia-Pacific region, and (3) the creation of the Regional Investment Analytical Group (RIAG), which has informed APEC and ASEAN nations, enabling them to strengthen their economic investment capabilities.

The project lead, Ken Waller, and AASC researchers conducted extensive literature reviews, and interviews with key stakeholders and experts. This research was built into a seminar and policy dialogue in Beijing in September 2013, and two capacity building and training programs conducted in Melbourne in 2014 and 2015. Monitoring and evaluation conducted by AASC demonstrated that the capacity building training programs equipped the 27 participants with knowledge and skills to construct consistent investment policy. Participants gained an appreciation of the links between quantitative measures, transparency, and predictability in investment decision making when undertaking negotiations with sovereign wealth funds. Selected testimonials from participants regarding the importance and value of the capacity building training programs are provided below:

- Zhang Li (Ministry of Commerce, China): "It is helpful for me to recognize models to be used in analyzing investment policies. The discussions about FDI data requirements for economy-wide modeling, the regulation between infrastructure, trade and service and the function of RIAG are all very useful for me."
- Nutt Lumbikananda (Bank of Thailand): "The knowledge from this training program helped me in the tuning of our policies to suit investment by Sovereign Wealth Funds or pension funds."
- Nguyen Thi Huyen Thuong (Ministry of Industry and Trade, Vietnam): "I Learned how to attract more investment in infrastructure and other sectors...I will share all

documents from this program to my colleagues and will make a presentation and report about this training.”

- Maria Victoria Fernandez Armesto Hafner (Ministry of Economy, Chile): “I will write a report on the discussions in this seminar and present it to the Foreign Investment Committee.”

The policy dialogue and two capacity building training programs also helped to promote communication around investment, and strengthen economic relationships within the Asia-Pacific region. Miguel Ángel Galindo Vega, the (then) Director for International Affairs and Public Policy, Secretariat of Economy, Mexico, stated: “The program helped me realize the important issues about the development of investment policies in APEC region. I will surely bring this experience to my country in order to rethink the way in which we view and design our policies and to enhance cooperation with our friends from APEC.”

(All preceding testimonials from: The Australian APEC Study Centre, 'Report: Enhancing the investment environment in Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN) economies' Capacity Building Training Program, 2015, Melbourne, Australia)

This project led to the creation of RIAG, which consisted of regulators from government ministries, and central banks, together with experts from the OECD, APEC Secretariat, the World Bank, the Australian Treasury and AASC. The inaugural meeting of RIAG was convened over the first two days of the 2015 capacity building training program. The Co-Convenor of the APEC Investment Experts Group, Mr Clarence Hoot from Papua New Guinea, was an active participant in the RIAG meeting. The APEC Business Advisory Council (ABAC) was represented by Mr Wayne Golding, ABAC member from Papua New Guinea. Since its inception, RIAG has had a highly influential role in enhancing economic investment in the Asia-Pacific region. This has mainly been achieved by developing quantitative measures and benchmarks to assess progress in investment policies, which has enhanced and informed policy decisions. Since 2015 RIAG, supported directly by the AASC, has had an ongoing role in supplying this type of quantitative data, and has championed the importance of this information in policy decision making.

Reports generated by RIAG during 2015 and 2016 have received endorsement from business and government leaders, APEC leaders and Heads of State in the Asia-Pacific region. RIAG has also made submissions to, and received endorsement from, the APEC Investment Experts Group. Most significantly, ABAC has supported recommendations made by RIAG. The capacity building training program and the creation of RIAG were reported to ABAC in Mexico City during the second ABAC meeting in April 2015. Strong endorsement of RIAG was evident in the ABAC Report to APEC Economic Leaders 2015, which stated: “ABAC commends the work of the Regional Investment Analytical Group...ABAC encourages the use of the work of RIAG in reviewing the effectiveness of investment policy settings to contribute to the further development of the APEC Investment Facilitation Action Plan and to enhance long-term investment in the region.” Furthermore, in the same report, Finance Ministers from APEC nations were advised to support the work of RIAG: “we suggest that Finance Ministers support the efforts of the Regional Investment Analytical Group in developing indicators to help enhance investment flows in the region” (APEC Business Advisory Council, ‘Resilient Inclusive Growth: A Fair Deal For All’, Report to economic leaders, Philippines, 2015). APEC Finance Ministers also endorsed RIAG in their 2014 Ministerial Statement.

### **Associated Research**

This project was originally funded by AusAID and its successor, Australian Aid (part of the Department of Foreign Affairs and Trade). The project aimed to improve the efficiency and effectiveness of investment procedures, enhance constructive stakeholder relationships and international cooperation, and establish effective monitoring and review mechanisms for investment procedures. The project brought together academics, industry, multilateral agencies and regulators from the Asia-Pacific region to improve investment flows and enhance economic development. Research for this project was coordinated by RMIT's Australian APEC Study Centre and produced by RMIT personnel. Some analysis was also provided by external experts from multilateral institutions such as the World Bank, the Organisation for Economic Co-operation and Development, and the Asian Development Bank. Researchers conducted extensive literature reviews, and interviews with key stakeholders and experts. This research was built into a seminar and policy dialogue in Beijing in September 2013, and two capacity building and training programs conducted in Melbourne in June 2014 and March 2015. Delegates were senior officials involved in the design and implementation of investment policies in their countries. The project culminated with the formation of RIAG.