

30 October 2015

Fourteenth Report on G20 Investment Measures¹

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 fourteenth 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 May 2015 and 15 October 2015.

I. Development of FDI flows

Global foreign direct investment (FDI) fell in 2014, but picked up in the first half of 2015, compared to the second half of 2014.³

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 The most recent figures are available in OECD, [FDI in Figures, October 2015](#) and will be available in the forthcoming [UNCTAD Global Investment Trend Monitor](#). For further information and analysis on recent trends on FDI inflows, see [UNCTAD, World Investment Report 2015: Reforming International Investment Governance](#), June 2015, and OECD,

II. Investment policy measures

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

1. *Foreign direct investment-specific measures*

Only three G20 Members – P.R. China, India and Saudi Arabia – have taken investment policy measures related to FDI in the reporting period: P.R. China relaxed restrictions on foreign investment in bank card clearing companies; e-commerce; and real estate. India raised trigger thresholds for prior approval requirements; amended the definition of non-residents whose investments in India are deemed FDI; simplified the rules on caps for FDI in certain related sectors; included partly paid shares and warrant in the list of eligible capital instruments for the country’s FDI policy; and allowed FDI in white-label ATMs. Saudi Arabia opened its stock market to foreign investors.

2. *Investment measures related to national security*

One G20 Member – P.R. China – passed a National Security Law which allows the State to establish, inter alia, a national security review and oversight mechanism for foreign investment.

3. *Investment policy measures not specific to FDI⁴*

In the reporting period, only one G20 Member – P.R. China – 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.

The measures taken by P.R. China in the reporting period represent adjustments to its existing rules on international capital flows. Two of the three measures recorded in the reporting period represent liberalisations and simplifications of the rules on international capital flows; the third measure introduces a reserve requirement on certain forward operations of foreign exchange.

4. *International Investment Agreements*

During the reporting period, G20 members continued to negotiate or conclude new international investment agreements (IIAs). Between 16 May 2015 and 15 October 2015, G20 members concluded three bilateral investment treaties (BITs)⁵ and six “other IIAs”⁶ (Table 1).⁷ One G20 member sent

[Foreign Direct Investment \(FDI\) Statistics–OECD Data, Analysis and Forecasts](#) and the [OECD Business and Finance Outlook 2015](#).

⁴ 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.

⁵ These are the BITs between China and Turkey (29 July 2015), Japan and Oman (19 June 2015), and Canada and Guinea (27 May 2015).

⁶ These are the Cooperation and Facilitation Investment Agreements (CFIAs) signed by Brazil with Colombia (8 October 2015), Malawi (17 June 2015) and Mexico (26 May 2015) and the Free Trade Agreements (FTAs) between Australia and China (17 June 2015), China and the Republic of Korea (1 June 2015) and the Eurasian Economic Union and Viet Nam (29 May 2015). The Pacific Alliance Framework Agreement concluded between Chile, Colombia, Mexico and Peru entered into force on 20 July 2015 and the FTA between Mexico and Panama entered into force on 1 July 2015. Negotiations of the Trans-Pacific Partnership (TPP) between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Viet Nam were concluded on 4 October 2015.

⁷ The conclusion of a BIT does not mean that it has entered into force.

notices of termination for two of its BITs.⁸ As of 15 October 2015, the IIA universe comprised over 2,900 BITs and 350 other IIAs.⁹

Table 1. G20 Members' International Investment Agreements*

	Bilateral Investment Treaties (BITs)		Other IIAs		Total IIAs as of 15 October 2015
	Concluded between 16 May 2015 and 15 October 2015	As of 15 October 2015	Concluded between 16 May 2015 and 15 October 2015	As of 15 October 2015	
Argentina		58		15	73
Australia		21	1	17	38
Brazil		14	3	21	35
Canada	1	36		18	54
China	1	129	2	19	148
France		104		64	168
Germany		135		64	199
India		84		13	97
Indonesia		55		15	70
Italy		88		64	152
Japan	1	26		19	45
Republic of Korea		90	1	17	107
Mexico		31	1	16	47
Russian Federation		74	1	5	79
Saudi Arabia		24		14	38
South Africa		39		10	49
Turkey	1	93		18	111
United Kingdom		107		64	171
United States		46		65	111
European Union				63	63

Source: UNCTAD's IIA Navigator (<http://investmentpolicyhub.unctad.org/IIA>).

III. Overall policy implications

Almost all of the investment policy changes introduced by G-20 economies between May 2015 and October 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, well over 80 per cent of measures specific to FDI were liberalizing in nature.

Beyond their commitment to standstill, G20 Leaders should consider ways and means to effectively promote investment to boost global economic growth, trade, employment and sustainable development. There is a need for G20 collective leadership in this regard.

⁸ Indonesia sent notices of termination of its BITs with Pakistan and Switzerland on 4 August 2015.

⁹ A treaty is included in UNCTAD's IIA statistics once it is formally concluded; treaties whose negotiations have been concluded, but which have not been signed, are not counted. A treaty is excluded from the IIA count once its termination becomes effective, even though it may continue to have legal effect for certain investments during its "survival" ("sunset") period. In cases of treaty replacements, only one of the treaties between the same parties is counted even before the old treaty is terminated due to the entry into force of the new treaty. Information in UNCTAD's IIA Navigator is continuously adjusted as a result of verification with, and comments from, Member States.

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

	Description of Measure	Date	Source
Argentina			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Australia			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Brazil			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Canada			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
P.R. China			
<i>Investment policy measures</i>	Effective 1 June 2015, P.R. China allowed foreign companies to set up bank card clearing companies and provide bank card clearing services in China. Where clearing services concern Chinese domestic bank card transactions, a business license and a registered capital of over RMB 1 billion are required.	1 June 2015	
	On 19 June 2015, the Ministry of Industry and Information Technology relaxed foreign ownership restrictions in the e-commerce sector; henceforth, 100% foreign ownership is allowed in this sector. The liberalisation followed the issuing of the State Council <i>Opinions on Vigorous Development of E-Commerce to Accelerate the Cultivation of a New Driving Force in the Economy</i> on 4 May 2015.	19 June 2015	“Circular of the Ministry of Industry and Information Technology on Liberalizing the Restrictions on Foreign Shareholding Percentages in Online Data Processing and Transaction Processing Business (For-Profit E-Commerce Business)”, [2015] Circular No. 196.

	Description of Measure	Date	Source
	On 19 August 2015, China relaxed restrictions on foreign investment in the real estate market. In particular, restrictions on the ratio of registered capital to total investment by foreign real estate enterprises were eliminated. In addition, restrictions that prohibit foreign real estate investment enterprises from access to bank lending in and outside China and to foreign exchange settlement were also relaxed.	19 August 2015	Press conference , Ministry of Commerce, 16 September 2015; "Circular of the Ministry of Housing and Urban-Rural Development regarding the adjustment of the access and administration of foreign investment in real estate", [2015] No. 122.
<i>Investment measures relating to national security</i>	On 1 July 2015, the National Security Law came into effect. As a framework law, it lays down the general principles and obligations of the State in maintaining security in the country. Article 59 of the Law allows the State to establish, inter alia, a national security review and oversight mechanism to conduct a national security review of foreign commercial investment, special items and technologies, internet services and other major projects and activities which might impact national security. The framework for such reviews based on national security considerations had first been established in 2011.	1 July 2015	
France			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Germany			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
India			
<i>Investment policy measures</i>	Effective 18 June 2015, India increased the thresholds of inward FDI projects that trigger prior approval requirements of the Cabinet Committee on Economic Affairs from INR 20 billion to INR 30 billion. Inward FDI proposals with valued at equal or less than INR 30 billion are considered by the Foreign Investment Promotion Board.	18 June 2015	Press note 6 (2015) , Department of Industrial Policy & Promotion, Ministry of Commerce and Industry.
	Effective from 18 June 2015, India has amended the definition of Non Resident Indians (NRIs) as contained in the FDI policy, and provided that for the purpose of FDI Policy, investment by NRIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment at par with the investment made by residents.	18 June 2015	Press note 7 (2015) , Department of Industrial Policy & Promotion, Ministry of Commerce and Industry
	Effective 30 July 2015, composite caps were introduced for certain sectors to achieve greater uniformity and simplicity.	30 July 2015	Press note 8 (2015) , Department of Industrial Policy & Promotion, Ministry of Commerce and Industry.
	Effective 15 September 2015, partly paid shares and warrants were permitted as eligible capital instruments for the purpose of India's FDI policy.	15 September 2015	Press note 9 (2015) , Department of Industrial Policy & Promotion, Ministry of Commerce and Industry.
	Effective 1 October 2015, India authorised FDI, up to 100%, under the automatic route, in White Label ATM (WLA) Operations. Hitherto, foreign investment in White Label	1 October 2015	Press note 11 (2015) , Department of Industrial Policy & Promotion,

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	ATM Operations was allowed only through the government approval route. None during reporting period.		Ministry of Commerce and Industry.
Indonesia			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Italy			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Japan			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Korea			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Mexico			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Russian Federation			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Saudi Arabia			
<i>Investment policy</i>	On 15 June 2015, Saudi Arabia opened its stock market, known as the Tadawul, for foreign investors. Restrictions	15 June 2015	“Rules for Qualified Foreign Financial

	Description of Measure	Date	Source
<i>measures</i>	apply, however: Only Qualified Foreign Investors (QFI) can participate in the market; QFI's need to be financial institutions with assets of at least USD 5 billion under management, have been in operation for at least five years. Also, individual investors may acquire equity stakes of no more than only 5% in individual companies, and foreign investors cumulatively may not hold more than 20%. Foreigners may not invest in all companies listed on the Tadawul.		Institutions Investment in Listed Shares ", Capital Markets Authority.
<i>Investment measures relating to national security</i>	None during reporting period.		
South Africa			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Turkey			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
United Kingdom			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
United States			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
European Union			
<i>Investment policy measures</i>	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 May 2015 – 15 October 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 May 2015 – 15 October 2015) – Reports on individual economies¹⁰

Description of Measure	Date	Source
Argentina		
None during reporting period.		
Australia		
None during reporting period.		
Brazil		
None during reporting period.		
Canada		
None during reporting period.		
P.R. China		
On 8 September 2015, the People's Bank of China (PBoC) announced that it would require banks to deposit a 20%, non-interest bearing reserve requirement on forward sales of foreign exchange with their non-bank clients in non-interest bearing accounts with the PBoC.	8 September 2015	“Q&A on Recent Macro-prudential Measures relating to FX Derivatives Transactions” , The People’s Bank of China, 16 September 2015
Also as of 1 June 2015, the SAFE <i>Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment</i> (Hui Fa No. 13 [2015]) seeks to facilitate the operations of cross-border investment funds by enterprises by abolishing a number of registration and verification obligations related to foreign exchange operations.	1 June 2015	“SAFE Further Simplifies and Improves Foreign Exchange Administration for Direct Investment” , State Administration of Foreign Exchange, 29 April 2015.
A further SAFE <i>Circular of the State Administration of Foreign Exchange Regarding the Reform of the Administration of Foreign Exchange Registered Capital Settlement¹ for Foreign-Invested Enterprises</i> (Hui Fa No. 19 [2015]) came into force on 1 June 2015. The Circular allows foreign-invested enterprises to convert their foreign exchange capital into RMB at any time, to use RMB converted from their foreign exchange capital for making equity investments within China, and simplify the use of such funds.	1 June 2015	“SAFE Reforms Administrative Approaches to Settlement of Foreign Exchange Capital to Further Facilitate Capital Operations by Enterprises” , State Administration of Foreign Exchange, 11 June 2015.
Germany		
None during reporting period.		
India		
None during reporting period.		
Indonesia		
None during reporting period.		

¹⁰ This inventory has been established by the OECD Secretariat under the responsibility of the Secretary-General of the OECD.

Description of Measure	Date	Source
Italy		
None during reporting period.		
Japan		
None during reporting period.		
Republic of Korea		
None during reporting period.		
Mexico		
None during reporting period.		
Russian Federation		
None during reporting period.		
Saudi Arabia		
None during reporting period.		
South Africa		
None during reporting period.		
Turkey		
None during reporting period.		
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 May 2015 – 15 October 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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