



**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**  
September 2012

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

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Produced for:  
Annual Ministerial Meeting  
Asia-Pacific Economic Cooperation

APEC#212-SE-01.9



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The views expressed in this paper are those of the authors and do not necessarily represent those of APEC Member Economies.

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## Executive Summary<sup>1</sup>

Like a similar report at the Ministers Responsible for Trade (MRT) Meeting in Kazan, Russia in June 2012, this report is presented following the commitment made at the Annual Ministerial Meeting (AMM) in Singapore in November 2009 to continue to review recent economic measures undertaken by APEC members.

### Economic Outlook

Economic activity in the APEC region is expected to remain relatively robust in the medium-term, although growth forecasts have been trimmed in light of the increased uncertainty abroad. Based on IMF data, real GDP growth for the APEC region is forecast to accelerate from 4.1% in 2011 to 4.2% in 2012 and 4.5% in 2013, outperforming the rest of the world. Notably, GDP in industrialized APEC economies is forecast to grow by 2.1% in 2012 and 2.2% in 2013, while non-APEC industrialized economies are predicted to grow by only 0.1% and 0.8% in 2012 and 2013, respectively. In addition, emerging and developing APEC economies continue to be the engine of global growth. This group is forecast to grow by 6.3% in 2012 and 6.9% in 2013, contributing to more than half of global real GDP growth.

However, the IMF stresses that downside risks to the global outlook continue to loom large. The most immediate threat is a further escalation of the Euro area debt crisis. Risks associated with excessive fiscal austerity in some large advanced economies and an unwinding of credit booms in some emerging economies are also of concern, while large and sustained increases in global commodity prices could also negatively impact global growth. Therefore, coordinated and collective action by the entire global community is required in order to end the current period of continuing uncertainty and to ensure future stability and economic growth.

A discussion of recent economic developments is at [Annex 1](#).

### Merchandise Trade and Trade-Related Measures

In the first five months of 2012, the volume of world merchandise trade expanded at an average monthly rate of 2.6% (y-o-y) – a sharp slowdown from an average monthly growth rate of 5.8% in 2011 – mainly due to sluggish economic activity in advanced economies. Weak global economic activity and deflated traded good prices have also dampened trade momentum in the APEC region. Growth in the nominal USD value of merchandise trade moderated to 4.6% (y-o-y) in May 2012, down from a 12.1% growth rate in December 2011. Despite this slowdown, trade in the APEC region has outperformed trade in the rest of the world as the value of merchandise trade in the rest of the world contracted by 5.6% in May.

However, export performance varied markedly among the APEC members in the first half of 2012. Amid reduced global demand and a large fall in commodity prices, the slowdown in export growth was more pronounced among those APEC members where such products play a significant role in total exports. In the medium-term, global trade is expected to continue expanding, but at a lower annual rate in comparison with historical standards. The WTO forecasts that global trade will expand by a subdued 3.7% in 2012, down from a 5.0% expansion in 2011. However, this projected expansion in global trade is by no means

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<sup>1</sup> Reports, information, and data from the IMF, WTO, OECD, and UNCTAD were vital resources in the preparation of this report.

guaranteed as the global recovery remains vulnerable to significant downside risks, including the ongoing uncertainty over the Euro area debt crisis.

The WTO recently reported that there had been no slowdown in the imposition of new trade restrictions between mid-October 2011 and mid-May 2012. During this period, 182 new measures that restrict (or potentially restrict) or distort trade were recorded, affecting around 0.9% of global imports. These measures (including trade remedies, tariff increases, import licenses, and customs controls) appear to be aimed at trying to stimulate domestic recovery through industrial planning rather than trying to combat the temporary effects of the global crisis. Also of concern is the accumulation of trade restrictions, as these new measures add to those previously put in place.

A list of recent trade and trade-related measures implemented in APEC economies from mid-October 2011 to mid-May 2012 as reported by the WTO is at [Annex 2](#).

### **Foreign Direct Investment (FDI) and Investment-Related Measures**

UNCTAD reports that global FDI inflows rose by 16.5% in 2011 from 2010 to reach over USD 1.5 trillion. In 2011, 48.1% of the world's FDI inflows went to APEC economies (USD 732.6 billion), accounting for 46.7% of the growth of FDI inflows in 2011. FDI inflows to APEC economies continue to recover strongly following the global financial crisis; the 2009-2011 annual average of FDI inflows to the APEC region was 12.8% higher than their annual average in the pre-crisis period of 2005-2007 (in nominal terms). FDI inflows to the APEC region in 2011 were driven by merger and acquisitions (M&A) activity, the value of which continued to rise for the third year in a row.

However, uncertainty and risks remain for growth prospects in the medium-term, particularly since ongoing concerns over the global economy continue to dampen investor sentiment. UNCTAD forecasts that global FDI inflows will increase by just 5% in 2012 to USD 1.6 trillion and, barring any macroeconomic shocks, by 11% in 2013 and by 7% in 2014. Preliminary estimates of FDI inflows for Q1 2012 do indeed confirm a slowdown in global FDI activity. Global FDI inflows fell by 17.3% in Q1 2012 from the previous quarter and are 3.3% lower than their level a year earlier. Based on FDI data for selected APEC economies, regional FDI inflows fell by 28.9% in Q1 2012 from Q4 2011, but were 9.2% higher than their level in Q1 2011.

Although many economies continued to liberalize and promote foreign investment in various industries to stimulate growth in 2011, new regulatory and restrictive measures also continued to be introduced, particularly for industrial policy reasons. UNCTAD found that the 67 investment policy measures undertaken in 2011 were generally favorable to foreign investors – the share of policy measures that were more restrictive fell to 22% in 2011 from 32% in 2010. However, the number of international investment agreements (IIAs) signed in 2011 fell to 47 compared with 69 in 2010. This loss of momentum in traditional investment treaty making is expected to persist through 2012, which saw only 12 IIAs concluded during the first five months of the year.

A list of recent investment measures implemented in selected APEC economies from 7 October 2011 to 3 May 2012 as reported by the OECD is at [Annex 3](#).

## **Views from the Business Community**

As the global economy enters an era of greater uncertainty, the APEC Business Advisory Council (ABAC) urges APEC economies to take resolute actions to guard against financial and sovereign risks and the rise of protectionism, while pursuing trade liberalization and maintaining a robust growth trajectory. Regional economic integration and achieving the Bogor Goals remain ABAC's top priority; they advocate the broadest possible participation in initiatives towards a Free Trade Area of the Asia-Pacific (FTAAP), incorporating "next generation" trade and investment issues to optimize the full potential of global value chains.

A letter from ABAC to APEC Economic Leaders is at [Annex 4](#).

## **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 growth and the fragility of the economic recovery, as well as the continuing downside risks that remain, present substantial challenges for the region. Coordinated and collective action by the entire global community is therefore required in order to end the current period of uncertainty and to ensure future stability and economic growth. In June 2012, APEC Trade Ministers meeting in Kazan, Russia reaffirmed the commitment made by APEC Leaders in 2011 in Honolulu to extend to the end of 2015 their pledge to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures in all areas.

APEC Ministers may wish to discuss the following concrete steps:

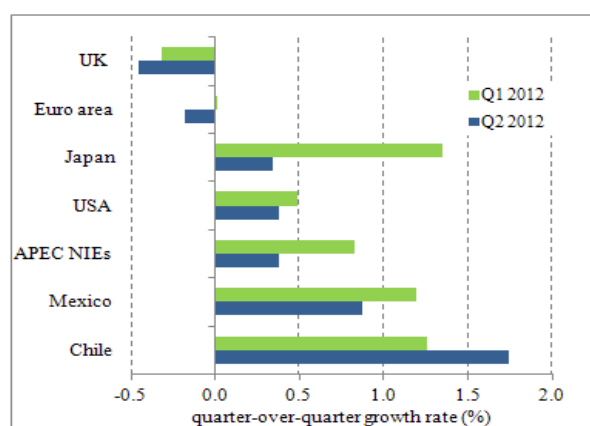
1. APEC reiterates its pledge to maintain free and open markets and renews its commitment to withdraw existing restrictive measures and resist new protectionism measures given the continuing uncertainty and fragility that remains in the global economic recovery process.
2. APEC should continue to monitor trade and investment measures by member economies, with the APEC Policy Support Unit to prepare its next review for the MRT Meeting in 2013.

## Annex 1 – Recent Economic Developments

### Economic Growth

The slowdown in the global economy that began in late 2011 intensified in the first half of 2012 as fluctuations in financial markets continued to spill over into the real economy. The effects have been strong in the Euro area as GDP fell by 0.2% (q-o-q) in the second quarter (Q2) of 2012, following no growth in the previous quarter (Chart 1). In addition, the recession in the United Kingdom, a major financial centre, deepened in Q2 2012 with GDP contracting by 0.5% (q-o-q)<sup>2</sup> after having contracted by 0.3% in Q1 2012 and 0.4% in Q4 2011. Signs of diminishing economic growth have also appeared in emerging and developing economies. Growth in Brazil expanded by just 0.8% (y-o-y) in Q1 2012, marking the worst performance among the large emerging economies.

**Chart 1. Real GDP Growth**

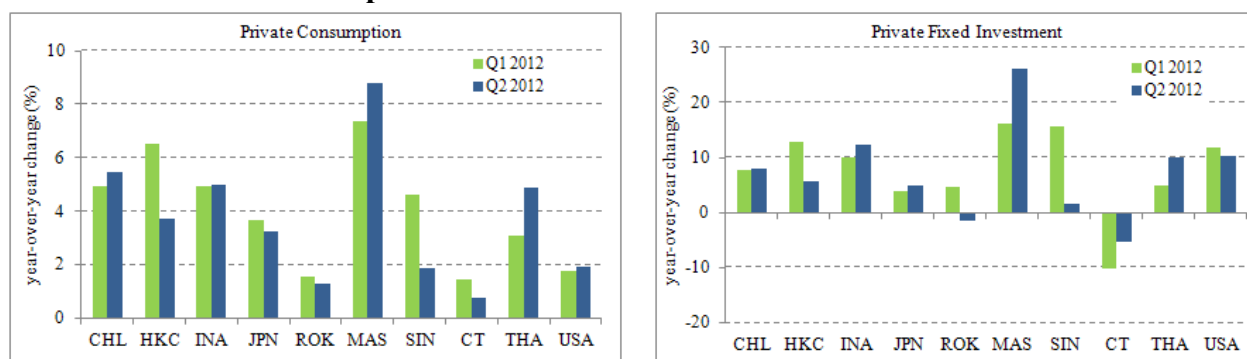


Source: Thomson Reuters and PSU calculations.

Note: GDP is expenditure-based.

Amid the deteriorating external environment, economic activity in the APEC region has come under pressure with the highly open APEC economies in Asia being most affected. Collectively, GDP growth of the four newly industrialized Asian economies (NIEs) – Hong Kong, China; Korea; Singapore; and Chinese Taipei – slowed to 0.4% (q-o-q) in Q2 2012, after having rebounded by 0.8% in the previous quarter. In the large, industrialized APEC economies, the pace of growth also weakened after a strong start at the beginning of this year. Growth in the United States and Japan slowed to 0.4% and 0.3% (q-o-q) in Q2 2012, down from 0.5% and 1.3% growth in the previous quarter, respectively. China's economy has also been advancing at a more moderate rate, with GDP in Q2 2012 expanding by 7.6% in comparison with the same period last year, its slowest pace in three years.

**Chart 2. Private Consumption and Private Fixed Investment in Selected APEC Economies**



Source: Thomson Reuters and PSU calculations.

A common contributor to the decelerating growth in the region has been the negative and appreciable impact of weak external demand on APEC's export earnings. However, with the exception of the APEC NIEs, domestic demand in the region continues to display resilience

<sup>2</sup> Second estimate.



despite the difficult external environment (Chart 2). For example, the post-flood recovery in Thailand has been faster than expected, reflecting favorable income prospects and producers' efforts to resume operations quickly. As a result, Thailand's GDP expanded by a strong 10.8% (q-o-q) in Q1 2012, followed by 3.3% growth in the subsequent quarter. Domestic consumption and investment have also been robust in Chile; Indonesia; Malaysia; and Mexico, underpinned by stable job markets and favorable credit conditions. In some APEC economies, lower inflation in the first half of 2012 has also supported domestic demand by boosting real household spending power.

**Table 1. Real GDP Growth**

year-over-year (%)	Latest forecast		
	2011	2012	2013
Canada	2.5	2.1	2.2
China	9.2	8.0	8.5
Japan	-0.7	2.4	1.5
Mexico	3.9	3.9	3.6
Russia	4.3	4.0	3.9
United States	1.7	2.0	2.3
APEC NIEs	4.0	2.7	4.2
ASEAN-5 <sup>3</sup>	4.5	5.4	6.1
<b>APEC</b>	<b>4.1</b>	<b>4.2</b>	<b>4.5</b>
Industrialized	1.3	2.1	2.2
Developing	6.9	6.3	6.9
<b>Rest of world</b>	<b>3.6</b>	<b>2.5</b>	<b>3.0</b>
Industrialized	1.5	0.1	0.8
Developing	5.2	4.1	4.4
<b>World</b>	<b>3.9</b>	<b>3.5</b>	<b>3.9</b>
Industrialized	1.4	1.3	1.6
Developing	6.1	5.3	5.7

Source: IMF, July 2012 World Economic Outlook Update and PSU calculations.

Economic activity in the APEC region is expected to remain relatively robust in the medium-term, driven by strong domestic demand. Based on data in the IMF's July 2012 World Economic Outlook (WEO) Update, real GDP growth for the APEC region is forecast to accelerate from 4.1% in 2011 to 4.2% in 2012 and 4.5% in 2013 (Table 1). Although these latest forecasts represent a slight downward revision compared with the April 2012 WEO given the increased global uncertainty, the APEC region is still expected to outperform the rest of the world. Notably, GDP in industrialized APEC economies is forecast to grow by 2.1% and 2.2% in 2012 and 2013, respectively. In contrast, non-APEC industrialized economies are predicted to grow by only 0.1% in 2012 and 0.8% in 2013. Emerging and developing APEC economies continue to drive global growth. As a whole, this group is forecast to grow by 6.3% in 2012 and 6.9% in 2013, contributing to more than half of global real GDP growth in those two years.

The IMF stresses that downside risks to the global outlook continue to loom large. The most immediate threat is a further escalation of the Euro area debt crisis. Risks associated with excessive fiscal austerity in some large advanced economies and an unwinding of credit booms in some emerging economies are also of concern since these events may lead to strains on the banking sector as well as a sharp slowdown in global growth. In addition, large and sustained increases in global commodity prices could also negatively impact global growth. Therefore, coordinated and collective action by the entire global community is required in order to end the current period of continuing uncertainty and to ensure future stability and economic growth. According to the IMF, comprehensive and multilateral action by policy makers around the world – focused on steadily improving fiscal positions, easing monetary policy where appropriate, advancing financial sector reform, and further promoting jobs and growth – could raise global GDP by as much as 7% and boost jobs by 36 million over the medium-term<sup>4</sup>.

<sup>3</sup> ASEAN-5 includes the following APEC economies: Indonesia; Malaysia; Thailand; Philippines; Viet Nam.

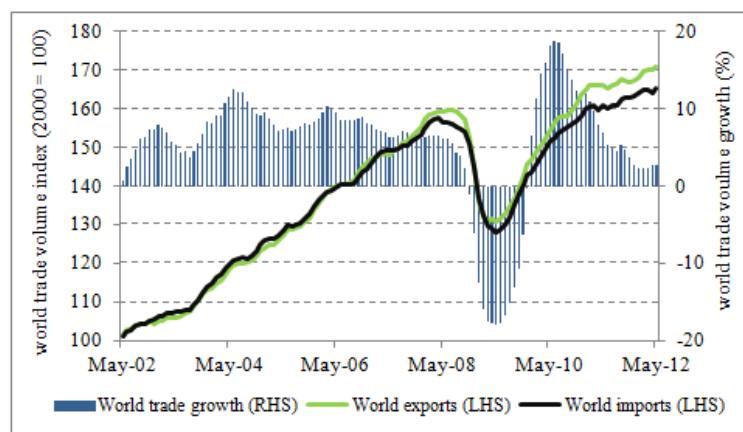
<sup>4</sup> For more information, please see the IMF's "[Toward Lasting Stability and Growth](#)", Umbrella Report for G-20 Mutual Assessment Process, June 2012.

## Merchandise Trade and Trade-Related Measures

In the first five months of 2012, the volume of world merchandise trade expanded at an average monthly rate of 2.6% (y-o-y), a sharp slowdown from an average monthly growth rate of 5.8% in 2011 (Chart 3). Much of this slowdown can be attributed to sluggish economic activity in advanced economies as industrial production in those economies has not yet returned to its 2008 peak (Chart 4). As a result, import

demand from advanced economies, after falling by 22.5% in 2009, continues to be well below its long-term potential. In contrast, import demand from emerging and developing economies continues to be the most dynamic segment of global trade. During the 2008-2009 global financial crisis, import volumes to emerging and developing economies fell by 27.4%, but have since recovered strongly. By May 2012, emerging and developing economies' import volumes had risen 7.2% above their pre-crisis peak, helping to partially mitigate the severity of the slowdown in global trade.

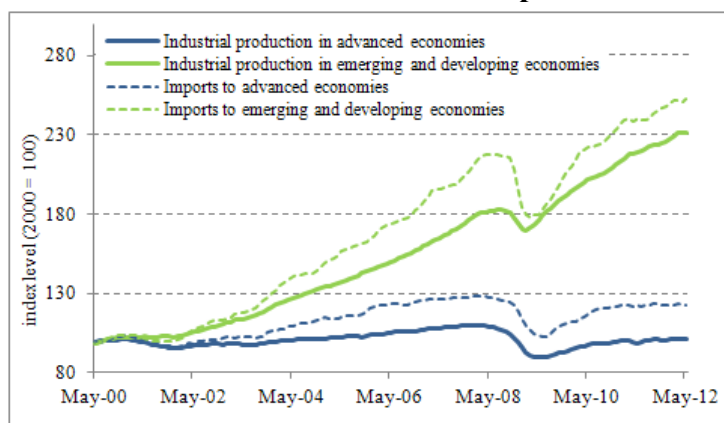
**Chart 3. Global Merchandise Trade Volume**



Source: CPB Netherlands and PSU calculations.

Note: 3-month moving average.

**Chart 4. Industrial Production and Import Demand**



Source: CPB Netherlands and PSU calculations.

Note: 3-month moving average.

when the value of global trade also fell by nearly 26% (y-o-y). Although total global trade finance rose in Q2 2012, resulting in a total of USD 90.4 billion for the first half of 2012, it was still lower than the USD 96.1 billion recorded in the second half of 2011. Given that up to 90% of the world's trade is supported by trade finance, a continuing interruption to this line of credit could severely affect global exports and imports in the medium-term.

In addition, the retreat of world prices across a wide range of raw materials since March 2012 has also contributed to the modest performance of global trade in recent months. In the year to May 2012, total world merchandise trade value increased by only 0.7% to an annualized

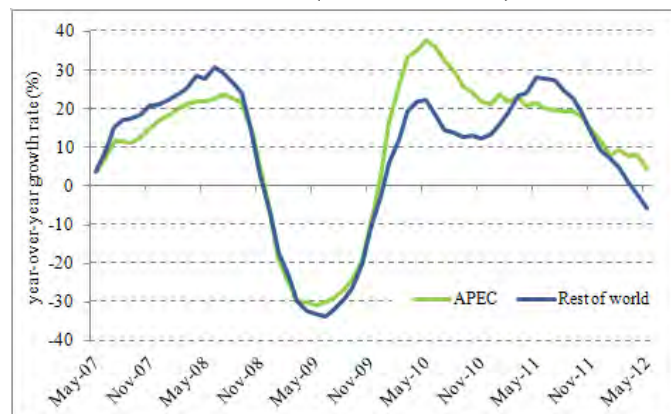
While slower global economic activity has impacted trade performance in recent months, a confluence of other factors has also affected trade flows. Notably, the deleveraging of the European banking sector since the second half of 2011 has cut into trade finance flows. According to data released by Dealogic, total global trade finance fell to USD 26.8 billion in Q1 2012, down by 18% over the same period last year, and marking its lowest level since Q3 2009



value of USD 36.4 trillion (in nominal USD terms)<sup>5</sup>. The fall in energy prices had been most pronounced – the World Bank’s index of energy prices recorded more than a 20% reduction in just over the three months of Q2 2012. Nevertheless, prices for primary commodities, including for energy and food, have risen steeply since June 2012. For instance, Brent oil prices rose from a low of USD 89 per barrel in June to USD 116 per barrel in August mainly due to supply concerns. Meanwhile, persistent drought conditions in some major grain exporting economies pushed corn and wheat prices up by over 60% and 40%, respectively, by mid-August<sup>6</sup>.

Weak global economic activity and deflated traded good prices have also dampened trade momentum in the APEC region. Growth in the nominal USD value of merchandise trade moderated to 4.6% (y-o-y) in May 2012, down from a 12.1% growth rate in December 2011 (Chart 5). Despite this slowdown, trade in the APEC region has outperformed trade in the rest of the world as the value of merchandise trade in the rest of the world contracted by 5.6% in May. APEC’s relatively strong trade performance in the beginning of 2012 partly reflects the relatively more robust economic growth in the region. In the United States, the pace of slowdown in import demand was less marked than that in the EU as firms sought to restore inventories. The normalization of production and consumption in some APEC economies that had been impacted by natural disasters in 2011, most notably Japan and Thailand, has also supported trade performance in the APEC region (although recent events, such as the floods in the Philippines, may reduce private consumption in the second half of 2012).

**Chart 5. Trade Values (nominal USD)**



Source: IMF, International Financial Statistics and PSU calculations.

Note: 3-month moving average.

Despite the relatively strong regional performance, export performance among the APEC members varied markedly in the first half of 2012. Amid reduced global demand and a large fall in commodity prices, the slowdown in export growth was more pronounced among those APEC members where such products play a significant role in total exports. The value of exports for this group contracted by 0.6% (y-o-y) in Q2 2012 from an 11.4% (y-o-y) expansion in Q1 2012 (Chart 6)<sup>7</sup>. The pace of decelerating exports was also quite sharp among the newly industrialized Asian economies. The total nominal USD value of exports from Hong Kong, China; Korea; Singapore; and Chinese Taipei fell by 0.4% (y-o-y) in Q2 2012 as sluggish final demand in advanced markets also manifested itself in a reduced intake of raw materials and intermediate goods. In contrast, the more stable nature of prices for

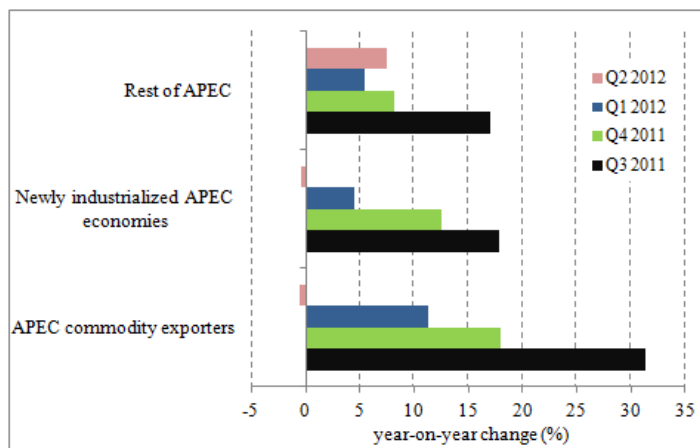
<sup>5</sup> Total world merchandise trade is the sum of merchandise exports and imports. The trade figures quoted were calculated based on data obtained from the IMF’s International Financial Statistics database.

<sup>6</sup> The figures quoted for Brent oil, corn, and wheat prices were calculated based on data obtained from Thomson Reuters.

<sup>7</sup> Total export value for APEC commodity exporters is calculated as the sum of total merchandise export values of the following six economies: Australia; Chile; Indonesia; New Zealand; Peru; Russia (where data are available).

manufactured goods and the restoration of the region's supply chain have allowed APEC exporters of manufactured goods to fare relatively better, especially in Q2 2012. Their total export value continued to rise by 5.5% (y-o-y) in Q2 2012, slightly higher than the 5.1% (y-o-y) rate of expansion in the previous quarter.

**Chart 6. Export Values in APEC (nominal USD)**



Source: Thomson Reuters and PSU calculations.

In comparison with the APEC region, concerted fiscal tightening, rising unemployment, and tight credit conditions continue to depress demand in Europe. Given that intra-European Union (EU) trade is almost twice the size of trade between the EU and its external partners, weak economic activity across the region has heavily impacted trade performance. Trade for the EU has weakened substantially since the intensification of the Euro area

debt crisis in late 2011, with the total trade value down 7.6% (y-o-y) in May 2012<sup>8</sup>. Intra-EU trade fell by 9.8% (y-o-y), two and a half times the rate of contraction of extra-EU trade. Given that the EU is the world's largest trading bloc, this sharp contraction was among the principal contributors to the weakening recovery of global trade. Nevertheless, the EU remains an important export market for APEC; in 2011, the EU accounted for almost 16% of total export value from the APEC region. As such, in the event of a deep recession in Europe, APEC's trade will most likely experience a significant decrease.

In the medium-term, global trade is expected to continue expanding, but at a lower annual growth rate in comparison with historical standards. According to the WTO, global trade is forecasted to expand by a subdued 3.7% in 2012, down from a 5.0% expansion in 2011<sup>9</sup>. However, this projected expansion in global trade is by no means guaranteed as the global recovery remains vulnerable to significant downside risks, including the ongoing uncertainty over the Euro area debt crisis. In light of this, APEC members should strive to avoid protectionist trade measures. After meeting in June 2012 in Kazan, Russia, APEC Trade Ministers reaffirmed that keeping markets open is essential for achieving a sustainable global recovery.

However, the WTO recently reported that there had been no slowdown in the imposition of new trade restrictions between mid-October 2011 and mid-May 2012<sup>10</sup>. During this period, 182 new measures that restrict (or potentially restrict) or distort trade were recorded, affecting around 0.9% of global imports. These measures (including trade remedies, tariff increases, import licenses, and customs controls) appear to be aimed at trying to stimulate domestic recovery through industrial planning rather than trying to combat the temporary effects of the

<sup>8</sup> EU trade figures were calculated based on nominal USD trade data obtained from the WTO. Growth rates are quoted on a 3-month moving average basis.

<sup>9</sup> For more information, please see the WTO's Press Release 658, "[World Trade 2011, Prospects for 2012: Trade growth to slow in 2012 after strong deceleration in 2011](#)", 12 April 2012.

<sup>10</sup> For more information, please see the WTO's "[Report to the TPRB from the Director-General on Trade-related Developments](#)", 28 June 2012.

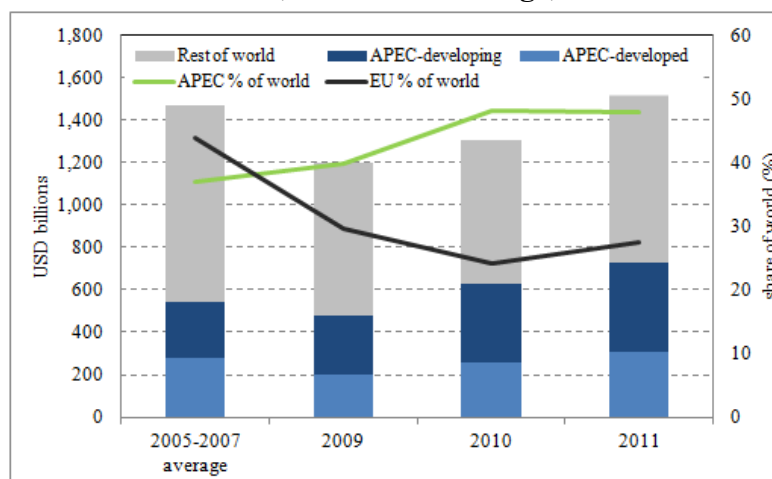
global crisis. Also of concern is the accumulation of trade restrictions, as these new measures add to those previously put in place. The WTO found that the cumulated trade restrictive measures undertaken by the G20 members since October 2008 (excluding those that were terminated by mid-May 2012) is estimated to cover around 3% of global merchandise trade and almost 4% of G20 trade<sup>11</sup>.

In addition, the WTO's *World Trade Report 2012* explores the issue of non-tariff measures (NTMs) to examine how other policy measures can also affect trade<sup>12</sup>. Although NTMs – including technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, and domestic regulation in services – often reflect public policy goals, they may also be designed and applied in a manner that hinders trade. Studies have found that NTMs can be almost twice as trade restrictive as tariffs and may actually contribute much more than tariffs to the overall level of trade restrictiveness for an economy. The WTO therefore urges international cooperation to address the specific challenges raised from the use of NTMs in order to foster a robust trading system, especially in light of the ongoing global uncertainty.

### **Foreign Direct Investment (FDI) and Investment-Related Measures**

Data recently released by UNCTAD reveals that global FDI inflows rose by 16.5% in 2011 from 2010 to reach over USD 1.5 trillion (Chart 7)<sup>13</sup>. In 2011, 48.1% of the world's FDI inflows went to APEC economies (USD 732.6 billion), accounting for 46.7% of the growth of FDI inflows in 2011. Although FDI inflows to developed APEC economies increased by 21.3% in 2011 to reach USD 310.8 billion, their share of total FDI inflows to the region remains lower than that to developing APEC economies. Developing APEC economies accounted for 57.6% of FDI inflows to the region in 2011 (of which China accounted for 29.4%) and grew by 12.2% to reach USD 421.8 billion.

**Chart 7. FDI Inflows, 2005-2007 average, 2009-2011**



Source: UNCTAD, *World Investment Report 2012* and PSU calculations.

FDI inflows to APEC economies continue to recover strongly following the global financial crisis, during which FDI inflows to the region fell by 39.8% in 2009. The PSU found that the 2009-2011 annual average of FDI inflows to the APEC region was 12.8% higher than their annual average in the pre-crisis period of 2005-2007 (in nominal terms)<sup>14</sup>. In comparison, the 2009-2011 annual average of FDI inflows to the EU was 43.5% lower than their 2005-2007 annual average, despite inflows to the EU growing by 32.2% in 2011 to reach USD 420.7 billion.

<sup>11</sup> For more information, please see the WTO's "[Report on G-20 Trade Measures](#)", 31 May 2012.

<sup>12</sup> For more information, please see the WTO's "[World Trade Report 2012](#)".

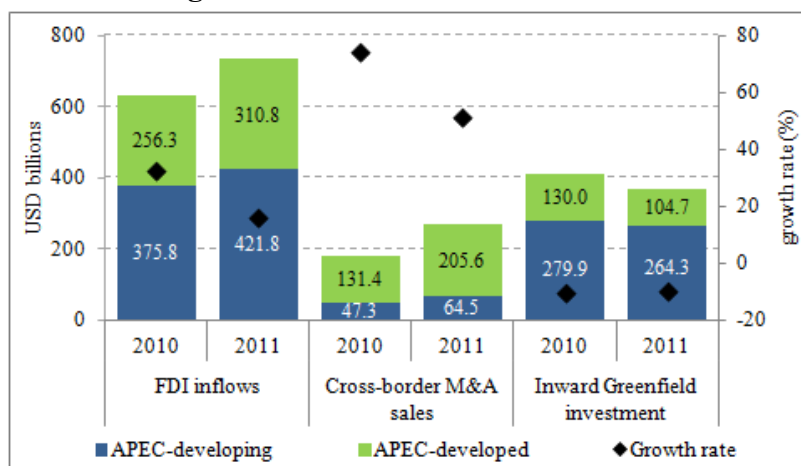
<sup>13</sup> UNCTAD, "[World Investment Report 2012](#)".

<sup>14</sup> For more information, please see the APEC Policy Support Unit's "Recent FDI Trends in the APEC Region", 5 July 2012, available at <http://www.apec.org/About-Us/Policy-Support-Unit/PSU-Research.aspx>.

FDI outflows from the APEC region also exhibited strong growth in 2011, increasing for the third year in a row for both developed and developing APEC economies. Outflows from the APEC region jumped by 24.6% in 2011 from 2010 to reach USD 911.3 billion, outpacing the rest of the world, which grew by 8.8%, indicating that APEC economies are important investors, both regionally and globally. This regional growth was driven by developed APEC economies, from which FDI outflows surged by 41.4% in 2011 to reach USD 583.4 billion, accounting for 64.0% of total outflows from the region (of which the United States comprised 68.0%). Meanwhile, FDI outflows from developing APEC economies rose 2.8% to reach USD 327.9 billion.

As with FDI inflows, outflows from APEC economies continue to recover strongly following the global financial crisis, during which FDI outflows from the region fell by 19.0% in 2009. The 2009-2011 annual average of FDI outflows from the APEC region was 60.7% higher than their annual average in the pre-crisis period of 2005-2007 (in nominal terms). In comparison, the 2009-2011 annual average of FDI outflows from the EU was 42.5% lower than their 2005-2007 annual average, despite outflows from the EU growing by 16.3% in 2011 to reach USD 561.8 billion. As a result, APEC's share of global FDI outflows rose to 53.8% in 2011, while the EU's share fell to 33.2%.

**Chart 8. Foreign Direct Investment in APEC**



Source: UNCTAD, *World Investment Report 2012* and PSU calculations.

Growth in FDI inflows to the APEC region was driven by merger and acquisitions (M&A) activity. The value of companies sold in the region through M&A activity continued to rise for the third year in a row, growing by 51.1% in 2011 to USD 270.1 billion, with developed and developing APEC economies both experiencing an increase (Chart 8). M&A sales in

developed APEC economies rose by 56.4% in 2011 to USD 205.6 billion despite the number of sales remaining roughly the same between 2011 and 2010, while M&A sales in developing APEC economies grew by 36.3% in 2011 despite an 11.6% fall in the number of sales. Nevertheless, growth in the value of M&A sales in the APEC region is slowing – 51.1% in 2011 compared with 73.9% in 2010. M&A announcements in 2012 continue to be weak, suggesting that M&A activity will not be such a source of FDI in the medium-term.

In contrast, Greenfield FDI to the APEC region continued to decline for the third year in a row, falling by 10.0% in 2011 – with both developed and developing APEC economies experiencing a decrease – to USD 369.1 billion. Despite the number of Greenfield FDI projects in developed APEC economies increasing slightly in 2011, the value of those projects fell by 19.5% to USD 104.7 billion. Similarly, although the number of projects in developing APEC economies remained roughly the same between 2011 and 2010, the value of those projects fell by 5.6% to USD 264.3 billion in 2011. Nevertheless, the value of Greenfield investment projects in the APEC region remains substantially higher than that of cross-border M&A activity.

Preliminary estimates of FDI inflows by the OECD for Q1 2012 do indeed confirm a slowdown in global FDI activity<sup>15</sup>. Global FDI inflows fell by 17.3% in Q1 2012 from the previous quarter to USD 329.9 billion and are 3.3%

lower than their level a year earlier (Table 2). Similarly, global FDI outflows fell by 2.0% in Q1 2012 from the previous quarter to USD 378.0 billion and are 9.8% lower than their level in Q1 2011. Based on FDI data for selected APEC economies (those shown in the table), regional FDI inflows fell by 28.9% in Q1 2012 from Q4 2011, but were 9.2% higher than their level in Q1 2011. In particular, FDI inflows to the United States fell by 62.3% in Q1 2012 from the previous quarter, accounting for nearly 80% of the decline in inflows to the APEC region. FDI outflows from the region exhibited similar behavior, falling by 13.5% in Q1 2012 from the previous quarter, but remaining 16.2% higher than their level a year earlier. In comparison, despite quarter-on-quarter increases in Q1 2012, FDI inflows to and outflows from the EU were 15.5% and 33.8% lower, respectively, than their levels a year earlier.

**Table 2. FDI Activity in Selected APEC Economies**

(USD billions)		Q1	Q2	Q3	Q4	Q1
		2011	2011	2011	2011	2012
Australia	Inflows	5.3	16.0	19.3	26.8	13.7
	Outflows	0.3	-2.3	14.3	3.9	0.9
Canada	Inflows	12.8	17.6	7.5	3.1	14.6
	Outflows	11.8	3.4	18.5	15.9	8.5
Chile	Inflows	5.0	1.6	4.5	3.3	4.4
	Outflows	0.9	2.1	1.8	4.1	2.0
China	Inflows	51.4	59.7	45.0	72.5	63.6
	Outflows	6.6	11.7	16.3	8.4	14.8
Indonesia	Inflows	5.0	6.3	3.3	4.3	4.6
	Outflows	1.5	2.5	1.4	2.4	2.6
Japan	Inflows	-2.4	0.6	0.4	-0.4	0.6
	Outflows	10.2	24.0	42.4	37.7	26.3
Korea	Inflows	0.9	0.8	1.1	1.9	-0.9
	Outflows	5.6	4.9	3.9	5.9	6.3
Mexico	Inflows	6.6	4.9	3.7	4.4	4.4
	Outflows	2.5	2.1	2.1	2.3	2.8
New Zealand	Inflows	1.0	1.3	0.4	0.9	0.8
	Outflows	0.5	0.2	0.6	1.4	-0.1
Russia	Inflows	15.7	11.2	12.1	14.0	12.7
	Outflows	16.3	17.2	11.2	22.6	11.7
United States	Inflows	33.4	61.3	63.2	76.1	28.7
	Outflows	104.4	133.4	70.3	111.2	110.9
APEC	Inflows	134.6	181.3	160.6	206.7	146.9
	Outflows	160.7	199.2	182.6	215.8	186.8
EU	Inflows	124.4	55.1	138.1	102.2	105.1
	Outflows	202.7	116.3	152.8	84.9	134.1
World	Inflows	341.0	335.9	391.1	398.7	329.9
	Outflows	418.9	367.9	384.0	385.8	378.0

Source: OECD. (Q1 2012 figures are preliminary.)

<sup>15</sup> For more information, please see the OECD's ["FDI in Figures", July 2012](#).



Despite the growth in global FDI inflows in 2011, uncertainty and risks remain for growth prospects in the medium-term, particularly since ongoing concerns over the global economy continue to dampen investor sentiment. UNCTAD forecasts that global FDI inflows will increase by just 5% in 2012 to USD 1.6 trillion, with both developed and developing economies experiencing an increase. Barring any macroeconomic shocks, FDI inflows are also predicted to rise by 11% to USD 1.8 trillion in 2013 and by 7% to USD 1.9 trillion in 2014. Thus, given the fragility of the global economic recovery, APEC members should ensure that their investment policies are favorable to foreign investment.

UNCTAD reports that although many economies continued to liberalize and promote foreign investment in various industries to stimulate growth in 2011, new regulatory and restrictive measures also continued to be introduced, particularly for industrial policy reasons<sup>16</sup>. In general, the 67 investment policy measures undertaken in 2011 were favorable to foreign investors – the share of policy measures that were more restrictive fell to 22% in 2011 from 32% in 2010. UNCTAD also highlights the increasing economic significance of regional treaties such as the investment negotiations currently taking place for the Trans-Pacific Partnership (TPP) Agreement and the conclusion of the 2012 trilateral investment agreement between China; Japan; and Korea. However, the number of international investment agreements (IIAs) signed in 2011 fell to 47 compared with 69 in 2010. This loss of momentum in traditional investment treaty making is expected to persist through 2012, which saw only 12 IIAs concluded during the first five months of the year.

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<sup>16</sup> UNCTAD, [World Investment Report 2012](#).



## Annex 2

### Trade and Trade-Related Measures (mid-October 2011 – mid-May 2012)

The following list of recent trade and trade-related measures implemented in APEC economies from mid-October 2011 to mid-May 2012 is adapted from the WTO Director-General's most recent report to the Trade Policy Review Body on trade-related developments<sup>17</sup>. This list complements an earlier list provided at the MRT Meeting in Kazan, Russia in June 2012, which covered the same period and included only those APEC members that also participate directly in the G-20 process<sup>18</sup>.

Economy	Measure	Source/Date	Status
Australia	Initiation on 31 October 2011 of anti-dumping investigation on imports of quicklime "calcium oxide" (HS 2522.10.00) from Thailand	WTO document G/ADP/N/223/AUS, 2 April 2012	
Australia	Initiation on 7 November 2011 of anti-dumping investigation on imports of aluminium road wheels (ARWs) for passenger motor vehicles, including wheels used for caravans and trailers, in diameters ranging from 13 to 22 inches (HS 8708.70.91) from China	WTO document G/ADP/N/223/AUS, 2 April 2012	
Australia	Initiation on 7 November 2011 of countervailing investigation on imports of aluminium road wheels (ARWs) for passenger motor vehicles, including wheels used for caravans and trailers, in diameters ranging from 13 to 22 inches (HS 8708.70.91) from China	WTO document G/SCM/N/235/AUS, 4 April 2012	
Australia	Initiation on 6 February 2012 of anti-dumping investigation on imports of formulated glyphosate (HS 3808.93.00) from China	Permanent Delegation of Australia to the WTO (11 May 2012)	
Australia	Termination on 6 February 2012 (without measure) of anti-dumping investigation on imports of single and multi-core cables insulated with polymeric materials intended for use in electric installations at working voltages up to and including 1 kV (HS 8544.49.20) from China (initiated on 9 September 2011)	Permanent Delegation of Australia to the WTO (11 May 2012)	
Australia	Livestock Export Regulatory Framework setting post-arrival regulatory arrangements (HS 0102; 0104; 0106.13; 0106.19), for specific destinations (different implementation dates)	Permanent Delegation of Australia to the WTO (11 May 2012)	
Australia	Initiation on 19 April 2012 of anti-dumping investigation on imports of poly(vinyl chloride) homopolymer resin "PVC" (HS 3904.10.00) from Korea, Rep. of	Australia Customs Dumping Notice No. 2012/14 (19 April 2012)	
Canada	Initiation on 27 October 2011 of anti-dumping investigation on imports of stainless steel sinks with a single drawn bowl having a volume between 1,600 and 5,000 cubic inches or with multiple drawn bowls having a combined volume between 2,200 and 6,800 cubic inches, excluding sinks fabricated by hand (HS 7324.10.00) from China	WTO document G/ADP/N/223/CAN, 22 March 2012 and Permanent Delegation of Canada to the WTO (30 April 2012)	Provisional duty imposed on 25 January 2012
Canada	Initiation on 27 October 2011 of countervailing investigation on imports of stainless steel sinks with a single drawn bowl having a volume between 1,600 and 5,000 cubic inches or with multiple drawn bowls having a combined volume between 2,200 and 6,800 cubic inches, excluding sinks fabricated by hand (HS 7324.10.00) from China	WTO document G/SCM/N/235/CAN, 23 March 2012 and Permanent Delegation of Canada to the WTO (30 April 2012)	Provisional duty imposed on 25 January 2012
Canada	Elimination of import tariffs on 70 tariff lines (goods used in manufacturing) (HS Chapters 15; 20; 34; 39; 64; 74; 76; 79; 87)	Permanent Delegation of Canada to the WTO (10 May 2012)	Effective 17 November 2011

<sup>17</sup> For more information, please see the WTO's ["Report to the TPRB from the Director-General on Trade-related Developments"](#), 28 June 2012.

<sup>18</sup> That report is available through the [APEC Policy Support Unit webpage](#).

Economy	Measure	Source/Date	Status
Canada	Amendments to the customs tariff to simplify its structure, and reduce the customs processing burden by consolidating similar tariff items that have the same tariff rates and by removing end-use provisions where appropriate	Permanent Delegation of Canada to the WTO (10 May 2012)	Effective 15 December 2011, and changes to tariff schedule effective 1 January 2012
Canada	Creation of new tariff items/lines to facilitate the importation of low-value non-commercial shipments arriving by post or courier (HS 9825)	Permanent Delegation of Canada to the WTO (10 May 2012)	Effective 1 January 2012
Canada	Temporary elimination of import tariffs on petroleum oils (HS 2710.19.91; 2710.20.10), for fuels used in the production of energy and electricity	Permanent Delegation of Canada to the WTO (10 May 2012)	Effective 30 March 2012
Canada	Elimination from the import control list of steel products (HS 7206; 7207; 7208; 7209; 7210; 7211; 7212; 7213; 7214; 7215; 7216; 7217; 7218; 7219; 7220; 7221; 7222; 7223; 7224; 7225; 7226; 7227; 7228; 7229; 7301; 7302; 7304; 7305; 7306; 7308; 7312; 7313; 7317)	Permanent Delegation of Canada to the WTO (30 April 2012)	Effective 1 April 2012
Canada	Termination on 23 April 2012 (without measure) of anti-dumping investigation on imports of potassium silicate of all grades and ratios in a soluble solid including chunks, flakes or powder forms (also known as silicic acid, potassium salt, potassium water glass, potash water glass, potassium silicate glass) (HS 2839.90.10) from Pakistan (initiated on 6 January 2012)	Permanent Delegation of Canada to the WTO (10 May 2012)	
Canada	Termination on 23 April 2012 (without measure) of countervailing investigation on imports of potassium silicate of all grades and ratios in a soluble solid including chunks, flakes or powder forms (also known as silicic acid, potassium salt, potassium water glass, potash water glass, potassium silicate glass) (HS 2839.90.10) from Pakistan (initiated on 6 January 2012)	Permanent Delegation of Canada to the WTO (10 May 2012)	
Canada	Initiation on 23 April 2012 of anti-dumping investigation on imports of certain liquid dielectric transformers (HS 8504.23.00; 8504.90.90) from Korea, Rep. of	Permanent Delegation of Canada to the WTO (10 May 2012)	
Canada	Initiation on 4 May 2012 of anti-dumping investigation on imports of certain carbon and alloy steel pipe piles "piling pipe" (HS 7306.30.00) from China	Permanent Delegation of Canada to the WTO (10 May 2012)	
Canada	Initiation on 4 May 2012 of countervailing investigation on imports of certain carbon and alloy steel pipe piles "piling pipe" (HS 7306.30.00) from China	Permanent Delegation of Canada to the WTO (10 May 2012)	
Chile	Initiation on 27 April 2012 of safeguard investigation on imports of other worked maize grain (HS 1104.23.00) (maíz trabajado de otro modo)	WTO document G/SG/N/6/CHL/13, 2 May 2012	Provisional duty imposed on 27 April 2012
China	Import ban on poultry products (HS 0207) from Iran (9 November 2011) and Australia (10 February 2012), due to pathogenic avian influenza disease	Permanent Delegation of China to the WTO (25 April 2012)	
China	Initiation on 18 November 2011 of anti-dumping investigation on imports of coated bleached folding, solid bleached sulfate (SBS), folding boxboard (FBB), coated ivory board or white card paper (HS 4810.31.00; 4810.32.00; 4810.39.00; 4810.92.00; 4810.99.00; 4811.51.90; 4811.59.99; 4811.60.90) from the United States	WTO document G/ADP/N/223/CHN, 17 April 2012	
China	Initiation on 18 November 2011 of anti-dumping investigation on imports of ethylene glycol monobutyl ether and diethylene glycol monobutyl ether (HS 2909.43.00) from the EU and the United States	WTO document G/ADP/N/223/CHN, 17 April 2012	
China	First batch of 2012 export quotas for rare-earth minerals (10,546 tonnes)	Permanent Delegation of China to the WTO (9 May 2012)	Announced by MOFCOM in December 2011
China	Termination on 13 December 2011 of anti-dumping duties on imports of wear-resistant overlay (HS 4804.39.00) from the EU and the United States (imposed on 13 December 2006)	WTO document G/ADP/N/223/CHN, 17 April 2012	

Economy	Measure	Source/Date	Status
China	Promulgation of the "Catalogue of Commodities subject to Export Licence Administration 2012" (including 49 categories of commodities), under the Foreign Trade Law and Management Regulations for Commodity Import & Export. (i) Export quotas for: wheat, corn, rice, wheat flour, rice flour, cotton, sawn timber, live cattle, live pigs, live chicken, coal, coke, crude oil, refined oil, rare-earth, antimony and antimony products, tungsten and tungsten products, zinc ore, tin and tin products, silver, indium and indium products, molybdenum, phosphate ores; (ii) quota bidding: mat rush and mat rush products, silicon carbide, talcum lump (powder), magnesia, alumina, licorice and licorice products; and (iii) export licensing control: live cattle, live pigs, live chicken, fresh chilled beef, frozen beef, fresh chilled pork, frozen pork, fresh chilled chicken, frozen chicken, ozone depleting substances, paraffin, zinc and zinc-based alloys, certain metals and metal products, platinum (for processing trade), automobiles (including complete knock-down kits) and their chassis, motorcycles (including all-terrain vehicles) and their engines and frames, natural sand (including standard sand), molybdenum products, citric acid, vitamin C, penicillin industrial salt and disodium sulphate	Permanent Delegation of China to the WTO (9 May 2012) and MOFCOM Announcement No. 98/2011 (30 December 2011)	Effective 1 January 2012
China	Reduction of interim import tariff rates on around 730 products, i.e. energy and raw materials, high-tech manufacturing equipment, inputs for agricultural production, food, and public health products	Permanent Delegation of China to the WTO (9 May 2012) and Tariff Commission No. 27 of 2011	Effective 1 January 2012
China	Revised Regulation on the administration of Certificates of Import and Export Licensing	Permanent Delegation of China to the WTO (9 May 2012) and MOFCOM Decree No. 1/2012 (4 February 2012)	Effective 5 March 2012
China	Initiation on 23 March 2012 of anti-dumping investigation on imports of "resorcinol" M-dihydroxybenzene (HS 2907.21.00) from Japan and the United States	Permanent Delegation of China to the WTO (25 April 2012)	
China	Initiation on 23 March 2012 of anti-dumping investigation on imports of toluene diisocyanate (TDI80/20) (HS 2929.10.10) from the EU	Permanent Delegation of China to the WTO (25 April 2012)	
China	Revised Guiding Catalogue of Indigenous Innovation in Key Technologies and Equipment removing specific eligibility criteria relating to import substitution and to the generation of foreign exchange earnings through exports. It no longer provides that products will be eligible for government procurement preferences, nor does it any longer identify subsidies and other benefits for which listed products are eligible	Permanent Delegation of China to the WTO (9 May 2012)	Effective 14 November 2011
China	Reduction of import tariffs on certain products, i.e. (from 8% to 3%) slitting blade for paper cutting machine (HS 8447.90.10), (from 15% to 10%) objective lenses (HS 9002.90.10; 9002.90.90)	Permanent Delegation of China to the WTO (9 May 2012)	Effective 1 April 2012
China	Termination of the lower interim tariff and resumption of MFN import tariff on LCD panels (32-inch and above) (HS 9013.80.30)	Permanent Delegation of China to the WTO (9 May 2012)	
Indonesia	Decree of Ministry of Agriculture (14 December 2011) on the importation of fresh bulbous plants reducing (from 14 to 4) the list of entry points (selected seaports equipped with stricter quarantine centres) for imports of agricultural and horticultural products	Permanent Delegation of Indonesia to the WTO (11 May 2012)	
Indonesia	New Indonesian tariffs and classification book (BTKI 2012) adjusting its classification system and facilitating import process	Permanent Delegation of Indonesia to the WTO (26 April 2012)	Effective 1 January 2012
Indonesia	New regulation on pre-shipment inspection on tire imports (HS 4011)	Permanent Delegation of Indonesia to the WTO (26 April 2012)	Effective 1 January 2012

Economy	Measure	Source/Date	Status
Indonesia	Export ban on raw and semi-processed rattan products (HS 1401.20). Certain rattan (HS 4601; 4602; 9401; 9403) can only be exported by firms holding export licenses on forestry products. The exports require an independent surveyor for technical and pre-shipment verification	Permanent Delegation of Indonesia to the WTO (11 May 2012)	Effective 1 January 2012
Indonesia	Initiation on 20 January 2012 of safeguard investigation on imports of articles of finished casing and tubing with yield strength of over 75,000 psi and worked pipe-end (HS 7304.29.00)	WTO document G/SG/N/6/IDN/17, 27 January 2012	
Indonesia	Initiation on 27 January 2012 of safeguard investigation on imports of "Mackerel", excluding fillets, livers and roes, fresh or chilled, or frozen (HS 0302.64.00; 0303.74.00)	WTO documents G/SG/N/6/IDN/18, 8 February 2012 and G/SG/N/8/IDN/13, 5 March 2012	
Indonesia	Threshold of mining and coal production prioritizing the supply to domestic needs at a benchmark price in accordance with effective price in the international market. Mechanism in place in order to manage and prevent shortages	Permanent Delegation of Indonesia to the WTO (11 May 2012)	Effective 6 February 2012
Indonesia	Import procedures for used capital goods (but not scrap) (HS Chapters 84; 85; 87; 88; 90) implemented. Used capital goods can only be imported by a direct user, reconditioning, manufacturing, and health equipment supplier companies. The goods are subjected to a technical inspection by a surveyor in the country of origin. A recommendation from the Ministry of Industry is required before importing used capital goods	Permanent Delegation of Indonesia to the WTO (11 May 2012)	Effective 13 February 2012 to 31 December 2013
Indonesia	New import regulations on procurement, circulation, sale, supervision, and control on alcoholic beverages (HS 2203.00.10; 2203.00.90; 2204.10.00; 2204.21.11; 2204.21.12; 2204.21.21; 2204.21.22; 2204.29.11; 2204.29.12; 2204.29.21; 2204.29.22; 2204.30.10; 2204.30.20; 2205.10.10; 2205.10.20; 2205.90.10; 2205.90.20; 2206.00.10; 2206.00.20; 2206.00.30; 2206.00.40; 2206.00.90; 2208.20.10; 2208.20.20; 2208.20.30; 2208.20.40; 2208.30.10; 2208.30.20; 2208.40.10; 2208.40.20; 2208.50.10; 2208.50.20; 2208.60.10; 2208.60.20; 2208.70.10; 2208.90.10; 2208.90.20; 2208.90.30; 2208.90.40; 2208.90.50; 2208.90.60; 2208.90.70; 2208.90.90)	WTO document WT/TPR/OV/14, 21 November 2011 and Permanent Delegation of Indonesia to the WTO (26 April 2012)	Effective 1 March 2012
Indonesia	Termination on 13 April 2012 (without measure) of safeguard investigation on imports of conveyor belts or belting reinforced only with metal of a width exceeding 20 cm (HS 4010.11.10) (initiated on 3 November 2011)	WTO document G/SG/N/9/IDN/5, 20 April 2012	
Indonesia	Decree of Minister of Agriculture No. 03/Permentan/OT.140/1/2012 on Horticultural Product Import Recommendation introducing import quota system on fresh and processed fruits and vegetables (HS Chapters 06; 07; 08; 09; 20; 21)	Permanent Delegation of Indonesia to the WTO (11 May 2012)	Effective 1 May 2012
Indonesia	New regulations on imports of certain products, i.e. rice (HS 1006.30.99); sodium tripolyphosphate (sodium triphosphate) (HS 2835.31.90); used capital goods; ozone depleting substances; colour multifunction machine, colour photocopy machine, and colour printer machine; and iron and steel	Permanent Delegation of Indonesia to the WTO (26 April 2012)	
Korea, Rep. of	Extension of the temporary reduction of import tariffs on certain products, i.e. pork (HS 0203.29), milk powder (HS 0402.10; 0402.21; 0402.29), coffee (HS 0901.11; 0901.12), soap (HS 3401.20), and lauryl alcohol (HS 3823.70) (originally effective from 28 January 2011 to 30 June 2011)	Permanent Delegation of Korea to the WTO (10 May 2012)	Effective until 31 December 2011
Korea, Rep. of	Reduction of import tariffs (from 35% to 30%) on refined sugar (HS 1701.91; 1701.99)	Permanent Delegation of Korea to the WTO (25 April 2012)	Effective 1 January 2012
Korea, Rep. of	Temporary elimination of import tariffs on refined sugar (HS 1701.10; 1701.91)	Permanent Delegation of Korea to the WTO (25 April 2012)	Effective 1 January 2012 to 30 June 2012
Korea, Rep. of	Temporary reduction of import tariffs on garlic (HS 0703.20) (quota 5,400 tonnes)	Permanent Delegation of Korea to the WTO (25 April 2012)	Effective 1 January 2012 to 31 March 2012

Economy	Measure	Source/Date	Status
Korea, Rep. of	Temporary reduction of import tariffs on certain food products, i.e. live swine (HS 0103.91; 0103.92); pork (HS 0203.19; 0203.29) (quota 120,000 tonnes); fish (HS 0303.54); cream (HS 0401.40; 0401.50); milk powder (HS 0402.10; 0402.21; 0402.29); butter (HS 0405.10); processed butter (HS 0405.20; 2106.90); cheese (HS 0406.10; 0406.90); egg powder (HS 0408.91); guts for casing (HS 0504.00); manioc chips for alcohol production (HS 0714.10); raisin (HS 0806.20); hot pepper (HS 0904.21) (quota 11,185 tonnes); wheat for milling (HS 1001.99); malting barley for alcohol production (HS 1003.90); corn for processing (HS 1005.90); flake, granules and pellets of potatoes (HS 1105.20); malt (HS 1107.10; 1107.20); manioc starch for paper (HS 1108.14); sweet potato starch (HS 1108.19); crude soybean oil for food (HS 1507.10); olive oil (HS 1509.10; 1509.90); sunflower-seed oil (HS 1512.11; 1512.19); rape or colza oil (HS 1514.11; 1514.91); rice bran and grape-seed oil (HS 1515.90); raw cane or beet sugar (HS 1701.12; 1701.13; 1701.14); lactose (HS 1702.11; 1702.19); processed chocolates (HS 1806.20); processed groundnut (HS 2008.11); roughly distilled alcohol for beverage (HS 2207.10); and industrial modified starch (HS 3505.10)	Permanent Delegation of Korea to the WTO (25 April 2012)	Effective 1 January 2012 to 30 June 2012
Korea, Rep. of	Temporary reduction of import tariffs on certain products, i.e. whey for feeding (HS 0404.10); manioc chips and pellets for feeding (HS 0714.10); rye seed for green manure (HS 1002.10); unhulled barley for feeding (HS 1003.90); oats for feeding (HS 1004.90); maize for feeding and mushroom growing (HS 1005.90); soya beans for feeding (HS 1201.90); rape or colza seeds for feeding (HS 1205.10; 1205.90); cotton seeds for feeding (HS 1207.29); whey straw and husks for mushroom growing (HS 1213.00); alfalfa for feeding (HS 1214.10; 1214.90); fodder roots for feeding and mushroom growing (HS 1214.90; 2308.00); animal or vegetable fats and oils (HS 1518.00); molasses (HS 1703.10; 1703.90); anhydrous glucose (HS 1702.30); bran of wheat (HS 2302.30); beet-pulp (HS 2303.20); distillers dried grains (HS 2303.30); oil-cake from soya bean oil (HS 2304.00); oil-cake of cotton seeds (HS 2306.10); oil-cake of coconut (HS 2306.50); oil-cake of palm nuts (HS 2306.60); cotton seed hulls (HS 2308.00); agricultural pesticides (HS 2903.39); and urea for agricultural fertilizers (HS 3102.10)	Permanent Delegation of Korea to the WTO (25 April 2012)	Effective 1 January 2012 to 31 December 2012
Korea, Rep. of	Initiation on 18 January 2012 of anti-dumping investigation on imports of aluminium bottle cans (HS 7612.90.90) from Japan	Permanent Delegation of Korea to the WTO (25 April 2012)	
Mexico	Termination on 20 October 2011 (without measure) of anti-dumping investigation on imports of amoxicillin trihydrate (HS 2941.10.12) from China (initiated on 12 July 2011)	WTO document G/ADP/N/223/MEX, 12 March 2012	
Mexico	Termination on 20 October 2011 (without measure) of countervailing investigation on imports of amoxicillin trihydrate (HS 2941.10.12) from China (initiated on 12 July 2011)	WTO document G/SCM/N/235/MEX, 12 March 2012	
Mexico	Termination on 21 October 2011 of anti-dumping investigation on imports of woven fabrics of cotton "denim" (HS 5209.42.01; 5209.42.99; 5211.42.01; 5211.42.99) from China (investigation initiated on 21 April 2010)	WTO document G/ADP/N/223/MEX, 12 March 2012	
Mexico	Elimination of import tariffs on certain fruits not locally produced, i.e. kiwis (HS 0810.50.01) and mealybugs ( <i>cochinillas</i> ) (HS 0511.99.01)	Permanent Delegation of Mexico to the WTO (25 April 2012)	Effective 26 December 2011
Mexico	Elimination of import tariffs on certain products (113 tariff lines), i.e. fish, alcohols, marble, floor tiles or mosaics, feathers and articles of feathers, jewelry, precious metals, parts for motor vehicles, motorcycles, machinery and mechanical appliances, domestic appliances, furnaces and ovens, sound recording or reproducing apparatus, cathode-ray tube monitors (HS Chapters 04; 16; 22; 25; 30; 32; 37; 40; 45; 46; 49; 67; 69; 71; 82; 83; 84; 85; 87; 90; 92; 96); and reduction of import tariffs on 87 tariff lines, i.e. textiles and clothing, brooms, lighters, buttons, pens, combs, and thermos (HS Chapters 57; 61; 62; 63; 95; 96) ( <i>Decreto de Competitividad y Reducción Arancelaria de la Zona Económica fronteriza</i> )	Permanent Delegation of Mexico to the WTO (25 April 2012)	Effective 23 January 2012

Economy	Measure	Source/Date	Status
Mexico	Measure to facilitate trade through the implementation of the High Level Regulatory Cooperation Council "HLRCC" framework ( <i>Programa de Trabajo del Consejo de Alto Nivel para la Cooperación Regulatoria</i> ) aimed at eliminating unnecessary costs	Permanent Delegation of Mexico to the WTO (25 April 2012)	Effective 28 February 2012
Mexico	Initiation on 5 March 2012 of anti-dumping investigation on imports of bicycles for children (HS 8712.00.02; 8712.00.04) from China	Secretaría de Economía, Unidad de Prácticas Comerciales Internacionales Notificación EXP 12/11 (5 March 2012)	
Mexico	Termination on 29 March 2012 (without measure) of safeguard investigation on imports of spiral-welded steel pipes and tubes of 30 inches in diameter and 11.5 metres in length, manufactured in accordance with the specifications of American Petroleum Institute (API), Standard API 5L (HS 7305.19.01) (initiated on 3 July 2010)	WTO document G/SG/N/9/MEX/1, 12 April 2012	
Mexico	Import quota ( <i>cupo de importación</i> ) on beans ( <i>frijol</i> ) (HS 0713.33.02; 0713.33.03; 0713.33.09) (100,000 tonnes) extended for the year 2012	Permanent Delegation of Mexico to the WTO (11 May 2012)	
New Zealand	Termination on 4 April 2012 (without measure) of anti-dumping investigation on imports of flavoured and unflavoured tomatoes (whole, chopped or crushed) in a liquid medium and packed in containers up to and including 4 kg (HS 2002.10.00) from Italy (initiated on 19 September 2011)	WTO document G/ADP/N/223/NZL, 22 March 2012 and Permanent Delegation of New Zealand to the WTO (20 April 2012)	
New Zealand	New measure (Government Model Contracts 2nd Edition) to facilitate public procurement procedures	Permanent Delegation of New Zealand to the WTO (20 April 2012)	
Peru	Termination on 30 November 2011 of anti-dumping duties on imports of all types of footwear (other than sandals and flip flops) with uppers of any material (HS 6402.19; 6402.20; 6402.99; 6404.11; 6404.19; 6404.20; 6405.10; 6405.90) from Chinese Taipei (imposed on 31 January 2000)	WTO document G/ADP/N/223/PER, 26 March 2012	
Peru	Termination on 18 January 2012 of anti-dumping duties on imports of tyres for motor cars, vans and lorries (HS 4011.10.00; 4011.20.00; 4011.91.00; 4011.99.00) from China (imposed on 9 May 2002)	Permanent Delegation of Peru to the WTO (15 May 2012)	
Peru	Termination on 16 February 2012 of anti-dumping duties on imports of refined soya and sunflower vegetable oil and mixtures from Argentina (imposed on 30 November 2002)	Permanent Delegation of Peru to the WTO (15 May 2012)	
Peru	Termination on 15 March 2012 of anti-dumping duties on imports of cups made of paperboard with polyethylene from Chile (imposed on 26 September 2002)	Permanent Delegation of Peru to the WTO (15 May 2012)	
Philippines	Termination on 7 December 2011 of anti-dumping duties on imports of clear float glass (HS 7005.29) from Indonesia (imposed on 8 December 2000)	WTO document G/ADP/N/223/PHL, 26 April 2012	
Russian Federation	Extension of price preference for locally manufactured goods under government procurement scheme	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	
Russian Federation (and Belarus, Kazakhstan)	Initiation on 18 November 2011 of anti-dumping investigation on imports of motor vehicles (HS 8704.21.31; 8704.21.91) from Germany, Italy, Poland, and Turkey	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	
Russian Federation (and Belarus, Kazakhstan)	Initiation on 25 November 2011 of anti-dumping investigation on imports of certain types of tubes of stainless steel (HS 7304.41.00) from China	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	



<b>Economy</b>	<b>Measure</b>	<b>Source/Date</b>	<b>Status</b>
Russian Federation (and Belarus, Kazakhstan)	Increase of import tariffs (from zero to 5%) on machines for cleaning sorting or grading seed, grain or dried leguminous vegetables (HS 8437.10.00)	Permanent Delegation of the Russian Federation to the United Nations (3 October 2011)	Effective 1 January 2012
Russian Federation (and Belarus, Kazakhstan)	Increase of import tariffs (from zero to 10% but not less than €2.5/kg) on drilling machines (HS 8430.41.00; 8430.49.00)	Permanent Delegation of the Russian Federation to the United Nations (26 April 2012)	Effective 1 January 2012
Russian Federation (and Belarus, Kazakhstan)	Introduction of import tariff quotas for 2012 on certain products, i.e. poultry (HS 0207.14.20; 0207.14.60) (250,000 tonnes), beef (HS 0202) (530,000 tonnes), and pork (400,000 tonnes) (HS 0203)	Permanent Delegation of the Russian Federation to the United Nations (26 April 2012)	Effective 1 January 2012
Russian Federation (and Belarus, Kazakhstan)	Increase of import tariffs (from zero to 15%) on carbon electrodes not exceeding 1,000 mm (HS 8545.11.00)	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	Effective 1 January 2012
Russian Federation (and Belarus, Kazakhstan)	Temporary elimination of import tariffs on concentrated apple juices and apple puree including compotes (HS 2007.99.97; 2009.79.19; 2009.79.30)	Permanent Delegation of the Russian Federation to the United Nations (26 April 2012)	Effective 2 January 2012 to 2 September 2012
Russian Federation (and Belarus, Kazakhstan)	Extension of the temporary reduction of import tariffs (from 15% to 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 United Nations (26 April 2012)	Effective 22 February 2012 to 31 December 2012
Russian Federation (and Belarus, Kazakhstan)	Reduction of import tariffs (from 15% to 10%) on bars of non-alloy steel (HS 7214.91.00; 7214.91.90; 7214.99.10; 7214.99.39; 7216.21.00; 7216.22.00; 7216.31.90; 7216.32.11; 7216.33.10; 7216.33.90; 7216.40.10)	Permanent Delegation of the Russian Federation to the United Nations (26 April 2012)	Effective 9 March 2012
Russian Federation (and Belarus, Kazakhstan)	Temporary increase of import tariffs (to US\$140/tonne) on certain types of sugar (HS 1701.13.10; 1701.13.90; 1701.14.10; 1701.14.90; 1701.91.00)	Permanent Delegation of the Russian Federation to the United Nations (26 April 2012)	Effective 1 May 2012 to 31 July 2012
Russian Federation (and Belarus, Kazakhstan)	Modification of import tariffs (from 20% but at least €3/unit to 10% but at least €10/unit) on certain watches (HS 9102.11.00; 9102.12.00; 9102.19.00; 9102.21.00; 9102.29.00; 9102.91.00; 9102.99.00)	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	
Russian Federation (and Belarus, Kazakhstan)	Elimination of import tariffs (previously 15%) on cobalt powders (HS 8105.20.00)	Permanent Delegation of the Russian Federation to the United Nations (14 May 2012)	
Chinese Taipei	Reduction of import tariffs (tax rebates for customs duties) on certain components and raw materials (1,259 products in categories such as electronics, textiles, chemicals, plastics, and machinery) which are used to produce goods for export	WTO document WT/TPR/OV/14, 21 November 2011 and Permanent Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO (25 April 2012)	Effective October 2011
Chinese Taipei	Special safeguard (volume-based) measure on imports of milk (HS 0401.10.20; 0401.20.20; 0401.30.20; 0402.99.20; 0402.99.92; 0403.90.29; 0403.90.40; 0403.90.59; 0403.90.90; 1806.90.53; 1806.90.55; 1901.90.25; 1901.90.27)	Permanent Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO (25 April 2012)	Effective 25 October 2011 to 31 December 2011
Chinese Taipei	Temporary reduction of import tariffs on certain products, e.g. (from 5% to 2.5%) preparation for infant use (HS 1901.10.00), (from 12% to 6%) prepared milk powder (HS 1901.90.21; 1901.90.22)	Permanent Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO (25 April 2012)	Effective 25 November 2011 to 24 May 2012

Economy	Measure	Source/Date	Status
Chinese Taipei	Additional extension of the temporary reduction of import tariffs on certain products, i.e. (from 5% to 3.75%) butter (HS 0405.10.00); (from 8% to 6%) milk fat (HS 0405.90.10); (from 6% to 3%) flours of maize (HS 1102.20.00); and (from 3% to 1.5%) soya beans (HS 1208.10.00) (originally effective from 1 December 2010 to 31 May 2011, and renewed from on 1 June 2011 until 30 November 2011)	WTO document WT/TPR/OV/14, 21 November 2011 and Permanent Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO (25 April 2012)	Effective 1 December 2011 to 31 May 2012
Chinese Taipei	Temporary reduction of import tariffs (from 10% to 5%) on milk and cream powder (HS 0402.10.00; 0402.21.00)	Permanent Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO (25 April 2012)	Effective 10 February 2012 to 9 August 2012
Thailand	Authorization to import certain food products, i.e. not-fat dry milk (HS 0402.10.30; 0402.10.90), soybeans (HS 1201.00.10; 1201.00.90), soybean meal (HS 2304.00.00), and potatoes (HS 0701.10.00; 0701.90.00), on top of implemented tariff quota at lower in-quota tariff rates. Quota allocation for these products based on "licensing on demand"	Permanent Delegation of Thailand to the WTO (21 May 2012)	Effective 1 January 2012
United States	Termination on 28 October 2011 of anti-dumping duties on imports of diamond sawblades and parts thereof (HS 8202.39; 8206.00) from Korea, Rep. of (imposed on 4 November 2009)	WTO document G/ADP/N/223/USA, 3 April 2012 and Permanent Delegation of the United States to the WTO (9 May 2012)	US Court of International Trade enjoined revocation of the order, while an appeal is on going
United States	Initiation on 16 November 2011 of anti-dumping investigation on imports of crystalline silicon photovoltaic cells and modules (HS 8501.61.00; 8507.20.80; 8541.40.60) from China	WTO document G/ADP/N/223/USA, 3 April 2012	
United States	Initiation on 16 November 2011 of countervailing investigation on imports of crystalline silicon photovoltaic cells and modules (HS 8501.61.00; 8507.20.80; 8541.40.60) from China	WTO document G/SCM/N/235/USA, 4 April 2012 and Permanent Delegation of the United States to the WTO (9 May 2012)	Provisional duty imposed on 19 March 2012
United States	Initiation on 22 November 2011 of anti-dumping investigation on imports of circular welded carbon-quality steel pipe (HS 7306.19; 7306.30; 7306.50) from India, Oman, United Arab Emirates, and Viet Nam	WTO document G/ADP/N/223/USA, 3 April 2012	
United States	Initiation on 22 November 2011 of countervailing investigation on imports of circular welded carbon-quality steel pipe (HS 7306.19; 7306.30; 7306.50) from India, Oman, United Arab Emirates, and Viet Nam	WTO document G/SCM/N/235/USA, 4 April 2012 and Permanent Delegation of the United States to the WTO (9 May 2012)	Provisional duty imposed on 30 March 2012 for imports from India and Viet Nam
United States	Termination on 1 December 2011 of anti-dumping duties on imports of stainless steel sheet and strip in coils (HS 7219.13; 7219.14; 7219.32; 7219.33; 7219.34; 7219.35; 7219.90; 7220.12; 7220.20; 7220.20.90) from Korea, Rep. of (imposed on 21 May 1999)	WTO document G/ADP/N/223/USA, 3 April 2012	
United States	Termination on 4 January 2012 (revocation of order pursuant to determination in sunset review, retroactive to 2010) of anti-dumping duties on imports of certain cut-to-length carbon-quality steel plate (HS 7208.40; 7208.51; 7208.52; 7208.53; 7208.90; 7210.70; 7210.90; 7211.13; 7211.14; 7211.90; 7212.40; 7212.50; 7225.40; 7225.50; 7225.99; 7226.91; 7226.99) from Italy and Japan (imposed on 10 February 2000)	WTO document G/ADP/N/223/USA, 3 April 2012	

<b>Economy</b>	<b>Measure</b>	<b>Source/Date</b>	<b>Status</b>
United States	Termination on 4 January 2012 (revocation of order pursuant to determination in sunset review, retroactive to 2010) of countervailing duties on imports of certain cut-to-length carbon-quality steel plate (HS 7208.40; 7208.51; 7208.52; 7208.53; 7208.90; 7210.70; 7210.90; 7211.13; 7211.14; 7211.90; 7212.40; 7212.50; 7225.40; 7225.50; 7225.99; 7226.91; 7226.99) from Italy (imposed on 10 February 2000)	WTO document G/SCM/N/235/USA, 4 April 2012	
United States	Elimination of import tariffs on pure ethanol (minimum 190 proof)	Permanent Delegation of the United States to the WTO (9 May 2012)	Effective 1 January 2012
United States	Initiation on 24 January 2012 of anti-dumping investigation on imports of wind towers or sections thereof, whether assembled or unassembled, and designed to support the nacelle and rotor blades for use in wind turbines with minimum rated electrical power generation capacities in excess of 100 kilowatts (HS 7308.20.00; 8502.31.00) from China and Viet Nam	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Initiation on 24 January 2012 of countervailing investigation on imports of wind towers or sections thereof, whether assembled or unassembled, and designed to support the nacelle and rotor blades for use in wind turbines with minimum rated electrical power generation capacities in excess of 100 kilowatts (HS 7308.20.00; 8502.31.00) from China	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Initiation on 25 January 2012 of anti-dumping investigation on imports of steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes (HS 7323.99.90; 7326.20.00) from Chinese Taipei and Viet Nam	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Initiation on 25 January 2012 of countervailing investigation on imports of steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes (HS 7323.99.90; 7326.20.00) from Viet Nam	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Initiation on 26 January 2012 of anti-dumping investigation on imports of large residential washers (HS 8450.11.00; 8450.20.00; 8450.90.20; 8450.90.60) from Korea, Rep. of and Mexico	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Initiation on 26 January 2012 of countervailing investigation on imports of large residential washers (HS 8450.11.00; 8450.20.00; 8450.90.20; 8450.90.60) from Korea, Rep. of	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Termination on 2 March 2012 of anti-dumping duties on imports of fresh and chilled Atlantic salmon (HS 0302.12) from Norway (imposed on 12 April 1991)	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Termination on 2 March 2012 of countervailing duties on imports of fresh and chilled Atlantic salmon (HS 0302.12) from Norway (imposed on 12 April 1991) (order has been revoked effective 13 February 2011)	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Interagency Trade Enforcement Centre (ITEC) created for stricter enforcement of trade deals and targeting unfair trading practices	Permanent Delegation of the United States to the WTO (9 May 2012)	Executive order signed on 28 February 2012, and published on 5 March 2012
United States	Amendments to Section 701 of the Tariff Act of 1930 (19 U.S.C 1671) clarifying that the countervailing duty law can be applied to subsidized goods from non-market economy countries, and that the Department of Commerce can adjust anti-dumping duties applied to goods from non-market economy countries when countervailing duties are applied to the same good	PL 112-99 (13 March 2012) and Legislation H.R. 4105 "Enrolled Bill" (7 March 2012)	
United States	Initiation on 27 March 2012 of anti-dumping investigation on imports of drawn stainless steel sinks (HS 7324.10) from China	Permanent Delegation of the United States to the WTO (9 May 2012)	

<b>Economy</b>	<b>Measure</b>	<b>Source/Date</b>	<b>Status</b>
United States	Initiation on 27 March 2012 of countervailing investigation on imports of drawn stainless steel sinks (HS 7324.10) from China	Permanent Delegation of the United States to the WTO (9 May 2012)	
United States	Termination on 20 April 2012 of anti-dumping duties on imports of orange juice (HS 2009.11; 2009.12) from Brazil (imposed on 9 March 2006)	Permanent Delegation of the United States to the WTO (9 May 2012)	
Viet Nam	Reduction of import tariffs (from 40% to 35%) on beer (HS 2203.00.10; 2203.00.90)	Permanent Delegation of Viet Nam to the WTO (2 November 2011)	Effective 1 January 2012
Viet Nam	Import quotas for tobacco material	Permanent Delegation of Viet Nam to the WTO (7 May 2012)	
Viet Nam	Additional procedures requiring that importers of certain motor vehicles (up to 9 seats) present an affidavit establishing their commercial status (i.e. importer, distributor)	Permanent Delegation of Viet Nam to the WTO (7 May 2012)	

## Annex 3

### Investment Measures (7 October 2011 – 3 May 2012)

The following list of recent investment measures implemented in selected APEC economies from 7 October 2011 to 3 May 2012<sup>19</sup> is adapted from the OECD's most recent report on G20 trade and investment measures<sup>20</sup> and from the OECD's inventory of investment measures under its Freedom of Investment process<sup>21</sup>. This list complements an earlier list provided at the MRT Meeting in Kazan, Russia in June 2012, which covered the same period and included only those APEC members that also participate directly in the G-20 process<sup>22</sup>.

Description of Measure	Date	Source
<b>Australia</b>		
<i>Investment policy measures</i>	None during reporting period.	
<i>Investment measures relating to national security</i>	None during reporting period.	
<b>Canada</b>		
<i>Investment policy measures</i>	Canada increased the threshold for review of foreign investments to acquire control of Canadian businesses from WTO member investors under the <i>Investment Canada Act</i> . The threshold is set at \$330 million for the year 2012, up from \$312 million in 2011. Pursuant to subsection 14.1(2) of the <i>Investment Canada Act</i> , new thresholds are determined and become effective in January of each year.	30 January 2012 <a href="#">Official Gazette, Part I, Vol. 146 No8, p.354</a> , 25 February 2012.
<i>Investment measures relating to national security</i>	None during reporting period.	
<b>Chile</b>		
<i>Investment policy measures</i>	None during reporting period.	
<i>Investment measures relating to national security</i>	None during reporting period.	
<b>China</b>		
<i>Investment policy measures</i>	China published new rules on foreign-funded investment firms, including barring them from using loans obtained inside China to finance their expansion in China. Under the new rules, foreign-funded investment companies may, with the approval of local foreign exchange bureau, directly use RMB profits, RMB obtained in China by way of early recovery of	8 December 2011 <a href="#">Notice on Further Improving Management Measures Concerning Foreign-invested Companies by Ministry of Commerce and State Administration for Foreign</a>

<sup>19</sup> The period 7 October 2011 to 29 February 2012 is used for the following APEC members: Chile; Malaysia; New Zealand; and Peru.

<sup>20</sup> For more information, please see the "[Seventh Report on G20 Investment Measures](#)" prepared by the OECD and UNCTAD Secretariats.

<sup>21</sup> For more information, please see the OECD's "[Inventory of investment measures taken between 1 November 2011 and 29 February 2012](#)".

<sup>22</sup> That report is available through the [APEC Policy Support Unit webpage](#).

Description of Measure	Date	Source
investment gains, liquidation, equity transfer and capital reduction for domestic investment, which increases the foreign exchange convenience for foreign-funded investment firms.		<a href="#">Exchange</a> , Ministry of Commerce Policy Release No. 1078(2011), 8 December 2011.
China published “Administrative Rules on Settlement Business of Foreign Direct Investment Denominated in Renminbi”, enabling banks to provide settlement services to investors who have made Renminbi-denominated FDI.	13 October 2011	<a href="#">Settlement Business for RMB-Denominated Foreign Direct Investment Started to Expand Cross-Border Use of RMB</a> , Press Release, The People’s Bank of China, 13 October 2011.
China clarified the favorable import tax treatment to “encouraged” foreign-invested projects (FIPs) in connection with the <a href="#">Catalogue for the Guidance of Foreign Investment Industries (Amended in 2011)</a> . Starting on 30 January 2012, FIPs (including capital increases to FIPs) listed in the “encouraged” category in the “Foreign Investment Industrial Guidance Catalog (2011 Version)” are exempt from customs duties when investors import equipment (for self-use) and technology, accessories as well as spare parts that come along with the equipment based on related agreements. However, these importers are still subject to import value-added tax, which was resumed on such imports in 2009.	29 January 2012	<i>Announcement [2012] No. 4</i> by the Chinese General Administration of Customs, 29 January 2012. “China Announces Import Tax Treatment to ‘Encouraged’ Foreign-Invested Projects”, <a href="#">Article in China Briefing, 2 February 2012</a> .
On 30 January 2012, a revised “ <i>Catalogue for Guidance for Foreign Investment</i> ” came into effect. It had been published by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) in late December 2011. It categorizes foreign investment in specific sectors as “encouraged”, “permitted”, “restricted”, or “prohibited”. Overall, the list of “encouraged” items has been expanded and the list of “restricted” and “prohibited” items reduced. In particular, the new guidelines encourage FDI in certain strategic emerging industries, such as energy-saving, environmental protection and high-tech industries. New products and technologies in the textile, chemical and mechanical manufacturing industries also become “encouraged” investments. On the other hand, manufacturing of complete automobiles has been deleted from the list of “encouraged” industries. Also, the mandatory share of Chinese capital in joint ventures is lowered (for certain sectors where foreign investors can only invest in JVs).	30 January 2012	<a href="#">Catalogue for the Guidance of Foreign Investment Industries (Amended in 2011)</a> , National Development and Reform Commission and the Ministry of Commerce, 24 December 2011.
On 28 March 2012, the State Council executive meeting approved the General Scheme for the Financial Reform Pilot Zone in Wenzhou Zhejiang, which raised 12 tasks, including examining a pilot scheme that will allow the city’s residents to make direct outbound investment and exploring the establishment of a regular and convenient outbound investment channel.	28 March 2012	“ <a href="#">China OKs private financing pilot zone</a> ”, China Daily Article of 28 March 2012;  “ <a href="#">PBC governor visits poland financial reform zone</a> ”, News reported on Chinese Government’s official web site, 10 April 2012.
On 16 December 2011, the China Securities Regulatory Commission, the People’s Bank of China, and the State Administration of Foreign Exchange published the Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors, which launched the “RMB Qualified Foreign Institutional Investor (RQFII) program”. Subsequently, implementation measures were respectively issued by SCRC, SAFE and PBC on 16 December 2011, 20 December 2011 and 31 December 2011. In the first stage of this programme, which is similar to the Qualified Foreign Institutional Investors (QFII) programme, foreign investors will be allowed to invest in the mainland securities market through specifically licensed pilot financial firms. First licenses were granted in December 2011. By the end of January 2012, 21 qualified institutions were approved as pilot institutions, among which 20 billion Yuan were	16 December 2011  20 December 2011  31 December 2011	“ <i>Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors</i> ”, Decree No. 76 of the China Securities Regulatory Commission, the People’s Bank of China, and the State Administration of Foreign Exchange;  “ <a href="#">Circular of the SAFE on Relevant Issues Concerning the Pilot Program on Domestic</a>



Description of Measure	Date	Source
<p>distributed.</p>		<p><a href="#">Securities Investments by Fund Management Companies and Securities Companies as RMB QFII</a>, 15 February 2012;</p> <p>Rules on the Implementation of “Measures for the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB Qualified Foreign Institutional Investors”, CSRC Announcement No. 31, 2011;</p> <p><a href="#">“Circular of the SAFE on Relevant Issues Concerning the Pilot Program on Domestic Securities Investments by Fund Management Companies and Securities Companies as RMB QFII”</a>, 20 December 2011;</p> <p><i>The Instruction of Implementation of the Pilot Program of Allowing Qualified Oversea Fund Management Company and Security Company to Use RMB to Invest in Domestic Security Market</i>, People’s Bank of China release, 31 December 2011.</p>
<p>China has authorised Japan to buy CNY 65 Billion of Chinese government bonds.</p> <p>In December, the South Korea Central Bank also obtained the Foreign Institutional Investor status, granting the right to buy Renminbi denominated assets.</p>	<p>13 March 2012</p>	<p><a href="#">“Yen and Yuan of trading”</a>, China Daily Article of 22 March 2012.</p> <p><a href="#">South Korea's Central Bank weighs purchase of yuan assets</a>, China Daily Article of 19 January 2012</p>
<p>The People's Bank of China (PBC), the State Administration of Foreign Exchange (SAFE) and the China Securities Regulatory Commission (CSRC) have secured approval from China's State Council to increase the quota that Qualified Foreign Institutional Investor (QFII) are allowed to invest in China's offshore capital market from \$30 billion to \$80 billion.</p> <p>Meanwhile, the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme was also expanded. The total amount of RMB that foreign investors can raise in Hong Kong for investment has been increased to RMB70 billion from the previous limit of RMB20 billion.</p>	<p>3 April 2012</p>	<p><a href="#">“China expands QFII schemes to allow greater foreign investment”</a>, China Briefing Article of 5 April 2012;</p> <p><a href="#">“QFII investment quota to be increased by \$50 Billion”</a>, News Release from China Securities Regulatory Commission, 4 April 2012.</p>
<p>China continued its efforts to strengthen the supervision and management of State-owned enterprises’ investments abroad. The Interim Measures apply to investments made outside mainland China by enterprises in which the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) is a capital contributor, and to their wholly-owned or controlled subsidiaries. Investments in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan Region are covered. Both fixed-asset investment and equity investments are subject to the Interim Measures. Under those measures, State-owned enterprises should, inter alia, establish outward investment management systems, report their annual investment plans to SASAC and obtain SASAC authorization for investments in fields outside their core industries.</p>	<p>18 March 2012</p>	<p><i>“Interim Measures for the supervision and management of central enterprises’ overseas investment”</i>, The State-owned Assets Supervision and Administration Commission of the State Council, 18 March 2012.</p>

	Description of Measure	Date	Source
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Indonesia</b>			
<i>Investment policy measures</i>	On 3 October 2011, Bank Indonesia announced its regulation No.13/20/PBI/2011 dated 30 September 2011 concerning Export Proceeds and Foreign Debt Withdrawal Policy. The regulation requires from 2 January 2012 onwards that exporters receive export proceeds through domestic banks, and that debtors withdraw their foreign borrowing through domestic banks. The policy does not impose any holding periods or the conversion into rupiah. Bank Indonesia also adjusted regulations regarding the monitoring of Bank's Foreign Exchange's Flow in PBI No.13/21/PBI/2011 of 30 September 2011 and regulations concerning Reporting Obligations of Foreign Debt Withdrawal in PBI No.13/22/PBI/2011 of 30 September 2011. Entered into force on 2 January 2012.	2 January 2012	<a href="#">"Bank Indonesia Published a New Policy on Export Proceeds and Foreign Debt Withdrawal"</a> , Bank Indonesia press release No. 13/32/PSHM/Humas, 3 October 2011.
	Government Regulation 24/2012, signed by the President on 21 February 2012 and released on 7 March 2012, requires that foreign owned mining companies operating in coal, minerals and metals progressively divest their holdings to Indonesians – including the central government, regional government, state enterprise or other domestic investors – to reach the maximum authorised ceiling of 49% share ownership ten years after production has begun. Hitherto, the authorised foreign ownership ceiling was 80%. The divestment should reach 20% in the sixth year of production, 30% in seventh year, 37% in the eighth year, 44% in the ninth year and 51% in the tenth year.	21 February 2012	<a href="#">"Peraturan pemerintah Republik Indonesia nomor 24 tahun 2012 tentang perubahan atas peraturan pemerintah nomor 23 tahun 2010 tentang pelaksanaan kegiatan usaha pertambangan mineral dan batubara"</a> , Presidential Decree 24/2012, 21 February 2012.
	Indonesia's central bank announced that it would issue regulation in May 2012 to set up new caps on single shareholder stakes in the country's commercial banks. Under current rules, an investor can own up to 99% stakes in commercial banks. The new rules would prevent foreign banks from owning a majority share.	28 April 2012	<a href="#">"Bank Indonesia delays approval or DBS Acquisition"</a> , Jakarta Globe Article of 27 April 2012.
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Japan</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Korea</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Malaysia</b>			
<i>Investment policy</i>	On 31 January 2012, new rules by Malaysia's Central Bank on	31 January 2012	<a href="#">"Liberalisation measures to</a>

	<b>Description of Measure</b>	<b>Date</b>	<b>Source</b>
<i>measures</i>	trading foreign currencies in Malaysia came into effect. The rules, which were announced on 30 January 2012, allow licensed onshore banks to: trade foreign currency against another foreign currency with a resident and offer ringgit-based interest rate derivatives to non-bank non-residents; and offer ringgit-denominated interest rate derivatives to a non-bank non-resident; and permit residents to convert their existing ringgit or foreign currency debt obligation into a debt obligation of another foreign currency.		<a href="#">develop the domestic financial markets</a> ”, Bank Negara Malaysia press release No: 01/12/06.
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Mexico</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>New Zealand</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Peru</b>			
<i>Investment policy measures</i>	None during reporting period.		
<i>Investment measures relating to national security</i>	None during reporting period.		
<b>Russian Federation</b>			
<i>Investment policy measures</i>	On 10 November 2011, changes to foreign ownership of radio broadcasting became effective: henceforth, foreign and foreign-controlled entities are no longer allowed to establish or acquire over 50% ownership of radio channels which broadcasts to one half or more than one half of the subjects of the Russian Federation, or over the territory on which one half or more of the population of the Russian Federation resides. The rules are contained in Federal Law No. 142-FZ of 14 June 2011 “ <i>On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media</i> ”. Similar restrictions already apply to television broadcasting.	10 November 2011	Federal Law No.142-FZ, “ <i>On Amending Some Legislative Acts of the Russian Federation in Connection with the Improvement of Legal Regulation of the Mass Media</i> ”, 14 June 2011.
<i>Investment measures relating to national security</i>	On 18 December 2011, amendments to the Federal Law “ <i>On Procedures for Foreign Investments in Entities Having Strategic Importance for Ensuring National Defence and State Security</i> ” (No. 57-FZ) and “ <i>On Foreign Investments in the Russian Federation</i> ” (No. 160-FZ) came into effect. The changes broaden the scope of investments by foreigners in Russian strategic companies carrying out exploration and extraction of minerals; relax the limits on foreign investments in strategic industries (and simplify the related procedures for investors that were introduced in Law No.57-FZ in 2008). More specifically, the amendments lift the ceilings of foreign ownership in certain sectors, eliminate the requirement to	18 December 2011	Federal Law No. 322-FZ, “ <i>On Amending Article 6 of the Federal Law “On Foreign Investments in the Russian Federation” and the Federal Law “On Procedures for Foreign Investments in Entities Having Strategic Importance for Insuring National Defence and State Security”</i> ”, 16 November 2011.

	Description of Measure	Date	Source
	<p>obtain governmental approval for acquisitions of (direct or indirect) control of up to 25% of shares of companies that develop Federal subsoil resources (the previous limit was 10%), exempt international financial organisations in which Russia is a member from certain approval requirements, and strip companies in certain sectors from their status as “strategic companies” for the purpose of the application of foreign investment rules.</p>		
<p><b>United States</b></p>			
<p><i>Investment policy measures</i></p>	<p>None during reporting period.</p>		
<p><i>Investment measures relating to national security</i></p>	<p>None during reporting period.</p>		



## Annex 4 – ABAC Letter to APEC Economic Leaders



APEC BUSINESS ADVISORY COUNCIL



### **His Excellency Vladimir Putin**

Chair, Asia-Pacific Economic Cooperation &  
President of the Russian Federation  
Moscow, Russian Federation

Your Excellency:

The global economy is entering an era of greater uncertainty as it continues to struggle with the legacy of the global financial crisis and the escalating turmoil in the Euro zone. We urge APEC economies to take resolute actions to guard against financial and sovereign risks and the rise of protectionism, while pursuing trade liberalization and maintaining a robust growth trajectory.

The lack of progress in the WTO Doha Round is disappointing. We recognize, however, the immense value of the WTO legal framework that underpins world trade flows, which must be supported and preserved despite the difficulties in concluding the Doha Round.

**Regional economic integration** and achieving the Bogor Goals remain ABAC's top priority and require comprehensive actions to create a freer and more open market for goods, services and investment in the context of increasingly complex supply chains and value chains. ABAC calls for substantive progress to be made towards a Free Trade Area of the Asia-Pacific (FTAAP). Meanwhile, significant advances have been made on some possible pathways towards this goal, including the Trans Pacific Partnership and the Regional Comprehensive Economic Partnership. We urge the broadest possible participation in initiatives towards FTAAP, incorporating "next generation" trade and investment issues to optimize the full potential of global value chains.

ABAC applauds APEC's efforts to enhance competitiveness and facilitate trade in the region but there remains more to be done to improve the connectivity of **regional supply chains**, through a holistic and coordinated approach to addressing identified chokepoints. Greater use of global data standards and supply chain infrastructure technologies are needed to facilitate the sharing of supply chain information and best practices across the region. We also advocate harmonization of customs requirements and procedures, including the single window concept and the use of integrated satellite navigation systems (Glonass/GPS). ABAC notes the long-term benefits offered by wider use of alternative transportation routes between the Asia-Pacific region and the rest of the world, as a result of implementation of domestic and international transportation infrastructure improvement projects.

From 2010 to 2020, Asia-Pacific economies will require roughly US\$8 trillion in **infrastructure investment**, a level of demand which cannot be met without investment from the private sector. The potential to successfully leverage the role of the private sector to close the infrastructure deficit is dependent upon economies' capacity to create both a positive investment environment and robust legal frameworks for public-private partnerships. ABAC recommends that APEC adopt strong investment principles and protections such as outlined in ABAC's Investing for Growth report. There is also the need for predictable and transparent government procurement processes and more collaboration with the Asia-Pacific Infrastructure Partnership (APIP) dialogues with the private sector and multilateral agencies.

The current global situation underscores the compelling rationale for the development and integration of financial markets in the region, which has proven vulnerable to liquidity and credit constraints due to its over-reliance on a few traditional financial markets in advanced economies. The underdevelopment of the region's developing economies' financial markets will pose a very serious constraint to achieving global economic recovery. ABAC proposes the establishment of an Asia-Pacific Financial Forum (APFF) to discuss key issues and develop sound and efficient markets and urges APEC Leaders to fully support their governments' and businesses' active participation in APFF.



The issue of *food security* remains a priority for ABAC. We welcome the holding of the inaugural meeting of the APEC Policy Partnership on Food Security (PPFS) in Kazan in May this year. The long-term goal of the PPFS, with ABAC guidance, is to shape a food system structure by 2020 and provide lasting food security to APEC member economies. ABAC fully supports the strategy of the Kazan Declaration accepted at the Second APEC Ministerial Meeting on Food Security that prioritizes the key areas.

Small, medium and micro-enterprises (SMMEs) are the backbone of the modern economy based on *innovative growth*. Yet, SMMEs face numerous challenges, top of which is access to financing. We call on APEC economies to develop policies that encourage private individual investors (angel and venture capital) to get involved in funding SMMEs. ABAC recommends capacity building initiatives to raise awareness of SMMEs on cross-border opportunities, including the use of information and communications technology (ICT) tools such as e-commerce platforms and online portals to assist SMMEs in exploring and conducting cross-border transactions. ABAC urges economies to continue to address barriers that prevent women from participating more fully in the economy, in particular by implementing policies that encourage diversity and inclusion in the workplace.

Substantial actions are needed from APEC economies to alter environmentally unfriendly ways of living, and introduce new principles and innovative solutions into city planning and infrastructure development, and follow harmonized criteria for *living cities* in APEC. ABAC recommends adoption of a livable, low-carbon community and eco-city/living city approach based on the integration of social, environmental and economic principles including effective incentives for businesses. ABAC urges APEC economies to implement the Honolulu Declaration where Leaders agreed to work to develop in 2012 an APEC list of environmental goods and services in which to reduce, by the end of 2015, applied tariff rates to 5% or less.

ABAC recognizes the importance of voluntary, market-driven *dissemination of technology* and supports measures to create coherent regulation and strengthen mutually beneficial partnerships among stakeholders in the APEC technology community. Economies in the APEC region can enhance their prosperity by improving their capacity to adopt technologies by addressing barriers to trade and investment and taking steps to enhance their capacity for innovation.

ABAC believes that a *new services liberalization and facilitation agenda* is a major issue for APEC given the strong contribution of the services sector to economic growth. We call for the formation of a group of services experts from the private and public sectors and academia to make recommendations on ways to improve the global governance of services trade and investment and the launching of a new and dedicated initiative specifically aimed at liberalizing regional services trade and investment.

We look forward to discussing the above issues in greater detail during our dialogue in Vladivostok.

Yours sincerely,



**Mr. Ziyavudin Magomedov**  
ABAC Chair 2012  
Chairman of the Board  
Summa Group



**Ms. Deborah Henretta**  
ABAC Co-Chair  
Co-Chair, Action Plan &  
Advocacy Working Group  
Group President – Asia  
Procter & Gamble Asia Pte. Ltd.



**Mr. John Prasetyo**  
ABAC Co-Chair  
Co-Chair, Regional Economic  
Integration Working Group  
Senior Advisor  
CBA Consulting