31 October 2012

# Eighth Report on G20 Investment Measures[1]

At their Summits in London, Pittsburgh, Toronto, Seoul, Cannes and Los Cabos, G20 Leaders committed to resisting protectionism in all its forms and asked the WTO, OECD, and UNCTAD to continue to monitor trade and investment policy measures. The present document is the eighth report on investment and investment-related measures made in response to this mandate.[2] It has been prepared jointly by the OECD and UNCTAD Secretariats and covers investment policy and investment-related measures taken between 4 May 2012 and 5 October 2012.

## I. INVESTMENT DEVELOPMENTS

In the first half of 2012, global foreign direct investment (FDI) flows fell by 8 per cent compared to the first half of 2011 (Figure 1) reflecting increased turmoil in the global economy which was marked by fears of sovereign debt crisis in Europe and a slowdown of growth in major emerging market economies.[3]

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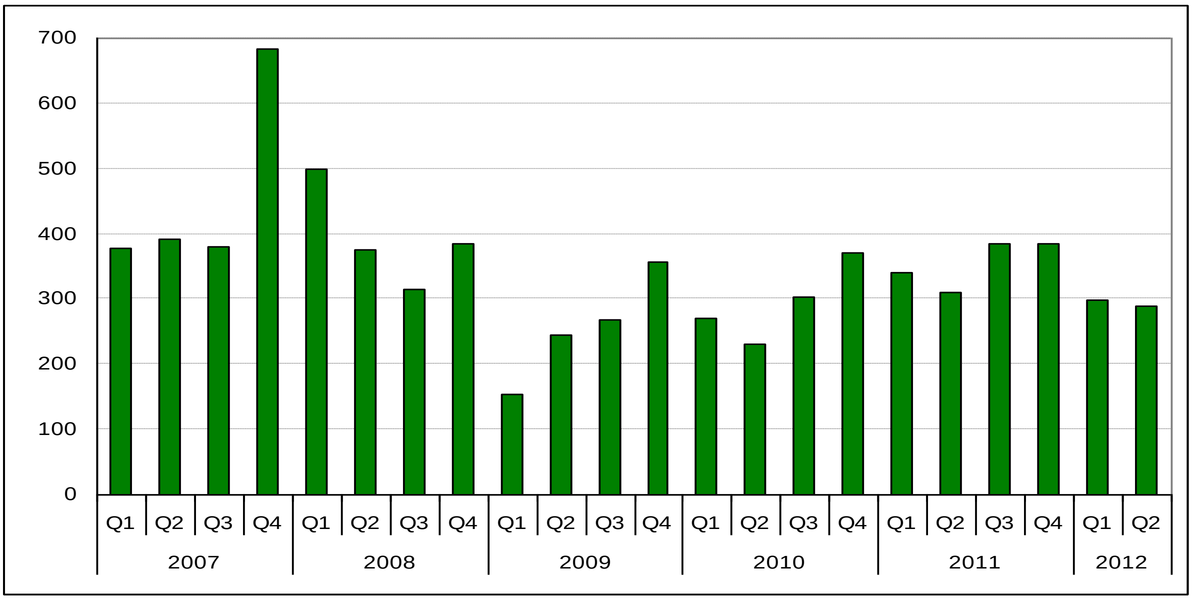
1 Information provided by OECD and UNCTAD Secretariats.

2 Earlier reports by WTO, OECD and UNCTAD to G20 Leaders are available on the websites of the OECD and UNCTAD.

3 For further information and analysis on recent trends on FDI inflows, see UNCTAD's Global Investment Trends Monitor, Issue No.10, 23 October 2012. For further information and analysis on recent trends in cross-border mergers and acquisitions, see also OECD Investment News, Issue 18, October 2012 (www.oecd.org/daf/investment).

**Figure 1. Global FDI inflows, 2007Q1-2012Q2 (USD billion)***




* Global FDI data are for 92 countries that account for roughly 89% of global FDI flows in 2011. *Source*: UNCTAD.

## II. INVESTMENT POLICY MEASURES

During the 4 May 2012 to 5 October 2012 reporting period, sixteen G20 members took some sort of investment policy action such as investment-specific measures or investment measures relating to national security or concluded international investment agreements (Table 1).[4]

**Table 1. Investment and investment-related measures taken or implemented between 4 May 2012 and 5 October 2012**

| | Investment-specific measures | Investment measures related to national security | International Investment Agreements (IIAs) |
|---|---|---|---|
| Argentina | | | |
| Australia | | | • |
| Brazil | • | | |
| Canada | • | | • |
| China | | | • |
| France | | • | • |
| Germany | | | • |
| India | • | | |
| Indonesia | | | |
| Italy | | • | • |
| Japan | | | • |
| Korea | | | • |
| Mexico | • | | |
| Russian Federation | • | | |
| Saudi Arabia | | | • |
| South Africa | | | |
| Turkey | • | | • |
| United Kingdom | | | • |
| United States | | | |
| European Union | | | • |

4 The Annex contains detailed information on the coverage, definitions and sources of the information in this report.

*(1) INVESTMENT-SPECIFIC MEASURES*

Six countries – Brazil, Canada, India, Mexico, the Russian Federation and Turkey – amended their investment-specific policies (those not designed to address national security) during the reporting period. The overwhelming majority of measures show continued moves towards eliminating restrictions to international investment and improving clarity for investors. This echoes findings in earlier investment reports to the G20, which also documented what pointed, for the most part, towards greater openness and transparency.

*(2) INVESTMENT MEASURES RELATED TO NATIONAL SECURITY*

Two G20 members, France and Italy, amended their investment policies related to national security. France further specified the scope of the sectors in which foreign investment is subject to prior authorisation. Italy passed legislation that establishes a review mechanism for transactions regarding assets of companies operating in the sectors of defence or national security, as well as in strategic activities in the energy, transport and communications sectors.

*(3) INTERNATIONAL INVESTMENT AGREEMENTS*

During the reporting period, G20 members continued to negotiate or concluded new international investment agreements (IIAs).[5] Between 4 May and 5 October 2012, G20 members concluded four bilateral investment treaties (BITs)[6] and four “other IIAs”[7] (Table 2).[8]

These “other IIAs” differ in terms of scope and content. On the one hand, there are agreements containing most or all of the standard investment protection provisions (Australia-Malaysia, China-Japan-Republic of Korea), complemented – to different degrees – with exceptions. On the other hand, there is the EU-Iraq Agreement, which does not contain a specific investment chapter, but ensures the free movements of capital relating to direct investments and more broadly, aims at encouraging a favourable climate for private investments.

5 During the reporting period, G20 members also signed five double taxation treaties (DTTs). As of 5 October 2012, there existed globally 2,856 BITs, 3,111 DTTs and approximately 337 "other IIAs", making a total of 6,304 agreements covering investment transactions.

6 These are the BITs between Pakistan and Turkey (22 May 2012); Iraq and Japan (7 June 2012); Gabon and Turkey (18 July 2012); and Canada and China (8 August 2012). The conclusion of a treaty does not mean that it has entered into force.

7 These include the Partnership and Cooperation Agreement between the European Union and its Member States with the Republic of Iraq (11 May 2012); the Agreement among the Government of Japan, the Government of the Republic of Korea and the Government of the People's Republic of China for the Promotion, Facilitation and Protection of Investment (13 May 2012); the Free Trade Agreement (FTA) between Australia and Malaysia (22 May 2012); and the Framework Agreement on Trade, Economic, Technical and Investment Cooperation between the Gulf Cooperation Council and Peru (1 October 2012). The conclusion of an FTA does not mean that it has entered into force.

8 During the reporting period, the Mexico-Central America FTA, which had been reported earlier, entered into force for three of its six signatories (Mexico, El Salvador and Nicaragua).

**Table 2: G20 members' International Investment Agreements***

| | Bilateral Investment Treaties (BITs) | | Other IIAs | | Total IIAs as of 5 October 2012 |
|---|---|---|---|---|---|
| | Concluded 4 May-5 October 2012 | Total as of 5 October 2012 | Concluded 4 May-5 October 2012 | Total as of 5 October 2012 | |
| Argentina | | 58 | | 16 | 74 |
| Australia | | 22 | 1 | 17 | 39 |
| Brazil | | 14 | | 17 | 31 |
| Canada | 1 | 31 | | 21 | 52 |
| China | 1 | 128 | 1 | 16 | 144 |
| France | | 102 | 1 | 63 | 165 |
| Germany | | 136 | 1 | 63 | 199 |
| India | | 81 | | 14 | 95 |
| Indonesia | | 63 | | 17 | 80 |
| Italy | | 94 | 1 | 63 | 157 |
| Japan | 1 | 19 | 1 | 21 | 40 |
| Korea, Republic of | | 91 | 1 | 16 | 107 |
| Mexico | | 28 | | 18 | 46 |
| Russian Federation | | 71 | | 4 | 75 |
| Saudi Arabia | | 22 | 1 | 13 | 35 |
| South Africa | | 46 | | 9 | 55 |
| Turkey | 2 | 89 | | 19 | 108 |
| United Kingdom | | 104 | 1 | 63 | 167 |
| United States | | 47 | | 64 | 111 |
| European Union | | | 1 | 59 | 59 |

* UNCTAD's IIA database is constantly updated, including through retro-active adjustments based on a refinement of the methodology for counting IIAs.

## III. Overall policy implications

On the whole, G20 members have continued to honour their pledge not to introduce new restrictive measures. G20 members adopted few new investment policy measures during the reporting period and almost all tended to eliminate restrictions to, and to facilitate, foreign investment.

Despite this encouraging finding, persistent high unemployment, turbulence in financial markets and a weak economic recovery put intense pressure on governments to grant assistance to individual domestic companies and to preserve jobs. As a result, governments may resort to policies or practices that discriminate against foreign investors or discourage outward investment. Governments may also be tempted to yield to such pressure in informal and diffuse ways that are not manifested as policy changes, thereby undermining all the more investors' trust in predictable and transparent frameworks in host countries.

Following the call by G20 Leaders at their Los Cabos Summit, both the OECD and UNCTAD are committed to reinforcing and deepening their work towards enhancing investment policies through monitoring of policy developments.

| | Description of Measure | Date | Source |
|---|---|---|---|
| **Argentina** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Australia** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Brazil** | | | |
| *Investment policy measures* | On 14 June 2012, Brazil reduced the application of its 6 percent rate of the Tax on Financial Transactions (IOF) to overseas loans and bonds with a maturity of up to 720 days. The change reverts two changes that had progressively broadened the scope of operations subject to the tax, previously levied on loans or bonds with maturities of up to 1800 days (between 12 March 2012 and 13 June 2012) and three years (between 1 March 2012 and 11 March 2012). | 14 June 2012. | *Presidential Decree 7.751*, of 13 June 2012; *Presidential Decree 7.683* of 29 February 2012; *Presidential Decree 7.698*, of 9 March 2012. |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Canada** | | | |
| *Investment policy measures* | On 25 May 2012, the Canadian Government released a *Mediation Guideline* to make formal mediation procedures available under the *Investment Canada Act*. This mediation procedure provides a voluntary means of resolving disputes when the Minister believes an investor has failed to comply with a written undertaking given as part of an investment agreement. Mediation does not necessarily replace litigation in such cases but may be chosen as a less costly and quicker option. | 25 May 2012 | "*Minister Paradis Announces Additional Improvements to the Foreign Investment Review Process*", Canada News Center release, 25 May 2012. |
| | On 29 June 2012, changes to the Telecommunications Act received Royal Assent. The changes, which were introduced through Bill C-38, Part 4, Division 41, liberalise foreign investment in the telecom sector. Foreign investors are now allowed to invest in telecom companies that have a market share of no more than 10%. | 29 June 2012 | Bill C-38, Part 4, Division 41 |
| *Investment measures relating to national security* | None during reporting period. | | |
| **P.R. China** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating* | None during reporting period. | | |

| | Description of Measure | Date | Source |
|---|---|---|---|
| *to national security* | | | |
| **France** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | On 9 May 2012, the *Decree n°2012-691 of 7 May 2012 on foreign investments subject to prior authorisation* entered into effect. The decree further specifies the scope of the limited number of sectors in which foreign investment is subject to prior authorisation and abolishes all reference to the notion of indirect control by an investor. | 9 May 2012 | Decree n°2012-691 du 7 mai 2012 relatif aux investissements étrangers soumis à autorisation préalable |
| **Germany** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **India** | | | |
| *Investment policy measures* | The Reserve Bank of India issued a series of Master Circulars that consolidate the regulatory framework applicable to international investment. The *Master Circular on Foreign Investment in India*, announced on 2 July 2012 with a sunset date of 1 July 2013 aggregates the rules issued under the *Foreign Exchange Management Act*.<br>Also on 2 July 2012, India's Reserve Bank issued a *Master Circular on Direct Investment by Residents in Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) Abroad*, which consolidates the rules on outward foreign investments. | 2 July 2012 | "*Master Circular on Foreign Investment in India*", Reserve Bank of India, RBI/2012-13/15 Master Circular No.15/2012-13;<br>"*Master Circular on Direct Investment by Residents in Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) Abroad*", Reserve Bank of India, RBI/2012-13/11, Master Circular No. 11/2012-13 |
| | The Reserve Bank of India (RBI) modified several elements of the policies applicable for External Commercial Borrowings (ECB), including the following: | | |
| | – On 25 June 2012, the RBI further relaxed the rules on ECB for companies in the manufacturing and infrastructure sectors. Companies operating in these sectors may borrow up to an aggregate of USD 10 billion to repay outstanding Rupee loans or for fresh Rupee capital expenditure. The cap for individual companies is set at 50% of their average annual export earnings realised during the past three financial years. On 11 September 2012, the RBI slightly modified the formula that determines the borrowing limit.<br>Also on 25 June 2012, the Reserve Bank broadened possibilities for foreign institutional investors to invest in debt of Indian infrastructure companies: it raised the overall limits for bond emissions from USD 15 billion to USD 20 billion, allowed additional types on investors to invest in these bonds, and shortened the maturity of half of the bonds – i.e. to an overall limit of up to USD 10 billion – from 5 to 3 years. Finally, conditions for investment in infrastructure debt by qualified foreign investors were relaxed. | 25 June 2012<br>11 September 2012 | "*External Commercial Borrowings (ECB) – Repayment of Rupee loans*", Reserve Bank of India, RBI/2011-12/617 A. P. (DIR Series) Circular No. 134.<br>"*ECB Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme*", Reserve Bank of India, RBI/2012-13/200 A.P. (DIR Series) Circular No. 26.<br>*"Foreign investment in India by SEBI registered FIIs in Government securities and SEBI registered FIIs and QFIs in infrastructure debt",* Reserve Bank of India, RBI/2011-12/618 A. P. (DIR Series) Circular No. 135. |

| Description of Measure | Date | Source |
|---|---|---|
| – On 11 September 2012, the Reserve Bank of India modified the conditions for short-term credit taken out by companies in the infrastructure sector to import capital goods. | 11 September 2012 | "*ECB Policy – Bridge Finance for Infrastructure Sector*", RBI/2012-13/201 A.P. (DIR Series) Circular No. 27. |
| On 5 May 2012, a liberalisation of the interest rate for export credit in foreign currency came into effect. Henceforth, banks are allowed to determine their interest rates for export credit in foreign currency. | 5 May 2012 | *"Deregulation of Interest Rates on Export Credit in Foreign Currency"*, Reserve Bank of India, RBI/2011-12/534 DBOD.DIR.No.100/04.02. 001/2011-12. |
| Modifications were also introduced for foreign investment in non-banking financial companies. These changes, which were further clarified on 15 May 2012, restrict the possibility for foreigners to invest up to 100% in certain leasing operations. | 15 May 2012 | "*Foreign investment in NBFC Sector under the FDI Scheme – Clarification*", Reserve Bank of India, RBI/2011-12/562 A.P. (DIR Series) Circular No. 127. |
| On 10 May 2012, the Reserve Bank of India introduced an obligation for foreign exchange earners to convert 50% of their foreign currency earnings into rupees; previously, foreign exchange earners were allowed to keep foreign currencies. Moreover, foreign exchange earners are not allowed to use foreign currencies in their accounts to maintain assets in foreign currency; hence before exchanging rupees into foreign currencies, they need to use their foreign currencies for their transactions. A Circular dated 16 May 2012 clarifies the method to calculate the amounts that need to be converted. A further circular dated 18 July 2012 exempted resident foreign currency accounts from the conversion requirement. | 10 May 2012;<br>16 May 2012;<br>18 July 2012 | *"Exchange Earner's Foreign Currency (EEFC) Account"*, Reserve Bank of India, RBI/2011-12/547 A. P. (DIR Series) Circular No. 124;<br>"*Exchange Earner's Foreign Currency (EEFC) Account*", Reserve Bank of India, RBI/2011-12/564 A.P. (DIR Series) Circular No. 128;<br>*"Exchange Earner's Foreign Currency Account"*, Reserve Bank of India, RBI/2012-13/135 A. P. (DIR Series) Circular No. 8. |
| On 16 July 2012, the Reserve Bank of India authorised Qualified Foreign Investors to invest under certain conditions in Indian corporate debt securities. | 16 July 2012 | *"Scheme for Investment by QFIs in Indian corporate debt securities"*, RBI/2012-13/134 A. P. (DIR Series) Circular No. 7. |
| On 1 August 2012, India allowed citizens of Pakistan or entities incorporated in Pakistan to make investments in India, under the Government route; defence, space and atomic energy remain excluded from this liberalisation.<br>On 7 September 2012, India also allowed outward investment by Indian parties in Pakistan. | 1 August 2012<br>7 September 2012 | *Press Note No.3 (2012 Series)*, Department of Industry Policy and Promotion, Ministry of Commerce and Industry, 1 August 2012;<br>"*Overseas Investment by Indian Parties in Pakistan*", Reserve Bank of India, RBI/2012-13/198, A. P. (DIR Series) Circular No. 25. |
| Effective 20 September 2012, India eased the conditions for foreign investment in single brand retailing. While 100% FDI in single-brand retailing has been allowed since January 2012, specific conditions had to be met, among others that the foreign investor must be the owner of the brand and that, for FDI beyond 51%, local sourcing was required to be at least 30%. Henceforth, the foreign investor does not need to be the brand owner – to accommodate franchising and licensing arrangements –, and the local sourcing requirement has been softened to adapt it to the feasibility, for instance for high-tech and similar products where local sourcing is impractical. | 20 September 2012 | "*Amendment of the existing policy on Foreign Direct Investment in Single-Brand Product Retail Trading*", Press Note No. 4 (2012 Series), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. |
| FDI in multi-brand retailing is now allowed, but only in States that agree to allow FDI in this sector and only in or around | 20 September 2012 | "*Review of the policy on Foreign Direct Investment* |

| | Description of Measure | Date | Source |
|---|---|---|---|
| | cities with a population of more than 1 million. Also, at least 50% of the investment has to be made in backend infrastructure. This liberalisation had already been decided in November 2011, but its implementation had been suspended. | | *– allowing FDI in Multi-Brand Retail Trading*", Press Note No. 5 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry. |
| | Foreign airlines are henceforth allowed to own up to 49% in scheduled and non-scheduled air transport services. Hitherto, foreign investment in airlines was allowed, but only by foreigners that were not themselves airlines. Restrictions remain beyond the ownership ceiling; a scheduled operator's permit will only be granted to a company: that is registered and has its principle place of business within India; the Chairperson and at least two thirds of Directors must be Indian nationals and the substantial ownership and control must be vested in Indian nationals. | 20 September 2012 | "*Review of the policy on Foreign Direct Investment in the Civil Aviation Sector*", Press Note No. 6 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry. |
| | Foreign investment in companies in the broadcasting sector was liberalised; the ceilings for foreign investment in teleports and mobile TV were lifted to 74%, up from 49%. | 20 September 2012 | "*Review of the policy of Foreign Investment (FI) in companies operating in the Broadcasting Sector*", Press Note No. 7 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry. |
| | Since 20 September 2012, foreign investment is allowed up to 49% in Power Trading Exchanges; FDI is allowed up to a limit of 26% under the government approval route, and the remainder under the automatic route for Foreign Institutional Investors (FII). Any single FII may not hold more than 5% of equity in such companies, and these investors may only acquire shares on the secondary market. | 20 September 2012 | "*Policy on foreign investment in Power Exchanges*", Press Note No. 8 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry. |
| | On 3 October 2012, the Government of India allowed non-banking financial corporations (NBFCs) to set up step-down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital, provided these NFBCs have foreign investment between 75% and 100% and have a minimum capitalisation of USD 50 million. | 3 October 2012 | "*Setting up of step down (operating) subsidiaries by NBFCs having foreign investment above 75% and below 100% and with a minimum capitalisation of US$ 50 million - amendment of paragraph 6.2.24.2 (1) (iv) of 'Circular 1 of 2012-Consolidated FDI Policy*", Press Note No. 9 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry. |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Indonesia** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Italy** | | | |
| *Investment policy measures* | None during reporting period. | | |

| | Description of Measure | Date | Source |
|---|---|---|---|
| *Investment measures relating to national security* | On 15 May 2012, the Law of 11 May 2012, No. 56 entered into effect. It converted in law, with modifications, the Decree-Law of 15 March 2012. The new law establishes a mechanism for government review of transactions regarding assets of companies operating in the sectors of defence or national security, as well as in strategic activities in the energy, transport and communications sectors. The law also abolishes the former Italian Golden Share Law (No 474 of 1994), which the European Commission had deemed to contravene European Law.<br>The new law accords special powers to the government in cases where an acquisition or other form or transaction triggers a threat of severe prejudice to essential interests of the State.<br>Special powers can be exercised both towards national or foreign investors or investments, except in case of veto to majority takeovers by buyers from outside the EU in the energy, transport and telecommunications sectors (see below).<br>In the defence and national security sectors, the Government may act through the exercise of special powers as follows: the imposition of specific conditions on acquisitions of participations in companies engaged in strategic activities; the veto on decisions regarding those companies or ownership structure; the opposition to the acquisition of ownership in such companies by subjects other than the Italian State, Italian public entities or entities under their control, in cases where these acquisitions would lead to voting rights that may compromise interests of defence or national security.<br>In the sectors of energy, transport and communications the government's special powers consist in: the veto on or the authorisation of, under specific conditions, decisions, acts or operations concerning strategic assets; the imposition of specific conditions to make affective acquisitions by non EU investors of companies owning strategic assets. In exceptional cases and when the above-mentioned acquisition determines control rights, the Government has the right of opposition to the entire acquisition by buyers from outside the EU (in compliance with article 49 of the Treaty of the Functioning of the European Union).<br>The law further sets out which authorities carry out the risk assessment and the criteria to follow and define timeframes and obligations on companies to provide information to the government about the investment project.<br>At the end of the reporting period on 15 September 2012, the Decrees required to implement the law – concerning themes such as the identification of key strategic activities in the sector of defence and national security – were under preparation for approval by the government, according to the procedures and timing of the law. | 15 May 2012 | Law of 11 May 2012, n. 56, Gazzetta Ufficiale della Repubblica italiana n. 111 del 14 maggio 2012. |
| **Japan** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Republic of Korea** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |

| | Description of Measure | Date | Source |
|---|---|---|---|
| **Mexico** | | | |
| *Investment policy measures* | On 9 August 2012 a General Resolution by the Federal Government became effective. It facilitates the establishment of foreign legal persons in Mexico by establishing new criteria for the application of Article 17 of the Foreign Investment Law. This resolution replaces the prior authorisation requirement for the establishment of a branch of a foreign legal entity in Mexico with a mere notice to be submitted to the Directorate-General of Foreign Investment of the Ministry of Economy. Pursuant to international commitments, legal persons created under the laws of Canada, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Nicaragua, Peru, the United States and Uruguay may benefit from this facility. | 9 August 2012 | "*Resolucion general por la que se establece el criterio para la aplicacion del articulo 17 de la ley de inversion extranjera relativo al establecimiento de personas morales extranjeras en Mexico*", Diario Oficial de la Federación, 8 August 2012. |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Russian Federation** | | | |
| *Investment policy measures* | On 17 May 2012, the Central Bank of the Russian Federation issued Decree No.2818-У on the rights of subsidiaries of foreign banks operating in Russia to open local branch offices. The decree, which entered into effect on 2 June 2012, removed a previously existing obligation to obtain permission from the Central Bank and replaced it by a notification requirement. The Decree entered into force 10 days after its official publication. | 17 May 2012 | Decree No.2818-У, Central Bank of the Russian Federation, 17 May 2012. |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Saudi Arabia** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **South Africa** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **Turkey** | | | |
| *Investment policy measures* | On 18 May 2012, Law No. 6302 amending the Land Registry Law was published in the Official Gazette. The amendments, which were passed on 3 May 2012, abolished the "reciprocity" requirement for foreign individuals and broadened the extent to which foreign individuals and companies can acquire real estate in Turkey. Henceforth, a foreign individual may acquire up to 30 hectares across the country. The Council of Ministers may allow acquisitions twice this amount or restrict or prohibit a specific acquisition. The new Law also regulates the acquisition of real estate by foreign-controlled companies incorporated in Turkey, while | 18 May 2012, 16 August 2012. | Law No. 6302, Official Gazette of 18 May 2012, no. 28296. |

| | Description of Measure | Date | Source |
|---|---|---|---|
| | acquisitions by foreign companies remain governed by sector-specific laws. The foreign capital companies which are incorporated in Turkey and which are not controlled by foreign investors shall acquire and use real estates in equal conditions with the local companies. Furthermore, the new law granted some exemptions for flexibility in the regime. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **United Kingdom** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **United States** | | | |
| *Investment policy measures* | None during reporting period. | | |
| *Investment measures relating to national security* | None during reporting period. | | |
| **European Union** | | | |
| *Investment policy measures* | None during reporting period. | | |

## ANNEX: METHODOLOGY—COVERAGE, DEFINITIONS AND SOURCES

*Reporting period.* The reporting period of the present document is from 4 May 2012 to 5 October 2012. An investment measure is counted as falling within the reporting period if new policies were prepared, announced, adopted, entered into force or applied during the period.

*Definition of investment*. For the purpose of this report, international investment is understood to include all international capital movements, including foreign direct investment.

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

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

*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 and UNCTAD Secretariats;
- other publicly available sources: specialised web sites, press clippings etc.