



17 June 2013

# Ninth Report on G20 Investment Measures<sup>1</sup>

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 ninth report on investment and investment-related measures made in response to this mandate.<sup>2</sup> It has been prepared jointly by the OECD and UNCTAD Secretariats and covers investment policy and investment-related measures taken between 6 October 2012 and 15 May 2013.<sup>3</sup>

## I. INVESTMENT DEVELOPMENTS

Global foreign direct investment (FDI) inflows declined by an estimated 14-18% in 2012 from 2011, to around USD 1.4 trillion.<sup>4</sup> This figure corresponds approximately to global FDI inflows recorded in 2010.

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<sup>1</sup> Information provided by OECD and UNCTAD Secretariats.

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

<sup>3</sup> Annex 2 of the present report contains a summary of investment measures that G20 members have taken between November 2008 and 15 May 2013 as well as a list of investment agreements that G20 members have concluded in this period.

<sup>4</sup> For further information and analysis on recent trends, see UNCTAD's "[Global Investment Trends Monitor](#)", Issue No.11, (January 2012), the forthcoming World Investment Report 2013, [OECD Data, Analysis and Forecasts on Foreign Direct Investment \(FDI\) Statistics](#), "[FDI in Figures](#)", April 2013, and the [OECD Investment News, Issue 16](#), October 2012.

## II. INVESTMENT POLICY MEASURES

During the reporting period, twelve G20 members took some sort of investment-specific measures or concluded international investment agreements (Table 1).<sup>5</sup>

**Table 1. Investment and investment-related measures taken or implemented between 6 October 2012 and 15 May 2013**

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

### (1) INVESTMENT-SPECIFIC MEASURES

Nine countries – Australia, Brazil, Canada, China, India, Korea, the Russian Federation, South Africa and the United States – amended their investment-specific policies during the reporting period. The vast majority of measures show continued moves towards eliminating restrictions to international investment and improving clarity for investors. Overall, these findings echo those of earlier investment reports to the G20.

### (2) INVESTMENT MEASURES RELATED TO NATIONAL SECURITY

None of the G20 members amended their investment policies related to national security in the reporting period.

### (3) INTERNATIONAL INVESTMENT AGREEMENTS

During the reporting period, six G20 members concluded four bilateral investment treaties (BITs)<sup>6</sup> and two “other IIAs”<sup>7</sup> (Table 2). On 1 March 2013, the Protocol on Investment to the Australia-New

<sup>5</sup> [Annex 1](#) contains detailed information on the coverage, definitions and sources of the information in this report.

<sup>6</sup> BITs between [Benin and Canada](#) (9 January 2013); Mauritius and Turkey (7 February 2013); Gambia and Turkey (12 March 2013); and Japan and Saudi Arabia (30 April 2013). The conclusion of a treaty does not mean that it has entered into force.

<sup>7</sup> These are the Free Trade Agreement between [Colombia and the Republic of Korea](#) (21 February 2013) and the Free Trade Agreement between China and Iceland (15 April 2013). The conclusion of an FTA does not mean that it has entered into force.

Zealand Closer Economic Relations Trade Agreement (ANZCERTA), which had been reported earlier, entered into force. As of 15 May 2013, there existed globally 2,862 BITs and approximately 341 "other IIAs".<sup>8</sup>

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

	Bilateral Investment Treaties (BITs)		Other IIAs		Total IIAs as of 15 May 2013
	Concluded 6 October 2012 - 15 May 2013	Total as of 15 May 2013	Concluded 6 October 2012 - 15 May 2013	Total as of 15 May 2013	
Argentina		58		16	74
Australia		23		18	41
Brazil		14		17	31
Canada	1	32		21	53
China		128	1	17	145
France		102		65	167
Germany		136		65	201
India		83		14	97
Indonesia		63		17	80
Italy		93		65	158
Japan	1	20		21	41
Korea, Republic of		90	1	17	107
Mexico		28		20	48
Russian Federation		71		4	75
Saudi Arabia	1	23		14	37
South Africa		46		9	55
Turkey	2	86		21	107
United Kingdom		104		65	169
United States		46		65	111
European Union				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 policies for international investment. Almost all new investment policy measures that G20 members adopted during the reporting period tended to eliminate investment restrictions, and to facilitate inward or outward investment.

However, formal policy changes through the adoption of laws and regulations are not the only way in which governments influence – and at times discourage – international capital flows, including foreign direct investment. Individual administrative decisions with regard to specific foreign investment projects (for instance, economic benefits tests or national security-related investment reviews) also influence capital flows. In addition – as witnessed during this reporting period – governments may send public signals that they have unfavourable views of certain foreign investment projects. Such forms of intervention are not captured by this report, as a consistent and complete reporting on these measures is not possible.<sup>9</sup> Nonetheless, such action may have a chilling effect on specific investment projects and, more generally, on trust in fair and transparent treatment of foreign investors.

<sup>8</sup> This includes treaties that have been concluded, regardless of whether they have entered into force. It does not include treaties that have ceased to be in effect.

<sup>9</sup> Investment limitations, including disguised discrimination and their policy implications are discussed in the [Freedom of Investment Roundtables](#) hosted at the OECD, in which 50 G20 and non-G20 members participate. UNCTAD provides a discussion platform for its 194 members through its Trade and Development Board, its Investment, Enterprise and Development Commission and its World Investment Forum

G20 Leaders should therefore bear in mind that the rather encouraging findings in this report on the development of their formal investment-related policies of general application do not present a complete picture of broad policy measures regarding international capital flows and that their commitment to resist protectionism in all its forms also covers individual administrative decisions that involve significant discretion in reviewing foreign investment projects and informal means for stifling international investment.

REPORTS ON INDIVIDUAL ECONOMIES:  
RECENT INVESTMENT MEASURES (6 OCTOBER 2012 – 15 MAY 2013)

	Description of Measure	Date	Source
<b>Argentina</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Australia</b>			
<i>Investment policy measures</i>	<p>On 1 March 2013, the Protocol on Investment to the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) entered into effect.</p> <p>Among other provisions, the Protocol increases the threshold that triggers inward investment screening procedures: New Zealand private investors undertaking business acquisitions henceforth benefit from the higher screening threshold of AUD 1,078 million (indexed annually), up from AUD 248 million. In exchange, the screening threshold for Australian private investors in New Zealand is now NZD 477 million (around AUD 390 million, and indexed annually), up from NZD 100 million (around AUD 80 million).</p>	1 March 2013	<p><a href="#">“Milestone in Investment Ties with New Zealand”</a>, Joint media release, 1 March 2013.</p>
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Brazil</b>			
<i>Investment policy measures</i>	<p>Effective 5 December 2012, Brazil modified the scope of application of its 6% financial transaction tax (IOF) on overseas loans; henceforth, the tax only applies to overseas loans maturing within one year. The scope had been changed repeatedly since the initial introduction in April 2011: Initially, it covered loans with maturities of up to two years, and included, from 1 March 2012 on, loans maturing within up to three years. Effective 12 March 2012, loans with maturities of up to five years, were taxed at the 6% rate. On 14 June 2012, Brazil reduced the application of the IOF tax to overseas loans with a maturity of up to two years.</p> <p>On 1 April 2013, Brazil exempted from the financial transaction tax (IOF) tax certain operations by financial institutions contracted as of 2 April 2013 that concern the acquisition, production or lease of capital goods as well as working capital related to: the production of consumer goods for export, electric energy, export structures for bulk liquids, engineering, technological innovation, and to investment projects to increase technological and productive capacity in areas of high knowledge intensity as well as engineering and logistics infrastructure projects.</p>	<p>5 December 2012</p> <p>1 April 2013</p>	<p><a href="#">Presidential Decree 7.683</a> of 29 February 2012; <a href="#">Presidential Decree 7.698</a> of 9 March 2012; <a href="#">Presidential Decree 7.751</a> of 13 June 2012; <a href="#">Presidential Decree 7.853</a> of 4 December 2012.</p> <p><a href="#">Presidential Decree 7.975</a> of 1 April 2013.</p>
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Canada</b>			
<i>Investment policy measures</i>	On 7 December 2012, Canada announced several clarifications to the foreign investment review process and expanded the definition of SOEs, which henceforth includes foreign companies that are “influenced” by a foreign state.	7 December 2012	<p><a href="#">“Statement Regarding Investment by Foreign State-Owned Enterprises”</a>, Industry Canada</p>

	Description of Measure	Date	Source
<p><i>Investment measures relating to national security</i></p>	<p>The changes include a clarification regarding reviews of proposed investments by foreign SOEs. When reviewing SOE transactions, the Minister will examine: the degree of control or influence a state-owned enterprise would likely exert on the Canadian business that is being acquired; the degree of control or influence a state-owned enterprise would likely exert on the industry in which the Canadian business operates; and the extent to which a foreign state is likely to exercise control or influence over the state-owned enterprise acquiring the Canadian business. As a general rule, non-controlling minority interests in Canadian businesses proposed by foreign SOEs, including joint ventures, will continue to be welcome, while investments by foreign SOEs to acquire control of a Canadian oil sands business will be found to be of net benefit on an exceptional basis only.</p>		<p>announcement, 7 December 2012.</p>
<p>None during reporting period.</p>			
<p><b>P.R. China</b></p>			
<p><i>Investment policy measures</i></p>	<p>On 11 October 2012, the China Securities Regulatory Commission allowed foreign investors to hold stakes in the country's securities firms up to 49%, up from one third. In addition, securities firms, including joint ventures, can apply for permission to expand their businesses two years after going into operation in China (CSRC Decree No.86).</p>	<p>11 October 2012</p>	<p>"CSRC Decree No.86: Decision on Amending the Rules for the Establishment of Foreign-shared Securities Companies", China Securities Regulatory Commission, 11 October 2012.</p>
	<p>On 16 December 2012 China further raised the ceiling of its RMB qualified foreign institutional investor (RQFII) program by RMB 50 billion to now RMB 270 billion. The programme had initially been announced in August 2011, and similar to the Qualified Foreign Institutional Investors (QFII) programme, allows foreign investors to invest in mainland securities through Hong Kong, China-based financial firms.</p>	<p>16 December 2012</p>	<p><a href="#">"RQFII Investment Quota to be Increased by 50 Billion RMB Yuan"</a>, China Securities Regulatory Commission News Release, 4 April 2012;</p>
	<p>In preparation of the launch, the Ministry of Commerce had released, on 22 August 2011, the "Circular on Issues Related to Cross-border RMB FDI (Draft for Opinions)" for public comment until 20 September 2011.</p>		<p><a href="#">"PBC Announcement on Implementation of RQFII Pilot Program"</a>, People's Bank of China release, 9 February 2012;</p>
	<p>On 9 February 2012, the People's Bank of China released an <i>Announcement on the Implementation of the RQFII Pilot Program</i>, as a further step in the preparation of the launch of the RQFII programme, followed on 15 February 2012 by a circular by the State Administration of Foreign Exchange (SAFE).</p>		<p><i>"Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors"</i>, Decree No. 76 of the China Securities Regulatory Commission, the People's Bank of China, and the State Administration of Foreign Exchange;</p>
	<p>In the first phase of the programme, qualified brokerages were allowed to invest an aggregate of RMB 20 billion in mainland securities, and on 4 April 2012, the expansion of the <i>Renminbi Qualified Foreign Institutional Investor</i> (RQFII) scheme to RMB 70 billion was announced.</p>		<p><a href="#">"Circular of the SAFE on Relevant Issues Concerning the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB QFII"</a>, 15 February 2012.</p>
	<p>On 15 November 2012, the <i>Renminbi Qualified Foreign Limited Partner Program</i> (RQFLP) was incepted in Shanghai. This programme allows QFIIs to set up private equity funds in China to make equity investments in unlisted enterprises.</p>	<p>15 November 2012</p>	
	<p>Effective 17 December 2012, parts of the review process</p>	<p>17 December</p>	<p><i>"Notice on Further</i></p>

	Description of Measure	Date	Source
	related to capital flows and currency exchange quotas of foreign enterprises were waived or simplified by China's State Administration of Foreign Exchange (SAFE). This concerns for instance approvals to open bank accounts, remit profits, and transfer money between different domestic accounts.	2012	<i>Improvement and Adjustment of Policies on Foreign Exchange Administration of Foreign Direct Investments</i> ", State Administration of Foreign Exchange, 21 November 2012.
	On 1 January 2013, the <i>Regulatory Guidelines in relation to the Document Submission and Review Procedure for Stocks Issuance and Overseas Listing by Joint Stock Companies</i> came into effect. The Guidelines, which were issued by the China Securities Regulatory Commission (CSRC) on 20 December 2012, loosen restrictions for Chinese companies that seek listing overseas.	1 January 2013	
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>France</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Germany</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>India</b>			
<i>Investment policy measures</i>	On 12 October 2012, the Reserve Bank of India (RBI) abolished restrictions on the possibility to provide loans against security of funds held in Non Resident (External) Rupee Accounts or Foreign Currency Non Resident (Bank) Accounts deposits to the depositors or third parties. On 28 April 2009, the cap for these loans had already been increased from IDR 2 million to IDR 10 million.	12 October 2012	<a href="#">“Foreign Exchange Management (Deposit) Regulations, 2000 --Loans to Non Residents / third parties against security of Non Resident (External) Rupee Accounts [NR (E) RA] / Foreign Currency Non Resident (Bank) Accounts [FCNR (B)] Deposits”</a> , RBI/2012-13/247, A. P. (DIR Series) Circular No. 44.
	On 21 December 2012, the Indian government announced an increase in the ceiling for foreign direct investment in Assets Reconstruction Companies to 74%, up from 49%. However, no individual sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs need to comply with the FDI policy in terms of entry route conditionality and sectoral caps. The liberalisation was published in the <a href="#">Consolidated FDI Policy Circular</a> , which became effective on 5 April 2013.	21 December 2012; 5 April 2013	<a href="#">“Government Reviews Foreign investment Policy for Assets Reconstruction Sector; Ceiling for FDI in ARCs increased from 49% to 74%”</a> , Ministry of Finance press release nr. 91117, 21 December 2012.
	On 10 January 2013, the Reserve Bank of India amended the rules on issuing of shares of an Indian company to non-residents under the FDI scheme. Since the liberalisation in this area on 30 June 2011, shares could notably be offered under the Government route by conversion of import of capital	10 January 2013	<a href="#">“Foreign Direct Investment (FDI) in India – Issue of equity shares under the FDI Scheme allowed under the</a>

Description of Measure	Date	Source
<p>goods including machineries and equipment, including second-hand machineries. The amendment of 10 January 2013 excluded the possibility to issue shares for the import of second-hand machineries under this mechanism.</p>		<p><i>Government route</i>”, Reserve Bank of India Circular RBI/2010-11/586 A.P. (DIR Series) Circular No. 74;</p> <p><a href="#">“FDI in India - Issue of equity shares under the FDI scheme allowed under the Government route”</a>, RBI/2012-13/375 A. P. (DIR Series) Circular No. 74.</p>
<p>A circular dated 20 November 2012 extended until 31 March 2013 a facility under which the period of realization and repatriation to India of the amount representing the full export value of exported goods or software was extended from six to 12 months from the date of export. This relaxation was introduced on 1 November 2011 and was initially available up to 30 September 2012.</p>	20 November 2012	<p><a href="#">“Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation”</a>, RBI/2011-12/241, A.P. (DIR Series) Circular No.40</p> <p><a href="#">“Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation”</a>, RBI/2012-13/298, A.P. (DIR Series) Circular No. 52</p>
<p>On 22 January 2013, the Reserve Bank of India abolished a conversion requirement which it had initially introduced on 10 May 2012 and which required foreign exchange earners to convert 50% of their foreign currency earnings into rupees; previously, foreign exchange earners were allowed to keep foreign currencies. These rules were also applicable to Diamond Dollar Account and Resident Foreign Currency (RFC) Accounts. Moreover, foreign exchange earners were no longer 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 clarified 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. On 31 July 2012, the conversion requirement were relaxed; henceforth, only the sum total of the accruals in the account during a calendar month had to be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.</p>	22 January 2013	<p><a href="#">“Exchange Earner’s Foreign Currency (EEFC) Account”</a>, Reserve Bank of India, RBI/2011-12/547 A. P. (DIR Series) Circular No. 124.</p> <p><a href="#">“Exchange Earner’s Foreign Currency (EEFC) Account”</a>, Reserve Bank of India, RBI/2011-12/564 A.P. (DIR Series) Circular No. 128.</p> <p><a href="#">“Exchange Earner’s Foreign Currency Account”</a>, Reserve Bank of India, RBI/2012-13/135 A. P. (DIR Series) Circular No. 8.</p> <p><a href="#">“EEFC Account, Diamond Dollar Account and Resident Foreign Currency Account - Review of Guidelines”</a>, RBI/2012-13/151, A. P. (DIR Series) Circular No. 12.</p> <p><a href="#">“Exchange Earner’s Foreign Currency Account, Diamond Dollar Account &amp; Resident Foreign Currency Domestic Account”</a>, RBI/2012-13/390, A.P.(DIR Series) Circular No. 79.</p>
<p>On 24 January 2013, the Reserve Bank of India relaxed restrictions on Foreign Institutional Investors’ (FII) investment in Indian Government securities and non-convertible debentures and bonds issued by Indian companies. The changes increase the ceilings for such investments and shorten lock-in periods.</p> <p>India also made some adjustments to the policies on external commercial borrowing (ECB). The policy changes are contained in a series of circulars and include the following:</p>	24 January 2013	<p><a href="#">“Foreign investment in India by SEBI registered FIIs in Government securities and corporate debt”</a>, RBI/2012-13/391, A. P. (DIR Series) Circular No.80.</p>



	Description of Measure	Date	Source
	<ul style="list-style-type: none"> <li>– On 26 November 2012, the Reserve Bank of India ordered a one-time relaxation of the Bank's External Commercial Borrowings policy for the financing of the payment for 2G spectrum allocation. The temporary relaxation seeks to enable successful bidders for the spectrum to pay for the spectrum allocation. A similar one-time relaxation from the Bank's External Commercial Borrowings policy had already been accorded on 25 January 2010 in light of an auction of 3G frequency spectrum.</li> </ul>	26 November 2012	Reserve Bank of India, <a href="#">RBI/2009-10/252 A.P. (DIR Series) Circular No.19</a> , 9 December 2009. “ <a href="#">External Commercial Borrowings (ECB) Policy for 2G spectrum allocation</a> ”, RBI/2012-13/310, A.P. (DIR Series) Circular No. 54.
	<ul style="list-style-type: none"> <li>– On 7 January 2013, the share of ECBs that Infrastructure Finance Companies (IFCs) could take out under the automatic route was increased to 75%. On 11 May 2010 already, the RBI had relaxed conditions for ECBs taken out by IFCs, when they were allowed to avail of ECBs for on-lending to the infrastructure sector under the automatic route, rather than the approval route, for up to 50% of their owned funds.</li> </ul>	7 January 2013	“ <a href="#">External Commercial Borrowings (ECB) Policy</a> ”, RBI/2009-10/456, A.P. (DIR Series) Circular No. 51; “ <a href="#">External Commercial Borrowings Policy – Non-Banking Financial Company – Infrastructure Finance Companies</a> ”, RBI/2012-13/367, A.P. (DIR Series) Circular No. 69.
	<ul style="list-style-type: none"> <li>– On 17 December 2012, the Reserve Bank of India allowed ECB for low cost affordable housing projects as a permissible end-use under the approval route.</li> </ul>	17 December 2012	“ <a href="#">External Commercial Borrowings (ECB) for the low cost affordable housing projects</a> ”, RBI/2012-13/339, A.P. (DIR Series) Circular No. 61.
	<ul style="list-style-type: none"> <li>– On 21 January 2013, Indian companies in the hotel sector were added to the list of companies that were eligible to participate in the ECB scheme.</li> </ul>	21 January 2013	“ <a href="#">External Commercial Borrowings (ECB) Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme</a> ”, RBI/2012-13/387, A.P. (DIR Series) Circular No. 78.
	On 1 April 2013, the Reserve Bank of India simplified foreign investment by registered FIIs in Government Securities and Corporate Debt. On 24 January 2013, <a href="#">Circular No.80</a> had increased the limit for investments by FIIs and long term investors in government securities to USD 25 billion and for corporate debt to USD 51 billion.	24 January 2013; 1 April 2013.	“ <a href="#">Foreign investment in India by SEBI registered FIIs in Government Securities and Corporate Debt</a> ”, RBI/2012-13/465, A.P. (DIR Series) Circular No.94.
	On 23 April 2013, India relaxed conditions for outward investment by the Navratna Public Sector Undertakings (PSUs) and ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL) in entities in the oil sector. Henceforth, these companies are allowed to invest in overseas incorporated entities in the oil sector under the automatic route, while the authorisation had previously only covered investments in unincorporated entities in this sector.	23 April 2013	“ <a href="#">Investment by Navratna Public Sector Undertakings (PSUs), OVL and OIL in unincorporated entities in oil sector abroad</a> ”, RBI/2012-13/480, A.P. (DIR Series) Circular No. 99.
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Indonesia</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		

	Description of Measure	Date	Source
<b>Italy</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Japan</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Republic of Korea</b>			
<i>Investment policy measures</i>	<p>Effective 1 December 2012, the Republic of Korea further lowered the ratio of banks' foreign exchange derivatives positions to equity. Henceforth, local banks' foreign exchange derivatives positions (including FX forward, FX swap, cross currency interest rate swap, non-deliverable forward, etc.) are limited to 30% of equity, and foreign bank branches' positions may not exceed 150% of their equity.</p> <p>The Republic of Korea has first introduced this type of measure on 13 June 2010 as a means to mitigate volatility of capital flows. In a statement released on 19 May 2011, the Ministry of Strategy and Finance, the Financial Supervisory Commission, the Bank of Korea and the Financial Supervisory Service had further lowered the ratio of banks' foreign exchange derivatives positions to equity by 20%, effective on 1 June 2011. At the same time, the ratio of foreign exchange derivatives positions for local branches of foreign banks was cut to 200%, down from 250%; the ratio for domestic banks was lowered from 50% to 40%.</p>	1 December 2013	"Korean Government to Lower the Ratio of Banks' Foreign Exchange Derivative Position", Ministry of Strategy and Finance press release, 27 Nov. 2012
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Mexico</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Russian Federation</b>			
<i>Investment policy measures</i>	<p>On 14 March 2013, the Russian Federation passed amendments to certain federal laws in order to ban the opening of branches of foreign banks in the territory of Russia. The changes do not concern Russian subsidiaries of foreign banks and of representative offices of foreign banks.</p> <p>On 12 April 2013, the Russian Federation amended the law "On Banks and Banking Operations". The amendment prohibits the Central Bank to impose restrictions on banking operations for foreign banks with participation of investors from OECD countries. Hitherto, the Central Bank was allowed to limit operations of those foreign banks, whose countries of domiciliation impose restrictions on local</p>	<p>14 March 2013</p> <p>12 April 2013</p>	Federal Law of 14 March 2013 No.29-FZ

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	branches of Russian banks. None during reporting period.		
<b>Saudi Arabia</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>South Africa</b>			
<i>Investment policy measures</i>	On 12 December 2012, the South African Reserve Bank issued updates to certain sections of the <a href="#">Exchange Control Manual</a> .	12 December 2012	<a href="#">Exchange Control Manual</a>
	On 27 February 2013, the South African Reserve Bank published changes to its foreign exchange control policies, which had initially been announced as part of the 2013 Budget. Henceforth, as part of the “Gateway to Africa” policy, each company listed at the Johannesburg Stock Exchange (JSE) may establish one subsidiary holding company for holding African and offshore operations without it being subject to foreign exchange restrictions. The purpose is to incentivise companies to manage their African and offshore operations from South Africa, maximising the benefits to South Africa’s economy. To benefit from the exemption, the Holding companies will be subject to the following conditions: They must be South African tax residents and be incorporated and effectively managed and controlled in South Africa; transfer from the parent company to the subsidiary will be allowed up to ZAR 750 million per year; subsidiaries may freely raise and deploy capital offshore, provided these funds are without South African guarantees; subsidiaries will be allowed to operate as cash management centres for South African multinationals; local income generated from cash management will be freely transferrable; subsidiaries may choose their functional currency or currencies, and operate foreign currency accounts and a rand-denominated account for operational expenses; appropriate governance and transparency arrangements will be required.	27 February 2013	<a href="#">Exchange Control Circular 5 of 2013</a>
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Turkey</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>United Kingdom</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		

	Description of Measure	Date	Source
<b>United States</b>			
<i>Investment policy measures</i>	On 18 April 2013, the Federal Communications Commission adopted and released an order that provides greater investment flexibility by streamlining the policies and procedures that apply to foreign ownership of common carrier and certain aeronautical radio station licensees, that is, companies that provide fixed or mobile telecommunications service over networks that employ spectrum-based technologies.	18 April 2013	<a href="#">“Federal Communications Commission – Second Report and Order”</a> , Federal Communications Commission, FCC 13-50, 18 April 2013
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>European Union</b>			
<i>Investment policy measures</i>	None during reporting period.		

## ANNEX 1: METHODOLOGY—COVERAGE, DEFINITIONS AND SOURCES

*Reporting period.* The reporting period of the present document is from 6 October 2012 to 15 May 2013. 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.

ANNEX 2: SUMMARY OF INVESTMENT MEASURES TAKEN BETWEEN NOVEMBER 2008 AND  
15 MAY 2013

Description of Measure	Date	Source
<b>Argentina</b>		
<i>Investment policy measures</i>	<p>In May, June and July 2009, Argentina issued norms that exempt certain operations from the temporary requirement to place 30% of fund-inflow purchases of Argentine pesos in a noninterest bearing account in a commercial bank for a 365-day period.</p>	<p>21 May 2009; 26 June 2009; 6 July 2009</p> <p>Resolución MECON 263/2009 21-5-09; Resolución MECON 332/2009 26-6-09; Resolución MECON 354/2009 6-7-09.</p>
	<p>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.</p>	<p>26 October 2011</p> <p><i>Decreto 1722/2011</i> of 25 October 2011, Official Gazette No. 32.263 of 26 October 2011, p.1.</p>
	<p>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 <i>Superintendencia of Insurance Companies</i> may grant exceptions to this rule and authorise reinsurers to provisionally hold their investments abroad under exceptional circumstances to the extent that sufficient justifications 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.</p>	<p>27 October 2011</p> <p><i>Reglamento General de la Actividad Aseguradora, Resolución 36.162/2011</i>, Official Gazette No. 32.264 of 27 October 2011, p.8.</p>
	<p>On 28 October 2011, Central Bank Circular CAMEX 1-675 entered into effect. The circular establishes new restrictions on foreign exchange holdings by residents.</p>	<p>28 October 2011</p> <p><i>Comunicación "A" 5236</i>, Central Bank of Argentina, 27 October 2011.</p>
	<p>On 31 October 2011, Resolution 3210 – “<i>Consultation Programme for Foreign Currency Operations</i>” – 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.</p>	<p>31 October 2011</p> <p><i>Resolución General 3210 Programa de Consulta de Operaciones Cambiarias. Creación</i>, Administración Federal de Ingresos Públicos, Official Gazette N° 32.266, p. 38.</p>
	<p>On 29 December 2011, Argentina promulgated the law on the “<i>Protección al Dominio Nacional sobre la Propiedad, Posesión o Tenencia de las Tierras Rurales</i>”. The law restricts the extent to which foreigners are allowed to acquire farmland. It limits the overall foreign holdings of farmland in Argentina to 15% of the total surface, and individual foreigners would not be allowed to own more than 1,000 hectares. The law also defines future acquisitions of land as acquisition of a non-renewable resource rather than an investment.</p>	<p>27 December 2011</p> <p>“<i>Ley 26.737. Régimen de Protección al Dominio Nacional sobre la Propiedad, Posesión o Tenencia de las Tierras Rurales</i>”, 27 December 2011.</p>
	<p>On 3 May 2012, the National Congress of Argentina adopted a law declaring that the achievement of self-sufficiency in the provision of hydrocarbons (including exploration, exploitation, industrialization, transport and commercialization) is of national public interest and a priority goal of Argentina. To guarantee the fulfilment of this goal, the law declares to be in the public interest and subject to expropriation the 51% of the share capital (<i>patrimonio</i>) of YPF S.A. owned by Repsol YPF S.A. and the 51% of the share capital (<i>patrimonio</i>) of Repsol YPF Gas S.A. owned by Repsol Butano S.A. (represented by 60% of the Class A shares of Repsol YPF Gas S.A.). It establishes that among the principles of hydrocarbons policy is the integration of public and private, national and international capital in strategic alliances as well as the</p>	<p>3 May 2012</p> <p><i>Reports on G20 Trade and Investment Measures</i>, OECD, WTO, UNCTAD, 31 May 2012; <i>Law No. 26.741</i>, Boletín Oficial, 7 May 2012; “<i>Yacimientos Petrolíferos Fiscales. Declárase de Interés Público Nacional el logro del autoabastecimiento de hidrocarburos. Créase el Consejo Federal de Hidrocarburos. Declárase de Utilidad Pública y sujeto a expropiación el 51% del patrimonio de YPF S.A.</i>”</p>

Description of Measure	Date	Source
<p><i>Investment measures relating to national security</i></p>	<p>maximization of investment and resources. In order to fulfil its objectives, the law declares that YPF S.A. will turn to international and domestic financial resources, and to any type of agreement of association and strategic alliances with other public, private, national, foreign or mixed companies.</p> <p>None during reporting period.</p>	
<b>Australia</b>		
<p><i>Investment policy measures</i></p>	<p>In March 2009, Australia relaxed reviews of foreign investment in residential real estate. Henceforth, temporary residents are no longer required to notify proposed acquisitions. The relaxation only applied until 24 April 2010, when the liberalisation was reverted (see below).</p>	<p>31 March 2009</p> <p><a href="#">Foreign Acquisitions and Takeovers Legislation Amendment Regulations 2009 (No. 1)</a></p>
	<p>On 22 September 2009, reforms to Australia's foreign investment screening framework came into effect for business proposals. The four lowest monetary thresholds for private business investment were replaced with a single indexed monetary threshold of AUD 219 million (the previous lowest threshold was AUD 100 million). The new threshold is indexed on 1 January each year to keep pace with inflation. The reforms also removed the need for private foreign investors to notify the Treasurer when they establish a new business in Australia. Other notification requirements and the indexed monetary threshold for investors from the United States in non-sensitive sectors (AUD 953 million in 2009) are unchanged.</p>	<p>22 September 2009</p> <p><a href="#">"Reforming Australia's foreign investment framework"</a>, Treasurer media release No. 089 of 2009, 4 August 2009; and <a href="#">Policy and Supporting Documents, Foreign Investment Review Board (FIRB) website</a>.</p>
	<p>On 16 December 2009, the Australian Transport Minister announced that while the Government would maintain the cap of 49% on foreign ownership of Australian international airlines (<a href="#">Air Navigation Act 1920</a>), it would remove the secondary restrictions of 25% for foreign individual shareholdings and 35% for total foreign airlines shareholdings in Qantas (<a href="#">Qantas Sale Act 1992</a>). The Government also announced that it will continue to allow 100% foreign ownership of domestic airlines.</p>	<p>16 December 2009</p> <p><a href="#">"National Aviation Policy – White Paper"</a>, Commonwealth of Australia, December 2009; <a href="#">"National Aviation Policy Statement Released"</a>, Minister for Infrastructure, Transport, Regional Development and Local Government media release AA539/2009, 16 December 2009; and <a href="#">"Launch of the Aviation White Paper - National Press Club"</a>, Minister for Infrastructure, Transport, Regional Development and Local Government speech AS25/2009, 16 December 2009.</p>
	<p>On 12 February 2010, regulations supporting the Foreign Acquisitions and Takeovers Amendment Act 2010 were given Royal Assent. The Amendment Act clarifies the operation of the <i>Foreign Acquisitions and Takeovers Act 1975</i> to ensure that it applies equally to all foreign investments irrespective of the way they are structured. The amendments are intended to capture complex investment structures which may provide avenues of control beyond that provided through traditional shares or voting power. The regulations ensure that Australian companies are not inadvertently treated as foreign companies under the compulsory notification provisions of the 1975 Act. The amendments and the supporting regulations apply retrospectively from the date of the Treasurer's announcement (12 February 2009).</p>	<p>12 February 2010</p> <p><a href="#">Foreign Acquisitions and Takeovers Amendment Regulations 2010 (No. 1)</a>.</p>
	<p>On 26 May 2010, changes to the Australian Government's foreign investment policy on residential real estate came into effect. The new rules, which were first announced on 24 April 2010 and operate from that date: require temporary residents to notify the Government and receive approval before buying residential real estate in Australia, prevent foreign non-residents from investing in Australian real estate if that investment does not add to the housing stock; ensure that investments by temporary residents in established properties are only for their use whilst they live</p>	<p>24 April 2010</p> <p><a href="#">Foreign Acquisitions and Takeovers Amendment Regulations 2010 (No. 2)</a>;</p> <p><a href="#">"Government Tightens Foreign Investment Rules for Residential Housing"</a>, Treasurer media release No. 074 of 2010, 24 April 2010.</p>

	Description of Measure	Date	Source
	in Australia; and if the investment concerns vacant land, foreigners are required to build within 24 months or resell the property. Among other changes, the new policy reverts the liberalisation that had become effective on 31 March 2009.		
	On 30 June 2010, Treasury issued a new Foreign Investment Policy document. The document sets out the Foreign Investment Review Framework, which provides details on how the policy is applied to individual cases.	30 June 2010	<a href="#">Australia's Foreign Investment Policy – June 2010</a> .
	On 1 March 2013, the Protocol on Investment to the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) entered into effect. It had been signed on 16 February 2011.	1 March 2013; 16 February 2011	“ <a href="#">Milestone in Investment Ties with New Zealand</a> ”, Joint media release, 1 March 2013.  <a href="#">Protocol on Investment to the Australia - New Zealand Closer Economic Relations Trade Agreement</a>
	Among other provisions, the Protocol increases the threshold that triggers inward investment screening procedures: New Zealand private investors undertaking business acquisitions henceforth benefit from the higher screening threshold of AUD 1,078 million (indexed annually), up from AUD 248 million. In exchange, the screening threshold for Australian private investors in New Zealand is now NZD 477 million (around AUD 390 million, and indexed annually), up from NZD 100 million (around AUD 80 million).		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Brazil</b>			
<i>Investment policy measures</i>	A presidential decree of 16 September 2009 raised the limit of foreign participation in the capital of <i>Banco do Brasil</i> , a state-owned bank, from 12.5% to 20%.	16 September 2009	Presidential Decree of 16 September 2009.
	On 23 August 2010 Brazil reinstated restrictions on rural land-ownership for foreigners. The measure results from the publication of a Presidential Order, approving a Government Legal Opinion ( <a href="#">Parecer CGU/AGU No. 01/2008</a> ) on the application of Law 5709 of 7 October 1971 to foreign owned Brazilian companies. The reinterpreted law establishes that, on rural land-ownership, Brazilian companies which are majority owned by foreigners are subject to the legal regime applicable to foreign companies. The Law permits resident foreigners to acquire up to three ‘rural modules’ modules without seeking approval and limits foreign acquisition to fifty modules. Acquisitions of between three and fifty modules require approval by the Ministry of Agricultural Development. Foreign companies can only acquire rural land for agricultural, cattle-raising, industrial or development projects. No more than 25% of the rural areas of any municipality may be owned by foreigners, and no more than 10% may be owned by foreigners of the same nationality. The policy change does not affect transactions made by Brazilian companies controlled by foreigners closed before its publication on 23 August 2010.	23 August 2010	“ <a href="#">Presidential Order approving Parecer CGU/AGU No. 01/2008-RVJ</a> ”, 23 August 2010; <a href="#">Law 5709, 7 October 1971</a> .
	With the entry into force of Law No. 12485 on 13 September 2011 the 49% cap on foreign ownership on telecoms network operators providing pay-TV, including cable TV services, was lifted.	13 September 2011	Lei N° 12.485, 12 September 2011.
	Throughout the reporting period, Brazil made a series of adjustments to its Tax on Financial Transactions ( <i>Imposto sobre Operações Financeiras</i> , IOF). They included the following measures:		
	– On 19 October 2009, Brazil imposed a 2% levy on short-term portfolio investments by non-residents in local fixed income instruments and stocks. The levy seeks, according to the Ministry of Finance, to prevent strong capital inflows that could lead to asset price bubbles and to ease upward pressure on the Real.	19 October 2009; 5 October 2010; 18 October 2010	Decree <a href="#">No. 6.983 of 19 October 2009</a> amended by Decree <a href="#">No. 6.984 of 20 October 2009</a> ;  <a href="#">Decree No. 7.412</a> , of 30 December 2010, <a href="#">Decree No. 7.330, of 18 October 2010</a> ;



	Description of Measure	Date	Source
	On 18 October 2010, Brazil further increased the rate of the IOF levied on non-residents' investment in fixed-income securities to 6%, up from 4%. The increase was applied in two steps: to 4% on 5 October 2010, and to 6% on 18 October 2010. The initial levy at a rate of 2% had been introduced on 19 October 2009 (see above). The 2% levy on investments in the capital markets remained unchanged.		<a href="#">Decree No. 7.323</a> of 4 October 2010.
	– On 19 November 2009, a 1.5% levy was imposed on the creation of depositary receipts by companies or investors converting local shares. According to the Ministry of Finance, the levy seeks to alleviate distortions caused by the abovementioned 2% levy on short-term portfolio investments.	19 November 2009	
	– On 28 April 2011, 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	<a href="#">Decree No. 7.456</a> of 28 March 2011.
	– On 5 April 2011, the Brazilian central bank Resolution 3967/2011 of 4 April 2011 extended 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. Brazilian government Decree No. 7,457, which entered into effect on 7 April 2011, extends the scope of what are deemed short-term overseas loans and bond issues under the aforementioned Resolution. They now include loans and bonds for up to two years (720 days), up from one year (360 days) previously.	5 April 2011; 7 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.  <a href="#">Decree No. 7.457</a> of 6 April 2011.
	– 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	<a href="#">Decree 7.536/2011</a> of 26 July 2011; <a href="#">Decree 7.563/2011</a> of 15 September 2011.
	– On 1 December 2011, Brazil abolished the IOF on certain transactions.	1 December 2011	<a href="#">Presidential Decree 7.632</a> , of 1 December 2011
	– On 1 March 2012, Brazil extended a 6% financial transactions tax on overseas loans maturing within up to three years, up from two years since April 2011. On 12 March 2012, the application of the tax was further extended to loans with maturities of up to five years.  On 14 June 2012, Brazil reduced the application of the IOF tax again to overseas loans with a maturity of up to two years, and with effect from 5 December 2012, the tax was only levied on loans with a maturity of 1 year.	1 March 2012; 12 March 2012; 14 June 2012; 5 December 2012	<a href="#">Presidential Decree 7.683</a> of 29 February 2012;  <a href="#">Presidential Decree 7.698</a> , of 9 March 2012;  <a href="#">Presidential Decree 7.751</a> , of 13 June 2012;  <a href="#">Presidential Decree 7.853</a> of 4 December 2012
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Canada</b>			
<i>Investment policy measures</i>	During the reporting period, Canada modified in several stages the <i>Investment Canada Act</i> (ICA) and related provisions, the country's framework for the review of inward investment projects. The changes began with a change of the ICA itself on 12 March 2009. Later related changes include the following:  – Three years after the change of the law, on 25 May 2012, the Canadian Government announced plans to change the basis for the general review threshold from the book value of the gross assets to enterprise value and to eliminate the application of the lower review threshold in identified sectors (i.e., transportation services, financial services and uranium production sectors). The regulations would be amended to progressively raise the review threshold from CAD 330 million in asset value to	12 March 2009          25 May 2012; 7 December 2012	Budget Implementation Act, 2009.          “ <a href="#">Minister Paradis Announces Additional Improvements to the Foreign Investment Review Process</a> ”, Canada News Center release, 25 May 2012;  “ <a href="#">Statement Regarding Investment by Foreign State-Owned Enterprises</a> ”, Industry Canada

Description of Measure	Date	Source
<p>CAD 1 billion in enterprise value. However, <a href="#">on 7 December 2012, Canada announced</a> that the change of the threshold to CAD 1 billion in enterprise value over four years would only apply to private sector investors, while the review threshold for foreign SOEs would remain at CAD 330 million in asset value.</p>		<p>release, 7 December 2012.</p>
<p>– Also in May 2012, Canada announced to improve transparency in the administration of the ICA. Amendments to the ICA would require the Minister to justify any decisions to disallow an investment; will allow the Minister to disclose administrative information on the review process; and require the publication of an annual report on the operations of the Act. As a first related step, Canada released the <a href="#">annual report 2009-2010</a> on the implementation of the Act on 25 May 2012. The report, the first of its kind since 1992, explains features of the review mechanisms and informs about the administration of the Act.</p>	<p>25 May 2012</p>	<p><a href="#">Investment Canada Act—Annual Report 2009–2010</a>.</p>
<p>– On 7 December 2012, Canada announced several clarifications to the foreign investment review process and expanded the definition of SOEs, which henceforth includes foreign companies that are “influenced” by a foreign state. The changes include a clarification regarding reviews of proposed investments by foreign SOEs. When reviewing SOE transactions, the Minister will examine: the degree of control or influence a state-owned enterprise would likely exert on the Canadian business that is being acquired; the degree of control or influence a state-owned enterprise would likely exert on the industry in which the Canadian business operates; and the extent to which a foreign state is likely to exercise control or influence over the state-owned enterprise acquiring the Canadian business. As a general rule, non-controlling minority interests in Canadian businesses proposed by foreign SOEs, including joint ventures, will continue to be welcome, while investments by foreign SOEs to acquire control of a Canadian oil sands business will be found to be of net benefit on an exceptional basis only.</p>	<p>7 December 2012</p>	<p><a href="#">“Statement Regarding Investment by Foreign State-Owned Enterprises”</a>, Industry Canada announcement, 7 December 2012.</p>
<p>– The changes also include an authorization of the government to review investments on national security grounds (see below).</p> <p>On 25 May 2012, the government announced further plans to amend the <i>Investment Canada Act</i> to increase the ability to publicly communicate certain information on the review process, while preserving commercial confidences; and promote investor compliance with undertakings by authorising the Minister of Industry and the Minister of Canadian Heritage to accept security from an investor for any penalties that may be ordered by a court in the event of a contravention of the Act.</p>	<p>25 May 2012</p>	<p><a href="#">“Minister Paradis Announces Additional Improvements to the Foreign Investment Review Process”</a>, Canada News Center release, 25 May 2012.</p>
<p>At the same time of the change of the ICA in 2009, an amendment of the Canada Transportation Act, authorised the Governor in Council to increase the foreign ownership limit of Canadian air carriers to up to 49%, up from 25%.</p> <p>Steps towards a first use of this authority came when the <a href="#">Canada–EU Air Transport Agreement</a> was signed on 18 December 2009. The agreement foresees that EU investors will be able to acquire up to 49% of Canadian airline companies, up from 25% and ultimately be allowed to set up and control new airlines in each others' markets. At the end of the reporting period in March 2013, the Agreement had not been ratified.</p>	<p>12 March 2009</p>	<p>Budget Implementation Act, 2009; <a href="#">Canada Transportation Act</a>, Section 55.1; <a href="#">“The EU-Canada aviation agreements – Q&amp;A”</a>, EU press release MEMO/09/218, 6 May 2009; <a href="#">“Canada will sign its most comprehensive air agreement ever”</a>, Transport Canada press release, 17 December 2009; <a href="#">“EU and Canada sign Air Transport Agreement”</a>, EU press release IP/09/1963, 17 December 2009.</p>
<p>On 25 May 2012, the Canadian Government released a <a href="#">Mediation Guideline</a> to make formal mediation procedures</p>	<p>25 May 2012</p>	<p><a href="#">“Minister Paradis Announces Additional Improvements to the</a></p>

	Description of Measure	Date	Source
	<p>available under the <i>Investment Canada Act</i>. 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.</p>		<p><a href="#">Foreign Investment Review Process</a>”, Canada News Center release, 25 May 2012.</p>
	<p>On 29 June 2012, changes to the Telecommunications Act received Royal Assent. The changes, which were introduced through <a href="#">Bill C-38, Part 4, Division 41</a>, 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%. A liberalisation in this sector had been announced in the <a href="#">Throne speech</a> on 3 March 2010 and a public consultation on the subject was held in June 2010.</p>	29 June 2012	<p><a href="#">Bill C-38, Part 4, Division 41</a>.  “<a href="#">Opening Canada’s Doors to Foreign Investment in Telecommunications: Options for Reform</a>”, Consultation Paper, Industry Canada, June 2010;  “<a href="#">Canada’s Foreign Ownership Rules And Regulations In The Telecommunications Sector</a>”, Report of the Standing Committee on Industry, Science and Technology, House of Commons, June 2010.</p>
<p><i>Investment measures relating to national security</i></p>	<p>The amendment of the ICA passed on 12 March 2009 authorised the government to review investments that impair or threaten to impair national security and, if necessary, take appropriate action. Under these amendments, if national security threats associated with investments in Canada by non-Canadians are identified, they will be brought to the attention of the Minister of Industry. Once identified, the Minister of Industry, after consultation with the Minister of Public Safety and Emergency Preparedness, will be responsible for referring these investments to the Governor in Council (GIC), which will determine whether a review should be ordered. Once the GIC orders a review, the Minister of Industry after consultation with the Minister of Public Safety and Emergency Preparedness will conduct the review and, if required, submit a report to the GIC with recommendations. The GIC will have the authority to take any measures in respect of the investment that it considers advisable to protect national security. National security reviews of investments will be administered separately from net benefit reviews to ensure the focus is on national security and that it is consistent with international obligations.</p> <p>On 17 September 2009, the <i>National Security Review of Investments Regulations</i>, which apply to national security reviews under the Investment Canada Act (ICA), came into force. The new Regulations prescribe the various time periods within which action must be taken to trigger a national security review, to conduct the review, and, after the review, to order measures in respect of the reviewed investment to protect national security. The Regulations also provide a list of investigative bodies with which confidential information can be shared and which may use that information for the purposes of their own investigations.</p> <p>On 7 December 2012, Canada announced that timelines for national security reviews would be extended at a later date to allow for thorough reviews of complex proposed investments.</p>	<p>12 March 2009  17 September 2009  7 December 2012</p>	<p>Canada Gazette, Part I, Vol. 143, No. 28.  “<a href="#">Investment Canada Act—National Security Review of Investments Regulations</a>”, P.C. 2009-1596, 17 September 2009, Canada Gazette Vol. 143, No. 20 of 30 September 2009.</p>
<p><b>P.R. China</b></p>			
<p><i>Investment policy measures</i></p>	<p>On 29 April 2009 the State Council announced that foreign companies will be allowed to list on the Shanghai Stock Exchange at an unspecified date as part of the opening up and internationalisation of the exchange.</p>	29 April 2009	<p><a href="#">State Council announcement related on government website.</a></p>
	<p>On 1 June 2009, Decree No. 7 of the State Council Information Office, the Ministry of Commerce, and the State Administration for Industry and Commerce entered into force. The Decree introduces new <a href="#">provisions on the Administration of Provision of Financial Information</a></p>	1 June 2009	

Description of Measure	Date	Source
<p><a href="#">Services in China by Foreign Institutions</a>. These ease restrictions on provision of financial information services by foreign institutions.</p> <p>The Ministry of Commerce, which is responsible for reviews of investment proposals from foreigners, announced in March 2009 that it would further delegate authority for these reviews to provincial and quasi-provincial authorities. The measures follow earlier delegation of authority in this matter to lower levels of government.</p>	5 March 2009; 6 March 2009	<p><a href="#">Circular on Further Improving the Examination and Approval of Foreign Investment (5 March 2009)</a>; <a href="#">Circular of the Ministry of Commerce on Issues Concerning Examination and Verification of Foreign-Invested Venture Investment Enterprises or Foreign-Invested Venture Investment Management Enterprises (5 March 2009)</a>;</p> <p><a href="#">Circular on Delegating to Lower-level authorities the Authority to Examine and Approve the Investment in, and Establishment of, Companies with an Investment Nature by Foreign Investors (6 March 2009)</a></p> <p><a href="#">Circular of the MOFCOM on Delegating Matters Concerning the Examination and Approval of Foreign-Invested Commercial Enterprises (12 September 2008)</a></p>
<p>A similar step of delegation of authority, this time related to outbound investments by Chinese companies, came into effect on 1 May 2009, when the MOFCOM <i>Measures for the Administration of Outbound Investments</i> became effective. The measures simplify the approval regime of outward investment by a domestic Chinese enterprise. MOFCOM expects that 85% of outbound investment projects will be reviewed by the agency's provincial counterparts, rather than MOFCOM.</p>	1 May 2009	<p><i>Measures for the Administration of Outbound Investments</i></p>
<p>In May 2009, two foreign banks were authorised by official notice from the Chinese government to issue bonds in China in Chinese yuan. Apart from “panda bonds” issued in 2005 by the International Finance Corporation (an offshoot of the World Bank), foreign institutions have hitherto in practice been excluded from issuing bonds in China, though the government is not opposed to such issues in principle.</p>	May 2009	<p>“China loosens yuan-bond market—Beijing approves international issues by two foreign banks”, Asia Wall Street Journal, 20 May 2009.</p>
<p>The <a href="#">Circular of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration of Overseas Lending Granted by Domestic Enterprises</a> became effective on 1 August 2009. Issued by the State Administration of Foreign Exchange (SAFE), the new rules broaden the sources for financing of overseas subsidiaries of Chinese companies and thus to invest abroad. They allow Chinese companies to lend up to 30% of their equity to their overseas subsidiaries for use as debt capital.</p>	1 August 2009	<p><a href="#">Circular of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration of Overseas Lending Granted by Domestic Enterprises</a>.</p>
<p>In August 2009, the Shanghai municipal government extended the scope of inbound foreign investments that can be cleared by district authorities. The delegation of the power to clear foreign investment projects now includes investments of up to USD 100 million, up from USD 30 million previously.</p>	August 2009	<p><a href="#">Shanghai Municipal Commission of Commerce website</a>.</p>
<p>On 4 January 2010, the State Administration for Industry &amp; Commerce and the Ministry of Public Security jointly issued the <i>Notice on Further Administration of Registration of Foreign Companies' Resident Representative Offices</i> that introduces new regulations for the administration of representative offices of foreign enterprises. Detailed measures include the strengthened screening of registration materials, the registration form of one-year duration, and a requirement of no more than four representatives under normal circumstances.</p>	4 January 2010	<p><a href="#">MOFCOM Laws and regulations site</a> (in Chinese).</p>
<p>On 1 October 2009, the <i>Decision on Revising the Measures for the Administration of Associations Formed by Hong</i></p>	1 October 2009	<p><i>Decision on Revising the Measures for the Administration</i></p>

Description of Measure	Date	Source
<p><i>Kong SAR-based Law Firms or Macao SAR-based Law Firms and Mainland Law Firms</i> by the Ministry of Justice came into effect. This decision specifies the conditions under which mainland law firms and law firms from Hong Kong, China or Macao, China may apply for association.</p>		<p><i>of Associations Formed by Hong Kong SAR-based Law Firms or Macao SAR-based Law Firms and Mainland Law Firms</i></p>
<p>Decree No. 45 [2009] of GAPP and MOFCOM, which came into effect on 1 October 2009, clarifies which regulations apply to enterprises from Hong Kong, China and Macao, China investing in the mainland that are engaged in the distribution of books, newspapers and periodicals. Requirements for minimum registered capital are the same as applied to enterprises in the mainland.</p>	1 October 2009	<p><a href="#">“Decree on the Supplementary Provisions to the Measures for Administration of Foreign Invested Enterprises Engaged in Distribution of Books, Newspapers and Periodicals (II)”</a>, General Administration of Press and Publication and the Ministry of Commerce.</p>
<p>On 1 March 2010, the Decree of the State Council of the People’s Republic of China No. 567 on <i>Measures for the Administration on the Establishment of Partnership Business by Foreign Enterprises or Individuals in China</i> entered into force. The decree, which was promulgated on 25 November 2009, allows foreign investors to use the partnership structure for investments in China. The Decree of the State Administration for Industry and Commerce No. 47, promulgated on 29 January 2010 contains administrative provisions on the registration of foreign-funded partnership enterprises.</p>	1 March 2010	<p><a href="#">Decree of the State Council of the People’s Republic of China No. 567 on Measures for the Administration on the Establishment of Partnership Business by Foreign Enterprises or Individuals in China;</a> <a href="#">Decree of the State Administration for Industry and Commerce No. 47, 29 January 2010.</a></p>
<p>On 10 June 2010, the threshold that triggers central level approval for foreign-invested projects in the “encouraged” or “permitted” categories was increased to USD 300 million, up from USD 100 million, by a MOFCOM Circular. This Circular implements a policy change announced in the <i>Opinions on Foreign Investment</i> that the State Council had released on 6 April 2010 and that reaffirms China’s policy to encourage foreign investment. Other elements of the opinions are expected to guide more specific regulatory action in the future, including a revision of the <i>Catalogue for the Guidance of Foreign Investment Industries</i> with a view to expand the domains open to foreign investment. A <i>Plan for the Division of Labor of Departments on Implementing Several Opinions of the State Council on Further Handling Well the Utilization of Foreign Investment</i>, published on 18 August 2010 specifies the internal responsibilities and further steps in the implementation of the opinions.</p>	10 June 2010	<p><a href="#">Circular of the Ministry of Commerce on Delegating Approval Authority over Foreign Investment to Local Counterparts</a>, No. 209/2010; <a href="#">Several Opinions of the State Council on Further Utilizing Foreign Capital</a>, Guo Fa [2010] No. 9; <a href="#">Plan for the Division of Labor of Departments on Implementing Several Opinions of the State Council on Further Handling Well the Utilization of Foreign Investment</a>, 18 August 2010.</p>
<p>On 19 August 2010, the Ministry of Commerce released a circular that extends existing business permits of foreign-invested companies for retail distribution to online sales over the internet.</p>	19 August 2010	<p><a href="#">Circular of the General Office of the Ministry of Commerce on Issues Concerning Examination and Approval of Foreign-Invested Projects of Selling Goods via the Internet and Automat</a>, No. 272/2010.</p>
<p>On 15 November 2010, China restricted the extent to which foreign investors may acquire residential or commercial real estate. The new rules issued by the Ministry of Housing and Urban-Rural Development (MHURD) limit such acquisitions by foreign nationals who have been living and working in China to one home in mainland China. Overseas institutions can only buy non-residential properties in cities where they were registered. Unlike the past regional regulations, this new policy is implemented nationwide.</p>	15 November 2010	<p><a href="#">Notice NO. (186) on Further Regulating on Housing Purchasing by Overseas Organizations and Individuals</a> (in Chinese)</p>
<p>A circular dated 26 November 2010 further opens China’s medical institutions sector for foreign capital. Henceforth, foreign investors may establish fully owned hospitals – foreign medical service providers were only authorised to participate in joint ventures up to 70%. The circular suggests that the full liberalisation will first apply in designated pilot cities before being extended countrywide. The circular further states that joint venture approval authority be devolved to the local level; and that minimum investment requirements be lowered.</p>	26 November 2010	<p><a href="#">“Circular on Further Encouraging and Guiding Social Capital to Investing in the Foundation of Medical Organizations”</a>, State Council Gazette, No. 58, 26 November 2010.</p>



Description of Measure	Date	Source
<p>In July 2009, China launched a pilot programme of cross-border trade settlement in RMB in Shanghai and four cities in Guangdong province. The PBOC and the State Administration of Foreign Exchange (SAFE) administer the measure. In June 2010, the programme was extended to cover twenty provinces, and on 23 August 2011, the People's Bank of China announced the recent release of a <i>Notice on Extending Geographical Coverage of Use of RMB in Cross-border Trade Settlement</i>, which extends the geographical coverage of the cross-border trade settlement in RMB to the entire nation. On 3 June 2011, the People's Bank of China had released a circular to clarify operational issues for cross-border RMB settlement operations.</p>	<p>July 2009; June 2010; 3 June 2011; 23 August 2011</p>	<p><i>"China Extends Geographical Coverage of Cross-border Trade Settlement in RMB to Entire Nation"</i>, Peoples Bank of China press release, 23 August 2011;  <i>"Circular to Clarify Issues Related to Cross-border RMB Settlement Business"</i> (yinfa [2011] No.145).</p>
<p>In July 2010, China authorised RMB trading in Hong Kong, China, and <i>Bank of China</i> obtained the authorisation to trade in RMB in the United States beginning on 12 January 2011.</p>	<p>July 2010; 12 January 2011</p>	<p><a href="#"><i>"Promote Financial Reform and Innovation, and Support Balanced and Sustainable Development of National Economy"</i></a>, POB Assistant Governor speech, 14 January 2011.</p>
<p>On 18 January 2011, the State Administration of Foreign Exchange (SAFE) and the People's Bank of China announced a series of further measures towards capital account convertibility. China endeavours to establish full capital account convertibility during the 12<sup>th</sup> Five-Year Plan for China's Economic and Social Development (2011-2015). Planned steps include:</p> <ul style="list-style-type: none"> <li>– the development of the foreign exchange market to include exchange rate hedging instruments;</li> <li>– the establishment of currency swaps and settlement arrangements with foreign monetary authorities;</li> <li>– the issuance by domestic financial institutions of RMB bonds in Hong Kong, China;</li> <li>– expanding the settlement of outward direct investment by individuals;</li> <li>– and by broadening the range of institutions that qualify as domestic institutional investors.</li> </ul>	<p>18 January 2011</p>	<p><a href="#"><i>"Promote Financial Reform and Innovation, and Support Balanced and Sustainable Development of National Economy"</i></a>, POB Assistant Governor speech, 14 January 2011.</p>
<p>Among the policy changes in this context figure the following measures:</p>	<p>6 January 2011; 23 August 2011</p>	<p><i>"Administrative Rules on pilot program of RMB settlement of Outward Direct Investment"</i>, People's Bank of China Announcement 1/2011, 6 January 2011;</p>
<ul style="list-style-type: none"> <li>– On 6 January 2011, the People's Bank of China (PBOC) issued the <i>"Administrative Measures for the Pilot RMB Settlement of Outward Direct Investment"</i> that entered into effect on the same day. The measure seeks to facilitate settling outward direct investment and to expand the use of RMB in cross-border investment and financing.</li> </ul>	<p>6 January 2011; 23 August 2011</p>	<p><a href="#"><i>"Promote Financial Reform and Innovation, and Support Balanced and Sustainable Development of National Economy"</i></a>, POB Assistant Governor speech, 14 January 2011.</p>
<ul style="list-style-type: none"> <li>– 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.</li> </ul>	<p>23 June 2011</p>	<p><i>"China and Russia Signed New Bilateral Local Currency Settlement Agreement"</i>, Peoples Bank of China press release, 23 June 2011</p>
<p>A circular dated 25 February 2011 clarifies the application of the <i>Decision concerning Items (V) with respect to Which Administrative Examination and Approval Are Cancelled or Adjusted</i> (Guo Fa [2010] No.21) and <i>Some Opinions on Better Utilization of Foreign Investment</i> (Guo Fa [2010] No.9) promulgated by the State Council.</p>	<p>25 February 2011</p>	<p><i>"Circular of the Ministry of Commerce on Issues concerning Foreign Investment Administration"</i>, Shang Zi Han [2011] No.72.</p>
<p>On 1 March 2011, the <a href="#"><i>Regulations on Administration of Registration of Resident Offices of Foreign Enterprises</i></a> entered into effect. The Regulations, which replace rules dating back to 1983, govern a broad range of subjects, including the allowable scope of business activities, registration requirements and liability. The regulation also does away with the requirement to renew registrations annually.</p>	<p>1 March 2011</p>	<p><a href="#"><i>Regulations on Administration of Registration of Resident Offices of Foreign Enterprises</i></a>, Decree of the State Council of the People's Republic of China no. 584, 19 November 2010.</p>

Description of Measure	Date	Source
<p>On 30 January 2012, a revised “<i>Catalogue for Guidance for Foreign Investment</i>” came into effect. The Catalogue, published by the National Development and Reform Commission (NDRC) in late December 2011, expresses the Chinese government’s receptiveness of foreign investment in specific sectors as “encouraged”, “restricted”, or “prohibited”. The new edition of the Catalogue has moved products and technologies in the textile, chemical and mechanical manufacturing industries to the category “encouraged”; the new edition of the catalogue also reduces the Chinese share in joint ventures in certain areas where foreigners can only invest through joint ventures.</p>	30 January 2012	<p>“<a href="#">Catalogue for the Guidance of Foreign Investment Industries (Amended in 2011) Jointly Promulgated by the National Development and Reform Commission and the Ministry of Commerce of the People’s Republic of China</a>”, Decree of the National Development and Reform Commission, the Ministry of Commerce of the People’s Republic of China, No. 12.</p>
<p>On 28 March 2012, the State Council executive meeting approved the <i>General Scheme for the Financial Reform Pilot Zone in Wenzhou Zhejiang</i>. The experimental scheme would allow the city’s residents to make direct outbound investment and to explore the establishment of a regular outbound investment channel.</p>	28 March 2012	<p>“<a href="#">Private lending reform</a>”, Wenzhou government website carrying China Daily Article of 30 March 2012;</p> <p>“<a href="#">PBC governor visits pilot financial reform zone</a>”, News reported on Chinese Government’s official web site, 10 April 2012.</p>
<p>China developed and expanded its programme for inward investment by Qualified Foreign Institutional Investors (QFII) in several steps:</p>	29 September 2009; 4 April 2012; 27 July 2012	<p>“<a href="#">QFII investment quota to be increased by \$50 Billion</a>”, China Securities Regulatory Commission News Release, 4 April 2012.</p>
<p>– On 29 September 2009, the State Administration of Foreign Exchange (SAFE) promulgated the Regulations on Foreign Exchange Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII). The Regulations, which replace earlier provisional procedures, increase the quotas for individual QFII investments to USD 1 billion, up from USD 800 million; shorten frozen periods; and clarify the administrative matters related to the investments.</p>		<p>“<a href="#">The CSRC Promulgates Provisions on Relevant Matters Concerning the Implementation of Measures for the Administration of Securities Investment within the Borders of China by Qualified Foreign Institutional Investors (QFIIs)</a>”, China Securities Regulatory Commission News Release, 27 July 2012.</p>
<p>– On 4 April 2012, China Securities Regulatory Commission (CSRC) announced the increase of the quota that <i>Qualified Foreign Institutional Investors</i> (QFII) are allowed to invest in China’s offshore capital market to an aggregate of USD 80 billion, up from USD 30 billion.</p>		
<p>– On 27 July 2012, the CSRC promulgated <i>Provisions on Relevant Matters Concerning the Implementation of Measures for the Administration of Securities Investment within the Borders of China by Qualified Foreign Institutional Investors (QFIIs)</i>. The Provisions aim to reduce eligibility requirements for QFIIs; allow QFIIs to select multiple brokers and to invest in inter-bank bond market and private placement bonds issued by small and medium enterprises (SMEs). Moreover, the shareholding ratio limit of all overseas investors was increased from 20% to 30%.</p>		
<p>– On 14 December 2012, the USD 1 billion -ceiling on investments by overseas sovereign wealth funds and central banks under the QFII programme was abolished by a revision of the relevant regulation. Other changes introduced by the same regulation relax the conditions for repatriation of assets by these funds.</p>		
<p>China also launched the new “<i>RMB qualified foreign institutional investor (RQFII) program</i>”, which was initially announced in August 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 preparation of the launch, the Ministry of Commerce released on 22 August 2011 the “<i>Circular on Issues Related to Cross-border RMB FDI (Draft for Opinions)</i>” for public comment until 20 September 2011.</p>	22 August 2011; 9 February 2012; 15 February 2012; 4 April 2012; 14 November 2012; 16 December 2012.	<p>“<a href="#">PBC Announcement on Implementation of RQFII Pilot Program</a>”, People’s Bank of China release, 9 February 2012;</p> <p>“<a href="#">Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors</a>”, Decree No. 76 of the China Securities Regulatory Commission, the People’s Bank of China, and the State</p>
<p>On 9 February 2012, the People’s Bank of China released an <i>Announcement on the Implementation of the RQFII Pilot Program</i>, as a further step in the preparation of the launch of the RQFII programme, followed on 15 February 2012 by a</p>		

	Description of Measure	Date	Source
Investment measures relating to national security	<p>circular by the State Administration of Foreign Exchange (SAFE).</p> <p>In the first phase of the programme, qualified brokerages were allowed to invest an aggregate of RMB 20 billion in mainland securities, and on 4 April 2012, the expansion of the <i>Renminbi Qualified Foreign Institutional Investor</i> (RQFII) scheme to RMB 70 billion was announced. On 16 December 2012 China further raised the ceiling of its <i>RMB qualified foreign institutional investor (RQFII) program</i> by RMB 50 billion to now RMB 270 billion.</p> <p>On 15 November 2012, the <i>Renminbi Qualified Foreign Limited Partner Program</i> (RQFLP) was accepted in Shanghai. This programme allows QFIIs to set up private equity funds in China to make equity investments in unlisted enterprises.</p>		<p>Administration of Foreign Exchange;</p> <p>“<a href="#">Circular of the SAFE on Relevant Issues Concerning the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB QFII</a>”, 15 February 2012;</p> <p>“<a href="#">ROFII Investment Quota to be Increased by 50 Billion RMB Yuan</a>”, China Securities Regulatory Commission News Release, 4 April 2012.</p>
	<p>Effective 17 December 2012, parts of the review process related to capital flows and currency exchange quotas of foreign enterprises were waived or simplified by China’s State Administration of Foreign Exchange (SAFE). This concerns for instance approvals to open bank accounts, remit profits, and transfer money between different domestic accounts.</p>	17 December 2012	<p>“<i>Notice on Further Improvement and Adjustment of Policies on Foreign Exchange Administration of Foreign Direct Investments</i>”, State Administration of Foreign Exchange, 21 November 2012.</p>
	<p>On 1 January 2013, the <i>Regulatory Guidelines in relation to the Document Submission and Review Procedure for Stocks Issuance and Overseas Listing by Joint Stock Companies</i> came into effect. The Guidelines, which were issued by the China Securities Regulatory Commission (CSRC) on 20 December 2012, loosen restrictions for Chinese companies that seek listing overseas.</p>	1 January 2013	
	<p>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.</p>	3 March 2011	<p>“<i>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</i>”, Guo Ban Fa [2011] No. 6</p>
	<p>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.</p> <p>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.</p>		
	<p><i>The Several Opinions of the State Council on Further Utilizing Foreign Capital</i> issued on 6 April 2010 preceded the introduction of the review mechanism.</p> <p>On 25 August 2011, China’s Ministry of Commerce (MOFCOM) released new “<i>Regulations on the Implementation of the Security Review System for M&amp;As of Domestic Enterprises by Foreign Investors</i>” that set out the procedure of security reviews. Effective 1 September 2011, the regulations replace the “<i>Interim Provisions on Issues Related to the Implementation of the Security Review System for M&amp;As of Domestic Enterprises by Foreign Investors</i>”.</p>	1 September 2011	<p>Regulations on the Implementation of the Security Review System for M&amp;As of Domestic Enterprises by Foreign Investors, <i>MOFCOM Announcement No.53/2011</i>.</p>



Description of Measure	Date	Source
<b>France</b>		
<i>Investment policy measures</i>	None during reporting period.	
<i>Investment measures relating to national security</i>	On 9 May 2012, the <i>decree n°2012-691 of 7 May 2012 on foreign investments subject to prior authorisation</i> entered into effect. The decree further specifies the scope of the 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 <a href="#">Decree n°2012-691 du 7 mai 2012 relatif aux investissements étrangers soumis à autorisation préalable.</a>
<b>Germany</b>		
<i>Investment policy measures</i>	None during reporting period.	
<i>Investment measures relating to national security</i>	On 24 April 2009, the amendment of the German Foreign Trade and Payments Act ( <i>Außenwirtschaftsgesetz</i> ) entered into force. The amendment establishes a review procedure, administered by the Federal Ministry of Economic Affairs and Technology, for investments that threaten “public policy” or public security (In the sense of Article 46 para 1 and Article 58 para 1 of the EC Treaty). The Ministry may prohibit acquisitions or subject them to mitigation measures. Reviews may be performed for investments by non-EU/non-EFTA investors that lead to a 25% or greater equity ownership. The procedure complements an existing review procedure that addresses only investments in certain military goods and cryptographic equipment; the new procedure is not limited to specific industries.	24 April 2009 <a href="#">“Dreizehntes Gesetz zur Änderung des Außenwirtschaftsgesetzes und der Außenwirtschaftsverordnung.”</a> The amendment entered into force on <a href="#">24 April 2009</a> .
<b>India</b>		
<i>Investment policy measures</i>	<p>India took a large number of policy measures related to international investment in the reporting period. They include efforts to strengthen transparency of the applicable rules and policy changes related to FDI and other inward or outward capital flows.</p> <p>To increase transparency of its complex rules on foreign investment, India released Consolidated policy documents that compile the applicable rules in one single document.</p> <p>The first <a href="#">Consolidated FDI Policy</a> was issued on 1 April 2010; since then and until early 2012, India has re-issued updated and amended versions each semester. The most recent Circular in this series, effective on 10 April 2012, reduced the frequency of publication to one per year.</p> <p>The documents compile in one circular all prior regulations on FDI, including those contained in the Foreign Exchange Management Act (1999) and RBI Regulations issued under FEMA, as well as Press Notes issued by the Department of Industrial Policy and Promotion (DIPP). Beyond the consolidation, some policy changes are introduced directly by the <i>Consolidated FDI Policy</i> circulars.</p> <p>The Consolidated FDI Policy circular issued on 30 September 2011, for instance, introduced the exemption of construction-development activities in the education sector and in old-age homes, from the general conditionalities in the construction-development sector; included ‘apiculture’, under controlled conditions, under the agricultural activities permitted for FDI.</p> <p>The current Consolidated FDI policy circular – “<a href="#">Circular 1 of 2012 – Consolidated FDI policy document</a>” – effective on 10 April 2012, also included a number of policy changes, including on:</p>	<p>1 April 2010; 10 April 2012; 2 July 2012</p> <p>“<a href="#">Consolidated FDI Policy</a>”, Circular 1 of 2010, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry;</p> <p>“<a href="#">Master Circular on Foreign Investment in India</a>”, Reserve Bank of India, RBI/2012-13/15 Master Circular No.15/2012-13;</p> <p>“<a href="#">Master Circular on Direct Investment by Residents in Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) Abroad</a>”, Reserve Bank of India, RBI/2012-13/11, Master Circular No. 11/2012-13</p> <p>– the abolition of the requirement of government approval for investments in commodity exchanges by Foreign Institutional Investors (FII);</p>

Description of Measure	Date	Source
<ul style="list-style-type: none"> <li>– the possibility for Foreign Venture Capital Investors to invest in eligible securities through private arrangement or purchase from a third party;</li> <li>– the requirement for Indian companies to inform the Reserve Bank of India if the Board of Directors and their General Body wish to accept foreign ownership by Foreign Institutional Investors under the Portfolio Investment Scheme of an aggregate of more than 24% of their capital.</li> </ul>	1 July 2010; 1 July 2011; 2 July 2012.	
<p>The Reserve Bank of India also issues Master Circulars that consolidate the regulatory framework applicable to international investment. The circulars are issued on or around 1 July of each year and expire a year later. The list of circulars include:</p>		
<ul style="list-style-type: none"> <li>– the <i>Master Circular on External Commercial Borrowings and Trade Credits</i>;</li> <li>– the <i>Master Circular on Foreign Investment in India</i>;</li> <li>– the <i>Master Circular on Establishment of Liaison/Branch/Project Offices in India by Foreign Entities</i>;</li> <li>– the <i>Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin</i>;</li> <li>– the <i>Master Circular on External Commercial Borrowings and Trade Credits</i>;</li> <li>– the <i>Master Circular on Direct Investment by Residents in Joint Venture (JV)/Wholly Owned Subsidiary (WOS) Abroad</i>;</li> <li>– the <i>Master Circular on Non-Resident Ordinary Rupee (NRO) Account</i>;</li> <li>– the <i>Master Circular on Remittance Facilities for Non-Resident Indians/Persons of Indian Origin/Foreign Nationals</i>;</li> <li>– the <i>Master Circular on Miscellaneous Remittances from India – Facilities for Residents</i>; and</li> <li>– the <i>Master Circular on Money Transfer Service Scheme</i>.</li> </ul>		
<p>The most recent series of RBI Master Circulars were issued on 2 July 2012 and carry a sunset date of 1 July 2013.</p>		
<p>On 13 February 2009, India introduced new guidelines to calculate total foreign investments in Indian companies, effectively facilitating more foreign investments into restricted sectors.</p>	13 February 2009	Press Note No. 2 (13 February 2009).
<p>On 14 February 2009, India allowed 100% foreign equity ownership in publication of facsimile edition of foreign newspapers. Previously, the foreign equity ownership cap was 26% in print media dealing with news and current affairs.</p>	14 February 2009	Press Note No. 1 (14 February 2009).
<p>On 25 February 2009, India issued guidelines to clarify requirements for downstream investments by foreign-owned companies. In particular, the guidelines remove a requirement of prior government approval on downstream investments by foreign-owned Indian companies except certain cases for foreign-owned Indian holding companies.</p>	25 February 2009	Press Note No. 4 (25 February 2009).
<p>On 14 February 2009, new guidelines were issued to clarify what is meant by transfer of ownership or control in sectors with caps from resident Indian citizens to non-resident entities. As a result of these guidelines, sectors where investments under the “cap” (ownership ceiling) were automatically approved are now subject to prior approval. These sectors include: air transport services, banking, insurance and telecommunications.</p>	14 February 2009	Press Note No. 3 (14 February 2009).
<p>On 28 April 2009, the RBI relaxed restrictions on the possibility to provide loans against security of funds held in Non Resident (External) Rupee Accounts or Foreign Currency Non Resident (Bank) Accounts deposits to the depositors or third parties. The cap for these loans was</p>	28 April 2009; 12 October 2012	<a href="#">“Foreign Exchange Management (Deposit) Regulations, 2000 – Loans to Non Residents / third parties against security of Non Resident (External) Rupee</a>

Description of Measure	Date	Source
increased from IDR 2 million to IDR 10 million. On 12 October 2012, the cap was abolished altogether.		<a href="#">Accounts [NR (E) RA] / Foreign Currency Non Resident (Bank) Accounts [FCNR (B)] Deposits</a> ”, RBI/2012-13/247, A. P. (DIR Series) Circular No. 44.
On 19 June 2009, the Securities and Exchange Board of India (SEBI) notified an amendment regarding the facilitation of issuance of Indian depository receipts. It allows foreign institutional investors and mutual funds to invest in Indian Depository Receipts.	19 June 2009	<a href="#">Gazette of India Extraordinary Part-III-section 4 of 19 June 2009</a>
On 30 December 2009, the Reserve Bank of India (RBI) issued guidelines on the implementation of India’s foreign exchange control regime. The Guidelines liberalise the establishment of foreign branch and liaison offices in India, and delegated respective powers concerning the administration of their establishment. On the same day, the RBI also provided eligibility criteria and procedural guidelines for the establishment of such offices.	30 December 2009	Reserve Bank of India, <a href="#">RBI/2009-2010/279 A.P. (DIR Series) Circular No.24</a> , dated 30 December 2009.  Reserve Bank of India, <a href="#">RBI/2009-2010/278 A. P. (DIR Series) Circular No.23</a> , dated 30 December 2009.
On 25 March 2010, India increased the thresholds that trigger certain approval procedures for inward investments. The new rules foresee that inward investment proposals worth up to INR 12 billion, up from INR 6 billion, would be considered by the Minister of Finance. Only proposals exceeding this threshold need to be approved by the Cabinet Committee on Economic Affairs. The amendment also abolishes the requirement for prior approval for additional foreign investment into the same entity under certain conditions. These changes, which were initially announced in a press note, have been integrated into the new Consolidated FDI Policy, section 4.9.	25 March 2010	<a href="#">Press Note No.1 (2010 Series)</a> , Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, 25 March 2010; “ <a href="#">Consolidated FDI Policy</a> ”, Circular 1 of 2010, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.
On 1 April 2010, the Reserve Bank of India allowed Indian companies to participate in a consortium with international operators to construct and maintain submarine cable systems on a co-ownership basis under the automatic route.	1 April 2010	Reserve Bank of India, <a href="#">RBI/2009-10/376 A.P. (DIR Series) Circular No.45</a> , dated 1 April 2010.
On 4 May 2010, the Reserve Bank of India modified the pricing guidelines for the transactions of shares, preference shares and convertible debentures between residents and non-residents. For the sale of listed shares by a non-resident to a resident, the change sets minimum prices that take into consideration medium term past performance rather than the current market price; the minimum price of unlisted shares is to be determined according to fair value. Where a non-resident sells shares in an Indian company to a resident buyer, the price may not exceed the so determined price.	4 May 2010	Reserve Bank of India, <a href="#">RBI/2009-10/445 A. P. (DIR Series) Circular No.49</a> , dated 4 May 2010.
On 10 May 2010, the Indian Government prohibited FDI in manufacturing of cigars, cigarettes, cigarillos as well as tobacco and tobacco substitutes for both domestic consumption and export; the measure also concerns production in tax-free special economic zones. Previously, foreign ownership of up to 100% was allowed in this area.	10 May 2010	<a href="#">Press Note No.2 (2010 Series)</a> , Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, 10 May 2010.
On 1 April 2011, the entry into force of a new Consolidated FDI Policy brought some further steps of liberalisation. – Henceforth, foreign companies operating through existing joint ventures or technical agreements are 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. – India 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 only allowed under ‘controlled conditions’, has also been allowed.	1 April 2011	
On 11 May 2011, the Cabinet committee on economic	11 May 2011	“ <i>Government Permits FDI in LLP</i> ”

Description of Measure	Date	Source
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.		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-III)’. These 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.
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 of shares of an Indian company to non-residents under the FDI scheme. Initially, shares could notably be offered under the Government route by conversion of import of capital goods including machineries and equipments, including second-hand machineries. On 10 January 2013, an amendment to these rules excluded the possibility to issue shares for the import of second-hand machineries under this mechanism.	30 June 2011; 10 January 2013	“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; “FDI in India - Issue of equity shares under the FDI scheme allowed under the Government route”, RBI/2012-13/375 A. P. (DIR Series) Circular No. 74.
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.
On 1 November 2011, the RBI extended the period of realization and repatriation to India of the amount representing the full export value of exported goods or software from six to 12 months from the date of export. This relaxation was initially available up to 30 September 2012, and was extended until 31 March 2013 by a circular dated 20 November 2012.	1 November 2011; 20 November 2012	“Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation”, RBI/2011-12/241, A.P. (DIR Series) Circular No.40 “Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation”, RBI/2012-13/298, A.P. (DIR Series) Circular No. 52
On 3 November 2011, the RBI introduced several relaxations of the conditions and restrictions under which foreign institutional investors (FIIs) may invest in debt issued by Indian companies.	3 November 2011	“Foreign investment in India by SEBI registered FIIs in other securities”, Reserve Bank of India, A.P. (DIR Series) Circular No. 42.
On 4 November 2011, the RBI relaxed the conditions under which shares could be transferred from residents to non-residents outside the parameters set by the pricing guidelines applicable for such transfers.	4 November 2011	“Foreign Direct Investment – Transfer of Shares”, Reserve Bank of India, A.P. (DIR Series) Circular No. 43.
On 22 November 2011, the RBI allowed certain investments by non-resident investors in bonds issued by infrastructure debt funds.	22 November 2011	“Foreign Investments in Infrastructure Debt Funds”, Reserve Bank of India, A.P. (DIR Series) Circular No. 49.

Description of Measure	Date	Source
On 23 November 2011, Guidelines on OTC Foreign Exchange Derivatives were modified to the effect that the USD 100 million cap on swap transactions for net supply of foreign exchange in the market has been removed.	23 November 2011	“ <a href="#">Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives – Foreign Currency – INR swaps</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No.50.
On 9 December 2011, the RBI modified conditions of an FDI scheme that allows the issuance of equity shares of Indian companies to non-residents for the import of capital goods, machineries or equipment; the scheme had last been modified on 30 June 2011.	9 December 2011	“ <a href="#">FDI in India - Issue of equity shares under the FDI scheme allowed under the Government</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 55.
On 15 December 2011, the RBI issued a circular that limits, with immediate effect, residents’ and Foreign Institutional Investors’ abilities to rebook certain cancelled forward contracts involving the Indian Rupee as one of the currencies. The RBI also limited residents’ possibility to hedge expected currency risk.	15 December 2011	“ <a href="#">Risk Management and Inter Bank Dealings</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 58.
On 8 November 2011, the Indian Government amended rules applicable to foreign investment in the pharmaceuticals sector with immediate effect. While hitherto 100% foreign ownership in the pharmaceuticals sector was permitted through the automatic route, foreign investments in existing companies henceforth need to be passed through the government route, but 100% foreign ownership remains permitted in this sector. Greenfield investment in this sector is exempt from the change and here, 100% foreign ownership remains allowed through the automatic route.	8 November 2011	Press Note No.3 (2011 Series), Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, dated 8 November 2011.
On 25 November 2011, the Indian Cabinet announced the liberalisation of foreign direct investment in multi-brand retail; according to the announcement, foreigners would be allowed to hold 51% shares in multi-brand retailers in cities with a population of over 1 million inhabitants and under the condition that they sourced at least 30% of their items from “small industries”. However, on 8 December 2011, this decision was suspended.	25 November 2011; 8 December 2011; 20 September 2012	Press Note No. 1 (2012 Series), Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, dated 10 January 2012.
On 20 September 2012, the liberalisation of FDI in multi-brand retailing entered into effect. However, it only applies in in States that agree to allow FDI in this sector and only in or around cities with a population of more than 1 million. Also, at least 50% of the investment has to be made in backend infrastructure.		“ <a href="#">Review of the policy on Foreign Direct Investment – allowing FDI in Multi-Brand Retail Trading</a> ”, Press Note No. 5 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry.
On 25 November 2011, the Cabinet also announced the liberalisation of foreign investment in single-brand retail. The change came into effect on 10 January 2012 and was announced in <a href="#">Press Note 1 (2012 Series)</a> . Henceforth, 100% foreign ownership is allowed in single-brand retailing under the government approval route subject to certain conditions, up from 51% previously. These conditions include that the products to be sold should be of a single brand, the products should be sold under the same brand internationally, the products should have been branded during manufacture and that the foreign investor should be the owner of the brand. Where investments exceed the 51% threshold, there should be mandatory sourcing of at least 30% of the value of products sold from Indian small industries (industries having a total investment in plant and machinery not exceeding USD 1 million), village and cottage industries, artisans and craftsmen.	25 November 2011; 10 January 2012; 20 September 2012	Press Note No. 1 (2012 Series), Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, dated 10 January 2012.
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		“ <a href="#">Amendment of the existing policy on Foreign Direct Investment in Single-Brand Product Retail Trading</a> ”, Press Note No. 4 (2012 Series), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.



Description of Measure	Date	Source
sourcing is impractical.		
On 15 January 2012, India's SEBI and RBI released circulars that allowed qualified foreign investors (QFIs) to invest directly in the Indian equity market, a liberalisation that the federal Government had announced on 1 January 2012. QFIs include individuals, groups or associations, resident in a foreign country which is compliant with FATF. The individual and aggregate investment limits for QFIs are set to 5% and 10%, respectively, of the paid up capital of an Indian company.	15 January 2012	<a href="#">“Qualified Foreign Investors (QFIs) Allowed to Directly Invest in Indian Equity Market; Scheme to Help Increase the Depth of the Indian Market and in Combating Volatility Beside Increasing Foreign Inflows into the Country”</a> , Ministry of Finance press release, 1 January 2012.
On 19 March 2012, the Reserve Bank of India extended the scope of instruments in which Foreign Venture Capital Investors can invest.	19 March 2012	<a href="#">“Investment in Indian Venture Capital Undertakings and/or domestic Venture – Capital Funds by SEBI registered Foreign Venture Capital Investors”</a> , Reserve Bank of India circular RBI/2011-12/452 A.P. (DIR Series) Circular No. 93.
On 28 March 2012, the Reserve Bank of India made a series of amendments to the rules that govern outward foreign investments by Indian parties to grant more flexibility for such operations.	28 March 2012	<a href="#">“Overseas Direct Investments by Indian Party – Rationalisation”</a> , Reserve Bank of India, RBI/2011-12/473 A.P. (DIR Series) Circular No. 96.
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	<a href="#">“Deregulation of Interest Rates on Export Credit in Foreign Currency”</a> , Reserve Bank of India, RBI/2011-12/534 DBOD.DIR.No.100/04.02.001/2011-12.
On 8 May 2012, the Reserve Bank of India restricted the application of the permission to issue equity shares for imports of capital goods. Second-hand machinery is henceforth excluded from the scope of the authorisation.	8 May 2012	<a href="#">“FDI in India - Issue of equity shares under the FDI scheme allowed under the Government route”</a> , Reserve Bank of India, RBI/2011-12/541 A. P. (DIR Series) Circular No.120.
On 8 May 2012, the Reserve Bank of India modified the rules governing foreign investment in commodity exchanges and non-banking financial companies. An aggregate limit of foreign ownership of 49% used to apply for FDI and portfolio investment by Foreign Institutional Investors (FII); the modification abolishes the requirement of government approval for portfolio investments.	8 May 2012; 15 May 2012	<a href="#">“Foreign investment in Commodity Exchanges and NBFC Sector – Amendment to the FDI Scheme”</a> , Reserve Bank of India, RBI/2011-12/542 A. P. (DIR Series) Circular No.121;
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.		<a href="#">“Foreign investment in NBFC Sector under the FDI Scheme – Clarification”</a> , 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. These rules were also applicable to Diamond Dollar Account and Resident Foreign Currency (RFC) Accounts. 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 clarified 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. On 31 July 2012, the conversion requirement were relaxed; henceforth, only the sum total of the accruals in the account during a calendar month had to be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments. On 22 January 2013, the RBI abolished the conversion requirement introduced on 10 May 2012	10 May 2012; 16 May 2012; 18 July 2012; 31 July 2012; 22 January 2013	<a href="#">“Exchange Earner's Foreign Currency (EEFC) Account”</a> , Reserve Bank of India, RBI/2011-12/547 A. P. (DIR Series) Circular No. 124. <a href="#">“Exchange Earner's Foreign Currency (EEFC) Account”</a> , Reserve Bank of India, RBI/2011-12/564 A.P. (DIR Series) Circular No. 128. <a href="#">“Exchange Earner's Foreign Currency Account”</a> , Reserve Bank of India, RBI/2012-13/135 A. P. (DIR Series) Circular No. 8. <a href="#">“EEFC Account, Diamond Dollar Account and Resident Foreign Currency Account - Review of Guidelines”</a> , RBI/2012-13/151, A. P. (DIR Series) Circular No. 12. <a href="#">“Exchange Earner's Foreign Currency Account, Diamond</a>

Description of Measure	Date	Source
entirely.		<a href="#">Dollar Account &amp; Resident Foreign Currency Domestic Account</a> ”, RBI/2012-13/390, A.P.(DIR Series) Circular No. 79.
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	<a href="#">“Scheme for Investment by QFIs in Indian corporate debt securities”</a> ”, 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.	1 August 2012 7 September 2012	<a href="#">Press Note No.3 (2012 Series)</a> , Department of Industry Policy and Promotion, Ministry of Commerce and Industry, 1 August 2012;
On 7 September 2012, India also allowed outward investment by Indian parties in Pakistan.		<a href="#">“Overseas Investment by Indian Parties in Pakistan”</a> ”, Reserve Bank of India, RBI/2012-13/198, A. P. (DIR Series) Circular No. 25.
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	<a href="#">“Review of the policy on Foreign Direct Investment in the Civil Aviation Sector”</a> ”, 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	<a href="#">“Review of the policy of Foreign Investment (FI) in companies operating in the Broadcasting Sector”</a> ”, 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	<a href="#">“Policy on foreign investment in Power Exchanges”</a> ”, 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 NBFCs have foreign investment between 75% and 100% and have a minimum capitalisation of USD 50 million.	3 October 2012	<a href="#">“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’”</a> ”, Press Note No. 9 (2012 Series), Department of Industry Policy and Promotion, Ministry of Commerce and Industry.
On 21 December 2012, the Indian government announced an increase in the ceiling for foreign direct investment in Assets Reconstruction Companies to 74%, up from 49%. However, no individual sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs need to comply with the FDI policy in terms of entry route conditionality and sectoral caps. The liberalisation was published in the <a href="#">Consolidated FDI Policy Circular</a> , which became effective on 5 April 2013.	21 December 2012; 5 April 2013	<a href="#">“Government Reviews Foreign investment Policy for Assets Reconstruction Sector: Ceiling for FDI in ARCs increased from 49% to 74%”</a> ”, Ministry of Finance press release nr. 91117, 21 December 2012.
On 24 January 2013, the Reserve Bank of India relaxed restrictions on Foreign Institutional Investors’ (FII) investment in Indian Government securities and non-	24 January 2013	<a href="#">“Foreign investment in India by SEBI registered FIIs in Government securities and</a>

Description of Measure	Date	Source
convertible debentures and bonds issued by Indian companies. The changes increase the ceilings for such investments and shorten lock-in periods.		<i>corporate debt</i> ", RBI/2012-13/391, A. P. (DIR Series) Circular No.80.
Throughout the reporting period, India also made a large number of adjustments to the policies on external commercial borrowing (ECB). The policy changes are contained in a series of circulars and include the following:		
– Effective 1 January 2010, the Reserve Bank of India (RBI) withdrew some of the temporary relaxations of the Bank's External Commercial Borrowings policy. An additional one-time relaxation from the Bank's External Commercial Borrowings policy was made on 25 January 2010 in light of an auction of 3G frequency spectrum. The temporary relaxation seeks to enable successful bidders for the spectrum to pay for the spectrum allocation. A similar one-time relaxation was introduced on 26 November 2012 for the financing of the payment for 2G spectrum allocation.	1 January 2010; 26 November 2012	Reserve Bank of India, <a href="#">RBI/2009-10/252 A.P. (DIR Series) Circular No.19</a> , 9 December 2009.  “ <a href="#">External Commercial Borrowings (ECB) Policy for 2G spectrum allocation</a> ”, RBI/2012-13/310, A.P. (DIR Series) Circular No. 54.
– On 11 May 2010, the RBI relaxed conditions for ECBs taken out by Infrastructure Finance Companies (IFCs); henceforth, IFCs are permitted to avail of ECBs for on-lending to the infrastructure sector under the automatic route, rather than the approval route, for up to 50% of their owned funds. On 7 January 2013, the share of ECBs permitted under the automatic route was increased to 75%.	11 May 2010; 7 January 2013	“ <a href="#">External Commercial Borrowings (ECB) Policy</a> ”, RBI/2009-10/456, A. P. (DIR Series) Circular No. 51;  “ <a href="#">External Commercial Borrowings Policy – Non-Banking Financial Company – Infrastructure Finance Companies</a> ”, RBI/2012-13/367, A.P. (DIR Series) Circular No. 69.
– 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 (RBI circular No. 25, 23 September 2011)	23 September 2011; 26 September 2011; 27 September 2011	“ <a href="#">External Commercial Borrowing (ECB) Policy – Rationalisation and Liberalization</a> ”, Reserve Bank of India press release, 25 September 2011.
– 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 (RBI circular No. 26, 23 September 2011).		“ <a href="#">External Commercial Borrowings (ECB) for the Infrastructure Sector – Liberalisation</a> ”, Reserve Bank of India Circular RBI/2011-12/199 A.P. (DIR Series) Circular No. 25.
– 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 RBI circular Nr. 27 of 23 September 2011 expands the permissible end-use of ECB for interest during construction by companies in the infrastructure sector.		“ <a href="#">External Commercial Borrowings (ECB) – Bridge Finance for Infrastructure Sector</a> ”, Reserve Bank of India Circular RBI/2011-12/200 A.P. (DIR Series) Circular No. 26.
– 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, RBI circular Nr. 28).		“ <a href="#">External Commercial Borrowings (ECB) – Rationalisation and Liberalisation</a> ”, Reserve Bank of India Circular RBI/2011-12/201 A.P. (DIR Series) Circular No. 27.
– a clarification of the application of existing rules on ECB from foreign equity holders (RBI Circular No. 29, 26 September 2011).		“ <a href="#">External Commercial Borrowings (ECB) Policy – Structured Obligations for infrastructure sector</a> ”, Reserve Bank of India Circular RBI/2011-12/203 A.P. (DIR Series) Circular No. 28.
– allowing companies in the infrastructure sector to borrow up to USD 1 billion per year in Renminbi under the approval route (RBI Circular No. 30, 27 September 2011).		“ <a href="#">External Commercial Borrowings (ECB) from the foreign equity holders</a> ”, Reserve Bank of India Circular RBI/2011-12/204 A.P. (DIR Series) Circular No. 29.
		“ <a href="#">External Commercial</a>



Description of Measure	Date	Source
– On 23 November 2011, the RBI slightly increased the all-in-cost ceiling for external commercial borrowings for shorter maturities.	23 November 2011	<i>Borrowings (ECB) in Renminbi (RMB)</i> ”, Reserve Bank of India Circular RBI/2011-12/205 A.P. (DIR Series) Circular No. 30.
– On 15 December 2011, the RBI permitted microfinance institutions to borrow up to USD 10 million or equivalent during a financial year abroad under the automatic route under certain conditions.	15 December 2011	“ <a href="#">External Commercial Borrowings (ECB) Policy</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 51
– On 29 December 2011, the RBI allowed non-resident entities to hedge Rupee-denominated external commercial borrowings under certain conditions.	29 December 2011	“ <a href="#">External Commercial Borrowings (ECB) for Micro Finance Institutions (MFIs) and Non-Government Organisations (NGOs)-engaged in micro finance activities under Automatic Route</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 59, 15 December 2011.
– On 29 December 2011, the RBI allowed non-resident entities to hedge Rupee-denominated external commercial borrowings under certain conditions.	29 December 2011	“ <a href="#">External Commercial Borrowings (ECB) denominated in Indian Rupees (INR) - hedging facilities for non-resident entities</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 63, 29 December 2011.
– On 23 November 2011, the RBI limited the possibilities of intermediary use of external commercial borrowing proceeds abroad and required the proceeds of ECB raised abroad for rupee expenditure in India to be immediately brought for credit to rupee accounts with Indian banks; prior to the change, rupee funds could be used for investment in capital markets, real estate or for inter- corporate lending.	23 November 2011	“ <a href="#">External Commercial Borrowings (ECB) Policy – Parking of ECB proceeds</a> ”, Reserve Bank of India, A.P. (DIR Series) Circular No. 52.
– On 20 April 2012, the RBI increased the ceiling for External Commercial Borrowings (ECB) for companies that develop energy and road infrastructure. Power companies may now use up to 40% of the ECBs for refinancing of their rupee debt (up from 25%); the remainder must be used for investment in a new project. ECBs are also allowed for capital expenditure under the automatic route for the purpose of maintenance and operations of toll systems for roads and highways.	20 April 2012	“ <a href="#">External Commercial Borrowings (ECB) Policy – Liberalisation and Rationalisation</a> ”, Reserve Bank of India, RBI/2011-12/519 A. P. (DIR Series) Circular No. 111.
– On 20 April 2012, the RBI allowed companies that had taken out ECBs to refinance them through new ECBs under the approval route even when the new ECB had higher costs; previously, refinancing was only possible if the refinancing would have reduced the cost.	20 April 2012	“ <a href="#">External Commercial Borrowings (ECB) Policy – Refinancing/Rescheduling of ECB</a> ”, Reserve Bank of India, RBI/2011-12/520 A. P. (DIR Series) Circular No. 112.
– On 24 April 2012, the RBI raised the limit for ECB for the Civil Aviation Sector. The overall ECB ceiling for the entire civil aviation sector was set to USD 1 billion and an individual airline company may borrow up to USD 300 million. Those amounts can be used as working capital or for the refinancing of outstanding working capital Rupee loans extended by domestic lenders.	24 April 2012	“ <a href="#">External Commercial Borrowings for Civil Aviation Sector</a> ”, Reserve Bank of India, RBI/2011-12/523, A.P. (DIR Series) Circular No. 113.
– 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 11 September 2012	“ <a href="#">External Commercial Borrowings (ECB) – Repayment of Rupee loans</a> ”, Reserve Bank of India, RBI/2011-12/617 A. P. (DIR Series) Circular No. 134.
– Also 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		“ <a href="#">ECB Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme</a> ”, Reserve Bank of India, RBI/2012-13/200 A.P. (DIR Series) Circular No. 26. “ <a href="#">Foreign investment in India by SEBI registered FII in Government securities and SEBI registered FIIs and QFIs in</a>

	Description of Measure	Date	Source
Investment measures relating to national security	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.		<a href="#">infrastructure debt</a> ”, Reserve Bank of India, RBI/2011-12/618 A. P. (DIR Series) Circular No. 135.
	– 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	“ <a href="#">ECB Policy – Bridge Finance for Infrastructure Sector</a> ”, RBI/2012-13/201 A.P. (DIR Series) Circular No. 27.
	– On 17 December 2012, the RBI allowed ECB for low cost affordable housing projects as a permissible end-use under the approval route.	17 December 2012	“ <a href="#">External Commercial Borrowings (ECB) for the low cost affordable housing projects</a> ”, RBI/2012-13/339, A.P. (DIR Series) Circular No. 61.
	– On 21 January 2013, Indian companies in the hotel sector were added to the list of companies that were eligible to participate in the ECB scheme.	21 January 2013	“ <a href="#">External Commercial Borrowings (ECB) Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme</a> ”, RBI/2012-13/387, A.P. (DIR Series) Circular No. 78.
	On 1 April 2013, the Reserve Bank of India simplified foreign investment by registered FIIs in Government Securities and Corporate Debt. On 24 January 2013, <a href="#">Circular No.80</a> had increased the limit for investments by FIIs and long term investors in government securities to USD 25 billion and for corporate debt to USD 51 billion.	24 January 2013; 1 April 2013.	“ <a href="#">Foreign investment in India by SEBI registered FIIs in Government Securities and Corporate Debt</a> ”, RBI/2012-13/465, A.P. (DIR Series) Circular No.94.
	On 23 April 2013, India relaxed conditions for outward investment by the Navratna Public Sector Undertakings (PSUs) and ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL) in entities in the oil sector. Henceforth, these companies are allowed to invest in overseas incorporated entities in the oil sector under the automatic route, while the authorisation had previously only covered investments in unincorporated entities in this sector.	23 April 2013	“ <a href="#">Investment by Navratna Public Sector Undertakings (PSUs), OVL and OIL in unincorporated entities in oil sector abroad</a> ”, RBI/2012-13/480, A.P. (DIR Series) Circular No. 99.
	None during reporting period.		
<b>Indonesia</b>			
Investment policy measures	<p>On 12 January 2009, Indonesia’s President approved the new Mining Law (4/2009). The new law alters Indonesia’s approach to the management of its mineral resources and replaces the Mining Law 11/1967. It contains, in its article 112, a provision on divestment obligations of concessions.</p> <p>On 1 February 2010, Indonesia issued Government Regulation No. 23/2010 on Mining Activities in relation to the Mining Law (Law No. 4/2009), which specifies the scope of the obligation for foreign investors to divest mining concessions. Specifically, Regulation 23/2010 requires that within five years of commencement of production, 20% of the foreign capital must be sold to local parties, including central, provincial or regional governments, reGENCY, state-owned companies, regional-owned companies, or private national entities.</p> <p>Government Regulation 24/2012, signed by the President on 21 February 2012 and released on 7 March 2012, requires that foreign-owned mining companies operating in coal, minerals and metals progressively divest their holdings to Indonesian entities or individuals – including the central government, regional government, state enterprise or other domestic investors – to reach the maximum authorised ceiling of 49% share ownership ten years after production has begun. Hitherto, the authorised foreign ownership ceiling was 80%. According to the new Regulation, the divestment should reach 20% in the sixth year of production, 30% in seventh year, 37% in the eighth year,</p>	12 January 2009; 1 February 2010; 7 March 2012	Government Regulation No. 23/2010 on Mining Activities.  “ <a href="#">Peraturan pemerintah Republik Indonesia nomor 24 tahun 2012 tentang perubahan atas peraturan pemerintah nomor 23 tahun 2010 tentang pelaksanaan kegiatan usaha pertambangan mineral dan batubara</a> ”, Presidential Decree 24/2012, 21 February 2012.

	Description of Measure	Date	Source
	44% in the ninth year and 51% in the tenth year.		
	On 16 June 2010, the Central Bank of Indonesia introduced measures to slow down short-term capital flows. These include: <ul style="list-style-type: none"> <li>– a one-month minimum holding period on Sertifikat Bank Indonesia (SBIs), a debt instrument, with effect from 7 July 2010; and</li> <li>– regulations on banks' net foreign exchange positions.</li> </ul>	16 June 2010	
	On 2 January 2012, Bank Indonesia Regulation (PBI) No. 13/20/PBI/2011 dated 30 September 2011 concerning Export Proceeds and Foreign Debt Withdrawal Policy entered into effect. The regulation requires exporters to receive export proceeds through domestic banks, and that debtors withdraw their foreign borrowing through domestic banks. The policy does not impose any holding periods or the conversion into rupiah.	2 January 2012	<p>“Bank Indonesia Regulation Number: 13/20/PBI/2011 concerning Receipt of Export Proceeds and Withdrawal of Foreign Exchange from External Debt”, 30 September 2011;</p> <p>“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.</p>
	On 12 July 2012, Indonesia's parliament adopted the <i>Higher Education Law</i> , which allows foreign universities to acquire accreditation to operate in Indonesia. According to the Law, foreign providers must be non-profit and can only set up campuses in cooperation with an Indonesian university. The Law also regulates how universities are run and courses are accredited.	13 July 2012	“ <i>Higher Education Bill</i> ”, Indonesian Parliament website (in Bahasa).
	Ministerial regulations will define where foreign universities will be allowed to set up, which programmes they are allowed to offer; priority would be given to disciplines uncommon at Indonesian universities because they require significant investment or skills.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Italy</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	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 and 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.	15 May 2012	<p>Law of 11 May 2012, n. 56, <a href="#">Gazzetta Ufficiale della Repubblica italiana n. 111 del 14 maggio 2012</a>;</p> <p>Notification to the OECD, <a href="#">DAF/INV/RD(2013)4</a></p>
	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. 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).		
	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		

Description of Measure	Date	Source
<p>national security.</p> <p>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).</p> <p>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.</p>		
<b>Japan</b>		
<i>Investment policy measures</i>	<p>On 23 June 2009 amendments to the <i>Cabinet Order on Inward Direct Investment</i> and the <i>Ministerial Order on Inward Direct Investment relating to the Foreign Exchange and Foreign Trade Law</i> entered into force. The amendments introduce leaner notification and reporting procedures for inward foreign direct investment.</p>	<p>23 June 2009</p> <p>Ministry of Finance Press release, 3 June 2009.</p>
<i>Investment measures relating to national security</i>	<p>None during reporting period.</p>	
<b>Republic of Korea</b>		
<i>Investment policy measures</i>	<p>On 2 June 2009, the Korean government amended the <i>Presidential Decree of the Urban Development Act</i> to allow foreign-invested companies in Korea to make non-bid contracts with local governments for the use of lands included in urban development projects. Korean companies are still subject to open bid contracts. This measure was effective for two years, beginning on 1 July 2009.</p> <p>On 13 June 2010, Korea announced macro-prudential measures to mitigate volatility of capital flows, including:</p> <ul style="list-style-type: none"> <li>– Limits on banks' foreign exchange derivatives positions of banks (including FX forward, FX swap, cross currency interest rate swap, non-deliverable forward, etc.): 50% of domestic banks' capital; 250% of foreign bank branches' capital;</li> <li>– Foreign currency loans granted by financial institutions to residents can only be used for overseas purposes;</li> <li>– Tighter regulations on banks' FX liquidity ratio and mid-to long-term financing ratio in foreign loan portfolios.</li> </ul> <p>In a statement released on 19 May 2011, the Ministry of Strategy and Finance, the Financial Supervisory Commission, the Bank of Korea and the Financial Supervisory Service further lowered the ceiling on banks' foreign exchange derivatives positions by 20%, effective on 1 June 2011. The ceiling on the foreign exchange derivatives positions by local branches of foreign banks was be cut to 200% of their capital, down from 250% ; the ceiling for domestic banks was lowered from 50% to 40%.</p> <p>Effective 1 December 2012, the ceilings on currency derivatives holdings were further reduced to 30% of equity for local banks and to 150% for foreign bank branches.</p> <p>On 31 July 2011, the Korean Ministry of Strategy and Finance announced the introduction of 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</p>	<p>2 June 2009</p> <p>13 June 2010; 19 May 2011; 1 June 2011; 1 December 2012</p> <p>1 August 2011</p> <p><a href="#">“The Government Takes a Sweeping Regulatory Reform to Overcome Economic Crisis”</a>, Invest Korea investment news no. 4007, 2 June 2009.</p> <p><a href="#">“Government to Tighten Caps on FX Forward Position”</a>, Ministry of Strategy and Finance press release, 19 May 2011.</p> <p><a href="#">“Macro-Prudential Stability Levy to Be Imposed from August”</a>, Ministry of Strategy and Finance press release, 31 July 2011.</p>

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	<p>year, 0.1% for those between one and three years, 0.05% for three to five year debts, and 0.02% for debt with maturities of over 5 years. Liabilities taken out by domestic regional banks from the financial institutions subject to the levy have to pay half these rates.</p> <p>None during reporting period.</p>		
<b>Mexico</b>			
<i>Investment policy measures</i>	<p>An amendment of the regulations on foreign investment of 4 May 2009 eases the conditions for foreign investors to apply for trusts on real estate in restricted areas.</p>	4 May 2009	<a href="#">Diario Oficial de la Federación el 8 de septiembre de 1998</a> as amended 4 May 2009
<i>Investment measures relating to national security</i>	<p>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. 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.</p> <p>None during reporting period.</p>	9 August 2012	<a href="#">“Resolución general por la que se establece el criterio para la aplicación del artículo 17 de la ley de inversión extranjera relativo al establecimiento de personas morales extranjeras en México”</a> , Diario Oficial de la Federación, 8 August 2012.
<b>Russian Federation</b>			
<i>Investment policy measures</i>	<p>On 16 May 2009, Federal Law No. 74-FZ came into force. It provides for simplified rules on access of foreign securities to the Russian securities. Previously, securities issued by foreign entities could be placed for circulation on the Russian market on the basis of either an international treaty or a cooperation agreement between the Federal Service for the Securities Market (FSFM) and the respective authority of the country of the foreign issuer.</p>	16 May 2009	Federal Law No.74-FZ of 28.04.2009 "On amending the Federal Law "On the securities market" and Article 5 of the Federal Law "On protection of the rights and legitimate interests of investors in the securities market".
	<p>On 10 November 2011, changes to foreign ownership of radio broadcasting became effective: Henceforth, foreign and foreign-controlled entities are no longer allowed to establish or acquire over 50% ownership of radio channels which broadcasts to more than one half of the territorial subjects of Russia, or over the territory on which one half or more of Russia's population resides. The rules are contained in Federal Law No.142-FZ of 14 June 2011 "On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media". Similar restrictions already apply to television broadcasting.</p>	10 November 2011	Federal Law No.142-FZ, 14 June 2011 "On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media"
	<p>On 23 May 2012, the Central Bank of the Russian Federation issued Decree No.2818-Y on the rights of subsidiaries of foreign banks operating in Russia to open local branch offices. The decree 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.</p>	23 May 2012	Decree No.2818-Y, Central Bank of the Russian Federation, 23 May 2012.
	<p>On 14 March 2013, the Russian Federation passed amendments to certain federal laws in order to ban the opening of branches of foreign banks in the territory of Russia. The changes do not concern Russian subsidiaries of foreign banks and of representative offices of foreign banks.</p>	14 March 2013	Federal Law of 14 March 2013 No.29-FZ

	Description of Measure	Date	Source
	On 12 April 2013, the Russian Federation amended the law “On Banks and Banking Operations”. The amendment prohibits the Central Bank to impose restrictions on banking operations for foreign banks with participation of investors from OECD countries. Hitherto, the Central Bank was allowed to limit operations of those foreign banks, whose countries of domiciliation impose restrictions on local branches of Russian banks.	12 April 2013	
<i>Investment measures relating to national security</i>	On 18 December 2011, amendments to the Federal Law “ <a href="#">On Procedures of Foreign Investments in Business Entities of Strategic importance for National Defence and State Security</a> ” (No.57-FZ) and “ <a href="#">On Foreign Investments in the Russian Federation</a> ” came into effect. The changes broaden the possibility of investment by foreigners in Russian strategic companies carrying out exploration and extraction of minerals; relax the limits on foreign investments in strategic industries and simplify the related procedures for investors that were introduced in Law No.57-FZ in 2008. More specifically, the amendments lift the ceilings of foreign ownership in certain sectors, exempt international financial organisations in which Russia is a member from certain approval requirements, and strip companies in certain sectors from their status as “strategic companies” for the purpose of the application of foreign investment rules.  In September 2012, the list of International Financial Organizations that enjoy the exemption from the requirement to obtain prior Government consent for certain acquisitions was adopted.	18 December 2011 September 2012	“ <a href="#">The first package of amendments to the Law “On Foreign Investments...” is introduced to the State Duma of the Russian Federation</a> ”, Federal Antimonopoly Service of the Russian Federation announcement, 18 February 2011.
<b>Saudi Arabia</b>			
<i>Investment policy measures</i>	On 16 March 2010, Saudi Arabia’s Capital Market Authority (CMA) announced its approval for Falcom Financial Services to offer an exchange-traded fund (ETF) of Saudi shares, which is accessible to non-resident foreign investors who have a bank account in Saudi Arabia. This ETF began trading on the Tawadul, the Saudi Arabian Stock Exchange, on 28 March 2010. The CMA approved a second ETF, also offered by Falcolm Financial Services on 21 June 2010. This second ETF offers exposure to the Saudi Arabian petrochemical sector, investing almost all assets in Shariah-compliant petrochemical companies listed on the Tadawul. The two ETFs constitute the first opportunity for direct foreign investment in the Tawadul, following liberalisation in August 2008 which allowed foreign investors to buy Saudi shares indirectly by means of “total return swaps” via licensed brokers in Saudi Arabia. The swaps do not give voting rights, but the decision allowed international investors to gain direct access to individual shares.	16 March 2010	“ <a href="#">CMA announces offering of Exchange Trade Fund</a> ”, CMA release, 16 March 2010;  “ <a href="#">CMA announces offering of Exchange Traded Fund</a> ”, CMA release, 21 June 2010.
	On 22 January 2012, Saudi Arabia’s Capital Market Authority announced an amendment of its listing regulations. The new rules allow a foreign issuer whose securities are listed in another regulated exchange to apply for its securities to be registered and admitted to listing on the Saudi Arabian exchange.	22 January 2012	“ <a href="#">Listing Rules</a> ”, Saudi Arabian Capital Market Authority, 22 January 2012.
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>South Africa</b>			
<i>Investment policy measures</i>	On 27 October 2009, the Minister of Finance announced a series of measures to liberalise inward and outward capital flows. The new policy: increased the rand thresholds applicable to outward direct investments by South African companies; removes some restrictions on rand conversion of export proceeds and advance payments for imports; and increases in foreign capital allowances for resident	27 October 2009	“ <a href="#">Medium Term Budget Policy Statement 2009</a> ” and “ <a href="#">Exchange Control Circular No. 13/2009: Statement on Exchange Control</a> ”, dated 27 October 2009.  “ <a href="#">Guidelines to Authorised Dealers in respect of genuine new</a> ”



Description of Measure	Date	Source
individuals. Further relaxations of the approvals required for investing in Southern African Development Community (SADC) countries were announced.		<a href="#">foreign direct investments of up to R 500 million per company per calendar year</a> ”, Exchange control department, South African Reserve Bank, 27 October 2009.
On 1 March 2010, the Exchange Control Circular No. 5/2010, issued by the South African Reserve Bank on 17 February 2010, entered into effect. The circular allows South African banks to acquire direct and indirect foreign exposure up to 25% of their total liabilities.	1 March 2010	<a href="#">Exchange Control Circular No. 5/2010</a> , South African Reserve Bank, 17 February 2010.
On 13 December 2010, the South African National Treasury announced an increase of the share of assets that South African institutional investors can hold abroad. The increase is 5 percentage points up from the percentage set in 2008. This change was already alluded to in Exchange Control Circular No. 37/2010, issued by the South African Reserve Bank on 27 October 2010.	13 December 2010	<a href="#">Exchange Control Circular No. 44/2010</a> , South African Reserve Bank, 14 December 2010, containing the National Treasury press release “ <i>New Prudential limits and discussion document</i> ”, dated 13 December 2010.
As of 1 January 2011, international headquarter companies are allowed to raise and deploy capital offshore without undergoing exchange control approval.	1 January 2011	<a href="#">Exchange Control Circular No. 37/2010</a> , South African Reserve Bank, 17 February 2010.
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	<a href="#">Exchange Control Circular No. 12/2011</a> , South African Reserve Bank, 25 October 2011
– The <i>Exchange Control Circular No. 15/2011</i> , dated 25 October 2011 announces the abolition of foreign ownership restrictions in authorised dealers in foreign exchange at an unspecified date.	25 October 2011	<a href="#">Exchange Control Circular No. 15/2011</a> , South African Reserve Bank, 25 October 2011
– The <i>Exchange Control Circular No. 18/2011</i> , 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	<a href="#">Exchange Control Circular No. 18/2011</a> , South African Reserve Bank, 25 October 2011
On 12 December 2012, the South African Reserve Bank issued updates to certain sections of the <a href="#">Exchange Control Manual</a> .	12 December 2012	<a href="#">Exchange Control Manual</a> .
On 27 February 2013, the South African Reserve Bank published changes to its foreign exchange control policies, which had initially been announced as part of the 2013 Budget. Henceforth, as part of the “Gateway to Africa” policy, each company listed at the Johannesburg Stock Exchange (JSE) may establish one subsidiary holding company for holding African and offshore operations without it being subject to foreign exchange restrictions. The purpose is to incentivise companies to manage their African and offshore operations from South Africa, maximising the benefits to South Africa’s economy. To benefit from the exemption, the Holding companies will be subject to the following conditions: They must be South African tax residents and be incorporated and effectively managed and controlled in South Africa; transfer from the parent company to the subsidiary will be allowed up to ZAR 750 million per year; subsidiaries may freely raise and deploy capital offshore, provided these funds are without South African guarantees; subsidiaries will be allowed to operate as cash management centres for South African multinationals; local income generated from cash management will be freely transferrable; subsidiaries may choose their functional currency or currencies, and operate foreign currency accounts and a rand-denominated account for operational expenses; appropriate governance and transparency arrangements will be required.	27 February 2013	<a href="#">Exchange Control Circular 5 of 2013</a>
<i>Investment</i>	None during reporting period.	

	Description of Measure	Date	Source
<i>measures relating to national security</i>			
<b>Turkey</b>			
<i>Investment policy measures</i>	On 6 October 2010, Turkey clarified and simplified the rules applicable for acquisitions of real estate by foreign-owned Turkish companies. The new “ <i>Regulation on Acquisition of Real Estate Ownership and Limited Rights in rem by Foreign-Owned Companies</i> ”, which abolished rules passed in 2008.	6 October 2010	Regulation on Acquisition of Real Estate Ownership and Limited Rights in rem by Foreign-Owned Companies, Official Gazette No. 27721 dated 6 October 2010.
	On 23 October 2010, Turkey issued rules on the registration of public offerings and sales of foreign capital market instruments and depository receipts in Turkey. Among other issues, the <i>Communiqué Regarding the Sale and Registration with the Capital Markets Board of Foreign Capital Market Instruments and Depository Receipts</i> abolishes the requirement to conduct public offerings of foreign stocks in Turkey through depository receipts.	23 October 2010	Communiqué Regarding the Sale and Registration with the Capital Markets Board of Foreign Capital Market Instruments and Depository Receipts Serial: III, No: 44, Official Gazette No. 27738 dated 23 October 2010.
	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.
	On 3 May 2012, Turkey passed Law No. 6302 amending the Land Registry Law. The amendments broaden 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 acquisitions by foreign companies remain governed by sector-specific laws.	3 May 2012	Law No. 6302, Official Gazette of 18 May 2012, no. 28196.
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>United Kingdom</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>United States</b>			
<i>Investment policy measures</i>	On 18 April 2013, the Federal Communications Commission adopted and released an order that provides greater investment flexibility by streamlining the policies and procedures that apply to foreign ownership of common carrier and certain aeronautical radio station licensees, that is, companies that provide fixed or mobile telecommunications service over networks that employ spectrum-based technologies.	18 April 2013	“ <a href="#">Federal Communications Commission – Second Report and Order</a> ”, Federal Communications Commission, FCC 13-50, 18 April 2013
<i>Investment measures relating to national security</i>	None during reporting period.		



Description of Measure	Date	Source
<b>European Union</b>		
<i>Investment policy measures</i>	None during reporting period.	

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