New Approaches to FDI Policy: Initiatives of the World's Largest Countries and Lessons for Russia

Olga Klochko

Olga Klochko is deputy school head and associate professor at the School of World Economy, HSE University.

SPIN RSCI: 3198-1352
ORCID: 0000-0003-0355-5506
ResearcherID: K-9265-2015
Scopus AuthorID: 57201726584

For citation: Klochko, O., 2023. New Approaches to FDI Policy: Initiatives of the World's Largest Countries and Lessons for Russia. *Contemporary World Economy*, Vol. 1, No 3.

DOI: https://doi.org/10.17323/2949-5776-2023-1-3-113-128

Keywords: foreign direct investment, foreign investment policy, inbound investment, outbound investment.

This work is an output of a research project "New Approaches to Russia's Foreign Economic Strategy," implemented as part of the Research Program of the Faculty of World Economy and International Affairs of HSE University in 2023.

Abstract

The article is devoted to the study of current trends in the regulation of foreign direct investment (FDI), caused by ongoing changes in the interaction of individual countries of the world and their groupings. The tools and approaches of Russia and key countries participating in the global FDI market to regulate not only inward but also outward investments that previously did not come to the attention of regulators are explored. Strengthening control over all directions of investment flows, as well as expanding the list of strategically important industries in which participation is limited for foreign investors, leads to the fact that the foreign investment policy of Western countries is turning from a tool for managing the foreign economic activities of companies into a tool for ensuring national security and technological sovereignty. The regulation of FDI in Russia today is a set of single measures and is reactive in nature, which does not allow to support economic growth and the geopolitical interests of the country. There is an obvious need to revise the approaches in order to create a comprehensive regulatory policy that meets new challenges and realities, integrated into Russia's overall foreign economic strategy and its economic security strategy. Based on the results of the study, the goals of the new foreign investment policy of Russia, approaches to regulating inward and outward investments were formulated, and recommendations were given for the tools in the field of FDI regulation.

Introduction

Economic relations between countries in the current stage of global economic development are shaped by geopolitical tensions and are accompanied by changes in both their content (intensity, direction, structure) and approaches to regulation. When talking about regulation, economists primarily focus on trade policy of countries and changes in foreign trade flows resulting from the introduction of new trade policy instruments. Less attention is paid to the investment activities of companies, the so-called foreign direct investment (FDI), in approaches to regulating flows of which new trends are currently forming and strategic changes are announced.

FDI is a major form of international economic relations, associated not only with great economic benefits but also with risks, the level of which is growing. The presence of foreign companies in the national market, their deep integration into national markets and their interaction with local companies and consumers are attracting increasing attention, and often apprehension, from FDI recipient countries. Simultaneously, unregulated international expansion of domestic companies may result in the outflow not only of capital, but also of technology and equipment that are crucial for economic security and creating competitive advantages for unfriendly nations.

The study of current approaches to the foreign investment policy of the world's largest countries, which foreign economic strategies, as a rule, serve as a benchmark for the rest, is a highly relevant and important task for Russia. Understanding the essence of changes in these approaches will make it possible to take them into account in the country's new foreign economic strategy, the priorities of which are still formulated only in terms of foreign trade. The Strategy of Economic Security of the Russian Federation, developed for the period up to 2030 and adopted in 2017 [Decree of the President of the Russian Federation No. 208], also requires revision. Although it mentions the issues of foreign investment in the context of creating a favorable investment climate and control over participation in strategically important enterprises for the country's defense and security, it does not sufficiently take into account the current realities.

The presented research contains the results of studying and identifying new trends in FDI regulation in the largest countries of the world (the United States, China, EU countries) and is aimed at developing recommendations for formulating new directions of Russia's foreign investment policy.

1. Overview of the main trends

In the context of foreign investment policy, one should distinguish between the regulation of inbound foreign direct investment and the regulation of outbound foreign direct investment. Conventionally, this allows us to distinguish two groups of countries—recipient countries and donor countries—which regulatory tools have different emphases. Developing countries are mostly recipients and have traditionally been interested in stimulating the inflow of foreign capital and technology. Developed countries are perceived as donors, having large financial resources and making them available on the world market. They also have large flows of inbound investments, but the FDI balance of Western countries is positive or slightly negative, and until recently they practically did not limit foreign expansion of their companies, including investment expansion. In general, the key players in the global FDI market, the US, China, Germany, Japan, are both the largest donors and recipients of FDI, which leads to their use of more complex and diverse regulatory tools.

Foreign direct investment in terms of theory and practice has traditionally been viewed as a source of economic benefits. Inbound investments carried with them technology, capital, and modern management practices, created jobs, stimulated the growth of tax revenues, etc. The main risks that have been emphasized are: (1) withdrawal of profits abroad rather than reinvestment in the recipient country's economy and (2) absorption of obsolete rather than advanced technologies within the framework of FDI. But in general, regulatory practices over the past decades have been quite liberal in both developing and developed countries and consisted in stimulating investment inflows with unconditional full or partial exemptions for strategically important industries (military, space industry, financial sector, information and communication, natural resource extraction, etc.). Outward investment meant diversification, development of global markets by national companies, access to advanced technologies and production, and strengthening of economic power in general, in connection with which international expansion was not controlled but took place on the basis of the laws of market economy and was sometimes stimulated within the framework of intergovernmental agreements.

In general, the global trend toward stimulating FDI is still in place. Thus, according to UNCTAD's analysis, in 2022 both developed and developing countries intensified the imposition of investment-stimulating measures and significantly increased their number, bringing them to the pre-pandemic level in response to the expected economic downturn [World Investment Report 2023. P. 56]. The focus in developed countries is on attracting "green" investments, while in developing countries it is on stimulating growth in a wide range of economic sectors.

However, in the conditions of modern geopolitical tension, sanctions policy, and economic and technological disconnection between the US and China, involving other countries, foreign investment is increasingly perceived not as a source of economic benefits but as a source of technological and political risks. Countries that have increased controls on inbound FDI and introduced stricter screening mechanisms accounted for 71% of total global FDI in 2022, up from 66% a year earlier. At the same time, the number of mega-deals withdrawn for political and regulatory reasons increased by a third, and their total value increased by 69% [World Investment Report 2023. P. 68].

As a result, the rather liberal view of most countries on foreign investments is being replaced by a more rigid policy of regulators, which has the following distinctive features:

- Investment policy from a tool for regulating the foreign economic activity of companies becomes a key component of the economic security strategy.
- If earlier FDI regulation was focused mainly on inward investment, now the instruments are being reoriented toward strengthening control over inward FDI and ensuring the safety of outward FDI.
- The focus of FDI regulation is beginning to be on ensuring the country's technological sovereignty rather than economic efficiency.

2. Trends in FDI regulation in leading countries

The key players in the FDI market[1] are the United States, China, and the European Union countries.

The largest recipient countries in terms of accumulated inward investment as of the beginning of 2022 are the US, China, the UK, the Netherlands, Hong Kong, and Singapore (see Figure 1 on p. 106). The cumulative investments in the EU countries put the region in the first place. It should be noted that China has taken the lead over the last decade: until 2011 the country was in the second ten countries in terms of accumulated inward FDI, but for two decades it has regularly been among the top three in terms of annual investment inflows, which has put it in the lead.

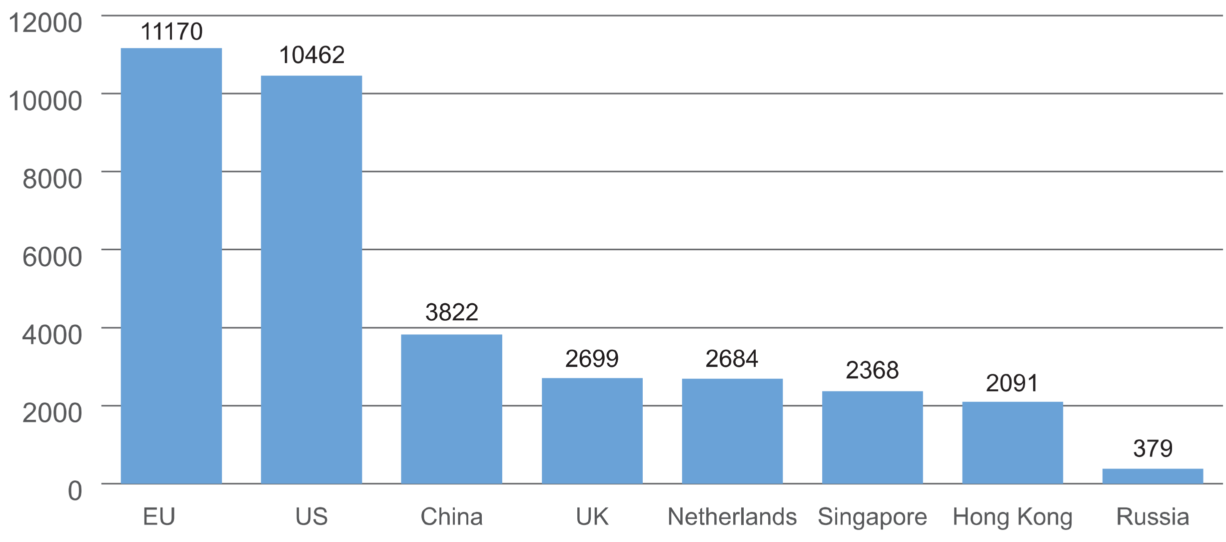

Figure 1. Accumulated inward FDI in the EU, the largest recipient countries, and Russia as of the beginning of 2022, bln USD

Source: UNCTAD (https://unctad.org/topic/investment/world-investment-report) .

[1] In statistical accounting, FDI is defined as an ownership interest of more than 10% in a company that is foreign to the investor, allowing for effective management and control.

The largest donor countries in terms of accumulated FDI abroad are the United States, the Netherlands, China, the UK, Hong Kong, and Canada (see Figure 2 on p. 107). The total outward investment of the EU countries is more than 1.5 times higher than that of the leading country, the United States. China also entered the top three leading countries in a short period of time. Until 2011, the country was in the second and until 2007 in the third ten countries in terms of accumulated outward FDI, but over the last decade and a half it has been making large-scale investments abroad every year.

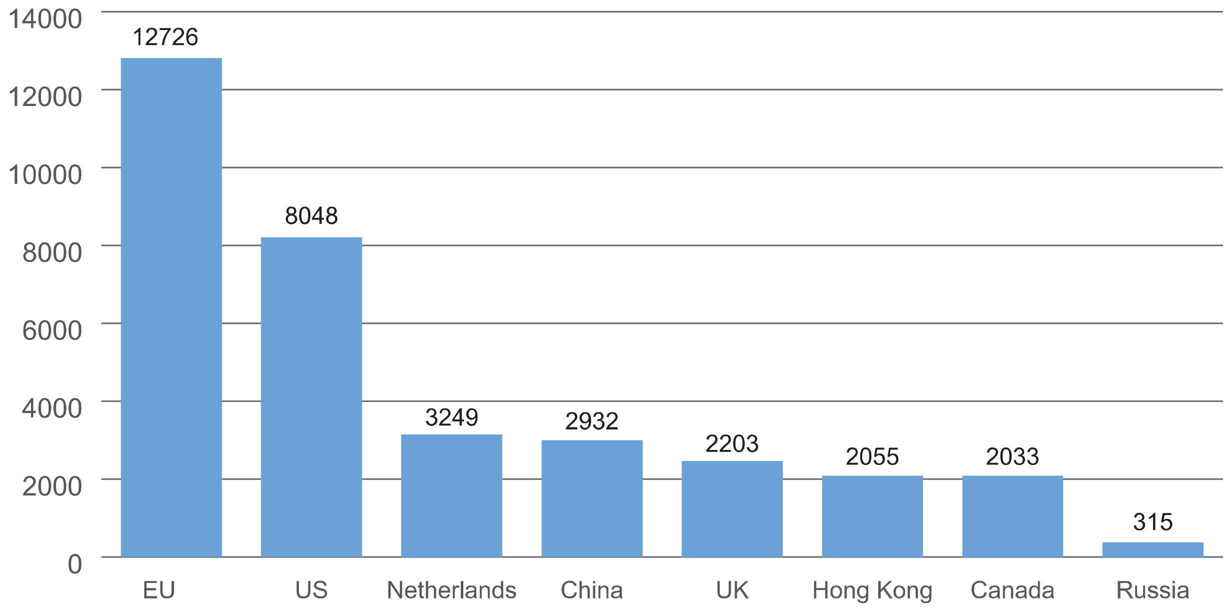

Figure 2. Accumulated outward FDI in the EU, major donor countries, and Russia as of the beginning of 2022, bln USD

Source: UNCTAD (https://unctad.org/topic/investment/world-investment-report).

The tone in the transformation of approaches to foreign investment policy, which consists in expanding the scope of FDI control, is set by the United States. Historically, the rather liberal approach to FDI regulation in the major economies has been accompanied by inward-only controls to limit the presence of foreign capital and management in strategically important national industries, of which there were few. The main essence of the changes is the tightening of controls on inward FDI as well as the announced readiness to impose restrictions on outward investment and apply screening procedures on capital outflows to certain unfriendly countries. Let us consider this trend in more detail using the example of the US and EU countries and examine the experience of China and Russia.

2.1. Restrictive policies of major FDI players

US. The US liberal approach to inward FDI was to encourage investment inflows at various levels, including through the negotiation of bilateral investment agreements and free trade area agreements that include mutual investment promotion. This approach began to tighten in 2018 with the passage of the Foreign Investment Risk

Review Modernization Act (FIRRMA), which strengthened controls and national security screening of transactions [Aksenov 2019]. The law was initially aimed at preventing the expansion of China. It expanded the powers of the main regulator, the Committee on Foreign Investment in the United States (CFIUS), which previously controlled only mergers and purchases of controlling stakes in US companies and was given the ability to block all transactions for national security reasons [NYT 2018]. The number of deals undergoing deeper analysis in the US began to grow exponentially, including as a result of the introduction of new rules into the law in 2020. At the same time, the list of special status countries to which the application of the new rules will be limited included only Australia, Canada, and the UK, with a promise to expand the list in the future [GTSL 2020].

US outbound investments were not subject to control until 2023, but the technological confrontation with China led to plans to develop a new regulatory system that would prohibit investment in advanced technologies abroad that could pose a threat to national security. In August 2023, a presidential executive order was issued blocking US businesses from investing in Chinese companies developing advanced technologies such as microelectronics, artificial intelligence, chip manufacturing, etc. [Investment Policy Monitor 2023]. It supplemented the export controls in these areas introduced a year earlier. US companies are now required to notify about certain transactions with China, and a number of deals will be blocked [Cleary & Gottlieb 2020].

European Union. FDI regulation in the European Union is predominantly at the level of member states, is focused on attracting inbound FDI, and is still relatively liberal. In recent years, there has been a tightening of inward FDI controls, initiated, as in the United States, as a result of concerns about Chinese companies.

Germany is the most active in this process. Since 2016, the country has several times expanded the powers of regulators in relation to incoming investments [Jaeger 2023]. As a result, transactions in sensitive industries (infrastructure, military, computer technology, information and communications, etc.), the list of which has been updated and expanded, are subject to mandatory screening. Other transactions may be subject to the verification procedure only if the buyer is a non-EU resident company. There are also targeted plans: In mid-2023, Germany announced its China strategy with a specific focus on the treatment of inbound Chinese FDI, which, however, has not yet translated into regulatory measures. In general, Germany's attention to FDI is so great that plans have already been announced to develop a single law on the control of foreign direct investment, including outward FDI, which is now being implemented through several separate pieces of legislation [Handelsblatt 2023]. Other EU countries are also introducing new investment regimes aimed at strengthening the screening of inward FDI—during 2023, such regimes have been introduced in Slovakia, Denmark, Belgium, Sweden, Ireland, and Luxembourg.

At the European level, a coordinated FDI policy began to take shape in 2019 with the adoption of the FDI Screening Regulation. The legislation affects inward investment and obliges member states to notify of FDI screening actions, establishes procedures, and may also develop requirements for the implementation of controls at the national level. Special mention should be made of the EU Foreign Subsidies Regulation, which entered into force in July 2023 and, as of 12 October 2023, introduces a mandatory notification regime for mergers and acquisitions of European companies by firms that have received financial support from non-EU countries [Bloomberg 2023].

With regard to outward investment, the EU is adopting the US approach—the European Commission's 2023 Work Programme notes that the European Commission is ready to review the rules regulating FDI in the EU and will examine the need to introduce additional tools to control outward investment. Given the positive balance of accumulated EU investment (+1.56 trillion USD at the end of 2022 = 12.73 trillion USD of inward FDI - 11.17 trillion USD of outward FDI) and the FDI donor[2] (not recipient) role of the major countries of the association, the vulnerability of European companies and their international supply chains to external risks, including technology leakage, is assessed as very high. Geopolitical tensions have shifted the importance of these risks from the level of financial losses of individual companies to ensuring national and regional economic stability. At the level of member states, there are separate initiatives to create a legal framework for outbound FDI screening, and the European Commission has also announced that by the end of 2023, the new EU Economic Security Strategy will outline ideas for a new regime for outbound investments involving sensitive technologies.

China. FDI has played a huge role in China's economic development, primarily due to the policy of opening up and encouraging inbound investment. In 2020, the Foreign Investment Law came into force, which is the first comprehensive source of law unifying approaches to regulating inbound FDI in the country [Jia Shaoxue 2023]. The law was adopted to expand the policy of openness, encourage FDI, and protect the rights of foreign investors (the principle of national treatment is established), including by strengthening the protection of intellectual property and trade secrets. As in other countries, the law contains a list of restrictions, which is closed and represents a "negative list" in the form of an exhaustive list of special restrictive measures applied in certain industries. China has not departed from the policy of openness and stimulation so far, despite the restrictions adopted by the US and the EU. China certainly announces and introduces retaliatory measures, but they do not fall into the area of FDI regulation. Openness and efforts to stimulate investment inflows are emphasized by China's publication in August 2023 of a new concept for attracting foreign investment. It is planned to give a number of preferences, relax rules on data transfer abroad, facilitate registration of foreign employees, ensure fair competition in public procurement, etc. [Vedomosti 2023].

In terms of outbound investment, there are no changes due to the current global challenges in China's investment policy. The restrictions imposed by the state on capital exports in 2017 should be mentioned here. Their main purpose is to prevent capital outflows and improve the efficiency of overseas investment. The notification regime was replaced by a permissive regime for ultra-large acquisitions (10 billion USD and above) and investments worth more than 1 billion USD in real estate by state-owned companies and any company in a foreign asset unrelated to its core business [RIAC 2017].

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2 The balance of accumulated FDI at the end of 2022 amounted to Germany +921, Netherlands +566, France +593, Luxembourg +471, Belgium +150, Sweden +128, Denmark +118, Italy +83 billion USD, according to UNCTAD data.

2.2. Incentive policies of major FDI players

FDI incentive policies have not changed significantly. It has become more intensive in the last year and a half, as mentioned above, due to the economic downturn, but in general it is back to pre-pandemic levels in terms of the number and frequency of instruments and measures applied. Unlike foreign trade, foreign investment lacks a global level of regulation. There are only such platforms as the International Centre for Settlement of Investment Disputes (ICSID), which does not include Russia, and the Multilateral Investment Guarantee Agency (MIGA) [Makarova 2022]. The international practice consists of signing bilateral investment treaties (BITs) as well as of investment liberalization, usually partial, when regional integration associations establish free trade zones.

At the national level, a variety of tools to stimulate FDI, long-established in international practice, are used. With regard to outward investment, states use insurance, including insurance against political risks (expropriation, nationalization, military actions, etc.), preferential lending, information and technical support. The tools to stimulate inward FDI are traditional and, as a rule, based on recommendations developed by UNCTAD: tax, financial (government subsidies, loans, insurance, etc.) and other incentives (information support, preferential contracts, etc.).

3. Specifics of FDI regulation in Russia

Russia is among the FDI recipient countries: the negative balance of accumulated FDI, according to UNCTAD data, amounted to 63.8 billion USD at the end of 2022 (see Table 1 on p. 110). Russia's peculiarity is the high share of investments from offshore, offshore conducting, and quasi-offshore countries (70% for accumulated inward FDI and 64% for accumulated outward FDI as of the beginning of 2022[3]), while experts estimate that about a quarter of FDI in the country is not actually foreign, but represents Russian capital invested through foreign jurisdictions [Damgaard, Elkjaer, Johannesen 2019], so-called circular investments.

Table 1. Volume of accumulated outward and inward FDI and Russia's investment position, 2013-2022, bln USD

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Accumulated outward FDI	385.3	333.0	290.1	342.8	388.7	346.6	407.3	381.1	374.6	315.3
Accumulated inward FDI	471.5	290.0	262.7	393.9	441.1	408.1	493.2	449.1	497.7	379.1
Investment position	**–86.2**	**43.0**	**27.4**	**-51.1**	**-52.4**	**-61.5**	**-85.9**	**-68.0**	**-123.1**	**-63.8**

Source: Calculated on the basis of UNCTAD data (https://unctad.org/topic/investment/world-investment-report).

3 Author's calculations based on the data of the Central Bank of the Russian Federation.

Despite the large-scale tightening of sanctions by Western countries, which started in February 2022, Russia's role in the global inward and outward FDI market remains notable, 22nd and 23rd place in 2022, respectively. In 2021, Russia ranked 19th in terms of accumulated inward FDI and 21st in terms of accumulated outward FDI. Undoubtedly, these positions do not correspond to the potential of the country, which is one of the largest economies in the world by size—Russia ranked 8th in terms of GDP by the end of 2022. Today, the country's inward and outward FDI is 27 and 25 times less than that of the US, respectively, and 25 and 9 times less than that of China. Given the above trends and continued sanctions pressure from the West, Russia's position in the global FDI market is likely to deteriorate.

The industry structure of investments in the Russian economy has historically been determined by the market potential and resource base of the Russian economy—foreign investors were most interested in industries that generate mass consumer demand (automotive industry, food industry, retail trade, etc.) and the extractive industry. As a result, Russia has an inefficient structure of incoming FDI (see Figure 3 on p. 111): more than a quarter of investment is in mining, 18% is in manufacturing, and in the services sector, investment in the trade and financial sectors prevails. In the manufacturing sector, the main investment flows were directed to industries related to the extractive sector—oil refining and metallurgy. Among the high-tech industries, we can single out only the automobile industry complex, where foreign manufacturers either sold their assets (Renault, Nissan, Toyota, Volkswagen) or stopped production (Mitsubishi, Hyundai, BMW) during 2022-2023 [RIA Novosti 2023]. Chinese companies are replacing the departed auto giants, but there is no full-fledged technological development and utilization of opportunities from integration into global supply chains. All the more so in other high-tech segments of the manufacturing industry.

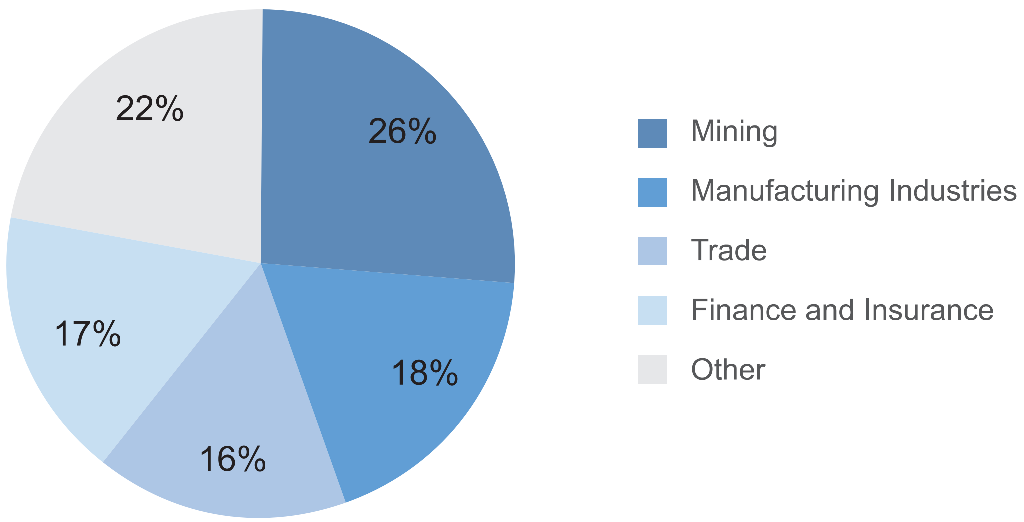

Figure 3. Industry structure of FDI accumulated in Russia as of 01 January 2022, %

Source: Author's calculations based on the data of the Central Bank of the Russian Federation.

Russian outward FDI, if offshore and circular investments are excluded, was formed mainly as a result of international expansion of Russian oil companies. It had the character of strategic development of the core business, including by integrating the activities of Russian and foreign assets and obtaining synergy effects. The foreign assets of this sector were hit by the Western sanctions: in 2022-2023, they had to be either sold at a significant discount or lost completely, which, however, did not lead to irreversible consequences for the business as a whole. In other sectors, the purchase of foreign assets was often either noncore, not related to core activities (financial sector), or inefficient, sometimes accompanied not just by a lack of economic benefits, but by a loss in periods of shocks and subsequent sale (metallurgy, telecommunications). The main reasons are the complexity of direct foreign investment as a strategy of international expansion compared to export-import operations and the lack of experience of Russian businesses in its effective implementation. Despite this, active foreign investment of Russian business in the 21st century is evident, and even after 2014 it slowly but continued [Kuznetsov 2023. P. 37].

The specifics of Russian inward and outward FDI have long determined the peculiarities of the country's regulatory policy: (1) attracting investments with traditional restrictions for strategically important industries and (2) preventing capital outflow to offshore zones.

In the context of the first direction of regulation the Federal Law No. 160-FZ of 09 July 1999 "On Foreign Investments in the Russian Federation," the Federal Law No. 57-FZ of 29 April 2008 "Procedures for Foreign Investments in the Business Entities of Strategic Importance for Russian National Defence and State Security", and the Federal Law No. 164-FZ of 29 October 1998 "On Financial Lease (Leasing)" are in force (all laws with subsequent amendments). In the second direction, starting from 2012, Russia has been actively introducing a number of measures aimed at deoffshorization of the economy: innovations in the Tax Code on transfer pricing (2012); the Law on Controlled Foreign Companies (2015); creation of domestic offshore areas, so-called special administrative districts (2018); a number of tax amnesties; Russia participated in the development and in 2016 signed a multilateral agreement on automatic exchange of financial information.[4] However, no significant effect in the form of a reduction in capital outflows has been achieved over the past decade.

Since the beginning of the special military operation in Ukraine and the unprecedented expansion of sanctions against Russia, changes have been introduced into the country's legislation, including those affecting the activities of foreign investors, which act both as retaliatory measures and as measures aimed at ensuring national security. Actions of Western states against Russian companies abroad (seizure and blocking of assets), as well as mass announcement of withdrawal from the Russian market and actual steps of foreign companies in this direction, led to the formation of new legislation.

On the one hand, new legislative initiatives on FDI affect the processes of market exit. Starting from March 2022, a number of legislative acts[5] have been adopted that

[4] A number of countries, including offshore countries, have suspended the exchange of tax information with Russia starting from March 2022.

[5] Presidential Decrees No. 81 of 01 March 2022, No. 520 of 05 August 2022, No. 618 of 08 September 2022, No. 737 of 15 October 2022, Government Order No. 430-r of 05 March 2022, extracts from the minutes of the meeting of the subcommittee of the Government Commission for Control over Foreign Investments in the Russian Federation, letters of the Ministry of Finance, etc.

consistently tighten the procedure and conditions for the exit of persons of "unfriendly jurisdictions" from the Russian market—mandatory prior approval, an outright ban on transactions in certain industries, discounted sales, exit fees, etc. On the other hand, the new legislation is aimed at controlling and restricting the activities of companies from unfriendly countries on the territory of the Russian Federation. Thus, in the spring of 2023, by Presidential Decree No. 302 of 25 April 2023, a new special economic measure (countersanction) was introduced, consisting in temporary management of assets owned by persons from unfriendly countries, which was perceived in the West as the creation of a legislative basis for nationalization. Later, restrictions on the work of foreign investors in Russia were expanded by two legislative acts: Federal Law No. 422-FZ "On Amendments to Certain Legislative Acts of the Russian Federation" was adopted on 4 August 2023, allowing the blocking of finances and property of companies from unfriendly countries (effective from 1 February 2024), and Federal Law No. 470-FZ "On Peculiarities of Regulation of Corporate Relations in Business Companies that Are Economically Significant Organizations," which provides for the possibility of restricting the corporate rights of a foreign holding company (effective from 4 September 2023).

Certain actions are continuing to be taken with regard to offshores. In July 2023, the Ministry of Finance doubled the list of offshore zones to include unfriendly countries [Order of the Ministry of Finance of Russia No. 86n 2023] in order to motivate taxpayers to reorient their business to Russia and friendly jurisdictions. In the special administrative districts created in 2018, the so-called domestic offshore areas, the list of tax benefits for "relocating" companies has been expanded several times since March 2022. In general, these steps are aimed both at combating offshoring and supporting Russian companies, operations of which in the markets of Western countries have been jeopardized. These measures will attract capital into the economy and help companies retain their business. Undoubtedly, there will be economic losses due to the withdrawal from Western markets, but given Russia's low integration into global supply chains, they can be compensated in the medium term by the development of other forms of foreign economic activity and with other foreign economic partners.

4. Recommendations for improving Russia's FDI policy

The measures taken today in Russia to regulate foreign direct investment are reactive in nature and do not represent a toolkit aimed at ensuring stable and long-term economic growth in the current geopolitical and economic environment. There is a clear need to revise and create new approaches that take into account a whole range of both internal and external factors.

Taking into account the global economic and technological decoupling aggravating between the US and China and involving an increasing number of countries, the long-term nature of the sanctions confrontation between Russia and Western countries and, as a consequence, the global trend of tightening control over FDI, the following objectives can be set for Russia's foreign investment policy:

1. Promoting the stimulation of technological development, formation, and protection of technological sovereignty.

2. Strengthening ties with potential leaders of global economic growth that are friendly countries.
3. Ensuring industry diversification of the country's economy as a whole and its foreign economic relations.

Approaches to Russia's new FDI policy can be formulated depending on the direction of investment flows:

1. *Inward FDI:* Stimulating the inflow of investments from friendly and neutral countries, while maintaining restrictions on activities in strategically important industries with an emphasis on the formation of technological independence and the development of supply chains.
2. *Outward FDI:* Restrict and control investments in unfriendly countries, including offshore; encourage and diversify investments in countries with low geopolitical risks.

The main recommendations for the development of Russia's new foreign investment policy can be formulated as follows:

- Conducting a comprehensive assessment of potential opportunities and risks associated with FDI attraction and outflow at the level of individual industries / countries / technologies. If there are risks (non-market behavior, information leakage, etc.) at the systemic level, including disruption of industry supply chains, government intervention is required, which can be both stimulating and restrictive depending on the situation.
- Stimulating the inflow of foreign investments from friendly and neutral countries that hold leading or high positions in the global technological development—China, Hong Kong, India, Israel, UAE, etc. The main instruments could be: conclusion of comprehensive investment treaties, creation of free trade zones or revision of existing trade agreements to include/expand provisions on investment cooperation (including sectoral aspects).
- Creation of a common FDI regulatory space within the EAEU, coordination of EAEU investment policy.
- Coordination and stimulation of investment activity at the regional level: identification of the need to attract FDI in key sectors for the economic growth of the region; development of an investment map containing information on investment objects; implementation of incentive measures by regional administrations and local governments.
- Further limitation of interaction with unfriendly countries while maintaining a dialog aimed at achieving common global interests (environmental, social, humanitarian, etc.).

Conclusion

Today's global economy is undergoing a transformation and rebalancing process in which trends in the regulation of foreign direct investment demonstrate the efforts applied by leading countries to create new growth zones around them. The formation of new investment linkages and institutions, as well as foreign trade regulation, is used at the present stage not so much to create economic benefits for companies and consumers, but rather to ensure technological autonomy, which ultimately limits economic growth and development.

Russia's foreign investment policy today is a set of disparate measures and is reactive in nature, which does not allow to ensure economic growth and geopolitical interests of the country. There is a clear need to revise, refine, and optimize it in order to create a comprehensive regulatory toolkit that meets the new challenges and realities. New approaches to regulating inbound and outbound FDI cannot be developed and implemented in isolation. They should be closely linked to the country's policy in the field of entrepreneurship development, trade policy and tax regulation, import substitution strategy, strategy of Russia's regional development, taking into account the significant economic differentiation of regions, and a number of other areas of state regulation. Foreign investment policy should become a part of Russia's foreign economic strategy, the priorities of which are discussed almost exclusively in terms of foreign trade. In addition, Russia's clear position on both inbound and outbound foreign direct investment should be integrated into the content of the Strategy of Economic Security of the Russian Federation, which was adopted back in 2017 and certainly requires adjustments.

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