ICC OPEN MARKETS INDEX

FDI OPENNESS – ROOM FOR IMPROVEMENT

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ICC OPEN MARKETS INDEX
A BALANCED AND RELIABLE MEASUREMENT OF OPENNESS TO TRADE

- Scores 75 countries on a scale of one to six on four key factors
  - Observed trade openness
  - Trade policy
  - Openness to FDI
  - Trade-enabling infrastructure
- Aggregates scores to form a ranking of the 75 economies
No G20 economy inside the top 10 most open economies

All G20 countries below average openness

Canada the only G20 country in top 20 open markets

Singapore, Luxembourg and Hong Kong: “most open”

Ethiopia, Venezuela and Sudan: “least open”
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### COMPONENT 3 OF OVERALL SCORE

<table>
<thead>
<tr>
<th>III. Openness to FDI</th>
<th>15%</th>
<th>100.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>III.1 FDI</td>
<td></td>
<td>50.0</td>
</tr>
<tr>
<td>FDI inflows to GDP</td>
<td>16.7</td>
<td></td>
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<tr>
<td>FDI inward stock to GDP</td>
<td>16.7</td>
<td></td>
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<tr>
<td>FDI inflow as percent of GFCF</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>III.2 FDI Welcome Index</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>No of procedures</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>No of days</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>Ease of establishing business</td>
<td>16.7</td>
<td></td>
</tr>
</tbody>
</table>
### Breakdown of Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI inflows to GDP</td>
<td>This indicator aims to assess both an economy’s policy towards inward investment and its attractiveness to foreign investors due to market size or resource endowments.</td>
<td>UNCTAD</td>
</tr>
<tr>
<td>FDI inflows to Gross fixed capital formation (GFCF)</td>
<td>This indicator assesses the relative importance of FDI to domestic investment. For economies with a low saving/investment level, FDI inflows will have a relatively larger impact on growth prospects, when compared to economies with a high domestic saving/investment level.</td>
<td>UNCTAD</td>
</tr>
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</table>
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### BREAKDOWN OF INDICATORS

<table>
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<td><strong>FDI inward stock to GDP</strong></td>
<td>FDI stock data lowers the impact of assessing only short-term fluctuations in FDI inflows. Stock data signal the long-standing presence of foreign investment, which continues to contribute to the current international integration of an economy. FDI stock data may show pronounced year-to-year variations (e.g., due to exchange rate variations); therefore, five-year periods have been used in this report.</td>
</tr>
<tr>
<td><strong>Investing Across Borders: Ease of starting foreign business</strong></td>
<td>The FDI Welcome Index (renamed from the World Bank’s Investing Across Borders “Starting a foreign business” indicators) was developed in 2012 and assesses the administrative hurdles to establishing a business start-up overseas. This indicator comprises three time series: the number of procedures needed for a business start-up, the number of days needed to obtain authorization, and the ease of establishing a foreign subsidiary.</td>
</tr>
</tbody>
</table>
Singapore - Openness to FDI

3.1.A - FDI inflow to GDP (2012-15)
3.1.B - FDI inward stock to GDP (2011-15)
3.1.C - FDI inflow as a percentage of gross fixed capital formation (2012-14)
3.2.B - Time to establish a foreign business (2012)
3.2.C - Ease of establishing a foreign business (2012)

Singapore - Openness to FDI  Average economy performance
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DETAILED ECONOMY PROFILES

Venezuela - Openness to FDI

3.1.A - FDI inflow to GDP (2012-15)
3.1.B - FDI inward stock to GDP (2011-15)
3.1.C - FDI inflow as a percentage of gross fixed capital formation (2012-14)
3.2.B - Time to establish a business (2015)
3.2.C - Ease of establishing a foreign business (2012)

Venezuela - Openness to FDI
Average economy performance
Japan - Openness to FDI

3.1.A - FDI inflow to GDP (2012-15)
3.1.B - FDI inward stock to GDP (2011-15)
3.1.C - FDI inflow as a percentage of gross fixed capital formation (2012-14)
3.2.B - Time to establish a business (2015)
3.2.C - Ease of establishing a foreign business (2012)

Japan - Openness to FDI
Average economy performance
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DETAILED ECONOMY PROFILES

United States - Openness to FDI

- 3.1.A - FDI inflow to GDP (2012-15)
- 3.1.B - FDI inward stock to GDP (2011-15)
- 3.1.C - FDI inflow as a percentage of gross fixed capital formation (2012-14)
- 3.2.C - Ease of establishing a foreign business (2012)

United States - Openness to FDI

Average economy performance
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ROADMAP FOR IMPROVEMENT

- Trade Facilitation approach to investment facilitation
- Strengthen investment rules by building on GATS
- Restart the Working Group on Trade and Investment
- Restart discussions in this area with an exploratory agenda
COMMISSION ON TRADE AND INVESTMENT POLICY

2016 WTA EDITION OF ICC GUIDELINES

- 1949 International Code of the Fair Treatment of Foreign Investors

- 1972 Guidelines for International Investment
  - Rights and responsibilities
    - Investor
    - Home government
    - Host government

- 2012 Guidelines
  - Substantial revisions – Labour, fiscal policy
  - New chapters – Competitive neutrality, corporate responsibility