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# ASEM Investment Promotion Action Plan (IPAP)

## *1st ASEM Investment Expert Group Meeting (IEG)*

### Chair's Conclusions

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The ASEM partners met in Evian on 23 and 24 November 1998 for the first meeting of the Investment Expert Group (IEG), in the framework of the implementation of the Investment Promotion Action Plan (IPAP) in conformity with the recommendations of the ASEM leaders at the ASEM 2 in London.

The European Commission and the Austrian Presidency of the European Union hosted the meeting and Thailand and Japan were the shepherds on the Asian side. The discussion centered on the items included in the IEG questionnaire, which formed the basis of the agenda. The summary of the responses, provided by the European Commission was accepted as accurate and will be updated in light of future contributions. It was agreed that by 15 January 1999 partners will either update their responses to the questionnaire or submit a response if they failed to do so until now. Subsequently, the European Commission will provide an update of its summary by the next IEG. Taking the points included in the questionnaire in order, the following conclusions emerged from the discussions:

#### **Pillar 1: Investment Promotion Issues**

1. The Group agreed that an ASEM IPAP web-page should be launched within a reasonably short time to fulfil the need to provide up to date information on the investment regime of each ASEM partner. It will complement the business matching information already included in the ASEM connect site which is primarily run by private sector providers under the ASEM Business Forum framework.

It was agreed that the ASEM IPAP home page should contain basic information on IPAP and on its follow up activities such as the IEG and its reports to SOMTI. It should provide links to each partner's national webpages. Partners recognised that it would be their responsibility to keep their national web page up to date. Partners underlined the need for quality controls on the national web sites.

The discussion profited greatly from presentations by Thailand, Indonesia and the

Swedish Investment Agency on the ASEAN, APEC and Swedish Investment home pages. As to the content of the national web sites, it was agreed that for the sake of comparability and building on experience gained from investment web sites of regional and inter-regional frameworks, the minimum content of the national web sites should include:

- up to date information on the regulatory framework including investment protection, investment promotion and incentive schemes, data and trends on FDI inflows and outflows, overview of international investment agreements to which the partner is a signatory,
- a practical guide for investors,
- links to other relevant web-sites,
- basic macro and micro-economic data.

Partners further underlined the desirability for these web sites to meet the requirements of user-friendliness and interactivity. The UK referred to its own home page containing a list of 17 Frequently Asked Questions. The European Commission will consider hosting the ASEM IPAP homepage and will present a proposal taking all these elements into account including a checklist of information to be incorporated in the national home pages. The Business sector will be encouraged to provide feedback on the information to be included in each partner's web page.

2. In conformity with the conclusions of the ASEM Senior Officials Meeting of 28 October 1998 which called for greater continuity and consistency in the activities of the Asia Europe Business Forum, and their links with SOMTI and Economic Ministers Meetings, ASEM partners agreed that the attention of the organisers of the Business Forum should be drawn to the need for continuing discussion on investment issues. Thus, the organisers might consider holding the IPAP Decision-Makers Roundtable in conjunction with the ASEM Business Forum. Furthermore, business people attending the AEBF are encouraged to use the occasion of that meeting to undertake investment missions to Asian ASEM partners.

In addition, delegations are requested to consider, when organising business missions studying investment opportunities, to consider visiting more than one country.

Partners agreed to keep under review the possibility of improving the existing exchange programmes of personnel and the human resource development programme for the business sector. To this end, they agreed to update the information on the existing programmes including those referred to in the IPAP. Partners also took note of Thailand's request for information on ASEM partners' existing business study centers, in order to create a network of those existing centers.

## Pillar 2: Investment Policy Issues

3. Discussions revealed that FDI inflows towards Asian countries appear to be partially slowing down in some countries since the crisis started in mid 1997. However, other Asian partners reported an increase in inward FDI which could be due to a number of factors such as the reforms in their investment regime, the devaluation of their currencies, the decrease of the value of shares and the low prices of land property. FDI outflows from Asian countries however, are decreasing sharply. Korea, Thailand and Germany made useful presentations to the Group on the recent reforms on their domestic investment regime.
4. Partners agreed, in light of the experiences shared on the measures that
  - (i) contribute to improving the investment climate, and
  - (ii) best practices should be explored on issues such as:
    - Transparency; Non-discrimination/National Treatment,
    - Privatisation; Investment Incentives (Tax regimes/breaks);
    - Performance requirements; Dispute settlement, IPR;
    - Investors' behaviour;
    - Entry of key personnel.
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There was agreement that these issues identified need prioritization and could be dealt with in future IEG meetings on the basis of further case studies and issues papers prepared by ASEM partners.

The following distinction is proposed:

- Immediate term Longer term
  - National treatment Dispute settlement
  - Incentives/Performance requirements IPR
  - Privatisation Investors' behaviour
  - Transfer of Technology Environmental and social concerns
  - Mobility of key personnel
5. The Commission agreed to provide an issues paper on national treatment, the UK on privatisation and Japan together with China on transfer of technology. Particular emphasis should be given, according to the partners, to improving transparency. To this end it was agreed to update the IPAP annex as necessary on regulatory regimes. The partners acknowledge the importance of FDI as a vehicle for transfer of technology.
  6. However, the benefits that FDI can bring as regards technology transfer, also depend on the host country's absorptive capacity determined by the domestic conditions in areas such as the level of skills and training of the local labor force, competition policy, IPR protection and the openness of the trade regime. It was agreed that business should be actively involved as to the identification of difficulties to investment.

7. Concrete needs and requests from the business community for example through the Business Forum should be adequately taken into account in IEG discussions and in the formulation of proposals. The partners believe in the usefulness of the IEG discussions in view of facilitating the work under way in the WTO Working Group on Trade and Investment. The exchange of information and sharing of experiences on investment policies will allow partners to deepen their understanding and narrow their differences on how future work on investment will be pursued in the WTO.

### **Follow up**

8. The partners expressed satisfaction with the progress of the discussions. Singapore's offer to host a further meeting on 11th February 1999 preceding SOMTI IV was accepted with gratitude.
9. In advance of the next IEG meeting the partners agreed to revise and supplement their replies of the questionnaire and to update the information on regulatory regimes in the IPAP annex.
10. Partners are also encouraged to come up with concrete proposals on how to reflect the needs identified by the business sector.
11. The next IEG meeting will also discuss the process towards the second Economic Ministers Meeting in October 1999 and the implication of this meeting on its future role. In line with the Asia Europe Co-operation Framework, the IEG will consider the message on issues covered by IPAP Economic Ministers could send to the 1999 WTO Ministerial Meeting.

*Michael Reiterer, European Commission*  
*Wolfgang Iglar, Austrian Presidency*



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Evian, France  
[www.aseminfoboard.org](http://www.aseminfoboard.org)

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