

Investment Regulatory Issues in ASEAN and its implications on Productivity Growth

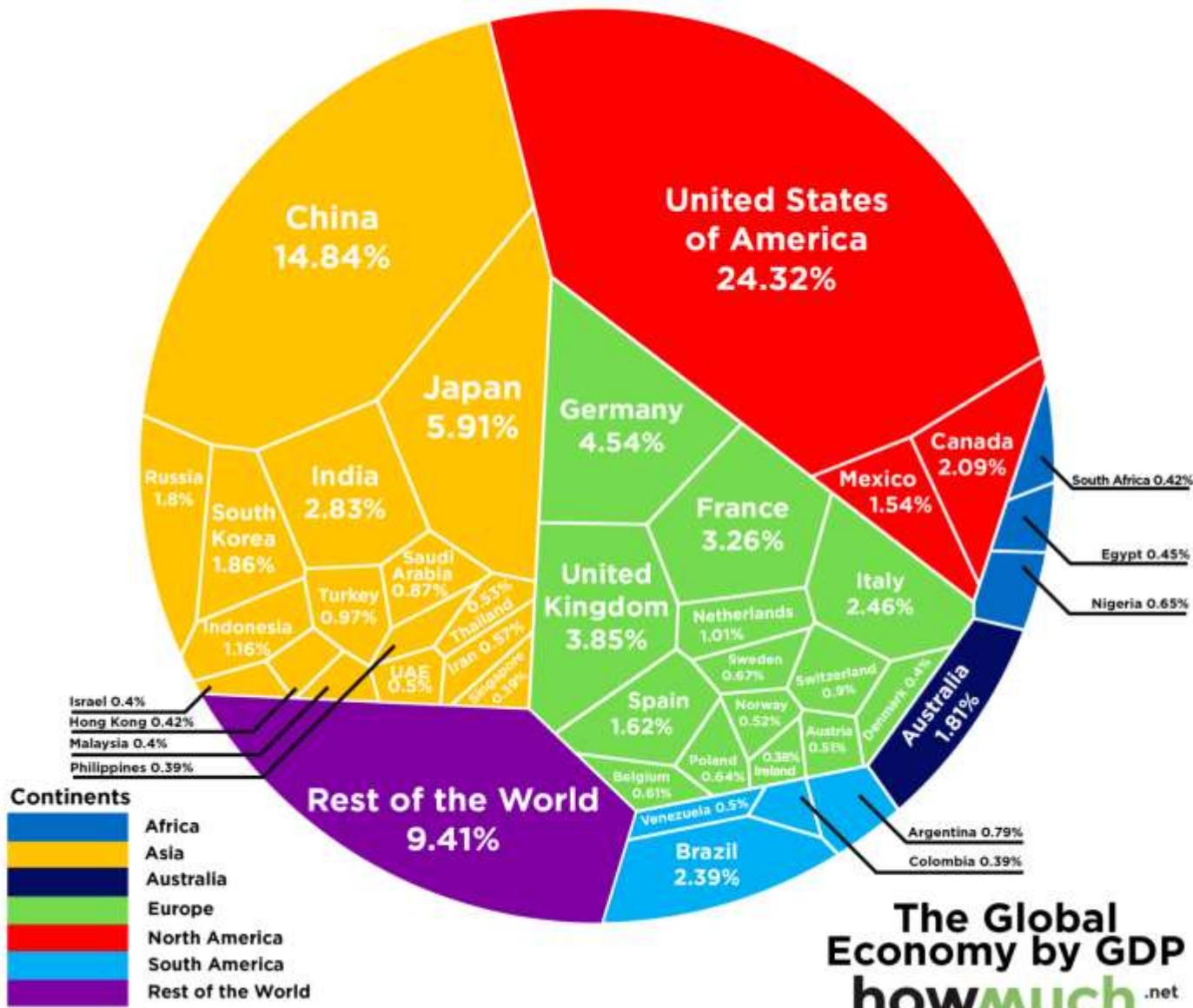
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International Forum on Productivity

Challenging the Frontier, Empowering People

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ASEAN MEMBER STATES AND ECONOMIC POWERHOUSES

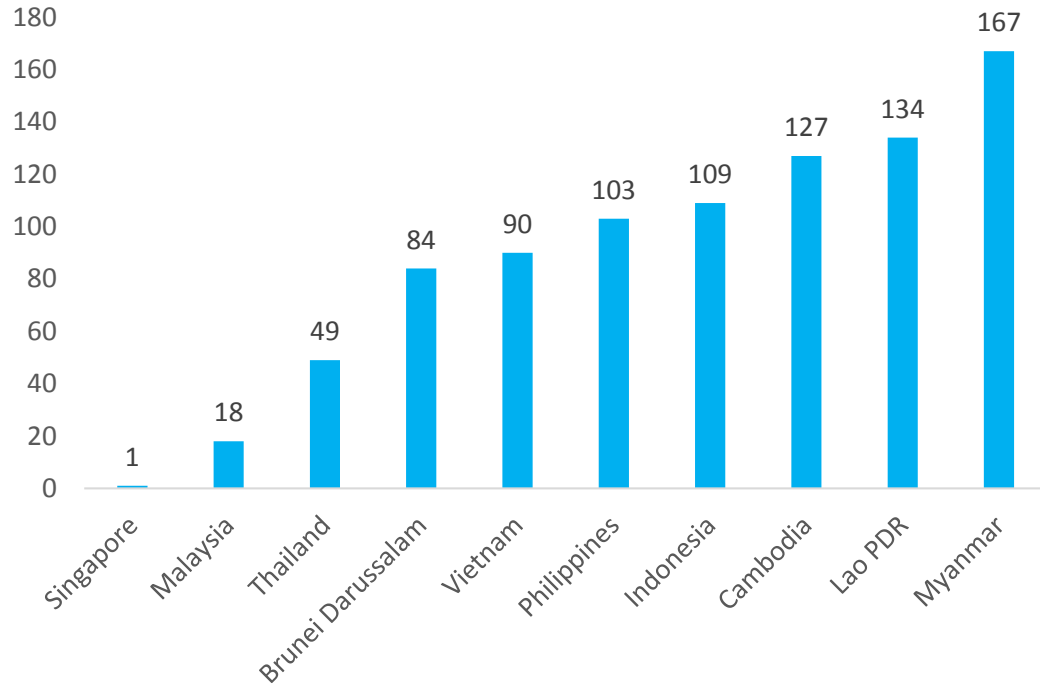


ASEAN MEMBER STATES IN TOP 40 ECONOMIES	% OF GLOBAL GDP 2017
Indonesia	1.16%
Thailand	0.53%
Malaysia	0.4%
Singapore	0.39%
The Philippines	0.39%

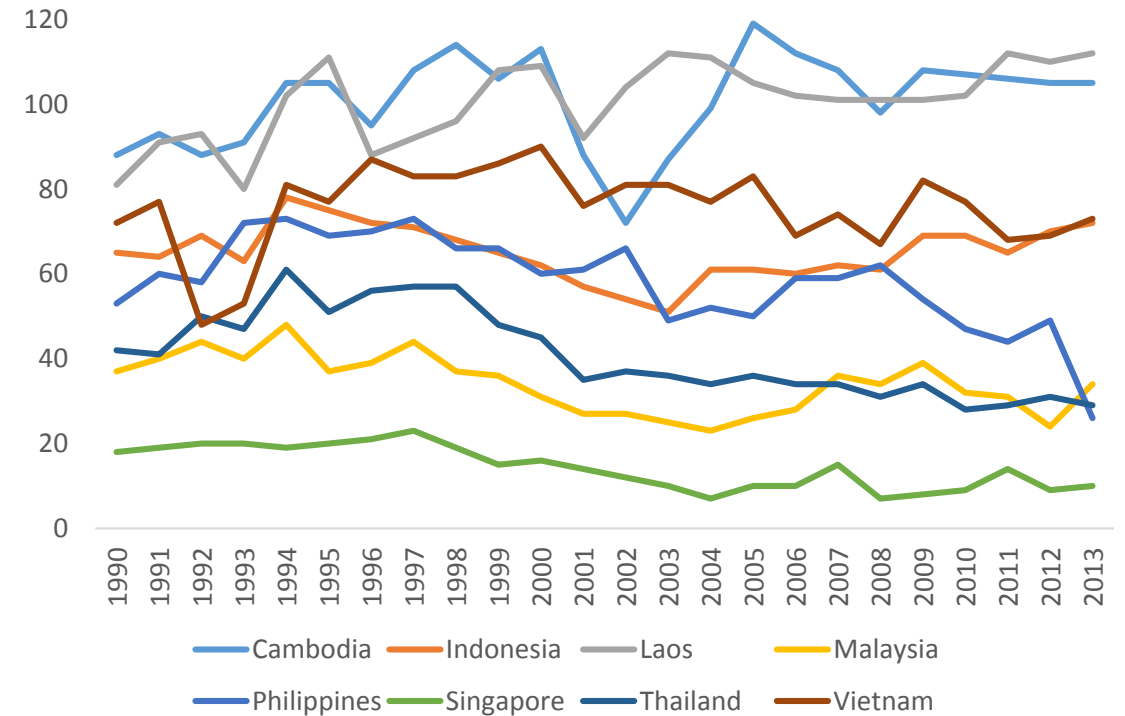
Sources: World Development Indicators database, World Bank, 1 February 2017

COMPETITIVE economic region

Ease of doing business in ASEAN, 2015
(1=easiest to 185=most difficult)



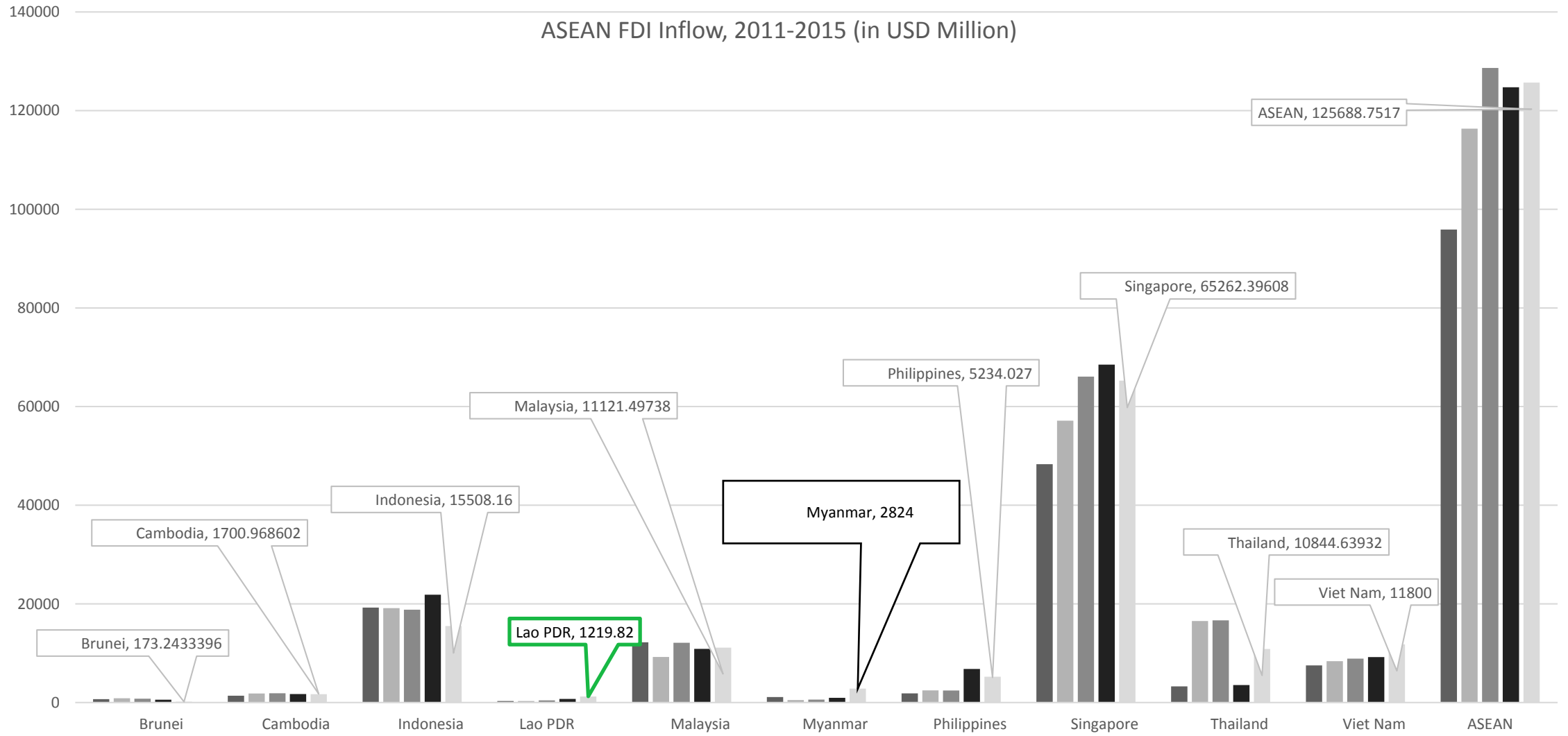
Economic Complexity Ranking in ASEAN
(1990-2013)



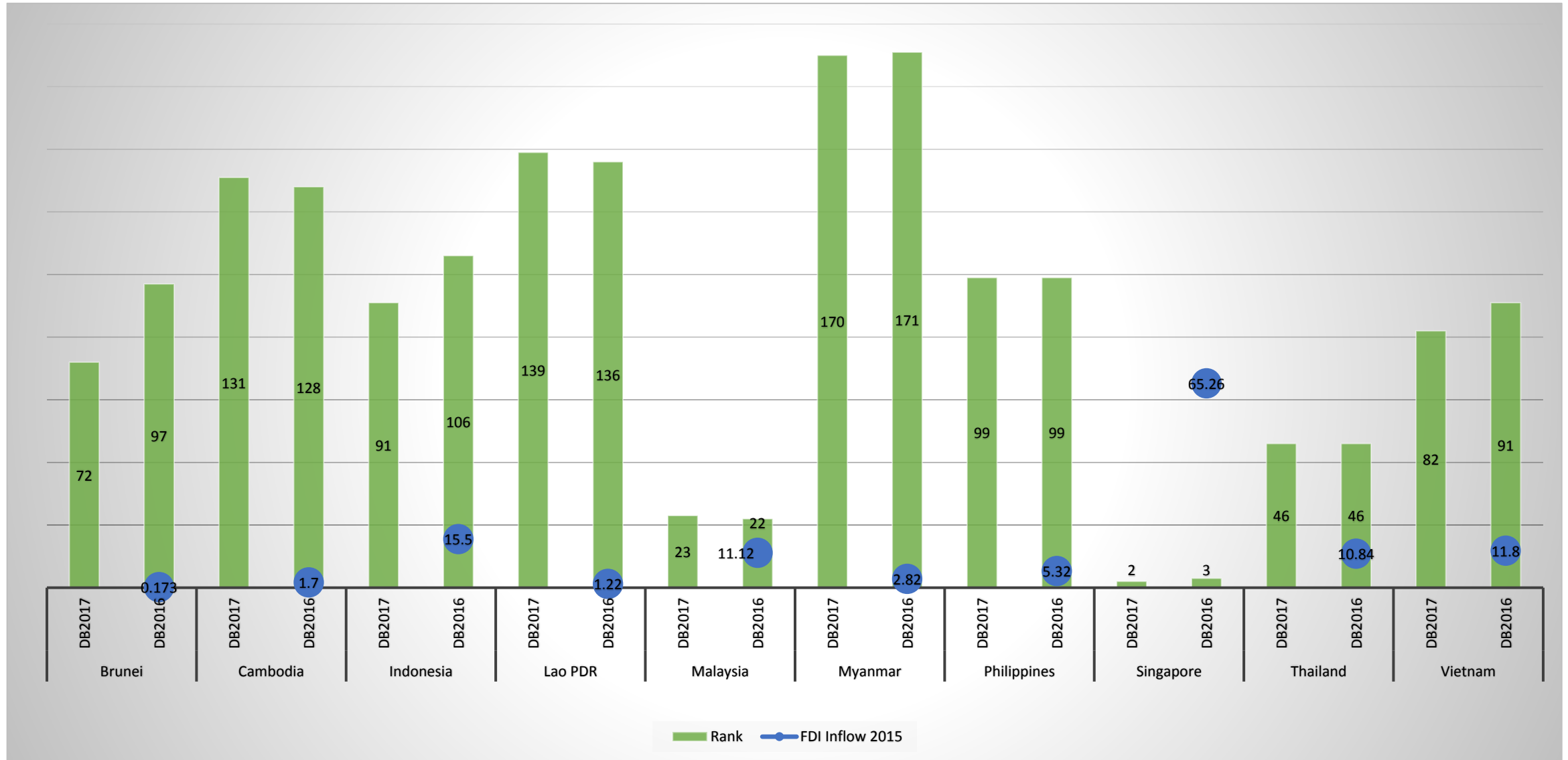
2. A competitive region:

- i. Needs to take into account the extent to which barriers to doing business in one place affect the entire market as it relates to goal A: making ASEAN into a single market and production base.
- ii. Must consider the varying competitiveness needs of the economies that are at different levels of economic complexity.

ASEAN FDI inflow 2011-2015



ASEAN DOING BUSINESS RANKING AND FDI



ASEAN Economic Community 2025 and Productivity

A competitive, innovative
and dynamic community
which fosters robust
productivity growth

creation and practical application of knowledge,
supportive policies towards innovation, science-
based approach to green technology and
development, and by embracing the evolving
digital technology;

promotion of good governance, transparency
and responsive regulations;

effective dispute resolution; and
enhanced participation in global value chains;

AEC 2025 and Good Governance

Promote a more responsive ASEAN by strengthening governance through **greater transparency** in the public sector and in engaging with the private sector

Enhance engagement with the private sector as well as other stakeholders to improve the transparency and synergies of government policies and business actions across industries and sectors in the ASEAN region.

ASEAN 2025 and Good Regulations

Regulations are pro-competitive, commensurate with objectives, and non-discriminatory

review of existing regulatory implementation processes and procedures for further streamlining

Institutionalise GRP consultations and informed regulatory conversations with various stakeholders

setting of both targets and milestones in order to facilitate a regular assessment of the regulatory landscape

Undertake targeted capacity building programmes with knowledge partners

Issues and Challenges in Good Regulations in ASEAN

Legal/Political

Archaic law/ Non-existence

Capacity/
Independence

Political
Uncertainty

Infrastructure

Connectivity

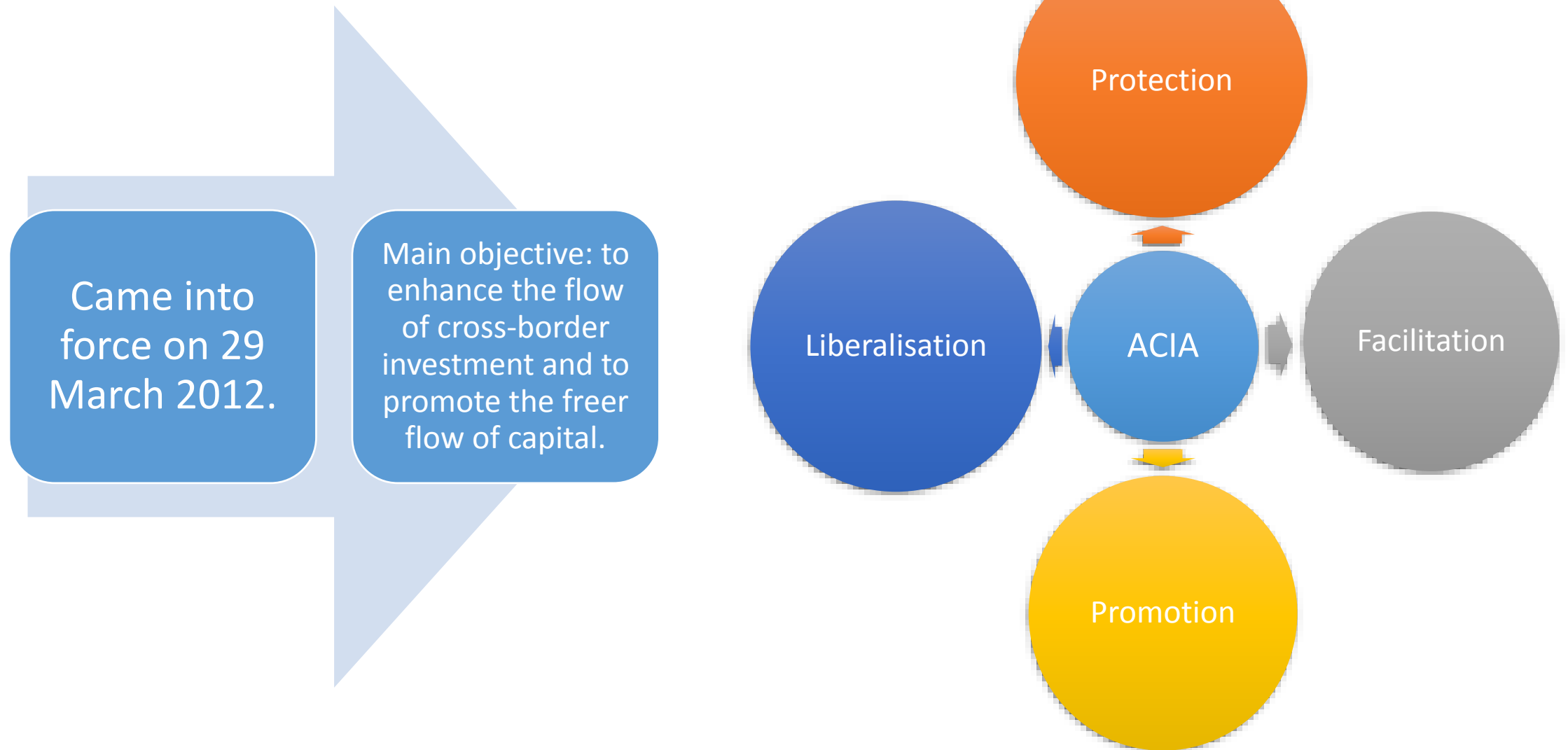
Facilities

Human Capacity

Knowledge

Infrastructure

Incorporates Principles of ASEAN ACIA into Domestic Legislation



Transparency and Facilitation of Investment Process under ACIA

More transparent, consistent and predictable investment rules, regulations, policies and procedures;

Harmonised investment policies;

Streamlined and simplified procedures for investment applications and approvals; and

Dissemination of investment information, rules, regulations, policies and procedures.

Latest Development of Investment Regulations in ASEAN Member States

Latest Development in Investment Policies (1)

ASEAN Member State	Changes
Thailand	<ul style="list-style-type: none">• Remove the requirement for foreign investors, seeking 50% or more of an insurer's shares, to obtain a foreign business licence ("FBL") from the Thai Ministry of Commerce ("MOC")• Thailand 4.0: Focus on the digital economy; Physical Infrastructure; Agricultural reform; and local economic development – 18 provincial clusters.• Incentives to foreign entrants in a number of industries. These include 'S-Curve' industries (e.g. next-generation automotive, biotechnology, and smart electronics), core technologies (e.g. digital, biofuels, and logistics), and community enterprises.
Malaysia	<ul style="list-style-type: none">• Legal services liberalization• Promotion of Green Technology including waste eco-park (WEP), to promote waste recycling, recovery and treatment.• Promotion of Digital Economy; Digital Free Trade Zone• Less Developed Areas Incentives• Incentives for Conformity Assessment Bodies• Removal of Cabotage Policy• Review of non-tariff measures

Latest Development in Investment Policies (2)

ASEAN Member State	Changes
The Philippines	<ul style="list-style-type: none">• Undertaking Investment Policy Review with the World Bank Group, which could lead to policy reform• allowing 100 percent foreign ownership in insurance adjustment companies, lending companies, financing companies, and investment houses.• Opening up on retail trade, the liberalization in banking and amendments to the Cabotage Law.

New Myanmar Investment Law 2016

Policy Pillars	Reform
Facilitation	<ul style="list-style-type: none">• One Stop Service Centre• State and Regional Offices Centre• Encourage domestic investments• Information sharing
Promotion	<ul style="list-style-type: none">• The role of Myanmar Investment Commission to promote investment• Structure investment promoted sectors
Liberalisation	<ul style="list-style-type: none">• Reduce negative list• Promoted Sectors
Protections	<ul style="list-style-type: none">• National Treatment and Most Favoured Nations• Transfer of Funds• Conditions for expropriation and indirect expropriation• Fair and Equitable Treatment• Transparency

Thank You

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