

4 July 2018

Nineteenth Report on G20 Investment Measures¹

When the global financial crisis broke out in 2008, G20 Leaders committed to resisting protectionism in all its forms at their 2008 Summit in Washington. At their subsequent summits in London, Pittsburgh, Toronto, Seoul, Cannes, Los Cabos, St Petersburg, Brisbane, Antalya, Hangzhou and Hamburg, they reaffirmed this pledge and called on WTO, OECD, and UNCTAD to monitor and publicly report on their trade and investment policy measures.

The present document is the nineteenth report on investment and investment-related measures made in response to this call.² It has been prepared jointly by the OECD and UNCTAD Secretariats and covers investment policy and investment-related measures taken between 16 October 2017 and 15 May 2018.

I. Development of FDI flows

Global FDI flows decreased by around 20% to USD 1.4 trillion in 2017 compared to 2016.³ Inflows to developed economies decreased by 37%, largely driven by decreases in the United Kingdom and the United States from high levels in 2016. Outflows from developed economies decreased only slightly. In contrast, FDI inflows to developing economies remained close to their 2016 level; FDI outflows from developing economies decreased 6% as FDI outflows from China declined for the first time in 15 years. The United States remained the largest source of FDI worldwide by a long stretch, followed

¹ This report is issued under the responsibility of the Secretary-General of the OECD and the Secretary-General of UNCTAD. It has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD. Nothing in this report implies any judgment, either direct or indirect, as to the consistency of any measure referred to in the report with the provisions of any WTO, OECD, or UNCTAD agreement or any provisions thereof. As its previous report, this document distinguishes between measures related to foreign direct investment (prepared jointly by OECD and UNCTAD) and measures related to other international capital flows (prepared solely by OECD).

² Earlier reports by WTO, OECD and UNCTAD to G20 Leaders are available on the websites of the [OECD](#) and [UNCTAD](#). A summary table of all investment measures taken since 2008 is also available on those websites.

³ The most recent figures are available in OECD, [FDI in Figures](#) and UNCTAD, [World Investment Report 2018: Investment and New Industrial Policies, June 2018](#).

by Japan, China, the United Kingdom, Germany and Canada. China, after being a net outward direct investor for the first time in 2015, became a net inward investor in 2017.

II. Investment policy measures

1. Foreign direct investment-specific measures

In the reporting period, six G20 Members – Australia, Canada, China, India, Indonesia, Saudi Arabia – amended policies specific to foreign direct investment. The measures taken show a mixed picture: On the one hand, several measures liberalised foreign direct investment in certain industries or promoted foreign direct investment otherwise. On the other hand, some new investment restrictions were introduced, relating mainly to the acquisition of agricultural land by foreigners, foreign ownership regulations in financial services companies, and certain limitations for outward foreign investment. In contrast to findings for most of the earlier reporting periods under this exercise, the proportion of policy measures that point to greater openness for inward foreign investment has declined, and measures introduced since 16 October 2017 also include restrictions to outward flows.

A detailed description of the measures is available in [Annex 1](#) of this report.

2. Investment measures related to national security

In the reporting period, three G20 Members introduced new investment policies related to national security; such policies seek to address potential threats to national security that stem from international investment.

The three G20 Members that introduced new policies in this area – Australia, China and Italy – already had mechanisms to manage threats to their national security. The changes that they introduced in the reporting period concern critical infrastructure; expand the scope of the policies' application to additional sectors and newly identified risks and threats associated with advanced technology; or concern the transfer abroad of intellectual property.

The resurgent interest in investment policies motivated by national security concerns is not limited to G20 Members, as has been noted in the [previous report](#) in this series. Several non-G20 Members have taken similar policy measures recently (e.g. Latvia, Lithuania), and more policy changes are planned or considered in both G20 Members (e.g. France, United Kingdom, United States, European Union) and non-G20 economies (e.g. Netherlands and Norway).

The common trait of new policies in most of these countries is a broadening of the notion of sensitive sectors, which traditionally focused on defence and infrastructure hardware. Reforms tend to include advanced and dual use technologies (artificial intelligence, microelectronics and robotics, as for example included by recent reforms in Germany, Italy, Japan) as well as assets that would grant access to personal data or intellectual property.

While countries have the right to safeguard their essential security interests, there is a latent risk that such policies are designed or implemented for purposes that go beyond genuine national security concerns. Agreed policy disciplines, such as the [G20 Guiding Principles for Global Investment Policymaking](#)⁴ and the [Guidelines for Recipient Country Investment Policies relating to National Security \(2009\)](#), combined with peer monitoring of policy design and implementation can play an important role in managing the risk of unwarranted discrimination of foreign investors under the guise of national security. Greater transparency and respect of internationally agreed corporate governance principles by certain categories of sensitive investors, such as the [OECD Guidelines on Corporate](#)

⁴ Endorsed in September 2016 at the G20 Leaders Summit in Hangzhou, China.

[Governance of State-Owned Enterprises](#) could further alleviate the national security concerns of host States and thus enable foreign investment in sensitive areas.⁵

3. *Investment policy measures not specific to FDI*⁶

Investment policy measures not specific to FDI relate to the degree to which economies are integrated in global financial markets. Four G20 Members – Brazil, China, India, and Saudi Arabia – took measures that fall in this category in the reporting period. A description of the measures is available in [Annex 2](#) of this report.

G20 Members have expressed interest in better understanding and articulating the linkages between capital account openness, growth and resilience. Appropriate disciplines and policy instruments, such as those included in the [OECD Code of Liberalisation of Capital Movements](#), can help ensure open and orderly capital movements that are needed to support inclusive growth and sustainable development.

Adherence to the Code supports the effective implementation of the G20 “Coherent Conclusions” calling for capital flow management measures to be “transparent, properly communicated, and targeted to specific risks identified” and for “multilateral surveillance to assess both their individual impact and aggregate spillover effects”.⁷ The G20 Finance Ministers and Central Bank Governors have called on all G20 Members that are not already Code Adherents to consider adhering to the instrument.⁸ Argentina, Brazil and South Africa have requested to adhere to the instrument, and the adherence process is underway, with the first peer reviews of applicants’ positions under the Code commencing in the second half of 2018. Seminars on the Code have also been held in two other non-Code-adherent G20 Members in the first half of 2018.

The current review of the *Code of Liberalisation of Capital Movements* – which also covers FDI – has now entered its decision-making phase, with non-adhering G20 members having importantly contributed to the diagnostic discussions, testifying of the great value that G20 Members attach to international cooperation on disciplines in this area.

The OECD will report to the G20 Finance Ministers and Central Bank Governors on developments related to the Code at their meeting in July 2018, as requested at their last meeting.

4. *International Investment Agreements*

During the reporting period, G20 Members concluded eleven new bilateral investment treaties (BITs)⁹ and seven new “other IIAs”.¹⁰ No IIA was terminated in the reporting period. As of 15 May 2018,

⁵ “[State-owned enterprises, international investment and national security: The way forward](#)”, OECD *insights*, 19 July 2017.

⁶ This section on “Investment policy measures not specific to FDI” has been prepared by the OECD under the responsibility of the Secretary-General of the OECD. [Annex 2](#) provides information on the coverage, definitions and sources of the information contained in this section.

⁷ *G20 Coherent Conclusions for the Management of Capital Flows Drawing on Country Experiences*, endorsed by G20 Finance Ministers and Central Bank Governors, 15 October 2011.

⁸ [Communiqué of the G20 Finance Ministers and Central Bank Governors Meeting, Baden-Baden, Germany, 17-18 March 2017](#), paragraph 4.

⁹ The BITs between: Argentina and United Arab Emirates (signed on 16 April 2018); Brazil and Ethiopia (signed on 11 April 2018); Brazil and Suriname (signed on 2 May 2018); Turkey and Uzbekistan (signed on 25 October 2017); Turkey and Chad (signed on 26 December 2017); Turkey and Tunisia (signed on 27 December 2017); Turkey and Serbia (signed on 31 January 2018); Turkey and Belarus (signed on 14 February 2018); Turkey and Mauritania (signed on 28 February 2018); Turkey and Mali (signed on 2 March 2018); Turkey and Kyrgyzstan (signed on 9 April 2018). Canada also signed a BIT with Kosovo (United Nations Administrative Region, Security Council resolution 1244 (1999)) on 6 March 2018.

¹⁰ “Other IIAs” encompass a variety of international agreements with investment protection, promotion and/or cooperation provisions – other than BITs. They include free trade agreements (FTAs), regional trade and investment agreements (RTIAs), comprehensive economic partnership agreements (CEPAs), cooperation agreements, association agreements,

there were 2,963 BITs and 380 “other IIAs”. Countries from all regions have embarked on reform of IIAs. Most recently concluded IIAs include a sustainable development orientation, seek to preserve regulatory space, or alter or omit ISDS mechanisms.¹¹ Data on G20 Members’ IIAs is available in Annex 3.

III. Overall policy implications

Overall, investment policy measures that G20 Members have taken in the reporting period show a mixed picture. While some point towards greater openness for foreign investment and the easing of conditions for international capital flows, especially where enterprise investment is concerned, others introduce new investment restrictions. The majority of G20 Members has not taken any investment policy measures at all.

In particular, investment policies related to national security continue to attract significant and growing attention in and beyond the G20 membership. Shifts in policy design and implementation appear in certain G20 Members: the scope of transactions that are seen to impair national security is widening in line with and beyond technological developments, and the perceived mechanisms through which threats may materialize also evolve and accentuate the national security implications of assets that provide access to personalised data and intellectual property. While legitimate when confined to genuine national security concerns, these policies require close monitoring to avoid being used as disguised restrictions to international investment.

The overall continued openness of G20 Members to international investment is a positive signal and economies are likely to benefit from such policies, if embodied in a sound regulatory framework.¹² The commitment to open, transparent and conducive investment policies is even more valuable and important at a time when the rules-based system of international economic relations is under strain. Monitoring and public reporting in this area remain important mechanisms to avoid backsliding on G20 Leaders’ longstanding pledge to create and maintain open, non-discriminatory, transparent and predictable conditions for investment.

economic complementation agreements, closer economic partnership arrangements, agreements establishing free trade areas, and trade and investment framework agreements (TIFAs). Unlike BITs, “other IIAs” may also cover plurilateral agreements. The “other IIAs” that were concluded in the reporting period are the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (signed on 8 March 2018); the FTA between the Republic of Korea and the Republics of Central America (signed on 21 February 2018); the FTA between Australia and Peru (signed on 12 February 2018); the CEPA between Indonesia and Chile (signed on 15 December 2017); the Comprehensive and Enhanced Partnership Agreement between the European Union (EU) and Armenia (signed on 24 November 2017); the Investment Agreement between the Association of South-East Asian Nations (ASEAN) and Hong Kong, China (signed on 12 November 2017); the FTA between Argentina and Chile (signed on 2 November 2017).

¹¹ UNCTAD IIA Issues Note, “[Recent Development in the International Investment Regime](#)” (May 2018).

¹² OECD studies estimate that the introduction of reforms further liberalising FDI restrictions in advanced and emerging economies by about 10% as measured by the OECD FDI Regulatory Restrictiveness Index could increase bilateral FDI inward stocks by around 2.4%. [OECD (2018), “The Effects of Statutory Restrictions on Foreign Direct Investment: The Potential Impact of Investment Protectionist or Liberalisation Policies”, *OECD Working Paper on International Investment*, forthcoming].

**Annex 1: Recent investment policy measures related to FDI (16 October 2017 to 15 May 2018) –
Reports on individual economies**

	Description of Measure	Date	Source
Argentina			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Australia			
<i>Investment policy measures</i>	<p>Some Australian states introduced or increased surcharges on foreign owners and acquirers of residential real estate. In the reporting period, changes came into force for New South Wales and South Australia:</p> <ul style="list-style-type: none"> • New South Wales, which had introduced surcharges on stamp duty for foreign acquirers of residential real estate in 2016 and increased land taxes on foreign-owned residential real estate in 2017 increased the land tax surcharge to 2% as of 1 January 2018, up from 0.75% in the preceding year; the purchaser duty surcharge has been increased to 8% through a change in the duties act, section 104U, effective on 1 July 2017. • South Australia introduced a 7% stamp duty surcharge on foreign acquirers of residential real estate as of 1 January 2018. 	1 January 2018	<p>Notification by Australia to the OECD dated 19 April 2018;</p> <p>Regarding New South Wales: “Land tax surcharge”, New South Wales Revenue website, undated; Duties Act 1997.</p> <p>Regarding South Australia: “Foreign Ownership Surcharge”, Revenue South Australia website, undated.</p>
	<p>On 1 February 2018, the Australian government further clarified its policies applicable to acquisitions of agricultural land by foreigners. The rules now contain an explicit statement that foreign acquirers are obliged to show that agricultural land they intend to acquire has been part of a public sales process and marketed widely to potential Australian bidders for a minimum of 30 days, and that Australian bidders have had an opportunity to participate in the sale process.</p>	1 February 2018	<p>“Ensuring Australians can purchase agricultural land while foreign investment is geared toward jobs and growth”, Treasurer media release, 1 February 2018.</p>
<i>Investment measures relating to national security</i>	<p>On 1 February 2018, the Australian government further clarified how it administers the review process of acquisitions of electricity transmission and distribution assets, and some generation assets by foreigners: ownership restrictions or conditions may be imposed on a case by case basis on national security grounds.</p>	1 February 2018	<p>“New conditions on the sale of Australian electricity assets to foreign investors”, joint media release, by the Treasurer, the Minister for Home Affairs and The Minister for Immigration and Border Protection, 1 February 2018.</p>
	<p>On 11 April 2018, the Security of Critical Infrastructure Act 2018 received assent. The Act creates a framework for managing critical infrastructure by establishing a non-public register of critical infrastructure assets, and by collecting and updating – via reporting obligations for interest holders – information on the operation, ownership and control of the assets in the register. The rules are asset-specific and ownership-neutral and hence apply to domestic and foreign owners alike. The Act also gives the Minister for Home Affairs a power of “last resort” to direct the operator of a listed asset in the registry to do or not do a specific thing to manage an identified national security risk in certain circumstances.</p>	11 April 2018	<p>Security of Critical Infrastructure Act 2018.</p>
Brazil			
<i>Investment policy measures</i>	None during reporting period.		

Description of Measure	Date	Source
<p><i>Investment measures relating to national security</i></p> <p>None during reporting period.</p> <p>Canada</p>		
<p><i>Investment policy measures</i></p> <p>Effective 21 February 2018, the Canadian Province of British Columbia increased the additional property transfer tax on residential property transfers to foreign entities, to 20%, up from 15%, and extended its territorial application to include the Capital Regional District, the Fraser Valley, the Central Okanagan and the Nanaimo Regional District. The additional tax that foreigners have to pay was initially introduced on 2 August 2016 for the Greater Vancouver Regional District of British Columbia. The tax does not apply to non-residential property, or to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.</p> <p><i>Investment measures relating to national security</i></p> <p>None during reporting period.</p>	<p>21 February 2018</p>	<p>“Additional Property Transfer Tax for Foreign Entities & Taxable Trustees”, British Columbia government website, undated;</p> <p>Budget and Fiscal Plan, Ministry of Finance, 20 February 2018.</p>
<p>P.R. China</p> <p><i>Investment policy measures</i></p> <p>On 6 December 2017, the National Development and Reform Commission (NDRC), the Ministry of Commerce, the People's Bank of China, the Ministry of Foreign Affairs and the National Federation of Industry and Commerce issued a Code of Conduct for Overseas Investment Operations of Private Enterprises. The document sets out how privately owned Chinese companies may invest abroad.</p> <p>A decision of the State Council of 25 December 2017, published on 9 January 2018, temporarily relaxed certain restrictions on foreign enterprises in the current 11 Pilot Free Trade Zones (PFTZs). The relaxations concern enterprises operating in the sectors of printing; aviation aircraft maintenance, ground services and related matters; certification; entertainment; education; travel agencies; petrol stations; international shipping; wholesale of certain grains; design and manufacturing of certain aircrafts; urban rail transport; internet provision and online publishing; banking; and performing arts. Some of the relaxations had already been in place in four of the 11 pilot free trade zones, and their applications were extended to the others.</p> <p>On 1 March 2018, the National Development and Reform Commission (NDRC)'s Measures for the Administration of Outbound Investment by Enterprises (Regulation No.11) came into effect. The rules, which were issued on 26 December 2017 after public consultation between 3 November 2017 and 3 December 2017, govern outbound direct investment by Chinese companies. This is a follow-up measure to the State Council's guideline on overseas investment issued in August 2017. The new rules replace the <i>Measures for the Administration of Approval and Filing of Outbound Investment Projects</i> of 2014.</p> <p>The new rules prohibit investments in countries or regions that have no diplomatic ties with China, zones at war or under civil disturbance, or are subject to investment restrictions by international treaties or agreements to which China is a Party. Restrictions also apply for outbound investment in certain sensitive sectors, notably media organisations, weapons manufacturing, multi-national water resources exploitation, as well as sectors in which outbound investment is restricted under China's laws, regulations and macroeconomic policies, and which include sectors such as</p>	<p>6 December 2017</p> <p>9 January 2018</p> <p>1 March 2018</p>	<p>“About the release of ‘private enterprises overseas investment management’ – Notice of Code of Conduct”, note No 2050 by the NDRC [2017];</p> <p>Code of Conduct for Overseas Investment Operations of Private Enterprises</p> <p>State Council's Provisional Adjustment on Free Trade Pilot Zones Administrative regulations, State Council documents and State Council Decisions, Guofa [2017] No. 57.</p> <p>National Development and Reform Commission of the People's Republic of China Regulation No. 11, 26 December 2017.</p>

	Description of Measure	Date	Source
	<p>hotels, cinemas, entertainment, and sports clubs.</p> <p>The rules also streamline requirements to inform authorities about overseas investment in non-sensitive sectors below USD 300 million, and abolish a requirement to submit a project information report to NDRC prior to competitive bidding on projects of USD 300 million or above.</p> <p>Finally, the rules strengthen the supervision over outbound investment projects.</p> <p>On 28 April 2018, the <i>Administrative Measures for Foreign-Invested Securities Companies</i> came into effect. The major changes include; (1) allowing foreign investors to be controlling shareholders in joint-venture (JV) securities companies; (2) gradually expanding the business scope for JV securities companies; (3) unifying the caps on foreign ownership in both listed and unlisted securities companies.</p>	28 April 2018	<p>“CSRC Officially Released Administrative Measures for Foreign-Invested Securities Companies”, China Securities Regulatory Commission, 29 April 2018;</p> <p>Administrative Measures for Foreign-invested Securities Companies, Order No.140, China Securities Regulatory Commission, 28 April 2018.</p>
<i>Investment measures relating to national security</i>	<p>On 29 March 2018, the State Council Measures for the Overseas Transfers of Intellectual Property Rights (trial) entered into effect. Released on 18 March 2018, the Measures set out review procedures for the transfer of intellectual property from China abroad for implications for national security and China’s innovation and development capabilities. Intellectual property for the purpose of the rules includes patent rights, proprietary rights related to integrated circuit design, computer software copyrights, and rights related to new plant varieties. Transfers may occur when technology is exported, in the course of foreign acquisition of Chinese enterprises, or any other technology transactions, such as involving, for example, changes in the IP ownership or license. The review is conducted under the responsibility of specified authorities in relation to the assets subject to transfer. The new rules do not apply for intellectual property transfers that touch upon national defence, for which specific rules continue to apply. The length of the trial implementation of the measure is not yet defined.</p>	29 March 2018	<p>Measures for the Overseas Transfers of Intellectual Property Rights (trial), State Council release No.19 (2018), 18 March 2018.</p>
France			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Germany			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
India			
<i>Investment policy measures</i>	<p>Throughout the reporting period, several changes to the FDI regime in India came into effect. These changes, approved by the Cabinet on 10 January 2018, contained in a press note dated 23 January 2018 and several Notifications of the Reserve Bank, and effective as of the respective date of notification in the <i>Foreign Exchange Management Act</i> (FEMA), modify the rules contained in the then current Consolidated FDI Policy Circular of August 2017 applicable</p>	26 March 2018	<p>Press Note 1 (2018), Department of Industrial policy and Promotion, Ministry of Commerce and Industry, 23 January 2018.</p> <p>“Notification – Foreign Exchange Management (Transfer or Issue of Security by a Person Resident</p>

Description of Measure	Date	Source
<p>for inward FDI in India for several sectors. Among other measures, the changes: include permitting FDI in single brand retail trading (SBRT) up to 100% under the automatic route and defer the local sourcing requirements; further, as regards the requirement of 30% local sourcing to be done from India by SBRT entities having FDI beyond 51%, such entities have been permitted to set off their incremental sourcing of goods from India for global operations during initial 5 years, beginning 1 April of the year of the opening of first store, against the mandatory sourcing requirement of 30% of purchases from India. Further, for this purpose, incremental sourcing has been defined to mean the increase in terms of value of such global sourcing from India for that single brand (in INR terms) in a particular financial year from India over the preceding financial year, by the non-resident entities undertaking single brand retail trading, either directly or through their group companies. Other changes include allowing foreign airlines to hold up to 49% of Air India Ltd. upon government approval, subject to certain conditions whereas no foreign airline ownership was previously allowed in Air India Ltd. It has also been clarified that real estate broker services do not amount to real estate business and are therefore eligible for 100% FDI under the automatic route and foreign institutional and portfolio investors to invest in the primary market in power exchanges, rather than only in the secondary market, as previously.</p> <p>The changes to the rules also ease certain non-FDI specific transactions such as: the conversion of non-cash transactions into equity, as such transactions are henceforth allowed under the automatic route if foreign investment in the sector is allowed under the automatic route; and relaxed authorisation requirements for foreign investment in companies whose purpose is to hold assets in other Indian companies.</p> <p>The changes also clarify the approval authorities for FDI originating in “countries of concern”, modify the definition of “medical devices for the purpose of the FDI policy; and specified criteria for the appointment of auditors that carry out audits of foreign invested Indian companies.</p> <p>On 16 April 2018, the Ministry of Finance set minimum foreign capital requirements for financial services entities, which are not regulated by any financial regulator. The minimum capital requirements will be USD 20 million for ‘Fund-based activities’ (e.g. Merchant Banking, Under Writing, Portfolio Management Services) and USD 2 million for ‘Non-fund based activities’ (e.g. Investment advisory services, Financial Consultancy, Forex Broking). Since 2016, foreign investment of up to 100% in this area has been allowed under the government approval route.</p> <p>Investment measures relating to national security: None during reporting period.</p>	<p>16 April 2018</p>	<p>outside India) (Amendment) Regulations, 2018”, Reserve Bank of India Notification No.FEMA.20(R) (1)/2018-RB, 26 March 2018.</p> <p>“Minimum Capital Requirements for ‘Other Financial Services’ activities which are unregulated by any Financial Sector Regulator and FDI is allowed under Government Route”, Ministry of Finance press release, 16 April 2018.</p>
<p>Indonesia</p>		
<p>Investment policy measures</p>	<p>The Regulation of the Indonesian Investment Coordination Board 13/2017, published in December 2017, brought changes to Indonesia’s regime for processing inward foreign investment projects. Part of the new rules entered into effect on 2 January 2018, while other parts of the reform will become effective at the latest on 2 July 2018. In substance, the changes replace a license requirement for the establishment of a business in Indonesia by a registration regime.</p> <p>On 18 April 2018, Government regulation No.14/2018 on Foreign Ownership of Insurance Companies came into force. Among others, the regulation sets out which type of</p>	<p>2 January 2018</p> <p>18 April 2018</p> <p>Regulation of the Indonesian Investment Coordination Board 13/2017 on Procedure of License and Investment Facilities, BKPM, 11 December 2017.</p> <p>Government regulation No.14/2018 on Foreign Ownership of Insurance</p>

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	<p>foreign entity can own an insurance company in Indonesia and which ownership caps apply. Specifically, the regulation caps foreign ownership in a privately owned insurance company at 80%, while allowing foreigners that currently exceed this level to retain their stake beyond 80%. Any capital increase in these companies must however respect a ratio of at least 80:20 between new foreign and domestic capital.</p> <p>None during reporting period.</p>		Companies.
Italy			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	<p>On 16 October 2017, changes to the rules that govern Italy's national security review mechanism came into effect; the changes were brought into effect by decree-law of 16 October 2017 and confirmed as law without modification by the law of 4 December 2017. The changes, contained in article 14 of the <i>decreto-legge</i>: close the loopholes existing in the legislation about sanctions for non-respect of notification requirements; introduces sectors of "high-technology" in the list of areas indicative of a risk for security and public order, including in particular critical infrastructure, including storage and handling of data and financial infrastructure; critical technology such as artificial intelligence, robotics, semiconductors, dual use technologies, network security and space and nuclear technology; security of supply of critical resources, and access and control of critical information. The changes took effect only with respect to procedures that have not commenced before the date of entry into force.</p>	16 October 2017; 4 December 2017	Decreto-Legge 16 ottobre 2017, n. 148; Legge, 4 dicembre 2017, n. 172.
Japan			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Republic of Korea			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Mexico			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Russian Federation			
<i>Investment policy measures</i>	None during reporting period.		

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	None during reporting period.		
Saudi Arabia			
<i>Investment policy measures</i>	On 26 February 2018, the General Investment Authority of Saudi Arabia extended the licensing period for foreign investors to five years, up from one year previously. Licenses can also be renewed upon expiry, and foreign investors still have the option of holding one-year licences.	26 February 2018	“SAGIA Extends Foreign Licensing for 5 Renewable Years” , Saudi Press Agency, 26 February 2018.
<i>Investment measures relating to national security</i>	None during reporting period.		
South Africa			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
Turkey			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
United Kingdom			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
United States			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
European Union			
<i>Investment policy measures</i>	None during reporting period.		

Methodology for the inventory presented in Annex 1 — Coverage, Definitions and Sources

Reporting period. The reporting period of the present document is from 16 October 2017 to 15 May 2018. 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.

Investment. For the purpose of the inventory presented in Annex 1, international investment is understood to include only foreign direct investment. Investment policy measures not specific to FDI are not included in this inventory but shown in Annex 2 of this report.

Investment measure. For the purposes of this annex, investment measures consist of any action that either: imposes or removes differential treatment of foreign or non-resident investors compared to the treatment of domestic investors in like situations. Reporting on such policy measures has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD.

National security. International investment law, including the OECD investment instruments, recognises that governments may need to take measures to safeguard essential security interests and public order. For the purpose of this report, national security related measures are understood as including policies which relate to national security risks associated with the acquisition, ownership or control of assets. National security related measures are included irrespective of whether the measure applies to foreigners only or whether it also covers nationals of the country that takes the measure. The investment policy community at the OECD and UNCTAD monitors these measures to help governments adopt policies which are effective in safeguarding national security and to ensure that they are not disguised protectionism.

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.

Investment measures included in this report have been verified by the respective G20 members.

Annex 2: Recent investment policy measures not specific to FDI (16 October 2017 to 15 May 2018) – Reports on individual economies¹³

Description of Measure	Date	Source
Argentina		
None during reporting period.		
Australia		
None during reporting period.		
Brazil		
Effective for transactions carried out as of 3 March 2018, Brazil increased the rate of the financial transaction tax (IOF) on the foreign exchange transaction made by a resident that transfers funds abroad from 0.38% to 1.1%.	3 March 2018	Decreto Nº 9.297 , 1 March 2018.
Canada		
None during reporting period.		
P.R. China		
Effective 1 January 2018, China’s State Administration of Foreign Exchange lowered the cap on annual overseas withdrawals to CNY 100 000 (approximately USD 15000) per person per calendar year, rather than per bank card, as previously. Individuals who overshoot the cap are banned from any withdrawals abroad in the remainder of the calendar year as well as the following year.	1 January 2018	Notice of the State Administration of Foreign Exchange on Regulating Large-scale Foreign Exchange Withdrawals using Bank Cards , No.29 (2017), SAFE, 30 December 2017.
In a note issued on 6 January 2018 and effective the same day, the People’s Bank of China provided instructions regarding the implementation of the “ Circular of the State Council Concerning Measures to Promote the Growth of Foreign Trade ” (Guofa [2017] No. 39) of 8 August 2017 with respect to yuan-denominated cross-border transactions. Among others, the note allows the use of yuan for the payment of overseas salaries and the Chinese carbon trading market.	6 January 2018	“ Further improving RMB cross-border business policies to facilitate trade and investment ”, People’s Bank of China release 6 January 2018; Notice of the People's Bank of China on Further Improving the Cross-Border Renminbi Business Policy and Promoting Trade and Investment Facilitation .
On 12 February 2018, changes related to overseas financing by Chinese insurers came into effect. The rules, dated 1 February 2018 and issued by the State Administration of Foreign Exchange and the China Insurance Regulatory Commission, set out caps on exposure and reporting requirements for overseas financing operations.	12 February 2018	Notice of the State Administration of Foreign Exchange and the China Insurance Regulatory Commission on Regulating the Relevant Matters of Insurance Institutions in Conducting Internal Guaranteed Foreign Loans , Bao Jianfa [2018] 5, 1 February 2018.
On 13 February 2018, new rules issued by the China Banking Regulatory Commission (CBRC) eliminated approval requirements for foreign banks in overseas wealth management products and portfolio investment funds. Henceforth, companies only need to report their services to the regulator. The changes follow an announcement in November 2018 that foreign ownership limits in some joint-	13 February 2018	China Banking Regulatory Commission Order No. 3 of 2018 , China Banking Regulatory Commission, 13 February 2018.

¹³ This inventory has been established by the OECD Secretariat under the responsibility of the Secretary-General of the OECD.

Description of Measure	Date	Source
venture firms in the futures, securities and fund markets would be raised from 49% to 51%; the announcement indicated that full foreign ownership in these sectors would be allowed in several years' time.		
France		
None during reporting period.		
Germany		
None during reporting period.		
India		
<p>On 6 and on 27 April 2018 a series of changes to foreign investment in Indian government or company debt by foreign portfolio investors came into effect, and further clarifications were issued on 1 May 2018. Under the new rules,</p> <ul style="list-style-type: none"> the issuance of Rupee-denominated bonds is no longer considered for the application of caps that apply to foreign portfolio investors. caps for investment by foreign portfolio investors in Government securities, valid until the end of 2017, were increased. 	6 April 2018; 27 April 2018; 1 May 2018	<p>“Investment by Foreign Portfolio Investors (FPI) in Government Securities - Medium Term Framework – Review”, RBI/2017-18/150, A.P.(DIR Series) Circular No.22, 6 April 2018.</p> <p>“Investment by Foreign Portfolio Investors (FPI) in Debt – Review”, RBI/2017-18/168 A.P. (DIR Series) Circular No.24, 27 April 2018.</p> <p>“Investment by Foreign Portfolio Investors (FPI) in Debt – Review”, RBI/2017-18/170 A.P. (DIR Series) Circular No. 26, 1 May 2018.</p>
<p>On 4 January 2018, the Reserve Bank of India relaxed rules on the refinancing of External Commercial Borrowings (ECB) by overseas branches and subsidiaries of Indian banks and aligned these to the rules applicable to Indian corporates.</p> <p>Further relaxations of the ECB policies were announced in a Reserve Bank circular dated 27 April 2018. They include harmonisation of rules for different debt instruments, relaxations on the liability to equity ratio, expansion of the list of eligible purposes of ECBs, among others.</p>	4 January 2018; 27 April 2018	<p>“Refinancing of External Commercial Borrowings”, RBI/2017-18/116 A.P. (DIR Series) Circular No.15, 4 January 2018;</p> <p>“External Commercial Borrowings (ECB) Policy – Rationalisation and Liberalisation”, RBI/2017-18/169 A.P. (DIR Series) Circular No.25, 27 April 2018.</p>
<p>On 1 April 2018, revised Directions on <i>Hedging of Commodity Price Risk and Freight Risk in Overseas Markets</i> came into effect. The Directions determine which financial instruments companies can use and which conditions apply to hedge foreign exchange and commodity price risks.</p>	1 April 2018	<p>“Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions”, RBI/2017-18/138 A.P. (DIR Series) Circular No.19, 12 March 2018.</p>
Indonesia		
None during reporting period.		
Italy		
None during reporting period.		
Japan		
None during reporting period.		

Description of Measure	Date	Source
Republic of Korea		
None during reporting period.		
Mexico		
None during reporting period.		
Russian Federation		
None during reporting period.		
Saudi Arabia		
As of 1 January 2018, non-resident foreigners are authorised, under certain conditions, to invest in Saudi Arabia's "Parallel Market" (Nomu), which was established on 21 December 2016. The new rules were issued by the Capital Market Authority (CMA) on 26 October 2017 and relax requirements to qualify as foreign institutional investors.	26 October 2017	<p>“An announcement of the issuance of the CMA Board Resolution Allowing Non-Resident Foreign Investors to Invest in the Parallel Market”, Capital Market Authority, 26 October 2017.</p> <p>“Guidance note for the investment of Non-Resident Foreigners in the Parallel Market”, CMA, undated.</p>
South Africa		
None during reporting period.		
Turkey		
None during reporting period.		
United Kingdom		
None during reporting period.		
United States		
None during reporting period.		
European Union		
None during reporting period.		

Methodology for the inventory presented in Annex 2 — Coverage, Definitions and Sources

Reporting period. The reporting period of the present document is from 16 October 2017 to 15 May 2018. 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.

Investment. For the purpose of the inventory presented in Annex 2, international investment is understood to include all international capital movements; however, measures specifically concerning foreign direct investment are not reported in this Annex, but rather in Annex 1 of the present document.

Investment measure. For the purposes of this Annex 2, investment measures consist of any action that either (i) imposes or removes differential treatment of foreign or non-resident investors compared to the treatment of domestic investors in like situations; or (ii) imposes or removes restrictions on international capital movements.

Reporting on international capital movements has no legal effect on the rights and obligations of member states of the WTO, OECD, or UNCTAD.

Sources of information and verification. The sources of the information presented in this report are:

- official notifications made by governments to various OECD processes (e.g. the Freedom of Investment Roundtable or as required under the OECD investment instruments);
- information contained in other international organisations' reports or otherwise made available to the OECD Secretariat;
- other publicly available sources: specialised web sites, press clippings etc.

Investment measures included in this report have been verified by the respective G20 members.

Annex 3: G20 Members' International Investment Agreements¹⁴

	BITs			Other IIAs			Total IIAs as of 15 May 2018
	Concluded between 16 October 2017 and 15 May 2018	Effectively terminated between 16 October 2017 and 15 May 2018	As of 15 May 2018	Concluded between 16 October 2017 and 15 May 2018	Effectively terminated between 16 October 2017 and 15 May 2018	As of 15 May 2018	
Argentina	1		55	1		18	73
Australia			17	2		20	37
Brazil	2		21			18	39
Canada			32	1		21	53
China			128			22	150
France			104			68	172
Germany			133			68	201
India			61			13	74
Indonesia			42	2		17	59
Italy			84			67	151
Japan			28	1		19	47
Republic of Korea			94	1		20	114
Mexico			32	1		16	48
Russian Federation			79			6	85
Saudi Arabia			24			13	37
South Africa			39			11	50
Turkey	8		106			21	127
United Kingdom			106			68	174
United States			46			68	114
European Union				1		67	67

Source: UNCTAD's IIA Navigator (<http://investmentpolicyhub.unctad.org/IIA>).

¹⁴ The total number of IIAs has been revised as a result of retroactive adjustments to UNCTAD's IIA Navigator (<http://investmentpolicyhub.unctad.org/IIA>).