FREEDOM OF INVESTMENT PROCESS

Inventory of investment measures taken between 1 November 2011 and 29 February 2012

April 2012

The “Freedom of Investment" (FOI) process hosted by the OECD Investment Committee has stepped up monitoring of investment policy developments in the 50 economies that participate in the process.

This report was prepared for the 16th Roundtable on Freedom of Investment held in March 2012. It follows on from an earlier report submitted for consideration at the Freedom of Investment Roundtable 15 in December 2011 that covered investment measures taken between 16 February and 31 October 2011.

Information presented here will also be used for the joint report by WTO, OECD and UNCTAD, to the June 2012 G20 Summit. The joint report will be released at the end of May 2012.

More information about the FOI process is available at www.oecd.org/daf/investment/foi.

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INVESTMENT POLICY DEVELOPMENTS BETWEEN 1 NOVEMBER 2011 AND 29 FEBRUARY 2012

By adhering to the OECD investment instruments, governments commit themselves to open, non-discriminatory policies toward foreign direct investment and other capital movements and have agreed to engage in peer reviews on their observance of these commitments. G20 Leaders made similar *ad hoc* commitments to standstill at their summits in Washington, London, Pittsburgh, Toronto, Seoul and Cannes and requested that the WTO, OECD and UNCTAD produce public reports on their "adherence to these undertakings". APEC Leaders likewise made an *ad hoc* commitment to refrain from raising new barriers to investment until the end of 2013.[1]

During the reporting period between 1 November 2011 and 29 February 2012, 13 out of the 55 participants in the *Freedom of Investment* Roundtables took some sort of investment measure (investment-specific measures or investment measures relating to national security) (Table 1).

Most new investment-specific policy changes introduced in the reporting period point towards liberalisation, thereby continuing the thrust of policy developments documented in earlier reports to the FOI Roundtable.[2] Some restrictions to cross-border capital flows were also introduced.

Two countries, Austria and the Russian Federation, modified their investment policies relating to national security: Austria introduced a new review mechanism for inward investment; the Russian Federation passed rules that attenuate the restrictions on foreign investment in strategic sectors it had introduced a few years ago. In general, activity in this area of investment policy continues to be low.

There were few signs that countries made major progress in unwinding assets and liabilities acquired as part of their response to the financial and economic crisis in 2008/2009. Governments continued to hold large pools of illiquid assets in "Bad Banks" and maintained their ownership positions in banks. Germany even revived the *SoFFin*, the instrument to rescue troubled financial institutions created in 2009 which was closed to new entrants at the end of 2010.

Renewed turbulence in financial markets resulting from concerns about sovereign debt and the weak economic outlook in many countries were reflected in countries' attitudes to international capital flows, especially to interbank lending. Several countries sought to restrict lending operations between parents and subsidiaries.

1 Declaration of the 18th APEC Economic Leaders' Meeting, Yokohama, Japan, 13-14 November 2010: "In our continued efforts to resist protectionism, we agree to extend our commitment on standstill made in 2008 to the end of 2013 to refrain from raising new barriers to investment or to trade in goods and services, […]."

2 These reports are available at the website www.oecd.org/daf/investment/G20.

Table 1: Investment and investment-related measures taken between 1 November 2011 and 29 February 2012.

	Investment-specific measures	Investment measures related to national security
Argentina	•	
Australia		
Austria	•	•
Belgium		
Brazil	•	
Canada		
Chile		
P.R. China	•	
Colombia		
Costa Rica		
Czech Republic		
Denmark		
Egypt		
Estonia		
Finland		
France		
Germany		
Greece		
Hungary		
Iceland	•	
India	•	
Indonesia	•	
Ireland		
Israel		
Italy		
Japan		
Jordan		
Korea	•	
Latvia		
Lithuania		
Luxembourg		
Malaysia	•	
Mexico		
Morocco		
Netherlands		
New Zealand	•	
Norway	•	
Peru		
Poland		
Portugal		
Romania		
Russian Federation	•	•
Saudi Arabia	•	
Serbia		
Slovak Republic		
Slovenia		
South Africa		
Spain		
Sweden		
Switzerland		
Tunisia		
Turkey		
United Kingdom		
United States		
European Union		

Reports on individual economies:
Recent investment policy measures (1 November 2011 – 29 February 2012)

	Description of Measure	Date	Source
Argentina			
Investment policy measures	On 29 December2011, Argentina promulgated the law on the "*Protección al Dominio Nacional sobre la Propiedad, Posesión o Tenecia de las Tierras Rurales*". The law restricts the extent to which foreigners are allowed to acquire farmland. It limits the overall foreign holdings of farmland in Argentina to 15% of the total surface, and individual foreigners would not be allowed to own more than 1,000 hectares. The law also defines future acquisitions of land as acquisition of a non-renewable resource rather than an investment.	27 December 2011	"*Ley 26.737, Régimen de Protección al Dominio Nacional sobre la Propiedad, Posesión o Tenencia de las Tierras Rurales*", 27 December 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Australia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 18 January 2012, the Australian Government released a Policy Statement on Foreign Investment in Agriculture, which provides guidance on factors the Australian Government typically considers in assessing foreign investment applications involving the agricultural sector.	18 January 2012	"*Policy Statement: Foreign Investment in Agriculture*", Treasurer Media Release No. 30, 8 April 2011.
Austria			
Investment policy measures	On 21 November 2011, the Austrian Financial Market Authority (FMA) and the Austrian National Bank (OeNB) announced their intention to release a set of measures regarding the business models used by Austrian banks operating in Central, Eastern and South-eastern Europe (CESEE). In a joint press release, the institutions state that "*To promote the subsidiaries' refinancing structure, credit growth will in the future be conditional on the growth of sustainable local refinancing (comprising mainly local deposits, but also local issuance activity and supranational funding, e.g. by the EBRD or the EIB). In the future, subsidiaries that are particularly exposed must ensure that the ratio of new loans to local refinancing (i.e. the loan-to-deposit ratio including local refinancing) does not exceed 110%.*" The FMA had initially announced the publication of these measures before the end of 2011, but they had not been made public at the end of the reporting period on 29 February 2012.	21 November 2011	"*FMA and OeNB Devise a Set of Measures to Strengthen Business Model Sustainability for Austrian Banks Operating in CESEE*", Financial Market Authority (FMA), 21 November 2011.
Investment measures relating to national	On 8 December 2011, the new Austrian Foreign Trade Law entered into effect. The new law establishes a review mechanism for foreign investment in Austrian companies that	8 December 2011	Außenwirtschaftsgesetz 2011, BGBl. I Nr. 112/2011.

	Description of Measure	Date	Source
security	operate in sectors sensitive to public security and order. A new § 25a of the law requires that foreign investors from countries other than the EEA and Switzerland to seek authorisation from the Ministry of Economy for investments that would lead to ownership or voting rights of over 25% in companies with a seat in Austria operating in certain sectors. These sectors include defence and security, hospitals, rescue and fire-fighters, crisis-prevention, power generation and distribution, natural gas and water distribution, telecommunication, transport and traffic by land, air or waterways, as well as the education sector including university, school, and kindergarten.		Notification by Austria to the OECD [DAF/INV/RD(2012)6].
Other developments	None during reporting period.		
Belgium			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Brazil			
Investment policy measures	On 1 December 2011, Brazil abolished the Tax on Financial Transactions (*Imposto sobre Operaçoes Financieras*, IOF) that it had introduced and amended several times in the course of 2011.	1 December 2011	Presidential Decree 7.632, of 1 December 2011
Investment measures relating to national security	None during reporting period.		
Other developments			
Canada			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 12 December 2011, the Canadian Minister of Industry announced the settlement of a lawsuit of the Canadian government against U.S. Steel. Canada had brought this lawsuit against U.S. Steel for an alleged breach of undertakings made in the course of a review under the Investment Canada Act (ICA). These undertakings were given when U.S. Steel acquired Canadian company Stelco in 2007 and relate to levels of employment, production and capital spending. In March 2009, US Steel temporarily shut down most of its Canadian operations. The settlement that was reached in December 2011 implies new undertakings by U.S. Steel.	12 December 2011	"*Industry Minister Paradis Reaches an Out-of-Court Settlement in the U. S. Steel Litigation*", Industry Canada media release, 12 December 2011.

	Description of Measure	Date	Source
Chile			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	Chile began to negotiate an FTA with Hong Kong, China in early 2012. It is intended that the FTA cover investment protection and promotion chapter.		"*HK and Chile to begin negotiations on Free Trade Agreement*", Hong Kong Government press release 19 December 2011.
P.R. China			
Investment policy measures	On 30 January 2012, a revised "*Catalogue for Guidance for Foreign Investment*" came into effect. The Catalogue, published by the National Development and Reform Commission (NDRC) in late December 2011, expresses the Chinese government's receptiveness of foreign investment in specific sectors as "encouraged", ,"restricted", or "prohibited". The new edition of the Catalogue has moved products and technologies in the textile, chemical and mechanical manufacturing industries to the category "encouraged"; the new edition of the catalogue also reduces the Chinese share in joint ventures in certain areas where foreigners can only invest through joint ventures.	30 January 2012	
	On 9 February 2012, the People's Bank of China released an Announcement on Implementation of the RQFII Pilot Program, as a further step in the preparation of the launch of the "RMB qualified foreign institutional investor (RQFII) program". Under this programme, which is similar to the Qualified Foreign Institutional Investors (QFII) programme, foreign investors will be allowed to invest in the mainland securities market through specifically licensed Hong Kong, China-based financial firms. The programme was initially announced in August 2011, and first licenses were granted in December 2011. On 15 February 2012, the State Administration of Foreign Exchange (SAFE) issued a circular	9 February 2012; 15 February 2012	"*PBC Announcement on Implementation of RQFII Pilot Program*", People's Bank of China release, 9 February 2012; "*Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors*", Decree No. 76 of the China Securities Regulatory Commission, the People's Bank of China, and the State Administration of Foreign Exchange; "*Circular of the SAFE on Relevant Issues Concerning the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB QFII*", 15 February 2012.
Investment measures relating to national security	None during reporting period.		
Other developments	A policy proposal issued by the People's Bank of China, the country's Central Bank, on 22 February 2012 proposes a significant liberalisation of China's foreign investment policy, both inward and outward, in the next ten years in three phases.	22 February 2012	

	Description of Measure	Date	Source
Colombia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Costa Rica			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Czech Republic			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Denmark			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Egypt			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Estonia			
Investment policy	None during reporting period.		

	Description of Measure	Date	Source
measures			
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Finland			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
France			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Germany			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 24 November 2011, the European Commission announced that it planned to bring infringement proceedings against Germany to the European Court of Justice for maintaining its "golden share" arrangement in Volkswagen. The European Commission considers that Germany has not fully complied with the 2007 ruling of the European Court of Justice on the Volkswagen law.	24 November 2011	"*Free movement of capital: Commission refers Germany back to Court for failure to comply with the Volkswagen law judgement*", European Commission Press release IP/11/1444, 24 November 2011.
Greece			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Hungary			
Investment policy	None during reporting period.		

	Description of Measure	Date	Source
measures			
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Iceland			
Investment policy measures	In January 2012, Iceland liberalised foreign investment in several sectors including banking, as well as fishing and fish processing. The limit to foreign investment in domestic banks exceeding 25% of share capital was removed and the establishment of subsidiaries was also liberalised. Furthermore, the Icelandic Financial Supervisory Authority may authorise a financial undertaking established in a state outside the European Economic Area to open a branch in Iceland or to provide services in this country without establishing a branch. Regarding fishing and fish processing, indirect foreign investment –by investments in Icelandic legal persons, which in turn invest in fishing and fish processing – is henceforth allowed, although certain limitations still apply. Also, Iceland abolished the requirement that foreign investors obtain prior approval for investments exceeding ISK 250 million per year or for investments which would result in foreign ownership exceeding 25% of the total stock of investment in aquaculture, communications, manufacturing other than power intensive industries, trade and services or investment that seriously reduces competition between enterprises in any sector or is otherwise likely to have an undesirable effect on the Icelandic economy.	January 2012	Notification by Iceland to the OECD [DAF/INV/RD(2012)1].
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
India			
Investment policy measures	Throughout the reporting period, India made a number of adjustments to the policies governing trans-border capital flows. Many of the changes were minor adjustments of existing policies, and most policies focussed on external commercial borrowing (ECB), in particular in relation to infrastructure development, and possibilities to hedge foreign exchange risk. The policy changes are contained in a series of circulars and include the following:		
	– On 3 November 2011, the RBI introduced several relaxations of the conditions and restrictions under which foreign institutional investors (FIIs) may invest in debt issued by Indian companies.	3 November 2011	**"***Foreign investment in India by SEBI registered FIIs in other securities***",** Reserve Bank of India, A.P. (DIR Series) Circular No. 42.
	– On 4 November 2011, the RBI relaxed the conditions under which shares could be transferred from residents to non-residents outside the parameters set by the pricing guidelines applicable for such transfers.	4 November 2011	"*Foreign Direct Investment – Transfer of Shares*", Reserve Bank of India, A.P. (DIR Series) Circular No. 43.
	– On 22 November 2011, the RBI allowed certain investments by non-resident investors in bonds issued by infrastructure debt funds.	22 November 2011	"*Foreign Investments in Infrastructure Debt Funds*", Reserve Bank of India, A.P. (DIR Series) Circular No. 49.

Description of Measure	Date	Source
– On 23 November 2011, the RBI slightly increased the all-in-cost ceiling for external commercial borrowings for shorter maturities.	23 November 2011	"*External Commercial Borrowings (ECB) Policy*", Reserve Bank of India, A.P. (DIR Series) Circular No. 51
– On 23 November 2011, Guidelines on OTC Foreign Exchange Derivatives were modified to the effect that the USD 100 million cap on swap transactions for net supply of foreign exchange in the market has been removed.	23 November 2011	"*Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives – Foreign Currency – INR swaps*", Reserve Bank of India, A.P. (DIR Series) Circular No.50
– On 23 November 2011, the RBI limited the possibilities of intermediary use of external commercial borrowing proceeds abroad and required the proceeds of ECB raised abroad for rupee expenditure in India to be immediately brought for credit to rupee accounts with Indian banks; prior to the change, rupee funds could be used for investment in capital markets, real estate or for inter-corporate lending.	23 November 2011	*"External Commercial Borrowings (ECB) Policy – Parking of ECB proceeds"*, Reserve Bank of India, A.P. (DIR Series) Circular No. 52.
– On 9 December 2011, the RBI modified conditions of an FDI scheme that allows the issuance of equity shares of Indian companies to non-residents for the import of capital goods, machineries or equipment; the scheme had last been modified on 30 June 2011.	9 December 2011	"*FDI in India - Issue of equity shares under the FDI scheme allowed under the Government*", Reserve Bank of India, A.P. (DIR Series) Circular No. 55, 9 December 2011.
– On 15 December 2011, the RBI issued a circular that limits, with immediate effect, residents' and Foreign Institutional Investors' abilities to rebook certain cancelled forward contracts involving the Indian Rupee as one of the currencies. The RBI also limited residents' possibility to hedge expected currency risk.	15 December 2011	"*Risk Management and Inter Bank Dealings*", Reserve Bank of India, A.P. (DIR Series) Circular No. 58, 15 December 2011.
– On 15 December 2011, the RBI permitted microfinance institutions to borrow up to USD 10 million or equivalent during a financial year abroad under the automatic route under certain conditions.	15 December 2011	"*External Commercial Borrowings (ECB) for Micro Finance Institutions (MFIs) and Non-Government Organisations (NGOs)-engaged in micro finance activities under Automatic Route*", Reserve Bank of India, A.P. (DIR Series) Circular No. 59, 15 December 2011.
– On 29 December 2011, the RBI allowed non-resident entities to hedge Rupee-denominated external commercial borrowings under certain conditions.	29 December 2011	"*External Commercial Borrowings (ECB) denominated in Indian Rupees (INR) - hedging facilities for non-resident entities*", Reserve Bank of India, A.P. (DIR Series) Circular No. 63, 29 December 2011.
On 8 November 2011, the Indian Government amended rules applicable to foreign investment in the pharmaceuticals sector with immediate effect. While hitherto 100% foreign ownership in the pharmaceuticals sector was permitted through the automatic route, foreign investments in existing companies henceforth need to be passed through the government route, but 100% foreign ownership remains permitted in this sector. Greenfield investment in this sector is exempt from the change and here, 100% foreign ownership remains allowed through the automatic route.	8 November 2011	*Press Note No.3 (2011 Series)*, Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, dated 8 November 2011.
On 25 November 2011, the Indian Cabinet announced the liberalisation of foreign direct investment in multi-brand retail; according to the announcement, foreigners would be allowed to hold 51% shares in multi-brand retailers in cities with a population of over 1 million inhabitants and under the condition that they sourced at least 30% of their items from "small industries". However, on 8 December 2011, this	10 January 2012; 25 November 2011, 8 December 2011.	*Press Note No. 1* (2012 Series), Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, dated 10 January 2012.

	Description of Measure	Date	Source
	decision was suspended, and at the end of the reporting period on 29 March 2012, the liberalisation measure had not become effective. Also on 25 November 2011, the Cabinet announced the liberalisation of foreign investment in single-brand retail. The change came into effect on 10 January 2012 and was announced in Press Note 1 (2012 Series). Henceforth, 100% foreign ownership is allowed in single-brand retailing under the government approval route subject to certain conditions, up from 51% previously. These conditions include that the products to be sold should be of a single brand, the products should be sold under the same brand internationally, the products should have been branded during manufacture and that the foreign investor should be the owner of the brand. Where investments exceed the 51% threshold, there should be mandatory sourcing of at least 30% of the value of products sold from Indian small industries (industries having a total investment in plant and machinery not exceeding USD 1 million), village and cottage industries, artisans and craftsmen.		
	On 15 January 2012, India's SEBI and RBI released circulars that allowed qualified foreign investors (QFIs) to invest directly in the Indian equity market, a liberalisation that the federal Government had announced on 1 January 2012. QFIs include individuals, groups or associations, resident in a foreign country which is compliant with FATF. The individual and aggregate investment limits for QFIs are set to 5% and 10%, respectively, of the paid up capital of an Indian company.	15 January 2012	"*Qualified Foreign Investors (QFIs) Allowed to Directly Invest in Indian Equity Market; Scheme to Help Increase the Depth of the Indian Market and in Combating Volatility Beside Increasing Foreign Inflows into the Country*", Ministry of Finance press release, 1 January 2012.
Investment measures relating to national security	None during reporting period.		
Other developments	In mid-February 2012, the Indian Ministers of Finance and Aviation recommended that the Cabinet approve a relaxation of foreign ownership rules regarding airlines. The relaxation would allow foreign airlines to acquire up to 49% in domestic carriers. At present, foreign investment in domestic carriers is allowed, with the exception of investment by foreign airlines.	mid-February 2012	
Indonesia			
Investment policy measures	On 2 January 2012, Bank Indonesia Regulation (PBI) No.13/20/PBI/2011 dated 30 September 2011 concerning Export Proceeds and Foreign Debt Withdrawal Policy entered into effect. The regulation requires exporters to receive export proceeds through domestic banks, and that debtors withdraw their foreign borrowing through domestic banks. The policy does not impose any holding periods or the conversion into rupiah.	2 January 2012	"*Bank Indonesia Published a New Policy on Export Proceeds and Foreign Debt Withdrawal*", Bank Indonesia press release No. 13/32/PSHM/Humas, 3 October 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Ireland			
Investment policy measures	None during reporting period.		
Investment measures relating to national	None during reporting period.		

	Description of Measure	Date	Source
security			
Other developments	None during reporting period.		
Israel			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Italy			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 24 November 2011, the European Commission announced that it planned to bring infringement proceedings against Italy to the European Court of Justice for maintaining its "golden share" arrangements in certain companies including Telecom Italia, Eni, Finmeccanica and Enel. The Commission decided to postpone by one month the execution of this referral in light of their expectation of a policy change in the near term that had not materialised by the end of the reporting period for the present document.	24 November 2011	"*Free movement of capital: Commission refers Italy to the Court of Justice on investment restrictions in privatised companies*", European Commission Press release IP/11/1443, 24 November 2011.
	On 31 January 2012, the *Fondo Strategico Italiano* (FSI, Italian Strategic Investment Fund) announced that it was planning to make first investments. Equipped with a capital of currently EUR 4 billion, the FSI was officially launched in August 2011 on the basis of Ministerial Decree MEF 8/5/2011 to acquire minority holdings in companies in "strategic" sectors such as defence, security, infrastructure and public services, transport, communication, energy, insurance, financial services, research and high-technology.	31 January 2012	
Japan			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Jordan			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		

	Description of Measure	Date	Source
Other developments	None during reporting period.		
Korea			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Latvia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Lithuania			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Luxembourg			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Malaysia			
Investment policy measures	On 31 January 2012, new rules by Malaysia's Central Bank on trading foreign currencies in Malaysia came into effect. The rules, which were announced on 30 January 2012, allow licensed onshore banks to: trade foreign currency against another foreign currency with a resident and offer ringgit-based interest rate derivatives to non-bank non-residents; and offer ringgit-denominated interest rate derivatives to a non-bank non-resident; and permit residents to convert their existing ringgit or foreign currency debt obligation into a debt obligation of another foreign currency.	31 January 2012	"*Liberalisation measures to develop the domestic financial markets*", Bank Negara Malaysia press release No: 01/12/06.
Investment	None during reporting period.		

	Description of Measure	Date	Source
measures relating to national security			
Other developments	In his announcement on 7 October 2012 of the Budget 2012, the Malaysian Prime Minister announced that the Government will further liberalise foreign investment in phases in 2012 which include private hospital services; medical and dental specialist services; architectural, engineering, accounting and taxation, legal services; courier services; education and training services; as well as telecommunication services. This initiative will allow up to 100% foreign equity participation in selected subsectors.	7 October 2012	*2012 Budget Speech*, Prime minister's Office, 7 October 2012
Mexico			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Morocco			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Netherlands			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
New Zealand			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 15 February 2012, New Zealand's High Court ruled that the Government reconsider its decision whether to allow *Milk NZ*, a wholly-owned subsidiary of *Shanghai Pengxin*, a Chinese company, to acquire a group of farms in New Zealand. The farms are being sold by international tender following the previous owner's bankruptcy. The Overseas Investment Office (OIO) had recommended that Ministers	15 February 2012	"*Decision Summary Case: 201110035*", Land Information New Zealand, 26 January 2012; High Court of New Zealand decision CIV-2012-485-101.

	Description of Measure	Date	Source
	approve the foreign investment. The High Court decision sheds light on the application of the benefits-test applicable to certain foreign investments in New Zealand.		
Norway			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Peru			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Poland			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Portugal			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 11 November 2011, the Court of Justice of the European Union ruled that Portugal had failed to fulfil its obligations under Article 56 of the EC Treaty by maintaining its golden share in *GALP Energia SGPS SA*. Portugal has, however, abolished some of the special rights in *GALP*; remaining special rights, which concern the shareholders agreement of *Caixa General de Depósitos*, were scheduled to be abolished shortly.	11 November 2011	*European Commission v Portuguese Republic* (C-212/09).
Romania			
Investment policy measures	None during reporting period.		
Investment measures relating	None during reporting period.		

	Description of Measure	Date	Source
to national security			
Other developments	None during reporting period.		
Russian Federation			
Investment policy measures	On 10 November 2011, changes to foreign ownership of radio broadcasting became effective: Henceforth, foreign and foreign-controlled entities are no longer allowed to establish or acquire over 50% ownership of radio channels which broadcasts to more than one half of the territorial subjects of Russia, or over the territory on which one half or more of Russia's population resides. The rules are contained in Federal Law No.142-FZ of 14 June 2011 "*On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media*". Similar restrictions already apply to television broadcasting.	10 November 2011	Federal Law No.142-FZ, 14 June 2011 "*On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media*"
Investment measures relating to national security	On 18 December 2011, amendments to the Federal Law "*On Procedures of Foreign Investments in Business Entities of Strategic importance for National Defence and State Security*" (No.57-FZ) and "*On Foreign Investments in the Russian Federation*" came into effect. The changes broaden the possibility of investment by foreigners in Russian strategic companies carrying out exploration and extraction of minerals; relax the limits on foreign investments in strategic industries and simplify the related procedures for investors that were introduced in Law No.57-FZ in 2008. More specifically, the amendments lift the ceilings of foreign ownership in certain sectors, exempt international financial organisations in which Russia is a member from certain approval requirements, and strip companies in certain sectors from their status as "strategic companies" for the purpose of the application of foreign investment rules.	18 December 2011	"*The first package of amendments" to the Law "On Foreign Investments…" is introduced to the State Duma of the Russian Federation*", Federal Antimonopoly Service of the Russian Federation announcement, 18 February 2011.
Other developments	None during reporting period.		
Saudi Arabia			
Investment policy measures	On 23 January 2012, Saudi Arabia's Capital Market Authority announced an amendment of its listing regulations. The new rules allow a foreign issuer whose securities are listed in another regulated exchange to apply for its securities to be registered and admitted to listing on the Saudi Arabian exchange.	22 January 2012	"*Listing Rules*", Saudi Arabian Capital Market Authority, 22 January 2012.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Serbia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		

	Description of Measure	Date	Source
Slovak Republic			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Slovenia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
South Africa			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Spain			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Sweden			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Switzerland			
Investment policy	None during reporting period.		

	Description of Measure	Date	Source
measures			
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Tunisia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Turkey			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	Turkey was preparing the passing of a reform of the law governing the acquisition of real estate by foreigners. The bill, which had not been passed into law at the end of the reporting period on 29 February 2012, would increase the cap on foreign ownership to 30 hectares, up from 2.5 hectares; foreign companies would be allowed to own 60 hectares. The bill also attempts to clarify the conditions and procedures for real estate acquisition by foreign investors.		
United Kingdom			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
United States			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 12 October 2011, the United States government issued for public comment the draft implementing regulation for the so-called “Volcker Rule” of the Dodd Frank Act of 21 July 2010. The Volcker rule prohibits an insured depository institution from: i) engaging in proprietary trading; ii) acquiring ownership positions in or sponsoring a hedge fund or private	12 October 2011	“*Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds*”, SEC website.

	Description of Measure	Date	Source
	equity fund.		
European Union			
Investment policy measures	None during reporting period.		
Other developments	On 14 December 2011, the Council of the European Union mandated the Commission to begin bilateral negotiations with Egypt, Jordan, Morocco and Tunisia, with a view to establishing deep and comprehensive free trade areas; the mandate also covers the negotiation of investment provisions. This mandate follows an earlier negotiating mandate of 12 September 2011 regarding investment protection chapters in free trade agreements under negotiation with Canada, India, and Singapore.	14 December 2011	"Council of the European Union 18685/11", press release on the 3136th Council meeting, Foreign Affairs/Trade, Geneva, 14 December 2011

ANNEX 1: METHODOLOGY – COVERAGE, DEFINITIONS AND SOURCES

Reporting period. The reporting period of the present document is from 1 November 2011 to 29 February 2012. 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 this report, international investment is understood to include all international capital movements, including foreign direct investment.

Definition of investment measure. For the purpose of this report, investment measures by recipient countries consist of those measures that impose or remove differential treatment of foreign or non-resident investors compared to domestic investors. Investment measures by home countries are those that impose or remove restrictions on investments to other countries (e.g. attaching restrictions on outward investments as a condition for receiving public support).

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 monitors these measures to help governments adopt policies that are effective in safeguarding security and to ensure that they are not disguised protectionism.

Emergency measures with potential impacts on international capital movements. Earlier inventories in this series listed emergency measures, including *ad hoc* rescue and restructuring operations for individual firms and various schemes that gave rise to capital injections and credit guarantees as well as emergency schemes that provided cross-sectoral aid to companies. As almost all such measures related to the crisis that broke in 2008 have now been phased out and the mechanisms and implications of the unwinding process have been described in detail in earlier reports, this inventory does not list the status of earlier emergency measures and their unwinding. Any new emergency measures that participants in the FOI Roundtables may take in the future will again be reported in this series of inventories.

Other developments. The inventory also lists, in the category "Other developments", developments that do not constitute an investment measure according to the above-mentioned definition but appear nonetheless to be of interest to the investment policy community.

Measures not included. Several types of measures are not included in this inventory:

- *Fiscal stimulus*. Fiscal stimulus measures were not accounted for unless these contained provisions that may differentiate between domestic and foreign or non-resident investors.
- *Local production requirements* were not included unless they apply *de jure* only to foreign firms.
- *Visas and residence permits*. The report does not cover measures that affect visa and residence permits as business visa and residency policy is not deemed likely to be a major issue in subsequent political and economic discussions.
- *Companies in financial difficulties for other reasons than the crisis*. A number of countries provided support to companies in financial difficulties – in the form of capital injections or guarantees – in particular to state-owned airlines. Where there was evidence that these

companies had been in substantive financial difficulties for other reasons than the crisis, these measures are not included as "emergency measures".

- *Central Bank measures*. Many central banks adopted practices to enhance the functioning of credit markets and the stability of the financial system. These measures influence international capital movements in complex ways. In order to focus on measures that are of most relevance for investment policies, measures taken by Central Banks are not included unless they involved negotiations with specific companies or provided for different treatment of non-resident or foreign-controlled enterprises.

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.

OECD

www.oecd.org/daf/investment/foi