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at the National Research University Higher School of Economics, Moscow
present

2013 St. Petersburg G20 Summit Final Compliance Report

7 September 2013 to 30 September 2014

Prepared by
Stacey Bocknek, Vera V. Gavrilova, Krystal Montpetit, Theodora Mladenova, Taylor Grott and
Antonia Tsapralis
G20 Research Group, Toronto,
and
Andrei Sakharov, Andrey Shelepov and Mark Rakhmangulov
International Organisations Research Institute, Moscow

15 November 2014
www.g20.utoronto.ca
g20@utoronto.ca

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1. Macroeconomics: Investment

“We [recognize the paramount importance of the investment climate in attracting long-term financing and] will take a comprehensive approach to identifying and addressing impediments to improving underlying investment conditions.”

G20 St. Petersburg Leaders' Declaration

Assessment

	Lack of Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil			+1
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy			+1
Japan			+1
Korea			+1
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.85	

Background

On 5-6 September 2013, at the St. Petersburg Summit, the G20 leaders renewed and reaffirmed their standing commitment to promoting a suitable climate for investment.⁴ “Promoting investment,” taken in the broadest sense, means conducting macroeconomic policies and instituting market regulations that inspire confidence in entrepreneurs — no matter small or large, private or public, or domestic or foreign. At the St. Petersburg Summit, the G20 leaders recognized the vital role that long-term investment plays in achieving sustainable growth, job creation, and integration in the global market.⁵ In particular, they placed an emphasis on small and medium-sized enterprises (SMEs) and infrastructure, acknowledging the key role that these entities will play in their countries future economic development.⁶

⁴ G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292> .

⁵ G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292>.

⁶ G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292>.

At St. Petersburg the leaders recognized “the need for governments to promote policies that facilitate and encourage institutional investors to finance long-term investment consistent with their mandates and prudent risk-taking.”⁷ On 6 September 2013, they endorsed the High-Level Principles of Long-Term Investment Financing by Institutional Investors, a document prepared jointly by the Task Force on Institutional Investors and Long-Term Financing led by the Organisation for Economic Co-operation and Development (OECD).⁸ The principles had been reviewed and welcomed by the G20 finance ministers and central bank governors on 18-19 July 2013.⁹

The G20 leaders pledged that by the Brisbane Summit their countries will have implemented policies that improve their domestic investment climate in a way that favours long-term investment. Thus, the finance ministers were called upon to oversee the implementation, and address the challenges in meeting this commitment in due time.¹⁰ Such a commitment also involves co-operation between the government and the central banks, so as to co-ordinate the regulatory policies with economic policies. As well, G20 leaders pledged to work in conjunction with international bodies such as the OECD, the World Bank, and other multilateral or regional development banks to achieve the commitment goals. It is expected that these organizations will share with countries the expertise and the resources relating to mobilization of financial resources, the leveraging of private capital, and increasing lending capacity — especially in the cases of emerging and developing markets. For this reason, the G20 leaders re-affirmed their decision to ask the United Nations Conference on Trade and Development (UNCTAD) and the OECD to monitor investment policies and deliver a report in 2014.¹¹

Commitment Features

The commitment requires the G20 members to take measures to foster and maintain a supportive and attractive climate for long-term investment by identifying and addressing impediments to improving underlying investment conditions. The commitment seeks to address potential impediments to both real and financial investment, by domestic and foreign investors.¹²

Positive actions regarding this issue include measures designed to improve the effective enforcement of the rule of law and government regulations to maintain predictable, stable, transparent, and reliable business regulation procedures.¹³ Specifically, governments are encouraged to support measures that encourage diversification in financial and real investments, measures designed to improve transparency in taxation law, and supporting measures establish greater rigour in competition laws. Furthermore, governments complying with this commitment might provide opportunities for private sector

⁷ G20 St. Petersburg Leaders' Declaration, G20 Research Group (Toronto) 6 September 2013. Access Date: 4 February 2014. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html>.

⁸ Leaders endorse new G20/OECD principles on long-term investment financing, Organisation for Economic Development and Co-operation (Paris) 6 September 2013. Access Date: 3 February 2014. <http://www.oecd.org/g20/meetings/saint-petersburg/leaders-endorse-new-g20oecd-principles-on-long-term-investment-financing.htm>.

⁹ G20-OECD High-level Principles of Long-term Investment Financing by Institutional Investors, Organisation for Economic Development and Co-operation (Paris) 6 September 2013. Access Date: 3 February 2014. <http://www.oecd.org/daf/fin/principles-long-term-investment-financing-institutional-investors.htm>.

¹⁰ G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292>.

¹¹ G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292>.

¹² G20 Workplan on Financing for Investment, Study Group's Findings and Ways Forward, G20 Study Group on Financing for Investment (Moscow) July 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782804292>.

¹³ G20/OECD High-Level Principles of Long Term Investment Financing By Institutional Investors, Organisation for Economic Co-operation and Development (Paris) September 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782802644>.

participation in long-term public investment projects, public procurement, and public-private partnerships, and promote fairly remunerative agendas for privatization, nationalization, and government procurement. Finally, responsible regulatory policies in a globalized climate should be in place to ensure investment regulations are in line with relevant international standards, and that measures ensuring the Most-Favoured-Nation and the National Treatment principles, as articulated in the Agreement on Trade-Related Investment Measures, are honoured.

Maintaining an attractive investment climate also confers upon “[finance ministers and central bank governors] to explore the ways in which private financing and capital markets can be better mobilized, [working alongside the] Multilateral Development Banks to develop new approaches in order to optimize the use of existing resources and to strengthen their lending capacity.”¹⁴ Positive actions taken in this respect revolve around the maintenance of stable and predictable macroeconomic conditions that are conducive to long-term investment, the maintenance of credible monetary policy frameworks and responsible fiscal policies.¹⁵ The governments should equally consider issuing appropriate long-term instruments in line with their debt management and capital market development objectives, such as promoting the development of long-term savings through savings mobilisation policies and designating capital resources for increased lending to small and medium enterprises (SMEs).

Following the mandate from G20 leaders, the WTO, the OECD and UNCTAD monitor the developments in the G20 members’ trade and investment policies and regularly report their findings.¹⁶ The reports are comprehensive sources of information on the G20 members’ investment policies.

Thus, to achieve compliance with this commitment the G20 member must take actions to improve investment conditions through macroeconomic and/or regulatory initiatives in line with the policy suggestions outlined in the G20 Workplan on Financing for Investment and the High-Level Principles on Long-Term Investment Financing.¹⁷

Scoring Guidelines

-1	Member takes steps that further amplify impediments OR takes no actions to identify and address impediments to improving underlying investment conditions.
0	Member takes measures to address the impediments to improving underlying investment conditions from a macroeconomic OR regulatory approach.
+1	Member takes measures to address the impediments to improving underlying investment conditions from a macroeconomic AND regulatory approach.

Lead Analyst: Chris D’Souza

Argentina: +1

Argentina has fully complied with its commitment to take action to improve investment conditions through macroeconomic and regulatory initiatives in line with the policy suggestions outlined in the G20 Workplan on Financing for Investment and the High-Level Principles on Long-Term Investment Financing.

¹⁴ G20 St. Petersburg Leaders' Declaration, G20 Research Group (Toronto) 6 September 2013. Access Date: 4 February 2014. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html>.

¹⁵ G20/OECD High-Level Principles of Long Term Investment Financing By Institutional Investors, Organisation for Economic Co-operation and Development (Paris) September 2013. Access Date: 4 February 2014. <http://en.g20russia.ru/load/782802644>.

¹⁶ Joint UNCTAD-OECD Reports on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 2013. Access Date: 4 February 2014. <http://unctad.org/en/Pages/DIAE/G-20/UNCTAD-OECD-reports.aspx>.

¹⁷ G20 Workplan on Financing for Investment and High-Level Principles on Long-Term Investment Financing, Civil G20 (Moscow) 6 September 2013. Access Date: 4 February 2014. <http://www.g20civil.com/newsg20/4069/>.

On 27 March 2014, Argentina's Senate approved the government's proposal to provide USD5 billion worth of compensation payable in government bonds to Spanish oil company Repsol for nationalizing Argentinean energy company YPF of which it was a majority stakeholder in 2012.¹⁸ The nationalization of YPF launched a major legal dispute and inhibited the company's ability to secure much needed international financing on reasonable terms.¹⁹ According to the World Energy Council, in order to become energy independent by 2030, Argentina requires investment of approximately USD200 billion–USD140 billion in shale oil and USD60 billion in conventional oil and gas. The government has taken several steps to attract investment in the industry, which include wellhead prices for newly developed gas, new hydrocarbon law, and a decree allowing companies to repatriate profits after investing a minimum of USD1 billion over a period of five years.

On 2 October 2014, the Ministry of Culture announced an Argentine Cultural Development Fund, awarding USD15 million economic aid to entrepreneurs in mobility, sustainability, infrastructure, and innovation. This effort will affect at-home mobility aids for citizens and promote joint marketing. This falls in line with The High-level Principles on Long-term Investment Financing by Institutional Investors under government led initiatives.²⁰

On 9-10 December 2013 Argentina's Minister of the Economy Axel Kicillof and Minister of Planning Julio de Vido, during an official visit to the People's Republic of China, presented 15 strategic infrastructure projects to Chinese investors and entrepreneurs.²¹ Among the strategic projects presented included hydro dams, water works, and communications projects that would require approximately USD20 billion worth of investment.²² Argentina's bilateral trade relationship with China has grown by 367 per cent since 2003.²³

On 18 December 2013, in a report released by the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development, Argentina had not taken or implemented any investment or investment-related measures between 16 May 2013 and 15 November 2013.²⁴

¹⁸ Argentine Senate Oks plan to pay Repsol for 2012 YPF takeover, Reuters US Edition (Buenos Aires) 27 March 2014. Access Date: 1 April 2014. <http://www.reuters.com/article/2014/03/27/argentina-ypf-idUSL1N0MN1X020140327>.

¹⁹ A deal with Repsol is a small step towards reversing an energy deficit, The Economist (Buenos Aires) 28 November 2013. Access Date: April 2014. <http://www.economist.com/news/americas/21590939-deal-repsol-small-step-towards-reversing-energy-deficit-swallowed-pride>.

²⁰ Ministry of Cultural Development announces aid for the arts. October 2nd, 2014. Access date: October 5th 2014. <http://www.argentina.gob.ar/noticias/3097-fondo-argentino-de-desarrollo-cultural.php>

²¹ Kicillof y De Vido presentaron quince obras de infraestructura a inversores chinos, Ministerio de Economía y Finanzas Publicas de la Nación (Buenos Aires) 10 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/10-12-2013gacetilla.pdf>.

Los ministros Kicillof y De Vido mantuvieron reuniones con empresarios chinos, Ministerio de Economía y Finanzas Publicas de la Nación (Buenos Aires) 9 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/Gacetilla-3.pdf>.

²² Los ministros Kicillof y De Vido mantuvieron reuniones con empresarios chinos, Ministerio de Economía y Finanzas Publicas de la Nación (Buenos Aires) 9 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/Gacetilla-3.pdf>.

²³ Kicillof y De Vido presentaron quince obras de infraestructura a inversores chinos, Ministerio de Economía y Finanzas Publicas de la Nación (Buenos Aires) 10 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/10-12-2013gacetilla.pdf>.

²⁴ Tenth Report on G20 Investment Measures, Organization for Economic Cooperation and Development and United Nations Conference on Trade and Development Secretariats, 18 December 2013. Access Date: 1 April 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

On 20 December 2013, Argentina's government signed an agreement with supermarkets and suppliers in the country to freeze prices on basic goods over the next year.²⁵ Such price control measures have been implemented as Argentina attempts to tame its double-digit inflation rate, which is reported to be the second highest inflation rate in the western hemisphere. The agreement covers approximately 200 products ranging from soap to meat and poultry items and is set to take effect in January 2014. The price agreement is voluntary, as previous mandatory price controls have proved to be ineffective in decreasing inflation.

On 23 December 2013, Minister of the Economy and Public Finance Axel Kicillof announced that the Argentine government will implement two measures in order to promote competitiveness of regional economies.²⁶ The measures will include a refund and compensation to exporters, and the extension of credit to finance productive sectors. Furthermore, in order to finance productive sectors the Argentina Central Bank will administer a line of credit at a rate of 15 per cent. In 2014, it is expected that that USD100 billion of loans will be awarded.

On 17 January 2014, a Chinese supermarket chain signed an agreement with the Argentine government to freeze prices on more than 180 products.²⁷ Miguel Angel Calvete, President of the Chinese Supermarket Federation, announced that it is vital for Chinese-owned stores to sign the agreement to remain competitive. Chinese supermarkets account for 20 per cent of the sectors in Argentina, and have joined the five largest supermarket chains in the country, that control 60 per cent of the market.

Effective on 24 January 2014, Argentina relaxed some of its foreign exchange controls, thus allowing for individuals to purchase dollars within fixed limits.²⁸

On 7 February 2014, Argentina's insurance regulator Superintendencia de Seguros de la Nacion (SSN) announced modification to "Inciso K" (subsection K) of act 35 of the Reglamento General de la Actividad Aseguradora — the industry's regulatory framework — increasing the minimum amount insurers are required to invest in public and infrastructure projects.²⁹ This comes after subsection K was established in 2012 obligating insurance companies to invest some of their funds in the public sector. Under the new rules insurance companies will invest an average of 14 per cent of available funds in public and infrastructure projects, increased from the previous 10 per cent.

On 24 March 2014, the AFIP, Argentina's tax authority, and Switzerland agreed to a new instrument that will enable Argentina to ratify taxation at source on royalties and to incorporate the power to tax shares with property taxes, for individuals or companies that have equity interest in Argentine companies.³⁰ As part of the agreement, Swiss banks and the AFIP will implement a cooperative

²⁵ Argentina Takes Another Shot At Price Control, The Wall Street Journal (Buenos Aires) 20 December 2013. Access Date: 1 April 2013. <http://online.wsj.com/news/articles/SB10001424052702303773704579270312124410066>.

²⁶ Kicillof anuncio medidas para bajar la tasa de empleo en negro fomentar la inversion y el desarrollo economico, Ministerio de Economia y Finanzas Publicas de la Nacion (Buenos Aires) 23 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/23-12-20131.pdf>.

²⁷ Argentina's markets freeze prices on basic products to flight inflation, CCTV News English (Beijing) 18 January 2014. Access Date: 1 April 2014. <http://english.cntv.cn/program/newshour/20140118/102709.shtml>.

²⁸ El gobierno autoriza desde el lunes compra de dólares para tenencia a personas físicas y disminuye anticipo impuesto a las ganancias, Presidencia de la Nacion Argentina (Buenos Aires) 24 January 2014. Date Accessed: 26 October 2014. <http://www.presidencia.gob.ar/informacion/actividad-oficial/27116-el-gobierno-autoriza-desde-el-lunes-compra-de-dolares-para-tenencia-a-personas-fisicas-y-disminuye-anticipo-impuesto-a-las-ganancias>.

²⁹ Argentina modifies "Inciso K", increases minimum investment limits for insurance players, LATAM Insurance Review (London) 14 February 2014. Access Date: 1 April 2014. <http://www.insurancelatam.com/tag/investment/>.

³⁰ AFIP and the Swiss banking instrument a tax inducement mechanism, Dialogo Fiscal el Diario de la AFIP (Buenos Aires) 24 March 2014. Access Date: 1 April 2014. <http://www.dialogofiscal.gob.ar/en/internacionales/induccionSuiza.aspx>.

mechanism via a communication system that will allow individuals and companies when filing the submission of their tax statements to declare any accounts or financial instruments in Switzerland that are subject to taxation by AFIP. For those individuals who fail to comply with this mechanism and do not declare their financial instruments or accounts, the Swiss bank may identify those Argentine companies or individuals to the AFIP for the fulfillment of their tax obligations. A Memorandum of Understanding was also incorporated into the agreement, which will implement an anti-abuse mechanism that will allow AFIP to limit benefits from the agreement when abusive use is presumed.³¹

On 27 March 2014, Kicillof, the Minister of the Economy, announced that government subsidies on natural gas and water could be reduced by up to 20 per cent.³² The subsidies were initially introduced to boost consumption after the 2001-2002 financial crisis, but in the process also fuelled inflation and hindered investment in the energy sector. With the announcement to scale back these subsidies, the Argentine government is attempting to pursue more orthodox economic policies in order to win back investor confidence and make the industry more competitive. In addition, the reduction in subsidies comes as the Argentine government attempts to reduce its largest fiscal deficit in more than a decade. Following the announcement, Kicillof also stated that growth in gross domestic product in 2013 grew by 3 per cent in comparison to previous official estimates of 4.9 per cent.

On 10 June 2014 Argentina extended tax and currency incentives to attract energy investment as the government implements a new oil law with provinces, according to Cabinet Chief Jorge Capitanich. The Plan offers to attract investment by energy companies that invest USD250 million over a five-year period, allowing Argentina to expand its oil sales by up to 20 per cent in international markets.³³

Argentina has taken several steps that are in line with the G20 Workplan on Financing for Investment and the High-Level Principles on Long-Term Investment financing to improve its investment conditions. They include taking measures to improve transparency in taxation law via their information mechanism with Switzerland and providing opportunities for private sector participation in long-term public investment projects via its modification of the regulatory framework for the insurance industry. Moreover, Argentina has taken several regulatory measures, such as price controls and subsidy reductions, towards creating stable macroeconomic conditions for investment and debt management. As well, Argentina has taken measures to implement regulatory policies to ensure its investment regulations are in line with international standards — i.e., Agreement on Trade-Related Investment Measures.

Thus, Argentina has received a score of +1 for compliance with this commitment.

Analyst: Antonia Tsapralis, Chris D'Souza and Affan Bajwa

Australia: +1

Australia has fully complied with its macroeconomic commitment on improving investment conditions.

On 8 October 2014, the Ministry of Trade and Investment announced that Australia's Export Finance and Insurance Corporation (EFIC) will increase its focus on financing Small and Medium Enterprises (SMEs) to capitalize on global market trends. Under CEO Andrew Hunter, the process for SMEs will

³¹ AFIP and the Swiss banking instrument a tax inducement mechanism, Dialogo Fiscal el Diario de la AFIP (Buenos Aires) 24 March 2014. Access Date: 1 April 2014. <http://www.dialogofiscal.gob.ar/en/internacionales/induccionSuiza.aspx>.

³² Argentine revises 2013 growth from 4.9% to 3%, Financial Times (Buenos Aires) 27 March 2013. Access Date: 1 April 2014. <http://www.ft.com/intl/cms/s/0/71eb9176-b5fa-11e3-b40e-00144feabdc0.html?siteedition=uk#axzz2xg12xWel>.

³³ Argentina Plans Extension of Energy Investment Incentives, Bloomberg (Buenos Aires) 10 June 2014. Access Date: 20 October 2014. <http://www.bloomberg.com/news/2014-06-10/argentina-said-considering-extending-oil-investment-incentives.html>

be streamlined through credit application process. This will allow for a seamless and cost efficient business process with EFIC. The new process will also be aided with a proposed amendment under the Export Finance and Insurance Corporation Act, which reduced costly administrative costs on businesses. Also, EFIC financing for projects outside of Australia will only be provided if the private sector is adequately taken care of, and is not at the expense of SMEs, especially if it involves Australian content with SME supply chain participation.

For projects inside of Australia, EFIC will no longer be providing financing infrastructure, unless it is financial services related to SME suppliers who are apart of the vital Australian resource-export initiative. These new provisions will increase business productivity with SMEs, majority being Australian exporters. EFIC will now receive capital boost of USD200 million as a result of these progressive reforms for SME exporters in the upcoming budget.³⁴

On 18 December 2013, the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Australia, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.³⁵

On 17 February 2014, Minister for Trade and Investment Andrew Robb announced the release of a free trade agreement between Australia and Korea. The agreement contains investment liberalization and protection standards.³⁶ In this document, the Korean government allowed 84 (by value) per cent of Australian exports to be exempted from duty at the initial stage, and agreed to eventually eliminate tariffs on 99.8 per cent of Australian exports. Apart from trade, this agreement also encourages bilateral investment.³⁷ The Agreement was signed on 8 April 2014.³⁸ The Agreement was signed on 8 April 2014.³⁹

On 27 February 2014, foreign ministers of Australia and the Netherlands signed a Declaration of Intent in Canberra to establish a formal Strategic Dialogue. The declaration strengthens the economic collaborations between the two countries.⁴⁰

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries —

³⁴ EFIC to increase SME exporters. 8 October 2014. Access date: 9 October 2014.

<http://www.ferret.com.au/articles/news/efic-to-increase-focus-on-sme-exporters-n2518039>

³⁵ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

³⁶ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014.

Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

³⁷ Public release of Korea-Australia FTA text, Official Site of Minister of Foreign Affairs (Canberra) 17 February 2014. Access Date: 27 February 2014. http://trademinister.gov.au/releases/2014/ar_mr_140217.html.

³⁸ About the Korea-Australia FTA, Department of Foreign Affairs and Trade 2014. Access Date: 11 November 2014. <http://www.dfat.gov.au/fta/kafta/>.

³⁹ About the Korea-Australia FTA, Department of Foreign Affairs and Trade 2014. Access Date: 11 November 2014. <http://www.dfat.gov.au/fta/kafta/>.

⁴⁰ Australia and The Netherlands – closer cooperation on global issues and strengthened economic ties, Official Site of Minister of Foreign Affairs (Canberra) 27 February 2014. Access Date: 27 February 2014. http://foreignminister.gov.au/releases/2014/jb_mr_140227.html.

including Australia — in the period between November 2013 and February 2014.⁴¹ No measures were reported for Australia.

On 27 March 2014, the Minister for Small Business Bruce Billson announced the appointment of the Review Panel to oversee the review of Australia's competition laws, policies and institutional framework, expected to result in greater rigour in competition laws.⁴² The Panel released its Draft Report for public consultation on 22 September 2014.⁴³

On 30 May 2014 the Wall Street Journal stated that Australia's largest businesses are pressing new conservative government to change rules seen as deterring direct investment from overseas companies, particularly those from China, in a motion to increase foreign direct investment in Australia.⁴⁴

In May 2014, the Australian government issued the overview of the 2014-15 Budget. According to the budget documents, total investment in infrastructure in Australia will amount to AUD50 billion to 2019-20, including the new AUD11.6 billion Infrastructure Growth Package. The Budget also includes AUD5 billion to launch the Asset Recycling Initiative, which will provide incentive payments to State and Territory governments to sell infrastructure assets and reinvest the sale proceeds in new productive infrastructure, thus enhancing private sector involvement in infrastructure.⁴⁵

On 8 July 2014, Australian Prime Minister Tony Abbott and Japanese Prime Minister Shinzo Abe signed the Japan Australia Economic Partnership Agreement. The agreement will contribute to economic growth in both countries by increasing opportunity for investment and trade.⁴⁶

On 17 October 2014, Minister for Trade and Investment Andrew Robb discussed the government's proposed new Premium Investor Visa (PIV). He said that the PIV would offer a "more expeditious pathway for international investors to permanent residency as compared to the existing Significant Investor Visa (SIV). Under the PIV a 12 month pathway to permanent residency would be available for investors meeting a USD15 million threshold in an eligible investment."⁴⁷

During the compliance period Australia has taken actions to address the impediments to improving underlying investment conditions from both macroeconomic and regulatory approaches. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Eden Cai

Brazil: +1

Brazil has fully complied with its macroeconomic commitment on improving investment conditions.

⁴¹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁴² Competition policy review, Australian Government 14 April 2014. Access Date: 11 November 2014. http://competitionpolicyreview.gov.au/files/2014/04/Competition_Policy_Review_Issues_Paper.pdf.

⁴³ The Draft Report, Australian Government 22 September 2014. Access Date: 11 November 2014. <http://competitionpolicyreview.gov.au/draft-report/>.

⁴⁴ Australia Urged to Change Rules on Foreign Investments, Wall Street Journal (Melbourne) 30 May 2014. Access Date: 20 October 2014. <http://online.wsj.com/articles/australia-urged-to-change-rules-on-foreign-investments-1401451517>

⁴⁵ Budget 2014-15. Building Australia's Infrastructure, Australian Government May 2014. Access Date: 11 November 2014. <http://www.budget.gov.au/2014-15/content/glossy/infrastructure/download/Infrastructure.pdf>.

⁴⁶ About the Japan-Australia Economic Partnership Agreement, Australian Embassy in Tokyo 2014. Access Date: 11 November 2014. <http://australia.or.jp/en/fta/>.

⁴⁷ Premium Investor Visa to promote innovation, Minister for Trade and Investment (Canberra) 17 October 2014. Access Date: 20 October 2014. http://trademinister.gov.au/releases/Pages/2014/ar_mr_141017.aspx

On 18 December 2013, the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Brazil, the report noted that three investment policy measures were taken during the reporting period. The measures, however, came in effect prior to the St. Petersburg Summit and, therefore, do not count towards compliance in the present report.⁴⁸

On 17 March 2014, after years demanding stronger public sector response to copyright infringement, the government has agreed to facilitators in agreements between private parties related to copyright enforcement in the digital environment within the National Council on Combating Piracy. Such a move promises to improve investment in research and Development in Brazil.⁴⁹

On 18 March 2014, Brazil's central bank president Alexandre Tombini reaffirmed his commitment to bring down inflation. However, the full impact of higher interest rates is still to be felt on prices. Mr. Tombini said that "Brazil's currency devaluation fuels inflation, but that by increasing interest rates, the central bank can compensate for it." Reducing inflation will result in predictability and stability for foreigners seeking to invest in Brazil.⁵⁰

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including Brazil — in the period between November 2013 and February 2014.⁵¹ No measures were reported for Brazil.

On 29 September 2014, Brazil's main economic policy body eased some rules governing foreign investment on local depositary receipts, in order to stimulate a quite dormant market. The Monetary Policy Council decided that non-resident investors' purchases of Brazilian depositary receipts, called BDRs, could also be made from a local Brazilian account and not only from a foreign account.⁵²

Brazil has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Lead Analyst: Chris D'Souza

Canada: +1

Canada has fully complied with its macroeconomic commitment on improving investment conditions.

⁴⁸ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

⁴⁹ The Privatization of Copyright Enforcement: the Brazilian Context, InfoJustice (Brasilia) 4 March 2014. Access Date: 17 March 2014. <http://infojustice.org/archives/32315>.

⁵⁰ Brazil Central Bank President Says Interest-Rate Rise's Impact on Inflation Still To Be Felt, The Wall Street Journal (Brasilia) 18 March 2014. Access Date: 18 March 2014. <http://online.wsj.com/article/BT-CO-20140318-706333.html>.

⁵¹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁵² Brazil eases rules on foreign investments on depositary receipts, Reuters (Sao Paulo) 29 September 2014. Access Date: 6 October 2014. <http://www.reuters.com/article/2014/09/29/brazil-regulations-depositary-receipts-idUSL2N0RU2NJ20140929>

On 5 November 2013, a free trade agreement was signed between Canada and Honduras.⁵³

On 18 February 2014, Canadian Prime Minister Stephen Harper and Mexican President Enrique Peña Nieto signed multiple bilateral agreements that created new trade and investment opportunities for Canadian and Mexican companies. The first agreement is a Memorandum of Understanding (MofU) that will enhance co-operation between Export Development Canada (EDC) and Banco Nacional de Comercio Exterior in the structuring and co-financing commercial activities, as well as promoting the exchange of experience and best practices between the two institutions. The establishment of common areas of financial product and service delivery will enhance trade and foreign direct investment between Canada and Mexico.⁵⁴

The second agreement is a Master Cooperation Agreement that ensures financial support and other assistance to boost bilateral trade and investment. The agreement establishes a collaborative approach to providing financial support, guarantees, private equity, and assistance to Mexican and Canadian projects and companies, with a particular focus on promoting small- and medium-sized enterprise exports between the two countries. Moreover, Canada and Mexico also agreed to expand air travel by updating the existing air transport agreement in order to add more direct flights between Canadian and Mexican cities for passengers and cargo. This deal also allows for more flexibility on pricing. These agreements have forged a closer business and investment tie between the two nations.⁵⁵

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Canada, the report noted that an investment policy measure (changes to the Investment Canada Act received Royal assent on 26 June 2013) was taken during the reporting period. The measure, however, came in effect prior to the St. Petersburg Summit and, therefore, does not count towards compliance in the present report.⁵⁶

On 29 September 2014, the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) was ratified and will come into effect on 1 October 2014. The agreement will protect Canadian investors in China (and vice versa) by fair treatment of investors, pay any compensation for direct or indirect expropriation, due process in courts and tribunals, avoid protectionist measures, transparent application of laws, and allow for the transfer of capital. Canadian investors in China are now able to enforce international arbitration instead of following China's national courts, and will be made public, except for confidential investor information. Additionally, the Canadian natural resource sector will now become more attractive to Chinese investors, especially due to the exemption of non-discriminatory

⁵³ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁵⁴ PM welcomes Agreements that promote new trade opportunities between Canada and Mexico, Prime Minister of Canada (Ottawa) 18 February 2014. Access Date: 20 February 2014. <http://pm.gc.ca/eng/news/2014/02/18/pm-welcomes-agreements-promote-new-trade-opportunities-between-canada-and-mexico#sthash.yPmCdIUd.dpuf>.

⁵⁵ PM welcomes Agreements that promote new trade opportunities between Canada and Mexico, Prime Minister of Canada (Ottawa) 18 February 2014. Access Date: 20 February 2014. <http://pm.gc.ca/eng/news/2014/02/18/pm-welcomes-agreements-promote-new-trade-opportunities-between-canada-and-mexico#sthash.yPmCdIUd.dpuf>.

⁵⁶ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

environmental measures that are important in protecting the health of humans, wildlife, plants, and resource conservation.⁵⁷

On 17 September 2014, Minister of State (Finance) Kevin Sorenson reiterated the Canadian government's commitment to increase support for small businesses. Amongst the key policies is the reduction of the small business tax rate and increases in the small business income limit which will provide an estimated CND2.2 billion in tax relief in 2014, hence allowing small business to increase investment. The government also increases small business' access to credit through the new Small Business Job Credit.⁵⁸

During the compliance period Canada has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Maria Monica Layarda and Affan Bajwa

China: +1

China has fully complied with its macroeconomic commitment on improving investment conditions.

On 18 September 2014, China promised a USD20 billion investment plan over the next five years in India, including a new road to Kailash Mansarovar. This deal will be focused on infrastructure and the manufacturing sectors in India. Also, a Memorandum of Understanding was signed for cooperation on increasing the speed from the Chennai to Mysore via Bangalore railways. An additional railway route will be open from Kailash Mansarovar via Nathu la.⁵⁹

On 29 September 2013, the China (Shanghai) Pilot Free Trade Zone was opened. It seeks to create a regulatory environment pertaining to investment and trade that is in line with international standards.

On 9 November 2013, at the Third Plenary Session of the 18th CPC Central Committee China pledged to allow for more private capital into the market to develop a mixed-ownership economy. This would allow for non-state owned capital to take equity stakes in investment projects featuring investment by state-owned capital.

On 14 November 2013, the Special Report of the Third Plenary Session of the 18th CPC Central Committee announced that China would open up further to the world in terms of improving access for foreign investment. The report stated that China would relax investment access and accelerate free-trade area development.

On 15 January 2014, the 2014 Chinese and Foreign Investment Promotion Agencies Conference was held in Beijing. The focus of the 2014 conference was on "new thoughts, mechanism and approaches of investment promotion." Assistant Minister Wang Shouwen said: "The Chinese government will continue to attach great importance to the promotion of international investment cooperation, further

⁵⁷ Canada-China treaty in full effect. 29 September 2014. Access date: 1 October 2014.

<http://www.mondaq.com/canada/x/343020/international+trade+investment/CanadaChina+Investment+Treaty+Enters+In+to+Force+After+30+Month+Wait>.

⁵⁸ Harper Government Supports Small Businesses in Canada, Department of Finance Canada (Ottawa) 17 September 2014. Access date: 5 October 2014. <http://www.fin.gc.ca/n14/14-121-eng.asp>

⁵⁹ China-India deal announce future plans. 18 September 2014. Access date: 1 October 2014.

<http://www.ndtv.com/article/cheat-sheet/china-promises-20-billion-investment-in-india-a-new-road-to-kailash-mansarovar-594230>

optimize the investment environment and enhance the level of bringing in and going out.” Similarly, Secretary Liu Dianxun stated that the Ministry of Commerce Investment Promotion Bureau will improve the professional level of investment promotion work, promoting the domestic environment, develop international cooperation, and raise public services capabilities.

On 21-23 January 2014, China and the European Union held a first round of negotiations for a bilateral investment agreement. The negotiations are a result of China’s recent decision to open up its economy to foreign investors.

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including China — in the period between November 2013 and February 2014. No measures were reported for China.

On 26 June 2014, China’s State Council published the document “Notice on further improving business fares management and reducing enterprise burden.”⁶⁰ The document outlined major tasks which include establishing, implementing and opening to the public a business charge directory, establishing new legislation and rules regarding business charges, cancelling service charges that do not have legal basis, investigating the violations of enterprise laws and rights and fully deepen the business fares reform.

On 28 July 2014, the Shanghai People’s Congress unanimously passed the law that covers regulations on supervision, investment, trade, financial services and taxation in the China (Shanghai) Pilot Free Trade Zone.⁶¹ Dai Haibo, executive vice director of the zone’s management committee said that the law “ensures that reforms and innovation in the zone can be carried out under a legal framework. Reforms include the registration system for setting up a business in the zone, measures to facilitate custom clearance procedures and rules to boost financial liberalization.

On 5 August 2014, China’s State Council released a statement regarding the alleviation of the high financing cost of enterprises.⁶² The state council published its recommendations which include maintaining the moderate increase of loans, control the unreasonable increase of financing costs, shorten the enterprise financing chain, clear up the unreasonable financial service charges, increase the efficiency of loan examination and provision, etc.

On 28 September 2014, the Chinese government announced to life restrictions on foreign investment for 27 businesses in the Shanghai Free Trade Zone.⁶³ Foreign investors are allowed to setup solely-owned firms and foreign investors’ stakes are allowed to exceed 51 per cent.

⁶⁰ State Council Distributes “Notice on further improving business fares management and reducing enterprise burdens”, Government of China (Beijing) 26 June 2014. Date accessed: 4 October 2014. http://www.gov.cn/xinwen/2014-06/26/content_2708405.htm

⁶¹ Shanghai FTZ law passed, China (Shanghai) Pilot Free Trade Zone (Shanghai) 28 July 2014 Date accessed: 4 october 2014. <http://en.china-shftz.gov.cn/News-Information/News-update/234.shtml>

⁶² State Council Office on recommendations on multiple measures on alleviating high enterprise financing cost, Government of China (Beijing) 5 August 2014. Date accessed: 4 October 2014. http://www.gov.cn/zhengce/content/2014-08/14/content_8983.htm

⁶³ China opens businesses to foreign firms in Shanghai FTZ, China Daily (Beijing) 28 September 2014. Date accessed: 4 October 2014. http://europe.chinadaily.com.cn/business/2014-09/28/content_18677546.htm

On 28 September 2014, China's State Council announced measures to further liberalize business for foreign companies in the Shanghai Free Trade Zone.⁶⁴ 27 items in six regulations were adjusted and foreign firms are now allowed to hold bigger stakes in joint ventures and given lower thresholds.

On 30 September 2014, the China Council for the Promotion of International Trade announced the establishment of two arbitration agencies to assist with the global expansion of Chinese companies.⁶⁵ The main task aims to provide legal assistance to businesses, and offering dispute resolution services, especially for SMEs.

China has identified and began to implement measures that address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for full compliance.

Analyst: Alissa Xinbe Wang and Affan Bajwa

France: +1

France has fully complied with its macroeconomic commitment on improving investment conditions.

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to France, the report noted that one investment measure relating to national was taken during the reporting period. The measure, however, came in effect prior to the St. Petersburg Summit and, therefore, does not count towards compliance in the present report.⁶⁶

On 19 December 2013, the French Parliament adopted the Finance Act 2014.⁶⁷ The act imposes a corporate tax increase from 5 per cent to 10.7 per cent upon companies with an annual turnover above EUR250 million. Also, the Act toughens transfer pricing documentary requirements for companies with annual turnovers exceeding EUR400 million. This measure improves the general business climate.

On 21 January 2014, President Francois Hollande publicized his intention to ease the tax burden on French companies, encouraging them to invest in France and hire young and old workers, who were hardest hit by high unemployment. This was also in response to a 77 per cent decrease in foreign investment in France over the previous year.⁶⁸

On 17 February 2014, President Hollande reiterated his pledge to reduce by EUR30 billion the social charges that companies pay on their employees. He further announced plans to stabilize corporate tax

⁶⁴ Foreign firms given more autonomy in Shanghai FTZ, China Daily (Beijing) 28 September 2014. Date accessed: 4 October 2014. http://europe.chinadaily.com.cn/business/2014-09/28/content_18677549.htm

⁶⁵ Legal agencies to help enterprises expand overseas, China Daily 30 September 2014. Date accessed: 4 October 2014. http://europe.chinadaily.com.cn/business/2014-09/30/content_18684575.htm

⁶⁶ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

⁶⁷ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf.

⁶⁸ Hollande ties business tax relief to investment in France, Reuters (Paris) 21 January 2014. Access Date: 26 February 2014. <http://uk.reuters.com/article/2014/01/21/uk-france-reforms-idUKBREA0K0QA20140121>.

rules simplify customs procedures for imports and exports and introduce a tax break for foreign startups.⁶⁹

On 27 February 2014, Minister of Economy and Finance Pierre Moscovici and Minister of Budget Bernard Cazeneuve announced two new measures under the mandate of “Simplification for Businesses,” (1) creating a single-entry point for taxation on foreign companies, and (2) clarifying the instructions for Research Tax Credits (CIR).⁷⁰

On 17 April 2014, The National Assembly has adopted measures relating to law of “Artisan, Trade, and Very Small Businesses.” The aims of the Bill are (1) to control commercial rents and to balance the relationships between retail tenants and landlords, (2) to reinforce the right of first refusal, (3) to encourage business diversity in France, (4) to develop artisanship, and (5) to facilitate processes for individual enterprises.⁷¹

On 8 September 2014 France, along with Germany, proposed increased investment in Europe using private capital to improve economic activity and job creation. The proposal is aimed at building infrastructure in the public and private sector.⁷²

On 30 September 2014, Secretary of State for Trade, Crafts, Consumer Affairs and the Social and Solidarity Economy Carole Delga, Minister of Overseas George Pau Langevin, Minister of Economy, Industrial Renewal of Information Technology Emmanuel Macron, and Minister of Labour, Employment and Social Dialogue François Rebsamen have jointly signed the Convention of “Action for Employment and Business Creation.”⁷³ The convention aims (1) to improve financial devices for enterprises, (2) to support micro-enterprises and very small businesses (TPEs), (3) to prepare for the demographic challenges in France, and (4) to develop social and solidarity economy.

During the compliance period, France has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analysts: Freda Zhang, Affan Bajwa and Vera V. Gavrilova

Germany: +1

Germany has fully complied with its macroeconomic commitment on improving investment conditions.

On 1 September 2013, the Foreign Trade and Payments Acts and Foreign Trade and Payments Act Regulation were amended. The amendments brought changes to the German review mechanism for

⁶⁹ France Tries to Tempt In More Foreign Investment, New York Times (Paris) 17 February 2014. Access Date: 26 February 2014. <http://www.nytimes.com/2014/02/18/business/international/hollande-throws-open-frances-doors-to-business.html?r=0>.

⁷⁰ Communiqué de presse, Pierre MOSCOVICI et Bernard CAZENEUVE announced two new measures to simplify business taxation, Ministry of Economy and Finance (France) 27 February 2014. Access Date: 8 October 2014. <http://proxy-pubminefi.diffusion.finances.gouv.fr/pub/document/18/17074.pdf>

⁷¹ Law of “Craft, Trade, and TPE”: Measures adopted by the Assembly, Ministry of Economy and Finance (France) 18 April 2014. Access Date: 9 October 2014. [http://www.economie.gouv.fr/loi-artisanat-commerce-tpe-mesures-adoptee#Simplifier les régimes de l'entreprise individuelle](http://www.economie.gouv.fr/loi-artisanat-commerce-tpe-mesures-adoptee#Simplifier%20les%20r%C3%A9gimes%20de%20l'entreprise%20individuelle)

⁷² France & Germany aim to boost investment in EU. 8 September 2014. Access date: 2 October 2014. <http://www.reuters.com/article/2014/09/08/europe-investment-germany-france-idUSL5N0R91YU20140908>

⁷³ Joint Communiqué de presse, Signature of the Convention on “Action for Employment and Business Creation”, Ministry of Labor, Employment and Social Dialogue (France) 30 September 2014. Access Date: 9 October 2014. http://travail-emploi.gouv.fr/IMG/pdf/CP_commun_-_signature_Convention_Agir_pour_l_emploi_-_30_septembre_2014.pdf

foreign investment. The changes aim to reduce the information that needs to be submitted to the Ministry in the sector-specific review as well as allow the Ministry to give clearance before the end of the one-month review period set for the sector-specific review.⁷⁴

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including Germany — in the period between November 2013 and February 2014.⁷⁵ No measures were reported for Germany.

On 14 March 2014, on the wake of the negotiations between United States and the European Union, Germany insisted that any pact must exclude a dispute settlement provision. The “investor-state dispute settlement” mechanism, or ISDS, would allow private investors to sue governments if they felt local laws threatened their investments. Public opposition to its inclusion has grown in both Europe and the US since the launch last year of negotiations over a transatlantic trade area.⁷⁶

On 29 April 2014 the ERP-Wirtschaftsplangestz (KfW) 2014 (plan to support SME and start-up financing) was passed. With this regulation the German government continues its support to facilitate access to finance for SMEs and start-ups using loans services by KfW. The Ministry of Economic Affairs and Energy sponsors the loans using EPR funds and ensures favourable credit conditions for the recipients.⁷⁷

On 2 July 2014, the German cabinet adopted the government draft for the 2015 federal budget and the financial plan for 2014 to 2018. The government pledges an additional EUR5 billion for investment in roads, railways and waterways, EUR1 billion of which will be released in 2015. Investments in transport will continue to increase, from EUR10.8 billion in 2015 to EUR11.9 billion by the end of the parliamentary term. By improving its infrastructure, the German government has contributed to improving long-term investment climate in the country.⁷⁸

On 27 September 2014, Germany’s Chancellor Angela Merkel announced that Germany has rejected the protectionist investment measures put forth by the European Union (EU)-Canada trade accord. The Economy Ministry stated that Germany rejects clauses allowing for investors to arbitrate a tribunal case against a country with a disputed investment. The deal is slated to end 98 per cent of the tariffs on EU and Canadian goods, moving up to 99 per cent after seven years.⁷⁹

⁷⁴ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

⁷⁵ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁷⁶ Transatlantic trade talks hit German snag, The Financial Times (Berlin) 14 March 2014. Access Date: 16 March 2014. <http://www.ft.com/intl/cms/s/0/cc5c4860-ab9d-11e3-90af-00144feab7de.html#axzz2wMbTdlUk>.

⁷⁷ ERP-Wirtschaftsplangestz 2014, Bundesanzeiger Verlag (Berlin) 23 April 2014. Access Date: 5 October 2014. http://www.bgbl.de/banzxaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl114s0413.pdf#__bgbl_%2F%2F*%5B%40attr_id%3D'bgbl114s0413.pdf'%5D__1407426978271

⁷⁸ German cabinet adopts 2015 draft budget, Federal Ministry of Finance (Berlin) 2 July 2014. Access Date: 5 October 2014. <http://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2014/2014-07-02-cabinet-adopts-2015-draft-budget.html>

⁷⁹ Germany rejects investment clause in EU-Canada deal. 25 September 2014. Access Date: 1 October 2014. <http://www.theglobeandmail.com/report-on-business/international-business/european-business/germany-wants-investment-clause-scrapped-in-eu-canada-trade-deal/article20783471/>

During the compliance period Germany has taken actions to address the impediments to improving underlying investment conditions from regulatory and macroeconomic approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Maria Monica Layarda and Affan Bajwa

India: +1

India has fully complied with its macroeconomic commitment on improving investment conditions.

On 4 September 2013, the Reserve Bank of India relaxed “use limitations” for funds in foreign currency borrowed under ECB rules.⁸⁰

On 18 September 2013, the Reserve Bank of India expanded the definition of “infrastructure sector” so as to facilitate public investment.⁸¹

On 26 September 2013, Prime Minister of India Manmohan Singh announced his plan to offer 51 per cent foreign direct investment in e-commerce firms, to attract US tech companies like Amazon and eBay.⁸²

On 30 September 2013, the Reserve Bank of India announced that the ECB facility was available for acquisition of shares in the disinvestment process, under the government’s disinvestment programme of the public sector undertakings.⁸³

On 8 November 2013, the Reserve Bank of India announced that unlisted companies incorporated in India were allowed to raise capital abroad without requiring prior or subsequent listing in India. This permission is initially for a period of two years and is subject to certain conditions.⁸⁴

On 9 January 2014, India’s central bank relaxed foreign direct investment regulations to allow investors to exit their investments subject to the conditions of a minimum lock-in period and without any assured returns. The Reserve Bank of India expected this relaxation to facilitate great foreign direct investment (FDI) inflows into the country.⁸⁵

⁸⁰ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

⁸¹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

⁸² Indian PM May Allow 51% Foreign Investment in E-Commerce to Woo US, Global Talks Business (New Delhi) 6 September 2013. Access Date: 26 February 2014. <http://global.com/globaltalksbusiness/indian-pm-may-allow-51-foreign-investment-e-commerce-woo-us/>.

⁸³ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

⁸⁴ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 26 February 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

⁸⁵ India's cbank eases foreign direct investment rules, Reuters 9 January 2014. Access Date: 26 February 2014. <http://www.reuters.com/article/2014/01/09/india-cbank-fdi-idUSI8NOCZ02N2014010>.

On 4 December 2013, the Indian government had agreed to withdraw a notification that suspended tax benefits on investments from Cyprus.⁸⁶

On 12 December 2013, India signed a bilateral investment treaty with the United Arab Emirates.⁸⁷

On 17 January 2014, the Reserve Bank of India officially allowed foreign investors to acquire shares in the South Indian Bank.⁸⁸

On 22 January 2014, Indian Microfinance institutions (MFIs) have extended loans to INR30 thousand crore so far in the current fiscal cycle. Microfinance Institutions Network (MFIN) CEO Alok Prasad said: “The portfolio of lending has gone up by 55 per cent this year. The good news is that payback tendency of over 99 per cent of the borrowers is strong.”⁸⁹

On 17 February 2014, India’s Finance Minister P. Chidambaram proposed setting up a non-statutory public debt management office that could start from fiscal 2014/15⁹⁰

On 22 February 2014, the government of India began to review all its bilateral investment promotion and protection pacts, given global firms raising concerns about India’s investment policy. So far India has implemented 83 bilateral investment promotion and protection agreements (BIPPAs) with various countries.⁹¹

On 17 April 2014, the Indian government pronounced a Consolidated FDI policy, aimed to attract and promote foreign direct investment “in order to supplement domestic capital, technology and skills, for accelerated economic growth.”⁹²

On 7 April 2014, the Reserve Bank of India announced that foreign institutional investors can only invest in Government dated securities having residual maturity of one year and above.⁹³

On 9 June 2014, president Pranab Mukherjee told parliament that India would use public and private investment to create jobs for the millions who enter the workforce every year and will make containing inflation its top priority.⁹⁴

⁸⁶ Centre to withdraw order denying tax benefits on investments from Cyprus, The Hindu (New Delhi) 4 December 2013. Access Date: 26 February 2014. <http://www.thehindu.com/business/Economy/centre-to-withdraw-order-denying-tax-benefits-on-investments-from-cyprus/article5422249.ece>.

⁸⁷ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁸⁸ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

⁸⁹ Microfinance institutions lending close to Rs.30,000 cr in current fiscal, The Hindu (New Delhi) 22 January 2014. Access Date: 26 February 2014. <http://www.thehindu.com/business/Industry/microfinance-institutions-lending-close-to-rs30000-cr-in-current-fiscal/article5606494.ece>.

⁹⁰ I-India to set up debt management office, Reuters (New Delhi) 17 February 2014. Access Date: 26 February 2014. <http://uk.reuters.com/article/2014/02/17/uk-india-budget-debtooffice-idUKBREA1G08720140217>.

⁹¹ India reviewing its 83 bilateral investment pacts: Anand Sharma, The Economic Times (New Delhi) 22 February 2014. Access Date: 26 February 2014. http://articles.economictimes.indiatimes.com/2014-02-22/news/47581787_1_investment-protection-bilateral-treaties-investment-promotion.

⁹² Consolidated FDI Policy, Department of Industrial Policy and Promotion (New Delhi) 17 April 2014. Access Date: 4 October 2014. http://dipp.nic.in/English/Policies/FDI_Circular_2014.pdf

⁹³ UNCTAD-OECD Eleventh Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 October 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2014d11_en.pdf

On 11 June 2014, incoming Prime Minister Narendra Modi suggested that he wanted to promote a supply-side revolution. He promised “rationalization and simplification of the tax regime to make it non-adversarial and conducive to investment, enterprise and growth.” Narendra Modi’s electoral platform emphasized liberal economic growth and anti-corruption in the investment sphere.⁹⁵

On 10 July 2014, to energize capital markets, the government proposed measures, including tax benefits and easier regulations for foreign investors and corporate bonds besides creating a new instrument Bharat Depository Receipts, helping BSE benchmark Sensex to jump 434 points. Finance Minister Arun Jaitley also announced incentives for real estate and investment trust (REIT). The government has proposed introducing uniform KYC (Know Your Customer) norms with inter-usability of the KYC records across the entire financial sector. As well, in his budget presentation for 2014-15, Arun Jaitley announced introducing a much more liberal and ambitious Bharat Depository Receipt (BhDR).⁹⁶

On 10 July 2014, India will ease rules for foreign investment in the nation’s defense sector and boost spending by 12 per cent, as part of India’s plan to modernize the armed forces. Overseas investors can buy as much as 49 per cent of Indian defense companies without government approval, up from 26 per cent currently⁹⁷

On 5 August 2014, India’s central bank left interest rates unchanged for a third straight meeting as retail inflation slowed. The government of India released food stocks to offset the risk of higher prices from a weak monsoon, to allow stability and predictability in the agri-sector.⁹⁸

On 21 August 2014, the Reserve Bank of India (RBI) reiterated its commitment to lower the consumer price index to 6 per cent by January 2016, saying it was ready to use monetary policy to address high inflationary expectations and sticky core inflation. Such a policy will promote investment in the Food sector, which is facing sustained high levels of inflation.⁹⁹

On 29 September 2014, Indian Prime Minister Narendra Modi told several U.S. chief executive officers that he is “committed to liberalizing his country’s economy, which has underperformed other emerging markets recently after years of breakneck growth.” Modi spoke with 11 chief executive officers during his first official visit to the U.S. His visit was designed to encourage investment by large American firms in India, as an emerging market.¹⁰⁰

⁹⁴ India's new government reveals plan for jobs, low inflation, ABC Net (New Delhi) 9 June 2014. Access Date: 4 October 2014. <http://www.abc.net.au/news/2014-06-10/indian-government-jobs-plan/5511180>

⁹⁵ Modi Turns to the Supply Side, Wall Street Journal (New Delhi) 11 June 2014. Access Date: 4 October 2014. <http://online.wsj.com/articles/modi-turns-to-the-supply-side-1402419886>

⁹⁶ Govt proposes measures to energise capital markets, Zee News India (New Delhi), 10 July 2014. http://zeenews.india.com/business/indian-budget-2014/govt-proposes-measures-to-energise-capital-markets_103646.html

⁹⁷ Modi Eases Defense Investment Rules as India to Rebuild Forces, Bloomberg (New Delhi) 10 July 2014. Access Date: 4 October 2014. <http://www.bloomberg.com/news/2014-07-10/modi-eases-defense-investment-rules-as-india-to-rebuild-forces.html>

⁹⁸ Rajan Holds Rates for Third Meeting in India Inflation Fight, Bloomberg (New Delhi) 5 August 2014. Access Date: 4 October 2014. <http://www.bloomberg.com/news/2014-08-05/rajan-holds-rates-for-third-meeting-as-india-s-inflation-eases.html>

⁹⁹ RBI signals anti-inflationary policy ahead, Business today (New Delhi) 21 August 2014. Access Date: 4 October 2014. <http://businesstoday.intoday.in/story/rbi-inflation-consumer-price-index-inflation/1/209469.html>

¹⁰⁰ India’s PM Modi is Committed to Liberalizing the Country’s Economy, Market Pulse (New Delhi) 29 September 2014. <http://www.marketpulse.com/20140929/indias-pm-modi-committed-liberalizing-countrys-economy/>

During the compliance period India has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Chris D'Souza

Indonesia: +1

Indonesia has fully complied with its macroeconomic commitment on improving investment conditions.

On 23 September 2013, Indonesia initiated talks on empowering SMEs as one priority at the APEC 2013 Eighth High-Level Summit in Bali. Special Staff of the President for Economy and Development Professor Firmanzah, said that Indonesian government continues to encourage SMEs to improve human resource capacity, market dominance and technology. He announced that the Ministry for Cooperatives and Small and Medium-Sized Businesses continues to implement its Credit for the People (KUR) program to provide finance to micro enterprises. This initiative has been widely supported by all APEC members and they agreed to have a discussion on empowering SMEs at each annual APEC meeting.¹⁰¹

On 6 October 2013, President Susilo Bambang Yudhoyono at the APEC Summit mentioned that in order to achieve APEC's goals Indonesia would focus its efforts "economic empowerment, engagement of stake-holders and enhancement of SMEs' global competitiveness" through promoting innovation and engaging women in small businesses.¹⁰²

On 12 October 2013, Indonesia establishes a three-year bilateral currency swap agreement with Korea in order to promote bilateral trade and further strengthen investment between the two countries. The size of the agreement is up to KRW 10.7 trillion/IDR 115 trillion (equivalent to USD 10 billion). The extension of the effective period of this facility will be subject to future agreement. This Bilateral Currency Swap Arrangement (BCSA) aims.¹⁰³

On 23 October 2013, I Wayan Dipta, Indonesian Minister for Cooperatives and SMEs, announced the launch of a practical business skills program, to provide training for young people in rural areas to stimulate their activity as entrepreneurs.¹⁰⁴

On 6 November 2013, the Investment Coordinating Board announces major plans to attract foreign investment in various sectors. The government is planning to amend the "negative investment list"¹⁰⁵

¹⁰¹ Indonesia Prakarsai Pembahasan Penguatan UKM di KTT APEC 2013, Portal Nasional Republik Indonesia 23 September 2013. Access Date: 25 September 2014. <http://indonesia.go.id/en/ministries/ministers/ministry-of-the-state-secretariat/2293-ekonomi/13389-indonesia-prakarsai-pembahasan-penguatan-ukm-di-ktt-apec-2013>

¹⁰² Keynote Speech at The APEC CEO 2013, President Republic of Indonesia 6 October 2013. Access Date: 25 September 2014. <http://www.presidentri.go.id/index.php/eng/pidato/2013/10/06/2190.html>

¹⁰³ Indonesia dan Korea Tanda Tangan Kerja Sama Bilateral Currency Swap, Kementerian Keuangan Republik Indonesia 6 March 2014. Date of access: 25 September 2014. <http://www.kemenkeu.go.id/Berita/indonesia-dan-korea-tanda-tangani-kerja-sama-bilateral-currency-swap>

Bilateral Currency Swap Arrangements, Indonesia-Investments (Jakarta) 13 October 2013. Date of access: 21 February 2014. <http://www.indonesia-investments.com/finance/financial-columns/bilateral-currency-swap-arrangement-bcsa-indonesia-and-korea/item1209>

¹⁰⁴ Pendirian Tempat Praktek Keterampilan Usaha Di Pedesaan Digenjot, Jejaring Lapangan Kerja Bagi Kaum Muda Indonesia, Bappenas 24 October 2013. Access Date: 25 September 2014. <http://jejakmu.bappenas.go.id/berita/oktober-2013-pendirian-tempat-praktek-keterampilan-usaha-di-pedesaan-digenjot>

¹⁰⁵ Indonesia Ease Curbs Foreign Investment. Industry Week (Jakarta) 24 December 2013. Date of access: 25 September 2014. <http://www.industryweek.com/global-economy/indonesia-ease-curbs-foreign-investment>

which limits foreign investment in areas deemed sensitive. Under the new plan, the country's transportation sectors will be opened up to foreign market. Foreign investors will be allowed to invest up to 49 per cent in airports and 95 per cent in seaports and toll roads.¹⁰⁶ At the same time, the government also plans to ease restrictions in the telecommunication and pharmaceutical sectors. The maximum shareholding for foreign investment will be increased from 75 per cent to 85 per cent and in advertising agencies from 49 per cent to 51 per cent. In the energy sector, foreign investors will be allowed an investment up to 100 per cent in power plants built under public-private partnerships.

On 14 November 2013, Deputy Coordinating Minister for Economic Affairs in Commerce Edi Putra announced the directorate general of tax imposing 1 per cent tax on SMEs. He said that this measure would improve SME access to the financial market, as entrepreneurs would have an opportunity to get a tax identification number necessary for getting a loan.¹⁰⁷

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Indonesia, the report noted no investment policy measure or investment measure relating to national was taken during the reporting period.¹⁰⁸

On 10 January 2014, Daniah, the Director of the Cooperative Revolving Fund Management Agency under the Ministry of Cooperatives and SMEs, announced the budget increase for business loans for the country's small and medium enterprises to IDR2.63 trillion in a move to boost the growth of the small and medium business in the country.¹⁰⁹

On 18 February 2014, Indonesia and Taiwan agreed to establish a special economic zone agreement at Indonesia's island, Morotai, as part of the joint bilateral development project. The agreement is set to promote Taiwanese investment in Morotai's fisheries and tourism industries.¹¹⁰

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including Indonesia — in the period between November 2013 and February 2014. No measures were reported for Indonesia.¹¹¹

On 8 April 2014, the Bank of Indonesia issued regulation No. 16/8/PBI/2014 in order to align its provisions with the provisions of electronic money transfer funds to harmonize provisions on electronic

¹⁰⁶ Indonesia Pushes Pro-Investment Reform, Oxford Business Group (Oxford) 19 December 2013. Date of access: 25 September 2014. http://www.oxfordbusinessgroup.com/economic_updates/indonesia-pushes-pro-investment-reform

¹⁰⁷ Tax Imposition on SMEs for Easy Financial Access, Ministry of Republic of Finance Republic of Indonesia 14 November 2014. Access Date: 25 September 2014. <http://www.kemenkeu.go.id/en/Berita/smes-tax-easy-financial-access>

¹⁰⁸ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 25 September 2014. <http://unctad.org/en/Pages/DIAE/G-20/UNCTAD-OECD-reports.aspx>

¹⁰⁹ LPDB-KUMKM Anggarkan Rp2,63 Triliun Tahun Ini, Kementerian Kooperasi dan Usaha Kecil dan Menengah Republik Indonesia 10 January 2014. Access Date: 25 September 2014. http://www.depkop.go.id/index.php?option=com_content&view=article&id=1377:lpdb-kumkm-anggarkan-rp263-triliun-tahun-ini&catid=50:bind-berita&Itemid=97

¹¹⁰ Indonesia to set up Morotai economic zone: envoy, China Post (Taiwan) 20 February 2014. Date of access: 25 September 2014. <http://www.chinapost.com.tw/taiwan/foreign-affairs/2014/02/20/401018/Indonesia-to.htm>

¹¹¹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 25 September 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

money with provisions on fund transfer, increase technology security and efficiency of electronic money services, and expand the coverage of electronic money services to support National Strategy for Financial Inclusion through implementation of Digital Financial Service increase the efficiency of security technology and electronic money. This initiative is a significant improvement on the existing financial infrastructure and it enables customers to easily access financial services and payment systems via technological means, such as mobile-based devices or web-based tools.¹¹²

On 8 April 2014, the Indonesian Financial Services Authority (OJK) issued Regulation No.5/POJK.05/2014 as a prudential regulation in credit risk mitigation by establishing a credit guarantee company. The company serves as a key policy tool for rapidly developing as a mechanism to expand credit markets and to improve financial inclusion, particularly in regional areas. Indonesia now has 16 regional credit guarantee companies, which have provided incentives to increase financial intermediation in regional areas.¹¹³

On 29 September 2014, the Organization for Economic Cooperation and Development (OECD) High-level Principles on Long-term Investment Financing by Institutional Investors report noted that Indonesia will implement preconditions for long-term investment, including favourable business processes by removing red tape, as well as allowing for public-private partnerships by cutting fuel subsidies. In the same report, it was also noted that Indonesia plans to increase investment in the infrastructure sector through financial markets, thereby exemplifying a high capability for large investments in infrastructure. This highlights the key role of institutionalized investments in capital markets.¹¹⁴

During the compliance period, Indonesia has taken clear macroeconomic and regulatory actions to improve investment conditions, give targeted support for SMEs, as well as take part in the collective action through its role in APEC. Thus, it has been awarded a score of +1 for full compliance.

Analyst: Maria Monica Layarda and Affan Bajwa

Italy +1

Italy has fully complied with its macroeconomic commitment on improving investment conditions.

On 19 September 2013, the federal government decided to enact the Destination Italy legislation (Destinazione Italia)¹¹⁵, to attract foreign inward property investment and aid Italy at capitalizing on globalization, by bringing the world to them. The legislation proposed a closer collaboration with the tax revenue agency, with five-year tax agreements and an application of international rulings. The Plan

¹¹² Peraturan Bank Indonesia Nomor 16/8/PBI/2014 tentang Perubahan Atas Peraturan Bank Indonesia Nomor 11/12/PBI/2009 tentang Uang Elektronik (Electronic Money), Bank Indonesia 8 April 2014. Date of Access: 25 September 2014. http://www.bi.go.id/id/peraturan/sistem-pembayaran/Pages/PBI_16814.aspx

¹¹³ Peraturan Otoritas Jasa Keuangan tentang Perizinan Usaha dan Kelembagaan Lembaga Penjaminan, Otoritas Jasa Keuangan 8 April 2014. Date of Access: 25 September 2014. http://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB8QFjAA&url=http%3A%2F%2Fwww.ojk.go.id%2FdI.php%3Fi%3D2840&ei=HIMkVlFOF420yASO7YDADA&usg=AFQjCNH6i8Wao-A3uw8gGsvPc0-27O9Dog&sig2=v25iWeDQ9q_ObMB9Do8c6w&bvm=bv.76247554,d.aWw

¹¹⁴ Report on The High-level Principles on Long-term Investment Financing by Institutional Investors. September 2014. Access Date: 29 September 2014. <http://www.oecd.org/daf/fin/private-pensions/G20-OECD-Report-Effective-Approaches-LTI-Financing-Sept-2014.pdf>

¹¹⁵ A Plan to Attract Foreign Direct Investment in Italy, Destinazioneitalia (Rome) 19 September 2014. Access Date: 15 March 2014. <http://destinazioneitalia.gov.it/wp-content/uploads/2013/10/destinazioneitaliaEnglishVersion.pdf>

establishes a set of measures to foster inbound investments in a cohesive and structural manner and increase Italian companies' competitiveness on the world market.

On 21 November 2013, the government of Italy approved plans to sell some EUR12 billion in assets.¹¹⁶

On 4 February 2014, it was declared that Kuwait's sovereign fund would invest EUR500 million in Italian companies.¹¹⁷ The investment will be done in coordination with Italy's own strategic investment fund, as Prime Minister Enrico Letta explained. This agreement illustrates confidence in Italian economy.

On 14 February 2014, it was announced that Italy would not be allowed to make use of a so-called "investment clause"¹¹⁸ because it failed to present a document requested by the European Commission. This clause would allow flexibility on public spending, but considering Rome's deadline had already been extended, there is skepticism as to whether Italy will be able to present this document required. The Italian Ministry Economy refused to comment on the situation.

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Italy, the report noted no investment policy measure or investment measure relating to national was taken during the reporting period.¹¹⁹

On 2 February 2014, it was declared that Italy would impose an obligation, requiring banks to withhold a 20 per cent tax on all inbound wire transfers, to be effective starting 1 February. This tax has the potential to seriously hinder capital flow in Italy since the more Italians will open bank accounts in other Eurozone nations, or in new tax haven areas such as Switzerland or Singapore.¹²⁰

In May 2014, The OECD's online report published explains that Italy's slow recovery from recession will continue throughout the year and growth will start to be apparent in 2015. This growth will help increase both consumption and investment, all the while keeping price inflation relatively low. The OECD encourages Italy to continue fiscal restraint, with the main goal of reducing expenditure as a share of GDP.¹²¹

¹¹⁶ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

¹¹⁷ Italian PM says Kuwait to invest \$676m in Italy, Al Arabiya (Kuwait) 4 February 2014. Access Date: 28 February 2014. <http://english.alarabiya.net/en/business/economy/2014/02/04/Italian-PM-says-Kuwait-to-invest-767m-in-Italy.html>.

¹¹⁸ Italy won't have leeway on investment spending in 2014-EU source, Reuters (London) 14 February 2014. Access Date: 28 February 2014. <http://in.reuters.com/article/2014/02/14/italy-spending-investment-idIN16N0LB01420140214>.

¹¹⁹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹²⁰ Money Launderer Until Proven Innocent - Italy Imposes 20% Tax Withholding On All Inbound Money Transfers, ZeroHedge 16 February 2014. Access Date: 29 September 2014. <http://www.zerohedge.com/news/2014-02-16/money-launderer-until-proven-innocent-italy-imposes-20-tax-withholding-all-inbound-m>

¹²¹ Italy - Economic forecast summary (May 2014), OECD (Geneva) May 2014. 29 September 2014. <http://www.oecd.org/eco/outlook/italy-economic-forecast-summary.htm>

Italy has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Cas Legrand

Japan: +1

Japan has fully complied with its macroeconomic commitment on improving investment conditions.

On 15 October 2013, Fiscal Investment and Loan Program Committee submitted the FY2014 overview to the Cabinet.¹²² The goals of the program include: (1) revitalization of private investment; (2) support for small and medium-sized businesses; (3) assisting appropriate oversea investments made by Japanese corporations; (4) facilitating exports. The program's budget is JPY16.2 trillion.

On 15 December 2013, the Japanese government and the Republic of the Union of Myanmar signed an Investment Agreement in Tokyo.¹²³ The agreement hopes to strengthen the Japan-Myanmar relationship and facilitate Japanese business efforts in Myanmar. The agreement includes investment liberalization and protection standards.

On 17 December 2013, Government of Japan and Government of United Kingdom of Great Britain and Northern Ireland signed the Protocol Amending Tax Convention to avoid double taxation and to prevent fiscal evasion.¹²⁴

On 7 February 2014, the Cabinet approved the Bill for the Act for Partial Revision of the Trade and Investment Insurance Act, which enhances the effectiveness of trade insurance.¹²⁵ In response to threats of war and terrorist attacks, the purpose of the Bill was to protect and support Japanese enterprises' development abroad.

On 18 February 2014, Government of Japan attended the Intersessional Meeting of the Negotiations on Free Trade Agreement along with China and Republic of Korea in Beijing, China.¹²⁶

On 22-23 February 2014, Government of Japan attended Meeting of Ministers and Central Governors in Sydney, Australia.¹²⁷ The meeting reinforced its commitments to continue implementing sustainable measures to attract long-term investments in response to global economic crisis in 2014.

¹²² Press Release, FY2014 Fiscal Investment and Loan Program Proposal, Ministry of Finance (Tokyo) 24 December 2013. Access Date: 20 February 2014. <http://www.mof.go.jp/filp/plan/fy2014/h26youkyugaiyou.htm>

¹²³ Joint Press Release with the Ministry of Foreign Affairs, Signing of the Japan-Myanmar Investment Agreement, Ministry of Economy, Trade and Industry (Tokyo) 15 December 2013. Access Date: 20 February 2014. http://www.meti.go.jp/english/press/2014/0207_02.html

¹²⁴ Press Release, Protocol Amending Tax Convention with the United Kingdom was Signed [Provisional Translation], Ministry of Finance (Tokyo) 18 December 2013. Access Date: 20 February 2014. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20131218uk.htm

¹²⁵ Cabinet Decision on the Bill for the Act for Partial Revision of the Trade and Investment Insurance Act, Ministry of Economy, Trade and Industry (Tokyo) 7 February 2014. Access Date: 20 February 2014. http://www.meti.go.jp/english/press/2014/0207_02.html

¹²⁶ Joint Press Release with Ministry of Finance, Intersessional Meeting on the Negotiations of Free Trade Agreement (FTA) among Japan, China and ROK, Ministry of Economy, Trade and Industry (Japan) 17 February 2014. Access Date: 20 February 2014. http://www.meti.go.jp/english/press/2014/0217_01.html

¹²⁷ Communiqué, Meeting of Ministers and Central Bank Governors (Sydney, 22-23 February 2014), Ministry of Finance (Tokyo) 23 February 2014. Access Date: 23 February 2014. http://www.mof.go.jp/english/international_policy/convention/g20/20140223.htm

On 7 March 2014, the Cabinet of Japan approved the Bill for the Small Enterprises Promotion Act and the Bill for Small Business Support Act simultaneously.¹²⁸ The aim of the bills is to develop strategic policy measures that can create a more favorable environment for small enterprises in Japan. The support acts outline three pillars to promote small business: (1) to establish a cooperative support system among other relevant entities, (2) to encourage collaborative efforts among regional institutions in Japan, and (3) to provide small enterprises with management support and business information via new service options a the Organization of Small & Medium Enterprises and Regional Innovation.

On 8 July 2014, Japanese Prime Minister Toshimitsu Montegi announced the conclusion of Japan-Australia Economic Partnership Agreement.¹²⁹ The agreement focuses on four major objectives: (1) to progressively eliminate tariffs on goods, (2) to increase investments and trade in service sector, (3) to strengthen government procurement and rules on electronic businesses, and (4) to emphasize the protection of Intellectual Property Rights.

On 10 October 2014, the ties between India and Japan strengthened with respect to investment. During the next five years, Japan is expected to invest USD35 billion in India through overseas development help and public-private partnerships. Japan also proposed that through the bullet train, operational, technical and financial support to India would be achieved. Japan is the fourth largest investor in India and accounts for 8 per cent of India's Foreign Direct Investment (FDI) inflows around USD1.7 billion for Fiscal Year 2013-14. Japan also invested USD4.5 billion in Delhi-Mumbai industries by holding 26 per cent of its equity.¹³⁰

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment related measures taken between 16 May 2013 and 15 November 2013 by the G20 members.

In relation to Japan, the report noted no investment policy measure or investment measure relating to national was taken during the reporting period.¹³¹

Japan has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach.

Thus, it has been awarded a score of +1 for this commitment.

Analyst: Freda Zhang and Affan Bajwa

Korea: +1

Korea has fully complied with its macroeconomic commitment on improving investment conditions.

¹²⁸ The Cabinet Approved the Bill for the Small Enterprises Promotion Act and the Bill for the Small Business Support Act, Ministry of Economy, Trade and Industry (Japan) 7 March 2014. Access Date: 2 October 2014. http://www.meti.go.jp/english/press/2014/0307_02.html

¹²⁹ Minister's Statement, The Signing of the Japan-Australia Economic Partnership Agreement, Ministry of Economy, Trade and Industry (Japan) 8 July 2014. Access Date: 2 October 2014. http://www.meti.go.jp/english/speeches/20140708_01.html

¹³⁰ India & Japan boost relations. 1 September 2014. Access Date: 4 2014. <http://timesofindia.indiatimes.com/India/Modi-in-Tokyo-Japan-to-invest-34-billion-in-India-no-nuke-deal/articleshow/41443426.cms>

¹³¹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

Korean President Park Geun-Hye delivered a 20-minute keynote during her state visit to France, in which she underscored the importance of establishing cultural and economic ties with France.¹³²

On 17 December 2013, Egypt and Korea signed a contract on Tuesday morning to construct a petrochemical plant in Egypt, which the Ministry of Foreign Affairs says will include USD4.8 billion of investment and create tens of thousands of jobs during construction and operation.¹³³

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Korea, the report noted one major investment policy measure — an amendment to the Telecommunications Business Act. However, the Act came into effect on 13 August 2013, prior to the G20 St. Petersburg Summit, and, therefore, does not count towards compliance in this report.¹³⁴

On 10 January 2014, Government of Korea amended the Foreign Investment Promotion Act. The act came into effect on 11 March 2014.¹³⁵

On 7 March 2014, Korea announced plans to ease rules to make mergers and acquisitions easier for private equity firms and local companies in order to provide liquidity to the extent of an estimated 10 trillion won (HKD72.4 billion) in assets of cash-strapped local companies. Such a policy will undoubtedly promote investment in sectors such as shipping and finance.¹³⁶

On 17 August 2014, Korean Minister of Finance Choi Kyung-hwan proposed a HKD40 billion stimulus package last month. The Bank of Korea announced last week that it will lower interest rates for the first time in 15 months to further encourage investments and induce a depreciation of the won.¹³⁷

On 24 September 2014, the financial regulator of South Korea appealed foreign private investors for equity funds. There is also a chance that the policies by the Korean regulations would be eased out by the parliament. Moreover, the regulations will soon remove the hindrances on the financial sectors that set up private equity funds. These private sectors will be allowed to promote themselves through advertisements for the first time. Also, the registration of the funds would not be mandatory anymore. These new measures and incentives would boost investment and economic growth. Choi Kyung-hwan disclosed a stimulus package worth USD40 billion.¹³⁸

¹³² President proposes future direction for Korea-France cooperation, Gateway to Korea (Seoul) 5 November 2013. Access Date: 27 February 2014. <http://www.korea.net/NewsFocus/Business/view?articleId=114614>.

¹³³ \$4.8bn investment deal signed in South Korea, Daily News Egypt (Cairo) 17 December 2014. Access Date: 27 February 2014. <http://www.dailynewsegypt.com/2013/12/17/4-8m-investment-deal-signed-in-south-korea/>

¹³⁴ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹³⁵ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

¹³⁶ South Korea to ease rules over mergers and acquisitions, Reuters (Seoul) 7 March 2014. Access Date: 15 October 2014. <http://www.scmp.com/business/money/markets-investing/article/1442221/south-korea-ease-rules-over-mergers-and>

¹³⁷ South Korea Lowers Interest Rates, Increases Uncertainty, The Diplomat (Seoul) 17 August 2014. Access Date: 20 October 2014. <http://thediplomat.com/2014/08/south-korea-lowers-interest-rates-increases-uncertainty/>

¹³⁸ South Korea appeals for private equity investment. 24 September 2014. Access date: 2 October 2014. http://www.ft.com/intl/cms/s/ebf5ccac-3e3a-11e4-b7fc-00144feabd0,Authorised=false.html?_i_location=http%3A%2Fwww.ft.com%2Fcms%2Fs%2F0%2Febf5ccac-3e3a-11e4-b7fc-00144feabd0.html%3Fsiteedition%3Dintl&siteedition=intl&_i_referer=#axzz3F3dCK4Jl

Korea has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Eden Cai and Affan Bajwa

Mexico: 0

Mexico has partially complied with its macroeconomic commitment on improving investment conditions.

On 20 December 2013, the Congress of Mexico passed amendments to the Constitution. The amendments lift the perilously existing restrictions on private capital in the oil industry.¹³⁹

On 11 January 2014, the Senate agreed to a comprehensive set of reforms of the banking sector.¹⁴⁰ The reforms touch upon the court system, small banks and the creation of universal credit body.

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Mexico, the report noted one major investment policy measure — a decree relating to ownership of telecommunication services. However, the decree came into effect on 12 June 2013, prior to the G20 St. Petersburg Summit and, therefore, does not count towards compliance in this report.¹⁴¹

On 22 February 2014, the Canadian *Globe and Mail* called Mexico the “new frontier for Canada’s oil and gas industry” as its government opens the energy sector to foreign investment for the first time in more than 70 years.¹⁴²

On 4 May 2014, the Mexican government released its new rules on its oil sector, allowing for the energy reforms it announced last year. The rules are made with the intention of attracting quick investment from international oil companies.¹⁴³

Mexico has taken actions to address the impediments to improving underlying investment conditions from a regulatory approach. There is no evidence of any macroeconomic actions to improve the investment climate.

Thus, it has been awarded a score of 0 for this commitment.

Analyst: Chris D’Souza

¹³⁹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

¹⁴⁰ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

¹⁴¹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

¹⁴² Mexico Opens Up to Foreign Investment, The Globe and Mail (Mexico City) 22 February 2014. Access Date: 28 September 2014. <http://www.theglobeandmail.com/news/politics/mexico-opens-up-to-foreign-investment/article17052368/>

¹⁴³ Mexico Proposes Energy Rules to Attract Investment, OilPrice (New Mexico) 4 May 2014. Access Date 28 September 2014. <http://oilprice.com/Energy/Energy-General/Mexico-Proposes-Energy-Rules-To-Attract-Investment.html>

Russia: +1

Russia has fully complied with the commitment to improve investment conditions.

On 27 December 2013, Russian President Vladimir Putin signed the list of instructions on implementing his Address to Federal Assembly. In particular, he instructed the government to develop and approve a set of measures to increase the investment appeal of single-industry towns, to provide tax exemptions for investment projects implemented in some Russian regions and to develop the national rating of investment environment in Russian regions.¹⁴⁴

On 30 December 2013, Putin ratified the Agreement on the Promotion and Mutual Protection of Investment between Russia and Uzbekistan. The agreement provides long-term stability for investors and promotes more active investment, trade and economic cooperation between the two countries.¹⁴⁵

During the monitoring period the Russian Government continued to implement the National Business Initiative in order to systematically improve the investment climate. The initiative is implemented according to the roadmaps dealing with various spheres of government regulation. During the compliance period the government adopted the roadmaps on Improving Appraisal Services on 26 September 2013 and Improving Tax Administration on 10 February 2014.^{146,147} The government also amended the roadmaps Improving Customs Administration on 26 September 2013 and Improving Access to Energy Infrastructure on 9 August 2013.^{148,149} The amendments expand the coverage of the roadmaps and specify concrete measures to improve the investment climate.

Russia has implemented measures to improve investment conditions for both domestic and foreign investors unilaterally and on a bilateral basis. Thus, it received a score of +1.

Analyst: Andrey Sbelepor

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to improve its investment climate conditions. The government of Saudi Arabia has taken steps to identify and address impediments to underlying investment conditions since the G20 St. Petersburg Summit.

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation

¹⁴⁴ Instructions on implementing Address to Federal Assembly. President of Russia 27 December 2013. Access Date: 20 April 2014. <http://eng.kremlin.ru/misc/6529>.

¹⁴⁵ Law on ratification of intergovernmental agreement between Russia and Uzbekistan on promotion and mutual protection of investment, President of Russia 30 December 2013. Access Date: 20 April 2014. <http://eng.kremlin.ru/acts/6471>.

¹⁴⁶ On approving the roadmap Improving Appraisal Services, Government of Russia 2 October 2013. Government of Russia 10 February 2014. Access Date: 20 April 2014. <http://government.ru/en/docs/6569>.

¹⁴⁷ On approving the roadmap Improving Tax Administration, Government of Russia 10 February 2014. Access Date: 20 April 2014. <http://government.ru/en/docs/10362>.

¹⁴⁸ On amending the roadmap Improving Customs Administration, Government of Russia 1 October 2013. Access Date: 20 April 2014. <http://government.ru/en/docs/6382>.

¹⁴⁹ On amendments to the action plan Improving Access to Energy Infrastructure. Government of Russia 13 August 2013. Access Date: 20 April 2014. <http://government.ru/en/docs/3724>.

to Saudi Arabia, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁵⁰

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including Saudi Arabia — in the period between November 2013 and February 2014.¹⁵¹ No measures were reported for Saudi Arabia.

On 25 February 2014, the Saudi Arabia's Press Agency issued a cabinet statement announcing plans to open new training centres for judges.¹⁵² The opening of the centres will be administered by the Justice Ministry and is intended to address “one of the main issues for international investments” with judges now applying rules inconsistently and without due process. The reform creates greater transparency and predictability to help attract foreign investment.¹⁵³

On 21 August 2014, an announcement by the Saudi Arabian Capital Market Authority showed that Saudi Arabia is willing to permit non-Saudis to participate directly on the Kingdom's stock exchange (the Tadawul). The CMA published for consultation its draft rules for “Qualified Foreign Financial Institutions — Investments in Listed Shares” on 21 August 2014.¹⁵⁴

Saudi Arabia has taken actions to address the impediments to improving underlying investment conditions from a regulatory approach. Thus, it has been awarded a score of 0 for this commitment.

Analyst: Vera V. Gavrilova

South Africa: 0

South Africa has partially complied with its commitment on maintaining a supportive business environment for investors.

On 20 November 2013, the South African government published a draft Promotion and Protection of Investment Bill. The Bill has been introduced as part of an overhaul of the regulatory framework for foreign investment in South Africa, an overhaul that was initiated following a government review of the country's policy on bilateral investment treaties (BITs).¹⁵⁵

On 23 December 2013, the termination of the bilateral investment treaty between South Africa and Spain came in effect.¹⁵⁶

¹⁵⁰ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

¹⁵¹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf.

¹⁵² With eye on investors, Saudi Arabia plans training for judges, Reuters (Riyadh) 25 February 2014. Access Date: 15 March 2014. <http://www.reuters.com/article/2014/02/25/us-saudi-arabia-judges-idUSBREA1013L20140225>.

¹⁵³ Saudi Arabia to set up judge training centres, BBC News (London) 25 February 2014. Access Date: 15 March 2014. <http://www.bbc.com/news/world-middle-east-26341835>

¹⁵⁴ Saudi CMA Publishes Draft Rules to Open Tadawul to Qualified Foreign Investors, Latham and Watkins (Riyadh) 21 August 2014. Access Date: 15 October 2014. www.lw.com/thoughtLeadership/LW-Saudi-Tadawul-proposed-rules

¹⁵⁵ South Africa's Promotion and Protection of Investment Bill, Tralac (Pretoria) 20 November 2013. Access Date: 20 March 2014. <http://www.tralac.org/2013/11/20/south-africas-promotion-and-protection-of-investment-bill/>.

¹⁵⁶ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

On 21 February 2014, South Africa and the Republic of Azerbaijan signed Memorandum of Understanding (MoU) on Regular Political Consultations. MoU is not only the formal political tie between the two countries; it also provides a wide scope for future economic and investment cooperation between South Africa and the Republic of Azerbaijan.¹⁵⁷

On 28 January 2014, during an official visit to Madagascar, Deputy Minister of South Africa met with Madagascar President in a bilateral discussion and stated that South Africa recognizes the importance of expanding the existing bilateral economic and investment relations with Madagascar. It was also suggested that a South Africa-Madagascar Chamber of Commerce would soon be launched to reinforce the economic tie.¹⁵⁸

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to South Africa, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁵⁹

On 29 September 2014, South Africa will “need to invest about 3 billion rand ([USD]270 million) to help smaller enterprises so that they can add to growth,” Small Business Development Minister Lindiwe Zulu said. “We are expected to make proposals and we are looking at around 3 billion rand over the next three years,” Zulu added.¹⁶⁰

South Africa has taken actions to address the impediments to improving underlying investment conditions from a regulatory approach. Thus, it has been awarded a score of 0 for this commitment.

Analyst: Eden Cai

Turkey: +1

Turkey has fully complied with its macroeconomic commitment on improving investment conditions.

On 25 September 2013, Turkey signed a bilateral investment treaty with Djibouti.¹⁶¹

On 30 September 2013, the Ministry of Economy has approved 5,567 incentive documents.¹⁶² Within the structure of the new incentive system introduced in June 2012, the Ministry expects TRY84 billion in revenue from these new investments.

¹⁵⁷ Remarks by the Minister of International Relations and Cooperation, Ms Maite Nkoana-Mashabane, on the occasion of the joint press briefing with the Minister of Foreign Affairs of the Republic of Azerbaijan, Department of International Relations & Cooperation (Pretoria). 21 February 2014. Access Date: 27 February 2014.

<http://www.dfa.gov.za/docs/speeches/2014/mash0221.html>.

¹⁵⁸ Deputy Minister Fransman concludes visit to Madagascar, Department of International Relations & Cooperation (Pretoria) 28 January 2014. Access Date: 27 February 2014. <http://www.dfa.gov.za/docs/2014/mada0128.html/>.

¹⁵⁹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹⁶⁰ South Africa May Spend \$270 Million to Aid Small Business, Bloomberg (Pretoria) 29 September 2014. Access Date: 20 October 2014. <http://www.businessweek.com/news/2014-09-29/south-africa-may-spend-270-million-to-aid-small-business>

¹⁶¹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

On 1 November 2013, the Ministry of Economy has composed a Memorandum of Understanding (MoU) with the Ras Al Khaimah Free Trade Zone (RAK FTZ).¹⁶³ The MoU hopes to provide investment opportunities for enterprises in both countries.

On 13 February 2014, Government of Turkey and Government of Russia have enhanced their bilateral trade by increasing the number of simplified customs entry points.¹⁶⁴ Both countries hope to conduct 10 per cent of their bilateral trade through these simplified customs routes.

On 9 May 2014, Government of Turkey has decided to incorporate energy efficiency projects in its investment incentive system.¹⁶⁵ The measure hopes to decrease Turkey's import dependency on energy resources and save Turkish industries approximately TRY15 billion annually in energy cost.

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to Turkey, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁶⁶

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including Turkey — in the period between November 2013 and February 2014.¹⁶⁷ No measures were reported for Turkey.

Turkey has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach.

Thus, it has been awarded a score of +1 for this commitment.

Analyst: Freda Zhang

United Kingdom: +1

The United Kingdom has fully complied with its macroeconomic commitment on improving investment conditions.

¹⁶² New Incentive System increases investments in Turkish economy, Ministry of Economy (Ankara) 1 October 2013. Access Date: 20 February 2014. <http://www.economy.gov.tr/index.cfm?sayfa=ulusticgudem&icerik=8B40324D-0611-8A2A-FF87DCE293821F2A>.

¹⁶³ Turkey's Economy Ministry Agrees to Free Trade Zone, Ministry of Economy (Ankara) 1 November 2013. Access Date: 20 February 2014. <http://www.economy.gov.tr/index.cfm?sayfa=ulusticgudem&icerik=62EF647D-E53E-D6A5-3F2C70F376DD1FCC>.

¹⁶⁴ Turkey and Russia Enhance Simplified Customs, Ministry of Economy (Ankara) 13 February 2014. Access Date: 20 February 2014. <http://www.economy.gov.tr/index.cfm?sayfa=ulusticgudem&icerik=B50A0510-B51B-EF6E-6E2757365E2A2369>

¹⁶⁵ Investment incentives expanded to cover energy efficiency projects, Republic of Turkey Prime Ministry Investment Support and Promotion Agency (Turkey) 20 June 2014. Access Date: 2 October 2014. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/200614-turkey-energy-saving-investment-incentives.aspx>

¹⁶⁶ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf.

¹⁶⁷ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf.

On 11 October 2013, HM Treasury updated their policy to make corporate taxes more competitive.¹⁶⁸ The policy stated that the United Kingdom's tax system should be an asset for the country, and aim to improve the business environment, help attract multinational businesses and help attract investment to the UK. The main rate of corporate tax was reduced from 28 per cent in 2010 to 23 per cent in 2013, and aims to be reduced to 20 per cent by 2015.

On 5 December 2013, the government made the "Autumn Statement" as an action in its overall plan to make the United Kingdom an easier place to set up and grow a business. The statement announced that the government will cap inflationary increase in business rates at 2 per cent in 2014 and 2015.¹⁶⁹ The government will also double tax reliefs for small businesses in the years 2014 to 2015 to allow for easier growth.

On 18 December 2013, the UK announced a policy to increasing exports and attracting inward investment.¹⁷⁰ The government stated that the country wished to remain one of the top countries for ease of doing business by supporting British businesses in exports and reducing corporate taxes. The government announced the goal of doubling its exports to GBP1 trillion by 2020 and in turn attract more inward investment.

On 18 December 2013, the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to the United Kingdom, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁷¹

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including the United Kingdom — in the period between November 2013 and February 2014.¹⁷² No measures were reported for the United Kingdom.

On 28 March 2014, the UK Chancellor launched a consultation on measures to help small business lending.¹⁷³ The consultation asks the government to require lenders to release information of SMEs that they rejected for finance to allow these SMEs to be approached by other lenders.

¹⁶⁸ Making corporate taxes more competitive, HM Treasury (London) 11 October 2013. Date of Access: 28 February 2014 <https://www.gov.uk/government/policies/making-corporate-taxes-more-competitive>.

¹⁶⁹ Making it easier to set up and grow a business, Department for business, Innovation & Skills and HM Treasury (London) 3 February 2014. Date of Access: 28 February 2014.

¹⁷⁰ Increasing the UK's exports and attracting inward investment, Department for Business, Innovations & Skills, Foreign & Commonwealth Office, UK Trade & Investment and UK Export Finance (London) 18 December 2013. Date of Access: 28 February 2014.

¹⁷¹ Increasing the UK's exports and attracting inward investment, Department for Business, Innovations & Skills, Foreign & Commonwealth Office, UK Trade & Investment and UK Export Finance (London) 18 December 2013. Date of Access: 28 February 2014.

¹⁷² Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Date of Access: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf.

¹⁷³ Chancellor launches consultation on measures to help small business lending, UK Government (28 March 2014). Date accessed: 4 October 2014. <https://www.gov.uk/government/news/chancellor-launches-consultation-on-measures-to-help-small-business-lending>

On 6 April 2014, the UK government announced simplifications to employment, planning and environmental regulations.¹⁷⁴ These reforms are part of the drive to cut red tape that is saving UK firms GDP1.2 billion per year.

On 6 August 2014, the Consultation for SME finance concluded, and the government supported the proposal to improve access to finance for SMEs through a process where lenders must share details of SMEs that they rejected for finance so those business can be approached by other lenders.¹⁷⁵

The UK has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1.

Analyst: Alissa Xinbe Wang

United States: +1

The United States has fully complied with its macroeconomic commitment on improving investment conditions.

On 7 February 2014, the White House announced a new “Made in Rural America” Export and Investment initiative.¹⁷⁶ The initiative seeks to provide export counseling for rural businesses to connect with foreign buyers, convene a “invest in Rural America” conference later in 2014 to “connect major investors with rural business leaders, high-level government officials, economic development experts, and other partners,” and “Use the Business USA online platform to better connect rural businesses with export and investment resources and coordinate support from across the federal government.”

On 11 February 2014, the Department of Commerce and French Ministry of Economy and Finance established a U.S.-France Economic-Commercial Dialogue to enhance cooperation between the two countries and to expand trade and investment.¹⁷⁷ The dialogue discusses market access issues, potential benefits, encouragement of direct investments in both directions, etc.

On 19 February 2014, US leaders took part in the Joint Statement by North American Leaders, “Building the Most Competitive and Dynamic Region in the World.”¹⁷⁸ The government announced to focus on investment, innovation, and increased private sector engagement by setting new standards for global trade and promote further trade liberalization in the Asia-Pacific region.

¹⁷⁴ New cuts to red tape come into force, UK Government (London) 6 April 2014. Date accessed: 4 October 2014. <https://www.gov.uk/government/news/new-cuts-to-red-tape-come-into-force>

¹⁷⁵ SME Finance: help to match SMEs rejected for finance with alternative lenders, UK Government (London) 6 August 2014. Date accessed: 4 October 2014. <https://www.gov.uk/government/consultations/sme-finance-help-to-match-smes-rejected-for-finance-with-alternative-lenders>

¹⁷⁶ FACT SHEET: Opportunity For All: Establishing a New “Made In Rural America” Export and Investment Initiative, The White House Office of the Press Secretary (Washington) 7 February 2014. Date of Access: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/07/fact-sheet-opportunity-all-establishing-new-made-rural-america-export-an>

¹⁷⁷ FACT SHEET: United States-France Economic and Commercial Partnership, The White House Office of the Press Secretary (Washington) 11 February 2014. Date of Access: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/11/fact-sheet-united-states-france-economic-and-commercial-partnership>

¹⁷⁸ Joint Statement by North American Leaders - 21st Century North America: Building the Most Competitive and Dynamic Region in the World, Office of the Press Secretary (Washington) 19 February 2014. Date of Access: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/19/joint-statement-north-american-leaders-21st-century-north-america-buildi>

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to the United States, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁷⁹

On 10 March 2014, the UNCTAD Secretariat released its periodic report, the Investment Policy Monitor, reporting on investment policy measures taken by the UNCTAD member countries — including the United States — in the period between November 2013 and February 2014.¹⁸⁰ No measures were reported for the United States.

On 12 June 2014, the US Treasury announced the transfer of over USD4.3 million in State Small Business Credit Initiative funds to Wyoming to help businesses access the capital they need to expand and grow.¹⁸¹ The funds will also be used as leverage to generate higher levels of private lending and investments to small businesses.

On 30 July 2014, the US Treasury issued rules to enhance financial transparency to amend the existing Bank Secrecy Act.¹⁸²

On 20 August 2014, the US Department of the Treasury announced the provision of USD325 million in bond guarantees for investments in underserved communities.¹⁸³ The fund aims to fill a financing gap in underserved areas by providing long-term, fixed rate capital.

On 4 September 2014, Transportation Infrastructure Finance and Innovation ACT (TIFIA) worth USD950 million was signed by DOT. This investment was to build a roadway through Orlando, Florida.¹⁸⁴

On 9 September 2014, the Obama Administration hosted the Infrastructure Investment Summit, as part of the Build America Investment initiative. This was an effort made by the government in order to increase infrastructure investment and economic growth. The goals and objectives of the government are to develop the market for public-private partnerships (PPPs), encourage collaboration and put federal credit programs for betterment and greater use. It would achieve its goal by engaging with private sector investors along with state and local governments. The Summit is going to bring together many different firms in the U.S infrastructure market for the next five years. These firms include

¹⁷⁹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Date of Access: 15 March 2014.

http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹⁸⁰ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Date of Access: 15 March 2014.

¹⁸¹ U.S. Treasury Awards More than \$4.3 Million to Wyoming Communities to Support Small Business Lending Programs, U.S. Department of the Treasury (Washington) 12 June 2014. Date accessed: 4 October 2014.

<http://www.treasury.gov/press-center/press-releases/Pages/jl2423.aspx>

¹⁸² Treasury Issues Proposed Rules to Enhance Financial Transparency, US Department of the Treasury (Washington) 30 July 2014. Date accessed: 4 October 2014. <http://www.treasury.gov/press-center/press-releases/Pages/jl2595.aspx>

¹⁸³ Treasury Provides \$325 Million in Bond Guarantees for Investment in Underserved Communities, U.S. Department of the Treasury (Washington) 20 August 2014. Date accessed: 4 October 2014. <http://www.treasury.gov/press-center/press-releases/Pages/jl2610.aspx>

¹⁸⁴ TIFIA loan announced for road development in Florida. 9 September. Access Date: 5 October 2014.

<http://www.dot.gov/briefing-room/us-transportation-secretary-foxx-announces-950-million-tifia-loan-rebuild-and-widen>

infrastructure investors, global investment and advisory firms, international asset managers and utilities and construction companies and so forth.¹⁸⁵

The US has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1.

Analyst: Alissa Xinbe Wang and Affan Bajwa

European Union: +1

The European Union has fully complied with its macroeconomic commitment on improving investment conditions.

On 13 November 2013, the formation of a European Structural and Investment Funds Commission was released in the press, providing “a new European multi-annual financial framework.” An implementation mechanism for the European 2020 strategy, the ESIFC treats national and regional funding and policy goals, and would allocate EUR400 billion toward long-term job growth. This organizational framework directs policy toward long-term investments in national and regional labour markets, pursuant to the St. Petersburg Summit recommendation.¹⁸⁶

On 11 December 2013, Regulation (EU) No. 1286/2013 of the European Parliament and of the Council of 11 December 2013 maintains the objective of improving taxation systems between 2014 and 2020, entitled *Fiscalis 2020*. By reinforcing the skill of tax administrators, sharing successful administrative strategies, and prescribing procedural reform, Regulation No. 1286/2013 fights tax fraud and evasion.¹⁸⁷ *Fiscalis 2020* also includes external “candidate countries and partner countries of the European Neighbourhood Policy” as members of the programme.

On 17 December 2013, the European Regional Development Fund was defined, under article 176 of the Treaty on the Functioning of the European Union, to treat regional disparities within the European Union. Provisions within Regulation (EU) No. 1301/2013 of the European Parliament and of the Council of 17 December 2013, however, details specific ERDF functions that establish investment priorities and objectives. Supplementing EU investments, a partnership between ERDF and Horizon 2020 (Framework Programme for Research and Innovation) pairs Union budgetary spending with innovation and research. This synergy is designed to promote sustainable development, through improvements to input quality.¹⁸⁸

On 17 December 2013, EU Regulation No 1301/2013 of both the European Parliament and the Council of 17 December 2013 on the European Regional Development Fund codify a commitment to rigorous competition legislation for small and medium sized businesses (SMEs). First, under subsection (b), the Regulation calls for restructuring within SME business models, to improve their international

¹⁸⁵ Build America gets go ahead. 9 September 2014. Access Date: 4 October 2014.

<http://insurancenewsnet.com/oarticle/2014/09/09/build-america-infrastructure-investment-summit-a-553332.html#.VECLiCuSyyM>

¹⁸⁶ Communication from the Commission, Annual Growth Survey 2014, European Communities (Brussels) 13 November 2013. Access Date: 25 February 2014. http://ec.europa.eu/europe2020/pdf/2014/ags2014_en.pdf.

¹⁸⁷ Regulation (EU) No 1286/2013 of The European Parliament, European Communities (Brussels) 11 December 2013. Access Date: 26 February 2014. <http://new.eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1286&qid=1393555176491&from=EN>.

¹⁸⁸ Regulation (EU) No 1301/2013 Of The European Parliament, European Communities (Brussels) 17 December 2013. Access Date: 26 February 2014. <http://new.eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1301&qid=1393555176491&from=EN>.

competitiveness. By committing to broaden the capacity of product and service development, the Regulation favours national, regional and international SME growth.¹⁸⁹

On 18 December 2013, the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. In relation to the European Union, the report noted that no investment policy measures or investment policy measures relating to national security were taken during the reporting period.¹⁹⁰

On 21-23 January 2014, China and the EU held a first round of negotiations for a bilateral investment agreement. The negotiations are a result of China's recent decision to open up its economy to foreign investors.¹⁹¹

On 29 September 2014, the seventh round of Transatlantic Trade and Investment Partnership (TTIP) talks began between the negotiators of European Union (EU) and United States (US). One of the goals of this meeting was to boost US-EU economic ties and establish investment and free trade zone. According to the Ambassador of EU, if the deal becomes successful then they will be able to influence other countries to set the highest standards for environmental protection, health protection and consumer protection across the globe. This would ultimately increase investment opportunities.¹⁹²

The EU has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic and regulatory approach. Thus, it has been awarded a score of +1 for this commitment.

Analyst: Daryna Kutsyna and Affan Bajwa

¹⁸⁹ Regulation (EU) No 1301/2013 Of The European Parliament, European Communities (Brussels) 17 December 2013. Access Date: 26 February 2014. <http://new.eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1301&qid=1393555176491&from=EN>.

¹⁹⁰ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹⁹¹ Investment Policy Monitor №12, United Nations Conference on Trade and Development (Geneva) 10 March 2014. Access Date: 15 March 2014. http://unctad.org/en/PublicationsLibrary/webdiaepcb2014d1_en.pdf

¹⁹² US & EU engage in talks over trade deal. 30 September 2012. Access Date: 6 October 2014. <http://www.euronews.com/2014/09/30/us-and-eu-begin-seventh-round-of-trade-and-investment-talks/>