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Review of the APEC Investment Facilitation Action Plan (IFAP): Forging a Stronger Recovery

APEC Policy Support Unit

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The views expressed in this paper are those of the authors and do not necessarily represent those of the APEC member economies. The authors would like to thank Ms Lee Yen Nee for her excellent research assistance. The terms 'national', 'nation', 'state', agreement' and 'treaties' used in the text are for purposes of this report and do not imply the political status of any APEC member economy.

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- The Aotearoa Plan of Action to implement the APEC Putrajaya Vision 2040 indicates as one of its collective actions that economies promote the flow of quality investments through work on investment liberalisation and facilitation.

- Nearly three years since the COVID-19 pandemic started, the recovery in foreign direct investment (FDI) flows suggests a return of investors' confidence in the APEC region, which will be a valuable resource for economic recovery.

- The digital economy has remained relatively resilient and has shown itself to be a booster for economic recovery in the post-COVID-19 era by facilitating digital transformation, promoting digital trade and facilitating the shift toward high-value activities.

- In 2021, cross-border investment in sustainable development goal (SDG)-related industries increased by 70 percent, reaching USD 371 billion. Growing interest to invest in the renewable energy sector also contributed to this increase.

- The APEC Investment Facilitation Action Plan (IFAP), established in 2009 to support productive business endeavours, outlines eight guiding principles that make it possible for investment to move quickly. This report reviews the implementation of the IFAP principles by APEC economies, providing a snapshot of actions and measures taken since the last review in 2019 by the APEC Policy Support Unit.

- Submissions by APEC economies on their IFAP-related actions and measures highlight the following concerted efforts:

  - stronger efforts on joining and adopting various free trade agreements (FTAs) and bilateral investment treaties (BITs) to facilitate FDI
  - adoption of responsible business conduct (RBC) and inclusive and responsible business and investment (IRBI) concepts is high on the agenda of APEC economies
  - Single Window for investment has been adopted by APEC economies and has contributed to reducing confusion and potential discrepancies
  - use of digital technology has helped improve the accessibility and transparency of investment policies for investors

- Seventeen APEC economies are participating in the World Trade Organization (WTO) Investment Facilitation for Development (IFD) initiative, which acknowledges the significance of attracting and retaining high-quality investment for resilient and sustainable economic growth.

- Policy recommendations that could be considered by APEC economies to further strengthen the implementation of IFAP include:

    - providing more transparency and strengthening consultation or engagement with business stakeholders
    - addressing investors' concerns proactively and to mitigate conflicts
    - strengthening the functionality and practicality of Single Window for investment
    - deepening engagement with investors in formulating investment policies focusing on the adoption of environmental, social and governance (ESG), RBC and IRBI practices
    - facilitating and simplifying processes related to the cross-border mobility of business persons
    - supporting the business environment for vibrant technological advancement and innovation
    - prioritising the development of a supportive domestic innovation and start-up ecosystem
    - intensifying the sharing of best practices and exchange of information on the facilitation of FDI.

1. INTRODUCTION

1.1 OVERVIEW OF THE APEC INVESTMENT FACILITATION ACTION PLAN (IFAP)

The APEC Investment Facilitation Action Plan (IFAP) was established in 2009, the same year APEC initiated the Trade Facilitation Action Plan. Members of the APEC Investment Experts' Group (IEG) actively participate in the initiative, including in the reviews of progress by the APEC Policy Support Unit (PSU).

IFAP includes a comprehensive set of prescribed actions based on eight principles that address transparency, dispute resolution, predictability, simplicity, excessive regulation, corporate governance and mutual cooperation, all of which make it possible for investment to move quickly to support productive business endeavours.

IFAP outlines eight guiding principles:

Principle 1: Promote accessibility and transparency in the formulation and administration of investment related policies.
Principle 2: Enhance stability of investment environments, security of property and protection of investments.
Principle 3: Enhance predictability and consistency in investment related policies.
Principle 4: Improve the efficiency and effectiveness of investment procedures.
Principle 5: Build constructive stakeholder relationships.
Principle 6: Utilise new technology to improve investment environments.
Principle 7: Establish monitoring and review mechanisms for investment policies.
Principle 8: Enhance international cooperation.

Companies consider many factors when deciding to invest abroad. These factors can generally be grouped into three broad categories: financial, economic fundamentals, and regulatory factors. Specific factors include the environment for investing, size of the international market, access to export markets, economic and political stability, skill level of the workforce, trade openness, and institutional characteristics such as the level of transparency and corruption. Economies seeking to attract more foreign investments should consider these factors when developing broader economic policies.

The IFAP goals are narrower. They aim to enhance an economy's capacity and business climate to attract foreign investment and maximise the effectiveness and efficiency of investment administration throughout the investment cycle. Predictable and consistent policy implementation, for instance, becomes even more crucial once investors enter a host economy and have more direct experience dealing with domestic regulations. For instance, if investors face many difficulties navigating a new environment or high risk from unexpected policy changes, they may decide to sell their assets and move to another location. That could hurt the host economy's reputation and deter potential investors from making an entry. This shows the importance of predictable and consistent policy implementation in attracting – and retaining – investors.

Investment is a primary profit-seeking activity that naturally seeks business opportunities with high rates of return, potential expansion and market opportunities, and risks that are either manageable or low. Broadly, IFAP aims to mitigate two important factors affecting an investor's decision:[1]

- ***Regulatory cost***: Companies will be discouraged from even considering investing in a potential host economy if the regulatory procedure is overly burdensome and requires regulatory approval taking months or even longer. By promoting transparency, consistency and accessibility of their business and investment regulations, policymakers must strike a balance between the public interest and efforts to improve the efficiency of the investment process.

- ***Regulatory risk***: Risk management is a particular concern for foreign investors, as regulatory risk can be a major deterrent to investing in an unfamiliar location. Simplifying regulatory procedures to reduce regulatory and compliance risks, which is one of the goals of IFAP, can thus enhance the host economy's attractiveness as an investment destination.

1.2 IFAP REVIEW AND AOTEAROA PLAN OF ACTION

The most recent review of IFAP was completed by the APEC PSU in 2019. The review examined the work that economies had done over the period 2017–2018.[2] The 2019 review covered IFAP Principles 2, 3 and 5.

A common thread across the three principles is governance. While good governance ensures adherence to laws and quality of contract enforcement, hence contributing to Principles 2 and 3, it is also dependent on clear communication, transparency and responsiveness to market and stakeholders' needs, hence mirroring Principle 5.

During the IEG meeting in February 2021, the World Economic Forum highlighted several findings from the IFAP report by the APEC PSU, namely:[3]

- importance of investment partnerships to investment facilitation
- importance of aftercare to identify and address any potential issues
- importance of regulatory convergence and coherence to facilitate investment between economies and within a larger region

The APEC Business Advisory Council (ABAC) also provided feedback that an effective regulatory ecosystem that is built around good regulatory practices (GRPs) is required to

[1] APEC Policy Support Unit (APEC PSU), "IFAP Implementation in Facilitating Investment for the Asia Pacific Region" (Singapore: APEC, 2013), https://www.apec.org/publications/2013/04/ifap-implementation-in-facilitating-investment-for-the-asia-pacific-region
[2] APEC PSU, "Facilitating Investment in APEC: Improving the Investment Climate through Good Governance" (Singapore: APEC, 2019), https://www.apec.org/Publications/2019/11/Facilitating-Investment--in-APEC
[3] World Economic Forum (WEF) and APEC Business Advisory Council (ABAC), "World Economic Forum (WEF) Comments on the APEC Investment Facilitation Action Plan (IFAP) – Presentation Notes," 2021/SOM1/IEG/024, February 2021.

activate a strong investment facilitation action plan, and that the work APEC has been doing on GRPs should be closely linked to any investment facilitation action plan.[4]

In 2021, the Aotearoa Plan of Action was agreed upon as an implementation plan for the APEC Putrajaya Vision 2040. Under the trade and investment pillar of the plan, one of the collective actions to be taken is for economies to promote the flow of quality investment through various steps, such as enhancing investment facilitation and liberalisation. Within the innovation and digitalisation pillar, economies are encouraged to undertake collective actions to facilitate trade and investment, such as promoting relevant measures, interoperable approaches and the use of digital technologies. The strong, balanced, secure, sustainable and inclusive growth pillar highlighted the importance of economic inclusion through efforts such as advancing inclusive policies that promote sustainable economic growth opportunities and improve the quality of life.

1.3 RECENT TRENDS IN INVESTMENT MEASURES

Measures to facilitate investment go beyond simply facilitating capital flows across borders. They need to be tailored to the specific needs of industries and take into account issues such as inclusiveness and impact on the environment. These considerations are increasingly featured in investment policy discussions.

In a letter to the IEG Convenor in June 2021, the ABAC Chair recommended that the IEG incorporate into the workplan (for investment facilitation efforts) the fostering of a unique enabling environment to increase digital foreign direct investment (FDI), as investors tend to seek specific enabling elements before investing in a digital firm.[5]

The World Trade Organization (WTO) is currently discussing Investment Facilitation for Development (IFD), which touches on issues such as transparency and efficiency of investment measures, responsible business conduct and adoption of measures against corruption.[6] In July 2023, participating members concluded negotiations on the text of the IFD agreement. Further collaboration between the IEG and the WTO will benefit both organisations and their respective members.

1.4 OBJECTIVES AND STRUCTURE OF THE REPORT

The scope of the study will involve the following:

- assess the progress of IFAP implementation (which includes reviewing information on implementation and expected outcomes submitted by IEG members and implementing economies)
- distil the lessons learnt and provide policy recommendations to enhance investment facilitation in the APEC region

[4] WEF and ABAC, "APEC Business Advisory Council (ABAC) Members' Feedback on the APEC Investment Facilitation Action Plan (IFAP)," 2021/SOM1/IEG/025, February 2021.
[5] WEF and ABAC, "Letter from APEC Business Advisory Council (ABAC) Chair 2021 to the Investment Experts' Group (IEG) Convenor Providing Feedback on the Fifth Investment Facilitation Action Plan," 2021/SOM3/IEG/010, August 2021.
[6] World Trade Organization (WTO), "Investment Facilitation for Development in the WTO," INT/SUB/SERV/379, 2023, Vhttps://www.wto.org/english/tratop_e/invfac_public_e/factsheet_ifd.pdf

In Chapter 2, the broad investment outlook in the region will be analysed, particularly in relation to developments following the COVID-19 pandemic. In Chapters 3 and 4, discussions on digital FDI and sustainability will be provided to provide some background to the investment issues facing economies. Chapter 5 discusses developments in broad investment measures. Chapter 6 discusses the implementation of IFAP based on submissions by IEG members. Chapter 7 provides conclusions and policy recommendations.

2. INVESTMENT OUTLOOK IN THE APEC REGION: RESILIENCY THROUGH COVID-19 BUT UNCERTAINTIES AHEAD

2.1 FDI INFLOWS AND INWARD STOCK

As the global economy started to recover from the COVID-19 pandemic, foreign direct investment (FDI) rebounded strongly. In 2021, the world's total FDI inflows grew 54 percent compared with 2020 and reached USD 1.48 trillion. The increase however was not sustained, as global FDI inflows contracted 12 percent to USD 1.29 trillion in 2022 against a backdrop of global uncertainties and challenges.[7]

The APEC region mirrored the global trend, with FDI inflows expanding even more strongly, by 88 percent, to a historical high of USD 1.15 trillion in 2021 (Figure 2.1). The rebound in investment inflows to APEC was largely driven by the recovery of the North American market, where the US registered year-on-year growth of 304 percent, predominantly attributed to a surge in cross-border mergers and acquisitions (M&As),[8] and Canada recorded growth of 144 percent. The US and Canada contributed a combined share of 40 percent of APEC's total FDI inflows in 2021, and around one third of APEC's total cumulative inflows during 2020–2022 (Table 2.1).

The APEC region was resilient through the COVID-19 pandemic. FDI inflows to the region contracted when the pandemic hit in 2020, but at a much lower rate (-25 percent) than the global average (-44 percent) and other regions such as the European Union (EU) (-81 percent) and the Organisation for Economic Co-operation and Development (OECD) (-62 percent). In fact, APEC's share in the world's total FDI inflows was boosted to a record high of 64 percent in 2020, before expanding to 78 percent in 2021.

Amid global challenges, which triggered rising interest rates and tighter financing conditions,[9] investment flows into APEC shrank 9 percent in 2022, down to USD 1.04 trillion. Nonetheless, APEC has again proved more resilient than other regions such as the OECD and EU, where the fall in FDI inflows was much more substantial at 29 percent and 182 percent, respectively. The APEC region remained a large recipient of global FDI in 2022, accounting for a stable share of 80 percent of world total inflows (Figure 2.1). Out of the top 20 FDI host economies in 2022, 11 were APEC members, up from 10 economies in 2020.[10]

Among APEC economies, the US recorded the highest value of FDI inflows in 2022, hosting more than 27 percent of APEC's total inflows at USD 285 billion. Although FDI to the US has declined by 26 percent from the 2021 level due to the halving of cross-border M&A values, the US remains the largest FDI recipient globally. China came in second in APEC at USD 189 billion (18 percent of APEC's total FDI inflows), a 5 percent expansion fuelled by investment

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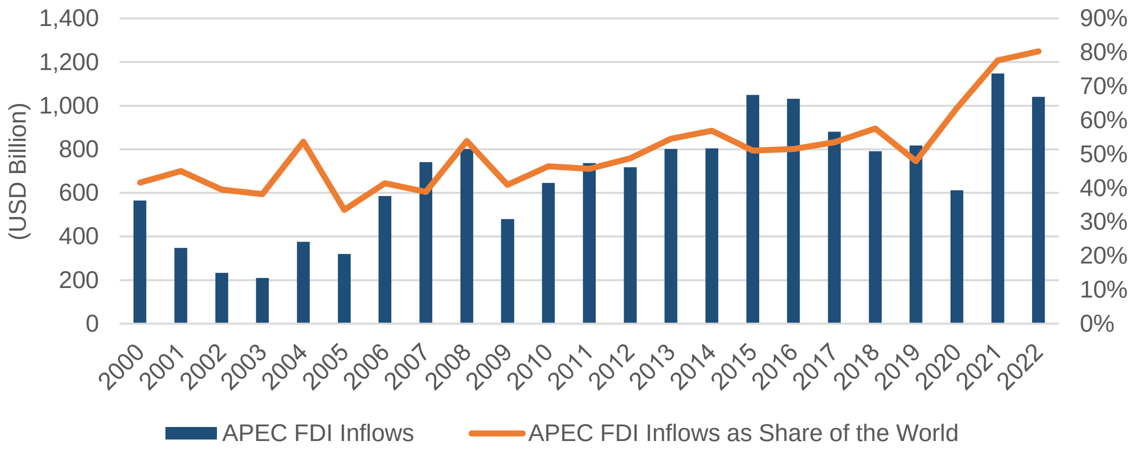
[7] United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2023: Investing in Sustainable Energy for All* (New York: UN Publications, 2023); APEC PSU staff calculations.
[8] UNCTAD, *World Investment Report 2022: International Tax Reforms and Sustainable Investment* (New York: UN Publications, 2022); *World Investment Report 2023*; APEC PSU staff calculations.
[9] UNCTAD, *World Investment Report 2023.*
[10] UNCTAD, *World Investment Report 2021: Investing in Sustainable Recovery* (New York: UN Publications, 2021); *World Investment Report 2022*; *World Investment Report 2023.*

in its manufacturing and high-tech industries, particularly electronics and communication equipment. Singapore's share in APEC's FDI inflows increased from 11 percent in 2021 to 14 percent in 2022, reaching USD 141 billion, which is attributable to an increase in greenfield investment. Hong Kong, China followed at 11 percent of investment to APEC, with FDI inflows shrinking 16 percent down to USD 118 billion. Australia made a significant jump from the 11th spot to the 5th spot in 2022, with FDI inflows tripling to USD 62 billion (6 percent of FDI inflows to APEC), following a surge in M&A sales.[11]

Figure 2.1. FDI inflows to APEC (USD billion) and share of the world (%, rhs)



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Source: UNCTAD data; APEC PSU calculations.

Table 2.1. FDI inflows as % share of APEC total (3-year cumulative)

	2002-2004 %	2005-2007 %	2008-2010 %	2011-2013 %	2014-2016 %	2017-2019 %	2020-2022 %
United States	32	34	34	28	39	30	27
China	20	14	16	16	14	17	19
Hong Kong, China	6	8	10	11	14	12	14
Singapore	5	6	5	7	7	10	12
Canada	4	12	6	7	5	4	5
Australia	7	2	6	8	5	6	3
Mexico	8	5	4	4	3	4	3
Japan	3	1	2	0	1	1	2
Indonesia	0	1	1	3	1	3	2
Viet Nam	1	1	1	1	1	2	2
Total FDI inflows (% share of APEC's total FDI inflows in brackets)*	USD 711 billion (87%)	USD 1,391 billion (84%)	USD 1,628 billion (84%)	USD 1,904 billion (84%)	USD 2,615 billion (91%)	USD 2,213 billion (89%)	USD 2,541 billion (91%)

Note: * for the 10 economies in this table. These economies represent the top 10 economies on this measure.
Source: UNCTAD data; APEC PSU calculations.

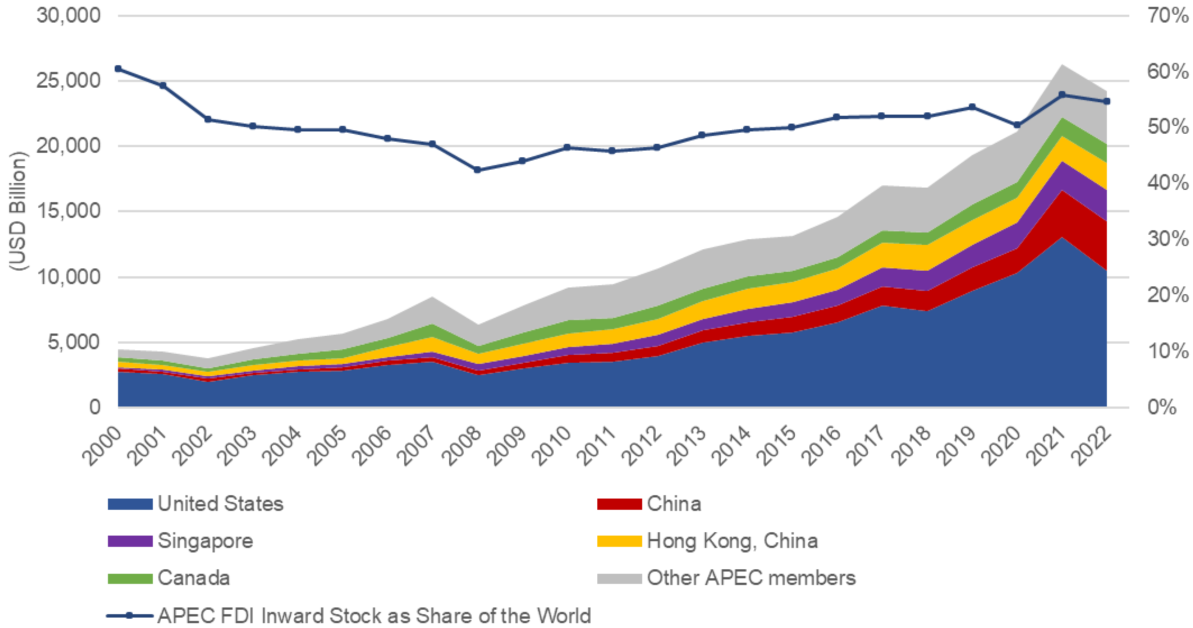
Table 2.1 presents the 10 APEC economies with the largest shares in terms of APEC's three-year cumulative FDI inflows during 2020–2022. Among these economies, Australia; Indonesia; Mexico; and the US reported lower shares in 2020–2022 compared with the 2017–2019 pre-pandemic period. Throughout the last two decades, China and the US together hosted

[11] UNCTAD, *World Investment Report 2023*; APEC PSU staff calculations.

around half of APEC's FDI inflows, ranging from 44 percent to 53 percent. While the shares of Hong Kong, China and Singapore more than doubled between 2002–2004 and 2020–2022, that of Mexico has gradually shrunk over the years. Notably, Indonesia and Viet Nam recorded significant surges in FDI inflows and large jumps in ranking within APEC in the last 20 years, from 19th and 16th place to 9th and 10th place, respectively. Altogether, the 10 APEC economies consistently account for more than 80 percent of APEC's FDI inflows during 2002–2022.

Between 2000 and 2022, the inward stock of FDI to APEC has been expanding at an annual average rate of 8 percent to reach a record of USD 26 trillion in 2021 before shrinking to USD 24 trillion due to the weakened performance of stock markets[12] in 2022 (Figure 2.2). The US; China; Singapore; Hong Kong, China; and Canada have remained the five biggest contributors to APEC's FDI stock for at least a decade, making up 83 percent of the total inward stock in APEC in 2022.

Figure 2.2. FDI inward stock to APEC (USD billion) and share of the world (%, rhs)



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Source: UNCTAD data; APEC PSU calculations.

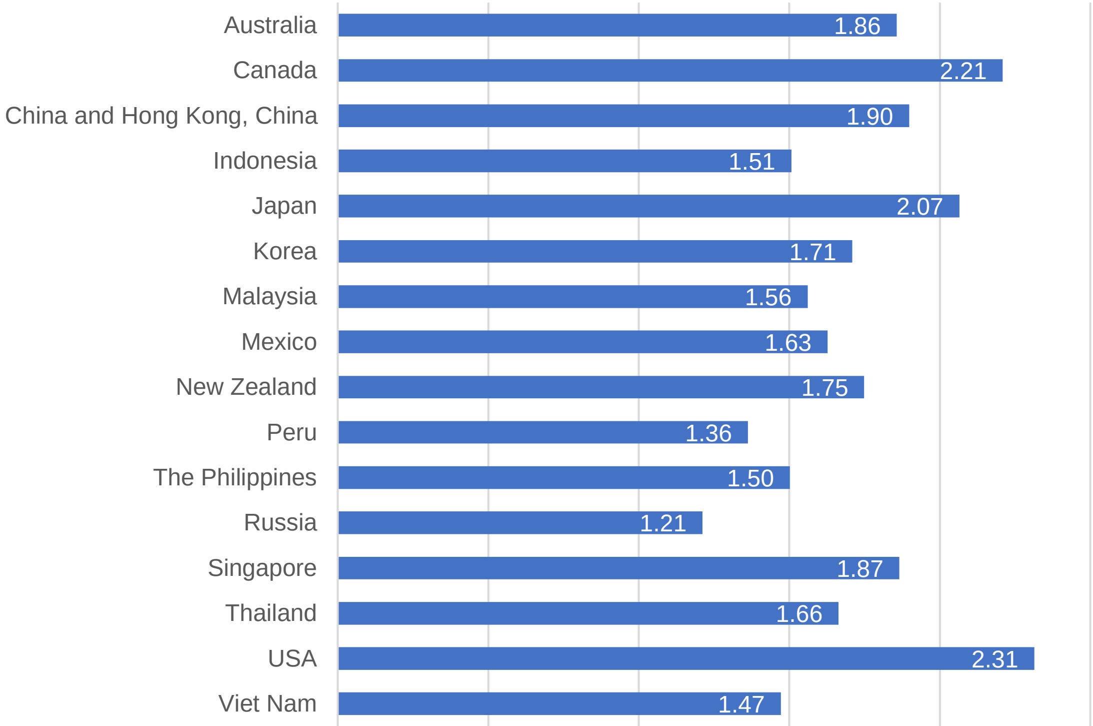
APEC's share in global FDI inward stock, however, has narrowed from 60 percent in 2000 to 55 percent in 2022. Although investment in the region showed strong resilience through the COVID-19 pandemic, gloomy global investment prospects in 2022, coupled with rising inflation and investor uncertainty brought about by the health crisis, climate change, geoeconomic tensions and economic shocks,[13] have dampened the outlook for the APEC region. Challenges remain both globally and in APEC, with the United Nations Conference on Trade and Development (UNCTAD) forecasting that there will be continued downward pressure on investment in 2023.

The 2023 FDI Confidence Index, which is constructed based on a survey of senior executives of global multinational corporations (MNCs) and covers 17 APEC economies, provides some

[12] UNCTAD, *World Investment Report 2023.*
[13] UNCTAD, *World Investment Report 2023.*

insights into the prospects for attracting FDI flows in the region in the next three years (Figure 2.3). A higher index value indicates higher attractiveness as a host economy of investment. The results show that the APEC economies with the highest scores are also those that have received the largest investment inflows.

Figure 2.3. 2023 FDI Confidence Index, APEC members



Source: Kearney Foreign Direct Investment Confidence Index 2023.

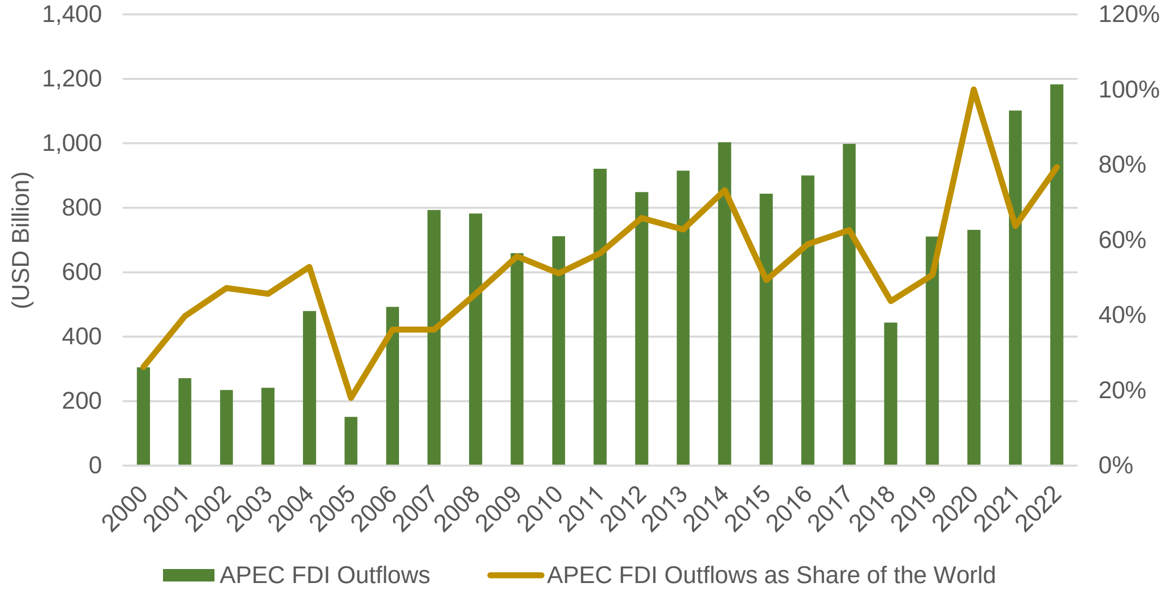
2.2 FDI OUTFLOWS AND OUTWARD STOCK

Global FDI outflows also bounced back robustly in 2021. Compared to 2020 when the COVID-19 pandemic started to spread globally, total global FDI outflows more than doubled from USD 732 billion to USD 1.73 trillion. This is a strong recovery after global investment outflows contracted by nearly 50 percent in 2020. However, like the trend in global FDI inflows, the recovery in FDI outflows weakened in 2022, falling 14 percent from the 2021 level to USD 1.49 trillion. The fall in global outward investment was largely driven by a large capital withdrawal by a telecommunication company based in Luxembourg. [14]

APEC's FDI outflows, on the other hand, maintained a stable growth momentum through the pandemic and expanded even further in 2021 and 2022. In 2020, the APEC region reported USD 732 billion in outward investment, a marginal increase of 3 percent from 2019. FDI outflows from APEC members dominated global investments in 2020, exemplifying the region's investment resiliency during crisis. As investment activities resumed strongly in 2021, APEC economies posted a combined 50 percent increase in FDI outflows, reaching USD 1.10 trillion. Despite a contraction in global outward investment in 2022, FDI outflows from the APEC region has continued to grow, albeit at a slower rate than in 2021, to an all-time high of USD 1.18 trillion. APEC's share of global FDI outflows has also expanded rapidly in recent years, from 44 percent in 2018 to 79 percent in 2022 (Figure 2.4).

[14] UNCTAD, *World Investment Report 2023.*

Figure 2.4. FDI outflows from APEC (USD billion) and share of the world (%, rhs)



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Note: FDI outflow data contain data for 20 APEC economies.
Source: Data from UNCTAD; APEC PSU calculations.

The US; Japan; China; Australia; and Hong Kong, China were the five largest investors among APEC economies in 2022. The US was also the world's largest source of FDI in 2022 after recording a 7 percent increase from 2021 to reach an outflow of USD 373 billion – accounting for one fourth of global FDI outflows and 32 percent of APEC's FDI outflows. While the biggest rises in investment from the US in 2021 were in wholesale trade and finance,[15] significant outflows have shifted to information and communication, and administrative and support services, in 2022.[16]

Japan and China were the world's second and third largest investor in 2022, with USD 161 billion and USD 147 billion in FDI outflows, contributing 11 percent and 10 percent to global investment, respectively. While Japan recorded positive growth in 2022, attributed to the expansion of greenfield investment, outward investment from China shrank 18 percent after two consecutive years of expansion.

Australia recorded the most substantial recovery among APEC economies in 2022, with FDI outflows growing 34-fold from just USD 3.4 billion in 2021 to USD 117 billion, largely due to a big acquisition of a company in the United Kingdom.[17] Hong Kong, China's share in APEC's outward investment remained stable at 9 percent in 2022 with USD 104 billion, posting a 7 percent growth from the 2021 level.

Table 2.2 lists the top 10 APEC economies in terms of three-year cumulative FDI outflows during 2020–2022. While remaining the largest investor in APEC, the US share had gradually declined between 2002 and 2019, before experiencing a rebound in recent years. China reported the largest expansion in FDI outflows over the last 20 years, jumping from 10th place to 2nd.

[15] UNCTAD, *World Investment Report 2022*.
[16] UNCTAD, *World Investment Report 2023*.
[17] UNCTAD, *World Investment Report 2023*.

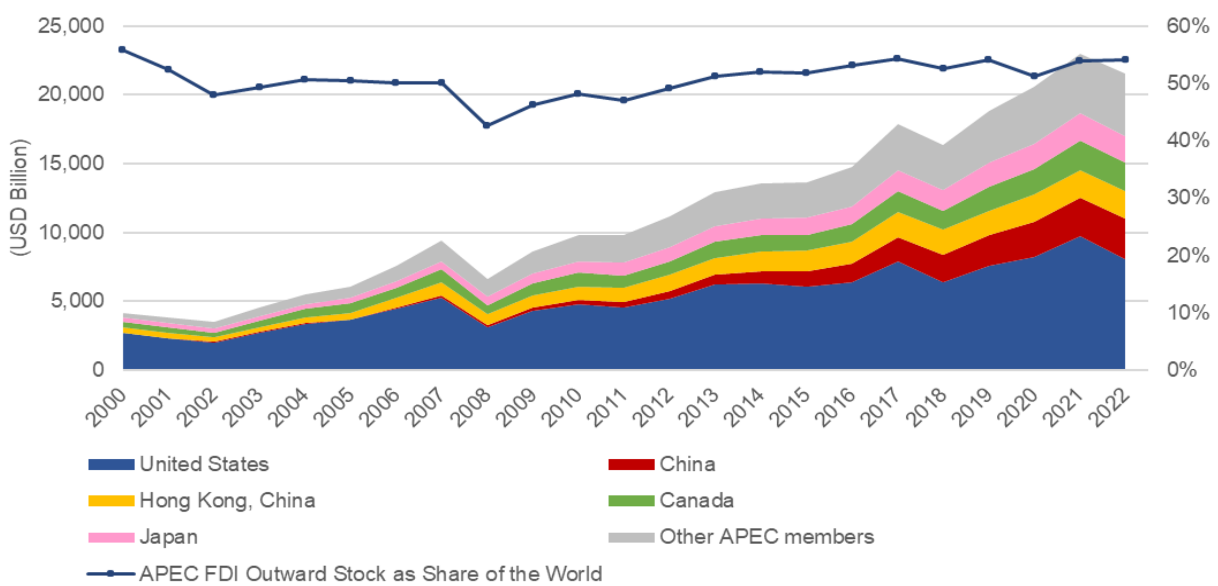
Thailand's share also improved significantly, from 0.1 percent in 2002–2004 to 1.5 percent in 2020–2022, becoming, since 2016, among the top 10 biggest APEC investors.

Table 2.2. FDI outflows as % share of APEC total (3-year cumulative)

	2002-2004 %	2005-2007 %	2008-2010 %	2011-2013 %	2014-2016 %	2017-2019 %	2020-2022 %
United States	59	44	41	38	32	9	31
China	1	4	8	10	17	20	16
Japan	10	12	12	14	15	25	13
Hong Kong, China	7	9	9	10	9	10	10
Canada	10	10	7	6	7	10	7
Korea	2	3	3	3	3	5	6
Singapore	2	5	4	4	5	7	5
Australia	3	0	3	0	0	1	4
Russia	3	6	6	6	4	4	3
Thailand	0	0	1	1	1	2	2
Total FDI outflows (% share of APEC's total FDI inflows in brackets)*	USD 916 billion (96%)	USD 1,339 billion (93%)	USD 2,017 billion (94%)	USD 2,459 billion (92%)	USD 2,592 billion (94%)	USD 2,023 billion (94%)	USD 2,890 billion (96%)

Note: * for the 10 economies listed in this table. These economies represent the top 10 economies on this measure.
Source: UNCTAD data; APEC PSU calculations.

Figure 2.5. FDI outward stock from APEC (USD billion) and share of the world (%, rhs)[18]



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Source: UNCTAD data; APEC PSU calculations.

[18] FDI outward stock data for Brunei Darussalam is not available.

Overseas investment by APEC economies has also been accumulating over the years, reaching nearly USD 22 trillion in 2022 (Figure 2.5). APEC's contribution to global FDI outflows fell to a low of 43 percent during the 2008 global financial crisis, before recovering and climbing back up to 54 percent in 2022. Notably, after experiencing three years of consecutive growth, APEC's outward FDI stock contracted by 6 percent in 2022, although the region still accounted for a stable share of the global investment stock.

2.3 CROSS-BORDER M&As AND GREENFIELD PROJECTS

The number and value of cross-border M&As and announced greenfield projects both went up in 2021, although at different rates. The impressive rebound in global FDI in 2021 was largely driven by the booming M&A activities induced by the economic recovery, favourable financing conditions, and major infrastructure stimulus packages.[19] The total number of cross-border M&As globally increased by 38 percent from 2020, and the value of cross-border M&As went up even further, by 55 percent, to reach USD 737 billion. M&A activities were most active in the services sector (+44 percent in number, +110 percent in value), while the manufacturing and primary sectors recorded much more modest growth. In the wake of the COVID-19 pandemic, information and communication, followed by finance and insurance, and pharmaceuticals, were the top three industries with highest deal values globally in 2021.[20]

Greenfield investment also picked up in 2021, but not as much as cross-border M&As. The global number of announced greenfield investment projects went up by 14 percent, and total value up 22 percent to USD 739 billion. Energy and gas supply, electronics and electrical equipment, and information and communication were the top performing industries in terms of project values. Among these, the electronics and electrical equipment industry exhibited remarkable growth, with an increase of 189 percent in 2021.[21]

Cross-border M&As in APEC also shot up in 2021, with total value surging more than 2.5 times to USD 399 billion, making up 54 percent of the world's total value (Figure 2.6). The US alone accounted for 38 percent of global cross-border M&A value and 70 percent of total cross-border M&A value in APEC in 2021, at USD 280 billion. Globally, half of the 18 cross-border M&A sales with value of more than USD 10 billion were in the US.[22] Singapore took the second largest share among APEC economies (11 percent), yet it registered the greatest expansion in cross-border M&As compared with the 2020 level, with total value growing more than 22 times to more than USD 45 billion. Canada; Australia; and Korea also saw active cross-border M&A sales, contributing 7, 5 and 2 percent, respectively, to APEC's total cross-border M&A value in 2021.

In 2022, cross-border M&As and greenfield investment witnessed opposite developments. While global greenfield investment continued to trend upward, cross-border M&A sales fell slightly in both number and value. The value of announced greenfield investment totalled USD 1.2 trillion globally in 2022, growing strongly by 64 percent from the 2021 level. The number of greenfield projects worldwide also climbed 15 percent. Energy and gas supply, electronics and electrical equipment, and information and communication continued to attract the largest greenfield investment value, with investment in the energy and gas supply industry more than doubling the 2021 level. On the other hand, the number and value of cross-border

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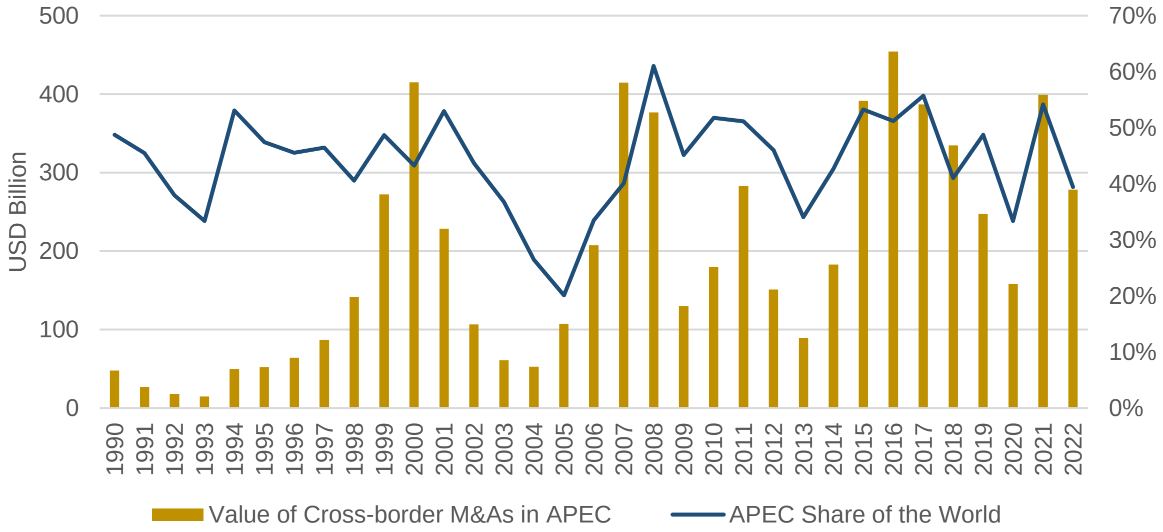
[19] UNCTAD, *World Investment Report 2022.*
[20] UNCTAD, *World Investment Report 2023*; APEC PSU staff calculations.
[21] UNCTAD, *World Investment Report 2023*; APEC PSU staff calculations.
[22] UNCTAD, *World Investment Report 2022.*

M&A deals contracted by 9 percent and 4 percent respectively, down to USD 707 billion. The fall in M&A value in the manufacturing sector was much more significant than in the services sector, while the primary sector observed a large jump of more than 350 percent attributable to an expansion in M&A value in the extractive industries. In terms of number of cross-border M&A sales, M&A activities were most active in information and communication, followed by professional services, and the finance and insurance industry.[23]

Figure 2.6. Cross-border M&A sales in APEC (USD billion) and share of the world (%, rhs)



rhs=right-hand side
Source: UNCTAD data; APEC PSU calculations.

It is noteworthy that M&A activity is cyclical and can be shaped by industry shifts, scale economies, regulations, and economic difficulties.[24] Figure 2.6 suggests that cross-border M&A activities in APEC show a cyclical pattern with the rebound in 2021 signalling a potential active period in the following years. However, the outlook for M&As was likely impacted by global economic conditions that shook up investor confidence in 2022 and thus might have caused cross-border M&A activities to deviate from the expected trajectory. Mirroring the global trend but at a higher rate, cross-border M&A sales in APEC plummeted by 30 percent to USD 278 billion in 2022. The total number of M&A deals in the region also went down by 21 percent – the biggest fall in APEC since 2009.

The number of announced greenfield investment projects in APEC increased 8 percent, from 4,579 in 2020 to 4,960 in 2021, and climbed further to 5,583 in 2022. With more than one third of projects announced in the US. China – the second largest host of greenfield investment in APEC – saw the number of announced projects slightly up in 2021 but it went down again in 2022, pushing the number of greenfield FDI projects further below the 2019 level. In terms of project values, the APEC region registered significant growth of 24 percent in 2021, and 40 percent in 2022, to reach USD 434 billion, after contracting in 2019 and 2020 (Figure 2.7). The share of APEC in the world's total value of greenfield FDI projects however fell from 48 percent in 2018 to 36 percent in 2022.

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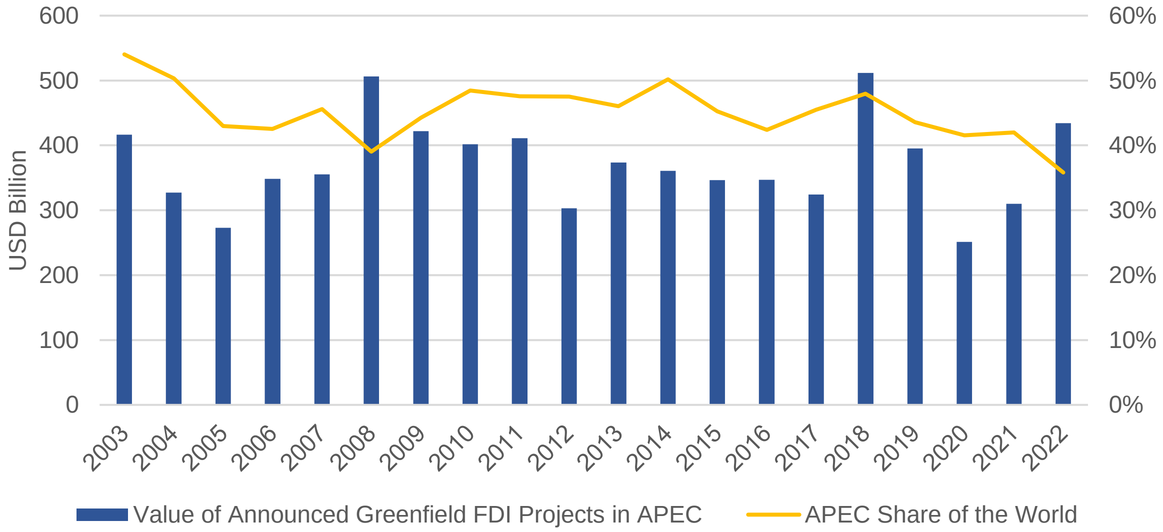
[23] UNCTAD, *World Investment Report 2023*; APEC PSU staff calculations.
[24] Deloitte, "Past as Prologue: Navigating through the 2018–2020 M&A Cycle" (Deloitte, 2018), https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Mergers-and-Acquisitions/gx-ma-past-as-prologue.pdf

The recovery In FDI flows and cross-border M&As as well as greenfield investment in 2021 suggested a return of investors and their confidence in the APEC region after the global pandemic disruption. Nonetheless, as the outlook for the global economy posed significant challenges going into 2022, the positive growth in APEC's FDI inflows and cross-border M&A could not be sustained due to the downward pressure on investment. It remains an important task for the region to hedge against foreseeable risks and strengthen resiliency in times of crisis.

Figure 2.7. Greenfield FDI projects in APEC (USD billion) and share of the world (%, rhs)



rhs=right-hand side
Source: UNCTAD data; APEC PSU calculations.

3. INVESTMENT IN THE DIGITAL ECONOMY FOR ECONOMIC RECOVERY

3.1 THE DIGITAL ECONOMY

The Aotearoa Plan of Action highlights the pivotal role of the digital economy and technology in facilitating the interconnected global economy and supporting resilience, recovery and innovation. Doing this would require deep multi-stakeholder engagement and collaboration that also promotes an inclusive ecosystem for micro, small and medium enterprises (MSMEs).

In this regard, the development of digital infrastructure is vital to ensuring equitable access and participation in the digital economy as well as in promoting innovative growth. The APEC Business Advisory Council (ABAC) has recognised that the development of digital infrastructure requires a digital business environment that is open, fair and non-discriminatory.[25]

During the pandemic and subsequent economic recovery, activities in the digital economy have remained relatively resilient. According to the 2021 Digital Economy Report by the United Nations Conference on Trade and Development (UNCTAD) and the research firm TeleGeography, global internet bandwidth increased by 29 percent in 2021 and 35 percent in 2020, the largest one-year increase since 2013. In 2020, Malaysia's digital economy expanded by nearly 3 percent, driven by an increase in the production of digital hardware, despite a 5.6 percent decline in gross domestic product (GDP).[26] As businesses shifted to digitalisation for business continuity, China's digital economy grew even faster in 2020 (8 percent) than its overall economy (2.3 percent); this was due to the remarkably robust telecommunications industry and digitally oriented capital investment.[27]

According to a study by the Asian Development Bank (ADB), 'core' digital sectors, defined as industries that produce a well-defined set of digital goods and services, contributed around 2 to 9 percent of GDP, while the digitally dependent economy (consisting of the digital, digitally enabling and digitally enabled sectors) was estimated to contribute around 17 to 35 percent of GDP.[28]

During the COVID-19 pandemic, the thriving digital economy can be attributed to at least the following factors: (1) resources reallocated from traditional industries to digital services due to lockdowns; (2) utilisation of digital technologies as part of pandemic response strategies.[29]

In the post-COVID-19 era, the digital economy can be a booster for economic recovery, for example, by facilitating digital transformation in the agro-processing industry, promoting

[25] ABAC, "Report to Economic Leaders," 2021, https://abac.ph/wp-content/uploads/2022/01/ABAC-2021-Report-to-Leaders.pdf
[26] There are various definitions of the digital economy, and this may lead to its inconsistent measurement of its contribution.
[27] A. Gupta , M.J. Mariasingham and E. Suan, "During The Pandemic, Asia Went Online Yet the Digital Economy Declined," ADB Asian Development Blog, 4 February 2022, https://blogs.adb.org/blog/during-pandemic-asia-went-online-yet-digital-economy-declined
[28] Gupta et al., "During the Pandemic."
[29] J. Zhang et al., "The Impact of Digital Economy on the Economic Growth and the Development Strategies in the Post-COVID-19 Era: Evidence from Countries along the 'Belt and Road'," *Frontiers in Public Health* 10 (9 May 2022), https://doi.org/10.3389/fpubh.2022.856142

digital trade as well as facilitating the transition toward high-value activities within the electronics supply chain.[30] Smartphones, home electronics, and computers all experienced rapid growth because of the pandemic-driven surge in global demand brought on by the global shift to online shopping and remote work; Chinese Taipei's robust GDP growth of 8.2 percent year-over-year in the first quarter of 2021 was facilitated by the rapid growth of electronics exports to key markets thanks to this trend.[31]

More directly, digitalisation is also an important determinant of inflow of foreign direct investment (FDI) as the way that businesses operate globally is transformed significantly by digitalisation. Digitalisation may also transform FDI in a variety of ways through instruments such as digital fundraiser platforms and the application of cross-border financing using blockchain technologies.[32]

Globally, greenfield FDI project activity in the information and communication technology (ICT) industry increased significantly as a result of the rapidly expanding global demand for digital infrastructure and services: project values increased by 23 percent to USD 104 billion, and the number of projects increased by 26 percent to a record 3,743 in 2021.[33] In addition, the booming demand for microchips prompted manufacturers to initiate several massive investment projects, which resulted in announced greenfield investments for electronics and electrical equipment have more than doubled, totalling USD 120 billion.[34]

3.2 DIGITAL MNES

Tech multinational enterprises (MNEs) like Google and Amazon are among the leading firms facilitating the function of the global digital economy through providing the infrastructure and tools that allow digitalisation to be embedded in daily business and social activities. As such, the rapid rise of tech MNEs is among some of the most visible global business trends in recent years.[35]

Data from the UNCTAD top 100 MNE ranking shows that from 2010 to 2015, the number of tech companies in the list has more than doubled, going from 4 to 10, and their share of total assets and operating revenues followed a similar and even more pronounced pattern.[36] The COVID disruption did not slow down the business activities of top digital MNEs. The top 100 digital MNEs made an average of USD 6.75 billion in sales per company in 2016. The number has risen to USD 17.4 billion per company in 2021; a rise of 158 percent. In comparison, the top 100 traditional MNEs only experienced a sales increase of 36 percent from 2016 to 2021. These digital MNEs have a light international asset footprint: they do not need many, or in some cases any, physical assets to access foreign markets.[37]

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[30] Asian Development Bank (ADB), "Supporting Post-COVID-19 Economic Recovery in Southeast Asia" (Manila: ADB), http://dx.doi.org/10.22617/TCS220187

[31] C. Williamson, J. Pan and R. Biswas, "Week Ahead Economic Preview: Assessing the recovery into Q2," IHS Markit, 7 May 2021, https://cdn.ihsmarkit.com/www/pdf/3979597_3979621_0.1.pdf

[32] Le Thanh Ha and Nguyen Thi Thanh Huyen, "Impacts of Digitalization on Foreign Investments in the European Region during the COVID-19 Pandemic," *Development Studies Research* 9, no. 1 (2022): 177–91, https://www.tandfonline.com/doi/full/10.1080/21665095.2022.2074863

[33] UNCTAD, *World Investment Report 2022*.

[34] UNCTAD, *World Investment Report 2022*.

[35] UNCTAD, *World Investment Report 2017: Investment and the Digital Economy* (New York: UN Publications, 2017).

[36] UNCTAD, *World Investment Report 2017*.

[37] UNCTAD, *Investment Trends Monitor*, no. 41, April 2022.

3.3 INVESTMENT POLICIES FOR THE DIGITAL ECONOMY

Three pillars support the development of a digital economy: digital infrastructure, digital firms (the digital sector) and digital adoption.[38] Each of these pillars require rather distinct investment policies to attract typical investors (Table 3.1).

Table 3.1. Digital development and investment

	Digital infrastructure	Digital firms	Digital adoption
Typical investment needs	► International/domestic/ last-mile connectivity ► Internet exchange points (IXPs)	► Local platforms (e.g., social networks, e-commerce) ► Local enterprise development ► Data centres ► Training and capacity building	► Information and communication technology (ICT) adoption/devices ► Training
Typical investors	► (Mobile) network operators and internet service providers (ISPs) ► Global digital firms ► Governments	► Global digital firms ► Data centre providers ► Venture capital, private equity, other funds ► Local firms (e.g., media firms)	► Local businesses ► Public institutions and governments
Relevance of investment policies and investment support measures	► Sector-specific foreign investment rules ► Privatisations ► Public–private partnerships ► Investment-related policies (e.g., competition)	► Innovation hubs, incubators ► Enabling environment for innovative forms of financing	► E-government investment facilitation ► Business linkages programmes supporting participation in global value chains (GVCs)

Source: UNCTAD, *World Investment Report 2017*, Figure IV.20.

Telecommunications providers (local or foreign) typically make the major long-term investments in four types of connectivity, which serve as the foundation for digital development:[39]

- ***international connectivity***. Submarine cables and terrestrial cables are examples of fibre optic cables that are utilised to connect to the global Internet.
- ***domestic connectivit***y. Typically, fibre optic cables used to connect points within an economy and by Internet service providers (ISPs) to gain access to the international network.
- ***metro connectivit***y. This is utilised within city boundaries to connect operators to each other and to directly connect to larger customers.
- ***last-mile connectivity***. This is used by ISPs to reach end users, particularly through mobile operators' wireless connections, and also through fixed connections.

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[38] UNCTAD, *World Investment Report 2017.*

[39] UNCTAD, *World Investment Report 2017.*

Several digital MNEs have already started to invest in connectivity infrastructure. Google and Facebook are investing in submarine cables to connect the US and Southeast Asia,[40] while Microsoft is developing hybrid cloud infrastructure in Africa.[41]

According to a 2020 WEF global survey, the issues listed by tech MNEs as being most likely to influence their investment decisions include:[42]

- ***digital infrastructure***: ease of receiving licenses; availability of skilled local engineers and other workers; use of international standards; regional coordination for infrastructure investment
- ***digital firms***: data security regulations; copyright laws to protect intellectual property; data privacy regulations
- ***digital adoption***: availability of e-payment services; support for starting digital businesses; support for local digital skills development

3.4 GLOBAL CAPITAL INVESTMENT IN DIGITAL-RELATED SECTORS

Global capital investment in renewable energy and digital-related sectors has been strong and increasing, especially when compared with traditional sectors. Capital investment in renewable energy jumped to USD 343 billion in 2022 from USD 84 billion in 2021 (Table 3.2).

Table 3.2. Top 10 sectors by capital investment, globally (USD billion)

Sector	2022	2021	2020	2019	2018
Renewable energy	343.1	84.17	87.2	92.2	82.4
Coal, oil and gas	102.4	N/A	45.2	123	134.6
Metals	52.4	N/A	N/A	N/A	49.6
Communications	48.5	61.94	56	39.1	46.2
Semiconductors	91.6	59.11	N/A	N/A	27
Real estate	63.4	49.29	36.8	71.6	116.8
Software and IT services	67.9	33.73	29.3	32.9	30.6
Transportation and warehousing	54	30.73	25.7	42.9	N/A
Electronic components	67.2	28.31	20.4	31	N/A
Food and beverages	N/A	23.05	22.9	N/A	N/A
Automotive OEM	34.1	20.14	20.1	37.2	46.8
Chemicals	N/A	12.02	34	37.4	59.4
Hotels and tourism	N/A	N/A	N/A	48.8	49.4
Other	N/A	N/A	N/A	239.8	274.4

Source: Compiled from "The fDi Report", various years, accessed 27 July 2023, https://www.fdiinsights.com/publications

Global capital investment in semiconductors almost doubled in 2022, reaching USD 92 billion. Capital investment in software and information technology (IT) services, as well as in

[40] S. Shead, "Facebook and Google Reveal Plans to Build Subsea Cables between U.S. and Southeast Asia," *CNBC*, 29 March 2021, https://www.cnbc.com/2021/03/29/facebook-google-to-lay-subsea-cables-between-us-and-southeast-asia.html
[41] Microsoft, "Liquid Cloud and Microsoft Collaborate to Deploy Hybrid Cloud Infrastructure in Africa," 13 October 2022, https://news.microsoft.com/en-xm/2022/10/13/liquid-cloud-and-microsoft-collaborate-to-deploy-hybrid-cloud-infrastructure-in-africa/
[42] M. Stephenson, "Digital FDI: Policies, Regulations and Measures to Attract FDI in the Digital Economy," WEF White Paper, September 2020, https://www3.weforum.org/docs/WEF_Digital_FDI_2020.pdf

electronic components, also doubled in 2022, reaching USD 68 billion and USD 67 billion, respectively. Capital investment in the communications sector dropped in 2022 but it still remained the second largest recipient sector in 2020 and 2021.

Table 3.3. 'Traditional' FDI and FDI 4.0

	'Traditional' FDI	FDI 4.0
Motives	Natural resources, low labour costs, export processing zones	Collaboration, access to talent and technology
Key drivers	Cost reduction, access to markets	Digitalisation and sustainability Talent, access to networks and universities, venture capital opportunities, (start-up) funding (access to capital) ecosystems, entrepreneurship
Key sectors	Manufacturing, natural resources, automotives, electronics and information and communication technology (ICT)	New sectors such as artificial intelligence (AI), healthtech, virtual reality (VR), augmented reality (AR), robotics, quantum technology and cybersecurity Existing sectors under transformation through Industrial Revolution 4.0 technologies
Players	Large traditional multinational multinational corporations (MNCs)	Smaller players in new emerging industries
Forms of international expansion, foreign direct investment (FDI)	Greenfield FDI, mergers and acquisitions	Greenfield and 'traditional' FDI. But, increasingly, new forms of investments such as partnerships, strategic alliances, joint ventures and collaborative non-equity forms of investment or hybrid forms of FDI
Business environment requirements	Labour costs, access to markets, political stability, investment promotion agency (IPA) support, (financial) incentives, competing business environments	Digital infrastructure, high-end real estate in combination with remote working opportunities Data security legislation Availability and access to talent and to potential partnerships with domestic firms and university partnerships Increased focus on sustainability and the 17 UN sustainable development goals (SDGs). Effective IPAs and teamwork within governments Differentiation, uniqueness and authenticity of an economy's business environment. Digitalisation
Underlying foundations	Competition as a point of departure	Collaboration within industries but also with external parties Predictability, stability and transparency of policies

Source: D. van den Berghe, "Are You Ready for FDI 4.0?" 23 May 2022,
https://www.investmentmonitor.ai/investment-promotion/are-you-ready-for-fdi-4-0/

FDI in the digital sectors can be equated with FDI 4.0, defined as 'cross-border foreign involvement that capitalises on the Fourth Industrial Revolution to attract FDI for the benefit of planet, people and profit and involves different players (in transformed industries or new innovative industries or within the digital economy)'.[43] FDI 4.0 and 'traditional' FDI, which remains important, complement each other.

Table 3.3 explores some of the differences between the two forms of FDI. In general, FDI 4.0 is characterised by the digitalisation of the economy and the rise of new technologies such as artificial intelligence, robotics and blockchain. FDI 4.0 is more complex and interconnected than traditional FDI, and it is often driven by strategic considerations such as access to markets, talent and technology.

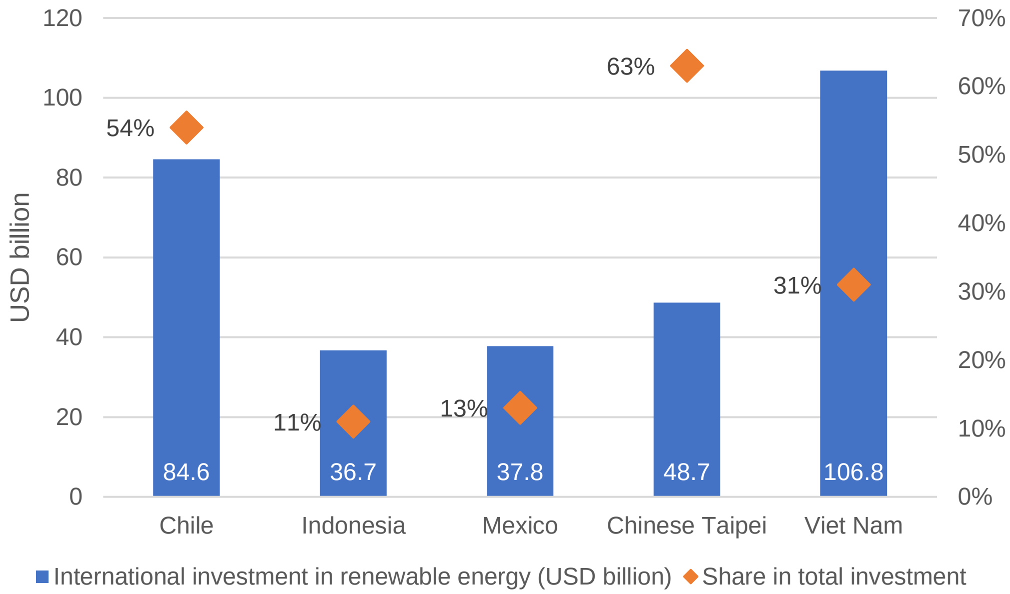
[43] D. van den Berghe, "Are You Ready for FDI 4.0?" 23 May 2022, https://www.investmentmonitor.ai/investment-promotion/are-you-ready-for-fdi-4-0/

4. INVESTMENT FOR SUSTAINABLE DEVELOPMENT

4.1 NEW DEVELOPMENTS IN SUSTAINABILITY AND INVESTMENT

The COVID-19 pandemic, which hit sharply global trade and investment, was also a reminder of the significance of sustainable development and green investment on the way to economic recovery and growth. According to the United Nations Conference on Trade and Development (UNCTAD), cross-border investment in industries related to the sustainable development goals (SDGs) expanded by 70 percent in 2021, reaching USD 371 billion. SDG-related investment has thus risen to a level higher than before the pandemic, largely driven by international project finance activity in the renewable energy sector.[44] By 2022, the growth of investment in SDG sectors remained uneven, both between developed and developing economies and among different sectors.[45]

Figure 4.1. International investment in renewable energy in selected APEC economies (USD billion) and share of total investment (%, rhs), 2015–2022



rhs=right-hand side
Source: UNCTAD data.

Table 4.1 presents several investment projects, announced in 2021, in the APEC region in sectors related to the SDGs. Reflecting the global trend, projects in renewable energy and power in APEC also tend to involve much larger investment than those in other SDG-related sectors. In some APEC economies, the share of renewable energy in total project investment can reach 63 percent (Figure 4.1).

[44] UNCTAD, *World Investment Report 2022*
[45] UNCTAD, *World Investment Report 2023*.

Table 4.1. Selected SDG-related investment projects in APEC, announced in 2021–2022

SDG-relevant Sector	Economy	Project Name	Estimated Total Cost (USD million)	Description
Renewable energy and power	Malaysia	Kulim Large-scale Solar Photovoltaic Project	20,725	Build–own–operate project by Energy ES, an incorporated joint venture company of Savelite Engineering, Moderntent Development and Frasers Construction
	Thailand	Thailand Green Hydrogen and Ammonia Plant Project	7,000	Thai government-owned oil and gas conglomerate, PTT Group, with Saudi Arabia's leading renewable energy company, ACWA Power[46]
	Viet Nam	AES Binh Thuan Offshore Wind Farm Project	13,000	US-based AES Corporation in Binh Thuan province[47]
	Viet Nam	Hai Phong Offshore Wind Power Plant Project	11,900	3,900MW build–own–operate project funded by a joint venture between T&T Group and Orsted
Telecom-munication	Singapore	East to Med Data Corridor Project	850	Construction of a submarine cable system starting from Singapore and passing through Saudi Arabia, Israel, Cyprus and Greece, and ending in Italy and France to improve digital connectivity[48]
Water, sanitation and hygiene (WASH)	Mexico	IDE Technologies Desalination Facility and Pipeline Project	5,000	Project team led by Israel-based desalination plant operator IDE Technologies developed a plan to build a desalination plant on the Sea of Cortez in Mexico that would supply drinking water to Arizona[49]
Health	China	Sartorius Chengdu Laboratory and Service Centre Project	168	Sartorius, one of the Hurun China 500 Most Valuable Private Companies and an international life science research and biopharmaceutical industry partner, to establish its first laboratory and service centre in western China Chengdu Tianfu International Bio-town to provide innovative bioprocess solutions and assist in R&D and production for various biopharmaceutical companies and support the growing biopharmaceutical industry locally[50]
	Malaysia	Chukai Private Specialist Hospital Project	24	Construction of a 100-bed private facility on 2.2 hectares of land owned by the Kemaman Municipal Council that will give residents in the southern part of Terengganu access to high-quality healthcare and specialist treatment

[46] A. Phoonphongphiphat, "Thailand's PTT to Invest $7bn in Green Hydrogen with Saudi Firm," *Nikkei*, 11 April 2023, https://asia.nikkei.com/Business/Energy/Thailand-s-PTT-to-invest-7bn-in-green-hydrogen-with-Saudi-firm
[47] Nguyen Tuong , "AES Plans 4GW Offshore Wind Power Project in Central Vietnam," *The Investor* (VAFIE magazine), 29 July 2022, https://theinvestor.vn/aes-plans-4gw-offshore-wind-power-project-in-central-vietnam-d1278.html
[48] "Cyta Joins $850 mln East Med Corridor Subsea Digital Highway," *Financial Mirror*, 28 July 2022, https://www.financialmirror.com/2022/07/28/cyta-joins-850-mln-east-med-corridor-subsea-digital-highway/
[49] J. Leggate, "Arizona Advances $5.5B Mexico Desalination Plant Proposal," ENR (Engineering News-Record), 23 December 2022, https://www.enr.com/articles/55659-arizona-advances-55b-mexico-desalination-plant-proposal
[50] "With Multiple Projects Signed, Chengdu Tianfu International Bio-town Advances Industrial Ecosystem and Chains," Chengdu Hi-tech Industrial Development Zone, 30 June 2022, http://www.cdht.gov.cn/gaoxin/c141902/2022-08/16/content_165b67347474431fb954f579a63a3103.shtml

SDG-relevant Sector	Economy	Project Name	Estimated Total Cost (USD million)	Description
Food and agriculture	Chinese Taipei	Linkou District Wind-powered Smart Farm Project	82	Construction of a wind-powered smart farm, sponsored by Alternaturals Inc. under a build–own–operate scheme
Education	Malaysia	Sankyu Technical Academy	29	Building of Sankyu's first human resources training centre outside of Japan, in the Medini Central Business District, under a build-own-operate scheme
	Peru	Colegio San Felipe, Escuela Nuestra Senora de La Visitacion, Jose de la Torre Ugarte, Jorge Basadre Grohman School Project	7	Building of 75 schools by a consortium of eight companies from the United Kingdom and Finland (Gleeds, Arup Group, 4Global, AFRY Group Finland, Lahdelma & Mahlamki Architects, Isku, Polar Partners and Mace)

SDG=sustainable development goal
Source: Adapted from UNCTAD, *World Investment Report 2022*, Table I.11; UNCTAD, *World Investment Report 2023,* Table I.14.

Sustainability has also received growing attention when it comes to investment facilitation. One of the most recent efforts of the World Trade Organization (WTO) is the Investment Facilitation for Development (IFD) initiative. Acknowledging the importance of attracting and retaining high-quality investment for resilient and sustainable economic growth, discussions on the IFD initiative started in 2017 and has been co-coordinated by Chile and Korea, with the participation of over 110 WTO members, including 17 APEC economies as of August 2023.[51] By December 2022, members had arrived at a draft IFD agreement, which provided the basis for further collaboration toward the conclusion of an agreement. In July 2023, IFD participants concluded the negotiations on the text of the agreement, and they are working to reach another milestone at the WTO's 13th Ministerial Conference in 2024.[52]

Tentatively covering seven sections, the IFD agreement is expected to catalyse a more transparent, efficient and investment-friendly business climate, so as to improve both the quantity and quality of investment in participating members, which should also contribute to sustainable development. Notably, the current draft has dedicated one separate section for sustainable investment, covering provisions that promote the adoption of responsible business conduct principles and standards by investors and firms, and of measures against corruption.[53] Once finalised, the IFD agreement could serve as a complementary resource and benchmark for APEC members as they review, and potentially expand/update, the IFAP principles and menu of actions.

In APEC, investment for sustainable development has also been high on the agenda of economic leaders. Recent declarations by APEC Leaders, such as the APEC Putrajaya Vision 2040, the Aotearoa Plan of Action and the Bangkok Goals on Bio-Circular-Green (BCG) Economy have demonstrated the APEC region's strong and long-term commitment to inclusive

[51] World Trade Organization (WTO), "Investment Facilitation for Development," accessed 30 August 2023, https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm
[52] WTO, "WTO Structured Discussions on Investment Facilitation for Development: Statement by the Co-ordinators," INF/IFD/W/51, 6 July 2023, https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/IFD/W51.pdf&Open=True
[53] WTO, "Investment Facilitation for Development in the WTO," INT/SUB/SERV/379, 2023, https://www.wto.org/english/tratop_e/invfac_public_e/factsheet_ifd.pdf

and sustainable growth. While trade and investment make up the first economic driver of the APEC Putrajaya Vision 2040, the third economic driver is concerned with 'strong, balanced, secure, sustainable and inclusive growth'. More specifically, the first driver of the APEC Putrajaya Vision 2040 aims to deliver 'a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment' and promote 'resilient supply chains and responsible business conduct'. Further, the third economic driver looks at ensuring the region's resiliency, by fostering inclusive and quality growth for all and by promoting human resource development as well as economic growth supportive of addressing environmental issues.[54]

In concretising the implementation of the Putrajaya Vision 2040, the Aotearoa Plan of Action also highlights the need to promote responsible business conduct through individual and collective actions such as: creating transparent regulatory environments, promoting dialogue, sharing best practices that enable quality infrastructure development and investment, and strengthening multi-stakeholder cooperation to promote responsible business conduct, particularly with the private sector. At the same time, the Aotearoa Plan of Action calls for actions that enhance socially and environmentally sustainable development, such as those that improve the economic participation of women and of micro, small and medium enterprises (MSMEs) or ensure equitable access to food and medical services as well as skills and knowledge. Cooperation to tackle environmental challenges through sustainable infrastructure and transport, sustainable finance, or mechanisms such as carbon pricing is also underlined in the Aotearoa Plan of Action.[55]

One of the most recent developments in APEC is the 2022 Leaders' Declaration on the Bangkok Goals on Bio-Circular-Green (BCG) Economy. In line with the Putrajaya Vision 2040, the Bangkok Goals emphasise APEC's sustainability objectives as the BCG economy model was proposed as an integrated approach that employs technology and innovation to 'create value, reduce waste, advance resource efficiency, and promote sustainable business models'. The Declaration also specifies that financing of and investments in sustainability and climate action should be supported, along with options such as carbon pricing and non-pricing mechanisms, international carbon credit markets, and taxonomies for a greener and cleaner global economy.[56]

4.2 KEY INVESTMENT AND SUSTAINABLE DEVELOPMENT ISSUES

This sub-section highlights the importance of responsible business conduct (RBC) in achieving sustainable development and avoiding adverse impacts related to business operations. It also highlights APEC's focus on investment facilitation for sustainable development and the introduction of policies and regulations for sustainable finance. The discussion emphasises the significance of RBC in the context of APEC, which is home to a significant portion of the world's top multinational enterprises (MNEs). Additionally, it explores the measures and initiatives taken by APEC economies to promote sustainable investment practices.

[54] APEC, "2020 Leaders' Declaration: APEC Putrajaya Vision 2040," 2020, https://www.apec.org/meeting-papers/leaders-declarations/2020/2020_aelm/annex-a
[55] APEC, "2021 Leaders' Declaration: Annex: Aotearoa Plan of Action," 2021, https://www.apec.org/meeting-papers/leaders-declarations/2021/2021-leaders-declaration/annex-aotearoa-plan-of-action
[56] APEC, "2022 Leaders' Declaration: Bangkok Goals on Bio-Circular-Green (BCG) Economy," 2022, https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration/bangkok-goals-on-bio-circular-green-(bcg)-economy

a. Responsible business conduct (RBC)

RBC is described by the Organisation for Economic Co-operation and Development (OECD) as 'the new normal' where businesses are expected to contribute to sustainable development while avoiding and addressing adverse impacts of their operations.[57] The OECD's RBC guidelines for MNEs cover a wide range of areas of business responsibility, such as human rights and labour rights, information disclosure, environment, bribery, consumer interests, science and technology, competition and taxation.[58]

RBC has been well highlighted in recent work by APEC as well as the WTO. For one, RBC should matter in APEC as the region is home to nearly half of the world's top 100 non-financial MNEs by foreign assets in 2021 and 2022.[59] As these giant MNEs invest overseas, they enter a global value chain where impacts from the lead firms – usually MNEs – can spill over to other participants. In fact, sales and employment created overseas by some of these MNEs can contribute up to 98 percent of their total sales and employment. At such scale, RBC principles and standards adopted by APEC-headquartered MNEs might well spread across their subsidiaries abroad. The investment by the Chinese unicorn – DiDi – in Peru along with the benefits created from inclusive job creation through technology can be a good case study.[60]

b. Investment facilitation for sustainable development in APEC economies

A multitude of investment facilitation measures have been introduced by APEC economies to optimise the development contribution of FDI in recent years. They range from setting up criteria and corresponding indicators to advance the SDGs; encouraging investors to take up high standards of corporate governance and RBC; providing aftercare services for investors to support SDG reinvestment; and providing tax incentives to promote investment in SDG-related industries; to organising special economic zones to focus on climate FDI.

Some examples are:[61]

- ***Chile*:** InvestChile offered special advisory services on value-added and sustainable development initiatives to foreign investors. The agency also provided a service called Measure What Matters to help foreign investors measure their environmental, social and governance (ESG) impacts.

- ***China*:** Shanghai offered policy support measures for FDI with R&D that has environmental considerations. Support could include Customs clearance facilitation, tax benefits, human resource recruitment and development, and land use for R&D.

[57] Organisation for Economic Co-operation and Development (OECD), "Responsible Business Conduct: OECD Guidelines for Multinational Enterprises," accessed 30 July 2023, https://mneguidelines.oecd.org/
[58] OECD, "Responsible Business Conduct."
[59] APEC PSU calculations using data from UNCTAD, *World Investment Report 2022*; *World Investment Report 2023*.
[60] APEC Committee on Trade and Investment (APEC CTI), "Building Capacity in Promoting Inclusive and Responsible Business for Sustainable Growth in Digital Society" (Singapore: APEC, 2021), https://www.apec.org/docs/default-source/publications/2021/9/building-capacity-in-promoting-inclusive-and-responsible-business/221_cti_building-capacity-in-promoting-inclusive-and-responsible-business.pdf?sfvrsn=1b0c3e40_1
[61] K.P. Sauvant, M. Stephenson, and Y. Kagan, "An Inventory of Concrete Measures to Facilitate the Flow of Sustainable FDI: What? Why? How?" 3rd edition (Geneva and Bonn: International Trade Centre and German Development Institute (DIE), 2022), https://www3.weforum.org/docs/WEF_IF_Inventory_2021.pdf

- ***Korea*****:** The economy offered restructured tax incentives for investors in high-tech businesses.

- ***New Zealand*****:** The Investment Promotion Agency set up a framework that forms the basis for assessing the sustainability impact of investment projects.

- ***Viet Nam*****:** The economy introduced the Eco-Industrial Park Initiative to cut greenhouse gas emissions, improve water use, enhance adoption of technologies and introduce chemical waste management.

c. Sustainable finance policies and regulations

The global market for sustainable financial products, such as sustainable bonds and sustainable funds, has been expanding more rapidly since 2020, reflecting the growing awareness and interest in sustainable investment, especially in the wake of the COVID-19 pandemic and associated uncertainties. In 2021, the total value of sustainable financial products reached USD 5.2 trillion, a 63 percent jump from the previous year.[62] In response to an overwhelmingly robust market, economies, including those in APEC, introduced policies and regulations for sustainable finance.

Table 4.2 illustrates several key policy areas of sustainable finance covered by APEC economies by the end of 2021. China is the only APEC member to have adopted measures in all key areas. Sustainability disclosure is the most widely implemented, with all 16 of the APEC economies in the database having put in place requirements for this area. In terms of policies under development, the majority are in taxonomy and carbon pricing. According to UNCTAD, most of the measures related to sustainability disclosure target large, and often, listed companies, while fewer than 30 percent of the measures target financial institutions.

These measures tend to be newly developed, with their introduction expanding rapidly. Indeed, although carbon pricing measures have been implemented by only around half of the APEC economies, other members were themselves working on this by the end of 2021. Meanwhile, 10 APEC economies are in the process of developing measures on taxonomy. Areas where presumably more details are required (like product standards) or where coordination at higher level is crucial (such as an economy's strategy) report the lowest total number of measures in use and being developed.

Some examples of measures implemented by APEC economies are: [63]

- ***China***: Domestic action plan, passed in 2021, to achieve peak carbon by 2030 and carbon neutrality by 2060

- ***Indonesia***: Sustainable Finance Roadmap, Phase II (2021–2025) to set up a sustainable finance ecosystem, to help speed up the economy's financial sector transition to sustainability

[62] UNCTAD, *World Investment Report 2022*.
[63] UNCTAD, *World Investment Report 2022*.

- ***Japan***: Basic Policy for the Realisation of GX (Green Transformation), decided by the Cabinet in February 2023, to simultaneously achieve economic growth and carbon neutrality

- ***Singapore***: Singapore Green Plan to realise its domestic agenda on sustainable development.

Table 4.2. Sustainable finance policy areas covered by APEC economies, 2021

Economy	Economy's Strategy	Economy's Framework and Guidelines	Taxonomy	Product Standards	Sustain-ability Disclosure	Sector-specific Regulations	Carbon Pricing
Australia			In development		In use	In use	In use
Canada	In use		In development	In development	In use	In use	In use
Chile	In use		In development	In use	In use		In use
China	In use	In use	In use	In use	In use	In use	In use
Hong Kong, China	In use	In use			In use	In use	
Indonesia		In use	In development	In use	In use	In use	In development
Japan		In use		In use	In use	In use	In use
Korea		In use	In development		In use	In use	In use
Malaysia		In use	In use	In use	In use	In use	In development
Mexico		In use			In use	In use	In use
The Philippines		In use	In development		In use		
Russia		In use	In development	In use	In use		In development
Singapore	In use	In use	In development		In use	In use	In use
Thailand			In development		In use	In use	In development
United States					In use	In use	In use
Viet Nam			In development		In use		In development

In use | In development | No measures

Source: Adapted from UNCTAD, *World Investment Report 2022*, Table IV.2, and reported by member economies

5. RECENT DEVELOPMENTS IN INVESTMENT FACILITATION MEASURES

5.1 BROADER INVESTMENT POLICY MEASURES

The COVID-19 pandemic had a negative effect on foreign direct investment (FDI). In the first half of 2020, FDI flows decreased by 61 percent year-over-year to USD 137.9 billion in Q2, down from USD 218.4 billion in Q1. Multinational corporations (MNCs) were forced to shut down some of their production facilities or operate at a lower level of capacity as a result of the COVID-19 outbreak, which slowed the pace of capital expenditures.[64]

Despite the dent in FDI flows globally, there were signs of resilience particularly in Asia where FDI to the region had started to rebound in 2021, even as greenfield investment still slid to a record low of USD 103 billion in 2021.[65] In the ASEAN region, FDI still increased by 5 percent to USD 23 billion in 2020 despite the pandemic.[66]

For the APEC region, the pandemic dragged down FDI inflows to a low of USD 612 billion in 2020. Despite the drop, the APEC region's total FDI inflows as a share of the world has steadily increased since 2015, from 51 percent that year to 80 percent in 2022.[67] In 2022, APEC's FDI inflows recorded USD 1.04 trillion, higher than the pre-COVID level.[68]

Table 5.1. No. of FDI measures related to entry of investors in response to, or in the context of, COVID-19 (data since 2020)

FDI Policy Measures	Barriers to Investment Entry	Easing Investment Restrictions
Restriction on hiring foreign workers	7	
Reducing foreign capital ownership	3	
Restriction on land ownership	1	
Screening mechanism – neighbouring economies	1	
Screening mechanism – domestic security sectors	31	
Screening mechanism – net benefits	4	
Screening mechanism – only healthcare sector	6	
Other sectoral screening mechanism	9	
Other measures	1	
Increasing foreign equity ceiling		5
Opening closed sector		10
Streamlining foreign workers' permits		5
Streamlining land ownership		2
Other		14
Total	**83**	**51**

FDI=foreign direct investment
Source: World Bank, "FDI Entry and Screening Tracker," updated 17 July 2023, https://dataviz.worldbank.org/views/FDI-COVID19/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Adisplay_count=n&%3AshowAppBanner=false&%3Aorigin=viz_share_link&%3AshowVizHome=n

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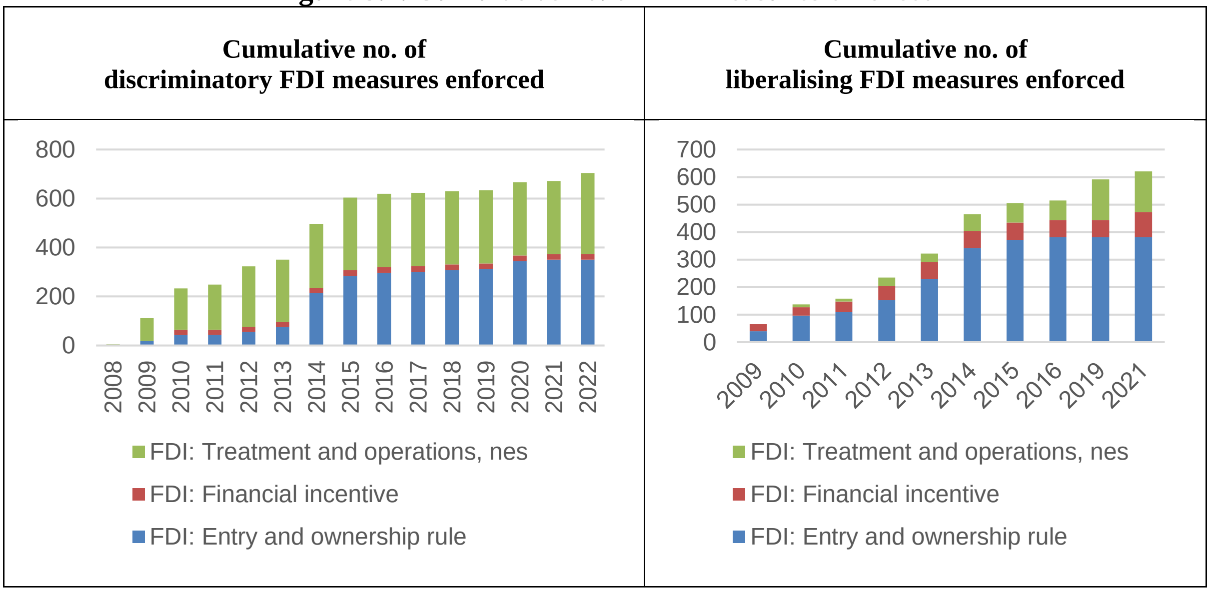
64 I.A. Moosa, and E. Merza, "The Effect of COVID-19 on Foreign Direct Investment Inflows: Stylised Facts and Some Explanations," *Future Business Journal* 8, no. 20 (2022), https://doi.org/10.1186/s43093-022-00129-5
65 UN Economic and Social Commission for Asia and the Pacific (ESCAP), "FDI to Asia and the Pacific Resilient despite the COVID-19 Pandemic," 20 December 2021, https://www.unescap.org/blog/fdi-asia-and-pacific-resilient-despite-covid-19-pandemic
66 ASEAN, "ASEAN Investment Report 2020–2021: Investing in Industry 4.0" (Jakarta: ASEAN, 2021), https://asean.org/wp-content/uploads/2021/09/AIR-2020-2021.pdf
67 UNCTAD, *World Investment Report 2023*.
68 UNCTAD, *World Investment Report 2023*.

Many of the FDI policy changes in 2020 were concentrated among the economies of the Organisation for Economic Co-operation and Development (OECD) while several economies (mostly outside the OECD) introduced measures to facilitate investment entry.[69] After 2020, most of the FDI measures introduced were considered as barriers to investment entry (Table 5.1).

Data from the Global Trade Alert database show that there were 704 direct FDI measures considered ‘certainly discriminatory’ from 2008 to 2022, and 621 FDI measures deemed liberalising from 2009 to 2021 (Figure 5.1). The database categorises FDI policies into ‘treatment and operations’, ‘financial incentive’ and ‘entry and ownership rule’. Most of the restrictive FDI policies are related to the entry and ownership rule category, reaching 351 measures by 2022; in this category, there were 381 measures considered liberalising. Foreign firms also face 330 post-entry restrictions measures, which may include adverse tax treatment, localisation requirements and service restrictions.

Figure 5.1. Cumulative no. of FDI measures enforced



Source: Compiled from Global Trade Alert database, accessed 18 January 2023.
https://www.globaltradealert.org/data_extraction

5.2 INVESTMENT FACILITATION FOR DEVELOPMENT

In December 2021, over 110 members of the World Trade Organization (WTO) co-sponsored a Joint Statement on Investment Facilitation for Development (IFD), discussing the following topics:[70]

- improving the transparency and predictability of investment measures
- simplifying and speeding up investment-related administrative procedures
- strengthening the dialogue between governments and investors, and promoting the uptake by companies of responsible business conduct practices, as well as preventing and fighting corruption

[69] World Bank, *FDI Watch*, no. 1, December 2020.
[70] World Trade Organization (WTO), “MC12 Briefing Note: Investment Facilitation for Development,” accessed 30 July 2023, https://www.wto.org/english/thewto_e/minist_e/mc12_e/briefing_notes_e/bfinvfac_e.htm

- ensuring special and differential treatment, technical assistance and capacity building for developing and least-developed economies

The draft IFD agreement includes seven sections:[71] Section I on scope and general principles; Section II on transparency of investment measures; Section III on streamlining and speeding up administrative procedures; Section IV on focal points, domestic regulatory coherence and cross-border cooperation; Section V on special and differential treatment for developing and least-developed members; Section VI on sustainable investment; and Section VII on institutional arrangements and final provisions.

5.3 INVESTMENT FACILITATION INDEX

Related to the IFD, the Investment Facilitation Index (IFI) was constructed by adopting the concept of trade facilitation as well as the relevant international non-binding Conventions and guidelines on investment facilitation. The focus of IFI is on measures that enhance transparency, predictability and cooperation, 'which requires not less but often better regulatory processes'.[72]

The IFI includes data on 101 investment facilitation measures, grouped under six policy pillars (Table 5.2). Economies are assessed on their adoption levels of investment facilitation measures using scores of 0, 1 and 2, with 2 designating the best performance or measures fully implemented. In 2021, the values of IFI ranged from a low of 0.22 to a high of 1.76. The global mean (simple average) for IFI is 0.99, while the global median is 1.03.

Table 5.2. Six policy pillars of the Investment Facilitation Index (IFI)

Policy pillar		No. of measures	Examples of measures
A	**Regulatory Transparency and Predictability**	23	establishment of enquiry points; publication of information and procedures on laws, regulations and procedures affecting investment; publication of judicial decision on investment matters; publication of international agreements pertaining to foreign direct investment; information published on fees and charges
B	**Electronic Governance**	14	electronic payment system for the investor to pay all fees, charges and taxes; availability of online business registration system; use of electronic tools; online tax registration and declaration is available to non-resident foreign investors; Single Window for investment
C	**Focal Point and Review**	23	independent or higher level administrative and/or judicial appeal procedures available; dispute prevention mechanism in place; focal point provides parties with alternative forms of dispute resolution
D	**Application Process**	25	periodic review of investment regulations and documentation requirements; evaluation of fees and charges; adopting a silent 'yes' approach for administrative approvals
E	**Cooperation**	11	cooperation and co-ordination of the activities of agencies involved in the management of investment; sharing of best practices and information on the facilitation of foreign direct investment (FDI); regular consultation and effective dialogue with investors; mechanism to support inter-agency coordination

[71] WTO, "WTO Structured Discussions on Investment Facilitation for Development: Statement by the Co-ordinators," INF/IFD/W/46, 16 December 2022, https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/IFD/W46.pdf&Open=True

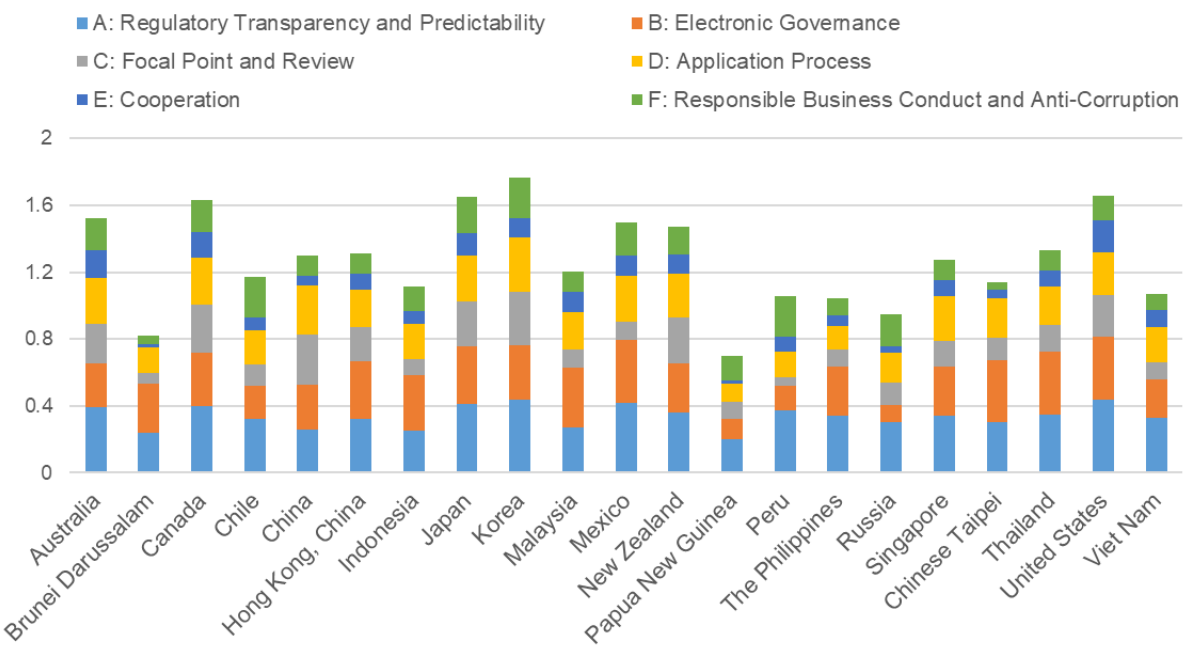
[72] A. Berger, A. Dadkhah, and Z. Olekseyuk, "Quantifying Investment Facilitation at Country Level: Introducing a New Index," Discussion Paper 23/2021, German Development Institute (DIE), Bonn, 2021, https://doi.org/10.23661/dp23.2021

	Policy pillar	No. of measures	Examples of measures
F	**Responsible Business Conduct and Anti-Corruption**	5	UN Guiding Principles on Business and Human Rights; United Nations Convention against Corruption
	Total	**101**	

Source: A. Berger, A. Dadkhah, and Z. Olekseyuk, "Quantifying Investment Facilitation at Country Level: Introducing a New Index," Discussion Paper 23/2021, German Development Institute (DIE), Bonn, 2021, https://doi.org/10.23661/dp23.2021; A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.7755522

The IFI values for individual APEC economies ranged from 0.70 to 1.76, with a group average of 1.27. Only three APEC economies had IFI values less than 1 (approximately the value of the global average or median). Among APEC economies, the US scored the highest for category A (regulatory transparency and predictability), B (electronic governance) and E (cooperation); while Korea scored the highest for category C (focal point and review), D (application process) and F (responsible business conduct and anti-corruption). The largest gaps (difference between highest and lowest IFI scores) were found in categories B and C; thus showing the opportunities for stronger collaboration between economies in areas such as Single Window, new technology and stakeholder engagement for reform.

Figure 5.2. Investment Facilitation Index (IFI) score, APEC economies



Source: Based on A. Berger, A. Dadkhah, and Z. Olekseyuk, "Quantifying Investment Facilitation at Country Level: Introducing a New Index," Discussion Paper 23/2021, German Development Institute (DIE), Bonn, 2021, https://doi.org/10.23661/dp23.2021; A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.7755522

5.4 INVESTMENT ISSUES IN RECENT TRADE AGREEMENTS: RCEP AND CPTPP

Two mega free trade agreements (FTAs), the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), contained items that highlight the importance of investment facilitation.

In the RCEP, Article 10.17 (Facilitation of Investment) emphasises the following investment measures:[73]

- simplifying procedures for investment applications and approvals
- promoting the dissemination of investment information
- establishing or maintaining contact points, one-stop investment centres and focal points to provide assistance and advisory services to investors (including the facilitation of operating licences and permits)
- assisting investors to amicably resolve complaints or grievances with government bodies
- facilitating meetings between their respective competent authorities aimed at exchanging knowledge and approaches to better facilitate investment

Such clauses on investment facilitation are not typically found in other major FTAs,[74] highlighting the intention of RCEP members to attract more FDI into the region.[75]

The RCEP also has a specific Article dedicated to investment promotion through 'encouraging investments among the parties'; 'organising joint investment promotion activities between or among parties'; 'promoting business-matching events'; 'organising and supporting the organisation of various briefings and seminars on investment opportunities and on investment laws, regulations, and policies'; and 'conducting information exchanges on other issues of mutual concern relating to investment promotion'.[76]

The CPTPP, in particular, aims for deeper common standards on issues such as labour rights, environmental protections and investment dispute resolution.[77] A notable distinction between the investment measures of the CPTPP and those of the RCEP is probably the inclusion of the investor–state dispute settlement (ISDS) mechanism.[78] The CPTPP contains advanced investment commitments (the investment chapter covers the full life cycle of an investment),[79]

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[73] M. Chi, "RCEP and Investment Facilitation: Rules, Assessment and Implications" (presented at *Regional Comprehensive Economic Partnership (RCEP): A New Paradigm in Asia's Trading Architecture*, Asian Development Bank, Manila, 3 May 2022), https://aric.adb.org/pdf/events/2022_asias-trading-architecture/Session%202_Manjiao%20Chi_Panelist_RCEP%20Investment%20Facilitation.pdf

[74] The Trans-Pacific Partnership (TPP), for example, does not include such clauses.

[75] H. Gao, "The Investment Chapter in the Regional Comprehensive Economic Partnership: Enhanced Rules without Enforcement Mechanism," ERIA Discussion Paper 446, September 2022, https://www.eria.org/uploads/media/discussion-papers/FY22/The-Investment-Chapter-in-the-RCEP-Enhanced-Rules-without-Enforcement-Mechanism.pdf

[76] J. Dettoni, "RCEP Seen through the Prism of FDI," fDi Intelligence, 17 November 2020, https://www.fdiintelligence.com/content/data-trends/rcep-seen-through-the-prism-of-fdi-79085

[77] UN ESCAP, "Handbook on Policies, Promotion, and the Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific" (UN, 2022).

[78] T. Dymond, C. Sim and T. Chan, "Dispute Settlement Mechanisms under the CPTPP and the RCEP," *Global Arbitration Review*, 27 May 2022, https://globalarbitrationreview.com/review/the-asia-pacific-arbitration-review/2023/article/dispute-settlement-mechanisms-under-the-cptpp-and-the-rcep

[79] C.F. Corr et al., "The CPTPP Enters into Force: What Does it Mean for Global Trade?" White & Case, 21 January 2019, https://www.whitecase.com/insight-alert/cptpp-enters-force-what-does-it-mean-global-trade

with deep and broad coverage of investment liberalisation, protection and dispute settlement.[80] In addition, the CPTPP ensures that investors are able to transfer funds related to their investment into and out of the host economy and to appoint senior managers regardless of citizenship.[81]

The RCEP, in lieu of ISDS, provides for a general dispute settlement mechanism (DSM) in Chapter 19. The DSM is heavily reliant on the willingness of the investor's home government to commence proceedings on their behalf.[82] Through reservations labelled as 'non-conforming measures', policy flexibility and space have been incorporated into the CPTPP, allowing the parties to the agreement to maintain exceptions to the CPTPP services and investment chapters.[83]

[80] APEC Committee on Trade and Investment (APEC CTI), "Toward Building Resilient Supply Chains – A Possible Role of Investment Policy" (Singapore: APEC, 2021), https://www.apec.org/docs/default-source/publications/2021/12/toward-building-resilient-supply-chains-a-possible-role-of-investment-policy/221_cti_toward-building-resilient-supply-chains-a-possible-role-of-investment-policy.pdf?sfvrsn=4c3d48b7_2

[81] Government of Canada, "How to Read the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)," modified 12 February 2020, https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/chapter_summaries-sommaires_chapitres.aspx?lang=eng

[82] Dymond et al., "Dispute Settlement Mechanisms under the CPTPP and the RCEP."

[83] UN ESCAP, "Handbook on Policies, Promotion, and the Facilitation of Foreign Direct Investment."

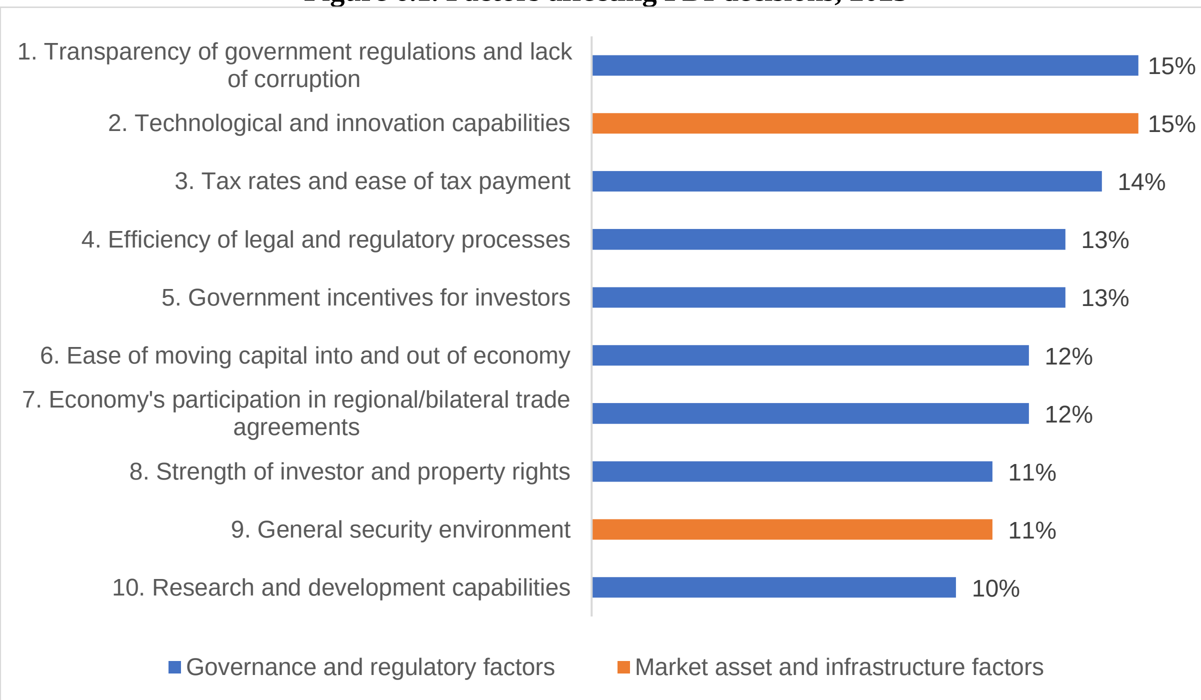
6. REVIEW OF IFAP IMPLEMENTATION IN APEC ECONOMIES

Members of the APEC Investment Experts' Group (IEG) have shared progress on implementation across all eight principles of the APEC Investment Facilitation Action Plan (IFAP). This chapter provides an account of the range of actions taken and measures put in place by APEC economies to advance these principles. (Summaries of the implementation by several APEC economies[84] are included in the Appendix.)

6.1 PRINCIPLE 1: PROMOTE ACCESSIBILITY AND TRANSPARENCY IN THE FORMULATION AND ADMINISTRATION OF INVESTMENT-RELATED POLICIES

IFAP Principle 1 recorded the highest number of submissions from APEC economies. This principle addresses accessibility and transparency of investment policies, both in how they are formulated and implemented. Lack of access to reliable information and ambiguous policy processes can increase the costs and associated risks of doing business, thus becoming a barrier for foreign investors. According to the survey results of the 2023 FDI Confidence Index, transparency of government regulations is considered the most important factor in determining investment intentions (Figure 6.1). Measures that aim to implement IFAP Principle 1 will thus address one of the most pressing concerns of international investors, thereby enhancing economies' potential to attract FDI.

Figure 6.1. Factors affecting FDI decisions, 2023



Source: Kearney Foreign Direct Investment Confidence Index 2023.

[84] Canada; Chile; Hong Kong, China; Japan; Malaysia; Mexico; Peru; Russia; Chinese Taipei; Thailand; and Viet Nam.

It is therefore crucial to adopt measures that improve the timeliness and availability of investment-related information that can be easily found, interpreted and followed. Domestic and local contact points dedicated to taking and responding to enquiries on foreign direct investment (FDI) can also serve as a powerful channel to enhance accessibility and transparency in making and administrating investment policies.

Box 6.1 presents a list of the actions and measures for IFAP Principle 1.

Box 6.1. Menu of actions and measures for Principle 1

1. Publish laws, regulations, judicial decisions and administrative rulings of general application, including revisions and updates.
2. Adopt centralised registry of laws and regulations and make this available electronically.
3. Establish a Single Window or special enquiry point for all enquiries concerning investment policies and applications to invest.
4. Make available all investment-related regulations in clear, simple language, preferably in languages commonly used by business.
5. Establish an investment promotion agency (IPA), or similar body, and make its existence widely known.
6. Make available to investors all rules and other information relating to investment promotion and incentive schemes.
7. Allow investors to choose their form of establishment within legislative and legal frameworks.
8. Ensure transparency and clarity in investment-related laws.
9. Establish an APEC-wide website or e-portal to replace the hardcopy APEC Investment Guidebook (released by the APEC Investment Experts' Group)
10. Encourage online enquiries and online information on all foreign investment issues.
11. Publish and/or make widely available screening guidelines for assessing investment proposals.
12. Maintain a mechanism to provide timely and relevant advice on changes in procedures, applicable standards, technical regulations and conformance requirements.
13. To the extent possible, provide advance notice of proposed changes to laws and regulations and provide the opportunity for public comment.
14. Explore the possibility of using the international benchmarks on a voluntary basis as a reference point for peer dialogue and measuring progress.

As noted in the following discussion, ten economies shared their updates on the implementation of Principle 1. The updates mainly fall under actions 3, 4, 5, 6 and 10 (listed in Box 6.1).

At least seven APEC economies, namely, Canada; Chile; Hong Kong, China; Mexico; Peru; Russia; and Chinese Taipei, have reported having in place a Single Window or special enquiry point for enquiries concerning investment policies and application to invest. In many APEC economies, such a Single Window also acts as a communication channel to prospective investors regarding investment rules and incentives. InvestChile – a website providing information on doing business in **Chile** – publishes a general Investor's Guide along with e-books on specific sectors, such as agribusiness, energy, mining, tourism and venture capital, among others. The website, which provides resources in both English and Spanish, also has a Contact section for investors to get in touch for enquiries. Similarly, in **Hong Kong, China**, information relating to investment promotion and incentive schemes, including funding schemes, tax basics, visa/entry permit and immigration, company bank accounts, business locations and employment policy is accessible through the one-stop resource centre at the website of InvestHK. In 2021, the Ministry of Economy of **Mexico** launched the Invest in Mexico platform – a digital window to provide investors with important investment advisory information and statistics, including relevant contact points. By the end of 2022, 25 multinational enterprises (MNEs) have benefited from the platform. **Russia** also provided a website (invest.economy.gov.ru) as a one-stop service portal for investors, providing information about available support mechanisms for investors including regulations, requirements for projects in simple language and contact information for bodies with relevant responsibilities. **Chinese Taipei** is restructuring their investment authorities into a Single Window (for contact) platform called InvesTaiwan by combining three entities: the Ministry of Economic Affairs' (MOEA) Department of Investment Services; the Investment Commission; and the MOEA's investment service centre.

Most APEC economies have established an investment promotion agency (IPA) or a similar body assigned for investment promotion purposes. In **Canada**, the Single Window website Invest in Canada also serves as the economy's IPA, while investors can connect with the local office of the Trade Commissioner Service for additional resources. In **Malaysia**, an IPA was formed in as early as 1967, when the economy began industrialisation by promoting manufacturing activities. The Malaysian Investment Development Authority, under the Ministry of International Trade and Industry, oversees and drives investments into the manufacturing and services sectors in Malaysia, as well as attracts opportunities from the technology revolution of this era. In **Peru**, the Investments Promotion Division at Promperu (the Peruvian promotion agency for exports, tourism and private investment) started operations in 2020, with a focus on attracting, retaining and expanding FDI into tourism and other prioritised sectors. This division has carried out various investment activities and events to promote awareness of its presence and functions to the public and private sector, both local and international.

Making FDI-related enquiries and information service available online has been encouraged by most APEC economies. Many run a website for their Single Window enquiry point. For example, in **Peru**, the Invest in Peru website (https://www.investinperu.pe/), which is managed by the Private Investment Promotion Agency (Proinversion), also provides online investor consultation, on top of other free and reliable information on investment, including promotion mechanisms, public–private partnership (PPP) projects, and FDI registration. Similarly, the one-stop-shop Invest in Canada portal, which also serves as **Canada**'s IPA, provides comprehensive information related to foreign investment in the economy.

Table 6.1 provides insight into the adoption by APEC economies of investment facilitation measures under policy pillar A (regulatory transparency and predictability) of the Investment Facilitation Index (IFI).

Table 6.1. Rate of adoption of IFI regulatory transparency and predictability measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(A.1) Establishment of enquiry points			21
(A.2) Average time between publication of new or amended investment related laws and regulations and entry into force	13	3	5
(A.3) Publication of information on procedural rules for appeal and review			21
(A.4) Publication of information and procedures on laws, regulations and procedures affecting investment			21
(A.5) Publication of information on investment incentives, subsidies or tax breaks	2		19
(A.6) Laws and regulations are available in one of the WTO official languages	2		19
(A.7) Publication of judicial decision on investment matters	16		5
(A.8) Publication of international agreements pertaining to foreign direct investment	3	10	8
(A.9) Information published on fees and charges	2	7	12
(A.10) Publication of Investment Guidebook		7	14
(A.11) Publication of the information on competent authorities including contact details		6	15
(A.12) Publication of timeframe required to process an application associated to any specific investment decision	8		13
(A.13) An adequate time period granted between the publication of new or amended fees and charges and their entry into force	10		7
(A.14) Information available on the purpose and rationale of the law or regulation	4		17
(A.15) Regulations or administrative measures in place for the protection of personal information (Confidential Information)	1		20
(A.16) The legal framework for protection of personal information takes into account principles and guidelines of relevant international bodies such as the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data	3		18
(A.17) Insurance and guarantees: Home economy provides investment insurance and guarantees	9		11
(A.18) Drafts of investment regulations and acts are published prior to entry into force			21
(A.19) Notification to the WTO of laws, regulations, and administrative procedures of general application	6		15
(A.20) Notification to the WTO of the Uniform Resource Locators (URL) of the website where relevant information concerning investment is made publicly available	6		15
(A.21) Notification to the WTO of enquiry/focal/contact points	15		6
(A.22) Notification to the WTO of other relevant information (e.g., competent authorities)	4		17
(A.23) Publication of lists or catalogues indicating which sectors are allowed, restricted or prohibited for foreign investment	5		16

IFI=Investment Facilitation Index; OECD=Organisation for Economic Co-operation and Development; WTO=World Trade Organization

Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.7755522v

According to the IFI scores, all APEC members have fully implemented four of the policy pillar A measures (A.1, establishment of enquiry points; A.3, publication of information on procedural rules for appeal and review; A.4, publication of information and procedures on laws, regulations and procedures affecting investment; A.18, drafts of investment regulations and Acts are published prior to entry into force).

On the other hand, several measures have been fully adopted by fewer than half of the APEC members, including:

- *A.2, average time between publication of new or amended investment related laws and regulations and entry into force.* This measure is considered fully implemented if economies allow an average of 30 days or more between announcing new investment laws and regulations and enforcing them. Only five APEC economies meet that benchmark, which place them above the 70^{th} percentile of the sample of all economies with available data on this measure. In at least 11 other APEC economies, the average implementation time was less than 20 days from the date of publication.

- *A.7, publication of judicial decision on investment matter*. Only five APEC members have done this.

- *A.8, publication of international agreements pertaining to foreign direct investment*. Eight economies have published the relevant agreements through their Single Window.

- *A.13, an adequate time period granted between the publication of new or amended fees and charges and their entry into force*. Seven economies provided a reasonable amount of time before such fees and charges enter into force.

- *A.21, notification to the World Trade Organization (WTO) of enquiry/focal/contact points.* Although all APEC economies have established at least one enquiry point for investment issues, only six members have notified the WTO of the enquiry point.

6.2 PRINCIPLE 2: ENHANCE STABILITY OF INVESTMENT ENVIRONMENTS, SECURITY OF PROPERTY AND PROTECTION OF INVESTMENT

IFAP Principle 2 addresses the issue of stability, security and protection. A stable investment environment with low risk and unpredictability, together with proper legal protection of property and investment can boost investor confidence and enhance both domestic and foreign investment activities. Providing transparent and accurate market information, fostering competition, and having a dispute settlement mechanism in place are examples of actions that help improve stability, security and protection in a host economy.

Box 6.2 presents a list of actions and measures for IFAP Principle 2.

Box 6.2. Menu of actions and measures for Principle 2

1. Establish timely, secure and effective systems of ownership registration and / or property use rights for land and other forms of property.
2. Create and maintain an effective register of public or state owned property.
3. Ensure costs associated with land transactions are kept to a minimum including by fostering competition.
4. Foster the dissemination of accurate market reputation information including creditworthiness and reliability.
5. Encourage or establish effective formal mechanisms for resolving disputes between investors and host authorities and for enforcing solutions, such as judicial, arbitral or administrative tribunals or procedures.
6. Encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties.
7. Facilitate commercial dispute resolution for foreign investors by providing complaint-handling facilities, such as complaint service centres, and effective problem-solving mechanisms – at reasonable cost.
8. Encourage the adoption of a dispute settlement framework that reflects the International Convention on the Settlement of Investment Disputes (ICSID).
9. Take steps to accede to an arbitral convention.

As noted in the following discussion, eight economies shared their updates on the implementation of Principle 2. The updates mainly fall under actions 2, 3, 5, and 7 (as listed in Box 6.2).

In **Canada**, a directory of federally owned real property is maintained and published by the Secretariat of the Treasury Board of Canada. The directory is open to public access and available online in both English and French. Similarly, a registration system for public properties has been established in **Chinese Taipei** to provide pertinent information online such as the quantity and value of the properties and the land provision methods.

To improve transparency of real estate transactions, thus fostering competition and reducing transaction costs, **Chinese Taipei** has launched the Real Estate Transaction Price Inquiry Service website, with data dating back to 2012. The website provides transaction information on real estate sales, leasing and pre-sale housing. As of 30 September 2022, the cumulative number of inquiries to the system had reached 4.14 million, while the number of site visitors had reached 206 million. In 2022, Chinese Taipei was also ranked 29th on the Global Real Estate Transparency Index.

Having effective mechanisms for resolving disputes between investors and host authorities and for enforcing solutions is crucial in securing a stable and reliable investment climate. One channel to benefit from internationally recognised and agreed dispute settlement mechanisms is through participating in free trade agreements (FTAs) and bilateral investment treaties (BITs). Besides allowing foreign investors to seek recourse in the case of a dispute through domestic courts, **Canada** also provides investors with access to international arbitration as the economy is a party to 27 BITs and 8 FTAs that contain provisions for investor–state dispute settlement (ISDS). In **Chile**, the recently ratified Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) includes an investment chapter with modern standards of protection and a section on ISDS. In addition, the recently published negotiation text for the modernisation of the Association Agreement between Chile and the European Union (EU), which is expected to be signed by the end of 2023, also articulates investment liberalisation provisions and modern standards of protection, as well as a bilateral court with permanent judges for the settlement of disputes between investors and authorities. Similarly, **Japan** has 52 investment-related agreements in force as of October 2022, including the Regional Comprehensive Economic Partnership (RCEP), which entered into force for Japan in 2022. Japan has also actively engaged in the ISDS reform through Working Group III of the United Nations Commission on International Trade Law (UNCITRAL). Since 2016, **Russia** has been negotiating international investment agreements that include modernised approaches to ISDS procedures. Like Japan, **Russia** has also been participating in ISDS reform through UNCITRAL Working Group III.

Moreover, it is also important that economies provide complaint-handling facilities and effective problem-solving mechanisms at reasonable cost in order to facilitate commercial dispute resolution for foreign investors. In this regard, the Department of Justice of **Hong Kong, China** has supported the development and use of online dispute resolution (ODR) to provide quick and cost-effective resolution and enforcement of disputes across borders, languages and jurisdictions. In 2020, Hong Kong, China opted into the APEC Collaborative Framework for ODR, which is designed to help global businesses, in particular micro, small and medium enterprises (MSMEs), to resolve cross-border business-to-business disputes. eBRAM International Online Dispute Resolution Centre (eBRAM), an ODR service provider from Hong Kong, China, is one of APEC’s partnering ODR providers. eBRAM developed the APEC ODR Platform, which complies with the APEC framework and is tailor-made to serve APEC economies and businesses. eBRAM also developed separate online mediation and arbitration platforms, aiming to provide commercial parties with flexibility and autonomy in choosing their preferred alternative dispute resolution mechanism through ODR. Besides ODR, Hong Kong, China has undertaken regulatory reform to allow the use of outcome-related fee structures for arbitration for certain agreements, which provides parties with more flexible fee arrangements, thereby encouraging the use of arbitration for the resolution of commercial disputes between private parties. Such initiatives will enhance cross-border confidence and promote a rule-based and stable investment environment for businesses.

Table 6.2 provides insight into the adoption by APEC economies of investment facilitation measures under IFI policy pillar C (focal point and review).

Table 6.2. Rate of adoption of IFI focal point and review measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(C.43) Dispute prevention mechanism in place	15		6
(C.44) Domestic institutional arrangements to enhance communication and coordination among relevant authorities at different levels of government	10		11
(C.45) Focal Point: Establishment of a mechanism for coordination and handling of foreign investment complaints (focal point/ombudsman)	11		10
(C.46) Focal Point: Focal Point provides guidance concerning related legislation, institutions, process, and responsible agencies	11		10
(C.47) Focal Point: Focal Point accepts and/or forwards foreign investment complaints	13		8
(C.48) Focal Point: Focal Point responses to enquiries of governments, investors and other interested parties	13		8
(C.49) Focal Point: Focal Point assists investors in obtaining information from government agencies relevant to their investments	14		7
(C.50) Focal Point: Possibility to provide feedback to Focal Point	10		11
(C.52) Focal Point: Focal Point provides parties with alternative forms of dispute resolution	18		3
(C.53) Focal Point: Focal Point assists investors by seeking to resolve investment-related difficulties, in collaboration with government agencies	16		5
(C.56) Focal Point: Focal Point holds frequent meetings with foreign-invested companies and relevant government officials to mitigate conflicts and facilitate their resolutions	18		3
(C.57) Focal Point: Focal Point makes corrective recommendations and expression of opinions regarding illegal and unfair administrative measures	16		5
(C.58) Focal Point: Focal Point urges and/or inspects the implementation of the solutions for foreign investment complaints	19		2

IFI=Investment Facilitation Index
Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.77555222

According to the IFI scores, fewer than one third of APEC members have a dispute prevention mechanism in place (measure C.43). In addition, while around half of APEC economies have established a focal point to coordinate and handle foreign investment complaints (C.45), there is room for improvement in the following areas:

- *C.52, providing parties with alternative forms of dispute resolution*. Three economies have implemented this measure.

- *C.56, holding frequent meetings with foreign-invested companies and relevant government officials to mitigate conflicts and facilitate their resolutions*. This measure has been fully adopted by three economies.

- *C.58, urging and/or inspecting the implementation of the solutions for foreign investment complaints*. This measure has been carried out by two economies.

6.3 PRINCIPLE 3: ENHANCE PREDICTABILITY AND CONSISTENCY IN INVESTMENT-RELATED POLICIES

IFAP Principle 3 focuses on the predictability and consistency of policies related to investment. Principle 3 is closely intertwined with Principle 1 on enhancing the clarity and consistency of investment-related laws and regulations. Principle 3 is also linked to Principle 2, in the sense that they are both aimed at reducing risks and improving predictability and stability in the investment environment.

Box 6.3 presents a list of actions and measures for IFAP Principle 3.

Box 6.3. Menu of actions and measures for Principle 3

1. Increase use of legislative simplification and restatement of laws to enhance clarity and identify and eliminate inconsistency.
2. Provide equal treatment for all investors in the operation and application of domestic laws and principles on investment.
3. Reduce the scope for discriminatory bureaucratic discretion in interpreting investment-related regulations.
4. Maintain clear demarcation of agency responsibilities where an economy has more than one agency screening or authorising investment proposals or where an agency has regulatory and commercial functions.
5. Establish, and disseminate widely, clear definitions of criteria for the assessment of investment proposals.
6. Establish accessible and effective administrative decision appeal mechanisms, including where appropriate, impartial fast-track review procedures.

As noted in the following discussion, five economies shared their updates on the implementation of Principle 3. The updates mainly fall under actions 1, 2, 4 and 5 (as listed in Box 6.3).

The Public Private Partnership (PPP) law was enacted in **Peru** in 2018 through Legislative Decree 1362 (published 23 July 2018) and its regulation, Supreme Decree 240-2018-EF (published 30 October 2018). The law aims to strengthen the legal and institutional framework for PPP and provide more predictability to the PPP procedures. In 2022, the Peruvian government improved the PPP law, through Legislative Decree 1543 (published 26 March 2022) and its regulation, Supreme Decree 211-2022-EF (published 14 September 2022). One of the updates to the law is the creation of Specialised Bodies for the Management and Execution of Projects (OEGEP), which are implemented by a public entity, to develop the process for the management and execution of PPP projects. Another improvement is the addition of sustainability as a new principle for PPP projects.

In 2021, the **Viet Nam** government issued Decree No. 31/2021/ND-CP, prescribing details and instructions on the implementation of the 2020 Investment Law. The Decree provided clarifications on several terms and clauses in the Investment Law, including the use of a negative-list approach in the identification and non-discriminatory treatment of foreign investors and special incentives for investment projects based on their objectives and regions, among others. In addition, the Prime Minister's office also issued several Decisions that approved Viet Nam's strategy on foreign investment for 2021–2030, established a Special Working Group under the Prime Minister to facilitate and promote foreign investment, and provided guidance on investment incentives.

Likewise, the Investment Canada Act provides clarifications in important aspects of foreign investment in **Canada**, such as the division of responsibilities across different government agencies and the criteria for the assessment of investment proposals. To aid with investors' access to accurate information and reduce outdated practices, the Department of Justice of Canada also publishes up-to-date, consolidated versions of all laws and regulations on its website. Furthermore, as mentioned under IFAP Principle 2, Canada is a party to many international treaties, including FTAs and BITs, the terms of which solidified the economy's commitment to non-discriminatory treatment of investors.

In **Russia**, Article 4 of Federal Law No. 160-FZ on foreign investment (effective 1999) stipulates that the treatment of foreign investors shall not be any less favourable than the treatment of Russian investors.

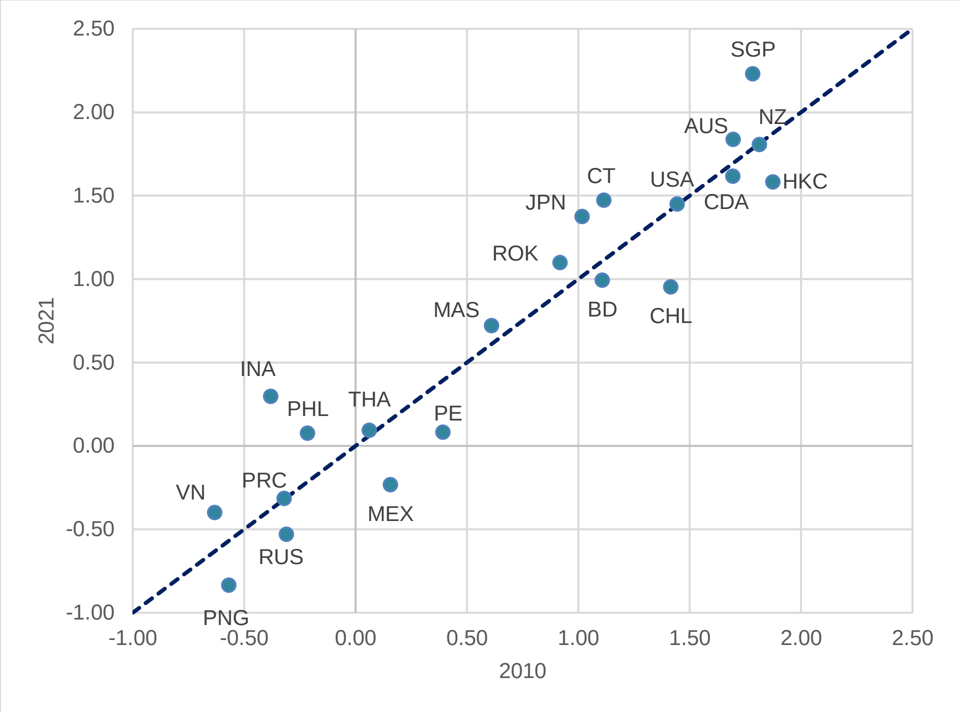
In order to avoid confusion in interpreting investment-related regulations and reduce discriminatory bureaucratic discretion, **Chinese Taipei** has made the required documents and relevant reviewing procedures public. To ensure information on such procedures are widely disseminated in a clear manner, regular seminars are held throughout the year to elaborate on the assessment mechanism for investment proposals, including definitions of screening criteria. Chinese Taipei also established a one-stop window for reviewing FDI projects, that is, the Investment Commission under the MOEA, and has also maintained clear demarcation of agency responsibilities for each industry.

As shown in Table 6.1, it is notable that most APEC economies have made significant progress on the publication of laws and regulations related to investment. The areas for improvement, as highlighted, included the publication of judicial decisions on investment matters, and of international agreements pertaining to FDI through a Single Window.

Figure 6.2 plots the estimates of regulatory quality of APEC economies in 2010 against the estimates for 2021, using data from the World Bank Worldwide Governance Indicators. The estimates capture 'perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development'.[85] As indicated in Figure 6.2, APEC economies that have shown significant progress in regulatory quality between 2010 and 2021 (i.e., those that are positioned above the 45-degree line) include Indonesia; Japan; Singapore; and Chinese Taipei. Members that have recorded moderate improvement are Australia; Korea; Malaysia; the Philippines; and Viet Nam. APEC members that witnessed marginal to no changes in regulatory quality, represented by dots that lie on or very close to the 45-degree line, include China; New Zealand; Thailand; and the United States.

[85] World Bank, "Worldwide Governance Indicators 2022," accessed 21 July 2023, https://info.worldbank.org/governance/wgi/; D. Kaufmann, A. Kraay, and M. Mastuzzi, "The Worldwide Governance Indicators: Methodology and Analytical Issues," Policy Research Working Paper 5430, September 2010, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130

Figure 6.2. Estimates of regulatory quality in APEC economies, 2010 and 2021



AUS=Australia; BD=Brunei Darussalam; CDA=Canada; CHL=Chile; PRC=China; HKC=Hong Kong, China; INA=Indonesia; JPN=Japan; ROK=Korea; MAS= Malaysia; MEX=Mexico; NZ=New Zealand; PNG=Papua New Guinea; PE=Peru; PHL=the Philippines; RUS=Russia; SGP=Singapore; CT=Chinese Taipei; THA=Thailand; USA=United States; VN=Viet Nam
Note: Scale for estimates is from -2.5 (weak) to 2.5 (strong)
Source: APEC PSU based on World Bank Worldwide Governance Indicators 2022; D. Kaufmann, A. Kraay, and M. Mastuzzi, "The Worldwide Governance Indicators: Methodology and Analytical Issues," Policy Research Working Paper 5430, September 2010, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130

6.4 PRINCIPLE 4: IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF INVESTMENT PROCEDURES

IFAP Principle 4 focuses on improving the efficiency and effectiveness of investment procedures. This includes simplifying and streamlining foreign investment processes, providing timely and relevant advice to businesses, and minimising costs related to the investment approval process.

Box 6.4 presents a list of actions and measures for IFAP Principle 4.

Box 6.4. Menu of actions and measures for Principle 4

1. Simplify and streamline application and registration, licensing and taxation procedures and establish a one-stop authority, where appropriate, for the lodgement of papers.
2. Simplify and reduce the number of forms relating to foreign investment and encourage electronic lodgement.
3. Shorten the processing time and procedures for investment applications.

4. Promote use of 'silence is consent' rules or no objections within defined time limits to speed up processing times, where appropriate.
5. Ensure the issuing of licences, permits and concessions is done at least-cost to the investor.
6. Simplify the process for connecting to essential services infrastructure.
7. Establish, and disseminate widely, clear and simple instructions and explanations concerning the application and registration process.
8. Implement strategies to improve administrative performance at lower levels of government.
9. Facilitate availability of high-standard business services supporting investment.

Under IFAP Principle 4, several APEC economies have adopted paperless and digitalisation for processing FDI. **Canada** reported that all notifications or applications for review of investments can be submitted electronically. **Chinese Taipei** has set up an online system for FDI application and promoted its adoption throughout 2021–2022 and maximised digitalisation for other steps of FDI application, such as in document supplementation. **Viet Nam** also advocated increasing adoption of online registration and approval of investment projects. **Peru** has abolished the charge for the registration of FDI and a virtual channel has been implemented to digitalise the FDI registration process.

Economies have also facilitated availability of high-standard business services supporting investment through a variety of communication channels. In **Chile**, InvestChile has widely advertised its aftercare services to established businesses as well as to potential investors who do not yet have investment projects in the economy. In **Hong Kong, China**, the InvestHK website contains has up-to-date information, including a step-by-step guide to setting up in the economy. This helps expedite the process of establishing and expanding operations and keeps potential investors informed on the recent investment procedures, thus providing more certainty for foreign businesses. In **Malaysia**, the Malaysian Investment Development Authority established the Project Acceleration and Coordination Unit on 6 June 2020 to proactively provide end-to-end facilitation to all projects approved by the National Committee for Investment, enabling the speedy and efficient implementation of projects. Through its one-stop-centre model, the Unit also provides start-ups and conglomerates with advisory services where investors are encouraged to talk about the problems and difficulties they face in business and to ask for important clarifications and advice on government policies and procedures. In **Peru**, the Investments Promotion Division at Promperu adopted a new structure where the investor services team is created to deliver a wide array of pre-establishment and aftercare services to investors.

Table 6.3 provides insight into the adoption by APEC economies of investment facilitation measures under IFI policy pillar B (electronic governance).

Table 6.3. Rate of adoption of IFI electronic governance measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(B.24) Establishment of an investment website for information purpose		4	17
(B.25) Electronic payment system for the investor to pay all fees, charges and taxes associated to the admission, establishment, maintenance, acquisition and expansion of investments	3	1	17
(B.26) Availability of online business registration system	3		18

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(B.27) Copies of documents accepted	1	2	17
(B.28) Use of electronic tools (including email or social media applications) by the competent authorities for exchanging information with investors			21
(B.29) Laws or regulations provide electronic signature with the equivalent legal validity with hand-written signature	1		20
(B.30) The ability to track the status of an application online	5		16
(B.31) Online tax registration and declaration is available to non-resident foreign investors	7		14
(B.32) Single Window: Availability of a domestic investment portal (or single window) for the submission and/or processing of applications online	9	2	9
(B.33) Single Window: Is it possible to submit all documents necessary for investment applications simultaneously?	10	1	10
(B.34) Single Window: Is it possible to pay all fees corresponding to the mandatory registrations?	6		15
(B.35) Single Window: Is it possible to receive the business registration certificates online?	4		17
(B.36) Single Window: Updating information	6		12
(B.37) Single Window: Does the website give phones or online contacts for complaints, for each mandatory registration?	3		18

IFI=Investment Facilitation Index
Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.7755522

According to the IFI scores, many APEC members have fully adopted these measures. Only a few measures, those related to the functionality of the Single Window, have been fully adopted by fewer than half of the APEC members. They include:

- *B.33, possibility to submit all documents necessary for investment applications simultaneously (including using an online platform)*. Ten economies have allowed simultaneous submission of all mandatory registrations (e.g., business registry, domestic and/or state/municipal tax identification number, social security, pension schemes) through an online platform.

- *B.32, availability of a domestic investment portal (or Single Window) for the submission and/or processing of applications online*. Nine economies have a Single Window that accepts and processes applications in electronic format, while other two economies have established a single-entry point accepting submissions (but processing is being carried out by the relevant competent authorities).

6.5 PRINCIPLE 5: BUILD CONSTRUCTIVE STAKEHOLDER RELATIONSHIPS

IFAP Principle 5 highlights the significance of stakeholder relationships. Engagement and close communication among business and government stakeholders are essential to ensure mutual understanding and cooperation that promotes business competitiveness.

Box 6.5 presents a list of actions and measures for IFAP Principle 5.

Box 6.5. Menu of actions and measures for Principle 5

1. To the extent possible, establish a mechanism to provide interested parties (including the business community) with opportunity to comment on proposed new laws, regulations and policies or changes to existing ones prior to their implementation.
2. Continue to share APEC member economies' experiences of successful stakeholder consultation mechanisms.
3. Promote the role of policy advocacy within investment promotion agencies (IPAs) as a means of addressing the specific investment problems raised by investors, including those faced by small and medium enterprises (SMEs).
4. Continue to share APEC member economies' experiences of successful public–private dialogue to take advantage of the information on successes and problems encountered by established investors.
5. Promote backward investment linkages between businesses, especially between foreign affiliates and local enterprises, including through the promotion of industry clusters.
6. Encourage high standards of corporate governance through cooperation aimed at promoting international concepts and principles for business conduct, such as APEC's programmes on corporate governance and anti-corruption.
7. Examine and share APEC member economies' experience with responsible business conduct instruments.

APEC economies have provided updates on their actions and measures under IFAP Principle 5. In **Canada**, Invest in Canada works with local government stakeholders and the private sector to identify key industry sectors for investment attraction. In **Chile**, InvestChile is promoting initiatives to address potential opportunities to improve based on the agency's monitoring and the concerns expressed by stakeholders. Chile believes it is good practice to have a department that keeps an eye on the investment climate and manages the business environment in order to come up with public policies that could help ease bottlenecks. In **Malaysia,** the Malaysian Investment Development Authority is projecting itself as a strategic partner for business in gaining opportunities from the technological revolution through, among others, establishing the Domestic Investment Coordination Platform that assists inventors, creators and technopreneurs from local companies, including small and medium enterprises (SMEs), through strategic collaborations and joint ventures with financial institutions, equity firms, and technology providers to help them bridge or narrow their financial and technology gaps.

As governments also bear the responsibility to attract high-quality investments, issues related to responsible business practices and inclusive growth are high on the public agenda. **Canada** highlights the importance of a responsible business conduct (RBC) strategy for Canadian companies abroad. The strategy recognises that RBC can lead to investment attraction through higher brand value that increases customer attraction and retention as more consumers give value to environmental, social and governance (ESG) requirements. **Malaysia** acknowledges the need for ambitious investment reforms, such as the promotion of RBC, to draw in high-value investments for a sustainable future. The foundation for attaining inclusive and sustainable development will be laid by creating an enabling ecosystem for domestic and foreign direct investment through inclusive and responsible business and investment (IRBI).

In **Peru**, the Investments Promotion Division at Promperu places a high priority on attracting and expanding FDI flows into the tourism, food and fishing, manufacturing, and high-tech services sectors. In addition, the Division collaborates with foreign investors and local public and private allies to provide feedback to sector-focused policymakers and regulators. In **Russia**, the Foreign Investment Advisory Council has been a platform for dialogue between the government and foreign investors, with the aim of attracting FDI and creating favourable conditions for doing business.

Table 6.4 provides insight into the adoption by APEC economies of investment facilitation measures under IFI policy pillar F (responsible business conduct and anti-corruption).

Table 6.4. Rate of adoption of IFI responsible business conduct and anti-corruption measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(F.97) UN Guiding Principles on Business and Human Rights	14		7
(F.98) ILO ratification of fundamental Conventions concerning freedom of association, forced labour, discrimination and child labour	2	7	11
(F.99) UN Model Double Taxation Convention between Developed and Developing Economies	6		15
(F.100) UN Convention against Corruption	1		20
(F.101) OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	11		10

ILO=International Labour Organization.
Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.7755522

According to their IFI scores, many APEC members have fully adopted the five measures. The measures that have been fully adopted by fewer than half of the APEC members are:

- *F.101, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.* Ten economies have adopted measures to prevent and fight corruption in accordance with the OECD Convention.

- *F.97, UN Guiding Principles on Business and Human Rights*. Seven economies have an action plan to implement this initiative.

6.6 PRINCIPLE 6: UTILISE NEW TEHNOLOGY TO IMPROVE INVESTMENT ENVIRONMENTS

IFAP Principle 6 places emphasis on the utilisation of new technology to improve the investment environment and attract FDI in tech-focused sectors. Efforts on this front can include training government officials in the use of new technology and developing an effective framework to protect intellectual property rights.

Box 6.6 presents a list of actions and measures for IFAP Principle 6.

Box 6.6. Menu of actions and measures for Principle 6

1. Promote the introduction and use of new technologies aimed at making the investment process simpler and faster.
2. Maintain adequate and effective protection of technology and related intellectual property rights.
3. Where possible, give effect to international norms for property protection.

APEC economies have provided updates on their actions and measures under IFAP Principle 6. **Canada** supports effective intellectual property rights protection and enforcement that provides certainty and transparency to encourage the marketing of goods, services, technology and entertainment; investment in R&D and innovation; and licensing arrangements to establish or expand existing business investment. Canada has carried out all of its responsibilities under the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). Additionally, Canada safeguards intellectual property in accordance with a number of other international intellectual property treaties to which it has signed on.

Hong Kong, China has been implementing new technologies in a variety of ways, such as increasing the number of hybrid events and meetings as well as webinars, and upgrading the physical facilities to better accommodate a range of technologies. InvestHK also intends to create an advanced customer relationship management (CRM) system in order to ensure data quality, strengthen activity monitoring and governance, and improve operational productivity and efficiency to better serve its clients and boost investment promotion efforts. Hong Kong, China also continues to enhance its intellectual property protection regime to maintain effective protection of creativity, innovation and technology, in full compliance with its international obligations under treaties such as the WTO TRIPS Agreement. The Copyright (Amendment) Ordinance 2022, an important legislation to strengthen copyright protection in the digital environment, came into effect on 1 May 2023. To encourage patented inventions for commercialisation, Hong Kong, China is working on a ‘patent box’ tax incentive to provide tax concessions for profits sourced in Hong Kong, China from qualifying patents generated through research and development activities. The relevant legislative amendments are expected to be submitted to the Legislative Council in the first half of 2024.

In **Malaysia**, the InvestMalaysia portal established by the Malaysian Investment Development Authority serves as a single entry point for online applications, with an end-to-end automated application process to provide an enhanced service to investors.

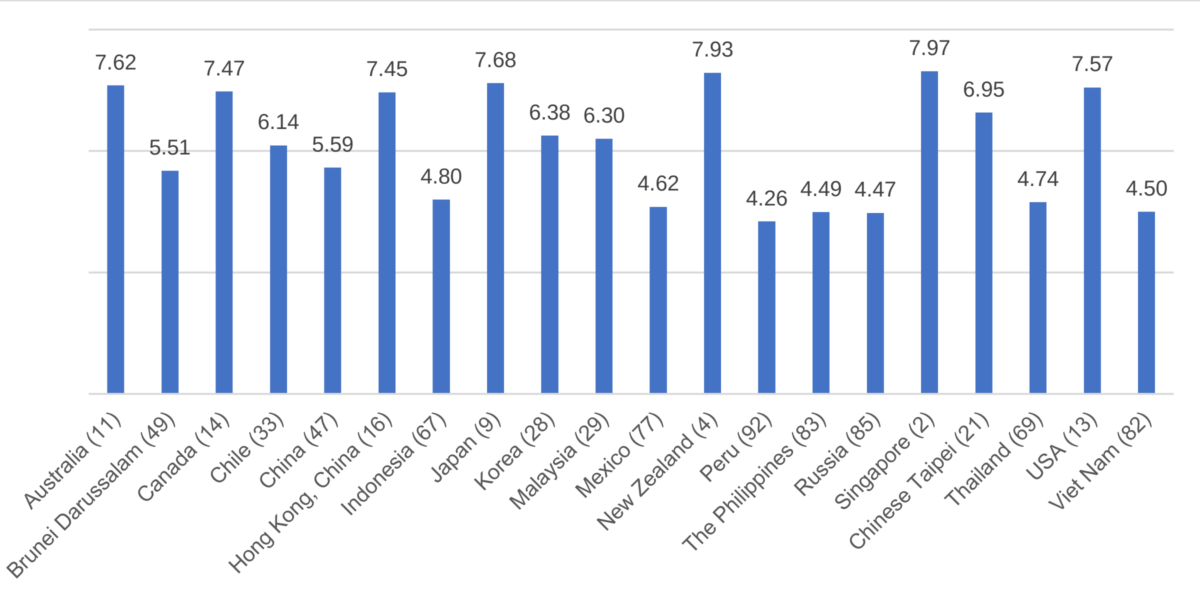
In 2021, the agency responsible for investment screening in **Chinese Taipei** launched a new system that makes it possible for case officers and supervisors to view, access, receive, transmit and sign official documents using digitised, paperless methods, thus improving administrative efficiency across the entire process.

Chinese Taipei also actively reviewed the overall legal framework for intellectual property rights to meet the needs of industrial and technological development. The review covered issues such as illegal digital piracy and patent protection, and involved a series of action plans for protecting intellectual property rights.

In **Thailand**, digital technology was used in the investment promotion process to make the investor application process easier and more efficient: an electronic investment system was established to make it easier to submit applications, and Online Meeting Services were introduced to respond to investor inquiries.

The 2022 International Property Rights Index (IPRI) ranks 129 economies on their strength of physical and intellectual property rights, and the legal and political environments. The APEC region reported an average index value of 6.12, with a slightly better score for intellectual property rights (6.16) than for legal and political environments. Seven APEC economies had an overall index score above 7. Singapore had the best performance in APEC and came in second place globally with an overall index score of 7.97, followed by New Zealand (7.93); Japan (7.68); Australia (7.62); the US (7.57); Canada (7.47); and Hong Kong, China (7.45) (Figure 6.3).

Figure 6.3. International Property Rights Index, 2022



Note: Global rankings are in brackets next to names of economies.
Source: Property Rights Alliance, "PRA Releases International Property Rights Index 2022," 7 September 2022, https://www.propertyrightsalliance.org/news/pra-releases-2022-international-property-rights-index/

6.7 PRINCIPLE 7: ESTABLISH MONITORING AND REVIEW MECHANISMS FOR INVESTMENT POLICIES

IFAP Principle 7 focuses on actions to regularly monitor and evaluate the performance of institutions involved in facilitating investment to make the best out of the investment regime.

Box 6.7 presents a list of actions and measures for IFAP Principle 4.

Box 6.7. Menu of actions and measures for Principle 7

1. Conduct periodic reviews of investment procedures ensuring they are simple, transparent and at lowest possible cost.
2. Establish indicators for monitoring the performance of the special enquiry points or investment promotion agencies (IPAs) such as those set down by the Multilateral Investment Guarantee Agency.

Four economies submitted measures for Principle 7. **Canada**, which is working to ensure that its foreign investment review process is up to date and effective, has published a performance review that covers its plans and priorities and the expected results. The results framework established by Invest in Canada has adopted a number of indicators to monitor performance, including a global FDI attractiveness index; increased awareness of the IPA; percentage increase of Canada's FDI stock; and the number of investment leads facilitated.

In **Malaysia**, the chairman of the Malaysian Investment Development Authority is in charge of the National Committee on Investment (NCI), and senior officials from related ministries serve as permanent members. Together, they deliberate on investment project proposals to quickly secure targeted projects. In addition, the committee also makes recommendations to the government regarding creating new incentives or revising existing ones.

In **Peru**, Proinversion has carried out a satisfaction study to measure the quality and effectiveness of the information service and the level of investor satisfaction with the various communication channels and points of contact, while the Investments Promotion Division at Promperu is reviewing to incorporate best international practices into its set of performance indicators. In 2023, a CRM system and a set of indicators for tracking service performance will also be implemented.

The investment screening agency in **Chinese Taipei** will continue to exercise oversight over current case progress and will periodically evaluate the situation, including the contributing factors in cases where the FDI application process takes over 30 days. Chinese Taipei also proposes to incorporate feasible criteria or indicators of sustainability and inclusiveness into its investment promotion measures.

Table 6.5 provides insight into the adoption by APEC economies of investment facilitation measures under IFI policy pillar D (application process).

Table 6.5. Rate of adoption of IFI application process measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(D.61) Periodic review of investment regulations and documentation requirements	13		8
(D.62) Availability of an online checklist to assist applicants to complete applications	9		11
(D.63) Availability of a set of guidelines on application requirements	6		14
(D.64) Publication of timeframes to process an application	4		16
(D.65) Inform the applicant of the decision concerning an application			21
(D.66) Availability of information concerning the status of the application	4		17
(D.67) Inform the applicant that the application is incomplete	3		15
(D.68) Provide the applicant with an explanation of why the application is considered incomplete	4		14
(D.69) Provide the applicant with the opportunity to submit the information required to complete the application	6		11
(D.70) Provide the applicant with the opportunity to resubmit an application that was previously rejected	6		10
(D.71) Competent authorities accept submission of an application at any time throughout the year			20
(D.72) Adopting a silent 'yes' approach for administrative approvals	20		1
(D.73) Evaluation of fees and charges	4		16
(D.74) Information on fees and charges all-inclusive	2	1	13
(D.75) Time period between the publication of new or amended fees and charges and their entry into force	19		
(D.76) Fees for answering enquiries and providing required forms and documents			21
(D.77) Fees and charges periodically reviewed to ensure they are still appropriate and relevant	7	7	7
(D.78) Investment policies are supported by a risk management system allowing risks to be assessed through appropriate selectivity criteria	5		13
(D.79) Movement of business persons: Range of visa/entry permit processing time for investors (days)	5		16
(D.80) Movement of business persons: Multiple entry visa/entry permit for business visitors			21
(D.81) Movement of business persons: Publication of information on current requirements for temporary entry of business visitors			21
(D.82) Movement of business persons: Accept and process visa/entry permit applications in electronic format	6		15
(D.83) Movement of business persons: Renewal or extension of authorisation for temporary stay	8		10
(D.84) Movement of business persons: Number of documents needed to obtain a business visa/entry permit	8		13
(D.85) Movement of business persons: Cost to obtain a business visa/entry permit (USD)	9		12

IFI=Investment Facilitation Index
Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.77555222

According to their IFI scores, many APEC members have fully adopted the 25 listed measures. The measures that have been fully adopted by fewer than half of the APEC members include:

- *D.83, movement of business persons, possibility of renewal or extension of authorisation for temporary stay*. Ten economies allow business visa/entry permit to be renewed or extended.

- *D.70, provide the applicant with the opportunity to resubmit an application that was previously rejected*. Ten economies allow such a possibility.

- *D.61, periodic review of investment regulations and documentation requirements.* The relevant investment agencies in eight economies carry out periodic reviews and ensure that policies and regulations that are no longer required are discontinued.

- *D.77, fees and charges periodically reviewed to ensure they are still appropriate and relevant*. In seven economies, fees and charges are reviewed periodically and adapted to changed circumstances. In another seven economies, fees and charges are reviewed periodically.

- *D.72, adopting a silent 'yes' approach for administrative approvals*. This has been adopted by the regulator in one economy.

- *D.75, time period between the publication of new or amended fees and charges and their entry into force*. No economy has provided adequate time, defined as equal to or higher than 30 days.

6.8 PRINCIPLE 8: ENHANCE INTERNATIONAL COOPERATION

IFAP Principle 8 encourages participation in and compliance with international cooperation initiatives and commitments. As APEC economies are also members of the WTO and parties to many mega FTAs and BITs, international developments on foreign investment facilitation will likely have impacts on the investment climate in the APEC region. APEC members can thus benefit from promoting multilateral and plurilateral frameworks to facilitate investment, including through enhanced transparency of measures and streamlining of administrative procedures.

Box 6.8 presents a list of actions and measures for IFAP Principle 8.

Box 6.8. Menu of actions and measures for Principle 8

1. To the best extent possible, accede to, or observe, multilateral and/or regional investment promotion and facilitation conventions.
2. Make use, where appropriate, of international and regional initiatives aimed at building investment facilitation and promotion expertise, such as those offered by the World Bank, the United Nations Conference on Trade and Development (UNCTAD) and the Organisation for Economic Co-operation and Development (OECD).

3. Ensure measures exist to ensure effective compliance with commitments under international investment agreements.
4. Review existing international agreements and treaties to ensure their provisions continue to create a more attractive environment for investment.

Eight economies shared their updates on the implementation of Principle 8. The updates mainly fall under actions 1, 2, and 4 (as listed in Box 6.8).

Seventeen APEC economies are participating in negotiations on the Investment Facilitation for Development (IFD) agreement under the WTO. The negotiations are being led by co-coordinators that are also APEC members, namely, Chile and Korea. The IFD is expected to be signed in 2023, and will set new standards for multilateral investment facilitation. As highlighted in Section 4.1 of this report, the IFD can also serve as a resource and benchmark for APEC members in reviewing and upgrading IFAP principles and actions.

Besides the IFD, APEC economies have been actively taking part in multilateral and regional investment promotion and facilitation initiatives, such as the CPTPP and RCEP. In addition, some APEC economies are signatories to major investment promotion Conventions. **Canada**, for example, is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the International Convention on the Settlement of Investment Disputes (ICSID). Canada also includes UNCITRAL arbitration rules as an option in the dispute settlement provisions of its investment treaties.

APEC members, especially developing economies, have also benefited from international and regional initiatives aimed at building investment facilitation and promotion expertise. **Chile** has been participating in the Organisation for Economic Co-operation and Development (OECD) IPA Network since 2016, through which exchange of best practices has been enabled through bilateral meetings with the IPAs of Spain and Ireland. Chile also participates in the OECD Investment Committee, APEC IEG meetings, Pacific Alliance Investment Committee, Latin American Integration Association (LAIA) investment group, among others, to share their best practices and learn from others.

In **Peru**, the Investments Promotion Division at Promperu has been receiving advice on organisation development from the International Finance Corporation (IFC) and World Bank, financed in part by the Swiss State Secretariat for Economic Affairs (SECO). In addition, the United Nations Development Programme (UNDP) will provide financial support for Promperu to develop the Investor Map, aimed at identifying investment projects for international investors in specific economic sectors in Peru.

Multiple review and upgrading activities related to existing international agreements and treaties are under way in APEC. As discussed under Principle 2, **Chile** is negotiating to modernise its Association Agreement with the EU to include an investment chapter with investment liberalisation provisions and modern standards of protection. At the same time, **Mexico** is reviewing and updating its oldest BITs to reflect recent developments in international investment law by including 'state of the art' provisions, such as corporate social responsibility (CSR), right to regulate, third-party funding, etc. Last but not least, in 2022, **Thailand** attended the Upgrade Meeting of the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) Committee on Investment to review the Chapter text and finalise discussions on schedules of reservations, including the negative-list approach.

Table 6.6 provides insight into the adoption by APEC economies of investment facilitation measures under IFI policy pillar D (cooperation).

Table 6.6. Rate of adoption of IFI cooperation measures, by APEC economies, 2021

Policy measures	Not adopted or no information available	Partially adopted	Fully adopted
(E.86) Cooperation and co-ordination of the activities of agencies involved in the management of investment, with a view to improving and facilitating investment	4	5	12
(E.87) Exchange of staff and training programmes at the international level (technical assistance)	17	3	1
(E.88) Cooperation in exchange of information with respect to investment opportunities and information on domestic investors	14		7
(E.89) Establishment of a domestic supplier database	8	3	10
(E.90) Sharing of best practices and information on the facilitation of foreign direct investments	17		2
(E.91) Accession to multilateral and/or regional investment promotion and facilitation conventions	1		20
(E.92) Alignment of procedures and formalities for acceptance of investment applications with neighbouring economies where applicable	15		6
(E.93) Harmonisation of data requirements and documentary controls	14	4	3
(E.94) Regular consultation and effective dialogue with investors	7	2	12
(E.95) Mechanism to support inter-agency coordination	17		4
(E.96) Organisation of business–government networking events	2		19

IFI=Investment Facilitation Index
Source: APEC PSU staff calculations; based on A. Berger, A. Dadkhah, F. Gitt, and Z. Olekseyuk, "The Updated Investment Facilitation Index (IFI)," zenodo, 2 August 2023, https://doi.org/10.5281/zenodo.77555222

As shown, almost all APEC members have acceded to multilateral and/or regional Conventions on investment promotion and facilitation (measure E.91), or organised business–government networking events with partner economies (E.96). Nonetheless, more can be done to enhance cooperation, particularly on exchange of best practices and technical assistance, which fewer than five APEC economies have fully implemented:

- *E.87, exchange of staff and training programmes at the international level (technical assistance)*. One economy has organised regular exchange programmes (as well as training seminars on best practices) with both neighbouring and third economies while another three economies have organised occasional exchanges of know-how with neighbouring or third economies.

- *E.90, sharing of best practices and information on the facilitation of foreign direct investments*. Two economies have programmes to support this.

- *E.93, harmonisation of data requirements and documentary controls*. In three economies, data requirements are coordinated/harmonised with neighbouring economies through aligning data definitions and the types of information requested. In these economies, mechanisms have also been established to ensure timely exchange of information. Another four economies are working with neighbouring economies to identify strategies for coordination/harmonisation of data requirements.

- *E.95, mechanism to support inter-agency coordination*. four economies have an inter-agency coordination body that (1) has established terms of reference and procedures for conducting its activities; (2) has a permanent technical Secretariat; (3) has its decisions and recommendations made publicly available on a dedicated webpage; (4) has a Steering Committee that monitors the implementation of its decisions; (5) has clear provisions for its financing.

7. CONCLUSION

The APEC Investment Facilitation Action Plan (IFAP) has been in place since 2009, when APEC launched the Trade Facilitation Action Plan. Members of the Investment Experts' Group (IEG) have actively participated in the initiative, including supporting the progress reviews by the APEC Policy Support Unit.

The implementation plan for the Putrajaya Vision 2040, known as the Aotearoa Plan of Action, was agreed upon in 2021. One of the collective actions under the trade and investment pillar is for economies to increase investment liberalisation and facilitation to increase the flow of high-quality investments. In the innovation and digitalisation pillar, economies are also encouraged to take collective actions like promoting relevant measures, encouraging approaches that are interoperable, and advancing the use of digital technologies to make investment and trade easier. Through efforts like advancing inclusive policies that promote sustainable economic growth opportunities and improve the quality of life, the collective actions for the strong, balanced, secure, sustainable, and inclusive growth pillar highlighted the importance of economic inclusion.

The COVID-19 pandemic has affected APEC economies, but the region remained relatively resilient. The recovery in FDI flows in 2021 suggested a return of investors' confidence in the APEC region and will be a valuable resource for economic recovery. Notwithstanding that the global economic shocks in 2022 have set the region back on inward investment and cross-border merger and acquisition (M&A) sales. Throughout the pandemic and economic recovery, digital-economy activities have remained relatively resilient at the sectoral level. This was because of digitally oriented capital investment and the remarkably robust telecommunications industry. As such, the digital economy can be a booster for economic recovery in the post-COVID-19 era by facilitating digital transformation, promoting digital trade, and facilitating the shift toward high-value activities.

In 2021, cross-border investment in sustainable development goals (SDG)-related industries increased by 70 percent, reaching USD 371 billion, mirroring the trend for the digital economy. Because of international project finance activity in the renewable energy sector, SDG-related investment has increased to a level higher than it was prior to the pandemic.

Discussions on the Investment Facilitation for Development initiative have been ongoing since 2017, with 112 members of the World Trade Organization (WTO) participating, including 17 APEC economies. Discussions on the initiative acknowledge the significance of attracting and retaining high-quality investment for resilient and sustainable economic growth.

The submissions by APEC economies on their IFAP actions and measures highlight the following concerted efforts:

- Economies have strengthened efforts to join and adopt various free trade agreements (FTAs)[86] and bilateral investment treaties (BITs) to facilitate foreign direct investment (FDI) by providing investors with access to international arbitration and modern standards of protection.

- Adoption of responsible business conduct (RBC), inclusive and responsible business and investment (IRBI) and environmental, social and governance (ESG) concepts are high on the agenda of APEC economies. Canada's strategy recognises that RBC can attract investment through creating higher brand value, which increases customer attraction and retention as more consumers give value to ESG requirements. Malaysia noted that the foundation for attaining inclusive and sustainable development will be laid by creating an enabling ecosystem for domestic and foreign direct investment through IRBI.

- Single Window for investment is a tool that has been adopted by APEC economies. When it comes to investment policies and regulations, the Single Window has contributed to reducing confusion and potential discrepancies.

- Digital technology has been useful in improving the accessibility and transparency of investment policies for investors, and to expedite and simplify the investment process. This could further help APEC economies to attract and retain higher quantity and quality of FDI.

The following policy recommendations could be considered by APEC economies to further strengthen the implementation of IFAP:

- Provide more transparency regarding judicial decisions and international agreements on investment matters.

- Strengthen consultation or engagement with business stakeholders when adopting new or changing investment policies.

- Address investors' concerns proactively to reduce conflicts, and provide alternative forms of dispute resolution.

- Strengthen the functionality and practicality of the Single Window for investment using advanced and secure digital technology.

- Ensure deeper engagement with investors in formulating investment policies that are focused on the adoption of ESG, RBC and IRBI practices.

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[86] Examples include mega FTAs such as the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

- Facilitate and simplify the process of cross-border mobility of business persons.

- Strengthen the periodic review process of investment regulations and documentation requirements, including fees and charges.

- Ensure a supportive business environment that allows vibrant technological advancement and innovation, as well as strengthen business networks that promote knowledge sharing and transfer

- Prioritise developing a supportive domestic innovation and start-up ecosystem, as both are highly appealing propositions for foreign investors operating in high growth digital economy sectors associated with Industry 4.0.[87]

- Continue sharing best practices and exchanging information on FDI facilitation at the regional level as well as identify strategies for inter-agency coordination and harmonisation of data requirements.

[87] H.L. Taylor-Strauss, D. van den Berghe and H. von Scheel, "The Future of FDI: Reaping the Benefits of FDI 4.0", UN ESCAP Workshop Briefing Paper, August/September 2021. https://www.unescap.org/sites/default/d8files/event-documents/FDI%204.0%20briefing%20paper_working%20paper%20format_share_1.pdf

APPENDIX: SUMMARY OF IFAP SUBMISSIONS BY APEC ECONOMIES

A. CANADA

Canada submitted various initiatives under all eight APEC Investment Facilitation Action Plan (IFAP) principles, as summarised in the table below.

Canada highlights the importance of its responsible business conduct (RBC) strategy for Canadian companies abroad. The strategy recognises that RBC can lead to higher investment by increasing customer attraction and retention as a result of higher brand value, as more consumers pay attention to environmental, social and governance (ESG) factors. RBC also leads to greater access to capital. By complying with ESG requirements, Canadian companies will be able to maintain and expand market access.

Also, to encourage investment in research and development (R&D), innovation and licensing arrangements to establish or expand existing business investment, Canada supports effective intellectual property rights protection and enforcement that provides certainty and transparency.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• Invest in Canada as the single point of contact for all enquiries related to investing in Canada. • Encourage prospective investors to connect with the local office of the Trade Commissioner Service. • Through the Canada Gazette, the government consults the public on the regulatory process.
2. Enhance stability, security and protection of investment	• Update the Invest in Canada FDI Report; increased social media use; focus on evidence-based economic and sector analysis to support the dissemination of accurate information to potential investors. • Comprehensive free trade agreements (FTAs) and bilateral investment treaties (BITs) provide investors with access to international arbitration. • Canada's 2021 model BIT provides for a consent-based expedited arbitration mechanism for claims under CAD 10 million.
3. Enhance predictability and consistency	• Agency responsibilities are clear and set out in the foreign investment law (Investment Canada Act). • Criteria for assessment are clearly set out in the law (at https://ised-isde.canada.ca/site/investment-canada-act/en)
4. Improve the efficiency and effectiveness of investment procedures	• All notifications or applications for review of investments can be submitted electronically (at https://ised-isde.canada.ca/site/investment-canada-act/en)

5. Build constructive stakeholder relationships	• Invest in Canada works with local government stakeholders and the private sector to identify key industry sectors for investment attraction. • A new responsible business conduct (RBC) strategy for Canadian companies abroad was launched 28 April 2022. Informed by the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the strategy strives to help promote the integration of leading responsible business practices into the operations of Canadian companies active internationally (the strategy is available at https://www.international.gc.ca/trade-commerce/rbc-cre/strategy-2022-strategie.aspx?lang=eng).
6. Utilise new technology to improve investment environments	• Effective protection and enforcement of intellectual property rights, to provide the certainty and transparency that encourage the marketing of goods, services, technology and entertainment. • Investment in R&D and innovation. • Licensing arrangements to establish or expand existing business investment.
7. Establish monitoring and review mechanisms for investment policies	• Invest in Canada, Canada's federal investment promotion agency (IPA), reports to Parliament annually through a Departmental Results Report, which accounts for performance against its plans, priorities and expected results (the report is available at https://www.investcanada.ca/about/transparency).
8. Enhance international cooperation	• Canada is a signatory to major investment promotion Conventions such as the Convention on the Recognition and Enforcement of Foreign Arbitral Awards and International Convention on the Settlement of Investment Disputes (ICSID). Canada also includes the UNCITRAL arbitration rules as an option in the dispute settlement provisions of its investment treaties. • Canada is actively participating in negotiations at the WTO under the Joint Statement Initiative on Investment Facilitation for Development (IFD). • Canada sits on the OECD Investment Committee responsible for promoting liberalisation of policies related to capital movements, direct investment, and trade in services.

B. CHILE

Chile has submitted various initiatives under five of the IFAP principles, as summarised in the table below.

Among the measures adopted by Chile are investment liberalisation initiatives and enhanced investor services, with active and continuous efforts to improve based on monitoring and analysis of the investment environment and stakeholder feedback.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• InvestChile has published e-books regarding specific matters related to a range of sectors, including mining, energy, tourism, agribusiness, and venture capital. Both the Investor's Guide and the sectoral e-books are published in English and Spanish.

2. Enhance stability, security and protection of investment	• Chile has ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which includes an investment chapter with modern standards of protection and a section on investor–state dispute settlement (ad hoc arbitration). • The recently published negotiation text for the modernisation of the Association Agreement between Chile and the European Union (EU) includes an investment chapter with investment liberalisation provisions and modern standards of protection. It also provides for a bilateral court with permanent judges for the settlement of disputes between investors and governments. The agreement is expected to be signed by the end of 2023.
4. Improve the efficiency and effectiveness of investment procedures	• InvestChile's services have been widely advertised, both for aftercare services to established companies and to potential investors who do not yet have investment projects in Chile, through various communication channels. • In particular, investment facilitation services are coordinated between InvestChile, the Large-Scale Projects Office of the Ministry of Economic Affairs, and the Project Support Unit of the Ministry of Energy.
5. Build constructive stakeholder relationships	• The Framework Law for Foreign Investment mandates that InvestChile contribute to creating a favourable climate for foreign investment in Chile, in particular, by identifying obstacles to the materialisation of foreign investment projects and reporting them to the competent authorities in order to overcome them. • InvestChile monitors and manages the conditions of the foreign investment environment, articulating support networks in both the public and private sectors, and promoting initiatives to address potential opportunities for improvement that arise both from the monitoring carried out by the agency and from the concerns raised by its stakeholders.
8. Enhance international cooperation	• Chile is actively engaged in the negotiations on the World Trade Organization (WTO) Investment Facilitation for Development (IFD) Agreement. • Chile has participated in the Organisation for Economic Co-operation and Development (OECD) Investment Promotion Agency (IPA) Network since 2016. Bilateral meetings have been held with the IPAs of Spain and Ireland to share best practices. • Chile also participates in the OECD Investment Committee, APEC Investment Experts' Group (IEG) meetings, the Pacific Alliance Investment Committee and the Latin American Integration Association (LAIA) investment group, among others, in order to share best practices. • The negotiation text for the modernisation of the Association Agreement between Chile and the EU were recently published, which includes an investment chapter with investment liberalisation provisions and modern standards of protection.

C. HONG KONG, CHINA

Hong Kong, China has submitted initiatives under five of the IFAP principles, as summarised in the table below.

Among them are initiatives to provide investors with greater convenience and efficiency, often through digital platforms. The Cost Calculator, for example, is a digital application developed to provide investors with information on the costs involved in setting up a business in the economy. The development of online dispute resolution (ODR) initiatives and platforms is another significant area strongly support by Hong Kong, China.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• Hong Kong, China works with companies of all sizes, from start-ups and small and medium enterprises (SMEs) to multinationals. • Information relating to investment promotion and incentive schemes, including funding schemes, tax basics, visa/entry permit and immigration, company bank accounts, business locations and employment policy is readily available at the one-stop resources centre: the website of Invest Hong Kong (InvestHK), Hong Kong, China's investment promotion agency (IPA) (at http://www.investhk.gov.hk). The Cost Calculator was launched in 2022 to offer investors the convenience and efficiency by providing an estimate of the costs involved in setting up and operating an office in Hong Kong, China, including the operating cost, setup cost, cost of living and education expenses.
2. Enhance stability, security and protection of investment	• In April 2020, Hong Kong, China opted into the APEC Collaborative Framework for Online Dispute Resolution (ODR). The framework is designed to help global businesses, in particular, micro, small and medium enterprises (MSMEs), resolve cross border business-to-business disputes through the use of ODR. • eBRAM International Online Dispute Resolution Centre (eBRAM), an ODR service provider from Hong Kong, China; is in the first batch of ODR providers under the APEC framework; eBRAM launched its APEC ODR Platform in May 2022. • eBRAM has developed online mediation and arbitration platforms (in addition to, and separate from, the APEC ODR Platform). These platforms provide commercial parties with flexibility and autonomy in choosing their preferred ODR mechanism to resolve disputes. • The Department of Justice of Hong Kong, China introduced the Arbitration and Legal Practitioners Legislation (Outcome Related Fee Structures for Arbitration) (Amendment) Ordinance 2022 to amend the Arbitration Ordinance (Cap. 609) and the Legal Practitioners Ordinance (Cap. 159) to provide, inter alia, that certain agreements using outcome-related fee structures for arbitration (ORFSA) are not prohibited by the common law doctrines of maintenance, champerty and barratry. With the enactment of the Arbitration (Outcome Related Fee Structures for Arbitration) Rules setting out a more detailed regulatory framework and safeguards, the OSFSA regime became fully operative in December 2022. • To build a team of investment mediators in Asia to handle international investment disputes, the Department of Justice of Hong Kong, China co-organised (with the International Centre for Settlement of Investment Disputes of the World Bank and the Asian Academy of International Law) the Investment Law and Investor–State Mediator Training Course. Run for the first time in October 2018, this was the first investment law-cum-investment mediation training course in Asia. The investment law segment of the third training course, held virtually on 4 October 2021, was attended by over 200 participants from various jurisdictions; the investor–state mediator segment, conducted online on 11–14 March 2022, was well received by over 40 participants from 15 jurisdictions.
4. Improve the efficiency and effectiveness of investment procedures	• Up-to-date information on setting up in Hong Kong, China through a step-by-step guide is readily available on the website of InvestHK. This keeps potential investors abreast of the latest investment process and expedites their process of setting up and expanding operations in Hong Kong, China.

6: Utilise new technology to improve investment environments	• Adopt new technologies on various fronts, including organising more webinars and hybrid events/meetings and upgrading the physical facilities (including hardware) to better embrace the technologies. • InvestHK plans to develop an advanced customer relationship management (CRM) system to fulfil its latest business needs and support the growth of a sustainable business development in the rapidly changing global environment. • Continue to enhance its intellectual property protection regime to maintain adequate and effective protection of creativity, innovation and technology. The Copyright (Amendment) Ordinance 2022 took effect on 1 May 2023 to strengthen copyright protection in the digital environment. • Plan to introduce a 'patent box' regime to provide tax concessions for profits sourced in Hong Kong, China from qualifying patents generated through research and development activities. This is to encourage more patented inventions for commercialisation.
8: Enhance international cooperation	• The government has been actively seeking to forge investment agreements with its trading and investment partners so that overseas investors can have more confidence that their investments in Hong Kong, China are protected and vice versa. As of July 2023, Hong Kong, China has signed 22 investment agreements with 31 foreign economies.

D. JAPAN

Japan has actively participated in investment-related agreements (bilateral and regional) and investor–state dispute settlement (ISDS) reform to enhance stability, security and protection of investment, as summarised in the table below.

Although ISDS may not be directly related to earlier discussions of investment facilitation initiatives, one of the issues brought up during negotiations on the World Trade Organization (WTO) agreement on Investment Facilitation for Development (IFD) was strengthening the partnership between governments and investors. The strong partnership is important to maintain a positive relationship and cooperation between host governments and investors, including resolving any potential disputes during the investment lifecycle process.[88]

IFAP Principle	Investment Facilitation Measures
2. Enhance stability, security and protection of investment	• As of October 2022, Japan has 52 investment-related agreements in force. Japan signed a bilateral investment agreement with Bahrain in 2022. The bilateral investment agreements with Côte d'Ivoire, Georgia and Morocco entered into force between 2021 and 2022. The Regional Comprehensive Economic Partnership (RCEP) Agreement, which has investment chapter, entered into force for Japan in 2022. • Japan has actively engaged in investor–state dispute settlement (ISDS) reform through Working Group III of the United Nations Commission on International Trade Law (UNCITRAL).

[88] Y. Tang, "Investment Facilitation for Development and the Reform of International Investment Dispute Settlement Mechanism: The Choice of Developing Countries," *Journal of International Dispute Settlement* 13, no. 4 (2022): pp. 643–64, https://doi.org/10.1093/jnlids/idac023

E. MALAYSIA

Malaysia submitted initiatives under six of the IFAP principles, as summarised in the table below.

Malaysia has emphasised issues of sustainability and technology in their submissions. In particular, the Malaysian Investment Development Authority has, through its initiatives, projected itself as a strategic partner for businesses as they take advantage of the opportunities from the technology revolution. Malaysia also acknowledges the need for ambitious investment reforms to create an enabling ecosystem for high-value domestic and foreign direct investment that would form the foundation for inclusive, sustainable development.

Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• The Malaysian Investment Development Authority (MIDA), as the government's principal investment promotion and development agency under the Ministry of International Trade and Industry, oversees and drives investments into the manufacturing and services sectors in Malaysia. MIDA continues to be a strategic partner to businesses in seizing the opportunities arising from the technology revolution. • MIDA acts as a catalyst to ensure that Malaysia's industrial landscape and future sustainability is aligned to the rapidly evolving world of technology.
4. Improve the efficiency and effectiveness of investment procedures	• MIDA provides investment approval for manufacturing licenses, investment incentives, Customs duty exemptions and expatriate posts.
5: Build constructive stakeholder relationships	• MIDA outreach efforts and initiatives include establishing in 2018 the Domestic Investment Coordination Platform. This platform helps inventors, creators and technopreneurs in local companies, including small and medium enterprises (SMEs), bridge or narrow their financial and technology gaps through strategic collaborations and joint ventures with financial institutions, equity firms and technology providers. • Malaysia recognises that bold investment reforms are needed to attract high-value investments for a sustainable future, including the promotion of responsible business conduct (RBC). Establishing an enabling ecosystem for domestic and foreign direct investments through inclusive and responsible business and investment (IRBI) will provide the foundation for achieving inclusive and sustainable development.
6. Utilise new technology to improve investment environments	• To cut red tape and bureaucracy, which are often major stumbling blocks for investments, MIDA established the National Committee on Investments (NCI) in May 2010 as a single platform to approve investments in the manufacturing sector and for selected industries in the services sector.
7. Establish monitoring and review mechanisms for investment policies	• The NCI is helmed by the chairman of MIDA with senior officials from the Ministry of Finance (MOF), Ministry of International Trade and Industry (MITI), Ministry of Economic Affairs (MEA), Inland Revenue Board (IRB), and Bank Negara Malaysia (BNM) sitting in as permanent members. The committee deliberates on investment project proposals for Malaysia, and makes decisions in real time. This measure has been effective in securing targeted projects in an expedient manner.
8. Enhance international cooperation	• On 18 March 2022, the Regional Comprehensive Economic Partnership (RCEP) Agreement entered into force for Malaysia, paving the way for the economy's integration into the world's largest free trade agreement (FTA). • Malaysia has already implemented 15 FTAs and it has ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP came into effect in Malaysia on 29 November 2022.

F. MEXICO

Mexico has been implementing various measures under IFAP Principles 1 and 8, as outlined in the table below.

Notable among its initiatives are a digital one-stop shop for investors complemented with in-person services to provide investors with better access to information and business assistance. Mexico has also sought to create a more predictable and stable juridical framework for investment through modernising their international investment agreements, giving due consideration to finding the balance between investment promotion and regulation. Also key is its active participation in World Trade Organization (WTO) Investment Facilitation for Development (IFD) discussions and negotiations that has helped deepen its understanding of investment policies implemented in other WTO economies and the growing importance of attracting and promoting investment that supports sustainable development.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• The government, through the Ministry of Economy, which is responsible for investment promotion policies, makes available the one-stop shop for investors as a mechanism to attract and assist potential investors. The one-stop shop provides transparency and guides investors on investment procedures in Mexico, and serves as a point of contact to facilitate communication with the government and with strategic partners at the domestic level. The one-stop shop (1) provides a specialised support team to provide immediate attention: (2) provides transparency in rules and procedures; (3) facilitates the simplification of procedures; and (4) promotes public awareness and dialogue between government entities and potential investors. • The Ministry of Economy also launched the Invest in Mexico Business Center to support foreign investors in establishing businesses in Mexico. Through a physical office located in the Ministry of Economy, foreign investors can be individually assisted by the Global Economic Intelligence Unit (UIEG) team in areas such as strategic information (e.g., economic and commercial intelligence and investment opportunities); assistance with establishing institutional links with companies and vendors; and guidance on federal procedures.
8. Enhance international cooperation	• Mexico has actively participated in the multiple discussions and negotiations on the World Trade Organization (WTO) Investment Facilitation for Development (IFD) initiative since 2017 on the road to reaching the recent draft IFD agreement. • Mexico is reviewing its oldest bilateral investment treaties (BITs) with a view to updating them to reflect recent developments in international investment law by including 'state of the art' provisions such as corporate social responsibility (CSR), the right to regulate, third-party funding, etc.).

G. PERU

Peru has been active in developing and implementing initiatives across a wide range of the IFAP Principles, namely, Principles 1, 2, 3, 4, 5, 7 and 8. These are summarised in the table below.

Broadly, Peru has introduced a number of measures, including a website for Promperu, the Peruvian investment promotion agency, which has helped to improve access to reliable and important investment information; waiver of FDI registration fees; and digitalisation of FDI registration. Subsequently, FDI registration in 2021 doubled compared to 2020. The restructuring of the Investments Promotion Division at Promperu is expected to improve their service offering and help attract more investment.

Promperu has also identified aspects with the impact on overall satisfaction, and opportunities for improvement, based on a satisfaction survey conducted in 2021. Notably, the customer relationship management (CRM) system and performance monitoring indicators to be rolled out in 2023 could potentially provide lessons learned useful for other APEC economies.

Through enhanced international cooperation, Peru expects to have increased investment inflows as well as to benefit from the synergies from international and regional initiatives (such as those offered by the IFC–World Bank, SECO, UNDP) on investment promotion and facilitation.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• In September 2020, the Investments Promotion Division (IPD) at Promperu (the Peruvian promotion agency for exports, tourism and private investment) started operations with a focus on attracting, retaining and expanding foreign direct investment (FDI) in tourism and other prioritised sectors in Peru. By October 2022, the IPD had carried out various investment promotion activities and events to increase the awareness of its presence and functions among the local and international public and private sectors. • A new and investor-friendly webpage in Spanish and English for Promperu was launched to provide free and reliable information on investment in Peru, including on promotion mechanisms, public–private partnership (PPP) projects and FDI registration. • The websites for investment promotion are: (1) Invest in Peru (https://www.investinperu.pe/), a site focused on investment in infrastructure that is managed by Proinversion, a private investment promotion agency; and (2) Invest Peru (https://investperu.peru.info/en-us/), a site managed by Promperu. • Investor consultation was made available online at the Invest in Peru website. Investors can sign up for a newsletter and notices related to PPP processes.
2. Enhance stability, security and protection of investment	• In 2018, the Peruvian government enacted a new PPP law through Legislative Decree 1362 (published 23 July 2018) and its regulation, Supreme Decree 240-2018-EF (published 30 October 2018). The law aims to strengthen the PPP legal and institutional framework and to provide more predictability to the PPP procedures. • In 2022, the Peruvian government improved the existing PPP law through Legislative Decree 1543 (published 26 March 2022) and its regulation, Supreme Decree 211-2022-EF (published 14 September 2022).

3. Enhance predictability and consistency	• The PPP law, enacted in 2018, aims to strengthen the PPP legal and institutional framework and the predictability of the PPP procedures. • In 2022, the Peruvian government improved the existing PPP law. Some improvements include (1) the creation of Specialized Bodies for the Management and Execution of Projects (OEGEP), implemented by a public entity, to develop the process needed for the management and execution of PPP projects and (2) the addition of sustainability as a new principle for PPP, with economic, social, institutional and environmental sustainability to be guaranteed throughout the entire PPP project cycle. • In October 2022, the Peruvian government published the National Sustainable Infrastructure Plan for Competitiveness (PNISC) 2022–2025, which incorporates the sustainability approach. The plan prioritises 72 infrastructure projects with investment commitments of nearly USD 40 billion. With this plan, Peru is aligned with international standards of infrastructure sustainability, including those of the OECD and the UN sustainable development goals (SDGs).
4. Improve the efficiency and effectiveness of investment procedures	• The FDI registration fee has been eliminated. • A virtual channel has been implemented to digitalise the FDI registration process. • In October 2022, the IPD at Promperu adopted a new structure proposed by the International Finance Corporation (IFC) and World Bank. An Investor Services team has been created to deliver a wide array of pre-establishment and aftercare services to investors.
5. Build constructive stakeholder relationships	• The IPD's Research and Policy Advocacy team engages with local public and private allies as well as with foreign investors to gather feedback on high priority sectors (tourism; food and fishing industries; manufacturing and high-tech services) for sector-focused policymakers and regulators. A set of sector-based policy recommendations is expected in 2023, to improve business conditions and better attract FDI into prioritised industries
7. Establish monitoring and review mechanisms for investment policies	• The IPD at Promperu is conducting a review to incorporate international best practices into its set of performance indicators, planned for rollout in December 2022. • In January 2021, Proinversion carried out a satisfaction study to measure the quality and effectiveness of the information service provided by the Investor Services Department, as well as the level of investor satisfaction with the different communication channels and points of contact. • A customer relationship management (CRM) system and the set of indicators to monitor service performance will be launched in 2023.
8. Enhance international cooperation	• Since 2021, Peru has been participating in negotiations on the World Trade Organization (WTO) Investment Facilitation for Development (IFD) initiative. • The IPD at Promperu is receiving advice from the IFC and World Bank on organisational development, with financial support from the Swiss State Secretariat for Economic Affairs (SECO). • The United Nations Development Programme (UNDP) will partly finance the development of an Investor Map for Promperu to highlight investment projects for international investors in specific economic sectors in Peru.

H. RUSSIA

Russia shared their implementation progress for IFAP Principles 1, 2, 3, 4, 5 and 8, as summarised below.

Significant measures include an online one-stop-service portal to provide a range of regulatory and procedural information related to investment and support to investors. In addition, the Foreign Investment Advisory Council (FIAC) functions as a platform for dialogue between the government and foreign investors on investment promotion and facilitation.

IFAP Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• Foreign investment is regulated by Federal Law No. 160-FZ of 9 July 1999. • Formulate strategy for the development of the financial market by 2030 • Develop common plan for achieving development goals by 2024, with the plan period being by 2030. • Investment-related laws and regulations are published online at pravo.gov.ru. The site acts as the official unified platform for publishing newly adopted laws and regulations, providing free of charge round-the-clock access to existing legislation. • Drafts of proposed investment-related legislation are published on the official websites of the two houses of the Federal Assembly of the Russian Federation: the State Duma (duma.gov.ru) and the Federal Council (council.gov.ru). They are also published on the official unified website of federal executive bodies (regulation.gov.ru), where opportunity for public comments is available. • A website (invest.economy.gov.ru) has been established as one-stop service for investors in Russia. The site provides information on support mechanisms for investors, including regulations, requirements for projects in plain language, and contacts for responsible bodies.
2. Enhance stability, security and protection of investment	• Article 10 of Federal Law No. 160-FZ guarantees the resolution in due course of disputes arising from a foreign investor's investment and entrepreneurial activities. • Since 2016, Russia negotiates international investment agreements based on its new Common Approaches that includes modernised approaches to investor–state dispute settlement (ISDS) procedures. • Russia actively participates in ISDS reform, which is undertaken under the auspices of the United Nations Commission on International Trade Law (UNCITRAL) Working Group III.
3. Enhance predictability and consistency	• Under Article 4 of Federal Law No. 160-FZ, the treatment of foreign investors shall not be any less favourable than the treatment of Russian investors.
4. Improve the efficiency and effectiveness of investment procedures	• Registration procedures are regulated under Federal Law No. 129-FZ of 8 August 2001 which does not differentiate between foreign and domestic investors. • Under Federal Law No. 9-FZ of 4 May 2011 on licensing certain types of activities, licensing procedures do not differentiate between foreign and domestic legal entities (if foreign legal entities are permitted in the activity to be licensed).

5. Build constructive stakeholder relationships	• Since 1994, the Foreign Investment Advisory Council (FIAC) has been a platform for dialogue between the Russian government and foreign investors, with the aim of attracting foreign direct investment (FDI) and creating favourable conditions for doing business in Russia. Specific actions are identified, and with the active participation of the FIAC, measures are implemented to improve the legal framework and the enforcement of rules governing the business environment.
8. Enhance international cooperation	• Since 2017, Russia has actively participated in discussions and negotiations on the Investment Facilitation for Development (IFD) initiative under the World Trade Organization (WTO) • Since 2016, Russia negotiates international investment agreements based on its new Common Approaches (approved by Resolution of the Government of the Russian Federation No. 992 of 30 September 2016). The aim is to ensure that the negotiated agreements are up to date with current best practices and to create a more attractive environment for investment.

I. CHINESE TAIPEI

Chinese Taipei has shared comprehensive updates on their ongoing work and progress under all IFAP principles, as summarised in the table below.

Chinese Taipei reported implementing holistic measures across the IFAP principles to constantly improve the investment environment. Overall, the economy’s digitalisation efforts, which are in line with the Service-oriented Smart Government 2.0 goal, seem to have had a widespread impact on the investment climate in Chinese Taipei. Not only has there been improvement in the transparency of investment regulations and investor accessibility to reliable information, but the efforts also contribute to enhanced efficiency in investment registration and processing. As of mid-2022, the InvesTaiwan Single Window platform has managed 541 active investment cases, amounting to TWD 2.2 trillion in total investment value. In 2022, Chinese Taipei was also ranked 29th on the Global Real Estate Transparency Index.

The restructuring of the economy’s investment authorities and the division of responsibilities among relevant agencies, as well as the creation of a Single Window, have also helped reduce confusion and potential discrepancy when it comes to investment policies and regulations. The restructuring effort also supported the streamlining and acceleration of the investment process, as well as the effective dissemination of FDI screening guidelines. Last but not least, the economy’s work on intellectual property rights (IPR), together with international cooperation, has proved fruitful in bringing Chinese Taipei’s investment environment up to par with the region and globally, increasing investor confidence in the economy.

Principle	Investment Facilitation Measures
1. Promote accessibility and transparency	• Restructured its investment authorities into a single contact-window platform – InvesTaiwan – by combining three entities of the Ministry of Economic Affairs (MOEA), namely, the Department of Investment Services; the Investment Commission; and the investment service centre. • Publicised updated screening guidelines for foreign direct investment (FDI) applications on its official website.
2. Enhance stability, security and protection of investment	• Implemented cross-county/city public services to improve efficiency of land registration and related cases during 2015–2020. • Submitted the Smart Real Estate Registration Promotion Project (2021–2025) to reinforce the data connection system across government agencies.

	• Established a registration system for public property to provide information (such as land provision methods) through a website to increase transparency. • Launched Real Estate Transaction Price Inquiry Service website (https://lvr.land.moi.gov.tw/) with data dating back to 2012 to increase transparency of real estate transactions.
3. Enhance predictability and consistency	• Publicly announced required documents and relevant reviewing procedures related to investment regulations to reduce discriminatory bureaucratic discretion. • Established a one-stop window for reviewing FDI projects, that is, the Investment Commission under the MOEA; and maintained clear division of responsibilities between different agencies. • Held regular seminars to elaborate on assessment mechanism, including the screening criteria for investment proposals.
4. Improve the efficiency and effectiveness of investment procedures	• Simplified contents of application form for changing investment value. Methods for further simplification are being considered. • Set up online system for FDI application and promoted adoption throughout 2021–2022. • Maximised digitalisation of other steps of FDI application, such as document supplementation.
5. Build constructive stakeholder relationships	• Created a three-level administrative coordination mechanism to deal with ad hoc investment issues to ensure prompt and efficient implementation of investment projects. • Revised the Company Act in 2018 to encourage companies to fulfil their corporate social responsibilities (CSRs) for the public interest. • Carried out activities to advocate high corporate integrity standards in the business community, such as organising seminars (on corporate integrity, legal compliance and business ethics), conducting research projects, and using international standards as a benchmark for corporate anti-corruption efforts. • Actively promoted the implementation of responsible business conduct (RBC) and sustainable investment through international cooperation and sharing among APEC economies. This includes holding the annual Global Corporate Sustainability Forum (GCSF); funding the project on ‘Sustainable Investment to Enhance Digitally-enabled and Inclusive Recovery: Paradigms and Capacity Building in Precision Health’ through the APEC Investment Experts’ Group (IEG).

6. Utilise new technology to improve investment environments	• Introduced a new electronic document processing system in 2021, allowing digitised, paper-free operations, advancing administrative efficiency in investment screening.
	• Provided ‘Security Guidelines for Public-funded Core Technology Research Projects’ by the NSTC to guide monitoring and audit activities to protect publicly funded technology projects and critical core technology developed by local companies.
	• Actively reviewed and made amendments to local intellectual property rights (IPR) laws to protect the IPR of industries and businesses and to encourage them to create value and enhance the reputation of their products.
	  o In 2022, amendments were proposed or made to the Copyright Act, Trademark Act and Copyright Collective Management Organization Act.
	  o The Action Plan for the Protection of Intellectual Property Rights (2021–2023) was approved and entered into force on 1 January 2021.

7. Establish monitoring and review mechanisms for investment policies	• Enforced oversight procedures related to current-case progress, periodically evaluating the status and determining the factors contributing to delays in processing of FDI applications.

	• Proposed to incorporate criteria or indicators of sustainability and inclusiveness into investment promotion measures to ensure compliance with environmental, social and other sustainability goals.
8. Enhance international cooperation	• Closely observed and participated in the World Trade Organization (WTO) Investment Facilitation for Development (IFD) discussions and other multilateral initiatives. • Actively negotiated and signed free trade agreements (FTAs) and bilateral investment agreements (BIAs) (32 BIAs as of November 2022) and liberalised domestic laws and regulations per these international investment agreements to protect the rights of investors.

J. THAILAND

Thailand has made and shared some key progress under three IFAP Principles, namely, Principles 1, 6 and 8, as summarised in the table below.

By taking advantage of digital technology in publishing information as part of its investment promotion efforts, Thailand has improved not only the accessibility and transparency of its investment policies, but also the efficiency of investment process. Thailand's active participation in regional discussions on investment agreements, taken together with its digitalisation efforts, is expected to help the economy attract and retain higher quantity and quality of foreign direct investment (FDI).

IFAP Principle	**Investment Facilitation Measures**
1. Promote accessibility and transparency	• Published investment promotion measures and investment-related information in Thai and English on the Thailand Board of Investment (BOI) website. • Published Investment Promotion Guide 2022 on the BOI website to provide updated information, including on incentives for investors.
6. Utilise new technology to improve investment environments	• Thailand introduced digital technology into the investment promotion process to simplify and streamline the application process for investors: ○ E-investment system to facilitate online application submission ○ Online Meeting Services to answer queries from investors ○ SMART Visa online clinic to provide consultation services on SMART Visa benefits, criteria and conditions, as well as the application process and documentation requirements.
8. Enhance international cooperation	• Thailand attended the Upgrade Meeting of the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) Committee on Investment to review Chapter text and finalise discussions on schedules of reservations, including the negative-list approach, with a view to updating and upgrading the AANZFTA.

K. VIET NAM

Viet Nam has shared key updates on their progress on the implementation of IFAP Principles 1, 2, 3, 4 and 5, as summarised in the table below.

In particular, Viet Nam highlighted the issuance of new legal documents, which laid the basis for the economy to further the implementation of the IFAP Principles. The issuance of Decree No. 31/2021/ND-CP guiding the implementation of the 2020 Investment Law clarified important points for investment facilitation. The establishment of the Special Working Group directly under the Prime Minister to work on reducing investment barriers and resolving issues faced by foreign investors also showed the economy's major effort in investment facilitation. Similar to other APEC economies, Viet Nam seems to have also prioritised digitalisation to improve the efficiency and effectiveness of investment procedures.

Principle	Investment Facilitation Measures
1. Promote accessibility and transparency.	• Published a new Decree in 2021 (Decree No. 31/2021/ND-CP) providing details and instructions on the implementation of the 2020 Investment Law. In particular, the Decree: o adds a negative list for market access by foreign investors to clarify the treatment of investors as foreign or Vietnamese. o clarifies eligibility for investment incentives (by investment objectives and areas) • Published various Decisions in 2021 to approve the economy's vision and strategy for investment attraction and establish a Special Working Group under the Prime Minister on investment facilitation.
2. Enhance stability, security and protection of investment.	• Decree No. 31/2021/ND-CP ensures consistency in the implementation of the 2020 Investment Law. • The Special Working Group under the Prime Minister on investment facilitation aimed to reduce investment barriers through, among others, a multi-stakeholder mechanism at both the central and provincial government level.
3. Enhance predictability and consistency	• Clarified, through the Decree No. 31/2021/ND-CP, the jurisdiction of the provincial and central governments in registering and approving investment projects. • Published a Decision in 2021 detailing special investment incentives to attract investment in prioritised areas, such as R&D and innovation centres.
4. Improve the efficiency and effectiveness of investment procedures	• Regulated, under new legal documents, the time frame for reviewing and approving investment projects. • Advocated increasing adoption of online channels for registration and approval of investment projects. • Called for support from high-level governmental ministries and agencies to resolve investors' issues.
5. Build constructive stakeholder relationships	• Created a feedback mechanism for foreign investors with the investment promotion agency and its Ministry of Planning and Investment designated as contact points for investors to request assistance.