Fifth South-East Asia Multi-Stakeholder Forum

"Building Back Better from COVID-19 while Advancing the full Implementation of the 2030 Agenda for Sustainable Development"

Session #6
RCEP and the 2030 Agenda: Sustainable Investment

Wednesday, 3 November 2021; 14:00 – 16:00 hrs (Bangkok Time: UTC +7)
Virtual meeting, MS Teams

Overview

The Regional Comprehensive Economic Partnership (RCEP) sets the standard for a new level of economic cooperation, integration, and inclusion across the Asia-Pacific region. The agreement recognises that all three pillars of sustainable development (economic, social, and environment) are interdependent, and that economic parentships can play an important role in sustainable development. Moreover, the signatories to RCEP have adopted the 2030 Agenda for Sustainable Development.

The implementation of RCEP and the attainment of the SDGs are intrinsically linked and their synergies should not only be explored and unpacked but also reinforced and strengthened. The scope and reach of RCEP offers unique opportunity to leverage the power of trade, investment and economic partnership to improve the lives of people throughout the region. The overall framework of inclusive and sustainable development that leaves no one behind as espoused by the SDGs needs to be embedded and mainstreamed in the implementation of the RCEP.

Free trade agreements (FTAs), including those with investment provisions,[1] have been instrumental in promoting trade and encouraging investment; however, there is still significant scope for improving the extent to which they can and do support the other dimensions of sustainable development. In an increasingly liberalising world where the movement of goods and services is growing and value chains are becoming more complex, there are pathways to ensure that the economic benefits of trade and investment can resound to the people, especially to the most vulnerable and marginalised, and support the social, environmental and governance pillars of sustainable development.

By imbedding the principles of the SDGs in the implementation of the RCEP, the actual gain from a purposive policy framework would be to facilitate the flow of benefits from trade and investment to reducing poverty in the region. Due consideration should also be given to important areas which may not be directly addressed by the text of RCEP - that of Gender Equality as equitable access to tools such as financial services and electronic commerce have shown to have high impact on reducing gender-related economic gaps.

Leveraging RCEP to promote sustainable investment is timely, particularly for ASEAN member States. Foreign direct investment (FDI) declined by 13% in the ASEAN subregion, with the most dramatic declines recorded in Thailand, Myanmar, Malaysia, and Indonesia. Compounding this, global FDI flows

[1] This is one type of an International Investment Agreement, i.e. a treaty with an investment provision (TIP). Another is for example a bilateral investment treaty (BIT). RCEP brings together several overlapping issues in different free-trade agreements, including TIPs, and BITs among signatory countries, and also builds on several other free trade agreements between the ASEAN and non-ASEAN RCEP countries.

not only dropped by 44% in 2020 due to the pandemic, but they have also been on a steady decline annually since 2008. Even before the crisis, countries were under extreme pressure to substantially raise FDI inflow levels to help to meet their investment needs to achieve the SDGs. The unforeseen and significant drop in FDI caused by COVID-19 has simultaneously intensified these pressures and increased the need for financing.

RCEP can potentially offer a viable opportunity to lift investment prospects for signatory countries to build forward better and more sustainably through the complementary competitive and locational advantages among signatory countries and through strengthening intraregional investments in key SDG priority sectors. Signaling this, already nearly 70% of cumulative FDI projects into RCEP countries between 2015-2019 were in SDG-related sectors, such as infrastructure, renewable energy, water and sanitation, health care, food and agriculture, and education (UNCTAD, 2020). Nonetheless, with global FDI flows at an all-time low and with many RCEP countries struggling to cope with 3rd and 4th waves of the pandemic, there remains significant room to grow investments in these and other SDG-sectors.

Importantly, provisions within the RCEP agreement can contribute to enhancing sustainable investment opportunities. This includes provisions both in the investment chapter, as well as those related to investment in several other chapters of the Agreement.[2] Two unique features warrant further consideration and discussion: 1) RCEP is a 'living' document, and its details, including provisions and signatory countries, can improve over time, leaving considerable scope for incorporating more sustainable development oriented provisions within it; 2) the provision on investment facilitation in the investment chapter of RCEP could enable signatory countries to better target FDI for sustainable development.[3] Therefore, this session will focus on exploring and expanding upon these 2 issues, as well as what the challenges and opportunities are for ASEAN signatory countries in particular in aligning RCEP with their priorities for attracting, promoting and facilitating sustainable FDI.

In addition to these areas, the session will also consider investment in sustainable and resilient infrastructure development in particular, and examine how RCEP can encourage sustainable infrastructure investments in signatory countries and support public private partnerships (PPPs), which may include both domestic and foreign investors, as a viable implementation mechanism. PPPs are attractive because they can bring in new sources of financing for funding public infrastructure and service needs, and have an important role to play in supplementing government resources, allocating risk, and in sharing private sector expertise.

Objectives

The session will raise the discussion of implementing RCEP in support of the 2030 Agenda, particularly the role of FDI and PPPs to better promote sustainable development in the region. Discussion will also touch on how RCEP can and has changed the investment landscape within the region, how it can contribute to the COVID-19 recovery efforts in the region through boosting investment prospects, how it can facilitate infrastructure development through PPPs that bring in new sources of finances, and the specific areas within the Agreement that offer room for incorporating more of a sustainable development orientation.

Deliberations will highlight the priority SDG targets in implementing the RCEP, particularly those that fulfil social and environmental obligations of the parties and how these can be aligned with channelling RCEP-linked FDI into the priority SDG sectors of signatory countries. The session will also examine sustainable infrastructure investment in particular, and consider how RCEP can help attract and promote

[2] Including trade in goods, trade in services, e-Commerce, and other rules and disciplines.
[3] This latter point is particularly relevant in the context of ongoing investment facilitation for development discussions within the WTO, but also within APEC.

sustainable private sector investment in this area through PPPs. Focus will be on identifying the unique set of challenges and needs of South-East Asia in their efforts both regionally and nationally.

Target Audience

Participants will include official representatives from ESCAP member States including South-East Asia, United Nations organizations, civil society representatives, non-governmental organizations, academic institutions, the private sector representatives, and regional and international organizations.

Further Information and Registration

This session will take place in a virtual modality on **3 November 2021**. It will be conducted in English. All questions regarding this session can be sent to escap-sro-sea@un.org.

Background Papers

The impact of RCEP on ASEAN

The COVID-19 Pandemic, RCEP, and the Rise of Investment Facilitation

Tentative Agenda

Opening Session

Introductory remarks

Ms. Tientip Subhanij, Chief, Investment and Enterprise Development Section (IEDS), Trade, Investment and Innovation Division (TIID), UN ESCAP

Opening remarks: Mr. Yusdiman Saman, Acting Assistant Director, Trade Division, Ministry of Finance and Economy and monitors, Brunei Darussalam

Moderator

Mr. Manjiao Chi, Professor, Center of International Economic Law and Policy, Law School, University of International Business and Economics

Presenter

1. Leveraging RCEP to Promote Sustainable FDI, Ms. Heather Taylor-Strauss, Economic Affairs Officer, IEDS, TIID, UN ESCAP
2. Infrastructure Financing and Public-Private Partnerships (PPP) Network of Asia and the Pacific, Mr. Eric Roeder, Coordinator, IEDS, TIID, UN ESCAP

Panellists

1. Mr. Sar Senera, Director, Legal Affairs Department, Council for the Development of Cambodia
2. Ms. Marjorie Ramos-Samaniego, Governor, Board of Investments, Philippines
3. Mr. Syed Mohd Faizal Syed Mohd Dardin, Director, Investment Policy and Trade Division, Ministry of Trade and Industry, Malaysia (tbc)
4. Ms. Ankiti Bose, CEO and Co.founder, Zilingo
5. Ms. Intan Murnira Ramli, Policy Fellow, Economic Research Institute for ASEAN and East Asia
6. Mr. Darwin T Djajawinata, M.Sc, Operation & Finance Director PT. SMI (Persero)

Q & A Session

Discussion points

- Incorporating sustainable development-oriented provisions in RCEP in the future
- Investment facilitation for development measures as a means targeting and encouraging sustainable FDI in RCEP countries
- Guidelines for sustainable investment and PPPs

Wrap-up and Summary by Moderator

Closing remarks

Mr. Ruhimat Soerakoesoemah, Head, Sub-regional Office for Southeast Asia, UN ESCAP