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at the National Research University Higher School of Economics, Moscow

present

2013 St. Petersburg G20 Summit Interim Compliance Report

7 September 2013 to 16 June 2014

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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		0	
Australia		0	
Brazil			+1
Canada			+1
China		0	
France			+1
Germany		0	
India			+1
Indonesia			+1
Italy		0	
Japan			+1
Korea			+1
Mexico		0	
Russia			+1
Saudi Arabia	-1		
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.55	

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 foreigner 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: 0

Argentina has partially complied with its commitment to take action to improve investment conditions through macroeconomic 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. On 27 March 2014, Argentina’s Senate approved the government’s proposal to provide

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/>.

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 27 March 2014, Minister of the Economy Axel Kicillof, announced that government subsidies on natural gas and water could be reduced by up to 20 per cent.²⁰ 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, Economy Minister Alex 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 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.²¹ As part of the agreement. Swiss banks and the AFIP will implement a cooperative 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.²²

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.²³ This comes after subsection K was established in 2012 obligating insurance companies to invest some of their funds in the public sector.

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 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>.

²¹ 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>.

²² 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>.

²³ 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/>.

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 17 January 2014, a Chinese supermarket chain signed an agreement with the Argentine government to freeze prices on more than 180 products.²⁴ 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.

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.²⁵ 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 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.²⁶ 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 18 December 2013, in a report released by the OECD and the UNCTAD, Argentina had not taken or implemented any investment or investment-related measures between 16 May 2013 and 15 November 2013.²⁷

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 fifteen strategic infrastructure projects to Chinese investors and entrepreneurs.²⁸ Among the strategic projects presented included hydro dams, water works, and communications projects that would require approximately

²⁴ 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>.

²⁵ 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>.

²⁶ 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>.

²⁷ 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.

²⁸ Kicillof y De Vido presentaron quince obras de infraestructura a inversores chinos, Ministerio de Economia y Finanzas Publicas de la Nacion (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 Economia y Finanzas Publicas de la Nacion (Buenos Aires) 9 December 2013. Access Date: 1 April 2014. <http://www.mecon.gov.ar/wp-content/uploads/2013/12/Gacetilla-3.pdf>.

USD20 billion worth of investment.²⁹ Argentina's bilateral trade relationship with China has grown by 367 per cent since 2003.³⁰

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, 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.

However, Argentina has not taken any measures to implement regulatory policies to ensure its investment regulations are in line with international standards — i.e., Agreement on Trade-Related Investment Measures. Moreover, Argentina has not supported measures that encourage diversification in financial and real investment or measures to establish greater rigour in its competition laws.

Thus, Argentina has received a score of 0 for partial compliance.

Analyst: Antonia Tsapralis

Australia: 0

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

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 Australia — in the period between November 2013 and February 2014.³¹ No measures were reported for Australia.

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.³²

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.³³ 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

²⁹ Los ministros Kicillof y De Vido mantuvieron reuniones con empresarios chinos, Ministerio de Economía y Finanzas Públicas 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>.

³⁰ Kicillof y De Vido presentaron quince obras de infraestructura a inversores chinos, Ministerio de Economía y Finanzas Públicas 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>.

³¹ 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

³² 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.

³³ 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

tariffs on 99.8 per cent of Australian exports. Apart from trade, this agreement also encourages bilateral investment.³⁴

On 18 December 2013, the OECD and 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

During the compliance period Australia has only taken actions to address the impediments to improving underlying investment conditions from a macroeconomic approach. Thus, it has been awarded a score of 0 for this commitment.

Analyst: Eden Cai

Brazil: +1

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

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.³⁶

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.³⁷

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 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.³⁸

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 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.

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

³⁷ 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>.

³⁸ 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

including Brazil — in the period between November 2013 and February 2014.³⁹ No measures were reported for Brazil.

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.

On 5 November 2013, a free trade agreement was signed between Canada and Honduras.⁴⁰

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 (MoU) 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.⁴¹

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.⁴²

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,

³⁹ 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

⁴⁰ 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

⁴¹ 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>.

⁴² 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>.

came in effect prior to the St. Petersburg Summit and, therefore, does not count towards compliance in the present report.⁴³

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: Monica Layarda

China: 0

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

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.⁴⁴

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.⁴⁵

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.⁴⁶ The report stated that China would relax investment access and accelerate free-trade area development.⁴⁷

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 optimize the investment environment and enhance the level of bringing in and going out.”⁴⁸ 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.

⁴³ 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

⁴⁴ Framework Plan for the China (Shanghai) Pilot Free Trade Zone, China (Shanghai) Pilot Free Trade Zone (Shanghai) 29 September 2013. Access Date: 22 March 2014. <http://en.shftz.gov.cn/FrameworkPlan.html>.

⁴⁵ China encourages private capital, Xinhua (Beijing) 15 November 2013. Access Date: 28 February 2014. http://news.xinhuanet.com/english/china/2013-11/15/c_132891965.htm.

⁴⁶ China to open up further to the world, CCTV Live (Beijing) 14 November 2013. Access Date: 28 February 2014. <http://english.cntv.cn/program/china24/20131114/101072.shtml>.

⁴⁷ China to open up further to the world, CCTV Live (Beijing) 14 November 2013. Access Date: 28 February 2014. <http://english.cntv.cn/program/china24/20131114/101072.shtml>.

⁴⁸ 2014 foreign investment promotion agencies week held in Beijing, People’s Republic of China Ministry of Commerce Investment Promotion Agency (Beijing) 15 January 2014. Access Date: 28 February 2014. http://www.cipa.gov.cn/1800000346_3_1110_0_7.html.

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.⁴⁹

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 2014.⁵⁰ No measures were reported for China.

China has taken some 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: Alissa Xinbe Wang

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.⁵¹

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.⁵²

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 rules simplify customs procedures for imports and exports and introduce a tax break for foreign start-ups.⁵³

On 19 December 2013, the French Parliament adopted the Finance Act 2014.⁵⁴ The act imposes a corporate tax increase from 5 per cent to 10.7 per cent upon companies with an annual turnover above

⁴⁹ 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

⁵⁰ 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

⁵¹ 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

⁵² 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>.

⁵³ 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.

⁵⁴ 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.

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.

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 and Vera V. Gavrilova

Germany: 0

Germany has partially 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 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.⁵⁵

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 2014.⁵⁶ 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.⁵⁷

During the compliance period Germany has taken some 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: Monica Layarda

India: +1

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

⁵⁵ 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.

⁵⁶ 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

⁵⁷ 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>.

On 4 September 2013, the Reserve Bank of India relaxed “use limitations” for funds in foreign currency borrowed under ECB rules.⁵⁸

On 18 September 2013, the Reserve Bank of India expanded the definition of “infrastructure sector” so as to facilitate public investment.⁵⁹

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.⁶⁰

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.⁶¹

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.⁶²

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.⁶³

On 4 December 2013, the Indian government had agreed to withdraw a notification that suspended tax benefits on investments from Cyprus.⁶⁴

On 12 December 2013, India signed a bilateral investment treaty with the United Arab Emirates.⁶⁵

On 17 January 2014, the Reserve Bank of India officially allowed foreign investors to acquire shares in the South Indian Bank.⁶⁶

⁵⁸ 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.

⁵⁹ 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.

⁶⁰ 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/>.

⁶¹ 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.

⁶² 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.

⁶³ 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>.

⁶⁴ 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>.

⁶⁵ 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 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.”⁶⁷

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 2014/15⁶⁸

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.⁶⁹

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 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 KRW10.7 trillion/IDR115 trillion (equivalent to USD10 billion). The extension of the effective period of this facility will be subject to future agreement.⁷⁰

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”⁷¹ 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 95per cent in seaports and toll roads.⁷² 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

⁶⁶ 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

⁶⁷ 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>.

⁶⁸ 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>.

⁶⁹ 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.

⁷⁰ Bilateral Currency Swap Arrangements, Indonesia-Investments (Jakarta) 13 October 2013. Access Date: 21 February 2014. <http://www.indonesia-investments.com/finance/financial-columns/bilateral-currency-swap-arrangement-bcsa-indonesia-and-korea/item1209>.

⁷¹ Indonesia Ease Curbs Foreign Investment. Industry Week (Jakarta) 24 December 2013. Access Date: 20 February 2014. <http://www.industryweek.com/global-economy/indonesia-ease-curbs-foreign-investment>.

⁷² Indonesia Pushes Pro-Investment Reform, Oxford Business Group (Oxford) 19 December 2013. Access Date: 20 February 2014. http://www.oxfordbusinessgroup.com/economic_updates/indonesia-pushes-pro-investment-reform.

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 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.⁷³

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.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 Indonesia — in the period between November 2013 and February 2014.⁷⁵ No measures were reported for Indonesia.

During the compliance period Indonesia 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: Monica Layarda

Italy: 0

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

On 21 November 2014, the government of Italy approved plans to sell some EUR12 billion in assets.⁷⁶

On 4 February 2014, it was declared that Kuwait's sovereign fund would invest EUR500 million in Italian companies.⁷⁷ 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"⁷⁸ 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

⁷³ Indonesia to set up Morotai economic zone: envoy, China Post (Taiwan) 20 February 2014. Access Date: 20 February 2014. <http://www.chinapost.com.tw/taiwan/foreign-affairs/2014/02/20/401018/Indonesia-to.htm>.

⁷⁴ 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

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 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

⁷⁷ 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>.

⁷⁸ 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-idIN16NOLB01420140214>.

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.⁷⁹

Italy has taken actions to address the impediments to improving underlying investment conditions from a macroeconomic approach. Thus, it has been awarded a score of 0 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.⁸⁰ 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.⁸¹ 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.⁸²

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.⁸³ In response to threats of war and terrorist attacks, the purpose of the Bill was to protect and support Japanese enterprises' development abroad.

⁷⁹ 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

⁸⁰ 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>

⁸¹ 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

⁸² 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

⁸³ 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

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.⁸⁴

On 22-23 February 2014, Government of Japan attended Meeting of Ministers and Central Governors in Sydney, Australia.⁸⁵ The meeting reinforced its commitments to continue implementing sustainable measures to attract long-term investments in response to global economic crisis in 2014.

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.⁸⁶

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

Korea: +1

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

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.⁸⁷

On 17 December 2014, 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.⁸⁸

On 10 January 2014, Government of Korea amended the Foreign Investment Promotion Act. The act came into effect on 11 March 2014.⁸⁹

On 21 February 2013, Korea and Colombia signed a bilateral free trade agreement to abolish tariffs on 96 per cent of imports and exports. Korea hopes this agreement will help to facilitate cross-boarder trade. In addition, the Korean government is also in an effort to negotiate free trade and investment

⁸⁴ 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.

⁸⁵ 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.

⁸⁶ 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

⁸⁷ 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>.

⁸⁸ \$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/>

⁸⁹ 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

agreements with Canada, Mexico, Australia, New Zealand, Indonesia, China, and the Gulf Cooperation Council.⁹⁰

On 27 February 2014, during the state visit to Indonesia, Korean president Park Geun-Hye and Indonesian officials reached agreement on bilateral economic cooperation. As President Park declares, “we have agreed to make joint efforts to reach a bilateral trade volume worth USD100 billion by 2020.” This is considered as a significant step towards future cooperation on trade and investment between Indonesia and Korea.⁹¹

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.⁹²

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

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.⁹³

On 11 January 2014, the Senate agreed to a comprehensive set of reforms of the banking sector.⁹⁴ 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

⁹⁰ Korea, Colombia officially sign FTA, Gateway to Korea (Seoul) 27 February 2013. Access Date: 27 February 2014. <http://www.korea.net/NewsFocus/Business/view?articleId=105874>.

⁹¹ Indonesian media spotlights Korea-Indonesia cooperation, Gateway to Korea (Seoul) 15 October 2013. Access Date: 27 February 2014. <http://www.korea.net/NewsFocus/Business/view?articleId=113706>.

⁹² 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

⁹³ 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

⁹⁴ 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

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.⁹⁵

Mexico 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: Chris D'Souza

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.⁹⁶

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.⁹⁷

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.^{98,99} The government also amended the roadmaps Improving Customs Administration on 26 September 2013 and Improving Access to Energy Infrastructure on 9 August 2013.^{100,101} 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 Shelepon

⁹⁵ 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.

⁹⁶ Instructions on implementing Address to Federal Assembly. President of Russia 27 December 2013. Access Date: 20 April 2014. <http://eng.kremlin.ru/misc/6529>.

⁹⁷ 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>.

⁹⁸ 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>.

⁹⁹ On approving the roadmap Improving Tax Administration, Government of Russia 10 February 2014. Access Date: 20 April 2014. <http://government.ru/en/docs/10362>.

¹⁰⁰ On amending the roadmap Improving Customs Administration, Government of Russia 1 October 2013. Access Date: 20 April 2014. <http://government.ru/en/docs/6382>.

¹⁰¹ 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>.

Saudi Arabia: -1

Saudi Arabia has failed to comply with its commitment to improve its investment climate conditions. The government of Saudi Arabia has not taken any 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 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.¹⁰²

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 2014.¹⁰³ 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.¹⁰⁴ 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.¹⁰⁵

Thus, for the lack of action to improve the country's investment conditions Saudi Arabia is awarded a score of -1.

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).¹⁰⁶

¹⁰² 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.

¹⁰³ 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.

¹⁰⁴ 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>.

¹⁰⁵ 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>

¹⁰⁶ 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/>.

On 23 December 2013, the termination of the bilateral investment treaty between South Africa and Spain came in effect.¹⁰⁷

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.¹⁰⁸

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.¹⁰⁹

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.¹¹⁰

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.¹¹¹

On 30 September 2013, the Ministry of Economy has approved 5,567 incentive documents.¹¹² Within the structure of the new incentive system introduced in June 2012, the Ministry expects TRY84 billion in revenue from these new investments.

¹⁰⁷ 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

¹⁰⁸ 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>.

¹⁰⁹ 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/>.

¹¹⁰ 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

¹¹¹ 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

¹¹² 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=ulusticgundem&icerik=8B40324D-0611-8A2A-FF87DCE293821F2A>.

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).¹¹³ 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.¹¹⁴ Both countries hope to conduct 10 per cent of their bilateral trade through these simplified customs routes.

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.¹¹⁵

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 2014.¹¹⁶ 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.

On 11 October 2013, HM Treasury updated their policy to make corporate taxes more competitive.¹¹⁷ 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

¹¹³ 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=ulusticgundem&icerik=62EF647D-E53E-D6A5-3F2C70F376DD1FCC>.

¹¹⁴ 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=ulusticgundem&icerik=B50A0510-B51B-EF6E-6E2757365E2A2369>.

¹¹⁵ 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_oecd_2013d10_en.pdf.

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

the government will cap inflationary increase in business rates at 2 per cent in 2014 and 2015.¹¹⁸ 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.¹¹⁹ 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.¹²⁰

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 2014.¹²¹ No measures were reported for the United Kingdom.

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 for this commitment.

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.¹²² 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,

¹¹⁸ Making it easier to set up and grow a business, Department for business, Innovation & Skills and HM Treasury (London) 3 February 2014. Access Date: 28 February 2014 <https://www.gov.uk/government/policies/making-it-easier-to-set-up-and-grow-a-business--6>.

¹¹⁹ 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. Access Date: 28 February 2014. http://www.ukti.gov.uk/pt_pt/export/howwehelp/tradefairsexhibitions.html.

¹²⁰ 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

¹²¹ 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

¹²² 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. Access Date: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/07/fact-sheet-opportunity-all-establishing-new-made-rural-america-export-an>.

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.”¹²³

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.¹²⁴ 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.”¹²⁵ 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.

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.¹²⁶

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 2014.¹²⁷ No measures were reported for the United States.

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 for this commitment.

Analyst: Alissa Xinbe Wang

European Union: +1

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

¹²³ 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. Access Date: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/07/fact-sheet-opportunity-all-establishing-new-made-rural-america-export-an>.

¹²⁴ FACT SHEET: United States-France Economic and Commercial Partnership, The White House Office of the Press Secretary (Washington) 11 February 2014. Access Date: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/11/fact-sheet-united-states-france-economic-and-commercial-partnership>.

¹²⁵ 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. Access Date: 28 February 2014. <http://www.whitehouse.gov/the-press-office/2014/02/19/joint-statement-north-american-leaders-21st-century-north-america-buildi>.

¹²⁶ 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

¹²⁷ 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 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.¹²⁸

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 2014-2020, 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.¹²⁹ *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.¹³⁰

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 competitiveness. By committing to broaden the capacity of product and service development, the Regulation favours national, regional and international SME growth.¹³¹

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.¹³²

¹²⁸ 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.

¹²⁹ 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>.

¹³⁰ 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>.

¹³¹ 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>.

¹³² 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 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.¹³³

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: Darnya Kutsyna

¹³³ 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