

ANNEX 1: Methodology and data of the *Investing Across Sectors* indicators

Methodology

The *Investing Across Sectors* indicators measure statutory restrictions on foreign ownership of equity in new investment projects. The indicators are based on the text of investment codes, commercial laws, merger and acquisition laws, and other related statutes.

The indicators focus on 32 sectors, aggregated into 12 broader sector groups in order to facilitate data presentation and analysis (shown in Table 6 below).

TABLE 6: Investing Across Sectors—sector definition

	Sector Group	Sector	Details
Primary Sectors	Mining, Oil & Gas	Mining	A foreign company seeking to develop and exploit a medium-sized deposit of metal ore (for example iron, copper, nickel, gold and silver). <i>Note:</i> The following types of mining activities are excluded from the definition: (1) oil and gas extraction, (2) diamond mining, (3) coal / lignite mining, and (4) exploration of a deposit.
		Oil & Gas	A foreign company seeking to develop and exploit a medium-sized gas or oilfield.
	Agriculture, Forestry	Agriculture	A foreign company seeking to own a commercial farm. <i>Note:</i> It is assumed that the foreign company is able to acquire a long-term lease on the land, and that the raising and hunting of animals is excluded from the definition.
		Forestry	A foreign company seeking to own a commercial forestry or logging operation.
Manufacturing Sectors	Manufacturing	Food processing	A foreign company seeking to own a manufacturing plant for processing the primary products of agriculture, forestry, and fishing into food (for example, meat, fish, fruits and vegetables, oils, milk products, grain mill products).
		Manufacture of basic chemicals	A foreign company seeking to own a factory for the production of basic chemicals for industrial use employing basic chemical processes. This includes for example the manufacture of liquefied or compressed inorganic gases, such as elemental gases, refrigerant gases and mixed industrial gases, the manufacture of dyes and pigments, chemical elements, inorganic acids, alkalis, alcohols, and other organic and inorganic compounds. <i>Note:</i> The manufacture of fuel gases such as ethane, propane and butane as well as the enrichment of uranium and thorium ores and production of fuel elements for nuclear reactors is excluded.
		Light Manufacturing	A foreign company seeking to own a factory for manufacturing a variety of consumer products (for example, electric household appliances).
Service Sectors	Telecommunications	Fixed-line infrastructure	A foreign company seeking to own and operate a wired telecommunications infrastructure for the transmission of voice, data, text, sound, and video (switching and transmission facilities to provide point-to-point communications via landlines or cable distributions systems).
		Fixed-line services	A foreign company seeking to provide fixed-line telecommunication services using available infrastructure, which the foreign company does not own or operate.
		Wireless/mobile infrastructure	A foreign company seeking to own and operate a wireless telecommunications infrastructure for the transmission of voice, data, text, sound, and video (cellular or other wireless telecommunication networks). <i>Note:</i> Provision of satellite telecommunications services is excluded from the definition.
		Wireless/mobile services	A foreign company seeking to provide wireless/mobile telecommunication services using available infrastructure, which it does not own or operate.
	Electricity	Electric power generation: biomass	A foreign company seeking to own a biomass-fueled power plant (for example using plants, trees, but not coal or petroleum).
		Electric power generation: solar	A foreign company seeking to own a solar power plant.
		Electric power generation: wind	A foreign company seeking to own a wind power plant.
		Electric power transmission	A foreign company seeking to own transmission systems that transmit electricity from the generating facility to the distribution centers/substations.
		Electric power distribution	A foreign company seeking to own distribution systems that convey electricity from the distribution centers/substations to the final consumer.

(continued)

TABLE 6: Investing Across Sectors—sector definition (continued)

Sector Group	Sector	Details	
Service Sectors	Financial Services	Banking	A foreign company seeking to provide retail banking services to public and commercial clients through establishing a subsidiary or investing in a local bank. Note: Excluded from the definition are (1) equity restrictions on opening foreign bank branches (as opposed to subsidiaries), (2) investment banking, and (3) other specific types of financial services.
		Life Insurance	A foreign company seeking to own a provider of life insurance services. This includes underwriting annuities and life insurance policies, disability income insurance policies and accidental death and dismemberment insurance policies. Note: Excluded from the definition are (1) reinsurance, (2) non-life insurance, (3) social security/pension insurance, and (4) other forms of insurance.
		Health Insurance	A foreign company seeking to own a provider of health insurance services. Note: Excluded from the definition are (1) reinsurance, (2) life insurance, (3) social security/pension insurance, and (4) other forms of insurance.
	Transportation	Freight rail transport	A foreign company seeking to provide railway freight transport using its own rolling stock (wagons and locomotives). Excluded from the definition are (1) passenger transport, (2) ownership and/or operation of railroad infrastructure, and (3) ownership and/or operation of terminals.
		Freight transport by road	A foreign company seeking to own a provider of freight transportation services via roads on domestic routes, including logging haulage, stock haulage, refrigerated haulage, heavy haulage, bulk haulage (including in tanker trucks), haulage of automobile and transport of waste and waste materials (excluding waste collection and disposal). Note: Excluded from this definition are post and courier activities as well as waste transport as an integrated part of waste collection activities.
		Internal waterways freight transportation	A foreign company seeking to own a provider of inland freight water transportation services. This includes the transportation of freight on inland waters, such as rivers, canals, lakes and other inland waterways, including inside harbors and ports, on vessels that are not suitable for sea transport.
		International passenger air transport	A foreign company seeking to own an airline providing international passenger transportation. Excluded from the definition is cargo transport.
		Port operation	A foreign company seeking to own and operate container terminals at the country's main commercial port(s). Note: Excluded from the definition are maritime auxiliary services (for example cargo handling services, storage and warehousing, customs clearance services, freight forwarding services).
		Courier activities	A foreign company seeking to own a provider of courier services not operating under a universal service obligation including the pickup, sorting, transport and delivery (domestic and international) of letter post and (mail-type) parcels and packages, whereby one or more modes of transport might be involved and the activity may be carried out with either self-owned (private) or public transport. Note: The provision of postal services under a universal service obligation, the collection of letter-mail and parcels from public letter-boxes or post offices and postal giro, savings activities and money order activities are excluded.
		Media	Newspaper publishing	A foreign company seeking to own a daily or weekly newspaper. Note: Excluded from the definition is publication of issue-specific magazines, monthlies.
	Television broadcasting		A foreign company seeking to program and broadcast a complete television channel on a countrywide scale. Note: Excluded from the definition are production of mere television program elements and radio broadcasting.
	Tourism	Accommodation services	A foreign company seeking to own a large high-end resort or business hotels (as applicable to your country) to provide short-term accommodation. Note: Excluded from the definition is ownership of restaurants, bars and travel agencies.
	Waste management and water supply	Waste management and recycling	A foreign company seeking to own a provider of solid waste collection, disposal, and recycling services. Note: Toxic waste is excluded from the definition.
		Water distribution	A foreign company seeking to own and operate water distribution systems for water for domestic and industrial purposes. This includes distribution of water through mains, trucks, or other means, and the operation of irrigation canals. Note: Excluded from this definition is the collection, purification and treatment of water, the operation of irrigation equipment for agricultural purposes and the long-distance transport of water through pipelines.
	Accounting	Accounting, bookkeeping and auditing services; tax consultancy	A foreign company seeking to own a provider of accounting, bookkeeping and auditing services, including tax consultancy. Note: Excluded from this definition is the provision of management consultancy services, such as design of accounting systems, cost accounting programs, budgetary control procedures, and bill collection services.
	Education	Higher education	A foreign company seeking to own a provider of tertiary education services, including granting of degrees at baccalaureate, graduate or post-graduate level. Education can be provided in classrooms or through radio, television broadcast, internet or correspondence.

Source: FDI Regulations database 2012.

Foreign equity ownership indexes are constructed for each of the 32 sectors, aggregated into 12 sector groups. The indexes take values from 0 to 100, where 100 denotes the absence of statutory ownership restrictions to FDI, and 0 means that foreign companies are not allowed to own equity in a sector or sector group. The equity restrictions expressed in percentages are converted to index scores linearly. For example, a score of 49 denotes that a foreign company can own up to 49 percent of shares in a business in a particular sector in a particular economy, meaning that it can only be a minority shareholder.

The 32 sector scores are aggregated to 12 sector group scores using equal weights. Each sector group (with the exception of tourism, accounting and education) comprises several sectors (Table 6).

To ensure that the data collected from each of the 103 economies is comparable, respondents were provided with clear definitions of each of the subsectors covered. In addition, the following assumptions were made about the foreign investor and its home country:

- The host country does not enjoy any special economic, trade, or investment relationship with the home country of the foreign investor that would affect the investor's ownership rights (that is, the home country is not part of an economic union or a cooperation block with the home country, such as the EU, GCC, SADC, ASEAN, etc.).
- The host country enjoys normal political relations with the home country of the investor.
- The foreign investor is a private multinational company with no equity interest or management control by the government of its home country.
- The foreign company will not be investing in an export processing zone (EPZ), special economic zone (SEZ), or any other zone governed by a special FDI regime in the host country. The survey examines the host country's general FDI regime.
- The foreign company is not yet incorporated or otherwise established in the host country, and it is interested in undertaking a medium- to large-scale investment project in each of the sectors defined.

- The respective investment project in the host country is not subject to any national security restrictions and has no political affiliations.

Limitations

The absence of foreign ownership restrictions as measured by the *Investing Across Sectors* indicators is an important but insufficient condition for attracting FDI. Aside from openness to foreign ownership, other determinants of FDI include market size, infrastructure quality, cost factors, political stability, and economic growth, actual and potential. Restrictions on foreign ownership limit and in some cases prohibit FDI in certain sectors. But abolishing foreign ownership restrictions and having a completely open economy do not guarantee success in attracting more FDI.

- The indicators cover a large share of economic sectors but are not all-encompassing. Coverage of the primary and manufacturing sectors is relatively limited given that past studies have shown—and this report confirms—that most economies do not restrict foreign ownership in these sectors. The coverage of the service sectors, though more extensive than in past studies, is also not exhaustive. For example, the indicators do not include certain public utilities (such as natural gas distribution), professional services (such as legal and consulting services). These and other service sectors were not included in the survey for one or more of the following reasons: FDI plays a small role in the sector, FDI restrictions (if present) often do not take the form of equity limits, views in the development literature diverge on the appropriate role of foreign capital in the sector, and methodological constraints limited the length of the questionnaire and potential quality of responses. Finally, sectors where economies may have legitimate security, cultural, or religious reasons for prohibiting FDI are omitted from the indicators' coverage. These include weapons, nuclear power, and manufacturing of tobacco products and alcoholic beverages.
- The indicators focus on restrictions captured in economies' statutes, and not on commitments to open sectors to FDI captured in international investment agreements (such as bilateral investment treaties or free trade agreements) or WTO commitments.

TABLE 7: Country-level foreign equity ownership index (12 sector groups and 103 economies)

	Agriculture and Forestry	Mining and Oil & Gas	Manufacturing	Electricity	Waste management and water supply	Transportation	Tourism	Media	Telecom	Financial Services	Accounting	Education
Angola	100%	100%	100%	100%	100%	100%	100%	30%	49%	100%	100%	100%
Afghanistan	100%	100%	100%	80%	100%	92%	100%	0%	87%	100%	100%	100%
Albania	100%	100%	100%	80%	100%	75%	100%	70%	100%	100%	100%	100%
Algeria	49%	49%	49%	39%	49%	49%	49%	25%	49%	49%	49%	49%
Argentina	85%	100%	100%	100%	100%	92%	100%	30%	100%	100%	100%	100%
Armenia	100%	100%	100%	100%	100%	100%	100%	75%	100%	100%	100%	100%
Australia	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Austria	100%	100%	100%	100%	100%	83%	100%	75%	100%	100%	25%	100%
Azerbaijan	100%	75%	100%	100%	100%	100%	100%	17%	100%	100%	100%	100%
Bangladesh	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Belarus	100%	100%	100%	100%	100%	83%	100%	30%	100%	100%	100%	100%
Bolivia	100%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bosnia and Herzegovina	100%	100%	100%	100%	100%	100%	100%	49%	100%	100%	100%	100%
Brazil	100%	100%	100%	100%	100%	87%	100%	30%	100%	100%	100%	100%
Bulgaria	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Burkina Faso	100%	95%	100%	100%	100%	100%	100%	50%	50%	100%	100%	..
Burundi	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cambodia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cameroon	100%	95%	100%	100%	100%	83%	100%	75%	100%	100%	100%	100%
Canada	100%	100%	100%	100%	100%	88%	100%	73%	73%	100%	100%	100%
Chad	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Chile	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Colombia	100%	100%	100%	100%	100%	100%	100%	70%	100%	100%	100%	100%
Congo, Dem. Rep.	100%	100%	100%	100%	100%	100%	100%	100%	100%	33%	100%	100%
Costa Rica	100%	100%	100%	39%	100%	92%	100%	100%	100%	100%	100%	100%
Côte d'Ivoire	100%	100%	100%	100%	100%	100%	100%	100%	50%	100%	100%	100%
Croatia	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Cyprus	100%	100%	100%	60%	50%	70%	100%	63%	100%	100%	100%	100%
Czech Republic	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%

Note: Denotes maximum foreign equity ownership allowed. 0% indicates that foreign ownership of a company is not allowed, and 100% indicates that full foreign ownership of companies is allowed.

TABLE 7: Country-level foreign equity ownership index (12 sector groups and 103 economies)

	Agriculture and Forestry	Mining and Oil & Gas	Manufacturing	Electricity	Waste management and water supply	Transportation	Tourism	Media	Telecom	Financial Services	Accounting	Education
Ecuador	100%	100%	100%	80%	100%	100%	100%	100%	100%	100%	100%	100%
Egypt, Arab Rep.	100%	100%	100%	100%	100%	90%	100%	50%	100%	100%	100%	49%
Ethiopia	100%	100%	100%	60%	100%	50%	100%	0%	0%	0%	100%	100%
France	100%	100%	100%	60%	100%	75%	100%	20%	100%	100%	33%	100%
Georgia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Germany	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Ghana	100%	93%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Greece	100%	100%	100%	80%	100%	75%	100%	100%	100%	100%	100%	100%
Guatemala	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Haiti (2010 data)	100%	100%	100%	100%	100%	100%	100%	100%	100%	75%	..	..
Honduras	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Hong Kong SAR, China	100%	100%	100%	100%	100%	100%	100%	75%	100%	100%	100%	100%
India	50%	100%	100%	100%	100%	75%	100%	63%	74%	51%	100%	100%
Indonesia	98%	98%	98%	95%	100%	49%	100%	0%	57%	86%	100%	0%
Iraq	0%	0%	100%	80%	25%	17%	100%	100%	100%	100%	100%	49%
Ireland	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Italy	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Japan	100%	100%	100%	100%	100%	72%	100%	60%	100%	100%	100%	100%
Jordan	100%	100%	100%	100%	100%	75%	100%	50%	100%	100%	100%	100%
Kazakhstan	100%	100%	100%	100%	100%	92%	100%	20%	75%	100%	100%	100%
Kenya	100%	100%	100%	100%	100%	97%	100%	75%	80%	78%	100%	100%
Kosovo	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Liberia (2010 data)	100%	100%	100%	60%	100%	67%	100%	100%	100%	100%	..	..
Macedonia, FYR	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Madagascar	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malaysia	50%	60%	100%	39%	100%	83%	100%	100%	100%	70%	100%	100%
Mali	100%	95%	100%	100%	100%	100%	100%	49%	100%	100%	100%	100%
Mauritius	100%	100%	100%	100%	100%	100%	100%	60%	100%	100%	100%	100%

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(continued)

TABLE 7: Country-level foreign equity ownership index (12 sector groups and 103 economies) (continued)

	Agriculture and Forestry	Mining and Oil & Gas	Manufacturing	Electricity	Waste management and water supply	Transportation	Tourism	Media	Telecom	Financial Services	Accounting	Education
Mexico	49%	50%	100%	0%	100%	83%	100%	25%	75%	100%	100%	100%
Moldova	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Montenegro	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Morocco	100%	88%	100%	60%	100%	83%	100%	100%	100%	100%	100%	100%
Mozambique	100%	100%	100%	100%	100%	100%	100%	20%	75%	100%	100%	100%
Nepal	100%	100%	67%	60%	50%	67%	100%	100%	100%	100%	51%	100%
Netherlands	100%	100%	100%	60%	50%	92%	100%	100%	100%	100%	100%	100%
New Zealand	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nicaragua	100%	100%	100%	80%	50%	83%	100%	100%	100%	100%	100%	100%
Nigeria	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Pakistan	100%	100%	100%	100%	100%	92%	100%	37%	100%	83%	100%	100%
Papua New Guinea	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Peru	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Philippines	40%	40%	100%	40%	40%	50%	100%	0%	40%	87%	0%	40%
Poland	100%	100%	100%	100%	100%	83%	100%	75%	100%	100%	100%	100%
Romania	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Russia Federation	100%	100%	100%	100%	100%	92%	100%	75%	100%	66%	100%	100%
Rwanda	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Saudi Arabia	100%	50%	100%	100%	100%	67%	100%	0%	70%	60%	75%	100%
Senegal	100%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Serbia	100%	100%	100%	100%	100%	100%	100%	75%	100%	100%	100%	100%
Sierra Leone	100%	100%	100%	80%	50%	100%	100%	100%	100%	100%	100%	100%
Singapore	100%	100%	100%	100%	100%	83%	100%	31%	100%	100%	100%	100%
Slovak Republic	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
Solomon Islands	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
South Africa	100%	74%	100%	93%	100%	83%	100%	60%	70%	100%	100%	100%
Spain	100%	100%	100%	98%	100%	92%	100%	75%	100%	100%	100%	100%
Sri Lanka	70%	70%	100%	39%	100%	52%	100%	40%	100%	100%	100%	100%

Note: Denotes maximum foreign equity ownership allowed. 0% indicates that foreign ownership of a company is not allowed; and 100% indicates that full foreign ownership of companies is allowed.

TABLE 7: Country-level foreign equity ownership index (12 sector groups and 103 economies)

	Agriculture and Forestry	Mining and Oil & Gas	Manufacturing	Electricity	Waste management and water supply	Transportation	Tourism	Media	Telecom	Financial Services	Accounting	Education
Sudan (2010 data)	50%	100%	100%	..	100%	50%	100%	0%	..	..	..	..
Syria	100%	50%	..	..	..	33%	100%	0%	0%	53%	0%	20%
Taiwan, China	50%	100%	100%	80%	50%	67%	100%	80%	60%	100%	100%	100%
Tanzania	100%	100%	100%	100%	100%	100%	100%	70%	100%	77%	100%	100%
Thailand	49%	75%	100%	100%	75%	49%	49%	35%	49%	75%	49%	100%
The Dominican Republic	100%	100%	100%	80%	50%	100%	100%	75%	100%	100%	100%	100%
Kyrgyz Republic	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Korea, Rep.	100%	100%	100%	80%	100%	92%	100%	40%	49%	100%	100%	0%
Yemen, Rep.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tunisia	83%	100%	100%	60%	50%	58%	100%	50%	100%	100%	0%	50%
Turkey	100%	100%	100%	80%	100%	75%	100%	75%	100%	100%	100%	100%
Uganda	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ukraine	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
United Kingdom	100%	100%	100%	100%	100%	92%	100%	100%	100%	100%	100%	100%
United States	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Venezuela, RB	100%	49%	100%	24%	100%	100%	100%	20%	100%	100%	100%	100%
Vietnam	76%	76%	100%	60%	76%	49%	100%	0%	53%	83%	100%	100%
Zambia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Denotes maximum foreign equity ownership allowed. 0% indicates that foreign ownership of a company is not allowed, and 100% indicates that full foreign ownership of companies is allowed.