



**World Investment  
Report 2026**

Chapter II

# Investment policy trends



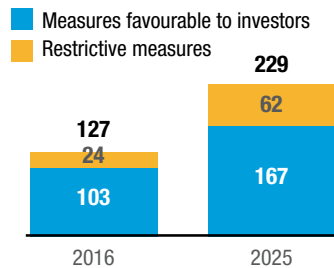
## Key findings

- ▶ **Investment policymaking reached a record high**  
Governments adopted 229 measures in 2025, the highest number on record, amid rising trade and investment policy uncertainty.
- ▶ **Policies became more selective and strategic**  
Most measures remained favourable to investors, but increasingly targeted priority sectors and activities linked to industrial development, resilience and economic security.
- ▶ **Incentives dominated favourable measures**  
Incentives accounted for half of all favourable measures, with growing use of targeted fiscal and financial support for clean energy, digital infrastructure, advanced manufacturing and critical minerals.
- ▶ **Restrictive measures continued to expand**  
New entry restrictions, tighter incentive regimes, localization requirements and broader FDI screening pointed to a more cautious approach to investment openness and stronger emphasis on domestic value creation.
- ▶ **International investment commitments continue to expand**  
With 44 treaties concluded in 2025, rulemaking maintained a steady pace. Nearly half of these treaties (47 per cent) were broad economic agreements, reflecting a shift from stand-alone investment treaties towards frameworks covering wide-ranging governance issues.
- ▶ **The scope and content of investment agreements are evolving**  
Recent treaties increasingly emphasize investment facilitation and cooperation (77 per cent of agreements), while traditional investment protection has become less dominant (62 per cent).
- ▶ **Investor–State arbitration cases reached 1,463**  
Respondents in Europe and in Latin America and the Caribbean faced the highest number of cases, together accounting for about 60 per cent of the global total.
- ▶ **In 2025, investors initiated 56 arbitrations**  
About 80 per cent of the new cases were brought against developing countries – higher than the historical average. Disputes related to extractive activities – including the mining of critical minerals – accounted for about one third of cases, while the share of cases related to energy supply declined.

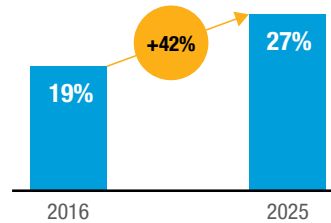


### Investment policymaking reached a record high in 2025, with a rise in the share of restrictive measures

Number of measures by nature

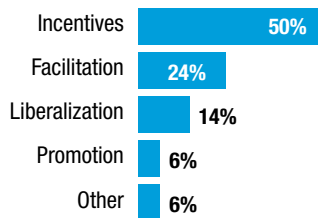


Share of restrictive measures, world



### Incentives dominated favourable measures while FDI screening continued to expand

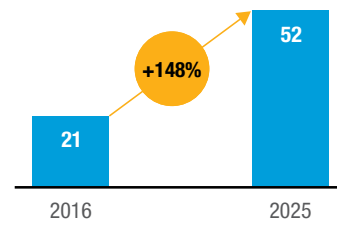
Measures favourable to investors, 2025



Restrictive measures, 2025

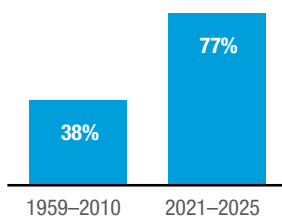


Number of economies with an FDI screening regime

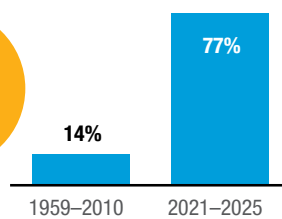


### Investment agreement content is evolving: Recent treaties more often emphasize investment facilitation and cooperation

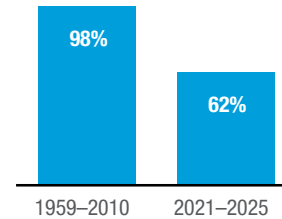
IIA cooperation provisions



IIA facilitation provisions



IIA protection provisions

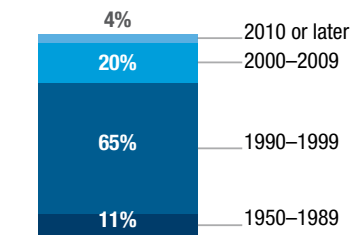


44

IAs signed in 2025

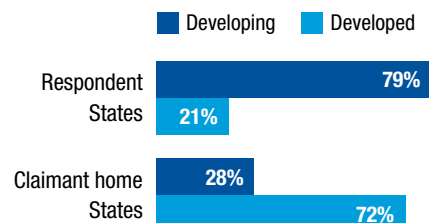
### Most of the 1,463 investor-State arbitration cases have relied on old-generation investment agreements. In 2025, almost 80 per cent of new cases were brought against developing countries

IAs invoked in total ISDS cases, by year of signature



Parties involved in 2025 cases

56  
new ISDS cases in 2025



## A. National investment policies

In 2025, national investment policymaking became more active and more selective, with the number of new measures reaching a record high (229) amid heightened uncertainty about trade and investment policy. Most remained favourable to investors (73 per cent), increasingly in the form of targeted incentives, facilitation and selective liberalization aimed at channeling investment towards strategic sectors such as clean energy, digital infrastructure, advanced manufacturing and critical minerals. Yet, restrictive measures continued to expand, especially through tighter investment screening, new entry restrictions, scaled-back incentive regimes and new localization requirements. These trends point to a more proactive approach, in which investment policy is used to pursue objectives of industrial development, economic security, resilience and domestic value creation.

### 1. Overall trends

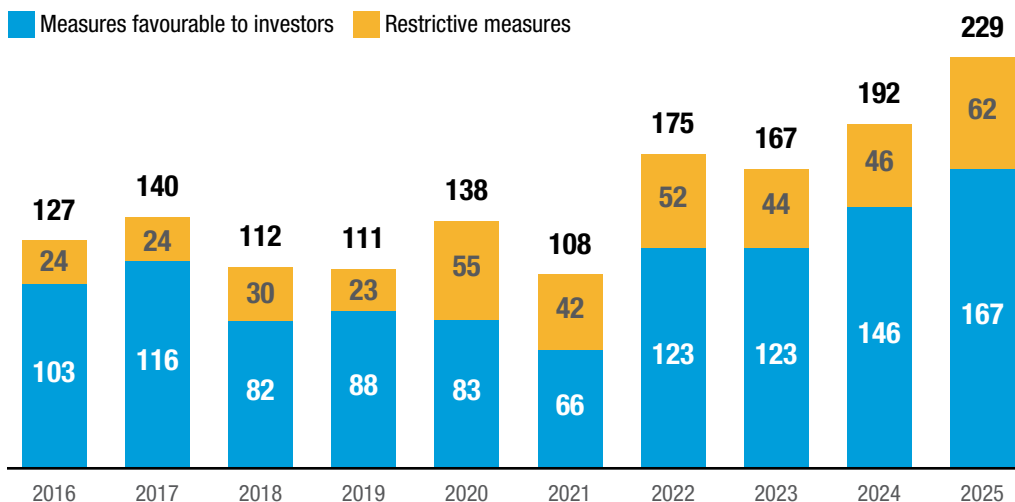
Investment policy activity intensified further in 2025, reaching the highest level on record (figure II.1). Governments in 104 countries adopted 229 policy measures affecting foreign investment worldwide, up from 192 measures in 2024. This increase

reflects the growing use of investment policy instruments to pursue a range of specific objectives, including industrial development, economic security and investor retention at a time of heightened global economic and policy uncertainty.



**Figure II.1**  
Investment policy measures reached a record in 2025

Measures by nature, worldwide  
(Number)



Source: UNCTAD, Investment Policy Monitor database.



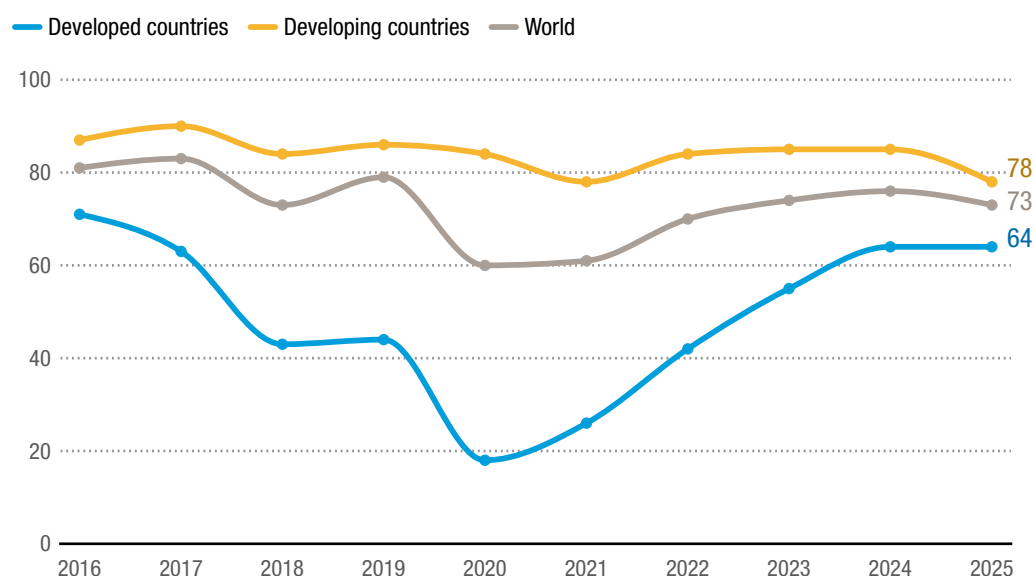
Most new measures remained favourable to investors, continuing the trend observed in recent years (box II.1). In 2025, 167 measures, or 73 per cent of the total, aimed to liberalize, facilitate, promote or incentivize investment. The number and share of these measures that introduced restrictions or

tightened regulatory conditions for foreign investors (62, or 27 per cent) rose compared with recent years, confirming a gradual move towards a more cautious approach to investment openness, particularly in developing countries (figure II.2).



**Figure II.2**  
**The share of policies favourable to investors decreased in 2025**

Share of policy measures favourable to investors  
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

In developing economies, the share of measures favourable to investors declined for the first time since the COVID-19 crisis (from 85 to 78 per cent). This reflected two developments. First, some countries introduced new entry restrictions or sectoral limitations affecting foreign investors, particularly in activities considered strategic or sensitive. Such measures were most prominent in Africa, where several countries expanded lists of activities reserved for domestic investors or introduced different ownership requirements in mining, services and small-scale commercial activities. Although the number of such restrictions remained limited compared with the scale of liberalization and promotion measures adopted over the past decade, their increase contributed significantly to the change in the policy balance.

Second, despite the continued increase in investment incentives across all regions, some developing countries reduced or eliminated investment incentives, as part of efforts to improve fiscal sustainability and enhance the effectiveness of investment support schemes. In several cases, reforms replaced broad tax exemptions with more targeted or performance-based instruments and were linked to the implementation of the global minimum tax framework.

In developed economies, the increase in restrictive measures was driven mainly by the continued expansion and refinement of mechanisms for screening foreign investment on national security grounds. Rather than indicating a new policy direction, these measures extended recent trends





## Box II.1

### Methodology for analysing trends in national investment policy

The analysis of trends in national investment policy is based on official measures affecting foreign direct investment (FDI) that United Nations Member States adopted in 2025, as compiled in the UNCTAD Investment Policy Monitor database. They encompass FDI-specific measures as well as general investment measures with a clear impact on FDI. They are reported by Member States in annual surveys or identified from publicly accessible sources (e.g. government websites, specialized policy databases). Classification of measures as favourable to investors or restrictive is based solely on their potential impact on investors (box table II.1.1). It does not reflect any value judgement on merit or suitability. When a measure contains more than one type of component, the components are analysed separately.



#### Box table II.1.1 Classification of measures

##### Measures favourable to investors

<b>Liberalization</b>	Privatization
	Lifting of entry restrictions (e.g. opening of sectors to FDI) and entry conditions (e.g. minimum capital requirement)
	Removal (total or partial) of FDI screening or approval mechanisms
	Lifting of foreign exchange restrictions
	Liberalization of land access
<b>Facilitation</b>	Streamlining of investment procedures (e.g. one-stop shops)
	Greater transparency of investment-related laws and procedures
	Introduction by IPAs and others of new services (e.g. linkages programmes, investor visa facilitation or alternative dispute resolution mechanisms)
<b>Promotion</b>	Establishment of IPAs or other institutions with a remit as investment promoters and expansion of their mandate
	Adoption of investment promotion strategy and plans
	Introduction of PPPs, auctions, and concessions initiatives or framework
<b>Incentives</b>	Introduction of OFDI promotion initiatives
	Adoption of new tax and financial incentives schemes for investment
	Introduction of other incentives (e.g. citizenship by investment programmes)
<b>Other</b>	Adoption of new SEZ-related incentives
	Enhancement of investor treatment and protection guarantees
	Easing of labour or migration regulations on foreign hires and key personnel
<b>Restrictive measures</b>	Removal of operational restrictions on investment (e.g. local content requirements)
	Introduction or tightening of entry restrictions (e.g. total or partial sectoral ban)
	Introduction or tightening of entry conditions (e.g. minimum investment threshold, joint venture requirements or State participation in strategic sectors)
<b>Entry</b>	Introduction or expansion of screening mechanisms for national security
	Introduction or expansion of foreign exchange restrictions
	Introduction or expansion of restrictions on foreign hires and key personnel
	Removal or reduction of investment incentives
	Introduction or expansion of post-establishment requirements for local content
	Reduction of guarantees for investment treatment and protection
<b>Treatment and operation</b>	Introduction or expansion of restrictions on OFDI

##### Restrictive measures

Source: UNCTAD.

Abbreviations: FDI, foreign direct investment; IPA, investment promotion agency; OFDI, outward FDI; PPP, public-private partnership; SEZ, special economic zone.



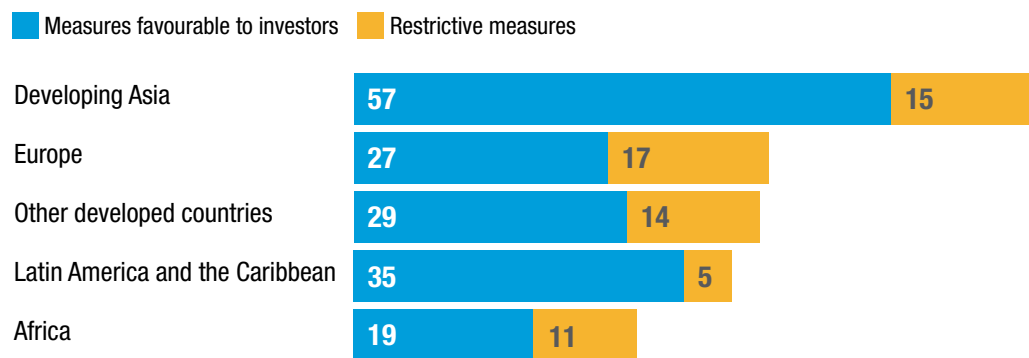
Regional patterns highlight other differences in policy emphasis in 2025 (figure II.3). Developing Asia remained the most active region, with new measures focused mainly on industrial upgrading, digital transformation and green investment. Europe was the second most active, with policy activity concentrated on adjustments

to investment screening regimes and industrial policy initiatives. In Latin America and the Caribbean, measures favourable to investors continued to dominate, led by facilitation initiatives aimed at attracting and retaining investment in a more uncertain and competitive international environment.



**Figure II.3**  
**Developing Asia adopted the most investment policy measures in 2025**

Nature of measures by region  
(Number)



Source: UNCTAD, Investment Policy Monitor database.

Note: Other developed countries are Australia, Canada, Japan, New Zealand, the Republic of Korea and the United States.

Overall, the pattern of measures adopted in 2025 confirms that investment policy is becoming more selective in scope and more closely aligned with industrial and national security objectives. Governments continued to adopt numerous measures favourable to investors, but these more frequently targeted specific sectors, technologies and project types rather than broad improvements in the investment climate. At the same time, the number of

restrictive measures continued to grow in areas linked to security, strategic autonomy, local value creation and fiscal discipline (see section 3). Together, these trends point to a further shift away from the liberalization-oriented approach of previous decades towards a more proactive and strategic model of investment policymaking. For developing countries, this raises the stakes of designing policies that are both strategic and competitive, as elaborated in chapter III.

## 2. Measures favourable to investors

Measures favourable to investors continued to dominate in 2025, although their composition points to a more selective policy orientation. Across all categories of favourable policies – incentives, facilitation, liberalization and promotion – governments increasingly used such measures to channel investment towards priority sectors and activities rather than to pursue broad-based openness.

### a. Incentives

Incentives represented the largest category of measures favourable to investors, accounting for a record 50 per cent of such measures worldwide. This reflects the broader shift, under way since the pandemic, towards greater use of industrial policy tools to attract investment and less reliance on liberalization and promotion (figure II.4; see also chapter III).



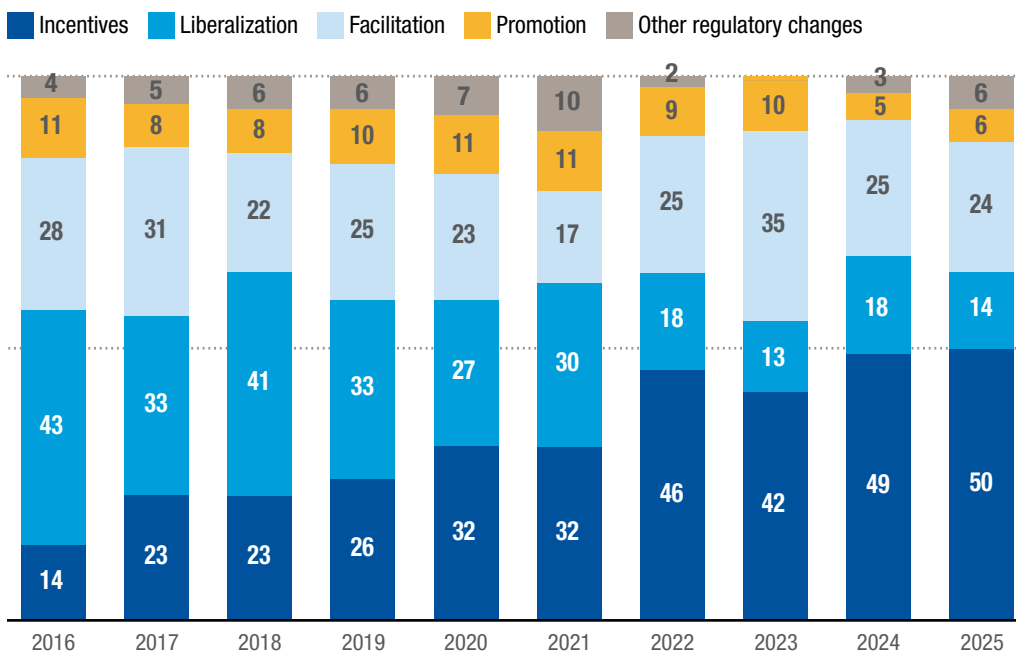
Since 2021, governments have increasingly used fiscal and financial incentives to attract investment towards priority sectors, particularly those linked to the energy transition, digital infrastructure and advanced manufacturing. This shift has been especially pronounced in developed

countries, where incentives accounted for 60 per cent of measures favourable to investors, compared with less than 25 per cent in the 2016–2020 period. In developing countries too, their use increased significantly across all regions (figure II.5).



**Figure II.4**  
**Incentives represented half of the measures favourable to investors in 2025**

Measures favourable to investors, by category  
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

Note: Policy measures falling under multiple categories are weighted equally across those categories.

Newly adopted incentives also became more targeted in 2025, with support for manufacturing continuing to gain ground (figure II.6). Across developed and developing economies alike, governments increasingly linked support to specific sectors, locations and types of investment, as well as to performance criteria such as employment creation, technological upgrading, local value addition and environmental sustainability. At the same time, the implementation of the global minimum tax framework may have encouraged a gradual shift away from

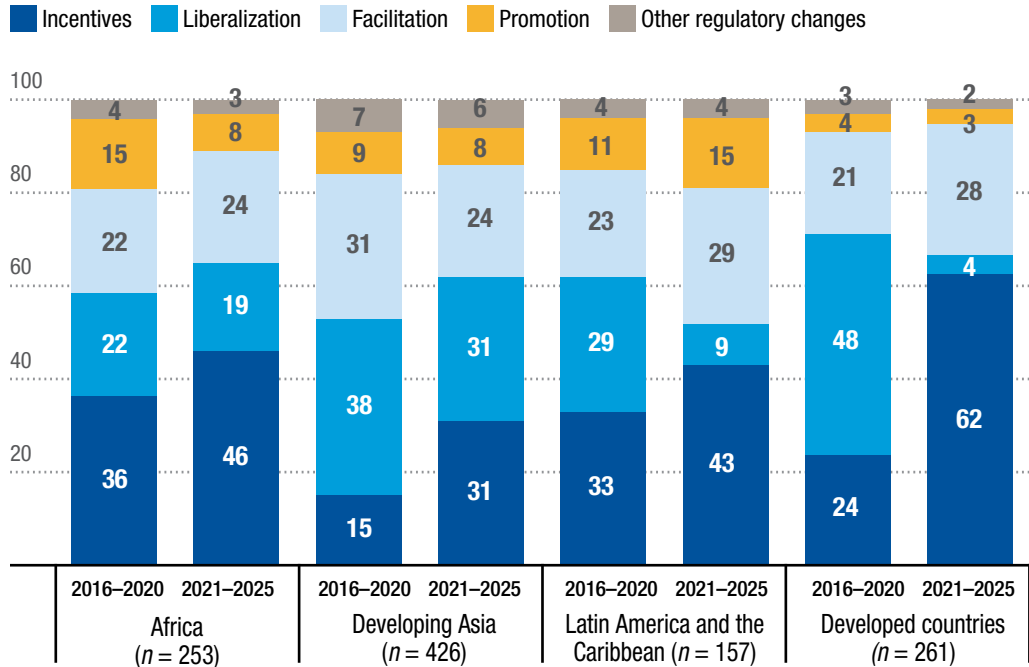
broad tax exemptions and towards more targeted financial support instruments.

In developing countries, incentive schemes adopted in 2025 remained predominantly fiscal, but they were more frequently directed towards selected strategic sectors and activities. Brazil, for instance, introduced a special tax regime for data centre services, suspending federal taxes on qualifying equipment purchases and imports, subject to sustainability and domestic-market obligations. (Unless indicated otherwise, all examples provided in section A of this chapter, including additional information



**Figure II.5**  
**Share of incentives increased across all regions in the last five years**

Measures favourable to investors, by category  
(Percentage)

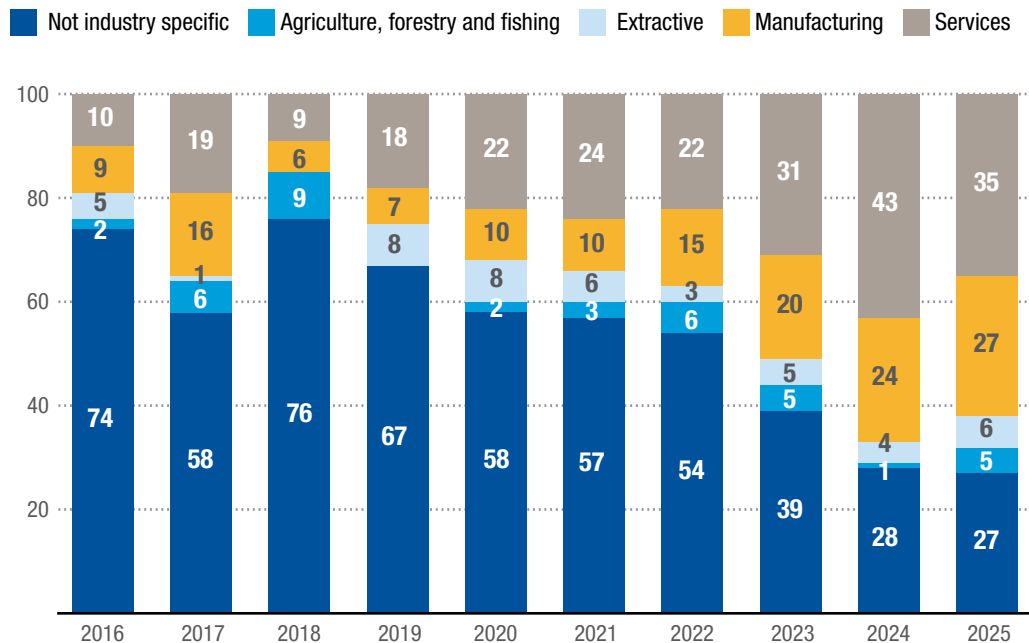


Source: UNCTAD, Investment Policy Monitor database.

Note: Policy measures falling under multiple categories are weighted equally across those categories.

**Figure II.6**  
**The gradual increase in more targeted incentives since 2018 continues**

Incentive measures by sector  
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

Note: Policy measures falling under multiple sectors are weighted equally across those categories.

and links to official sources, can be found in the UNCTAD Investment Policy Monitor database.) Thailand adopted a temporary double deduction on corporate income tax for investments in the production of large commercial electric vehicles. Kenya reduced corporate income tax rates and introduced dividend tax exemptions for companies accredited under the Nairobi International Financial Centre, while also extending investment allowances in telecommunications to spectrum licences. Peru established a preferential tax regime for agriculture and agro-industry, including a reduced corporate income tax rate and accelerated depreciation for irrigation and water infrastructure. Nigeria, meanwhile, introduced performance-based tax credits for companies in the upstream petroleum industry, linking fiscal benefits to cost efficiency. This trend towards greater selectivity also extended to special economic zones (SEZs). In the Johor–Singapore SEZ (Malaysia), for instance, preferential tax rates were directed to qualifying manufacturing and services activities in such areas as AI, quantum computing, medical devices and aerospace, as well as to eligible knowledge workers. In Saint Kitts and Nevis, the new Special Sustainability Zones framework similarly made access to zone benefits conditional on projects that advance specified sustainability objectives, including the energy transition, water security, food security and circular-economy activities.

Financial incentives also gained importance as a more selective tool for directing investment towards priority sectors and policy objectives. Measures included public funds and other State-backed financing mechanisms (such as the Economic Diversification and Growth Fund of Barbados, the Competitiveness Enhancement Fund of Thailand, the National Investment Fund of the United Arab Emirates, or the Lusail incentives programme in Qatar). Other countries have also provided direct project support for targeted sectors. India, for instance, introduced capital expenditure support

and sales-linked subsidies for electronics manufacturing and critical minerals recycling, while Saudi Arabia launched a programme to cover up to 35 per cent of initial project investment in selected industrial activities.

Unlike in developing countries, where incentive schemes remained predominantly fiscal, fiscal incentives in developed countries played only a complementary role, mainly in support of selected strategic industries. The Republic of Korea, for instance, increased corporate income tax credits for investment in semiconductor production and research facilities, while Australia introduced tax incentives for renewable hydrogen production and critical minerals.

Financial incentives, by contrast, make up most new measures in developed countries, where they aimed at supporting decarbonization, strengthening industrial competitiveness, building resilient supply chains, and cushioning the effects of tariffs and market disruptions. In Europe, a significant share took the form of State aid for the green transition and industrial competitiveness, including renewable hydrogen (Austria, Lithuania, Spain), industrial decarbonization and energy efficiency (Finland, Germany, the Netherlands), clean technology manufacturing (Czechia, Hungary, Italy, Spain), and offshore wind and biofuels (France, Greece).

Outside Europe, several developed countries also used financial incentives to support strategic industries. Australia launched an initiative for battery manufacturing, the United States announced funding to expand critical minerals supply chains and mining technologies, and the Republic of Korea established a fund to support such sectors as semiconductors, batteries, aerospace and artificial intelligence. In addition, some incentive packages were adopted in response to tariffs and market disruptions (e.g. Canada and Republic of Korea; see box II.2).

**Financial incentives gain importance in priority sectors**



Facilitation  
deployed  
to **attract**  
and **retain**  
investment  
amid  
uncertainty

## b. Facilitation

Investment facilitation measures constituted the second largest category of favourable policies in 2025 (see figure II.4). Reforms increasingly emphasized digital government tools, streamlined approval procedures and investor services, reflecting the growing recognition that administrative efficiency is a key determinant of investment decisions. In several cases, facilitation measures also formed part of broader efforts to attract and retain investment in an increasingly competitive and uncertain international environment. Patterns differed, however, between developed and developing economies.

In developed economies, facilitation measures concentrated on two efforts. One concerned the administration of investment screening, including procedural reforms and guidance (e.g. in Australia, Austria, France, the Netherlands, New Zealand, Romania and the United States). The other aimed to accelerate investment in strategic sectors through faster permitting, coordinated approvals and dedicated support services. These measures covered critical raw materials (European Union, the United States), infrastructure (Canada), pharmaceuticals (the United States), alongside the establishment of support mechanisms for major projects and single points of contact for investors (Canada, New Zealand, the United States).

Across developing countries, most facilitation measures were adopted in Latin America and the Caribbean, often reflecting explicitly the need to attract and retain investment in a more complex and competitive international environment. In some cases, the timing and prioritization of these measures were influenced by heightened geopolitical and trade tensions (box II.2). They included broad administrative streamlining and regulatory simplification

(Mexico, Peru), reforms of permitting and project-approval systems (Chile, Colombia), simplified procedures in mining and offshore energy (Argentina, Brazil), digital single windows and investment-information tools (Brazil, Chile), the easing of procedural requirements in SEZs (Jamaica), more centralized and streamlined procedures for public-private partnerships (PPPs) (Paraguay, Peru), and simplified evaluation and digital processing under investment promotion regimes (Uruguay).

In other regions, measures also focused on streamlining procedures, including simplified FDI procedures (Bhutan), eased reinvestment formalities (China), fast-track permits and infrastructure access (Mauritius), single windows for SEZs (Congo, Papua New Guinea), and accelerated procedures for strategic technology and high-tech projects (Viet Nam). Several countries also enhanced digital investment facilitation: Senegal established a digital investment platform, Mauritania expanded its digital one-stop shop, Indonesia broadened its Online Single Submission system to integrate business licensing procedures, and the United Republic of Tanzania introduced an integrated electronic system linking the authorities responsible for licences, permits, approvals and consents.

## c. Liberalization

Measures liberalizing foreign investment regimes remained an important means of supporting market access in 2025, although they became increasingly selective in scope. All measures of this type were adopted by developing countries. They were especially prominent in Asia, where they accounted for 28 per cent of measures favourable to investors. The region recorded the highest number of liberalization measures, including reforms designed to attract private participation in infrastructure, services and other priority activities (figure II.7).





## Box II.2 International trade tensions and national investment policy responses

Several investment policy reforms adopted in 2025 were introduced or accelerated in response to the heightened international economic uncertainty and new tariff measures introduced since April 2025.

In **Brazil**, for example, the Government launched Plano Brasil Soberano in August 2025. In addition to immediate support measures for exporters affected by tariffs, such as export credits, guarantee mechanisms, temporary tax relief and greater flexibility under drawback arrangements, the Plan included a longer-term component encouraging investment in strategic sectors and diversifying export markets through trade promotion and international engagement. In parallel, in September 2025, Brazil introduced REDATA, a special tax regime for data centre services aimed at attracting investment in digital infrastructure and supporting competitiveness, sustainability and technological development.

**Canada** likewise introduced investment-related support measures in response to tariff-related pressures. In September 2025, it created a Strategic Response Fund to support large-scale investment in tariff-affected, trade-exposed sectors, with the aim of preserving industrial capacity, strengthening competitiveness and encouraging product and market diversification. In parallel, it introduced targeted support for the forestry industry to address immediate pressures while promoting innovation and a shift towards wood products with higher value added.

In **Chile**, the Government announced a seven-point strategy in April 2025 that prioritized investment promotion and facilitation, including by identifying 10 legislative initiatives for priority treatment, among them the Framework Law on Sectoral Authorizations. Adopted in September 2025, the Law seeks to improve legal certainty, transparency and administrative efficiency in the processing of sectoral permits, including through standardized procedures, maximum decision time frames, parallel processing and the use of a single digital platform, with a view to supporting investment and sustainable productive development.

In the **Republic of Korea**, the Government adopted emergency measures in April 2025 to strengthen the automotive ecosystem affected by the tariffs. These measures combined expanded financing and temporary tax and customs deferrals with continued support for electric vehicle uptake and investment in that sector's transition.

In **Mexico**, Plan México formed part of a broader strategy to strengthen domestic production, increase investment, raise local sourcing in selected sectors and reinforce the country's position in North American value chains. Launched in January 2025, the plan was introduced in the context of increasing trade policy uncertainty and growing attention to the resilience of regional production networks.

Source: UNCTAD.





**Figure II.7**  
**In 2025, all liberalization measures were adopted by developing countries, particularly in Asia**

Liberalization measures by region  
(Number)



Source: UNCTAD, Investment Policy Monitor database.

Measures lifting FDI entry restrictions in 2025 were concentrated primarily in services. They included the opening or further liberalization of electricity, ports and infrastructure projects (Angola, Bahrain, Bhutan), telecommunications and digital services (Bhutan, China, Viet Nam), banking, insurance and other financial services (China, Ethiopia, India, Viet Nam), and tourism and hospitality activities (Bhutan, China, Maldives). Only a limited number of measures concerned other sectors, notably mining in Algeria.

Measures easing FDI entry conditions were fewer and focused mainly on relaxing quantitative or procedural requirements attached to market entry. They included the reduction or removal of minimum capital requirements (Ethiopia, Indonesia, Oman), the elimination of lock-in periods for foreign equity (Bhutan), and the removal of requirements related to prior performance, procurement history or turnover for participation in certain activities (Ethiopia).

Other liberalization measures mainly involved the easing of foreign exchange restrictions

(including in Argentina, Bangladesh, Bhutan, Brazil, China, Nepal and Viet Nam) and the relaxation of other conditions related to land access (including in Kuwait, Oman, the Philippines, Saudi Arabia and Thailand).

#### d. Promotion

Investment promotion measures introduced in 2025 focused on the adoption of investment promotion strategies and sectoral plans (e.g. the European Union's automotive action plan, Mexico's Plan México and India's industrial policy packages for electronics, geothermal energy, critical minerals and shipbuilding), and the strengthening of public-private partnership (PPP) frameworks and project pipelines (e.g. in Paraguay and Peru). Several countries also reformed their institutional architecture for investment promotion, either by establishing dedicated agencies or by consolidating existing ones into broader investment and trade bodies (e.g. in New Zealand, Trinidad and Tobago, and the United Republic of Tanzania).

### 3. Restrictive measures

Restrictive measures continued to expand in 2025, reflecting the growing use of investment policy to address strategic, security and domestic development concerns. While patterns differed across developed and developing economies, these measures increasingly aimed to tighten selected entry conditions, strengthen

screening and shape the operation of foreign investment in ways that support national policy objectives, such as local value creation and fiscal sustainability.

#### a. Entry restrictions

Entry-related measures remained the largest category of restrictive measures enacted



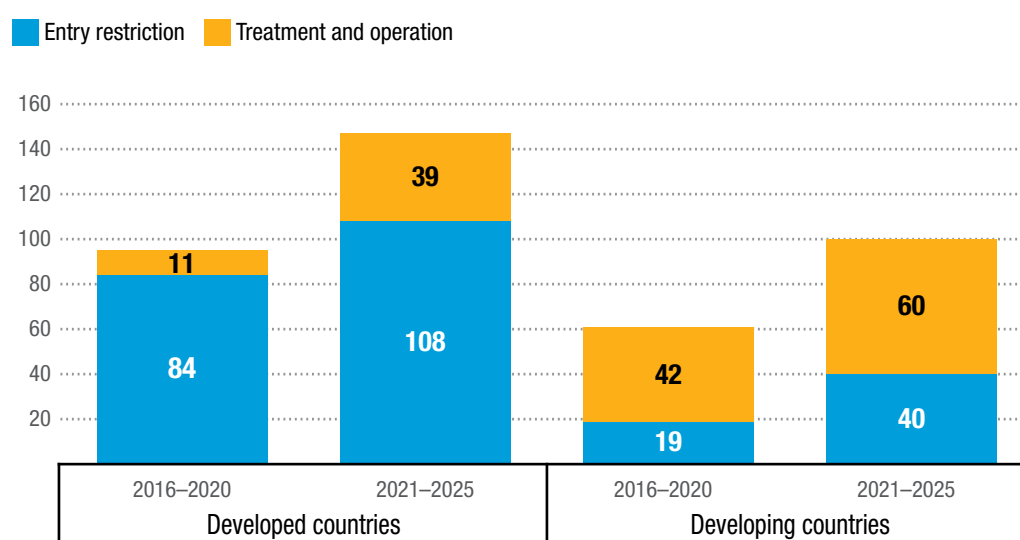
in 2025, continuing a trend observed since 2016. Patterns differed, however, across country groups. In developed countries, restrictive measures were driven mainly by the continued expansion of investment screening on national security grounds, in terms of both the number of countries

adopting a screening regime and the scope of existing regimes (chapter III). In developing countries, by contrast, such measures more often affected the treatment and operation of investment, including through tighter incentive regimes and localization requirements (figure II.8).



**Figure II.8**  
**Entry-related measures continue to dominate restrictive measures in developed countries**

Restrictive measures, by type and economy grouping  
(Number)



Source: UNCTAD, Investment Policy Monitor database.

### i. Investment screening for national security

Measures related to FDI screening for national security purposes accounted for almost 40 per cent of all restrictive measures adopted in 2025. All were introduced by developed countries. New screening regimes were adopted or entered into force in several countries (including Albania, Cyprus, Croatia, Greece, Ireland and Switzerland), bringing the total number of economies with a screening regime to 52, up from 21 in 2016. Others strengthened existing frameworks by expanding the scope of transactions subject to review, extending review procedures or broadening the list of strategic sectors, confirming the trend towards a more expansive approach to FDI screening described in chapter III. For example, Czechia and the

Republic of Moldova expanded the range of activities subject to screening, Poland and Hungary made their temporary screening mechanism permanent, and Hungary extended review periods and introduced the State's right of pre-emption, allowing it to acquire the asset under the same terms as the blocked foreign investor.

In other regions, Australia updated its Foreign Investment Policy to dedicate greater resources and apply more scrutiny to the review of investment proposals in sensitive sectors; Canada expanded the list of technologies deemed sensitive to national security and defence; Japan tightened national security review procedures by subjecting investors to stricter notification requirements, while the Republic of Korea strengthened oversight of investment involving sensitive



**FDI screening expanded, but few projects blocked**

technologies. In the United States, the America First Investment Policy and related measures further reinforced the role of national security considerations in the review of inward investment, including in relation to sensitive data and to agricultural land (UNCTAD, 2025).

Although FDI screening mechanisms have expanded, outright rejection of investment projects remains rare. Across the countries for which UNCTAD has compiled data from surveys and official sources, only 60 of 9,503 screened projects were rejected or blocked, or less than 1 per cent of the total. Another 221 projects, or about 2 per cent, were modified or approved with conditions. Most screened transactions were cleared without an in-depth review and ultimately approved. This pattern is visible even in high-volume jurisdictions such as Canada, Italy, Japan, Sweden and the United Kingdom, where prohibitions represented only a very small share of screened cases.

At the same time, screening is not merely procedural. Among the 1,259 projects subject to in-depth review, 4.8 per cent were rejected and 17.6 per cent were approved with modifications or conditions (table II.1). The main direct effect of screening therefore appears to be less to block foreign investment outright than to enable closer scrutiny of sensitive transactions and the imposition of safeguards where needed. Its broader indirect effect may nevertheless be more significant, as the existence of screening mechanisms can discourage some investors from attempting entry, particularly in sensitive sectors, so that observed rejection rates may understate the overall impact on investment flows. Cross-country comparisons should nevertheless be treated with caution, as national data differ in scope, procedures and reporting practices.

Outward investment screening also gained importance in 2025. The European Union called on Member States to strengthen oversight of outbound investments in semiconductors, artificial intelligence and quantum technologies. In the United States, publication of the America First Investment

Policy signaled a broader tightening of restrictions on outbound investment in strategic sectors, later reinforced by the Comprehensive Outbound Investment National Security Act, which expanded the outbound investment screening mechanism to additional countries of concern and critical technologies.

## ii. Other entry restrictions

Whereas the expansion of FDI screening remained overwhelmingly a feature of developed countries, other restrictive entry measures were introduced mainly by developing countries. Several introduced local ownership requirements or tighter foreign equity caps. Botswana, for instance, introduced a 24 per cent local ownership requirement for mining projects, and Zimbabwe required foreign investors in reserved sectors to reduce their equity participation to no more than 25 per cent.

Some countries also expanded lists of activities reserved for domestic investors. The Maldives restricted foreign investment in wholesale trade, logistics and small construction projects to protect domestic small and medium-sized enterprises, and the United Republic of Tanzania restricted foreign participation in selected small-scale service, trading and mining activities. Ghana reserved domestic gold purchasing and dealing to citizens and wholly Ghanaian-owned companies. In China, the 2025 revision of the Foreign Investment Negative List combined selective liberalization with new restrictions in strategic activities, including civil unmanned aerial vehicles, e-cigarette manufacturing and online pharmaceutical sales.

Licensing and permitting requirements also featured as restrictive entry measures in 2025. Rather than banning foreign investment outright, they made market entry subject to additional approvals, local establishment or registration. Armenia, for instance, required foreign crypto-asset service providers to operate through a locally established entity and obtain central bank authorization, Viet Nam introduced





**Table II.1**  
**Few screened investment projects are rejected**

Investment projects screened for national security, selected countries  
(Number)

Country	Period	Screened <sup>a</sup>	Authorized without in-depth review	Subject to in-depth review	Rejected or blocked	Approved without conditions	Modified or authorized with conditions	Withdrawn
Australia	2024/2025	109	0	109	0	96	13	0
Belgium	2025	137	130	7	0	2	1	1
Canada	2025	1 026	1 007	19	1	8	5	4
Czechia	2025	22	15	7	1	5	0	1
Estonia	2025	7	0	7	1	6	0	0
Finland	2025	41	41	0	0	0	0	0
France <sup>b</sup>	2024	337	155	182	0	83	99	0
Germany	2025	339	290	37	0	8	8	3
Hungary <sup>c</sup>	2025	7	..	7	2	4	0	0
Italy <sup>d</sup>	2024	660	366	288	2	256	30	5
Japan	2024	2 903	2 540	0	0	0	0	363
Republic of Moldova <sup>e</sup>	2025	152	0	152	50	84	16	0
Netherlands <sup>b</sup>	2025	76	0	76	0	66	2	8
New Zealand	2025	27	0	27	0	27	0	0
Philippines	2025	0	0	0	0	0	0	0
Poland	2025	4	0	4	0	3	0	0
Slovakia	2025	14	6	7	0	7	0	0
Slovenia	2025	54	52	2	0	0	0	0
Spain <sup>f</sup>	2025	190	49	141	0	121	13	7
Sweden	2025	1 987	1 776	15	1	6	1	2
United Kingdom <sup>b</sup>	2024/2025	1 086	1 030	56	0	35	17	5
United States <sup>g</sup>	2024	325	..	116	2	..	16	19

Source: UNCTAD, based on official sources and country inputs.

<sup>a</sup> Screened projects refers to all investment cases formally subject to review by the screening authority, including mandatory and voluntary filings accepted for review, as well as ex officio and call-in cases.

<sup>b</sup> For France, the Netherlands and the United Kingdom, the total reflects cases reviewed during the reporting period.

<sup>c</sup> The number of cases for Hungary excludes four that did not fall within the scope of national FDI regulations. Data are not available for the number of cases approved without an in-depth review.

<sup>d</sup> For Italy, in-depth review includes notifications that were declared not to fall within the scope of the “golden power”, accepted under simplified procedures or acknowledged without further action.

<sup>e</sup> The FDI screening regime of the Republic of Moldova includes retroactive application to investments already in operation, particularly where investors are affiliated with or included on international sanctions lists or where the investment originates from jurisdictions lacking financial transparency.

<sup>f</sup> Spain does not have a procedure for initial review to clear cases without an in-depth review. However, 49 cases were archived as they did not fall within the scope of the applicable investment screening law.

<sup>g</sup> For the United States, the number of screened cases includes Declarations (short-form notices) and full notices. The number of withdrawals (both at review and investigations phases) is adjusted to exclude same-year re-filings and include notices re-filed in the following year, as well as the withdrawal of Declarations. In all, 17 Declarations were escalated to full notice, and 7 concluded without final action. These cases may either be captured within the 2024 full notices or may not have advanced.



pre-consultation requirements for foreign participation in PPP projects in sensitive areas, and Nicaragua made registration compulsory for all foreign investment.

Restrictions on foreign access to land were less prominent and focused primarily on residential real estate and transactions raising national security concerns. Australia imposed a temporary ban on foreign purchases of established dwellings, Finland tightened national security controls on property acquisitions by foreign persons and entities linked to States considered a threat, and Mauritius restricted foreign investors to purchasing real estate only in pre-approved projects while raising the transaction tax on residential land and property acquired by non-citizens.

## b. Restrictions on treatment and operation

Measures affecting the treatment and operation of foreign investors mainly involved the tightening of fiscal incentives and the introduction of localization and other operational requirements aimed at increasing the domestic economic impact of foreign investment, mostly in developing countries.

### i. Tightening of fiscal incentives

The tightening of fiscal incentives represented about half of the restrictive measures adopted by developing economies in 2025. Several governments reassessed the scope and effectiveness of investment incentive regimes, often removing blanket exemptions, shortening the duration of tax holidays, and introducing stricter eligibility conditions and shifting toward performance-based incentive models.

In several cases, these changes were prompted explicitly by adherence to the Global Anti-Base Erosion rules of the Organisation for Economic Co-operation and Development. Nigeria, for instance, introduced a minimum effective tax rate of 15 per cent for multinational enterprises with revenues exceeding €750 million. Mauritius introduced a Qualified Domestic Minimum Top-Up Tax in its Finance

Act 2025, to ensure compliance with the global minimum tax framework.

Cameroon and Nigeria replaced broad tax exemptions with tiered tax credits and strict eligibility requirements, such as job creation, local value addition and priority sectors. In Sri Lanka, tax holidays for projects in Colombo Port City were shortened and linked to investment scale and employment criteria. Similarly, Tanzania abolished the 10-year income tax exemption previously granted to investors in export processing zones and SEZs that sell to the domestic market, limiting incentives to projects meeting specific export requirements.

Other reforms reflected broader efforts to rationalize fiscal incentives and align them with broader policy objectives. Equatorial Guinea suspended tax exemptions for non-oil companies, and Antigua and Barbuda terminated existing tax concessions and introduced a new regime limiting incentives to three years, with the aim to address procedural irregularities and align future incentives with green transition and tourism diversification objectives. Cambodia terminated all incentives for e-cigarette production following a directive banning the import and manufacture of vaping products.

Among developed economies, the United States terminated several tax credits for clean energy generation that had been introduced or expanded under the Inflation Reduction Act of 2022.

### ii. Localization and other operational requirements

Measures aimed at strengthening the domestic economic impact of foreign investment by anchoring investment more firmly in local labour markets, supply chains and ownership structures accounted for roughly one fifth of restrictive measures. Most were adopted in developing economies and took the form of local employment, local content and related operational requirements.

Local employment and local content requirements were reinforced in several

Incentives in developing countries: **more targeted and performance-based**



countries. Among Gulf economies, Oman, Qatar and Saudi Arabia all expanded policies requiring investors to prioritize the hiring of national workers in private sector activities. In Thailand, new rules require large-scale manufacturing projects that employ more than 100 workers to maintain a workforce composed of at least 70 per cent Thai nationals. The country also narrowed access to its Smart Visa Programme for foreign start-up entrepreneurs. In Zambia new local content regulations for the mining sector were adopted to increase the participation of Zambian-owned companies. The measures set rising procurement targets for local firms, apply a 15 per cent price preference for local suppliers in bid evaluations, reserve non-core mining services for local companies and require mining firms to fund supplier development programmes.

Similar trends were also observed in developed economies, with measures favouring domestic firms, workers and sources of supply. The United States

raised fees and tightened eligibility criteria for its foreign worker visa system, while Australia revised procurement rules to prioritize Australian businesses in the award of Government contracts. In June 2025, the Ontario Province (Canada) adopted legislation authorizing the limitation or prohibition of the procurement of electricity on the basis of the supplier's country, region or territory of origin. The European Union is also considering measures that could introduce new operational conditions for foreign investors in strategic industries. A draft proposal for the Industrial Accelerator Act presented by the European Commission in March 2026 would strengthen the Union's industrial capacity by linking access to public support and procurement schemes to Union-origin requirements and other conditions. The proposal also envisages new safeguards for strategic sectors, including limits on foreign ownership and provisions that could require technology transfer or local value creation in large investment projects.<sup>1</sup>

**Expanded requirements for local employment and content across country groups**

<sup>1</sup> In the draft presented on 4 March 2026, certain conditions would apply to foreign direct investment (FDI) projects (greenfield, brownfield, and mergers and acquisitions) of €100 million or more in four sectors – electric vehicles, battery technologies, photovoltaics and critical minerals – by investors from countries that control more than 40 per cent of the pertinent industry's global manufacturing capacity. These include employing European Union workers for at least half of the workforce and meeting three of five other requirements: limiting foreign ownership to 49 per cent in cross-border mergers and acquisitions; operating through minority joint ventures, with European Union entities holding majority stakes in direct investment; licensing intellectual property and know-how to the project; spending 1 per cent of project revenue on research and development in the European Union; and endeavouring to source at least 30 per cent of project inputs from the European Union. See [https://commission.europa.eu/topics/competitiveness/clean-industrial-deal\\_en](https://commission.europa.eu/topics/competitiveness/clean-industrial-deal_en).



## B. International investment policies

In 2025, countries continued to conclude international investment agreements (IIAs) despite the increasingly challenging investment environment. They signed 44 agreements, bringing the global IIA universe to more than 3,360 treaties. Recent agreements addressed a broad range of investment governance issues, moving beyond traditional investment protection. Facilitation and cooperation provisions gained ground (in 77 per cent of new treaties), while investment protection provisions declined (to 62 per cent). Investors initiated 56 investor–State dispute settlement (ISDS) cases, with respondent States in Latin America and the Caribbean receiving the largest share (about 45 per cent). Disputes related to extractive activities – including the mining of critical minerals – accounted for about one third. These developments, paired with the increasingly turbulent policy environment, call for accelerating the reform of the IIA regime. UNCTAD is developing a set of guiding principles as an overarching framework to help policymakers embed sustainable development at the core of the international investment regime.

### 1. Trends in international investment agreements

#### a. Conclusion and termination of investment agreements

In 2025, countries concluded at least 24 bilateral investment treaties (BITs) and 20 broader economic treaties with investment provisions (TIPs). This brought the size of the IIA universe to 3,369 treaties (2,865 BITs and 504 TIPs). In addition, at least 34 IIAs entered into force and 9 were terminated in 2025, bringing the total number of IIAs in force to at least 2,661 by the end of the year. The IIA universe continues to be dominated by treaties signed in the 1990s and 2000s (figure II.9).

The annual number of IIAs signed returned to pre-pandemic levels for the first time in 2025. Given the number of treaty signatures in the first two months of 2026

(at least 16) – higher than in similar periods over the past 10 years – this upward trend may be expected to continue.

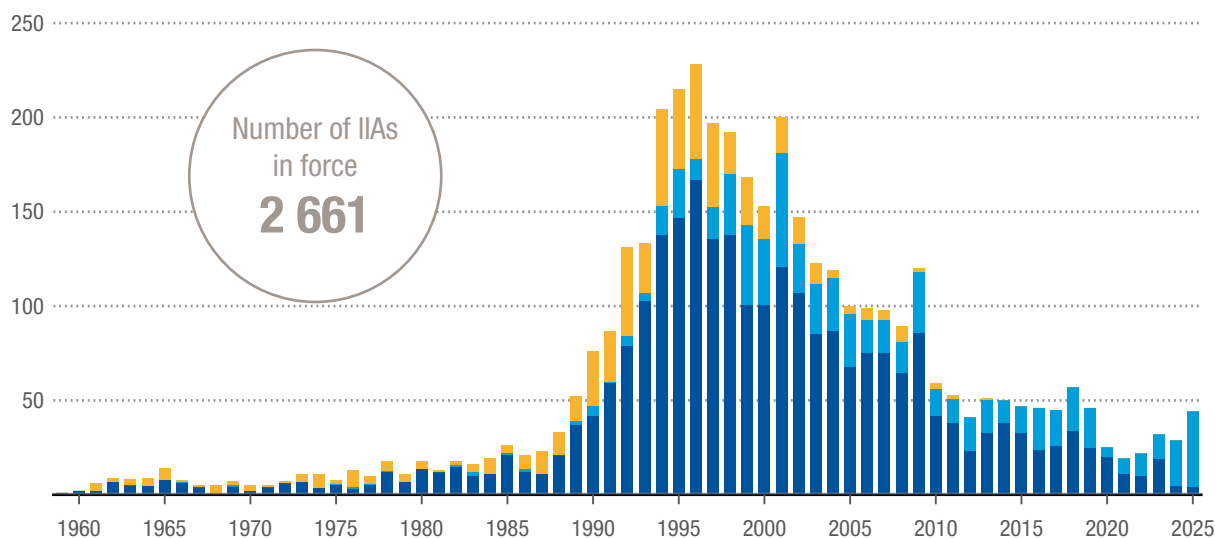
Developing economies were parties to 42 of the IIAs signed in 2025, including six agreements with least developed countries (LDCs). The United Arab Emirates concluded 15 agreements, followed by India and Malaysia (3 each). Developed economies concluded 28 agreements. Of those, Japan and the Russian Federation signed four agreements each and Canada, Hungary, Italy, New Zealand and the United States signed two each. In addition, four agreements were concluded by regional organizations – the European Free Trade Association (EFTA) (four) and the Southern Common Market



**Figure II.9**  
**Agreements from the 1990s and 2000s dominate the international investment regime**

Number and status of agreements by year of signature (1959–2025)

■ IIAs in force ■ IIAs signed, not in force ■ IIAs terminated



Source: UNCTAD, IIA Navigator database, accessed 31 March 2026.

Note: The UNCTAD IIA Navigator is updated continuously as new IIA-related information becomes available.

Abbreviation: IIA, international investment agreement.

(MERCOSUR) (one).<sup>2</sup> For the first time in over a decade, the majority of IIAs signed in 2025 (59 per cent) were concluded between developing and developed countries, followed by 36 per cent of agreements concluded among developing economies and the remaining five per cent – among developed economies.

Close to half of the IIAs signed in 2025 were TIPs (47 per cent), continuing the steady trend towards fewer stand-alone BITs (figure II.10). The share of TIPs has grown from 5 per cent of IIAs concluded before 2000 to 47 per cent in the past five years, showing a preference for more integrated economic agreements.

Of the nine IIAs terminated in 2025, three were replaced by a new agreement, three were terminated unilaterally, two were

terminated by consent and one expired. This brought the total number of terminations to at least 600 by the end of 2025.

**b. Developments in the content of investment agreements**

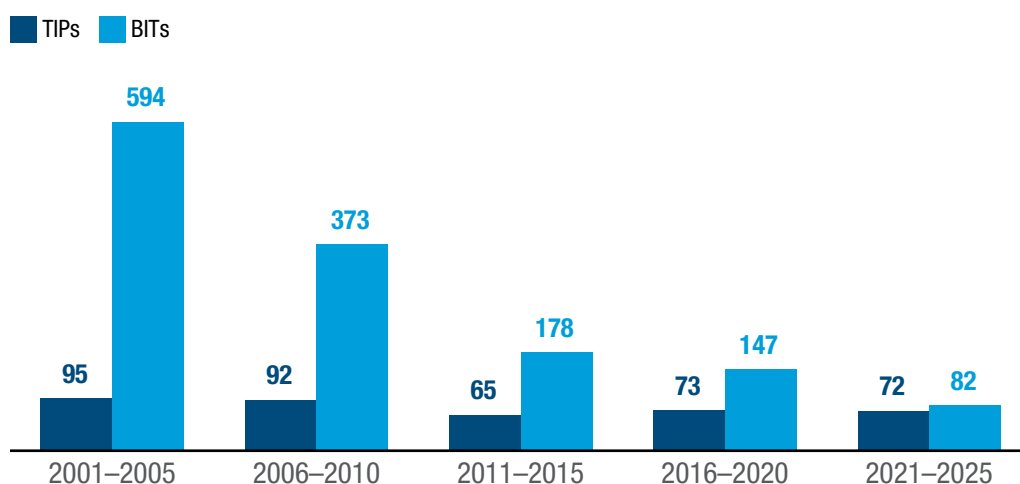
IIAs signed in the period 2021–2025<sup>3</sup> regulate a broader range of investment governance issues than did old-generation treaties, which focused on protection (figure II.11). Facilitation is the discipline that has gained the most ground – from 14 per cent of IIAs before 2011 to 77 per cent since 2021 – followed by cooperation which rose from 38 to 77 per cent. The share of IIAs with protection provisions has decreased to 62 per cent in IIAs signed since 2021, whereas such provisions were almost universally included in old-

<sup>2</sup> The EFTA–MERCOSUR Free Trade Agreement (FTA), signed on 16 September 2025; the EFTA–Malaysia Economic Partnership Agreement, signed on 23 June 2025; the Modernized EFTA–Ukraine FTA, signed on 8 April 2025; and the EFTA–Thailand FTA, signed on 23 January 2025.

<sup>3</sup> IIA texts often become available only upon entry into force (often two and sometimes more years after their signing). Analyzing the content of IIAs signed in the preceding five years provides a clearer analysis of the relevant trends.

**Figure II.10**  
**The annual number of new bilateral investment treaties has declined as the number of broader agreements has stabilized**

International investment agreements by type and time period, 2001–2025  
(Number)

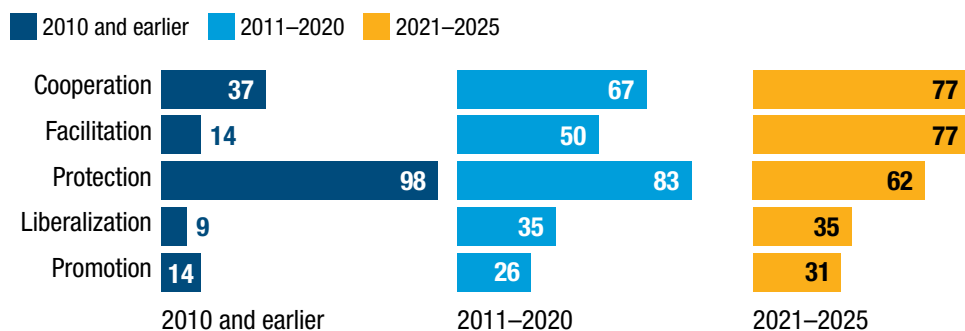


Source: UNCTAD, IIA Navigator database, accessed 31 March 2026.

Abbreviations: BITs, bilateral investment treaties; TIPs, treaties with investment provisions.

**Figure II.11**  
**Investment agreements have increasingly adopted a broader investment governance approach over a protection-only focus**

Agreements signed by type of provision, 1959–2025  
(Percentage)



Source: UNCTAD, based on various sources.

Note: Based on 2,962 IIAs with investment content for which texts are available, including IIAs mapped in the IIA Content Mapping and IIA Facilitation Mapping databases. Excludes framework agreements.

Abbreviation: IIA, international investment agreement.

generation agreements. Liberalization and promotion provisions are also more common in newly concluded IIAs.

### i. Cooperation

Cooperation provisions in IIAs are evolving from consultation mechanisms to institutional frameworks for continued dialogue between the parties. The shift, which began in the early 2010s, has accelerated in the past five years. Since 2021, for example, 72 per cent of cooperation provisions create a joint committee, compared with just 48 per cent in the decade from 2011 to 2020 and 12 per cent in IIAs signed in 2010 and earlier. Current cooperation frameworks encompass a wide range of activities, including IIA interpretation, implementation monitoring, joint promotion activities, periodic review of the IIA content and dispute avoidance functions. The dispute

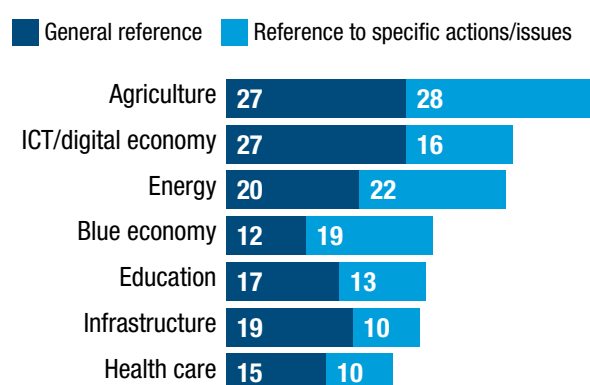
avoidance functions have at times been included as a requirement before or in lieu of investor–State dispute settlement (ISDS).

While rare in BITs, cooperation provisions regarding specific sectors, including those relevant for the achievement of the Sustainable Development Goals, have appeared in 58 per cent of TIPs signed in the past five years, and about half (49 per cent) of TIPs concluded since 2011 (figure II.12). Most commonly TIPs refer to joint activities such as investment and trade promotion, capacity building or technological cooperation in agriculture, the digital economy and energy, with a growing focus on renewable energy. In recent years, this sectoral focus has further deepened in relation to critical minerals, at times in IIAs, or through dedicated agreements and more flexible frameworks for cooperation (box II.3).

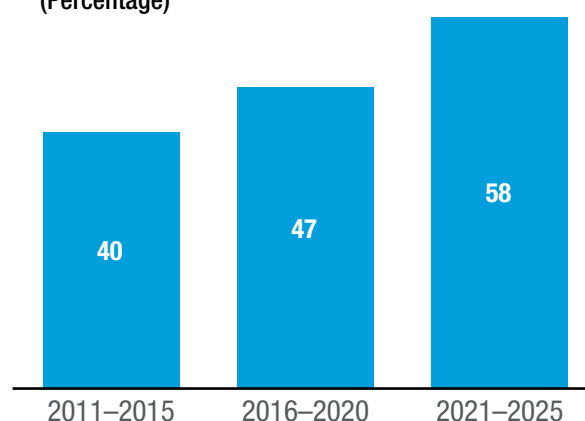


**Figure II.12**  
Broad economic agreements increasingly provide for cooperation in specific economic sectors

**a. TIPs by type of sectoral cooperation provision, 2011–2025 (Number)**



**b. TIPs with cooperation provisions for specific sectors, 2011–2025 (Percentage)**



Source: UNCTAD, based on various sources.

Note: Based on 159 TIPs, including TIPs mapped in relation to the IIA Facilitation Mapping databases.

Abbreviations: ICT, information and communication technologies; TIP, treaty with investment provisions.





### Box II.3

#### International investment policies and the governance of critical minerals

International investment policies directly affect the governance of critical minerals. On the one hand, they can limit regulatory space in host countries in relation to extraction, processing and industrial use of critical minerals. On the other, when aligned with countries' national strategies on critical minerals, IIAs with carefully designed provisions on sustainable investment facilitation, promotion and cooperation on raw materials can help countries attract sustainable investment in these strategic resources. Preserving regulatory space in IIAs remains essential to ensure that international agreements support, rather than hinder, these goals.

Save for a few exceptions, IIAs apply to all sectors, including mining, where they have led to more than 150 investor–State disputes related to critical minerals (section II.B.2). IIAs that have liberalization provisions, often coupled with prohibition of performance requirements, may further constrain policies aimed at encouraging local value addition. In this context, some countries rich in critical minerals have typically excluded strategic resources (e.g. lithium or diamonds) from their IIA liberalization commitments.

In addition to generally applicable IIA commitments, some recent agreements – mostly TIPs – contain dedicated provisions on raw materials and critical minerals. For example, certain broad economic agreements, such as the Chile–European Union Advanced Framework Agreement (2023), contain dedicated chapters on energy and raw materials. They typically focus on facilitation, requiring transparent and streamlined authorization procedures in the sector and an examination by an independent authority. They may also prescribe responsible practices, such as the conduct of an environmental impact assessment.

Other recent TIPs provide for cooperation on critical minerals, either in the agreement, as in the Moldova–United Kingdom Strategic Partnership, Trade and Cooperation Agreement (2020) or the Indo-Pacific Economic Framework for Prosperity Clean Economy Agreement (2023), or through memorandums of understanding (MoUs) concluded in relation to it. For example, a dedicated MoU on investment cooperation in the minerals sector was concluded alongside the Australia–United Arab Emirates Comprehensive Economic Partnership Agreement (2024), and the Canada–Indonesia Comprehensive Economic Partnership Agreement (2025) defines the application of the countries' MoU on critical minerals cooperation as one of two priority bilateral dialogues. Under these frameworks, the parties typically agree to jointly promote activities in the minerals sectors, exchange information and cooperate on relevant sustainable technologies and on research and development. Recent Agreements on Reciprocal Trade concluded by the United States incorporate provisions designed to promote and facilitate investment from the United States in exploring, mining, extracting, refining, process, transport, distributing and exporting critical minerals in the Contracting Party.

Various types of agreements specific to critical minerals are proliferating too. Legally binding ones often focus on export and other trade-related aspects of critical minerals governance, yet investment aspects are addressed as well. MoUs offer a more flexible framework for dialogue, exchange of information, joint investment promotion and technological cooperation activities. They often encourage investment facilitation measures for the sector. A few also provide soft commitments on technical cooperation for the development of productive capacities in mineral-rich countries.

Navigating the rapidly evolving governance of critical minerals requires informed use of all relevant international policy instruments. When aligned with national strategies, the promotion, facilitation and cooperation measures in IIAs and dedicated critical minerals agreements can support countries' industrial and investment development objectives for these strategic resources. In this context, UNCTAD promotes fair, inclusive and sustainable trade and investment in critical minerals (UNCTAD, 2026a; UNCTAD, 2026b). UNCTAD also co-led the Secretariat of the United Nations Secretary-General's Panel on Critical Energy Transition Minerals, which focused on how to guide trade in minerals critical to the energy transition towards equity and justice (United Nations, 2024).

Source: UNCTAD.



## ii. Facilitation

Facilitation commitments gained additional ground in IIAs signed between 2021 and 2025. The most significant increase compared with earlier periods was in the share of IIAs with facilitation commitments on the regulatory environment, which grew by more than 50 per cent (figure II.13). Provisions on streamlining investment procedures and electronic publication almost doubled, suggesting a focus on measures that, if implemented domestically, may lead to economies of scale (UNCTAD, 2024). Commitments on regulatory practices – which may entail high institutional and capacity implementation costs – remain rare, though their share almost tripled. Other

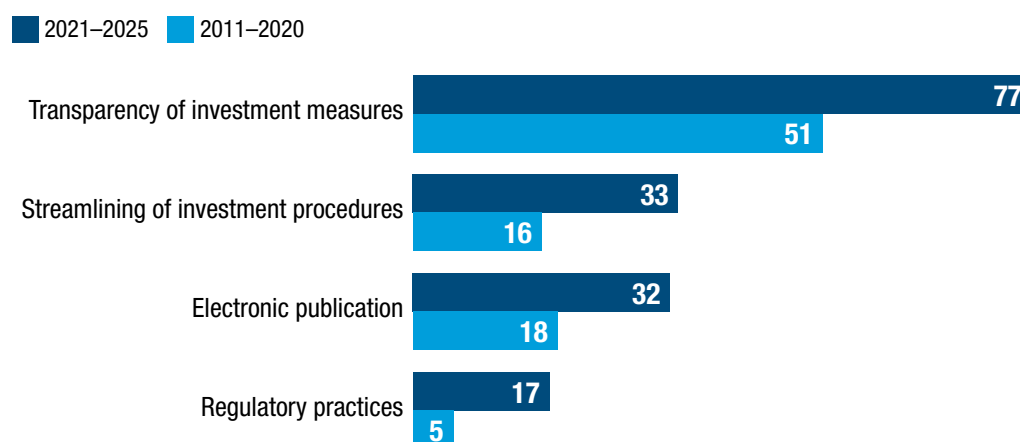
facilitation commitments grew at a slower pace – proactive promotion and facilitation of sustainable investment commitments are present in 25 per cent of IIAs concluded in 2021–2025, up from 16 per cent in the period 2011–2020, and focal points for investor engagement and the creation of local supplier databases remain present in fewer than 20 per cent of IIAs. To support implementation, about a quarter (27 per cent) of IIAs signed in the past five years refer to technical assistance or capacity building, an increase from 10 per cent of treaties signed in the period 2011–2020. The provisions vary from broad references to more specific commitments dedicated to the implementation of facilitation provisions.



**Figure II.13**

### The share of agreements with facilitation provisions aimed at improving the regulatory environment has risen significantly

Agreements signed by type of provision, 2011–2025  
(Percentage)



Source: UNCTAD, IIA Facilitation Mapping database, accessed 31 March 2026.

Note: Based on 411 IIAs with investment content for which texts are available mapped in the IIA Facilitation Mapping databases.

Abbreviation: IIA, international investment agreement.

In addition, the Investment Facilitation for Development Agreement (IFDA) was the subject of a dedicated ministerial session at the 14<sup>th</sup> World Trade Organization (WTO) Ministerial Conference and of a joint ministerial declaration by the 129 participating WTO members at the end of the Conference (box II.4). In the joint ministerial declaration, participating members committed to (i) work towards

the entry into force and implementation of the agreement within the WTO framework; (ii) intensify efforts to advance needs assessments and relevant technical assistance and capacity building for the agreement's implementation; and (iii) convene regularly within the WTO to conduct, as appropriate, the functions provided in the agreement.





**Box II.4**

**Key features of the Investment Facilitation for Development Agreement**

To date, the Investment Facilitation for Development Agreement (IFDA) covers 129 WTO members, including 92 developing countries, 28 of them LDCs. The IFDA investment facilitation commitments primarily aim to make the investment environment more transparent and digitalized, and streamline investment procedures. They are complemented by a robust institutional framework to support implementation. Additional commitments include mechanisms for engaging with investors and databases to create links with local suppliers, as well as soft commitments towards improving regulatory coherence (box figure II.4.1).



**Box figure II.4.1**

**IFDA facilitation provisions focus on regulatory environment and digitalization**

Investment facilitation provisions, by type  
(Number)

- Regulatory environment
- Stakeholder engagement
- Cooperation mechanisms
- Sustainable investment



Source: UNCTAD, based on various sources.

Abbreviations: CSR, corporate social responsibility; RBC, responsible business conduct; RIA, regulatory impact assessment.



The IFDA facilitation commitments are complemented by other provisions:

- Most-favoured-nation treatment
- Special and differential treatment for developing and least developed countries
- Commitment by donor members to facilitate capacity building for implementation
- General, security and financial exceptions
- Anti-corruption and responsible business conduct provisions
- Monitoring by a WTO committee on investment facilitation
- State-to-State dispute settlement under the WTO Dispute Settlement Understanding, with a grace period for developing members

Effective implementation of the IFDA can be both resource- and capacity-intensive, making technical assistance and capacity building essential for developing countries to implement the agreement. Implementation strategies would benefit from alignment with countries' national developmental priorities and a holistic assessment of investment facilitation commitments across their IIA networks to ensure a coherent approach adapted to each country. UNCTAD continues to engage with all stakeholders to support countries in maximizing the developmental potential of investment facilitation provisions in their IIAs, including with regard to needs assessments.

Source: UNCTAD.



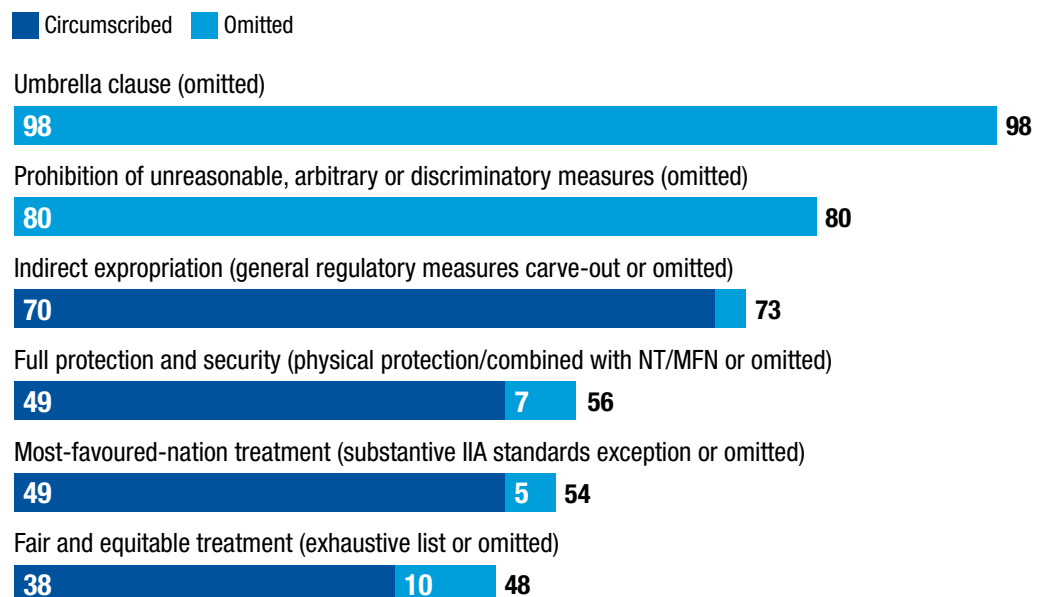
### iii. Protection

Countries are refining IIA protection standards, including the provisions most invoked in ISDS (figure II.14). Two of these provisions – the umbrella clause and the prohibition of unreasonable, arbitrary or discriminatory measures – are omitted in the large majority of recent IIAs. More than two thirds of indirect expropriation clauses exclude general regulatory measures and provide detailed guidance on the meaning of indirect expropriation. About half of the IIAs also circumscribe or omit two other standards – fair and equitable treatment and full protection and security. Replacing fair and equitable treatment with an exhaustive list of obligations showed the highest increase. The exhaustive list

approach – which emerged in 2016 – was adopted in 22 per cent of IIAs signed during 2016–2020, compared with 38 per cent of those signed since 2021. Forty-nine per cent of IIAs limit the systemic effects of most-favoured-nation treatment as well. Broadly drafted most-favoured-nation clauses may be interpreted to allow foreign investors to import more favourable substantive standards from a host State's old-generation IIAs with third countries. As a regulatory space safeguard complementary to investment protection refinements, 75 per cent of IIAs signed in 2021–2025 included a public policy exception, shielding States from liability regarding good faith measures taken for the public interest.

#### Figure II.14 The majority of 2021–2025 investment agreements reform commonly litigated protection standards

Agreements signed by type of protection provision, 2021–2025  
(Percentage)



Source: UNCTAD, IIA Content Mapping database, accessed 31 March 2026.

Note: Based on 61 IIAs with investment protection provisions for which texts are available, including IIAs mapped in the IIA Content Mapping database. The fair and equitable treatment circumscribed category covers all provisions that replace the standard with an exhaustive list of obligations, including under other titles.

Abbreviations: IIA, international investment agreement; MFN, most-favoured-nation treatment; NT, national treatment.

### iv. Investment dispute settlement

IIAs signed since 2021 have adopted a variety of investment dispute settlement

mechanisms. In 42 per cent of all recent IIAs – including 15 per cent of those with protection provisions – the parties included

State-to-State dispute settlement only, without provisions for ISDS. In addition, in 2025 negotiations were concluded on the first European Union IIA with protection provisions that does not contain ISDS – the comprehensive economic partnership agreement with Indonesia. When signed, it would bring to 127 the number of economies that have opted out of ISDS in at least one of their reformed IIAs with protection. An additional 5 per cent of IIAs concluded since 2021 do not contain any binding dispute settlement. They include such agreements as the Angola–European Union Sustainable Investment Facilitation Agreement, the Indo–Pacific Economic Framework Clean Economy Agreement and recent agreements on reciprocal trade.

More than two thirds (69 per cent) of recent IIAs with ISDS mechanisms refine the arbitral process through provisions that avoid multiple claims, limit available remedies or clarify the binding nature of parties’ joint IIA interpretations. The share of refined ISDS procedural provisions was higher (91 per cent) in TIPs than in BITs (63 per cent). In a few recent IIAs, countries

are also beginning to show a preference for regional arbitration institutions.

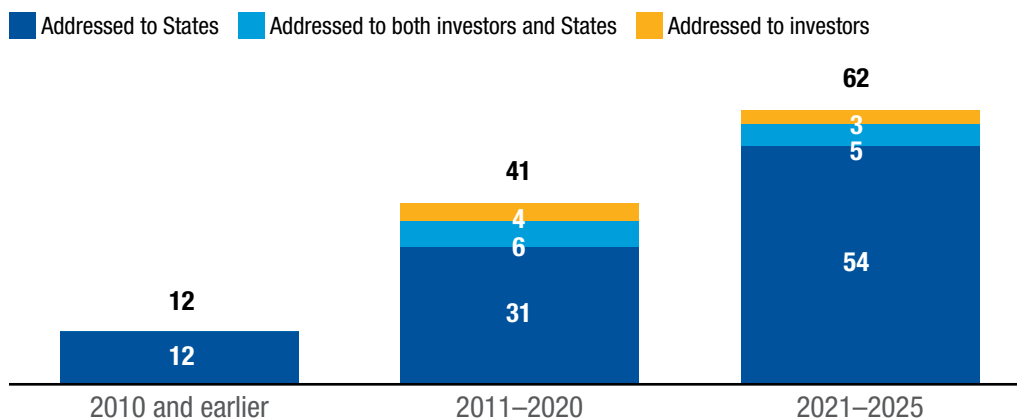
#### v. Responsible investment provisions

In line with a broader trend towards integrating sustainable development objectives in IIAs, close to two thirds (62 per cent) of IIAs signed since 2021 contain provisions aimed at ensuring that investment activities are carried out in a responsible way, aligned with sustainable development objectives. This share is higher for TIPs – 67 per cent of them contain such provisions, compared with 56 per cent of BITs. This represents a 64 per cent increase in the inclusion of responsible investment provisions compared with the preceding decade (figure II.15). Among the common provisions, not lowering of standards clauses registered the highest increase compared with the 2010s, followed by provisions on environmental protection, climate change and corporate social responsibility. Although most of the treaties created obligations for the contracting States, 21 per cent of the provisions since 2011 (representing about 9 per cent of all IIAs signed in that period) addressed the investor directly.



**Figure II.15**  
**About two thirds of recent investment agreements include responsible investment provisions**

Agreements with selected responsible investment provisions, 1959–2025  
(Percentage)



Source: UNCTAD, based on various sources.

Note: Based on 2,914 IIAs mapped in the IIA Content Mapping database and the IIA Facilitation Mapping database. IIAs include at least one responsible investment provision related to environmental protection, labour standards, corporate social responsibility, anti-corruption, climate action, local communities/indigenous peoples or corporate governance/ taxation provisions. For IIAs concluded in 2010 and earlier, the relevant key terms mentioned are mapped.

Abbreviation: IIA, international investment agreement.



## 2. Trends in investor–State dispute settlement

### a. New cases initiated in 2025

In 2025, investors initiated 56 known ISDS cases based on IIAs (figure II.16). Six ISDS cases were brought in connection with restrictive economic measures (see box III.7 in chapter III). Since 2022, the annual ISDS caseload has stayed below the levels recorded from 2015 to 2021. However,

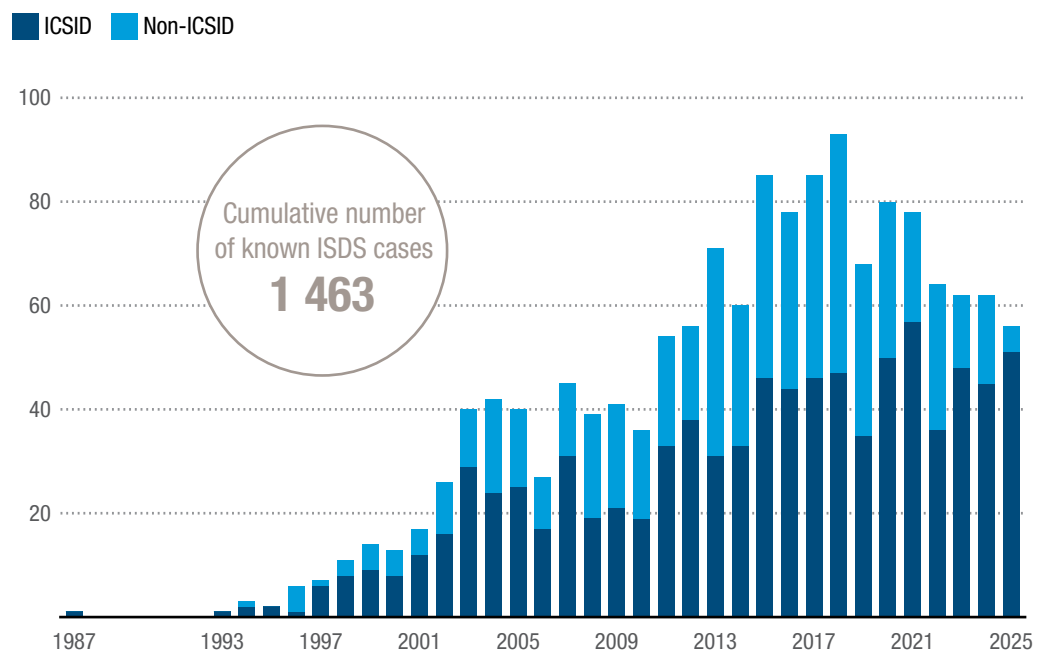
retroactive upwards adjustments can be expected for 2025 and the most recent preceding years, as some arbitrations that are kept confidential at the time of initiation may become public at later stages. The total count of treaty-based ISDS cases reached 1,463 at the end of 2025.



**Figure II.16**

**Investor–State dispute settlement cases totalled 1,463 at the end of 2025**

Annual number of known treaty-based cases



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Note: Information compiled from public sources, including specialized reporting services. UNCTAD statistics cover investor–State arbitration cases brought under bilateral investment treaties and treaties with investment provisions, but do not include cases that are based exclusively on investment contracts (State contracts) or national investment laws, nor cases in which a party has signalled its intention to submit a claim to ISDS but has not commenced the arbitration. Annual and cumulative case numbers are continually adjusted as a result of verification processes and may not exactly match numbers reported in previous years.

Abbreviations: ICSID, International Centre for Settlement of Investment Disputes; ISDS, investor–State dispute settlement.

### i. Respondent States and home States of claimants

From 1987 to 2025, a total of 137 countries and one economy grouping (the European Union) are known to have been respondents to one or more ISDS claims. The largest numbers of cases were faced

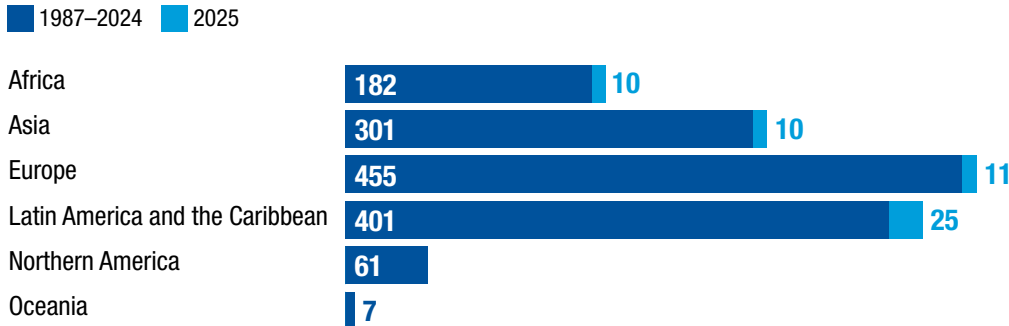
by respondents in Europe and in Latin America and the Caribbean, together accounting for about 60 per cent of all cases (figure II.17). Claimants with home States in Europe or Northern America initiated the bulk of claims (75 per cent).





**Figure II.17**  
**Respondent States in Latin America and the Caribbean faced the largest number of claims in 2025**

Number of known ISDS cases by geographic region



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Abbreviation: ISDS, investor–State dispute settlement.

In 2025, cases were initiated against 37 countries. Mexico and Ukraine were the respondents most frequently named, with five new cases each, followed by Colombia and Panama with four cases each. In terms of geographical distribution, respondent States in Latin America and the Caribbean were subject to the highest number of claims in 2025, with 25 cases filed, about 45 per cent of the 56 known cases.

Exceeding the average share of previous years, about 80 per cent of new cases were brought against developing countries (figure II.18). This included cases against seven LDCs (Angola, Bangladesh, Comoros, Guinea, Myanmar, Senegal and the United Republic of Tanzania), with Comoros and Guinea facing their first known ISDS claims.



**Figure II.18**  
**Most cases in 2025 were brought against developing countries**

Cases by economy grouping of respondent States (Percentage)



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Developed-country claimants initiated about 70 per cent of the 56 known cases (figure II.19), down from the overall average of 80 per cent. The highest numbers of cases were brought by claimants from the United Kingdom (eight) and the United States (six).



**Figure II.19**  
**Developed-country claimants initiated the largest share of 2025 cases**

Cases by economy grouping of claimant home States  
(Percentage)



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

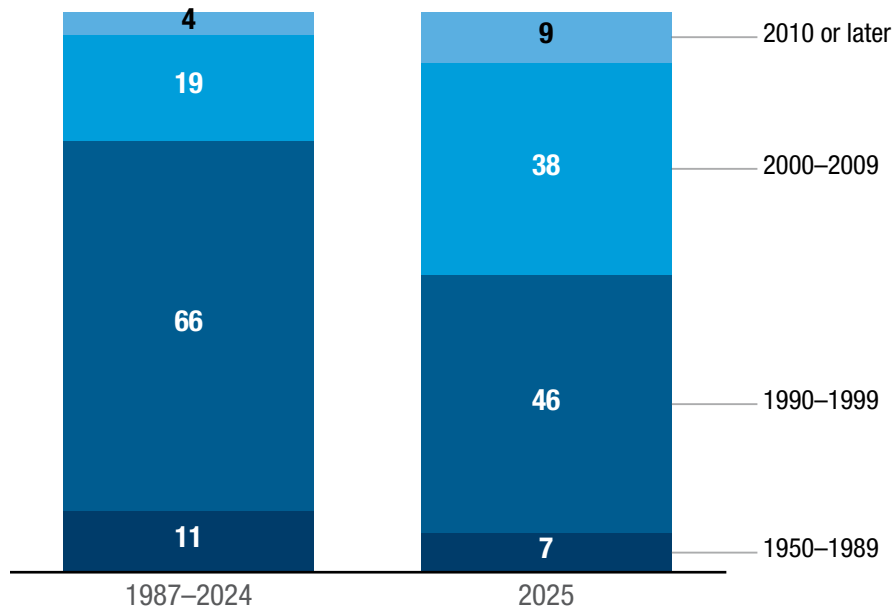
**ii. Investment agreements invoked**

The vast majority of the 2025 cases were based on old-generation treaties concluded before 2010, with the largest share originating in the 1990s (figure II.20). The Central America–Dominican Republic FTA

(2004) and the Energy Charter Treaty (1994) were the IIAs most frequently invoked in 2025, giving rise to three cases each. The latter includes an arbitration proceeding initiated by a claimant from one European Union Member State against another.

**Figure II.20**  
**The vast majority of claims have relied on old-generation treaties**

Share of cases by date of signature of IIAs invoked  
(Percentage)



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Abbreviation: IIA, international investment agreement.

### iii. Natural resources and energy-related cases

In 2025, disputes related to extractive activities accounted for about one third of cases, exceeding the historical average for the second consecutive year, while the share of cases related to energy supply declined (figure II.21). For comparison, between 1987 (when the first ISDS case

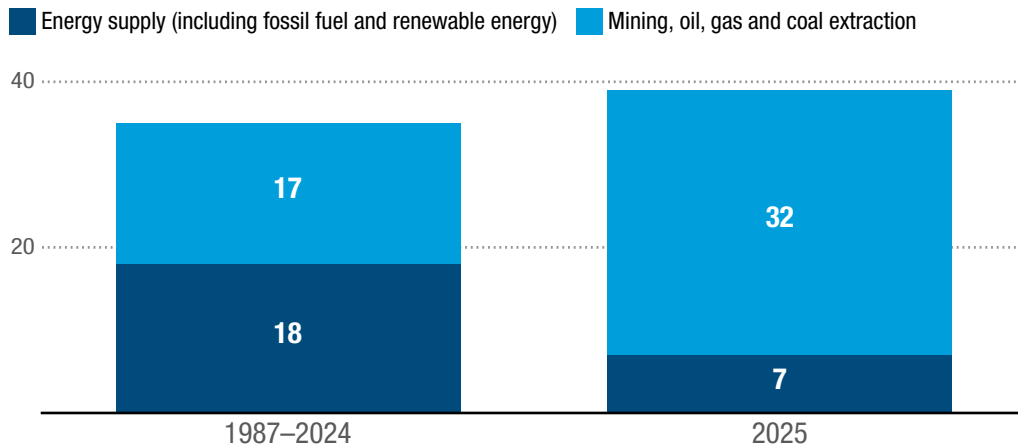
based on an IIA was brought) and 2024, on average one of six ISDS cases related to extractive activities. The subsequent rise in the share of extractive disputes was also driven by a higher number of cases related to critical minerals. Of the 18 cases involving extractive activities in 2025, 11 concerned critical minerals, and the remaining 7 related to fossil fuel activities.



**Figure II.21**

**The share of extractive disputes was above average in 2025, while the share of energy-related cases declined**

Cases in these sectors as a share of all cases  
(Percentage)



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Note: Some cases concerned both sectors.

Overall, at least 153 ISDS cases – about 10 per cent of the 1,463 total – concerned three categories of critical minerals (figure II.22), grouped by their role in the energy transition and other areas of structural transformation, such as industrial development (required for the energy transition, relevant to it and other critical minerals).<sup>4</sup> This includes (i) 56 cases related to minerals required for the energy transition (e.g. aluminium, copper, zinc); (ii) 29 related to those relevant for the energy transition (e.g. iron ore and steel, potassium, zirconium); and (iii) 93 related to other critical minerals (e.g. gold, silver).

For cases related to fossil fuels, the total rose to 259. Moreover, investors have filed at least 130 cases concerning renewable energy investment. Taken together, ISDS cases concerning fossil fuel activities, renewable energy and critical minerals highlight the importance of carefully calibrated commitments under IIAs. Such an approach can help reduce the likelihood of future claims arising from fossil fuel phase-outs or adjustments to policy and legal frameworks governing renewable energy and critical minerals.

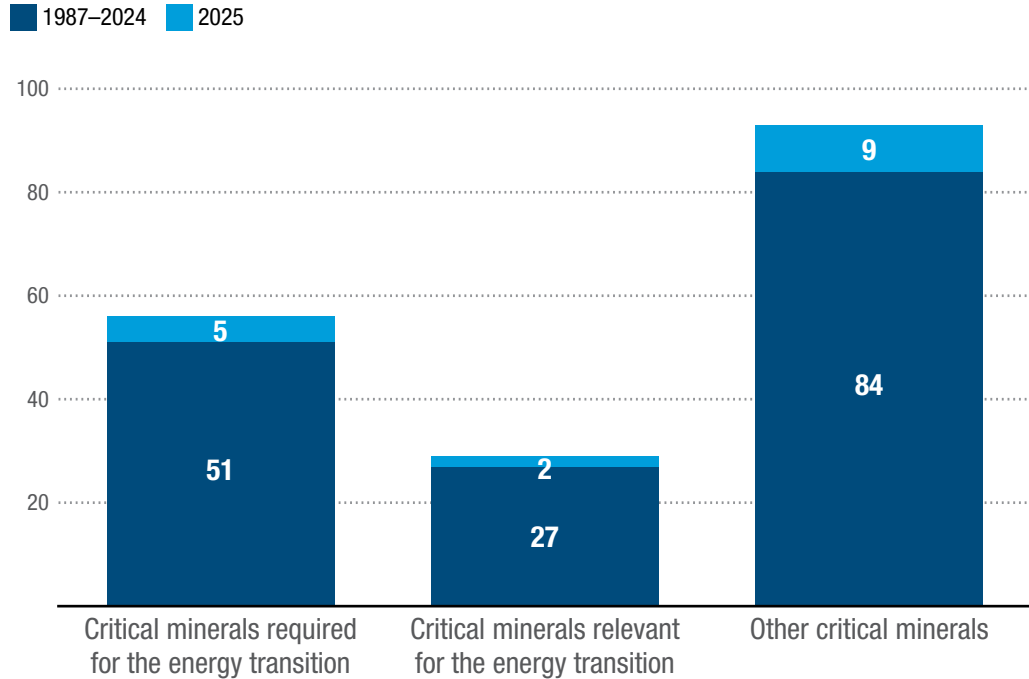
<sup>4</sup> The classification of critical minerals is based on UNCTAD's list of critical minerals by role in the energy transition and other areas, available at <https://sdgpulse.unctad.org/critical-minerals/>. It lists them by whether they are required for the energy transition, relevant for the energy transition, or relevant for other areas of structural transformation such as industrial development. It covers both critical minerals and metals; many of these minerals are also sources of critical metals.





**Figure II.22**  
**Investor–State dispute settlement cases arose across three categories of critical minerals**

Number of cases by category of critical minerals based on their role in the energy transition and other areas of structural transformation



Source: UNCTAD.

Note: Some cases involve multiple categories of critical minerals and are counted under each relevant category. Without double counting, the consolidated number of cases is 153. The classification of critical minerals is based on UNCTAD’s list of critical minerals by role in the energy transition and other areas, available at <https://sdgpulse.unctad.org/critical-minerals/>.

Abbreviation: ISDS, investor–State dispute settlement.

**b. Outcomes of investor–State dispute settlement cases**

In 2025, at least 58 ISDS proceedings were concluded. The relative shares of case outcomes were broadly in line with the historical pattern from 1987 to 2025. Overall, 38 per cent were decided in favour of the State, and 29 per cent

in favour of the investor, with monetary compensation awarded. Seventeen per cent were settled; in most cases, the terms of settlement remained confidential. In the remaining cases, either proceedings were discontinued (13 per cent) or the tribunal found an IIA breach but did not award monetary compensation (3 per cent).



\* \* \*

New investment agreements increasingly incorporate provisions on cooperation, facilitation and promotion, with relatively less focus on traditional protection standards. Modern investment protection standards and ISDS procedures are also becoming more refined. These developments are unfolding against the backdrop of an aging network of IIAs that still dominate the regime – 85 per cent of treaties in force today were signed in 2010 or earlier. This outdated system may constrain governments’ ability to regulate in the public interest and leaves them exposed to ISDS claims. Transitioning from this outdated framework to a more balanced regime – one that promotes sustainable investment while minimizing the risk of disputes – requires decisive reform action.

In response, UNCTAD has, over the past five years, accelerated and deepened its collaboration with countries and regional organizations to advance ambitious reform

of the IIA regime at all levels of policymaking. This work is conducted in partnership with relevant stakeholders through a combination of technical assistance, research and policy analysis, and consensus-building efforts, most notably through the UNCTAD Multi-Stakeholder Platform for IIA Reform and its Annual High-Level IIA Conferences. These efforts have delivered tangible outcomes in the past five years, as more than 80 countries have embarked on the reform of older agreements, or the adoption and negotiation of modern ones designed to promote and facilitate sustainable investment. Building on this momentum, and on its core policy guidance tools, UNCTAD is developing a set of guiding principles to support countries in aligning old-generation IIAs with sustainable development objectives, which will be launched at the High-level IIA Conference at the UNCTAD World Investment Forum 2026 (25–27 October in Doha, Qatar).



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