FREEDOM OF INVESTMENT PROCESS

Inventory of investment measures taken between 16 February 2011 and 31 October 2011

January 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 15th Roundtable on Freedom of Investment held in December 2011. It follows on from an earlier report submitted for consideration at the Freedom of Investment Roundtable 14 in March 2011 that covered investment measures taken between 16 September 2010 and 15 February 2011.

Information presented in this report has also been used for two joint reports by WTO, OECD and UNCTAD, released on 24 May and 25 October 2011, respectively, in response to the G20 Leaders' request of 2 April 2009 for regular public reporting on their adherence to their trade and investment policy commitments.

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

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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]

Summary of findings

During the reporting period between 16 February and 31 October 2011, 15 out of the 54 countries that participate in the Freedom of Investment Roundtables took some sort of investment measure (investment-specific measures or investment measures relating to national security) (Table 1). Large emerging economies took the largest share of the measures, while advanced economies made only a few investment policy changes, confirming a finding of earlier reports to Roundtable participants.

Most new measures introduced in the reporting period point towards liberalisation, thereby continuing the thrust of policy developments documented in earlier reports to the FOI Roundtable. A few countries introduced or reinforced existing measures to deal with perceived risks linked to turbulence in international capital flows.

Only one country – China – changed its investment policies with respect to national security. The changes involved procedural adjustments within an existing scheme. Russia is preparing future changes to its security-related investment policies. In general, activity in this area of investment policy continues to be low.

Emergency and related measures with potential impacts on international investment that many participants in the Roundtable had introduced in response to the financial and economic crisis in late 2008 and early 2009 have for the most part been phased out. Countries continue to unwind positions resulting from such measures, a process that is expected to take more than a decade for the larger illiquid asset-pools located in “bad banks”. The unwinding of financial positions continues to have potential impacts on international investment, as has been highlighted in the previous reports to the FOI Roundtable. No major developments took place in this area during the reporting period, but the concerns related to these measures persist.

Recent resurgence of turbulence in financial markets resulting from concerns about sovereign debt and the weak economic outlook in many countries may heighten pressures on governments to assist individual companies. In early October 2011, Belgium, France, and Luxembourg agreed to take Dexia into state ownership; the German government considered reactivating the *SoFFin*, which was created to rescue troubled financial institutions in 2009 and closed to new entrants at the end of 2010.

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, […].”

Table 1: Investment and investment-related measures taken between 16 February 2011 and 31 October 2011.

	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 (16 February 2011 – 31 October 2011)

	Description of Measure	Date	Source
Argentina			
Investment policy measures	According to Decree 1722/2011, which entered into force on 26 October 2011, companies producing crude petroleum or its derivatives, natural and liquefied gas must repatriate their foreign exchange export earnings to Argentina. The decree is based on Argentina's Law No. 25561 on Public Emergency of January 2002.	26 October 2011	*Decreto 1722/2011* of 25 October 2011, Official Gazette No. 32.263 of 26 October 2011, p.1.
	Resolution 36.162/2011 of 26 October 2011, which entered into effect on 27 October 2011, requires reinsurance companies operating in Argentina to report by sworn statement their foreign assets within ten days since the entry into force and require them, within 50 days since the entry into force – i.e. 15 December 2011 –, to repatriate such assets to Argentina. However, the Argentine Superintendence of Insurance Companies may grant exceptions to this rule and authorize reinsurers to provisionally hold their investments abroad under exceptional circumstances to the extent that sufficient grounds have been furnished, in cases where the local market does not provide any instrument that reasonably corresponds to the commitments to be met, or when there is evidence of the inconvenience to abide by this resolution.	27 October 2011	*Reglamento General de la Actividad Aseguradora, Resolución 36.162/2011*, Official Gazette No. 32.264 of 27 October 2011, p.8.
	Central Bank Circular CAMEX 1-675, which entered into effect on 28 October 2011, established new restrictions on foreign exchange holdings of residents.	28 October 2011	*Comunicación "A" 5236,* Central Bank of Argentina, 27 October 2011.
	On 31 October 2011, Resolution 3210 – "*Consultation Programme for Foreign Currency Operations*" – of the Public Income Administration bureau (AFIP) came into effect. The Resolution requires that entities, which have been authorised to carry out sale and purchase of foreign currency, shall have to register electronically all foreign currency purchasing operations of corporations or individuals.	31 October 2011	*Resolución General 3210 Programa de Consulta de Operaciones Cambiarias. Creación*, Administración Federal de Ingresos Públicos, Official Gazette Nº 32.266, p. 38.
Investment measures relating to national security	None during reporting period.		
Other developments	On 27 April 2011, the Argentinean government introduced in parliament a bill on the "*Protección al Dominio Nacional sobre la Propriedad, Posesión o Tenecia de las Tierras Rurales*". The bill, which had not been passed into law at the end of the reporting period, would restrict the extent to which foreigners are allowed to acquire farmland. At present, Argentina does not restrict the purchase or lease of land by foreigners (Law on National Defence No. 23554) with the exception of areas located near the national borders; here, purchases or leases require prior government approval.	27 April 2011	"*Protección al Dominio Nacional sobre la Propriedad, Posesión o Tenecia de las Tierras Rurales*" "*Proyecto de Ley de protección al Dominio Nacional*", presidential press release, 27 April 2011.
Australia			
Investment policy measures	On 16 February 2011, Australia and New Zealand signed the *Australia-New Zealand Closer Economic Relations Trade Agreement* (ANZCERTA) *Investment Protocol*. Among other issues, the protocol reduces barriers to investment flows by raising the thresholds at which investment is screened in Australia and New Zealand (AUD 1.005 billion for New Zealand investments in Australia, up from AUD 231 million). It also provides for the liberalisation and protection of investments between Australia and New Zealand through	16 February 2011	

	Description of Measure	Date	Source
	imposing a range of obligations (e.g. the obligation to offer national treatment and to not impose performance requirements). The Investment Protocol is expected to enter into force in 2012.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 8 April 2011, the Australian Treasurer made an order under the Foreign Acquisitions and Takeovers Act 1975 prohibiting the acquisition of ASX Limited (ASX) by Singapore Exchange Limited (SGX) on the grounds that it was not in the national interest.	8 April 2011	"*Foreign Investment Decision*", Treasurer Media Release No. 30, 8 April 2011.
Austria			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
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	Brazil made a number of amendments to its Tax on Financial Transactions (IOF). In April 2011, it extended the 6% tax levied on non-residents' investment in fixed-income securities to additional transactions:		
	– Government Decree No. 7,456 subjects short-term overseas loans and bond issues to the 6% IOF, with effect for transactions carried out from 28 April 2011 onwards. The tax concerns foreign exchange transactions on the inflow of funds for external loans with a maturity of less than 360 days.	28 April 2011	Decree No. 7.456 of 28 March 2011.
	– On 5 April 2011, the Brazilian central bank Resolution 3967/2011 of 4 April 2011 entered into effect. The resolution extends the application of the IOF tax at a rate of 6% to renewed, renegotiated, or transferred loans of companies. Hitherto, the tax only applied to new loans.	5 April 2011	Resolucao 3.967/2011, 4 April 2011. "*CMN determina obrigatoriedade de câmbio simultâneo nas renovações, repactuações e assunções de empréstimos externos*", Banco Central do Brasil release, 4 April 2011.
	– On 7 April 2011, the Brazilian government Decree No. 7,457 entered into effect. For the purpose of the application of the abovementioned Central Bank Resolution 3967/2011, the Decree increases the scope of what are deemed short-term overseas loans and bond issues. They now include loans and bonds for up to two years (720 days), up from one year (360 days) previously.	7 April 2011	Decree No. 7.457 of 6 April 2011.

	Description of Measure	Date	Source
	On 27 July 2011 and 16 September 2011, Brazil extended its 1% financial operations tax on transactions that raise short-dollar positions and on transactions that reduce long-dollar positions, respectively.	27 July 2011, 16 September 2011	Decree 7,536/2011 of 26 July 2011; Decree 7,563/2011 of 15 September 2011.
	On 13 September 2011, Law No. 12485 came into force. The law lifts the 49% cap on foreign ownership on telecoms network operators providing pay-TV, including cable TV services.	13 September 2011	Lei Nº 12.485, 12 September 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	In May 2011, the Brazilian Agriculture Minister announced plans to allow foreigners the long-term lease of farmland following restrictions on the purchase of rural land that came into effect on 23 August 2010.		
Canada			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 20 July 2011, the Canadian government announced that it would not subject the sale of patents of bankrupt company Nortel to a review under the Investment Canada Act. The decision was based on the fact that the book value of the assets was less than the CAD 312 million threshold; the patent assets were in fact valued at zero on Nortel's books.	20 July 2011	
	On 8 June 2011, Canada's Federal Court of Appeal reinstated a decision of the Governor in Council, allowing *Globalive*, a partly and indirectly foreign-owned company, to offer telecommunications services in Canada. The Canadian Radio-television and Telecommunications Commission (the "CRTC") had concluded on 29 October 2009 that *Globalive* was controlled by a non-Canadian and was therefore not eligible to operate as a telecommunications common carrier under Canadian ownership and control requirements under the Telecommunications Act. Public Mobile, one of the initial claimants in the case and a competitor to *Globalive* on the Canadian mobile telecommunications market, has announced its intention to appeal against the decision at the Supreme Court of Canada. At the end of the reporting period, the Supreme Court had not yet taken a decision whether it will hear the case.	8 June 2011	Federal Court of Appeal, *Globalive Wireless Management Corp. and Attorney General of Canada v. Public Mobile Inc.*, 2011 FCA 194. SCC Case Information, Docket, 34418 (Public Mobile v. Globalive Wireless Management Corp., et al.)
Chile			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
P.R. China			
Investment policy measures	A circular dated 25 February 2011 clarifies the application of the *Decision concerning Items (V) with respect to Which Administrative Examination and Approval Are Cancelled or*	25 February 2011	"*Circular of the Ministry of Commerce on Issues concerning Foreign Investment*

	Description of Measure	Date	Source
	Adjusted (Guo Fa [2010] No.21) and *Some Opinions on Better Utilization of Foreign Investment* (Guo Fa [2010] No.9) promulgated by the State Council.		*Administration*", Shang Zi Han [2011] No.72.
	On 23 June 2011, the People's Bank of China announced the conclusion of a bilateral trade settlement agreement with the Russian Federation; the agreement allows Chinese and Russian economic entities to settle payments for the trade of goods and services in a currency of their choice, including RMB.	23 June 2011	"*China and Russia Signed New Bilateral Local Currency Settlement Agreement*", Peoples Bank of China press release, 23 June 2011
	On 23 August 2011, the People's Bank of China announced the recent release of a *Notice on Extending Geographical Coverage of Use of RMB in Cross-border Trade Settlement*. The step extends the geographical coverage of the cross-border trade settlement in RMB to entire nation. Cross-border RMB settlement had been introduced on a pilot basis in 2009 and was extended to 20 provinces, autonomous regions and municipalities in June 2010. On 3 June 2011, the People's Bank of China had released a circular to clarify operational issues for cross-border RMB settlement operations.	23 August 2011	"*China Extends Geographical Coverage of Cross-border Trade Settlement in RMB to Entire Nation*", Peoples Bank of China press release, 23 August 2011. "Circular to Clarify Issues Related to Cross-border RMB Settlement Business" (*yinfa [2011] No.145*)
Investment measures relating to national security	On 3 March 2011, a State Council General Office circular dated 3 February 2011 entered into effect. The circular establishes a joint ministerial committee to review foreign acquisitions or mergers with domestic firms. The committee, co-chaired by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) with the participation of other competent authorities and overseen by the State Council, will carry out national security reviews of foreign acquisitions of or mergers with domestic firms to assess the impact of the acquisition or merger on national defence, national economic stability, basic order in social life, and research and development capacities in key technologies related to national security. In terms of scope, the review covers mergers and acquisitions of domestic military and affiliate enterprises, facilities located near major and sensitive military facilities, as well as other entities related to national security. Also subject to the review are foreign mergers and acquisitions of enterprises in sectors such as major agricultural products, major energy and resources, key infrastructure, major transportation services, key technologies and equipment manufacturing where actual control may be assumed by foreign investors. If the merger or acquisition has or may have substantial impact on national security, MOFCOM may, according to the decision made by the joint ministerial committee, suspend the transaction or take other measures including transfer of equity or assets, to eliminate the impact on national security. *The Several Opinions of the State Council on Further Utilizing Foreign Capital* issued on 6 April 2010 preceded the introduction of the review mechanism.	3 March 2011	"*Circular of the General Office of the State Council on Launching the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*", Guo Ban Fa [2011] No. 6
	On 25 August 2011, China's Ministry of Commerce (MOFCOM) released new "*Regulations on the Implementation of the Security Review System for M&As of Domestic Enterprises by Foreign Investors*" that set out the procedure of security reviews. Effective 1 September 2011, the regulations replace the "*Interim Provisions on Issues Related to the Implementation of the Security Review System for M&As of Domestic Enterprises by Foreign Investors*".	1 September 2011	Regulations on the Implementation of the Security Review System for M&As of Domestic Enterprises by Foreign Investors, *MOFCOM Announcement No.53/2011.*
Other developments	China finalised its preparations for the launch of the "*RMB qualified foreign institutional investor (RQFII) program*", which was initially announced in August and is expected to start before the end of 2011. On 22 August 2011, the Ministry of Commerce released the "*Circular on Issues Related to Cross-border RMB FDI (Draft for Opinions)*" for public comment until 20 September 2011. The RQFII programme, similar to the Qualified Foreign Institutional Investors (QFII) programme, allows foreign investors to invest in mainland securities through Hong Kong, China-based financial firms. In	22 August 2011	

	Description of Measure	Date	Source
	the first phase of the programme, qualified brokerages would be allowed to invest a quota of RMB 20 billion in mainland securities. As part of the same drive to enhance cross-border investment opportunities between the mainland China and Hong Kong, China , the preparation of a programme on cross-border Exchange Traded Funds (ETF) was also moving forward. The programme, announced in August 2011, would allow mainland investors to access the Hong Kong equities market. At the end of the reporting period, the programme was still pending approval by the China Securities Regulatory Commission (CSRC).		
Colombia			
Investment policy measures	On 19 October 2011, the Colombian Ministry of Finance restricted the extent to which Colombian obligatory pension funds are allowed to perform foreign exchange transactions. Henceforth, these funds, which manage a combined USD 52 billion, may only trade 2.5% of the respective fund's value in the course of five business days. The measure aims at reducing exchange rate volatility, according to the Colombian government.	19 October 2011	"*Gobierno pone límites a montos de las transacciones en divisas que pueden realizar los Fondos de Pensiones Obligatorias*", Ministerio de Hacienda y Crédito Público, Comunicado de prensa No. 51, 19 October 2011.
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.		

	Description of Measure	Date	Source
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 measures	None during reporting period.		
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	None during reporting period.		
Greece			
Investment policy measures	None during reporting period.		
Investment	None during reporting period.		

	Description of Measure	Date	Source
measures relating to national security			
Other developments	None during reporting period.		
Hungary			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 29 September 2011, legislation came into effect in Hungary that allows foreign-currency mortgage borrowers to repay foreign-currency loans at a set exchange rate (HUF 180/SFR 1 and HUF 250/EUR 1), which is considerably lower than the market rate at the time of the entry into force of the law.	29 September 2011	
Iceland			
Investment policy measures	On 18 September 2011, the Icelandic Parliament passed legislation that extended the legal basis for the country's temporary capital controls until year-end 2013. The legislation also puts into law the regulations on capital accounts set earlier by the Central Bank of Iceland. The most recent version of the rules had been confirmed as appropriate by the Central Bank of Iceland after a review in late October 2010. These *Rules on Foreign Exchange* had entered into effect on 29 April 2010 and abrogated the previous rules on foreign exchange (no. 880/2009, in force since 31 October 2009. On 25 March 2011, the Central Bank of Iceland had published a new Capital account liberalisation strategy that sets out how the capital controls that Iceland introduced in the wake of the crisis would be phased out. The strategy does not contain a fixed calendar but rather makes the pace of its execution dependent on the evolution of relevant economic conditions. The new Strategy supersedes the earlier strategy document that the Central Bank of Iceland had published on 5 August 2009.	18 September 2011	"*Capital account liberalisation strategy – capital controls to be lifted by year-end 2013*", Ministry of Economic Affairs release, 19 September 2011; "*Rules on Foreign Exchange*", Central Bank of Iceland release No. 29/2010, 1 November 2010; "*Rules on Foreign Exchange*", No. 370, 29 April 2010; "*Amended Rules on Foreign Exchange*", Central Bank of Iceland release, 3 May 2010. "*Capital account liberalisation strategy*", Report to the Minister of economic affairs, 25 March 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
India			
Investment policy measures	With the entry into force of a new Consolidated FDI Policy on 1 April 2011 – now superseded, see below –, India introduced some steps of liberalisation of foreign investment. Among other changes, foreign companies operating through existing joint ventures or technical agreements were allowed to set up new units in the same business without prior government approval. Also, foreign companies that have an existing joint venture in India no longer needed the permission of the local partner if they want to set up a wholly-owned subsidiary in the same field of business. The policy announced in the new Circular also allowed the conversion of non-cash items such as the import of capital goods, machinery and pre-operative or pre-incorporation expenses into equity with approval from the government. Foreign direct investment in the development and production of seeds and planting materials, which were	1 April 2011	"*Consolidated FDI Policy*", Circular 1 of 2011, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry; *Press release*, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

	Description of Measure	Date	Source
	only allowed under 'controlled conditions', was also permitted.		
	On 11 May 2011, the Cabinet committee on economic affairs (CCEA) decided that LLPs with FDI will be allowed through the government approval route, in sectors or activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance related conditions.	11 May 2011	"*Government Permits FDI in LLP Firms*", press release, Ministry of Commerce and Industry, 20 May 2011; "*Approval for FDI in Limited Liability Partnership firms*", DIPP Circular, 11 May 2011.
	On 7 July 2011, the Union Cabinet approved the 'Policy Guidelines on Expansion of FM radio broadcasting services through private agencies (Phase-Ill)'.This new policy guidelines raised the ceiling of FDI in FM radio broadcasting to 26%, up from 20%.	7 July 2011	"*Policy Guidelines for expansion of FM Radio Broadcasting services through private agencies (Phase III)*", press release, Government of India, 7 July 2011.
	In the reporting period, the Reserve Bank of India released a series of circulars that liberalise cross-border capital flows. These include the following:		
	– On 27 May 2011 and 29 June 2011, the Reserve Bank of India released two circulars that consolidate and liberalise policies regarding the rules applicable for divestment of Indian outward FDI.	27 May 2011; 29 June 2011	"*Overseas Direct Investment – Liberalisation/ Rationalisation*", Reserve Bank of India Circulars RBI/2010-11/548 A.P. (DIR Series) Circular No. 69 and RBI/2010-11/584 A.P. (DIR Series) Circular No. 73.
	– On 30 June 2011, the Reserve Bank of India liberalised the issue if shares of an Indian company to non-residents under the FDI scheme.	30 June 2011	"*Foreign Direct Investment (FDI) in India – Issue of equity shares under the FDI Scheme allowed under the Government route*", Reserve Bank of India Circular RBI/2010-11/586 A.P. (DIR Series) Circular No. 74.
	– On 1 July 2011, the Reserve Bank of India released a series of "Master Circulars" that consolidate existing policy at regular intervals – typically 12 months – for greater clarity. A series of the circulars released on 1 July concern cross-border transactions, such as External Commercial Borrowing, remittances, direct investment by residents abroad, and acquisition and transfer of real estate in India by foreigners.	1 July 2011	
	– On 21 July 2011, RBI Circular No. 3 allows non-resident importers and exporters to hedge their currency risk in respect of exports from and imports to India with certain banks in India.	21 July 2011	"*Facilitating Rupee Trade – hedging facilities for non-resident entities*", Reserve Bank of India Circular RBI/2011-12/115 A.P. (DIR Series) Circular No. 3.
	– On 9 August 2011, the Reserve Bank of India extended the possibilities for Foreign Institutional Investors (FII) registered with the Securities and Exchange Board of India (SEBI) and Non Resident Indian (NRI) to purchase, on repatriation basis, units of domestic Mutual Funds (MFs). Henceforth, Qualified Foreign Investors may purchase up to USD 10 billion in rupee-denominated units of equity schemes of domestic MFs issued by SEBI registered domestic MFs.	9 August 2011	"*Investment in the units of Domestic Mutual funds*", Reserve Bank of India Circular, 9 August 2011.
	In late September 2011, the Reserve Bank of India (RBI) released six announcements on the rationalisation and liberalisation of its External Commercial Borrowing (ECB) policy:		"*External Commercial Borrowing (ECB) Policy – Rationalisation and Liberalization*", Reserve Bank of India press release, 25 September 2011.
	– On 23 September 2011, RBI circular No. 25 announced a liberalisation of the end-use of ECB for companies operating in the infrastructure sector, which are henceforth allowed to utilise 25% of newly raised funds to refinance existing loans.	23 September 2011	"*External Commercial Borrowings (ECB) for the Infrastructure Sector– Liberalisation*", Reserve Bank of India Circular RBI/2011-12/199

	Description of Measure	Date	Source
			A.P. (DIR Series) Circular No. 25.
	– On 23 September 2011, RBI circular No. 26 announced a liberalisation of the end-use of ECB so that 25% of freshly raised funds may be used for refinancing IDR loans interest by companies in the infrastructure sector.	23 September 2011	"*External Commercial Borrowings (ECB) – Bridge Finance for Infrastructure Sector*", Reserve Bank of India Circular RBI/2011-12/200 A.P. (DIR Series) Circular No. 26.
	– On 23 September 2011, RBI circular Nr. 27 announced the enhancement of the ECB limit under the automatic route to USD 750 million per year, up from USD 500 million in the real, industrial and infrastructure sectors, and up to USD 200 million, up from USD 100 million, in specified service sectors. The same circular also expands the permissible end-use of ECB for interest during construction by companies in the infrastructure sector.	23 September 2011	"*External Commercial Borrowings (ECB) – Rationalisation and Liberalisation*", Reserve Bank of India Circular RBI/2011-12/201 A.P. (DIR Series) Circular No. 27.
	– On 26 September 2011, RBI circular Nr. 28 announced the liberalisation of the policy relating to structured obligations to permit direct foreign equity holders and indirect foreign equity holders, holding at least 51% of the paid-up capital, to provide credit enhancement to Indian companies engaged exclusively in the development of infrastructure.	26 September 2011	"*External Commercial Borrowings (ECB) Policy – Structured Obligations for infrastructure sector*", Reserve Bank of India Circular RBI/2011-12/203 A.P. (DIR Series) Circular No. 28.
	– RBI Circular No. 29, released on 26 September 2011, clarifies the application of an existing rules on European Commission decision from foreign equity holders.	26 September 2011	"*External Commercial Borrowings (ECB) from the foreign equity holders*", Reserve Bank of India Circular RBI/2011-12/204 A.P. (DIR Series) Circular No. 29.
	– Finally, RBI Circular No. 30 of 27 September 2011 allows companies in the infrastructure sector to borrow up to USD 1 billion per year in Renminbi under the approval route.	27 September 2011	"*External Commercial Borrowings (ECB) in Renminbi (RMB)*", Reserve Bank of India Circular RBI/2011-12/205 A.P. (DIR Series) Circular No. 30.
	On 30 September 2011, the Government of India released a new Consolidated FDI Policy, which came into effect on 1 October 2011. On 31 October 2011, the Department of Industrial Policy and Promotion (DIPP) issued a corrigendum, deleting one clause from the new circular, and a further amendment was made on 8 November 2011 regarding FDI in the pharmaceuticals sector. Some new liberalization measures have been announced directly through the Consolidated FDI Policy circular as highlighted in a separate press release. These include the exemption of construction-development activities in the education sector and in old-age homes, from the general conditionalities in the construction-development sector; inclusion of 'apiculture', under controlled conditions, under the agricultural activities permitted for FDI; and inclusion of 'basic and applied R&D on bio-technology pharmaceutical sciences/life sciences', as an 'industrial activity', under industrial parks.	30 September 2011; 31 October 2011	"*Consolidated FDI Policy*", Circular 2 of 2011, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry; 30 September 2011; "*Press release*", DIPP, 30 September 2011; "*Corrigendum to Circular 2 of 2011 – Consolidated FDI Policy*", DIPP, 31 October 2011; "*Press Note No.3 (2011 Series)*", DIPP, 8 November 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	On 22 July 2011, the Committee of Secretaries approved in principle the opening of India's multi-brand retail sector to foreign investment. The proposal, which at the end of the reporting period still needed to be approved by the Federal Cabinet, foresees that foreigners may own up to 51% in local joint ventures; currently, foreign investment in multi-brand retails is prohibited. The proposal includes a series of obligations on foreign investors in this sector, such as minimum amounts of investments and allocation of the investment for specific purposes.	22 July 2011	

	Description of Measure	Date	Source
Indonesia			
Investment policy measures	On 3 October 2011, Bank Indonesia announced Bank Indonesia Regulation (PBI) No.13/20/PBI/2011 dated 30 September 2011 concerning Export Proceeds and Foreign Debt Withdrawal Policy. The regulation will require from 2 January 2012 onwards that exporters 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. Bank Indonesia also adjusted regulations regarding the monitoring of Bank's Foreign Exchange's Flow in PBI No.13/21/PBI/2011 of 30 September 2011 and regulations concerning Reporting Obligations of Foreign Debt Withdrawal in PBI No.13/22/PBI/2011 of 30 September 2011.	3 October 2011	"*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	On 28 September 2011, according to press reports, Indonesia's government called on Indonesian state-owned financial institutions to temporarily not sell Indonesian government bonds; a similar call to not buy USD was made to large Indonesian state-owned firms. The step is the first use of the so-called bond stabilisation fund that Indonesia set up in the course of 2011. Under this stabilisation programme, the 13 large state-owned financial enterprises participating in the mechanisms would coordinate the acquisition of government bonds in the case of a sudden large outflow of foreign funds.	28 September 2011	
Ireland			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
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	On 28 July 2011, Italy announced the launch of the *Fondo Strategico Italiano* Spa (FSI). The Fund has a mandate to acquire stakes – usually minority stakes – in companies of "national interest". Based on Ministerial Decree of 8 May 2011, strategic enterprises are those that operate in the defence, security, infrastructure and public services, transport, communication, energy, insurance, financial services, research and high-technology. At the launch, the fund had EUR 4 billion at its disposal. Its investment policies stipulate that it would invest with a long term perspective and get	28 July 2011	"*Lanciato il 'Fondo Strategico Italiano'*", Italian Treasury Department media release, undated. "*Fondo Strategico Italiano*", Cassa depositi e prestiti website, undated.

	Description of Measure	Date	Source
	involved actively into the governance of the target enterprises.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
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.		
Other developments	None during reporting period.		
Korea			
Investment policy measures	In a statement released on19 May 2011, the Ministry of Strategy and Finance, the Financial Supervisory Commission, the Bank of Korea and the Financial Supervisory Service lowered the ceiling on banks' foreign exchange forward positions by 20%. The ceiling on the foreign exchange forward position by local branches of foreign banks will be cut to 200% of their capital, down from 250% ; the ceiling for domestic banks was be lowered from 50% to 40%. The new ceilings took effect on 1 June 2011.	19 May 2011; 1 June 2011	"*Government to Tighten Caps on FX Forward Position*", Ministry of Strategy and Finance press release, 19 May 2011.
	On 31 July 2011, the Korean Ministry of Strategy and Finance announced that it would levy a macro-prudential stability levy on banks' non-deposit foreign-currency liabilities starting on 1 August 2011. The rate of the levy depends on the maturity: 0.2% for maturities of up to one year, 0.1 percent for those between one and three years, 0.05 percent for three to five year debts, and 0.02 percent for more than 5 year debts. Liabilities taken out by domestic regional banks from the financial institutions subject to the levy will have to pay half these rates.	1 August 2011	"*Macro-Prudential Stability Levy to Be Imposed from August*", Ministry of Strategy and Finance press release, 31 July 2011.
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	None during reporting period.		

	Description of Measure	Date	Source
measures relating to national security			
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 4 March 2011, the Central Bank of Malaysia liberalised certain elements of the country's foreign exchange administration in relation to payments between resident and non-resident family members as well as foreign currency accounts of residents.	4 March 2011	Circular on *"(A) Payments in Ringgit and Foreign Currency Involving Resident and Non-resident Individuals (B) Foreign Currency Accounts of Residents*", 4 March 2011.
	On 30 May 2011, the Central Bank of Malaysia liberalised further elements of the country's foreign exchange administration. The circular of 30 May 2011, which entered into effect on 1 June 2011, abolishes the ceiling for outward FDI by resident companies under certain conditions; abolishes certain ceilings for inter-company borrowing in foreign currencies; and increases the ceiling for foreign currency-denominated trade financing.	1 June 2011	Circular on "*Liberalisation of Foreign Exchange Administration Rules*", 30 May 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Mexico			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	According to press reports, Jose Antonio Torre, deputy minister for competition and standard-setting at Mexico's Economy Ministry announced on 2 September 2011 a review of foreign investment limits, in particular in the transportation,	2 September 2011	

	Description of Measure	Date	Source
	energy and telecommunications sectors. The review would be carried out by Mexico's Foreign Investment National Commission and reportedly focus on transportation, energy and telecommunications.		
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	On 16 February 2011, Australia and New Zealand signed the *Australia-New Zealand Closer Economic Relations Trade Agreement* (ANZCERTA) *Investment Protocol*. Among other issues, the protocol reduces barriers to investment flows by raising the thresholds at which investment is screened in Australia and New Zealand (AUD 1.005 billion for New Zealand investments in Australia, up from AUD 231 million). It also provides for the liberalisation and protection of investments between Australia and New Zealand through imposing a range of obligations (e.g. the obligation to offer national treatment and to not impose performance requirements). The Investment Protocol is expected to enter into force in 2012.	16 February 2011	
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
Norway			
Investment policy measures	On 10 June 2011 legislation entered into effect that amends the rules applicable for taxation of companies that transfer their seat to another state of the European economic area in order to relocate their activities. Hitherto, such companies were obliged to include unrealised capital gains on their assets in the taxable base of that financial year; capital gains on assets or shares of similar domestic transactions are only taxable when realised. Likewise, shareholders of companies that relocated their seats had to pay a tax on unrealised capital gains on the company's shares. The new legislation abolishes these earlier provisions, which had been criticised by the	10 June 2011	"*Reasoned opinion - tax treatment of cross-border mergers etc*", Statement/interpretation reference 07/5448 SL, 2 May 2011. "*Lov om endringer i skatteloven*", Lovvedtak 50 (2010–2011), 19 May 2011. "*Internal Market: Norwegian rules on exit taxation in breach of*

	Description of Measure	Date	Source
	EFTA Surveillance Authority in a reasoned opinion published on 2 March 2011.		*the EEA agreement*", EFTA Surveillance Authority press release PR(11)13, 2 March 2011.
Investment measures relating to national security	None during reporting period.		
Other developments	On 25 May 2011, the EFTA Surveillance Authority announced its intention to bring Norway to the EFTA court for maintaining in force restrictions on ownership and voting rights in financial services infrastructure institutions. Norwegian laws limit foreign ownership in stock exchanges and securities depositories to 20% of the shares and voting rights with very limited exemptions. The EFTA Surveillance Authority deems that a general ban of ownership above 20% without any prior assessment of the suitability of the owner is not justified to ensure functioning and transparent financial markets and that the rules currently in place incompatible with the EEA rules on free movement of capital and the freedom of establishment.	25 May 2011	"*Stock Exchange Ownership: Norway to be brought to court for breach of EEA law*", EFTA Surveillance Authority press release PR(11)35, 25 May 2011.
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	None during reporting period.		
Romania			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other	None during reporting period.		

	Description of Measure	Date	Source
developments			
Russian Federation			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Other developments	On 9 June 2011, the State Duma gave second reading to the bill that would amend the Federal Law "*On Procedures of Foreign Investments in Business Entities of Strategic importance for National Defence and State Security*" (No.57-FZ). The bill was initially tabled before the State Duma on 15 February 2011. The overall thrust of the changes is to 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. In particular, the amendments would exclude certain banking from the list of strategic industries and eliminate control over transactions regarding the use of subsoil resources exercised as part of an additional equity issue unless such issue increases the share of a foreign investor in the authorised capital of the use of subsoil resources. Strategic sectors under Law No.57-FZ include oil, gas, and the nuclear industry, arms production, fisheries, aerospace, the media, and also food companies dealing with infectious agents and radioactive sources.	9 June 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.
Saudi Arabia			
Investment policy measures	On 31 May 2011, the Cabinet reportedly approved changes in the real estate and investment law that allow foreign residents to acquire real estate in Saudi Arabia.	31 May 2011	
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.		
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.		

	Description of Measure	Date	Source
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	On 28 October 2011, the South African Reserve Bank published three circulars in relation to a liberalisation of the country's foreign exchange policy. The circulars implement an earlier announcement by the Minister of Finance in the 2011 Medium Term Budget Policy Statement.	25 October 2011	*Exchange Control Circular No. 12/2011*, South African Reserve Bank, 25 October 2011
	– The *Exchange Control Circular No. 15/2011*, dated 25 October 2011 announces the abolition of foreign ownership restrictions in authorised dealers in foreign exchange at an unspecified date.	25 October 2011	*Exchange Control Circular No. 15/2011*, South African Reserve Bank, 25 October 2011
	– The *Exchange Control Circular No. 18/2011*, also dated 25 October 2011, announces the reclassification of inward listed shares on the Johannesburg stock exchange (JSE ltd) as domestic for the purposes of trading on the exchange. This reclassification enhances the possibilities of domestic investors to invest in these assets, as South Africa's exchange control rules limit the amount of foreign assets local investors may own. The date of the entry into force of the measure was made dependent on the release of reporting requirements.	25 October 2011	*Exchange Control Circular No. 18/2011*, South African Reserve Bank, 25 October 2011
Investment measures relating to national security	None during reporting period.		
Other developments	On 27 October 2011, the National Treasury announced a forthcoming relaxation of exchange controls for individuals and companies. The new rules, which had not come into effect at the end of the reporting period, consolidate the ceiling for foreign investment abroad by residents to a single ceiling of ZAR 5 million per year. Forthcoming relaxations for companies include allowing them to access capital in their offshore businesses and invest outside their current business lines, as long as such investment remains below an ownership stake of 20% in a foreign entity.	27 October 2011	
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	None during reporting period.		

	Description of Measure	Date	Source
to national security			
Other developments	None during reporting period.		
Switzerland			
Investment policy measures	None during reporting period.		
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	On 3 March 2011, a new media law came into effect. Among other provisions, the law increases the allowed foreign ownership limit to 50% in up to two media companies. Indirect holdings are not covered by these limits. The previous, now repealed law No. 3984 only allowed foreigners to own up to 25% in only one media company.	3 March 2011	Law No. 6112 on the Establishment of Radio and Television Enterprises and Their Broadcasts of 15 February 2011, Official Gazette of 3 March 2011, Nr. 27863.
Investment measures relating to national security	None during reporting period.		
Other developments	None during reporting period.		
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	None during reporting period.		

	Description of Measure	Date	Source
developments			
European Union			
Investment policy measures	None during reporting period.		
Other developments	On 12 September 2011, the General Affairs Council – a body created by the Lisbon Treaty and which brings together the Foreign Ministers of the EU Member States and, occasionally, Ministers responsible for European Affairs – approved negotiating mandates for investment protection chapters in free trade agreements under negotiation with Canada, India, and Singapore.	12 September 2011	*3109th General Affairs Council meeting - Brussels, 12 September 2011*, Press Release, 12 September 2011, p.13.

Annex: Methodology – Coverage, definitions and sources

Reporting period. The reporting period of the present document is from 16 February 2011 to 31 October 2011. 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.

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.

www.oecd.org/daf/investment/foi