Asia-Pacific
Economic Cooperation

Key Trends and Developments relating to Trade and Investment Measures and their Impact on the APEC Region

APEC Policy Support Unit
April 2013

Advancing Free Trade for Asia-Pacific **Prosperity**

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Produced for:
Ministers Responsible for Trade Meeting
Asia-Pacific Economic Cooperation

APEC#213-SE-01.8

The authors would like to thank Carlos Kuriyama and Denis Hew for their comments on an earlier draft. The views expressed in this paper are those of the authors and do not necessarily represent those of APEC Member Economies.

Executive Summary[1]

Economic Outlook

The global economic recovery suffered a further setback in 2012, resulting in real global GDP growth to slow to an estimated 3.2% from 3.9% in 2011. GDP in the euro zone fell by 0.5% in 2012 as ongoing concerns over the health of the region's sovereign debt and the possibility of an economy exiting the euro zone weighed down business and consumer sentiment. Although real GDP in the APEC region grew by an estimated 4.1% in 2012, the same growth rate as in 2011, the deteriorating external environment caused growth momentum to differ markedly among the APEC members. Reduced demand for exports, particularly higher value added goods such as IT products, proved to be a significant drag on growth in 2012, especially for the newly industrialized Asian economies. In contrast, many APEC economies were able to post strong growth in 2012 through increasingly resilient domestic consumption and investment, offsetting the weakness in the external sectors.

The APEC region is expected to continue outperforming the rest of the world, with GDP forecast to grow by 4.2% in 2013 and 4.7% in 2014, compared with world GDP growth of 3.5% and 4.1%. There are indeed positive signs of a sustained recovery among both the industrialized and developing APEC economies. Nevertheless, uncertainty over the global economic recovery poses significant risks to growth in the region. In particular, the recession in Europe is expected to continue for at least the first half of 2013, while there also remains ongoing uncertainty over the political will to implement the reforms necessary to put the euro zone on a sustainable path to recovery. Within the APEC region, low interest rates and abundant liquidity have created a risk of asset price bubbles. In addition, the large appreciation of domestic currencies against major global currencies could further erode the competitiveness of the export sector in some APEC economies.

A discussion of recent economic developments is at Annex 1.

Merchandise Trade and Trade-Related Measures

Trade performance in 2012 was greatly impacted by the slowdown in global economic activity as weakened import demand in developed economies, especially in Europe, resulted in a corresponding deceleration in exports, particularly from developing economies. The WTO reports that total world merchandise trade volumes grew by 2.0% in 2012, decelerating from a 5.2% growth rate in 2011. For the APEC region, the value of exports grew by just 2.6% in 2012 to USD 8.7 trillion, a sharp slowdown from a growth rate of 17.2% in the previous year. Meanwhile, the value of imports to the region increased by 3.6% in 2012 to USD 9.0 trillion, after growing by 19.6% in 2011, thus widening APEC's trade deficit with the rest of the world. However, intra-APEC merchandise trade outperformed trade in the rest of the world, expanding by 3.9% in the year to November 2012 compared with a contraction of 1.8% in the rest of the world.

In light of the setbacks to the global economy in 2012 and the uneven economic recovery, the WTO has once again revised downward its forecast for trade growth, predicting that it will grow by 3.3% in 2013. However, there are considerable downside risks to trade growth, with the sovereign debt crisis in the euro zone considered to be the most significant. Encouragingly, the WTO recently reported that there had been a slowdown in the imposition of new trade restrictions by G20 members between mid-May 2012 and mid-October 2012.

[1] Like a similar report at the Annual Ministerial Meeting (AMM) in Vladivostok, Russia in September 2012, this report is presented following the commitment made at the AMM in Singapore in November 2009 to continue to review recent economic measures undertaken by APEC members.

During this period, G20 members implemented 71 new measures that can be considered as trade restricting or distorting, affecting around 0.3% of global imports. However, the accumulation of restrictive measures by G20 members that remain in place since the global financial crisis remains high, and is estimated to cover around 3.5% of global trade.

A list of trade and trade-related measures implemented in selected APEC economies from mid-May 2012 to mid-October 2012 as reported by the WTO Secretariat is at Annex 2.

Foreign Direct Investment (FDI) and Investment-Related Measures

The FDI recovery was also setback in 2012 with UNCTAD estimating that global FDI inflows fell by 18% to USD 1.3 trillion as companies remain cautious towards both domestic and foreign investment given the uneven pace of the global economic recovery. Although substantially reduced inflows to the European Union (EU) were responsible for just over half of the global decline, the APEC region also experienced a sharp decrease as inflows in 2012 fell by 17% over the previous year to USD 650 billion. FDI inflows to the United States dropped by 35%, mainly due to a fall in cross-border mergers and acquisitions (M&A). China also witnessed a slight decrease in inflows of about 3% due to rising production costs and lower demand for exports.

UNCTAD forecasts that FDI inflows will rise only slightly to USD 1.4 trillion and USD 1.6 trillion in 2013 and 2014, respectively, revising downward previous forecasts. Although there remains concern that governments may introduce policies that are unfavorable towards foreign investment or that discourage outward investment given the uncertainty surrounding the global economic recovery, investment measures recently implemented in selected APEC economies were generally favorable to FDI. APEC members are also very active in treaty-making, with 10 of the 13 international investment agreements (IIAs) signed over the past year involving an APEC member.

A list of investment measures implemented in selected APEC economies from 4 May 2012 to 5 October 2012 as reported by the OECD and UNCTAD Secretariats is at Annex 3.

For Discussion

Despite the relatively strong economic performance of the APEC region, the ongoing uncertainty in the external environment is of serious concern. The slowdown of global trade and economic growth in 2012 and the uneven economic recovery, as well as the considerable downside risks that remain, present substantial challenges for the region. Collective action by the entire global community to resist protectionism is therefore required in order to ensure the promotion of trade and investment, thereby supporting economic growth. APEC Ministers, meeting in Vladivostok, Russia in September 2012, had reaffirmed the pledge made by Leaders in Honolulu, USA in November 2011 to refrain from raising new barriers to investment or to trade in goods and services through the end of 2015.

APEC Ministers may wish to discuss the following concrete steps:

1. APEC reiterates its pledge to maintain free and open markets and renews its commitment to withdraw existing restrictive measures and resist new protectionist measures given the uneven global economic recovery and the significant downside risks that remain.
2. APEC should continue to monitor trade and investment measures by member economies, with the APEC Policy Support Unit to prepare its next review for the AMM in October 2013.

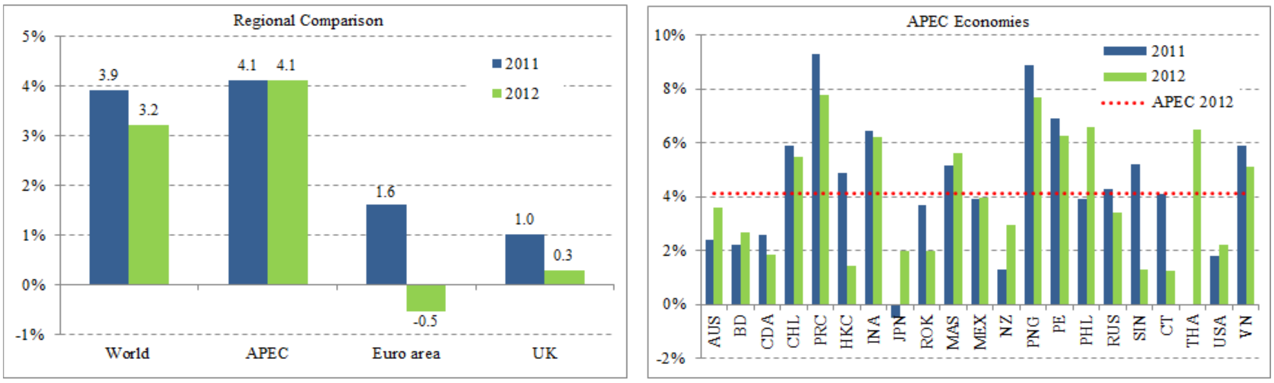
Annex 1

Recent Economic Developments

Economic Outlook[2]

The global economic recovery suffered a further setback in 2012 as ongoing concerns over the health of the euro area's sovereign debt and the possibility of an economy exiting the euro zone weighed down business and consumer sentiment. As a result, real global GDP growth continued to slow in 2012 to an estimated 3.2%. The contraction in GDP in the Euro area accelerated in the fourth quarter (Q4) of 2012, resulting in a fall in GDP of 0.5% between 2011 and 2012 (Chart 1). Of particular concern is that the weakness in the region is beginning to spread from relatively smaller economies to larger ones in the euro zone. GDP in Germany – the largest euro area economy – fell by 0.4% in Q4 over the previous quarter, while the slowdown in the United Kingdom – a major financial center – deepened in the last quarter of 2012 as GDP contracted by 0.3%, reversing the gains made in the previous quarter.

Chart 1. Real GDP Growth, annual rates



Source: Thomson Reuters; IMF *World Economic Outlook* October 2012 and APEC PSU calculations.

Although real GDP in the APEC region grew by an estimated 4.1% in 2012 (the same growth rate as in 2011), APEC members are not immune to the deteriorating external environment as economic activity in the region remains under pressure. Growth momentum differed markedly among individual APEC members, with the newly industrialized Asian economies (NIEs) of Hong Kong, China; Korea; Singapore; and Chinese Taipei being most affected. Reduced external demand for higher value added goods such as IT products caused their exports to underperform, relative to other APEC members, and proved to be a significant drag on growth in 2012. GDP growth in the APEC NIEs slowed sharply to 1.7% in 2012, less than half of the growth rate in 2011. In particular, GDP growth in Singapore decelerated from 5.2% in 2011 to 1.3% in 2012, while that of Hong Kong, China fell to 1.4% in 2012, down from 4.9% in 2011.

Economic activity in other APEC economies was also affected to some extent. However, one emerging trend is the resilience of domestic consumption and investment in many developing APEC economies, the result of several years of strong growth and efforts to improve the business environment. Expansionary monetary policy in major advanced economies,

[2] For an in-depth analysis of the recent economic developments in the APEC region, please see the APEC Policy Support Unit's "APEC Economic Trends Analysis – April 2013", also available through the APEC Policy Support Unit webpage.

including the United States and Japan, has led to ultra-low interest rates and an abundance of liquidity, causing a surge in capital inflows into the bond and equity markets of emerging economies in 2012. As a result, many APEC economies managed to offset the weakness in the external sectors and post strong growth in 2012. For example, GDP growth in Malaysia accelerated from 5.1% in 2011 to 5.6% in 2012. Meanwhile, record remittances of USD 21.4 billion to the Philippines provided extra support to domestic demand, bringing GDP growth in 2012 to 6.6%, a pronounced improvement from 3.9% growth in 2011[3]. APEC economies in Latin America also performed well – Chile and Peru advanced strongly at 5.5% and 6.3%, respectively, while Mexico maintained its 2011 growth rate of 3.9%.

Table 1. Real GDP Growth[4]

(annual % change)		Latest forecast	
	2012	2013	2014
Australia	3.6	3.0	3.2
Canada	1.8	1.8	2.3
China	7.8	8.2	8.5
Japan	2.0	1.2	0.7
Mexico	3.9	3.5	3.5
Russia	3.6	3.7	3.8
United States	2.2	2.0	3.0
APEC NIEs	1.7	3.2	3.9
ASEAN-5	5.7	5.5	5.7
APEC	**4.1**	**4.2**	**4.7**
Industrialized	2.3	2.0	3.0
Developing	5.9	6.3	6.6
Rest of world	2.1	2.6	3.3
Industrialized	-0.2	0.2	1.3
Developing	3.7	4.4	4.7
World	3.2	3.5	4.1

Source: Thomson Reuters; IMF *World Economic Outlook* January 2013 Update and APEC PSU calculations.

The global economy is expected to pick up only gradually, with activity in the APEC region remaining favorable in comparison. Global growth is forecast to increase to 3.5% in 2013 and 4.1% in 2014 (Table 1), while GDP in the APEC region is expected to grow by 4.2% in 2013 and 4.7% in 2014, with both industrialized and developing APEC outperforming the rest of the world. The housing sector in the United States, which was at the center of the 2008 global financial crisis, has recently shown signs of a sustained improvement[5]. Although fiscal tightening may restrain growth this year, the U.S. Federal Reserve's commitment to maintain its accommodative monetary stance should help to cushion its impact. Similarly, Japan announced an aggressive mix of fiscal and monetary policies in January and April of this year to combat its economic malaise, thereby improving business sentiment. Growth in the APEC NIEs has also recently shown signs of recovery as demand for IT products in some large markets such as the U.S. and China is improving. There are also signs of strengthening economic activity in developing APEC. For instance, the stock markets in Indonesia; Malaysia; Philippines; Thailand; and Viet Nam reached record highs in early 2013.

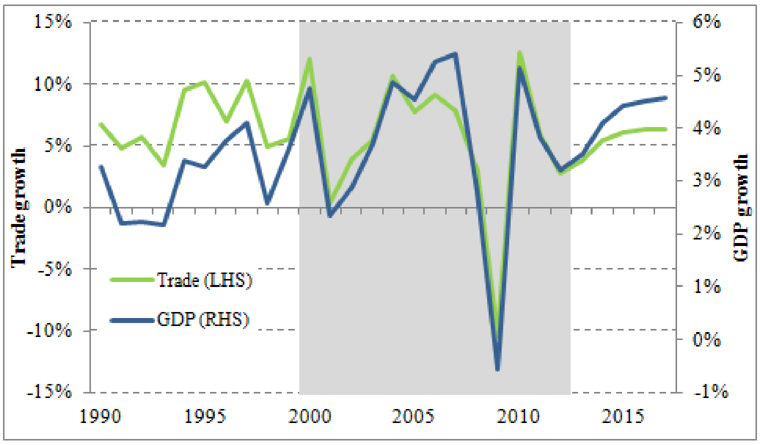
Nevertheless, uncertainty over the global economic recovery poses significant risks to growth in the APEC region. In particular, the recession in Europe is expected to continue for at least the first half of 2013, which could potentially trigger tensions in financial markets. Possible domestic opposition to fiscal austerity measures in the euro area and/or changes in governments may also derail the reforms necessary to put the region on a sustainable path to recovery and improve investor sentiment. In addition, the global environment of low interest

[3] Remittances to the Philippines have remained resilient amid changing global economic conditions due to an increasing demand for skilled workers, particularly in the Middle East, as well as innovations in remittance services offered by banks and other financial institutions.
[4] APEC NIEs is comprised of Hong Kong, China; Korea; Singapore; Chinese Taipei. ASEAN-5 is comprised of Indonesia; Malaysia; Thailand; Philippines; Viet Nam.
[5] Several indicators point to a recovery in the U.S. housing market, including an increase in new housing starts, a rise in home sales, and a reduction in the number of new foreclosure notices being served.

rates and abundant liquidity can lead to large and sudden inflows of capital. Since the domestic financial and capital markets and institutions in some developing APEC economies are at an early stage of development, the lack of depth and choice of investments may hinder an orderly absorption of capital inflows, thus raising the risk of asset price bubbles. Furthermore, the large appreciation of domestic currencies against major global currencies, including the euro, Japanese yen, and U.S. dollar, has eroded the competitiveness of the export sector in some APEC economies.

Merchandise Trade and Trade-Related Measures

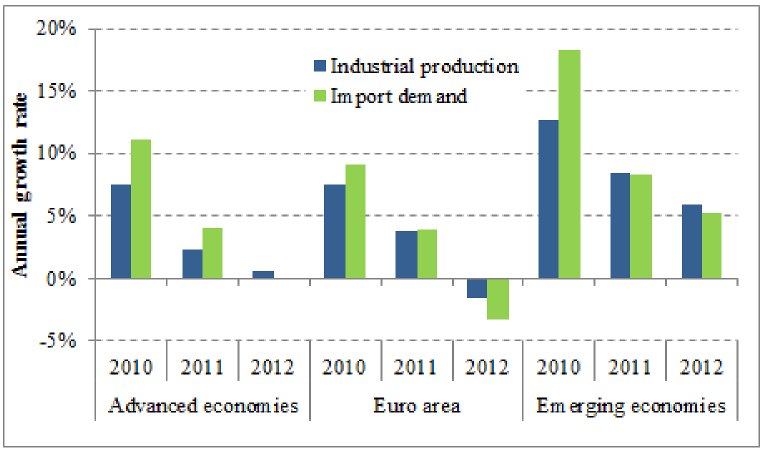
Chart 2. Global Trade & GDP, annual growth rates



Source: IMF *World Economic Outlook* October 2012 and January 2013 Update.

Trade performance in 2012 was greatly impacted by the slowdown in global economic activity. The WTO reports that total world merchandise trade volumes grew by 2.0% in 2012, a sharp deceleration from the 5.2% growth rate in 2011. Slower trade growth in 2012 can be attributed to weakened import demand in developed economies, especially in Europe, and a corresponding deceleration in exports, particularly from developing economies. In turn, the slowdown in trade was responsible for a substantial slowdown in economic growth in several APEC economies as discussed above. In fact, while trade had been an engine of global growth in the 1990s, trade and GDP growth has become increasingly interconnected since 2000, although the IMF forecasts that GDP growth will soon begin to outpace that of trade growth (Chart 2).

Chart 3. Industrial Production & Import Demand



Source: CPB Netherlands and APEC PSU calculations.

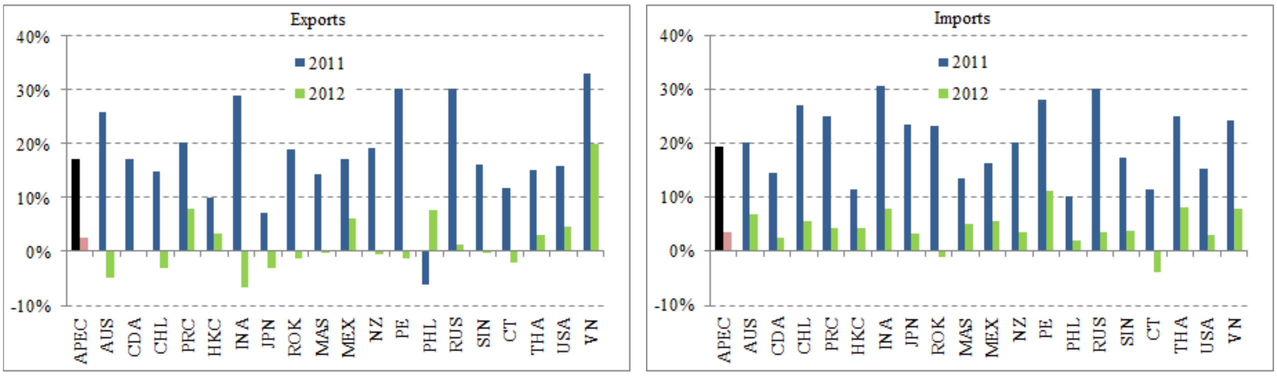
In 2012, the volume of world merchandise trade expanded at an average monthly rate of 2.3%, a sharp slowdown from an average monthly growth rate of 6.1% in 2011[6]. Much of this can be attributed to sluggish economic activity in advanced economies as their industrial production grew by a meager 0.5% in 2012, a sharp slowdown from a 7.5% growth rate in 2010 and 2.3% in 2011 (Chart 3). Import demand from the euro area

[6] Calculated using data on merchandise trade volumes from CPB Netherlands.

was particularly weak, contracting at an average monthly rate of 3.3% in volume terms. In contrast, the volume of import demand from emerging economies expanded at an average monthly rate of 5.2% last year.

Weak global economic activity in 2012 and the resulting slowdown in import demand from advanced economies dampened trade momentum in the APEC region. The value of total APEC merchandise trade decelerated from 18.4% growth in 2011 to 3.1% growth in 2012. The value of exports from the APEC region grew by just 2.6% in 2012 to USD 8.7 trillion, a sharp slowdown from a growth rate of 17.2% in the previous year (Chart 4). While this is partly due to a retreat of world prices across a wide range of traded goods, the slowdown in imports to the APEC region was not quite as sharp, thus widening APEC's trade deficit with the rest of the world. In fact, the APEC/Europe trade surplus had halved to USD 80 billion by November 2012 from around USD 160 billion in 2011 as demand for European goods in the APEC region remained strong, while APEC's exports to Europe slowed. The value of imports to the APEC region increased by 3.6% in 2012 to USD 9.0 trillion, after growing by 19.6% in 2011.

Chart 4. Exports and Imports in APEC, annual growth rates in nominal USD terms



Source: Thomson Reuters and APEC PSU calculations.

Although trade performance varied across the APEC members, nearly all experienced a slowdown in exports, with export growth contracting in several economies. The Philippines was the exception to this as exports grew by 7.6% after having fallen in the previous year due to disruptions in production that had occurred as a result of natural disasters in 2011. Growth in import demand also slowed across all APEC members and even contracted in some economies. In general, the external sectors of many APEC economies have been greatly impacted by the slowdown in the global economy and the resultant weakened import demand. In particular, the lower demand for higher value added goods such as IT products significantly impacted exports from the newly industrialized Asian economies of Hong Kong, China; Korea; Singapore; and Chinese Taipei in 2012. However, given the relatively strong economic performance in the region, intra-APEC merchandise trade outperformed trade in the rest of the world, expanding by 3.9% in the year to November 2012 compared with a contraction of 1.8% in the rest of the world.

In light of the sudden slowdown in global trade in the second half of 2012, the WTO now projects that world trade will grow by 3.3% in 2013, well below the pre-crisis average growth rate of 6.0% between 1990 and 2008[7]. This represents a substantial downward revision of its most recent forecast – the WTO had projected in December 2012 that trade would grow by 4.5% in 2013 – and underscores the uncertainty over the global economic recovery. Despite signs of a sustained recovery in the United States, the WTO does not expect that this will be enough to offset the weak demand in Europe and that global exports will therefore continue to be constrained in 2013. In fact, the sovereign debt crisis in the euro zone is considered to be the most significant downside risk to the forecast. In addition, the ongoing implementation of Basel III, a regulatory standard for the banking sector, is expected to have a detrimental impact on the provision of trade finance, and therefore on trade flows (Box 1).

Box 1. Current State of Global Trade Finance[8]

Standard Chartered, a major provider of trade finance, estimates that the implementation of Basel III could raise the average cost of trade finance by up to 40%, thereby reducing its lending capacity by 6%. Such a reduction in trade finance could potentially shrink the volume of world trade by 2% and global GDP by 0.5%. According to the World Bank, trade finance has still not fully recovered since the global financial crisis in 2008 and is currently about 35% lower than its pre-crisis peak. This has had a significant impact on small and medium enterprises (SMEs), with many in the region turning to multilateral development banks for funding. In addition, the ongoing deleveraging of the European banking sector since the second half of 2011 continues to cut into trade finance flows. Data released by Dealogic reveals that total global trade finance fell by 5% between 2011 and 2012 to USD 170 billion. Given that up to 90% of the world's trade is supported by trade finance, a sustained interruption to this line of credit could severely affect global exports and imports and therefore global growth.

Given the uneven global economic recovery and its impact on trade, economies are cautioned against resorting to protectionist measures[9]. In its most recent report on G20 trade measures, the WTO found that there had indeed been a slowdown in the imposition of new trade restrictive measures between mid-May 2012 and mid-October 2012[10]. During this period, G20 members implemented 71 new measures that can be considered as trade restricting or distorting – mainly the initiation of anti-dumping investigations – affecting about 0.3% of global merchandise imports. The iron and steel sector was most frequently affected by the new trade restrictive measures, followed by the plastics sector. However, in terms of trade coverage, electrical machinery followed by mineral fuels and oils, were most heavily affected. Also, in its Annual Report by the Director-General, the WTO highlights that there was a slowdown in the imposition of trade restrictive measures globally between mid-October 2011 and mid-October 2012, with 308 new measures put in place, covering 1.3% of world merchandise imports, compared with 339 measures implemented in the previous year[11].

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[7] For more information, please see the WTO's Press Release 688, "World Trade 2012, Prospects for 2013: Trade to remain subdued in 2013 after sluggish growth in 2012 as European economies continue to struggle", 10 April 2013.

[8] The APEC Policy Support Unit is currently preparing an issues paper on trade finance, which is scheduled to be released by end-September 2013.

[9] APEC Ministers, meeting in Vladivostok, Russia in September 2012, reaffirmed the pledge made by Leaders to refrain from raising new barriers to investment or to trade in goods and services through the end of 2015.

[10] For more information, please see the WTO's "Report on G-20 Trade Measures (mid-May 2012 to mid-October 2012)", 31 October 2012. A list of trade and trade-related measures implemented in selected APEC economies from mid-May 2012 to mid-October 2012 is at Annex 2.

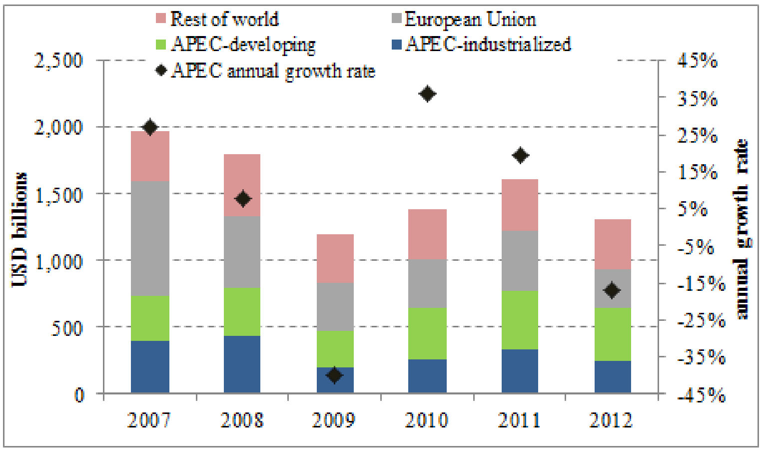
[11] For more information, please see the WTO's "Overview of developments in the international trading environment – Annual Report by the Director-General (mid-October 2011 to mid-October 2012)".

In addition, just over half of the total measures implemented globally over that period were trade facilitating, covering around 3.2% of world merchandise imports. For the G20 members, 55% of the total number of new measures recorded between mid-May 2012 and mid-October 2012 were trade facilitating (an increased share over the previous reporting period), covering about 0.7% of G20 imports. These measures include the termination of trade remedies and the reduction of import tariffs. Furthermore, 21% of the trade restrictive measures implemented by G20 members since October 2008 had been removed by October 2012. Nevertheless, the accumulation of restrictive measures by G20 members that remain in place since the global financial crisis remains high, and is estimated to cover around 3.5% of global merchandise trade.

Greater attention also continues to be paid to the issue of non-tariff measures (NTMs) – including technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures – and their impact on trade. In recent years, there has been an increase in the notification of TBT and SPS measures, although this could be due partly to efforts relating to greater transparency since WTO members are encouraged to report even those measures that are based on international standards. However, there has also been an increase in the number of specific trade concerns (STCs) raised against TBT and SPS measures, indicating that perhaps some of these are being implemented in pursuit of domestic public policy objectives. The WTO reports that there was an average of 38 STCs raised against a TBT measure during 2008-2011, having risen from an average of 19 during 2004-2007. Measures maintained by G20 members accounted for over 80% of the 356 STCs raised to date.

Foreign Direct Investment (FDI) and Investment-Related Measures

Chart 5. Global FDI Inflows, 2007-2012



Note: Data for 2012 are preliminary estimates.

Source: UNCTAD and APEC PSU calculations.

The setback to the global economic recovery that occurred in 2012 also caused a setback to the recovery in FDI that had been taking place since the global financial crisis. Preliminary data recently released by UNCTAD indicates that global FDI inflows fell by 18% to an estimated USD 1.3 trillion in 2012 as uncertainty over the strength and sustainability of the economic recovery continues to restrain investors (Chart 5)[12]. Despite low borrowing costs and high share prices[13], companies in the United States – traditionally the world's largest source of FDI – have instead put cash into reserves rather than use it to expand production capacity. In fact, nonfinancial corporations in the United States had domestic holdings of USD 1.8 trillion in total liquid assets at the end of 2012 (an amount

[12] For more information, please see UNCTAD's Global Investment Trends Monitor, No. 11, 23 January 2013.

[13] Interest rates in the United States are at historical lows, while both the S&P 500 and the Dow Jones Industrial Average reached record highs in March 2013.

30% higher than in 2008) [14] as companies remain cautious towards both domestic and foreign investment given the uneven pace of the global economic recovery.

Substantially reduced inflows to the European Union (EU) were responsible for slightly over half of the global decline – FDI inflows to the EU fell by 35% to USD 287 billion between 2011 and 2012 as the ongoing uncertainty over the sovereign debt crisis in the euro zone continues to create significant risk for investors. In particular, many major European economies saw substantial reductions of FDI inflows in 2012 – a drop of 81% in Belgium (which accounted for over half of the decline in inflows to the EU), 97% in Germany, 85% in Italy, and 41% in Spain – as large divestments took place. Most significantly, FDI inflows to the EU in 2012 were 66% lower than they had been in 2007. As a result, the EU's share of global FDI has fallen from 43% to 22% over that same period.

The APEC region also experienced a large decline in FDI, with inflows in 2012 just under USD 650 billion, about 17% lower than they had been in 2011. Although both industrialized APEC and developing APEC witnessed a reduction in FDI in 2012, the drop in inflows to the United States accounted for over 60% of the decrease in FDI to the region. FDI to the United States fell by 35% from 2011 to an estimated USD 147 billion in 2012 and is around the same level that it had been in 2009 after the global financial crisis. Much of the decline in 2012 can be attributed to a decrease in cross-border mergers and acquisitions (M&A) as net cross-border M&A sales in the United States fell by 51% to USD 66.3 billion.

China, the second largest recipient of FDI in the world, also experienced a slight decrease in FDI in 2012, with inflows falling by around 3% to USD 120 billion in light of rising production costs (labor, for example) and reduced demand for exports. Other APEC members witnessing a decline in FDI inflows in 2012 include the newly industrialized Asian economies of Hong Kong, China; Korea; and Singapore, mainly the result of a general reduction in FDI globally due to sluggish economic growth in advanced economies and the uncertain recovery. However, the level of FDI inflows to these economies in 2012 was still significantly higher than it had been in 2007 as they have absorbed an increasingly greater share of FDI flows following the global financial crisis.

In contrast, other APEC economies witnessed relatively large increases in FDI inflows in 2012 over the previous year. Most notably, FDI inflows to Chile rose by 53% in 2012, while those to Peru rose by 34% as strong economic growth combined with relatively high commodity prices has helped to attract investment in these economies, particularly in the extractive industries. Several of the Southeast Asian APEC members, including the Philippines; Thailand; and Viet Nam, also saw an increase in FDI inflows in 2012 as their manufacturing sectors attracted higher levels of investment, partly due to a rebound in inflows after having fallen in 2011. (The Philippines and Thailand both experienced natural disasters in 2011 that caused FDI inflows to fall that year.) Meanwhile, the amount of FDI inflows to Indonesia was practically unchanged in 2012 as that economy maintained its record high level of FDI inflows.

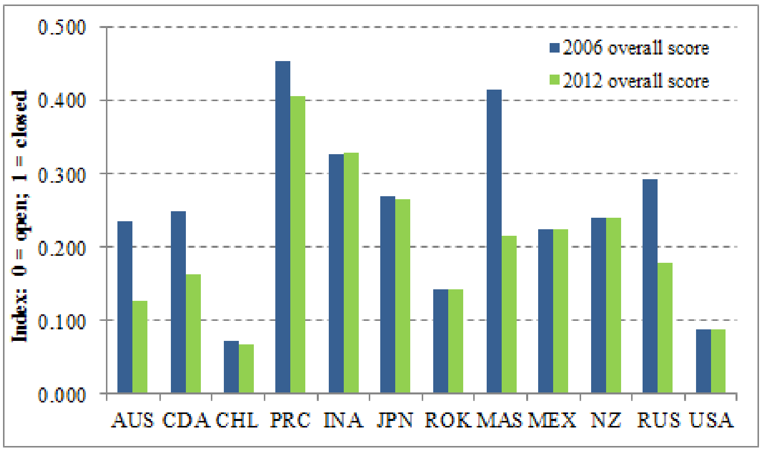
Looking forward, UNCTAD expects that there will be very modest increases in FDI due to the uneven global economic recovery and the significant uncertainty and downside risks that

[14] United States Federal Reserve Flow of Funds Accounts, 7 March 2013 release. In addition, global cash holdings by nonfinancial U.S. companies through foreign subsidiaries are substantially higher. The most recent Corporation Tax Statistics data from the United States Internal Revenue Service reveal that U.S. corporations had total cash holdings of USD 4.9 trillion in 2009.

remain. It forecasts that FDI inflows will increase only slightly in 2013 and 2014 to USD 1.4 trillion and USD 1.6 trillion, respectively. These estimates represent substantial downward revisions from July 2012 when UNCTAD had estimated that FDI would rise to USD 1.8 trillion in 2013 and USD 1.9 trillion in 2014. Given its importance in promoting economic growth and in funding major projects – including those in infrastructure development, an important area of focus for APEC in 2013 – APEC members should ensure that their investment policies and wider business environment are conducive to promoting and attracting FDI, especially in view of the reduced level of global FDI flows.

The OECD's FDI Regulatory Restrictiveness Index shows that several APEC members have made substantial progress in removing investment barriers over the past few years (Chart 6). The index also reveals that APEC members have significant differences in the level of regulatory restrictions across the various sectors. For example, while Canada and Chile have no FDI measures in place in the primary agricultural sector, that sector is fully restricted in Japan. Although there is no sector without regulatory impediments to FDI across all APEC members, barriers to FDI are relatively low in manufacturing, construction, and tertiary sectors such as business and financial services across most APEC economies. There are also several key sectors in which many APEC members have measures in place that either partially or fully restrict FDI, including radio and television broadcasting, air and maritime transportation, and the fisheries sector.

Chart 6. FDI Regulatory Restrictiveness Index for Selected APEC Economies, 2006 & 2012



Source: OECD.

Most APEC members continue to actively pursue investment liberalization and promotion strategies, with the investment measures recently implemented in selected APEC economies generally being favorable to FDI[15]. Although UNCTAD recently reported in March that there has been an increase in investment restrictions and regulations, many of these new measures were not implemented by APEC members[16]. In addition, of the 13 international investment agreements (IIAs) signed between 1 June 2012 and 28 February 2013, 10 involved an APEC member, including three that were between APEC members. Nevertheless, given the uncertainty surrounding the global economic recovery, there remains a general concern that governments may introduce policies that are unfavorable towards foreign investment or that discourage outward investment.

[15] A list of investment measures implemented in selected APEC economies from 4 May 2012 to 5 October 2012 is at Annex 3.

[16] For more information, please see UNCTAD's Investment Policy Monitors: No 8, 26 November 2012 and No. 9, 12 March 2013.

Annex 2

Trade and Trade-Related Measures (mid-May 2012 – mid-October 2012)

The following list of trade and trade-related measures implemented in selected APEC economies (those APEC members that also participate directly in the G-20 process) from mid-May 2012 to mid-October 2012 is adapted from the most recent WTO report on G20 trade and trade-related measures[17]. This list follows on from an earlier list provided at the Annual Ministerial Meeting (AMM) in Vladivostok, Russia in September 2012, which included all APEC members and covered the period mid-October 2011 to mid-May 2012[18].

Economy	Measure	Source/Date	Status
Australia	Termination on 6 June 2012 of anti-dumping duties on imports of "hollow structural sections" - certain electric resistance welded pipe and tube made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes (HS 7306.30.00; 7306.61.00; 7306.69.00) from Thailand (investigation initiated on 19 September 2011 and provisional duty imposed on 23 December 2011)	WTO document G/ADP/N/230/AUS, 10 August 2012	
Australia	Initiation on 15 June 2012 of anti-dumping investigation on imports of hot rolled coil steel "HRC" (HS 7208.25.00; 7208.26.00; 7208.27.00; 7208.36.00; 7208.37.00; 7208.38.00; 7208.39.00; 7208.53.00; 7208.54.00; 7208.90.00; 7211.14.00; 7211.19.00) from Japan; Korea, Rep. of; Malaysia; and Chinese Taipei	WTO document G/ADP/N/230/AUS, 10 August 2012	
Australia	Additional consumer price index adjustment for the calculation of new rates of customs duties for certain products such as alcoholic beverages (HS 2203; 2204; 2205; 2206; 2207; 2208) and tobacco products (HS 2401; 2402; 2403) resulting in increase of the customs and excise duties	Permanent Delegation of Australia to the WTO (15 October 2012)	Effective 1 August 2012
Australia	Termination on 2 August 2012 (without measure) of anti-dumping investigation on imports of formulated glyphosate (HS 3808.93.00) from China (initiated on 6 February 2012)	Permanent Delegation of Australia to the WTO (15 October 2012)	
Australia	Initiation on 5 September 2012 of anti-dumping investigation on imports of zinc coated (galvanised) steel and aluminium zinc coated steel (HS 7210.49.00; 7210.61.00; 7212.30.00) from China; Korea, Rep. of; and Chinese Taipei	Permanent Delegation of Australia to the WTO (15 October 2012)	
Canada	Elimination of the monopoly enjoyed by the State trading enterprise "Canadian Wheat Board" through the enactment of the Marketing Freedom for Grain Farmers Act	Permanent Delegation of Canada to the WTO (12 October 2012)	Effective 1 August 2012
Canada	Termination on 17 September 2012 (without measure) of anti-dumping investigation on imports of certain unitized wall modules, with or without infill, including fully assembled frames, with or without fasteners, trims, cover caps, window operators, gaskets, load transfer bars, sunshades and anchor assemblies (HS 6802.23.00; 7005.29.00; 7610.10.00; 7610.90.10; 7610.90.90) from China (initiated on 16 July 2012)	Permanent Delegation of Canada to the WTO (12 October 2012)	
Canada	Termination on 17 September 2012 (without measure) of countervailing investigation on imports of certain unitized wall modules, with or without infill, including fully assembled frames, with or without fasteners, trims, cover caps, window operators, gaskets, load transfer bars, sunshades and anchor assemblies (HS 6802.23.00; 7005.29.00; 7610.10.00; 7610.90.10; 7610.90.90) from China (initiated on 16 July 2012)	Permanent Delegation of Canada to the WTO (12 October 2012)	
China	Inclusion of olive oil and distillers' grains (HS 1509.10.00; 1509.90.00; 1510.00.00; 2303.30.00) in the Catalogue of staple agricultural products subject to import report administration	Permanent Delegation of China to the WTO (15 October 2012)	Effective 1 June 2012
China	Termination on 21 June 2012 (without measure) of anti-dumping	WTO document	

[17] For more information, please see the WTO Report on G-20 Trade Measures, 31 October 2012.
[18] That report is available through the APEC Policy Support Unit webpage.

Economy	Measure	Source/Date	Status
	investigation on imports of distiller's dried grains with or without solubles (HS 2303.30) from the United States (initiated on 28 December 2010)	G/ADP/N/230/CHN, 26 September 2012	
China	Initiation on 29 June 2012 of anti-dumping investigation on imports of toluidine (HS 2921.43.00) from the EU	WTO document G/ADP/N/230/CHN, 26 September 2012	
China	Initiation on 20 July 2012 of anti-dumping investigation on imports of solar-grade polysilicon (HS 2804.61.90) from Korea, Rep. of; and the United States	Permanent Delegation of China to the WTO (15 October 2012)	
China	Initiation on 20 July 2012 of countervailing investigation on imports of solar-grade polysilicon (HS 2804.61.90) from the United States	Permanent Delegation of China to the WTO (15 October 2012)	
China	Termination on 15 August 2012 of anti-dumping duties on imports of methylene chloride (HS 2903.12.00) from Germany; Korea, Rep. of; Netherlands; United Kingdom; and the United States (imposed on 20 June 2002)	Permanent Delegation of China to the WTO (15 October 2012)	
China	Initiation on 21 September 2012 of anti-dumping investigation on imports of pyridine and its salts (HS 2933.31.00) from India and Japan	Permanent Delegation of China to the WTO (15 October 2012)	
China	Elimination of automatic import licensing requirements on 19 types of electrical and machinery products, i.e. boilers, steam turbines, water turbines, and electrical installations	Permanent Delegation of China to the WTO (15 October 2012)	Effective 1 July 2012
Indonesia	Termination on 16 May 2012 (without measure) of anti-dumping investigation on imports of wheat flour (HS 1101.00.10) from Australia, Sri Lanka, and Turkey (initiated on 17 November 2008)	WTO document G/ADP/N/230/IDN, 26 September 2012	
Indonesia	Reduction of export tax (from 15% to 13.5%) on crude palm oil (HS 1207; 1511; 1513; 1516; 2306; 3823; 3826)	Permanent Delegation of Indonesia to the WTO (15 October 2012)	Effective 16 May 2012
Indonesia	Elimination of import tariffs on certain machinery, goods, and materials used for motorized vehicle assembling and component industries. To benefit, 30% of the total value of machines used in the plants need to be locally produced	Permanent Delegation of Indonesia to the WTO (15 October 2012) and Regulation No. 76/PMK.011/2012 Ministry of Finance (21 May 2012)	Effective 21 June 2012
Indonesia	Amendments on 21 May 2012 to Ministry of Finance Regulation 176/PMK.011/2009 granting import duty exemption for machinery and materials for certain sectors (i.e. tourism and culture, public transportation, public health services, mining, construction, telecom, and ports) for the development or establishment of industries under the framework of investment promotion	Permanent Delegation of Indonesia to the WTO (15 October 2012)	Effective 21 June 2012
Indonesia	Initiation on 25 June 2012 of anti-dumping investigation on imports of tinplate coil sheet (HS 7210.12.10; 7210.12.90) from China; Korea, Rep. of; and Chinese Taipei	WTO document G/ADP/N/230/IDN, 26 September 2012	
Indonesia	Initiation on 29 June 2012 of anti-dumping investigation on imports of polyethylene terephthalate "PET" (HS 3907.60.10; 3907.60.20; 3907.60.90) from China; Korea, Rep. of; Singapore; and Chinese Taipei	WTO document G/ADP/N/230/IDN, 26 September 2012	
Indonesia	Initiation on 24 August 2012 of safeguard investigation on imports of wheat flour (HS 1101.00.10)	WTO document G/SG/N/6/IDN/19, 4 September 2012	
Indonesia	Temporary rebates of import tariffs through Indonesia's "Government Borne Import Duty" regime on certain inputs for the production of a variety of final products, i.e. ballpoint, special ink (toner), carpets, stationery ballpoints, vehicles components, ships, telecommunication equipment, plastic products, electronic components, fibre optical cables, infusion packing and/or infusion medicine, resins, and fertilizers (HS 2712; 2803; 2807; 2814; 2821; 2827; 2922; 2930; 3204; 3901; 3902; 3903; 3904; 3905; 3906; 3916; 3919; 3920; 3923; 3926; 4016; 5402; 5603; 5604; 7010; 7019; 7208; 7209; 7211; 7214; 7216; 7217; 7219; 7304;	Permanent Delegation of Indonesia to the WTO (15 October 2012)	Effective until 31 December 2012

Economy	Measure	Source/Date	Status
	7326; 7410; 8415; 8501; 8502; 8504; 8506; 8507; 8517; 8535; 8536; 8538; 8544; 8608; 9032; 9401)		
Indonesia	Amendments to the Regulation of the Minister of Trade No. 30/M-DAG/PER/5/2012 concerning import licensing for imports of horticultural products (HS 0603; 0701; 0703; 0704; 0706; 0709; 0710; 0712; 0803; 0804; 0805; 0806; 0807; 0808; 0810; 0904; 2001; 2004; 2005; 2007; 2008; 2009)	WTO document G/LIC/N/2/IDN/12, 3 October 2012	To come into effect on 28 October 2012
Japan	Termination on 28 June 2012 (expiry without review) of anti-dumping duties on imports of certain polyester staple fibre (HS 5503.20) from Korea, Rep. of; and Chinese Taipei (imposed on 26 July 2002)	WTO document G/ADP/N/230/JPN, 2 August 2012	
Japan	Initiation on 29 June 2012 of anti-dumping investigation on imports of uncoated certain cut sheet paper (HS 4802.56; 4802.62) from Indonesia	WTO document G/ADP/N/230/JPN, 2 August 2012	
Korea, Rep. of	Extension of the temporary elimination of import tariffs on pork (HS 0203.19; 0203.29), under an import quota of 50,000 tonnes	Permanent Delegation of Korea to the WTO (15 October 2012)	Effective 1 July 2012 to 31 December 2012
Korea, Rep. of	Termination on 5 August 2012 of anti-dumping duties on imports of sodium dithionite (HS 831.10) from China (imposed on 23 June 2004)	Permanent Delegation of Korea to the WTO (15 October 2012)	
Mexico	Changes in government procurement legislation including provisions against corruption	Permanent Delegation of Mexico to the WTO (15 October 2012)	Effective 11 June 2012
Mexico	Termination on 20 June 2012 of anti-dumping duties on imports of plastic pencil sharpeners (HS 8214.10.01) from China (imposed on 13 June 2006)	WTO document G/ADP/N/230/MEX, 13 August 2012	
Mexico	Initiation on 30 August 2012 of anti-dumping investigation on imports of tableware and kitchenware, and other household articles of porcelain and ceramic (HS 6911.10.01; 6912.00.01) from China	Permanent Delegation of Mexico to the WTO (15 October 2012)	
Mexico	Reduction of import tariffs on certain products, i.e (from 5% to 3%) palm and coconut oils (HS 1511.10.01; 1513.11.01; 1513.19.99; 1513.21.01; 1513.29.99); (from 10% to 5%) soya-bean, palm, sunflower-seed, and vegetable fats oils (HS 1507.90.99; 1511.90.99; 1512.19.99; 1516.20.01); and baby carriages and parts thereof (from 15% to 10 and 5%) (HS 8715.00.01; 8715.00.02)	Permanent Delegation of Mexico to the WTO (15 October 2012)	Effective 5 September 2012
Mexico	Temporary elimination of import tariffs under a given quota on articles for babies, i.e. baby carriages and seats (HS 3924.90.99; 7013.37.99; 8715.00.01; 9401.80.01)	Permanent Delegation of Mexico to the WTO (15 October 2012)	Effective 5 September 2012 to 31 December 2014
Mexico	Elimination of import tariffs (from 45% and 20%) on eggs (HS 0407.21.01; 0407.21.99; 0408.11.01; 0408.19.99; 0408.91.01; 0408.91.99; 0408.99.01; 0408.99.99)	Permanent Delegation of Mexico to the WTO (15 October 2012)	Effective 13 September 2012
Mexico	Initiation on 1 October 2012 of anti-dumping investigation on imports of flat-rolled products of iron, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated (HS 7209.16.01; 7209.17.01; 7209.18.01; 7225.50.02; 7225.50.03; 7225.50.04; 7225.50.99; 9802.00.13) from Korea, Rep. of	Permanent Delegation of Mexico to the WTO (15 October 2012)	
Russian Federation	Increase of export quotas on certain types of wood (HS 4403.20.11; 4403.20.19; 4403.20.31; 4403.20.39)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective 11 August 2012
Russian Federation	Reduction of import tariffs on car bodies (HS 8707.10); specific part of the duty reduced from €5,000/unit to €2,907/unit. *Ad valorem* part remained unchanged at 15%	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective 23 August 2012
Russian Federation	"Wheedled Vehicle Scrapping Fees" requirements on utilization of end-of-life vehicles, covering imported and locally-produced vehicles. Imported vehicles subject to one-time fees. Domestic car producers either have to pay the fee or to invest in car collection and utilization facilities under certain criteria. Fees depend on type and category of vehicles	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective 1 September 2012

Economy	Measure	Source/Date	Status
Russian Federation (and Belarus, Kazakhstan)	Temporary reduction of export tariffs (from 20% but not less than €35/tonne to 5% but not less than €8.5/tonne) on soya beans (HS1201.00)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective May 2012 to 30 September 2012
Russian Federation (and Belarus, Kazakhstan)	Initiation on 15 June 2012 of anti-dumping investigation on imports of cast-iron enamelled bathtubs (HS 7324.21.00) from China	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	
Russian Federation (and Belarus, Kazakhstan)	Initiation on 6 July 2012 of safeguard investigation on imports of combine harvesters and modules, consisting at least of threshing and separating device, equipped or not equipped with the threshing drum, cleaning system and engine mounted on the support base and the frame and chassis, provides for the installation of bridges, wheels or tracks (collectively as "products" or "harvesters") (HS 8433.51.00; 8433.90.00)	WTO document G/SG/N/6/RUS/1, 11 September 2012	
Russian Federation (and Belarus, Kazakhstan)	Temporary import quotas on corrosion-resistant pipes and tubes with a diameter of 426 mm or less (HS 7304.11.00; 7304.41.00; 7304.49.10; 7304.49.93; 7304.49.95; 7304.49.99; 7306.11.10; 7306.11.90; 7306.40.20; 7306.40.80)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective August 2012 to November 2014
Russian Federation (and Belarus, Kazakhstan)	Export licensing requirements on unprocessed precious metals, waste and scrap of precious metals, ores and concentrates of precious metals, commodities containing precious metals, and mineral raw materials (only untreated stones)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective 16 August 2012
Russian Federation (and Belarus, Kazakhstan)	Termination on 23 August 2012 of anti-dumping investigation on imports of nickel-rolled flat steel products (HS 7219.11.00; 7219.21.10; 7219.22.10; 7219.23.00; 7219.24.00; 7219.32.10; 7219.33.10; 7219.34.10; 7219.35.10; 7219.90.80; 7220.11.00; 7220.12.00; 7220.20.21; 7220.20.41; 7220.20.81; 7220.90.80) from China; Brazil; Korea, Rep. of; and South Africa (initiated on 27 March 2009)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	
Russian Federation (and Belarus, Kazakhstan)	Termination on 23 August 2012 of safeguard investigation on imports of tubes from corrosion-resistant steel (HS 7304.11.00; 7304.41.00; 7304.49.10; 7304.49.93; 7304.49.95; 7304.49.99; 7306.11.10; 7306.11.90; 7306.40.20; 7306.40.80) (initiated on 25 November 2011)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	
Russian Federation (and Belarus, Kazakhstan)	Termination on 30 August 2012 of safeguard investigation on imports of graphite electrodes (HS 8545.11.00) (initiated on 31 August 2011)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	
Russian Federation (and Belarus, Kazakhstan)	Elimination of the temporary reduction of import tariffs (back to 15% from 5%) on paper and cardboard (HS 4810.13.80; 4810.19.90; 4810.22.10; 4810.29.30)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012) and WTO document WT/TPR/OV/W/6, 28 June 2012	Effective 30 August 2012
Russian Federation (and Belarus, Kazakhstan)	Elimination of import tariffs on certain aircraft components, i.e. electrical and lighting systems, aircraft controls, and air conditioning (HS 7307.29.90; 7326.90.91; 7326.90.93; 7326.90.98; 7616.99.90; 8307.10.00; 8483.40.23; 8483.40.30; 8511.90.00; 8518.40.80; 8526.10.00; 8529.90.65; 8544.42.90; 9026.20.20; 9026.20.80; 9405.40.99)	Permanent Delegation of the Russian Federation to the WTO (18 October 2012)	Effective 30 August 2012
Russian Federation (and Belarus, Kazakhstan)	Initiation on 3 September 2012 of safeguard investigation on imports of tableware and kitchenware of porcelain (further-products) (HS 6911.10.00)	WTO document G/SG/N/6/RUS/2, 11 September 2012	
Russian Federation (and Belarus, Kazakhstan)	Initiation on 1 October 2012 of safeguard investigation on imports of woven fabrics obtained of manmade fibres and filaments (HS 5407.10.00; 5407.30.00; 5407.42.00; 5407.43.00; 5407.44.00; 5407.52.00; 5407.53.00; 5407.54.00; 5407.61.30; 5407.61.50; 5407.61.90; 5407.69.90; 5407.72.00; 5407.73.00; 5407.74.00; 5407.82.00; 5407.83.00; 5407.84.00; 5407.92.00; 5407.93.00; 5407.94.00; 5408.10.00; 5408.32.00; 5408.33.00; 5408.34.00; 5512.19.10; 5512.19.90; 5512.29.10; 5512.29.90; 5512.99.10; 5512.99.90; 5513.21.00; 5513.23.10; 5513.23.90; 5513.29.00; 5513.31.00; 5513.39.00; 5513.41.00; 5513.49.00; 5514.21.00; 5514.22.00; 5514.23.00; 5514.29.00; 5514.30.10;	WTO document G/SG/N/6/RUS/3, 10 October 2012	

Economy	Measure	Source/Date	Status
	5514.30.30; 5514.30.50; 5514.30.90; 5514.41.00; 5514.42.00; 5514.43.00; 5514.49.00; 5515.11.30; 5515.11.90; 5515.12.30; 5515.12.90; 5515.19.30; 5515.19.90; 5515.21.30; 5515.21.90; 5515.29.00; 5515.91.30; 5515.91.90; 5515.99.40; 5515.99.80; 5516.12.00; 5516.13.00; 5516.14.00; 5516.22.00; 5516.23.10; 5516.23.90; 5516.24.00; 5516.42.00; 5516.43.00; 5516.44.00; 5516.92.00; 5516.93.00; 5516.94.00)		
United States	Termination on 15 May 2012 of anti-dumping duties on imports of bottom mount combination refrigerator-freezers (HS 8418.10.00; 8418.21.00; 8418.99.40; 8418.99.80) from Korea, Rep. of and Mexico (investigation initiated on 26 April 2011 and provisional duty imposed on 2 November 2011)	WTO document G/ADP/N/230/USA, 27 August 2012	
United States	Termination on 15 May 2012 of countervailing duties on imports of bottom mount combination refrigerator-freezers (HS 8418.10.00; 8418.21.00; 8418.99.40; 8418.99.80) from Korea, Rep. of (investigation initiated on 26 April 2011 and provisional duty imposed on 6 September 2011)	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Initiation on 2 July 2012 of anti-dumping investigation on imports of xanthan gum (HS 3913.90.20) from Austria and China	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Termination on 31 August 2012 of anti-dumping duties on imports of lined paper products (HS 4810.22; 4811.90; 4820.10) from Indonesia (duty imposed on 28 September 2006)	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Termination on 31 August 2012 of countervailing duties on imports of lined paper products (HS 4810.22; 4811.90; 4820.10) from Indonesia (duty imposed on 28 September 2006)	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Termination on 6 September 2012 of anti-dumping duties on imports of ferrovanadium and nitrided vanadium (HS 2850.00; 7202.92; 7202.99; 8112.40) from the Russian Federation (duty imposed on 10 July 1995)	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Termination on 21 September 2012 of anti-dumping duties on imports of honey (HS 0409.00; 1702.90; 2106.90) from Argentina (duty imposed on 10 December 2001)	Permanent Delegation of the United States to the WTO (15 October 2012)	
United States	Termination on 21 September 2012 of countervailing duties on imports of honey (HS 0409.00; 1702.90; 2106.90) from Argentina (duty imposed on 10 December 2001)	Permanent Delegation of the United States to the WTO (15 October 2012)	

Annex 3

Investment Measures (4 May 2012 – 5 October 2012)

The following list of investment measures implemented in selected APEC economies from 4 May 2012 to 5 October 2012[19] is adapted from the most recent OECD-UNCTAD report on G20 investment measures[20] and from the OECD's inventory of investment measures under its Freedom of Investment process[21]. This list follows on from an earlier list provided at the AMM in Vladivostok, Russia in September 2012, which covered the period 7 October 2011 to 3 May 2012[22].

	Description of Measure	Date	Source
Australia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Canada			
Investment policy measures	On 25 May 2012, the Canadian Government released a *Mediation Guideline* to make formal mediation procedures available under the *Investment Canada Act*. This mediation procedure provides a voluntary means of resolving disputes when the Minister believes an investor has failed to comply with a written undertaking given as part of an investment agreement. Mediation does not necessarily replace litigation in such cases but may be chosen as a less costly and quicker option.	25 May 2012	"*Minister Paradis Announces Additional Improvements to the Foreign Investment Review Process*", Canada News Center release, 25 May 2012.
	On 29 June 2012, changes to the Telecommunications Act received Royal Assent. The changes, which were introduced through Bill C-38, Part 4, Division 41, liberalise foreign investment in the telecom sector. Foreign investors are now allowed to invest in telecom companies that have a market share of no more than 10%.	29 June 2012	Bill C-38, Part 4, Division 41
Investment measures relating to national security	None during reporting period.		
Chile			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
China			
Investment policy measures	None during reporting period.		
Investment measures relating to national	None during reporting period.		

[19] The period 1 March 2012 to 15 September 2012 is used for the following APEC members: Chile; Malaysia; New Zealand; and Peru.
[20] For more information, please see the "Eighth Report on G20 Investment Measures" prepared by the OECD and UNCTAD Secretariats.
[21] For more information, please see the OECD's "Inventory of investment measures taken between 1 March and 15 September 2012".
[22] That report is available through the APEC Policy Support Unit webpage.

	Description of Measure	Date	Source
security			
Indonesia			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Japan			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Korea			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Malaysia			
Investment policy measures	At the occasion of the launch of the Malaysian Investment Development Authority (MIDA) on 3 July 2012, the Malaysian Prime Minister announced the creation of a Domestic Investment Strategic Fund. Managed by MIDA, the Fund would use MYR 1 billion (approx. USD 320 million) to accelerate, including through incentives for acquiring foreign companies, the participation of Malaysian-owned companies in specified industries (high value-added, high technology, knowledge-intensive and innovation-based), to intensify technology acquisition by Malaysian-owned companies, and to enable Malaysia-owned companies to secure international standards and certifications in strategic industries. The assistance will be granted on a case-by-case basis. The Fund had become available on 2 July 2012.	2 July 2012	"The Official Launch Of Malaysian Investment Development Authority (MIDA) New Corporate Headquarters And Logo", Prime Minister's speech, 3 July 2012. "PM announces new RM1 billion Domestic Investment Strategic Fund", MIDA e-News.
Investment measures relating to national security	None during reporting period.		
Mexico			
Investment policy measures	On 9 August 2012 a General Resolution by the Federal Government became effective. It facilitates the establishment of foreign legal persons in Mexico by establishing new criteria for the application of Article 17 of the Foreign Investment Law. This resolution replaces the prior authorisation requirement for the establishment of a branch of a foreign legal entity in Mexico with a mere notice to be submitted to the Directorate-General of Foreign Investment of the Ministry of Economy. Pursuant to international commitments, legal persons created under the laws of Canada, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Nicaragua, Peru, the United States and Uruguay may benefit from this facility.	9 August 2012	"*Resolucion general por la que se establece el criterio para la aplicacion del articulo 17 de la ley de inversion extranjera relativo al establecimiento de personas morales extranjeras en Mexico*", Diario Oficial de la Federación, 8 August 2012.
Investment measures relating to national security	None during reporting period.		

	Description of Measure	Date	Source
New Zealand			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Peru			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		
Russian Federation			
Investment policy measures	On 17 May 2012, the Central Bank of the Russian Federation issued Decree No.2818-У on the rights of subsidiaries of foreign banks operating in Russia to open local branch offices. The decree, which entered into effect on 2 June 2012, removed a previously existing obligation to obtain permission from the Central Bank and replaced it by a notification requirement. The Decree entered into force 10 days after its official publication.	17 May 2012	Decree No.2818-У, Central Bank of the Russian Federation, 17 May 2012.
Investment measures relating to national security	None during reporting period.		
United States			
Investment policy measures	None during reporting period.		
Investment measures relating to national security	None during reporting period.		