OECD INVESTMENT NEWS

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IN THIS ISSUE

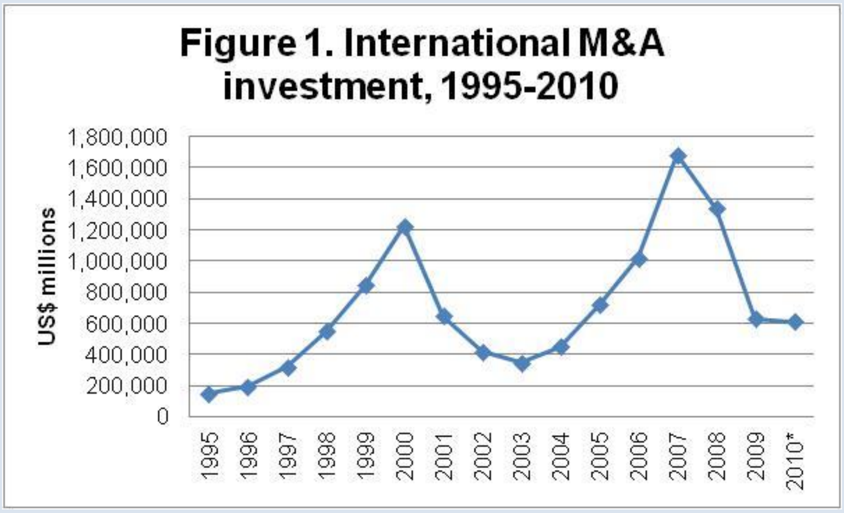
INTERNATIONAL INVESTMENT FREE-FALL COMES TO AN END

Michael Gestrin, with statistical support from Ayse Bertrand and Emilie Kothe

Having reached $300 billion in the first half, international M&A investment in 2010 is on track to match 2009 levels. This would bring to an end the sharp declines in international investment activity in 2008 (-21%) and 2009 (-53%) and could signal that the bottom of the cycle has been reached (Figure 1).

If this proves to be the case, international M&A investment will have declined by 64% during the global economic crisis from the peak of $1.7 trillion reached in 2007. While this decline is significant, the bursting of the dot.com bubble resulted in a 72% decline in international M&A between 2001 and 2003, suggesting that international investment has been more resilient during the current economic crisis.

Continued on page 2



* Projection based upon first half 2010
Source: Dealogic.

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INTERNATIONAL INVESTMENT FREE-FALL COMES TO AN END continued…

The most recent data on global foreign direct investment (FDI) flows, a broader measure of international investment activity than M&A investments, also point to improvements in the climate for international investment. The 22 OECD countries that reported data for Q1 of 2010 more than doubled their FDI inflows over Q1 of 2009 and outflows were up 40%. Table 1 provides data on annual inflows and outflows for OECD and G20 countries for 2008 and 2009, highlighting the extent to which the impact of the economic crisis on international investment activity has been global in nature.

Governments acquiring foreign assets accounted for 20% of international M&A activity in 2009

One reason that international investment has been more resilient during the current economic crisis than during the dot.com bubble crisis relates to the role that governments have assumed as major international investors during the crisis. By 2009, $120 billion in international M&A investment was accounted for by governments acquiring foreign assets, or 20% of total international M&A investment in 2009 (Figure 2). This significantly increased government involvement in international M&A activity took place through two channels: financial rescue packages that resulted in de facto ownership of foreign assets and a significant increase in international investments by sovereign wealth funds. To put this in perspective, in the eight years preceding the crisis governments accounted for only 3% of annual international M&A activity. In the absence of government-driven international M&A investment in 2008 and 2009, the overall decline in global M&A activity would have been around 76% from the 2007 peak, rather than the currently expected decline of 64%.►

Table 1. OECD FDI inflows and outflows, 2008-2009 (US$ billion)

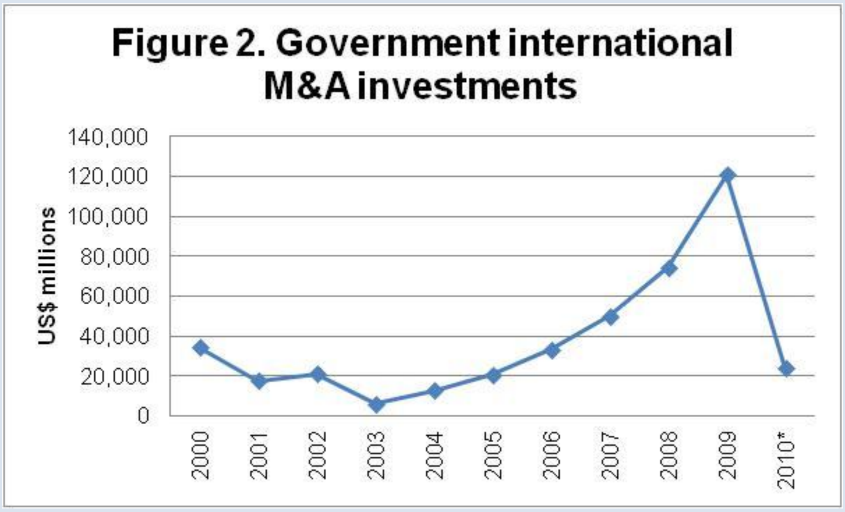
	Inflows			Outflows		
	2008	2009	% change	2008	2009	% change
Australia	47	23	-51	33	18	-44
Austria[1]	11	7	-37	29	4	-87
Belgium	110	34	-69	130	-15	..
Canada	55	19	-66	81	39	-52
Chile[2]	15	13	-16	8	8	0
Czech Republic	7	3	-59	4	1	-70
Denmark[1]	6	8	26	18	16	-13
Finland	-2	3	..	8	3	-69
France	62	60	-4	161	147	-8
Germany	24	36	46	134	63	-53
Greece	4	3	-24	2	2	-21
Hungary[1]	7	1	-81	3	2	-42
Iceland	1	-0.1	..	-4	1	..
Ireland	-20	25	..	13	21	54
Italy	17	29	71	44	44	0
Japan	24	12	-51	128	75	-42
Korea	3	2	-55	19	11	-44
Luxembourg[1]	9	27	194	17	15	-10
Mexico	24	13	-47	1	8	557
Netherlands	3	42	1247	31	35	13
New Zealand	5	0.3	-93	-0.2	-0.4	..
Norway	8	5	-34	29	32	10
Poland	15	11	-22	3	3	-2
Portugal	5	3	-38	3	1	-53
Slovak Republic	3	-0.05	..	0.3	0.4	68
Spain	73	15	-79	75	16	-78
Sweden	34	11	-68	28	30	9
Switzerland	5	10	91	51	16	-70
Turkey	18	8	-58	3	2	-39
United Kingdom	91	46	-50	160	18	-88
United States	328	135	-59	351	269	-23
Total OECD	**994**	**600**	**-40**	**1563**	**883**	**-44**
Memo items:						
OECD candidate countries	*90*	*44*	*-51*	*66*	*50*	*-25*
Estonia	2	2	0	1	2	39
Israel	11	4	-64	7	1	-84
Russia	75	39	-49	56	46	-18
Slovenia	2	-0.1	..	1.4	0.9	-40
G20[3]	*1070*	*572*	*-47*	*1271*	*793*	*-38*
of which:						
Brazil	45	26	-42	20	-10	..
China	148	78	-47	53	44	-18
India	41	35	-16	18	15	-19
South Africa	9	6	-37	-3	2	..

Note: % change is not calculated for negative values.
The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
1: Data excludes FDI to/from Special Purpose Entities.
2: Chile became a member of the OECD on 7 May 2010.
3: Data for Saudi Arabia is not available for 2009.
Source: OECD International direct investment database.

Governments scale back rescue programmes in 2010

Government involvement in international investment patterns looks set to fall back significantly in 2010. On current trend, government international M&A investment will be down to around $20 billion in 2010. The fact that overall international M&A investment activity is projected to stay steady around $600 billion in 2010 despite the sharp drop in international M&A investment by governments shows that private international M&A investment has been growing to pick up the slack. Indeed, once government-driven M&A is excluded from the overall international M&A investment trend presented in Figure 1, we find that private international M&A investment is projected to increase by almost 20% in 2010, the first increase since the start of the crisis in 2008. ■

For further reading on this topic:
www.oecd.org/daf/investment



* Projection based upon first half 2010
Source: Dealogic.

AFRICA

NEPAD AND OECD LAUNCH INVESTMENT REVIEWS IN BURKINA FASO AND ZAMBIA

A review on responsible investment in agriculture was launched in Ouagadougou, Burkina Faso, on 10 May. Born out of the recent controversy surrounding the land grab and food security crises, this pilot programme aims to support African countries in their efforts to adapt to the opportunities and challenges of a global economy and to develop a modern investment framework. This joint project has attracted whole-of-government support in Burkina Faso and will be carried out in partnership with regional organizations (UEMOA, ECOWAS).

A second review was launched in Lusaka, Zambia, on 21 May. This review is broader, focusing on how to generate sustainable growth and create jobs in key sectors including infrastructure, agriculture, tourism and mining. It is the first country review in a large-scale, three-year project on Unlocking Investment Potential in Southern Africa.

The NEPAD-OECD Africa Investment Initiative is a forum on improving Africa's business climate. Initial results from both the Zambian and Burkina Faso programmes will be presented at the Initiative's next Ministerial Meeting in Senegal in early 2011. ■

For further reading:
NEPAD-OECD Africa Investment Initiative
www.oecd.org/daf/investment/africa

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Zambia's reform agenda "meets squarely with the issues addressed by the Policy Framework for Investment".

Felix Mutati, Zambia's Minister of Commerce, Trade and Industry, Lusaka, 21 May 2010

INVESTMENT NEWS

MEASURING FDI RESTRICTIONS

OECD FDI INDEX SHOWS MORE OPEN FDI REGIMES

Blanka Kalinova, Angel Palerm, Stephen Thomsen

The 2010 scores for the OECD FDI Index, now available for 48 countries, including all G-20 members, and 22 sectors, show that many non-OECD countries have become as open as OECD countries and, in a few cases, even more so.

OECD countries have been at the forefront of efforts to remove obstacles to foreign direct investment (FDI) in their economies (Box), but many non-OECD countries have also liberalised extensively in recent years. Most governments are moving away from controlling foreign investment towards promotion and facilitation, in recognition of the benefits of FDI. These include not only technology transfer and employment but also the enhanced integration into the global production networks of multinational enterprises.

The FDI Index gauges the restrictiveness of a country's FDI rules by looking at the four main types of restrictions on FDI:

- Foreign equity limitations
- Screening or approval mechanisms
- Restrictions on the employment of foreigners as key personnel
- Operational restrictions, e.g. restrictions on branching and on capital repatriation or on land ownership

The OECD FDI Index is not a full measure of a country's investment climate. A range of other factors come into play, including how FDI rules are implemented. Entry barriers can also arise for other reasons, including state ownership in key sectors. Furthermore, a country's ability to attract FDI will be affected by factors such as the size of its market, the extent of its integration with neighbours and even geography.

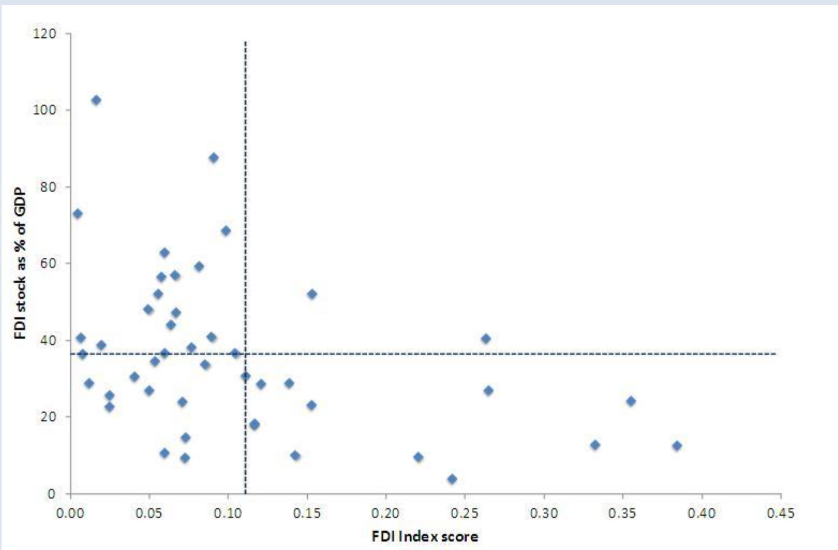
What makes a country attractive to foreign investors?

Nonetheless, FDI rules are a critical determinant of a country's attractiveness to foreign investors. Furthermore, unlike geography, FDI rules are something over which governments have control.

That FDI rules matter is reflected in a strong negative correlation between FDI inflows and FDI restrictiveness (Figure 1). The horizontal and vertical lines in Figure 1 show the average scores and FDI inflows for all countries.

Two thirds of countries in the sample fall within the upper left and bottom right quadrants. These two quadrants represent the negative relationship between inward FDI and restrictive FDI rules. Only two countries are in the upper right quadrant, representing countries that receive above-average amounts of FDI even though they have above-average FDI restrictions. Conversely, 11 countries underperform in the sense that they receive below-average amounts of FDI even though they have below-average FDI restrictions (the lower left quadrant). In these cases factors other than FDI rules are discouraging FDI, including possibly other entry barriers. Further analysis would be required to isolate particular deficiencies of the investment climate in these cases. ►

Figure 1. FDI Index and FDI stocks (as % of GDP) for 46 countries



Source: OECD Investment Division.

How OECD investment instruments promote greater openness

The Code of Liberalisation of Capital Movements and the Code of Liberalisation of Current Invisible Operations are legally binding for OECD countries, stipulating the right of establishment and progressive, non-discriminatory liberalisation of capital movements and international financial and other services.

The approach of the Codes involves unilateral rather than negotiated liberalisation. Their observance makes full use of the OECD's "peer pressure" method. The Codes play a key role in assessing the readiness of candidate countries to join the OECD.

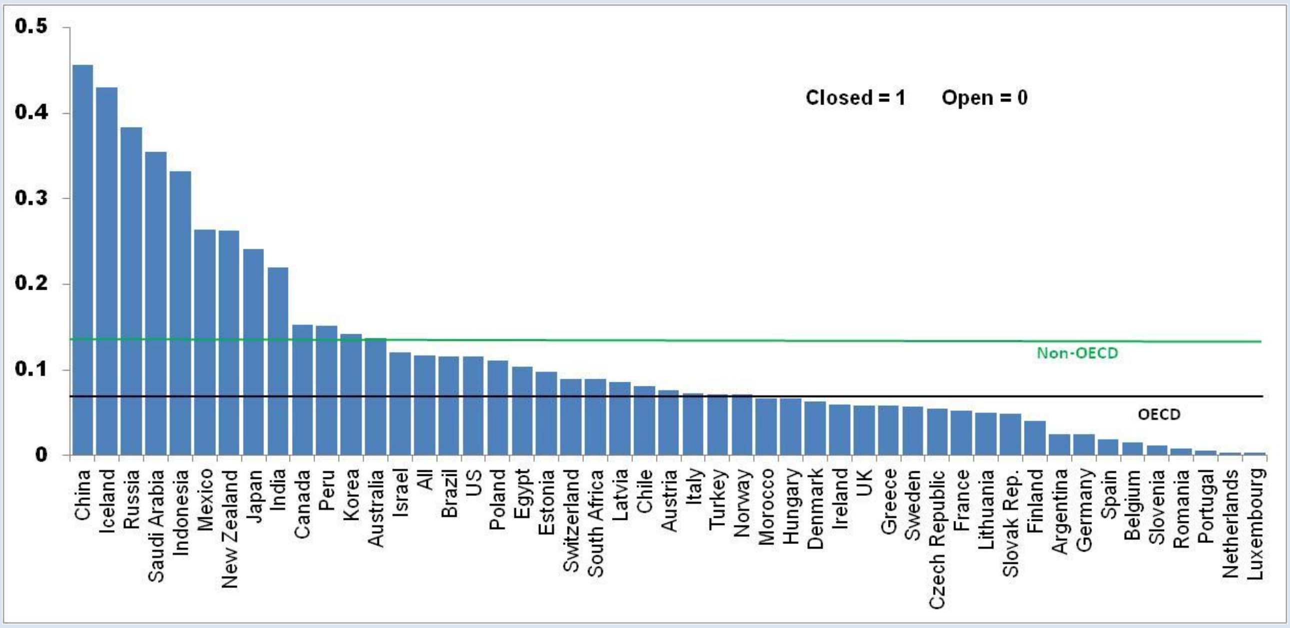
In parallel, under the National Treatment instrument the OECD's 31 members and 11 non-members have agreed not to discriminate against foreign investors established on their territory.

Find these instruments online at:
www.oecd.org/daf/investment/instruments

A key policy message from Figure 1 is that, although an open FDI regime doesn't guarantee high levels of FDI (the lower left quadrant), restrictive FDI rules almost certainly do guarantee lower levels of FDI than a country might otherwise expect to receive. As such, removing FDI restrictions is a powerful policy tool that governments in countries that have restrictive FDI regimes can use to increase FDI.

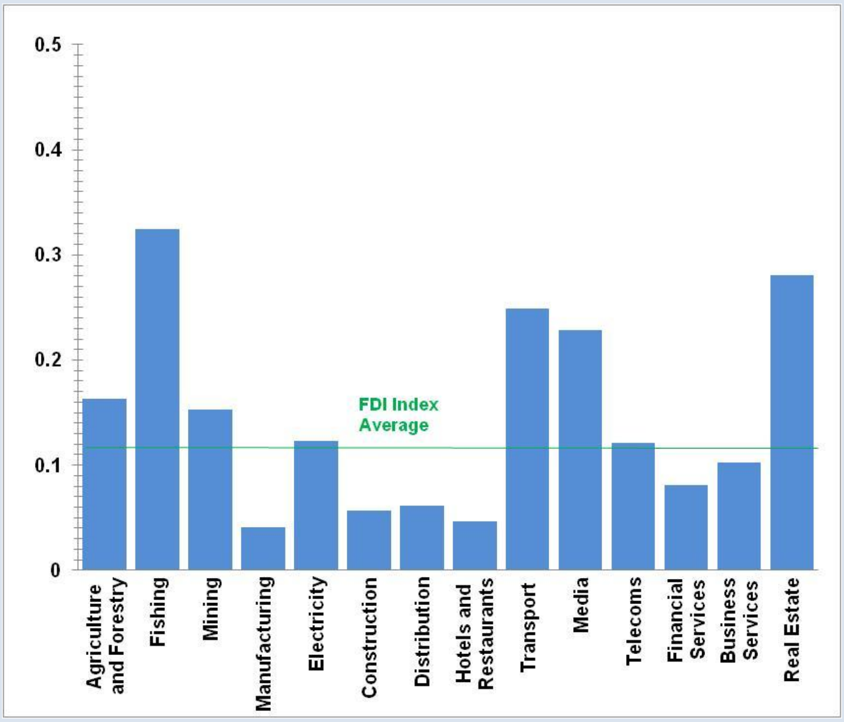
OECD countries tend to be more open towards FDI than non-OECD countries, as reflected in the lower average OECD score (0.095 versus 0.157 for the non-OECD countries). Among OECD countries, members of the European Union are generally the most open, representing 19 out of the top 20 performers in the Index. This performance stems not only from ►

Figure 2. FDI Index by country



Source: OECD Investment Division.

Figure 3. FDI Index by sector



Source: OECD Investment Division.

Mining, fishing, agriculture, media and transport are the sectors most affected by FDI restrictions

liberalisation of rules within the EU but also from the reforms undertaken in new EU member countries as part of their accession process. In most sectors, this openness is extended to non-EU members as well. Eight non-OECD countries are more open than the OECD average.

FDI restrictions tend to arise mostly in primary sectors such as mining, fishing and agriculture, but also in media and transport. Nevertheless, some countries are fairly open in these same sectors. Their experience may suggest ways of achieving policy objectives which are consistent with openness to foreign investors. ■

For further reading on this topic and to download the working paper:
www.oecd.org/daf/investment

GREEN GROWTH

INVESTING IN GREENER GROWTH

Green growth is gaining support as a way to pursue economic growth and development, while preventing environmental degradation, biodiversity loss and unsustainable natural resource use.

The OECD's Green Growth Strategy is developing a practical policy toolkit for governments to harness the potential of green growth, including ways to engage public and private investment.

The Interim Report of the OECD Green Growth Strategy, presented to the Ministerial Council Meeting in May 2010, provides some first insights into how countries can achieve greener growth, and discusses what steps countries have already taken, as well as some of the barriers and challenges associated with the transition.

A Synthesis Report, to be published in 2011, will build on this to develop an integrated framework to guide government intervention across broader green growth policy areas. This will include developing a new accounting framework and a new set of green growth indicators to identify gaps and measure progress.

Download the Interim Report and read more about the Green Growth Strategy:
www.oecd.org/greengrowth

RESPONSIBLE BUSINESS CONDUCT

GOVERNMENTS LAUNCH UPDATE OF THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

Marie-France Houde

The 42 governments adhering to the OECD Guidelines for Multinational Enterprises started work on an update of the Guidelines on the occasion of the June 2010 Annual Meeting of the National Contact Points (NCPs) with the broad aim of completing the update in 2011.

The objective of the update is to ensure that the Guidelines continue to play a role as the leading international instrument for the promotion of responsible business conduct. Initial discussions will focus on supply chains, human rights and environment/climate change.

The Guidelines are recommendations to MNEs by the 42 OECD and non-OECD governments that have adhered to the OECD Declaration on International Investment and Multinational Enterprises. The Guidelines cover all major areas of business ethics, including corporate steps to obey the law, observe internationally-recognised standards and respond to other societal expectations. Adhering governments must establish an NCP which serves as a focal point for dealing with any issues that are covered by the Guidelines.

The importance of the upcoming review was underscored in the 2010 Ministerial Conclusions from the annual OECD ministerial meeting which welcomed the launch of the review of the Guidelines and recognised "the important role they play in contributing to responsible business conduct and, thus, to broad societal support for open markets".■

For further reading on this topic:
Guidelines for Multinational Enterprises:
www.oecd.org/daf/investment/guidelines

"Corporate responsibility is essential to sustainable economic development and hence in the interests of all…The aim of the update is to address more thoroughly issues of human rights abuse and company responsibility for their supply chains…with our Guidelines we are true partners with the UN Global Compact."

Richard A. Boucher, OECD Deputy Secretary General UN Global Compact Leaders Summit, 23 June 2010

DID YOU KNOW?

An outcome of the 2010 OECD Ministerial was that "OECD Members, as well as Brazil, Estonia, Israel, the Russian Federation and Slovenia, endorsed the Declaration on Propriety, Integrity and Transparency in the Conduct of International Business Finance". The update of the Guidelines is a key OECD initiative identified in this Declaration.

FORTHCOMING

Transition to a Low-Carbon Economy: Public Goals and Corporate Practices

An increasing number of companies are taking initiatives to address climate change but levels of corporate action vary significantly. This report analyses corporate practices which address climate change in response to public expectations expressed in national laws and international declarations, and other drivers.

Building on the principles of responsible business conduct as identified in the OECD Guidelines for Multinational Enterprises, the report reviews three key areas of corporate action: accounting for greenhouse gas emissions; corporate action to reduce greenhouse gas emissions; and engagement of suppliers, consumers and other stakeholders.

This publication will be released at the UN Climate Change Conference (COP 16) in Mexico in November 2010.

Further information on this project:
www.oecd.org/daf/investment/cc

RESPONSIBLE BUSINESS CONDUCT

RESPONSIBLE SUPPLY CHAIN MANAGEMENT OF CONFLICT MINERALS

Lahra Liberti and Tyler Gillard

In April 2010, an OECD-hosted multi-stakeholder working group on due diligence in the mining and minerals sector adopted a proposed due diligence framework for responsible supply chain management of minerals from conflict-affected and high risk areas.

The objective of this framework is twofold. First, it is intended to help companies avoid becoming involved or associated through their supply chains with the types of activities that are common to many conflict areas, such as conflict financing, corruption, financial crime, tax evasion and violations of human rights, labour rights and international humanitarian law. Second, it is intended to help companies operating in conflict zones make a positive contribution towards a return to peace, stable governance, and economic and social development.

Practical guidance on due diligence in the mining and minerals sector

The framework is structured around five practical steps:

- strengthen company management systems, including chain of custody tracking system over the mineral supply chain;
- identify facts and assess risk in the supply chain;
- design and implement mitigation strategies by establishing improvement plans or discontinuing engagement with suppliers;
- ensure independent third-party audit;
- report on supply chain due diligence and findings.

A major challenge for many companies pertains to the complexity of their value chains, the complex systems that begin with the extraction and processing of raw materials, through to the distribution of final consumer products through retail networks. Commercial confidentiality amongst suppliers fragments the mineral supply chain, making it difficult for companies to obtain even the identity of a 3rd or 4th tier supplier, let alone the qualitative circumstances of mineral extraction, trading and handling. As a result, companies expose themselves to risks that they may not even be aware of.

The UN Group of Experts on the DRC has endorsed the due diligence framework

This five step framework has been endorsed by the UN Group of Experts on the Democratic Republic of the Congo 2010 interim report.

The final guidance will be discussed in Nairobi on 29-30 September 2010 during a consultation organized jointly by the International Conference on the Great Lakes Region, a regional international organization for peace, security, stability and development among 11 countries of the Great Lakes Region, and the OECD. The draft guidance will be then submitted for approval to the OECD Investment and Development Assistance Committees in October 2010. The guidance may ultimately result in a formal Recommendation by the OECD Council and possibly be endorsed by the UN Security Council.■

For further information on this project: www.oecd.org/daf/investment/mining

US highlights OECD work on due diligence as part of US policy in the Great Lakes region

"To try to address the minerals issue more holistically, we have put together a "Strategic Action Plan for Conflict Minerals in the Eastern DRC" … We are also working with both the OECD and UN Security Council Group of Experts on the DRC to develop practical due diligence guidance for the private sector in the DRC and other conflict-affected areas."

Johnnie Carson, Assistant Secretary, Bureau of African Affairs, US Department of State

INVESTMENT NEWS

INVESTMENT LIBERALISATION

G-20 KEEPS INVESTMENT FLOWING

Kathryn Gordon and Joachim Pohl

The OECD and UNCTAD have commended G-20 countries for avoiding new protectionist barriers to international investment, while warning that continued vigilance is needed in the face of emergency measures to address the economic crisis that still pose a threat to competition and international investment.

In their third report to the G-20 on this issue, the two organisations find that "by and large, G-20 governments have continued to honour their commitment to refrain from raising new barriers to international investment." Most investment measures taken in the six months to May 2010 have continued to point towards liberalisation of international capital flows or increased regulatory clarity.

However, as governments wind down their emergency schemes and dispose of financial assets acquired in the crisis, they must ensure they do so at an appropriate pace and not use the crisis "as a pretext to discriminate directly or indirectly against certain investors, including foreign investors. Looking ahead, the report calls on the governments of G-20 countries to:

- "Ensure that assets acquired in the crisis are disposed of in a timely, non-discriminatory and open way.
- Wind down emergency schemes as quickly as economic conditions permit.
- Make progress on financial reform to restore confidence in the financial sector and market economy."

A companion report for the G-20 on both trade and investment measures, released by the OECD, UNCTAD and WTO, underlined the importance of trade and investment in firmly anchoring the economic recovery, promoting job creation and helping to life the world's poor up out of poverty. It said that "with sovereign debt reaching dangerous levels, international trade and investment offer a sustainable source of growth and development."

The report warned that some of the emergency measures introduced in the crisis or currently being introduced may have a more significant impact on trade, investment and competition than the traditional trade and investment restrictions. Leaders of these organisations urged countries to scale back emergency schemes "at a prudent, but deliberate pace so as to send a strong message that trade and investment activities are expected to take place on a commercial basis and that schemes enacted to mitigate the effects of the crisis will not be made permanent".

At their Summit in Toronto on 26-27 June 2010, G-20 Leaders renewed for a further three years their commitment to refrain from raising barriers to investment or trade. They asked the WTO, OECD and UNCTAD to continue to monitor the situation and to report publicly on these commitments on a quarterly basis. ■

Download the reports and read more about the Freedom of Investment process: www.oecd.org/daf/investment/foi

Excerpt from the G-20 Toronto Summit Declaration 27 June 2010

Canada's Prime Minister Stephen Harper concludes the G-20 Toronto Summit with the Chair's Press Conference on 27 June 2010.

Fighting Protectionism and Promoting Trade and Investment

35. While the global economic crisis led to the sharpest decline of trade in more than seventy years, G-20 countries chose to keep markets open to the opportunities that trade and investment offer. It was the right choice.

36. As such, we renew for a further three years, until the end of 2013, our commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO)-inconsistent measures to stimulate exports, and commit to rectify such measures as they arise. We will minimize any negative impact on trade and investment of our domestic policy actions, including fiscal policy and action to support the financial sector. We ask the WTO, OECD and UNCTAD to continue to monitor the situation within their respective mandates, reporting publicly on these commitments on a quarterly basis.

37. Open markets play a pivotal role in supporting growth and job creation, and in achieving our goals under the G-20 Framework for Strong, Sustainable and Balanced Growth. We ask the OECD, the ILO, World Bank and the WTO to report on the benefits of trade liberalisation for employment and growth at the Seoul Summit.

Access the full text of the Toronto Summit Declaration at http://g20.gc.ca

OECD MEMBERSHIP

OECD CODES OF LIBERALISATION: A KEY PART OF OECD ACCESSION FOR CHILE, ESTONIA, ISRAEL AND SLOVENIA*

Angel Palerm, Cristina Tebar-Less, Judit Vadasz

A pivotal requirement of accession to OECD membership is that candidate countries adhere to the legally binding OECD Code of Liberalisation of Capital Movements and the OECD Code of Liberalisation of Current Invisible Operations (the OECD Codes).

By signing on to the OECD Codes, Chile, Estonia, Israel and Slovenia commit to progressively liberalise foreign direct investment, other capital movements and international services. They undertake not to introduce new restrictions and not to discriminate among members. Candidate countries can ask to lodge reservations with respect to specific operations that they are not in a position to liberalise by the time of accession. The reservations listed by Chile, Estonia, Israel and Slovenia are comparable in scope and number with those of other OECD members.

Liberalisation steps taken by these countries range from new regulations to facilitate the admission of foreign securities on Chilean markets; to the further opening up of the Israeli insurance and securities sectors to cross-border provision of these services; the liberalisation of real estate investments in Estonia and Slovenia; and the removal of reciprocity as a condition to open markets to foreign investors in all four countries. ►

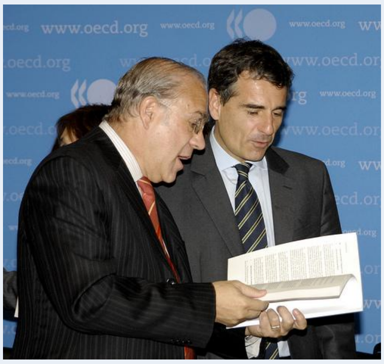
(left to right) Andrus Ansip, Prime Minister of Estonia; Felipe Larrain, Minister of Finance of Chile; Benjamin Netanyahu, Prime Minister of Israel; Silvio Berlusconi, Prime Minister of Italy; Borut Pahor, Prime Minister of Slovenia and Angel Gurría, Secretary-General of the OECD at the OECD Conference Centre, Paris, France, on 27 May 2010

* Chile became a member of the OECD on 7 May 2010. On 10 May 2010, the OECD invited Estonia, Israel and Slovenia to become members of the OECD. Each country's membership will become official once necessary formalities, including parliamentary approval, have been completed.

Chile joins the OECD

"The OECD is a one-stop shop for best practices. By joining the OECD we hope to learn... But we also hope to share what we have learned... We can be a bridge between OECD members and non-members, spreading the word about best practices while also bringing to this table the concerns of emerging nations."

Andrés Velasco
Finance Minister, Chile
15 December 2009



(left to right) OECD Secretary-General Angel Gurría and Mr. Andrés Velasco

The review of these countries by the Investment Committee as part of the accession process achieved a number of other results. The four candidate countries:

- improved their position under the National Treatment instrument to which they had adhered years before OECD accession;
- strengthened their National Contact Point to promote the OECD Guidelines for Multinational Enterprises;
- undertook to implement the OECD Benchmark Definition of FDI – the international standard for developing FDI statistics;
- participated in the preparation of new instruments, such as the 2009 Recommendation of the Council on Guidelines on Recipient Country Investment Policies relating to National Security, which they all accepted. ■

For further reading on this topic:
www.oecd.org/daf/investment/instruments

New members must show they are willing and able to assume the obligations of membership. Key instruments in the area of investment include:

- Code of Liberalisation of Capital Movements
- Code of Liberalisation of Current Invisible Operations
- Declaration on International Investment and Multinational Enterprises
- Guidelines for Multinational Enterprises and related decision regarding establishment of the National Contact Point
- National Treatment
- Conflicting requirements and international investment incentives and disincentives
- Guidelines for Recipient Country Investment Policies relating to National Security
- Declaration on Sovereign Wealth Funds and Recipient Country Policies
- Principles for Private Sector Participation in Infrastructure
- Benchmark Definition of Foreign Direct Investment - operational guidelines on how FDI activity should be measured

FORTHCOMING

Investment Policy Review of Indonesia

Indonesia has undertaken a decade of political and economic reform, under very difficult circumstances. Democracy is now firmly established, and the economy is growing at a steady pace in spite of the global financial crisis. Reforms over the past decade have done much to improve the resilience of the Indonesian economy, and the government has made substantial progress to create a better climate for investment. New laws have been enacted in almost all sectors, and new institutions have been created to advise the government, implement and enforce laws, regulate newly-liberalised sectors and settle disputes.

Foreign investors have taken notice. Foreign direct investment in Indonesia in the past five years has exceeded the earlier peak achieved in 1996, before the Asian financial crisis in 1997-98 brought on economic contraction and net outflows of foreign investment. This investment is also becoming increasingly diversified by sector and by country of the investor.

The Investment Policy Review of Indonesia charts Indonesia's progress in developing an effective policy framework to promote investment for development. It focuses on policies towards investment, competition, infrastructure, finance and other elements of the business environment and suggests ways in which the climate for both domestic and foreign investment might be further improved.

This publication will be released in November 2010.

2010 CONFERENCE DATES

6-9 SEPTEMBER 2010, XIAMEN, CHINA

UNCTAD World Investment Forum - Investing in Sustainable Development

WIF 2010 will bring together more than 1000 leaders from investment stakeholders, including governments, businesses, international organisations, investment promotion agencies, civil society, and international investment experts and practitioners from across the world.

Senior political and business leaders from the following countries have already confirmed: China, Jordan, Argentina, Turkey, Finland, Ethiopia, Belorussia, Bulgaria, Ghana, Mozambique, Pakistan, and Malaysia.

To reserve your place at WIF 2010, please register at www.unctad-worldinvestmentforum.org.

27-28 SEPTEMBER 2010, SANTIAGO, CHILE

Inaugural meeting of the investment pillar of the Latin American and Caribbean-OECD Initiative

Hosted by the Government of Chile, the first meeting of the investment pillar of the LAC-OECD Initiative will bring together policymakers and international experts to examine key challenges to promote investment in Latin America and the Caribbean in support of jobs and development. Among the issues that the conference will address are: regional approaches to international investment; good practices for investment promotion agencies; investment in infrastructure and public-private partnerships; responsible business conduct; and fostering small and medium sized enterprises (SMEs).

For further information contact michael.gestrin@oecd.org.

14 DECEMBER 2010, PARIS, FRANCE

2010 Symposium on international investment agreements: "Bridging the BIT divide: Is there scope for common ground?"

For decades, the OECD has served as a forum for OECD and partner governments to build bridges across investment treaties, through a better understanding of core treaty provisions and emerging legal issues. The Symposium will bring together representatives of OECD and non-OECD countries, international organisations, academia and practitioners to start a renewed international reflection on the future of investment agreements and the implication of evolving treaty practice with a view to finding common ground and better understanding the drivers behind different approaches.

The Symposium is organised by the OECD in partnership with UNCTAD and ICSID.

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HAITI

HAITI'S PRIME MINISTER CALLS FOR CO-OPERATION WITH OECD TO BUILD HAITI'S CAPACITY FOR ATTRACTING FDI

H.E. Jean Max Bellerive, the Prime Minister of Haiti, has requested co-operation with the OECD on improving the country's capacity to attract foreign direct investment (FDI).

In response to this request, a proposal for a Road Map to mobilise business and international investment was developed jointly with Haiti's Chief Economic Advisor to the Prime Minister and the OECD. The proposed Road Map has since been approved by the Government.

This work would proceed in two phases. The first phase will involve the development of the Road Map by the Government in close collaboration with the OECD Investment Committee. The Road Map will identify policy priorities and key actions that the Government can take to address these priorities, consistent with OECD standards and instruments for international investment, including with respect to responsible business conduct. It will also identify capacity constraints and the financial support that will be needed from donors to address these. When the draft Road Map has been completed, the Government of Haiti will be invited to present it to the Investment Committee with a view to receiving the Committee's endorsement.

The second phase will involve implementation of the Road Map. The OECD will invite other key partners involved in rebuilding efforts, including the Inter-American Development Bank, the World Bank, and UNCTAD, to provide co-ordinated capacity building assistance in the implementation of the Roadmap.

Haiti's Government has established an inter-agency Task Force at ministerial level for the purpose of implementing the project. ■

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