



# Trends and developments in FDI, national policies, and IIAs in the Asia-Pacific region

Asia-Pacific FDI Network  
8<sup>th</sup> Meeting

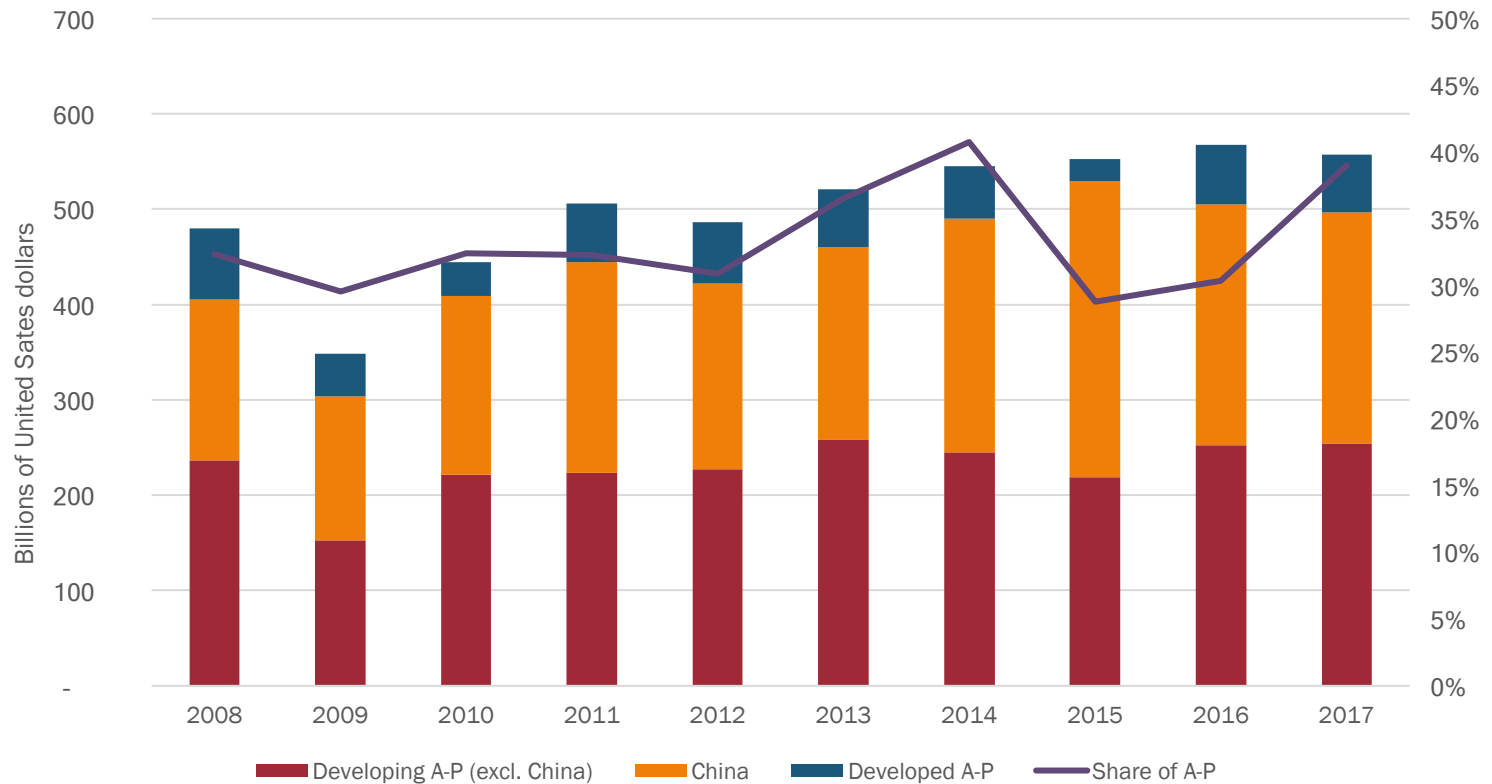
25-26 September 2018  
Bangkok, Thailand

# GLOBAL FDI FLOWS

Dropped by 23% to \$1.43 trillion in 2017

- Asset-light businesses
- Continued decline in rates of return on FDI
- *Still to come into effects - trade wars and other geopolitical tensions*

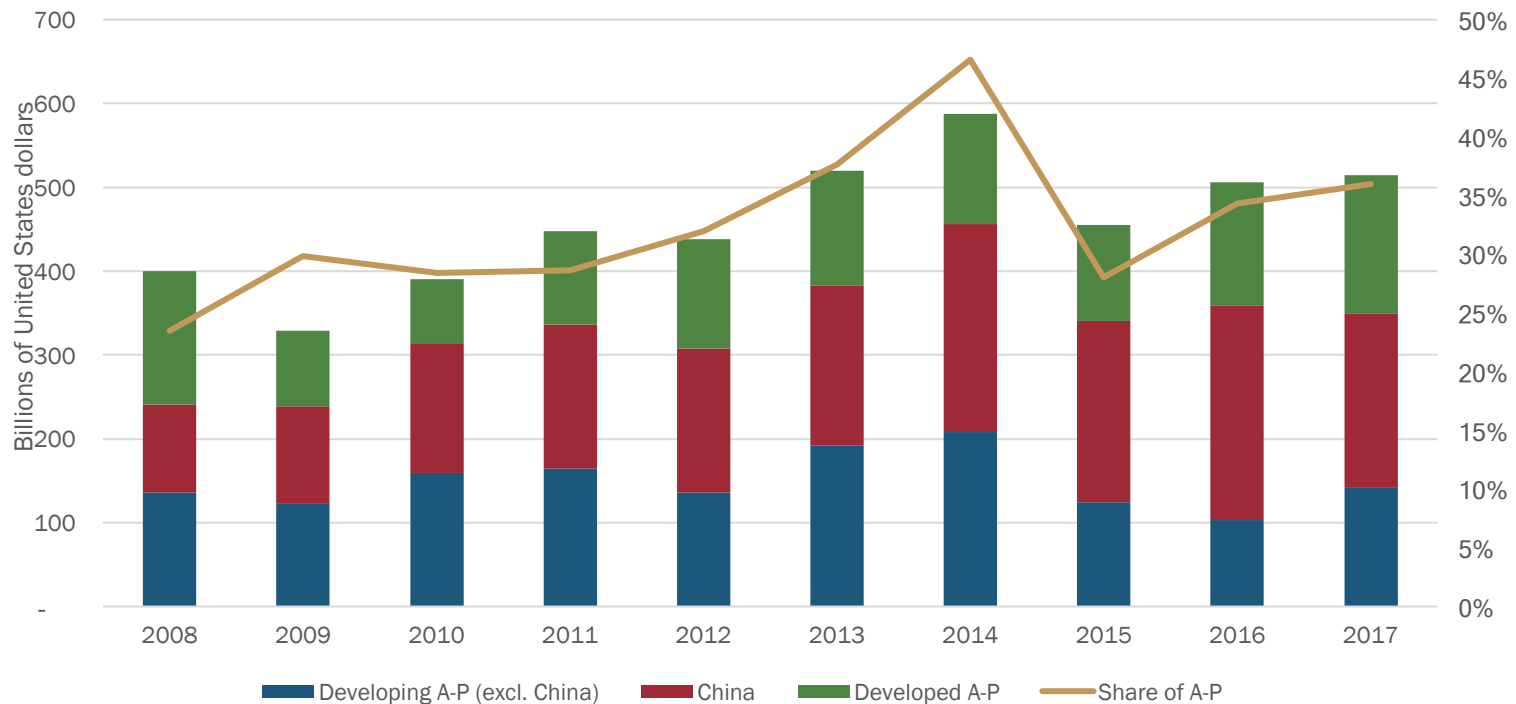
# FDI INFLOWS TO THE ASIA-PACIFIC REGION AND THEIR GLOBAL SHARE, 2008-2017



## In 2017:

- Stagnated and contracted by 2 % to \$558 billion
- Accounted for 39 % of global FDI inflows

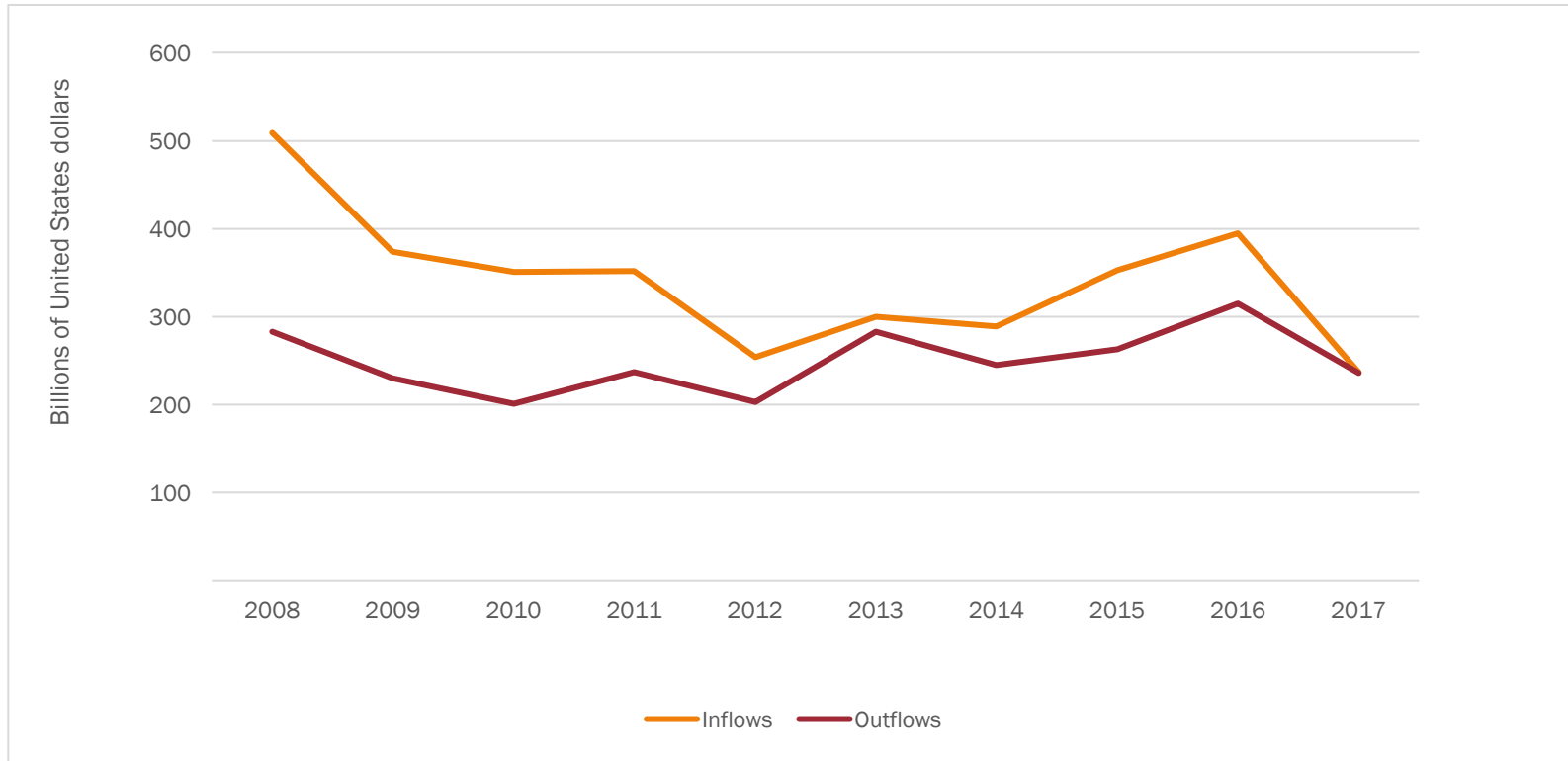
# FDI OUTFLOWS FROM THE ASIA-PACIFIC REGION AND THEIR GLOBAL SHARE, 2008-2017



## In 2017:

- Increased by 2 % to \$515 billion
- Accounted for 36 % of global FDI inflows
- Chinese OFDI decreased for the first time since 2003

# ANNOUNCED GREENFIELD FDI FLOWS IN THE ASIA-PACIFIC REGION, 2008-2017



In 2017

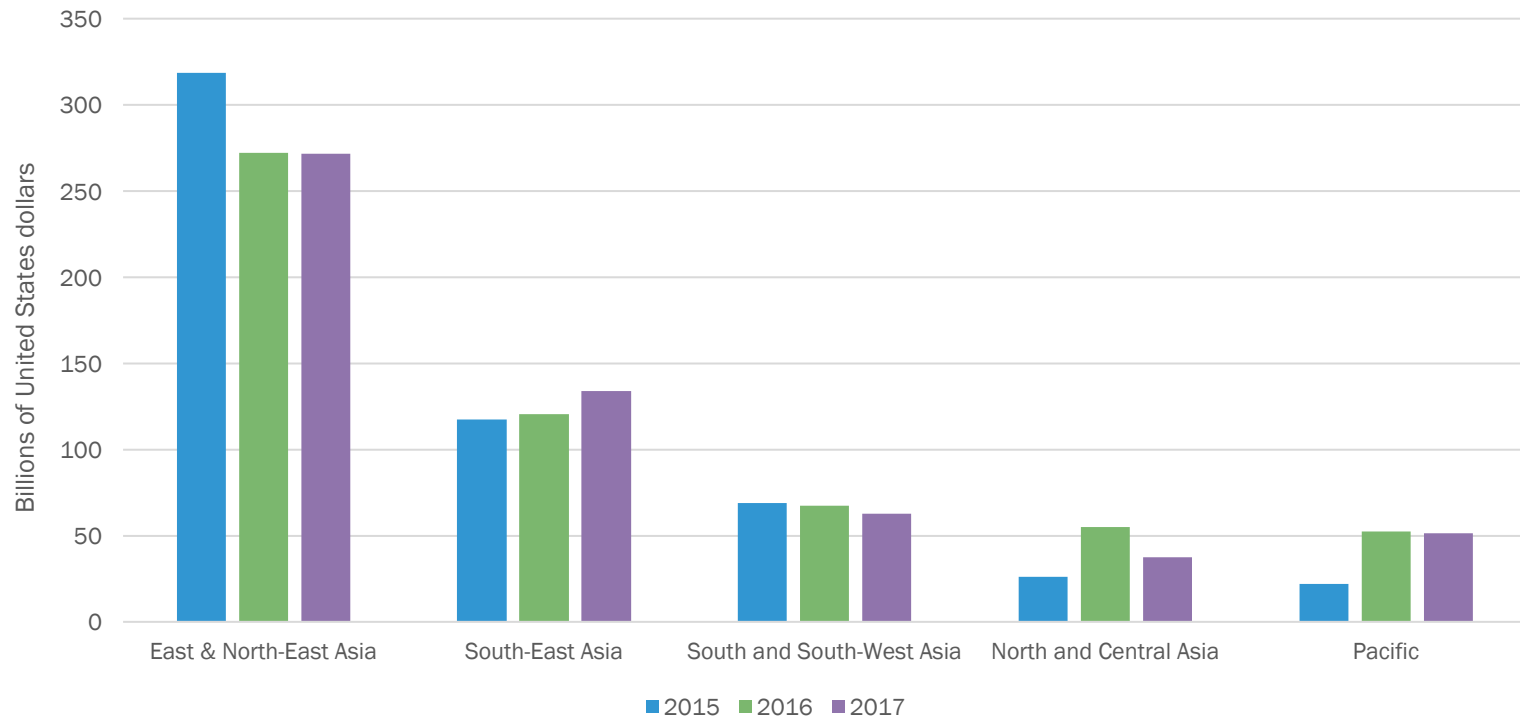
Global FDI greenfield declined by 13%

Asian-Pacific greenfield declined by 40%

FDI greenfield projects is an indicator of future FDI trends

Structural changes and impacts of adverse macro-economic policies and business environments

# FDI INFLOWS TO ASIA-PACIFIC SUBREGIONS, 2015-2017



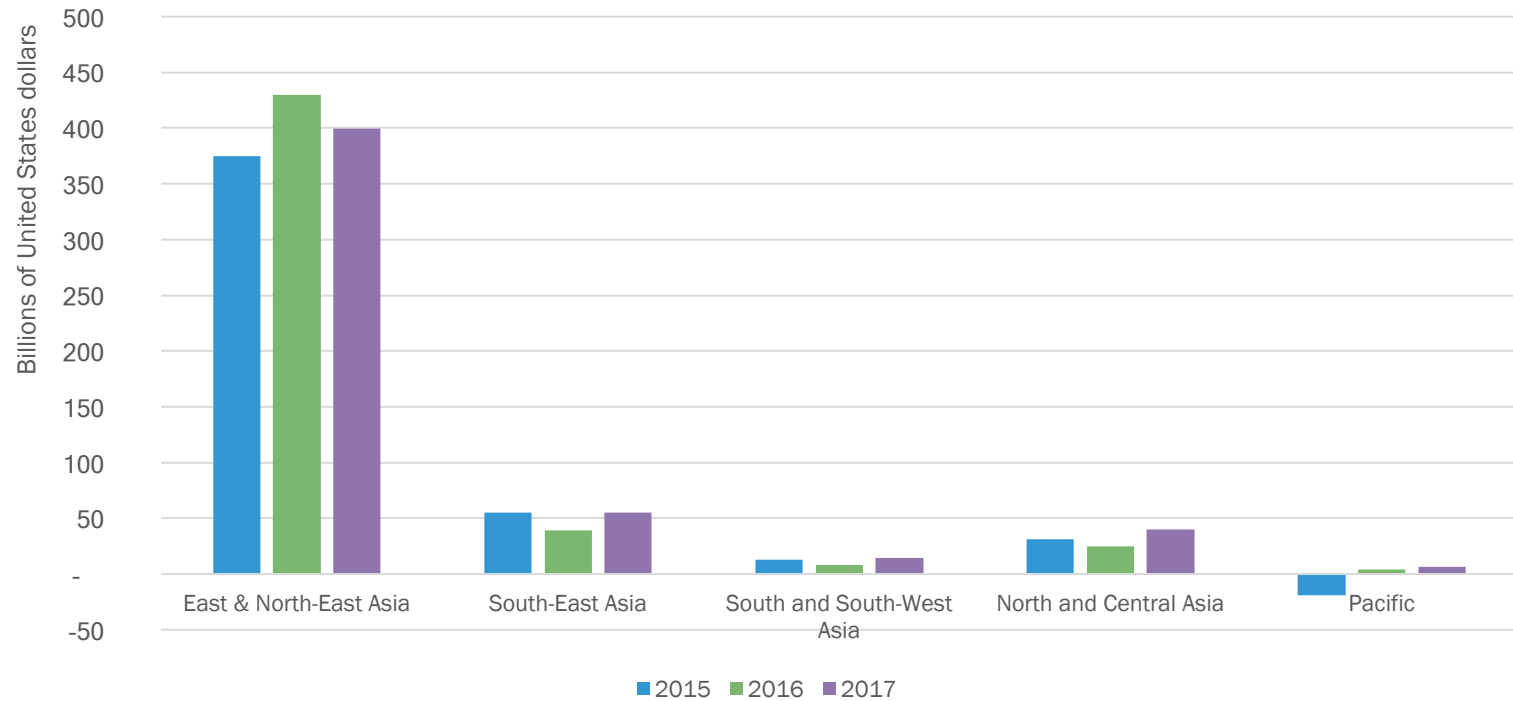
East and North-East Asia leading with 49%

(Of this, China & Hong Kong, China accounted for almost 90%)

South-East Asia 11% increase to \$134 billion (especially Indonesia and Thailand)

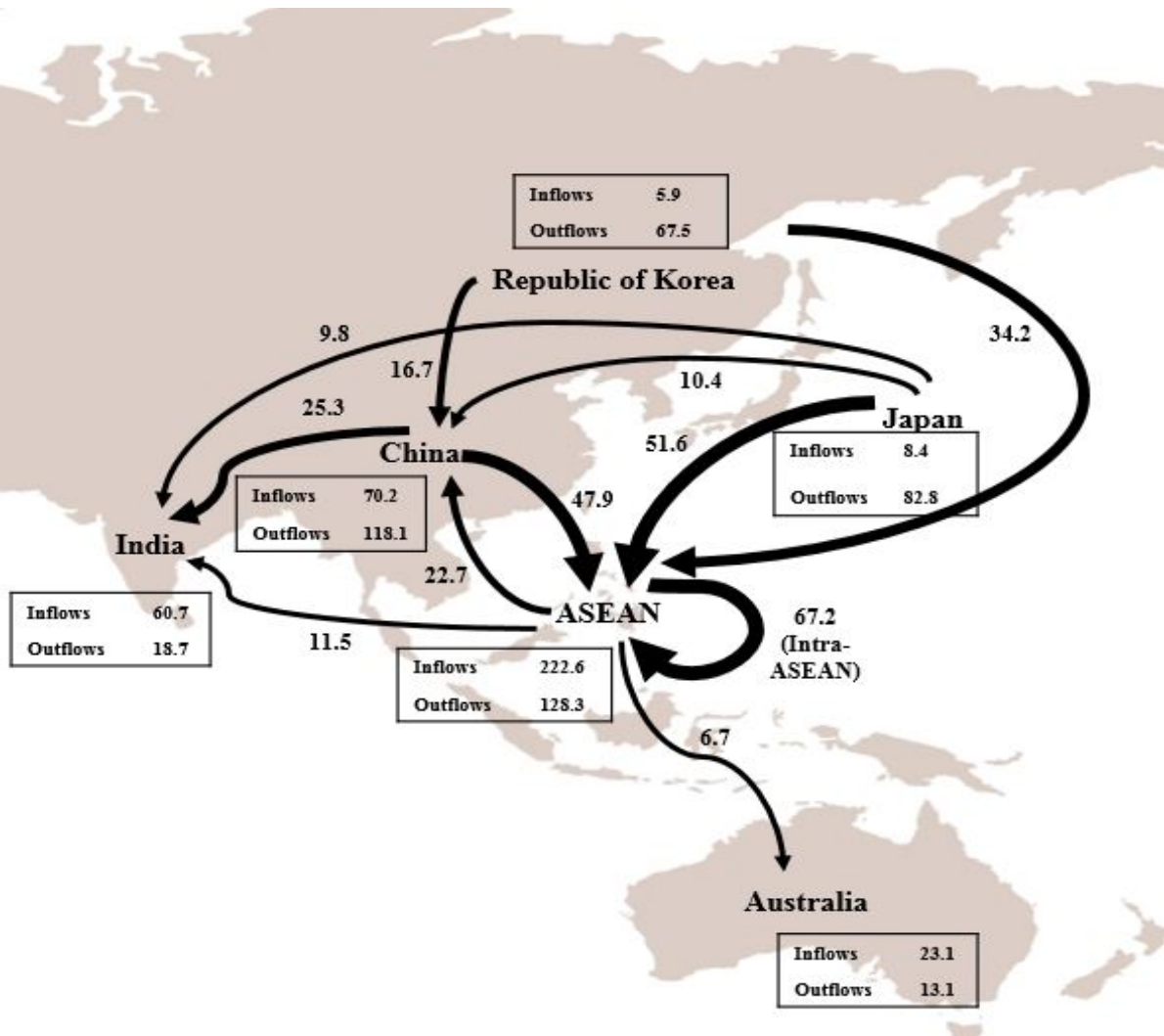
Significant growth in cross-border M&A, led by expansion of Chinese investment in the subregion

# FDI OUTFLOWS FROM ASIAN-PACIFIC SUBREGIONS, 2015-2017



Chinese OFDI declined by 36% (restrictive policies and regulations) but speculated to continue with BRI  
Investment from ASEAN MNEs are increasing (also intra-ASEAN investment)

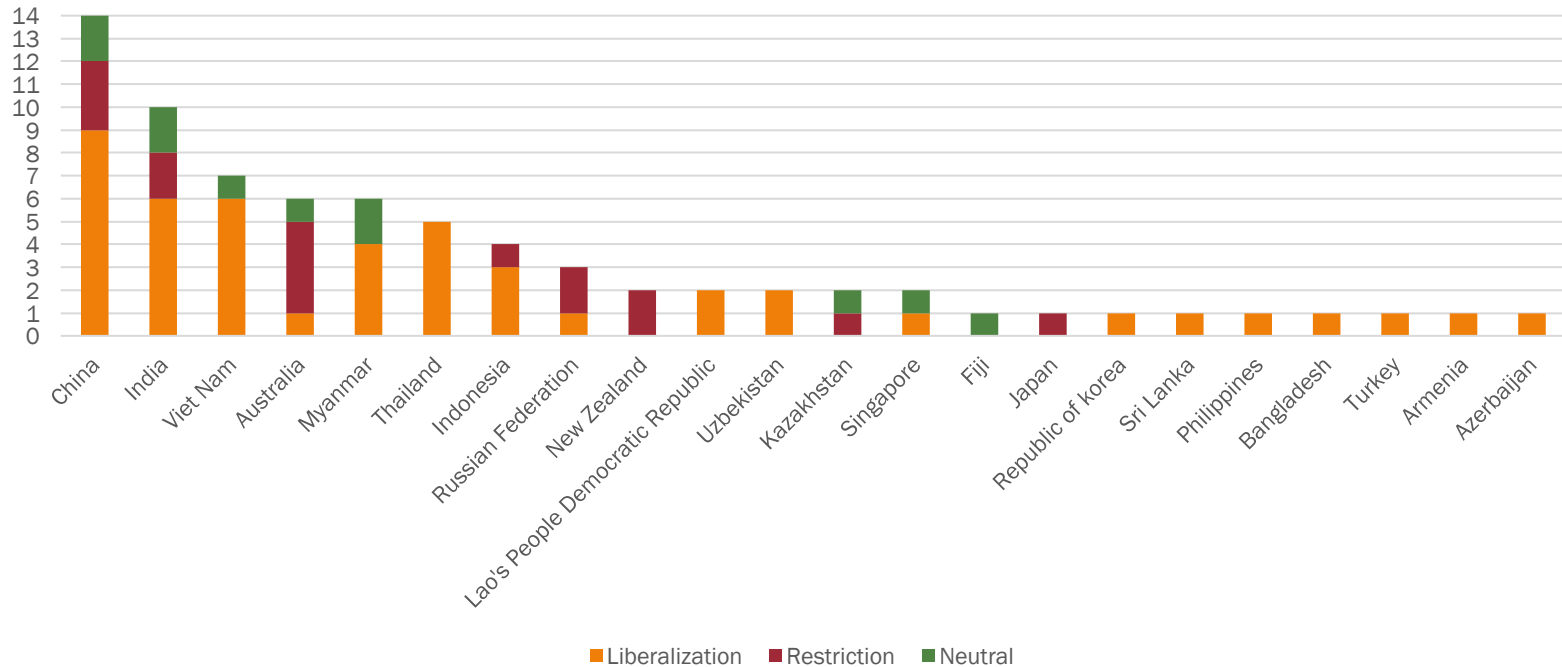
# MAJOR INTRAREGIONAL GREENFIELD FDI FLOWS BETWEEN SELECTED ASIA-PACIFIC ECONOMIES, 2015-2018



- ASEAN received \$45 billion in 2017, accounted for 40% of total intraregional FDI inflows.
- Intra-ASEAN investments are on the increase as well (one fourth in 2016)
- Partly compensating for slowed growth of FDI inflows to China (also responding to trade wars)




# NUMBER AND TYPES OF INVESTMENT POLICY CHANGES, JAN 2017-JUNE 2018

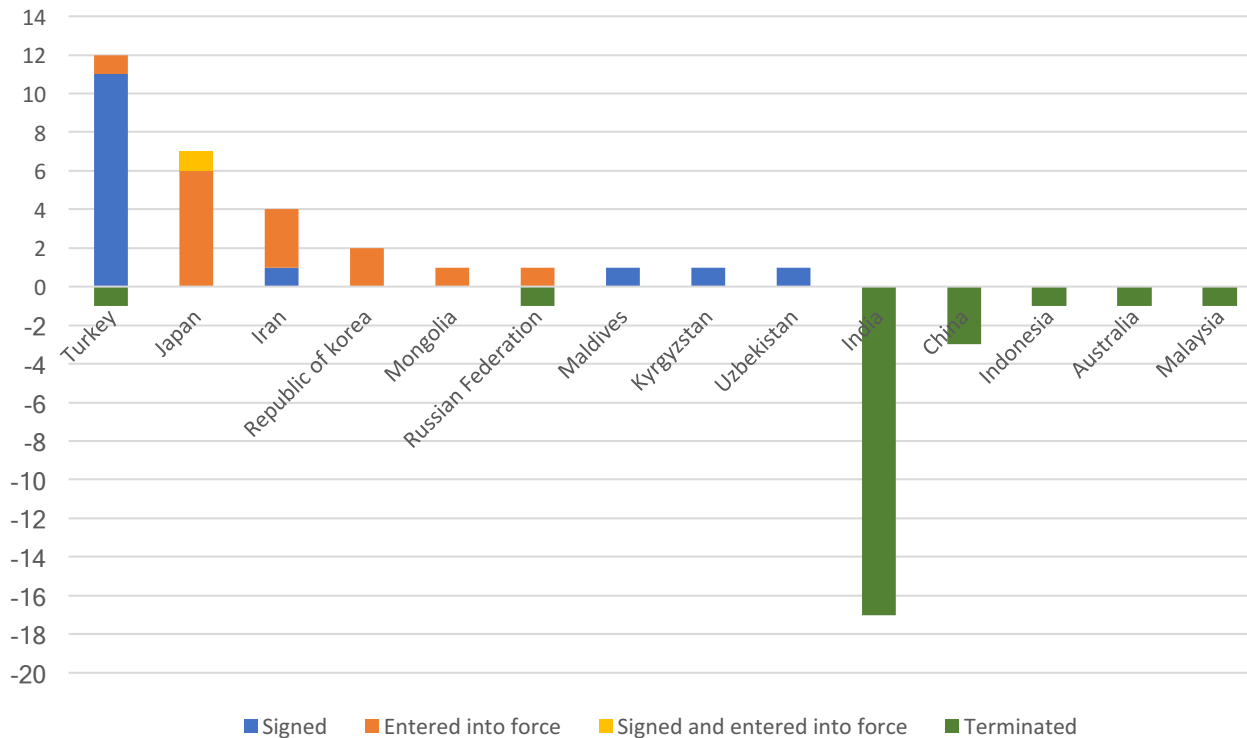


- 74 FDI policy measures adopted in the Asia-Pacific region
  - 47 liberalized
  - 16 restricted/regulated
  - 11 neutral

# MAJOR DEVELOPMENTS IN FDI POLICIES

- Liberalization of foreign ownership
  - Easing of investment facilitation processes
  - Expansion and refocusing of Special Economic Zones
    - testing grounds for new policies and economic reforms
  - Increasing national security concerns
- 

# NEW AND TERMINATED BILATERAL INVESTMENT TREATIES, JANUARY 2017-JUNE 2018



- 25 BITs signed and/or entered into force
- 19 BITs were terminated

Treaty terminations outpaced newly concluded IIAs for the first time, partly due to heightened need for review of the current IIA regime in terms of rebalancing investor and host country rights and obligations

# NEW TIPS (11) BY COUNTRIES FROM THE ASIA-PACIFIC REGION, JANUARY 2017-JUNE 2018

- China - Hong Kong CEPA Investment Agreement (2017)
  - China-Georgia FTA
  - Hong Kong, China SAR - ASEAN Investment Agreement (2017)
  - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
  - Republic of Korea - Republics of Central America FTA
  - Chile-Indonesia CEPA
  - Singapore - Turkey FTA (2015)
  - EU-Armenia CEPA
  - EFTA - Georgia FTA (2016)
  - PACER Plus
  - Australia-Peru FTA
- 

# INVESTMENT FACILITATION - TOWARDS HARMONIZED GLOBAL INVESTMENT REGIME

*Improving transparency and predictability of investment policies,  
streamlining administrative procedures and adopting tools to handle  
inquiries or complaints by investors*

Does NOT cover investment protection, investment liberalization or  
investment promotion

- E15 initiative (2011~)
- G20 Chinese presidency (2016)
- G20 Hamburg Summit (2017)
- Agreement on Trade Facilitation in Services in the WTO (India)

**THANK YOU**

**Contact:**

**Ms. Soo Hyun Kim**

Trade, Investment and Innovation  
Division

United Nations Economic and  
Social Commission for Asia and  
the Pacific (ESCAP)

**[kim51@un.org](mailto:kim51@un.org)**