12 June 2015

Thirteenth Report on G20 Investment Measures[1]

As the global financial crisis broke seven years ago, G20 Leaders committed to resisting protectionism in all its forms at their 2008 Summit in Washington. At their subsequent summits in London, Pittsburgh, Toronto, Seoul, Cannes, Los Cabos, St Petersburg and Brisbane, they reaffirmed their pledge and called on WTO, OECD, and UNCTAD to monitor and publicly report on their trade and investment policy measures.

The present document is the thirteenth report on investment and investment-related measures made in response to this call.[2] It has been prepared jointly by the OECD and UNCTAD Secretariats and covers investment policy and investment-related measures taken between 16 October 2014 and 15 May 2015.

I. Development of FDI flows

In 2014, global foreign direct investment (FDI) inflows decreased to an estimated to USD 1.2 trillion.[3]

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[1] This report is issued under the responsibility of the Secretary-General of the OECD and the Secretary-General of UNCTAD. It has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD. Nothing in this report implies any judgment, either direct or indirect, as to the consistency of any measure referred to in the report with the provisions of any WTO, OECD, or UNCTAD agreement or any provisions thereof. As its previous report, this document distinguishes between measures related to foreign direct investment (prepared jointly by OECD and UNCTAD) and measures related to other international capital flows (prepared solely by OECD).

[2] Earlier reports by WTO, OECD and UNCTAD to G20 Leaders are available on the websites of the OECD and UNCTAD. A summary table of all investment measures taken since 2008 is also available on those websites.

[3] For further information and analysis on recent trends on FDI inflows, see UNCTAD's Global Investment Trends Monitor, Issue No.18, 29 January 2015 and OECD FDI in Figures, April 2015 and Foreign Direct Investment (FDI) Statistics–OECD Data, Analysis and Forecasts. For most recent data, see the forthcoming *UNCTAD World Investment Report 2015: Reforming International Investment Governance*, to be released on 24 June 2015; and the forthcoming OECD Business and Finance Outlook available on www.oecd.org/daf/oecd-business-finance-outlook.htm.

II. Investment policy measures

G20 Members have taken few investment policy measures in the reporting period.

1. *Foreign direct investment-specific measures*

Five G20 members – Australia, Canada, P.R. China, India and Mexico – have taken investment policy measures related to FDI in the reporting period.[4] Australia lowered its screening threshold for screening of foreign investment in agricultural land; Canada amended the way the value of a transaction is assessed for the purpose of its net-benefit test; P.R. China revised its catalogue of sectors in which foreign investment is "encouraged", "restricted" or "prohibited", which overall lifts restrictions on foreign investment and prepared the launch of new free trade zones, in which lesser investment restrictions apply; India raised ceilings for foreign investment in three sectors (construction, pharmaceuticals, insurance); and Mexico introduced rules related to foreign investment in broadcasting and simplified procedural requirements for companies in with foreigners hold equity.

2. *Investment measures related to national security*

Two G20 Members – Canada and the Russian Federation – amended their investment policies related to national security: Canada modified procedural provisions and the Russian Federation reframed the scope of transactions that are subject to reviews.

3. *Investment policy measures not specific to FDI*[5]

In the reporting period, five G20 Members – Argentina, P.R. China, India, Indonesia, and Turkey – took investment policy measures that affect international capital flows while not being specifically geared towards influencing FDI. Changes in this area affect the degree to which economies are integrated in global financial markets.

All measures represent adjustments to the existing rules on international capital flows that these countries maintain. Most of the measures represented liberalisations of the rules on international capital flows.

4. *International Investment Agreements*

During the reporting period, G20 members continued to negotiate or conclude new international investment agreements (IIAs). Between 16 October 2014 and 15 May 2015, G20 members concluded seven bilateral investment treaties (BITs)[6] and four "other IIAs"[7] (table 1). Also during the reporting

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[4] Annex 1 contains information on the coverage, definitions and sources of the information contained in this section.

[5] This section on "Investment policy measures not specific to FDI" has been prepared by the OECD under the responsibility of the Secretary-General of the OECD. Annex 2 provides information on the coverage, definitions and sources of the information contained in this section.

[6] These are the BITs between Canada and Burkina Faso (20 April 2015); Japan and Ukraine (5 February 2015); Japan and Uruguay (26 January 2015); Canada and Côte d'Ivoire (30 November 2014); Canada and Mali (28 November 2014); Canada and Senegal (27 November 2014); Japan and Kazakhstan (23 October 2014).

[7] These are the Cooperation and Facilitation Investment Agreements (CFIAs) signed by Brazil with Angola (1 April 2015) and Mozambique (30 March 2015), the ASEAN-India Agreement on Investment (12 November 2014), and the Agreement between Japan and Mongolia for an Economic Partnership (10 February 2015). The Free Trade Agreement between Australia and the Republic of Korea entered into force on 12 December 2014, and the Economic Partnership Agreement between Australia and Japan entered into force on 15 January 2015.

period, Indonesia sent notices of BIT terminations to Cambodia, Hungary, India, Romania, Singapore, Turkey and Vietnam. As of 15 May 2015, there existed globally 2,926 BITs and 345 “other IIAs”.[8]

Table 1. G20 members' International Investment Agreements*

	Bilateral Investment Treaties (BITs)		Other IIAs		Total IIAs as of 15 May 2015
	Concluded between 16 October 2014 and 15 May 2015	As of 15 May 2015	Concluded between 16 October 2014 and 15 May 2015	As of 15 May 2015	
Argentina		58		15	73
Australia		21		16	37
Brazil		14	2	18	32
Canada	4	40		18	58
China		130		17	147
France		103		64	167
Germany		134		64	198
India		84	1	13	97
Indonesia		64	1[a/]	15	79
Italy		91		64	155
Japan	3	25	1	19	44
Republic of Korea		90		15	105
Mexico		29		15	44
Russian Federation		73		4	77
Saudi Arabia		24		14	38
South Africa		40		10	50
Turkey		89		18	107
United Kingdom		104		64	168
United States		46		64	110
European Union				63	63

* Source: UNCTAD.

[a/] ASEAN-India Agreement on Investment.

III. Overall policy implications

The overwhelming majority of investment policy changes introduced by G-20 economies between October 2014 and May 2015 enhanced openness for foreign investment. This confirms the long term trend since the monitoring exercise began; expressed in numbers of G20 policy measures taken since 2009, approximately 80 per cent of measures specific to FDI were liberalizing in nature.

8 The total number of BITs and "other IIAs" has been revised as a result of retroactive adjustments to UNCTAD's database on BITs and “other IIAs”.

Annex 1: Recent investment policy measures related to FDI (16 October 2014 – 15 May 2015) – Reports on individual economies

	Description of Measure	Date	Source
Argentina			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Australia			
Investment policy measures	The Australian Treasurer announced on 11 February 2015 that, effective 1 March 2015, lower screening thresholds will apply for investment proposals in for agricultural land. Approval by the Foreign Investment Review Board (FIRB) will henceforth be required for investments valued at over AUD 15 million; the previous threshold was AUD 252 million.	1 March 2015	"Government tightens rules on foreign purchases of agricultural land", Treasurer media release, 11 February 2015.
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Brazil			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Canada			
Investment policy measures	On 25 March 2015, amendments to the *Regulations Respecting Investments in Canada* were published. The amendments, which came into effect on 24 April 2015, brought into force legislative amendments that increased the threshold above which an acquisition of control of a Canadian business by a private-sector, foreign investor from a WTO country is assessed, and also changed the method of valuation of the threshold from asset value to enterprise value. The threshold, now CAD 600 million in enterprise value, will increase to CAD 800 million on 24 April 2017 and to CAD 1 billion on 24 April 2019. Beginning in January 2021, the threshold will be indexed annually to reflect the change in Canada's nominal gross domestic product in the previous year. For foreign investors that are state-owned enterprises, the threshold is CAD 369 million in asset value for 2015 (also indexed annually). The schedules specifying the information that foreign investors must submit were also updated.	24 April 2015	*Regulations Respecting Investments in Canada*, P.C. 2015-310 March 12, 2015.
Investment measures relating to national security	On 25 March 2015, amendments to the *National Security Review of Investments Regulations* that set out new procedural provisions related to the national security review process were published and are now in force.	25 March 2015	*Regulations Amending the National Security Review of Investments Regulations*, P.C. 2015-311 March 12, 2015.

	Description of Measure	Date	Source
P.R. China			
Investment policy measures	On 10 April 2015 the new "Catalogue for the Guidance of Foreign Investment Industries" came into effect. The Catalogue, which replaces the version in force since 2012 and had been made public on 10 March 2015 by the Ministry of Commerce and the National Development and Reform Committee, stipulates in which of over 400 industry sectors foreign investment is "encouraged", "restricted" or "prohibited". Compared to its predecessor, the new Catalogue overall lifts restrictions on foreign inward investment by reclassifying individual sectors. Most liberalizations are found in the manufacturing sector.	10 April 2015	Catalogue for the Guidance of Foreign Investment Industries
	On 20 April 2015 the State Council of China made public the Framework Plan for China (Guangdong) Pilot Free Trade Zone, the Framework Plan for China (Tianjin) Pilot Free Trade Zone, the Framework Plan for China (Fujian) Pilot Free Trade Zone, and the Plan for Further Deepening of Reform and Opening in China (Shanghai) Pilot Free Trade Zone. On the same day the General Office of the State Council made public Special Administrative Measures for Market Access for Foreign Investments in PFTZs (the Negative List) and Trial Methods of National Security Review of Foreign Investments in PFTZs; both measures are applicable in all four PFTZs. With the above-mentioned documents a foreign investment management model namely the pre-establishment national treatment plus negative list is established in PFTZs, which further opens sectors like international shipping, distribution, automotive manufacturing, agricultural and non-staple food processing, etc. Restrictions of foreign investment in these sectors are reduced and a corresponding national security review mechanism for foreign investments is applied on trial basis in PFTZs.	20 April 2015	
Investment measures relating to national security	None during reporting period.		
France			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Germany			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
India			
Investment policy measures	On 3 December, 2014, India amended the rules governing FDI in the Construction Development sector. The new rules lowered the entry thresholds for FDI in the construction sector, including housing, by reducing the minimum built-up area and capital requirement for foreign investment in such projects. The minimum land area restriction has been removed for serviced plots. In case of construction-	3 December 2014	Press note 10 (2014), Department of Policy and Promotion, Ministry of Commerce and Industry.

	Description of Measure	Date	Source
	development projects, minimum built up area of 50,000 sq. meter has now been reduced to floor area of 20,000 sq. meter. The new rules also lowered the minimum capitalisation from USD 10 million to USD 5 million. Norms relating to repatriation of funds or exit from the project have also been liberalized.		
	On 6 January, 2015, India reviewed the FDI policy on pharmaceutical sector. Henceforth, manufacturing of medical devices is exempted from the FDI rules applicable to the pharmaceutical sector and 100% FDI is permitted via the automatic route both in greenfield and brownfield investment.	6 January 2015	Press note 2 (2015), Department of Policy and Promotion, Ministry of Commerce and Industry, 26 August 2014.
	On 2 March, 2015, India increased the ceiling for foreign investment in insurance from 26% to 49%. FDI up to 26% is permitted under automatic route	2 March 2015	Press note 3 (2015), Department of Policy and Promotion, Ministry of Commerce and Industry, 2 Mars 2015.
	On 24 April, 2015, India authorised foreign investment in pension sector up to an ownership ceiling of 49%. FDI in pension funds are allowed under the automatic route up to 26%	24 April 2015	Press note 4 (2015), Department of Policy and Promotion, Ministry of Commerce and Industry, 24 April 2015.
Investment measures relating to national security	None during reporting period.		
Indonesia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Italy			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Japan			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Republic of Korea			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		

	Description of Measure	Date	Source
Mexico			
Investment policy measures	On 31 October 2014 and 12 February 2015, amendments to the Regulations to the Foreign Investment Law and to the National Foreign Investment Registry came into effect. Among other issues, the amendments describe all the information and documents that are necessary to obtain a favorable opinion from the National Commission of Foreign Investments, required by the Federal Telecommunications Institute to obtain the concession for broadcasting services involving the participation of foreign investment, according to the Federal Telecommunications and Broadcasting Law. Also, the amendments simplify the obligations of the subjects required to register in the National Foreign Investment Registry. Henceforth, foreign investment and Mexican companies with foreign equity holdings must renew their registration and update their information presented to the Registry only if their revenue and disbursements quarterly exceed the amount determined by the National Commission of Foreign Investments. Effective 23 February 2015, these amounts were set to MXN 20 million for the update of the information presented to the National Foreign Investment Registry and the amount of MXN 110 million for the renewal of registration to the National Foreign Investment Registry.	31 October 2014; 23 February 2015	Decreto por el que se reforman, adicionan y derogan diversas disposiciones del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras, Federal Official Gazette on 31 October 2014; Resolución General por la que se establecen los montos relativos a la actualización de la información y renovación de constancia de inscripción ante el Registro Nacional de Inversiones Extranjeras, a que se refieren los artículos 38, 41, 43 y 50 del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras, Federal Official Gazette on 23 February 2015.
Investment measures relating to national security	None during reporting period.		
Russian Federation			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	On 6 December 2014, amendments to the Federal Law on Foreign Investment in Commercial Entities with Strategic Importance for National Defense and National Security came into effect. These amendments, included in Federal Law No. 343-FZ, exempt certain operations from the remit of the Law on Strategic Entities, but bring property classified as production assets of a strategic company – valued at more than 25% of the strategic entity's balance sheet assets – under the law's scope.	6 December 2014	"Amendments to No. 57-FZ Federal Law on foreign investments come into effect", Federal Antimonopoly Service of the Russian Federation news release, 5 December 2014
Saudi Arabia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
South Africa			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		

	Description of Measure	Date	Source
Turkey			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
United Kingdom			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
United States			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
European Union			
Investment policy measures	None during reporting period.		

Methodology for the inventory presented in Annex 1 — Coverage, Definitions and Sources

Reporting period. The reporting period of the present document is from 16 October 2014 to 15 May 2015. An investment measure is counted as falling within the reporting period if new policies were prepared, announced, adopted, entered into force or applied during the period.

Definition of investment. For the purpose of the inventory presented in Annex 1, international investment is understood to include only foreign direct investment. Investment policy measures not specific to FDI are not included in this inventory but shown in Annex 2 of this report.

Definition of investment measure. For the purposes of this annex, investment measures consist of any action that either: imposes or removes differential treatment of foreign or non-resident investors compared to the treatment of domestic investors in like situations. Reporting on such policy measures has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD.

National security. International investment law, including the OECD investment instruments, recognises that governments may need to take investment measures to safeguard essential security interests and public order. The investment policy community at the OECD and UNCTAD monitors these measures to help governments adopt policies that are effective in safeguarding security and to ensure that they are not disguised protectionism.

Sources of information and verification. The sources of the information presented in this report are:

- official notifications made by governments to various OECD processes (e.g. the Freedom of Investment Roundtable or as required under the OECD investment instruments);

- information contained in other international organisations' reports or otherwise made available to the OECD and UNCTAD Secretariats;
- other publicly available sources: specialised web sites, press clippings etc.

Investment measures included in this report have been verified by the respective G20 members.

Annex 2: Recent investment policy measures not specific to FDI (16 October 2014 – 15 May 2015) – Reports on individual economies[9]

Description of Measure	Date	Source
Argentina		
On 31 October 2014, amendments to Argentina's Hydrocarbons Law came into effect. Among other issues, the changes allow exporters of petroleum to retain export proceeds abroad.	31 October 2014	Boletin Oficial de la Republica Argentina, Ley 27.007.
Australia		
None during reporting period.		
Brazil		
None during reporting period.		
Canada		
None during reporting period.		
P.R. China		
Effective 1 January 2015, China relaxed restrictions on foreign exchange trading by banks. New rules issued by the State Administration of Foreign Exchange (SAFE) on 30 December 2014 introduce weekly limits for foreign exchange positions, rather than daily caps as hitherto. The new rules also introduce standards for foreign exchange positions that will replace individual applications for quota.	1 January 2015	"Facilitating Foreign Exchange Settlement and Sales by Banks and Boosting Development of the Foreign Exchange Market", SAFE release dated 20 January 2015
On 26 March 2015, China dropped the ceiling of USD 1 billion on investments by other foreign investors under the Qualified foreign institutional investors (QFII) scheme. Hitherto, only overseas sovereign wealth funds and central banks were dispensed from the ceiling.	26 March 2015	SAFE list of QFII quotas, 26 March 2015
France		
None during reporting period.		
Germany		
None during reporting period.		
India		
On 3 February 2015, the Governor of the Reserve Bank of India announced an increase of the ceiling for foreign exchange remittances under the Liberalised Remittance Scheme to USD 250,000 per person per year. Since July 2014, the ceiling was set at USD 125,000, up from USD 75,000, when the measure was introduced in 2013.	3 February 2015	"Sixth Bi-Monthly Monetary Policy Statement, 2014-15 by Dr. Raghuram G. Rajan, Governor", Reserve Bank of India, 3 February 2015, para 19.
On 5 February 2015, the Reserve Bank of India introduced a modification on the rules that govern investments by foreign institutional investors in Government dated securities. The rules that the Reserve Bank of India had introduced on	5 February 2015; 23 July 2014	"Foreign investment in India by Foreign Portfolio Investors", RBI/2014-15/453

9 This inventory has been established by the OECD Secretariat under the responsibility of the Secretary-General of the OECD.

Description of Measure	Date	Source
23 July 2014 had restricted the scope of Government dated securities that foreign institutional investors can invest in. Under the overall limit of USD 30 billion, a new tranche of USD 5 billion was allocated to securities with residual maturities of at least three years. Given that this limit was fully utilised by early 2015, the Reserve Bank of India decided to enable reinvestment of coupons in Government securities even when the existing limits are fully utilised to incentivise long term investors.		A.P. (DIR Series) Circular No.72; "Foreign investment in India by SEBI registered Long term investors in Government dated Securities", RBI/2014-15/145, A. P. (DIR Series) Circular No. 13; "Sixth Bi-Monthly Monetary Policy Statement, 2014-15 by Dr. Raghuram G. Rajan, Governor", Reserve Bank of India, 3 February 2015, para 21.
On 31 March 2015, India increased the ceilings of participation by residents and foreign portfolio investors (FPI) in the Exchange Traded Currency Derivatives (ETCD) market, which had last been set by RBI/2013-14/649, A.P. (DIR Series) Circular No.147, and RBI/2013-14/650, A.P. (DIR Series) Circular No.148, dated 20 June 2014. Henceforth, residents and FPIs can take long and short positions up to USD 15 million per exchange for USD-INR pairs plus and additional aggregate of USD 5 million per exchange for EUR-INR, GBP-INR and JPY-INR pairs. The positions can be taken without establishing exposure underlying these positions. Also, resident importers are now allowed to take hedging positions in ETCD markets of up to 100% of the average of their last three years' imports turnover or the previous year's turnover, whichever is higher, instead of 50% hitherto.	31 March 2015	RBI/2014-15/526, A.P.(DIR Series) Circular No. 90; RBI/2014-15/527, A.P.(DIR Series) Circular No. 91.
Indonesia		
Effective 1 January 2015, Bank Indonesia, Indonesia's Central Bank, introduced hedging requirements and foreign exchange liquidity ratios for foreign currency debt on non-bank corporations. The regulations are contained in Bank Indonesia Regulation 16/21/PBI/2014, which replaces an earlier Regulation (No. 16/20/PBI/2014) of 28 October 2014. According to the new rules, non-bank corporations must respect a minimum hedging ratio of 20% calculated on the balance of the corporation's foreign currency liabilities and foreign currency assets. On 1 January 2016, the ratio will increase to 25%. The ratio is applicable to the negative balance between foreign currency assets and foreign currency liabilities with a maturity period of up to three months and those that shall mature between three and six months. Indonesian non-bank corporations that hold external debt are also required to hold foreign currency assets of at least 50% of the value of their foreign currency liabilities with a maturity period of up to three months from 1 January 2015. On 1 January 2016, the liquidity ratio will increase to 70%.	1 January 2015	Bank Indonesia Regulation 16/21/PBI/2014 "Bank Indonesia Improves the Regulation on Application of Prudence Principle in Non-bank Corporate External debt Management", Bank Indonesia Press release, 2 January 2015
Italy		
None during reporting period.		
Japan		
None during reporting period.		
Republic of Korea		
None during reporting period.		
Mexico		
None during reporting period.		

Description of Measure	Date	Source
Russian Federation		
None during reporting period.		
Saudi Arabia		
None during reporting period.		
South Africa		
None during reporting period.		
Turkey		
Effective 13 February 2015, Turkey's central bank raised reserve requirement ratios of short-term foreign exchange denominated liabilities of banks and financing companies. Reserve requirement rations for liabilities with maturities up to 1 year are set to 18%, up from 13%, for liabilities of up to 2 years, are increased from 11% to 13%, for liabilities of up to 5 years, are increased from 6% to 7%. Reserve requirement ratios for liabilities with maturities of up to 3 years have been reduced from 11% to 8%.	13 February 2015	"Press release on Reserve Requirements", No 2015-01, Turkish Central Bank, 3 January 2015.
United Kingdom		
None during reporting period.		
United States		
None during reporting period.		
European Union		
None during reporting period.		

Methodology for the inventory presented in Annex 2 — Coverage, Definitions and Sources

Reporting period. The reporting period of the present document is from 16 October 2014 – 15 May 2015. An investment measure is counted as falling within the reporting period if new policies were prepared, announced, adopted, entered into force or applied during the period.

Definition of investment. For the purpose of the inventory presented in Annex 2, international investment is understood to include all international capital movements, except measures specifically concerning foreign direct investment; those measures are reported in Annex 1 of the present document.

Definition of investment measure. For the purposes of this Annex 2, investment measures consist of any action that either: imposes or removes differential treatment of foreign or non-resident investors compared to the treatment of domestic investors in like situations; or: that imposes or removes restrictions on international capital movements. Reporting on international capital movements has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD.

Sources of information and verification. The sources of the information presented in this report are:

- official notifications made by governments to various OECD processes (e.g. the Freedom of Investment Roundtable or as required under the OECD investment instruments);
- information contained in other international organisations' reports or otherwise made available to the OECD Secretariat;
- other publicly available sources: specialised web sites, press clippings etc.

Investment measures included in this report have been verified by the respective G20 members.

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