

**STATEMENT BY MR HENG SWEE KEAT, MINISTER FOR FINANCE,  
AT THE INVESTMENT AND INFRASTRUCTURE SESSION OF THE  
G20 FINANCE MINISTERS' AND CENTRAL BANK GOVERNORS'  
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1 Global FDI rose by 36% to about US\$1.7 trillion, the highest since the global financial crisis. It is an impressive number, but a large part of it was due to corporate restructuring, such as M&A, in the developed countries of US and Europe. Investment in greenfield projects and productive assets remain limited, so productive capacity may not have expanded significantly.

2 Now, why is this so? I think investors are rational in choosing brownfield investments because these give better risk-return ratios. So if we are to promote productive greenfield investments, we need to reduce risks and improve returns for such projects.

3 So let me suggest a few ways of reducing risks.

4 First, having structured project documentation and standardised contracts to provide clarity and reduce uncertainty. The World Bank's Recommended PPP Contractual Provisions and the Global Infrastructure Hub's Annotated PPP Risk Allocation Matrices are good examples of such work.

5 Second, we need clear, stable and transparent rules and policies, supported by a fair and strong regulatory regime. For example, India had recently announced that it is implementing a legal framework for dispute resolution and re-negotiations in PPP and public utility projects.

6 Third, host countries can offer a combination of tax policies and financial incentives to nudge investments into productive assets. For example, UK announced in its budget a tax support of £1 billion for the oil and gas industry. So on this note, the G20 Tax Symposium in July is a good platform for us to discuss how tax policy can promote strong growth.

7 Let me now discuss three measures to enhance long-term returns.

8 First, we need better information on the rates of return across greenfield projects. The infrastructure investment performance benchmark developed between the Global Infrastructure Hub and the French Business School EDHEC is a good example.

9 Second, we should promote connectivity of infrastructure projects, especially for cross-border projects – a key theme under the Chinese Presidency. Greater connectivity can raise the value and returns of infrastructure and digital projects.

10 Third, we should encourage green infrastructure even for emerging economies, and tap on green financing. Designing for sustainability at the outset can save downstream costs, and raise long-term returns.

11 Singapore will do our part in furthering this connectivity agenda. We will be hosting the Global Infrastructure Connectivity Forum, co-organised by the World Bank Singapore Hub and the Chinese Presidency, later this month, and I look forward to active participation by all.

12 Thank you Chair.