

**Prospects for  
Foreign Direct Investment  
and the Strategies of  
Transnational Corporations,  
2005-2008**

**ANNEX**



**UNITED NATIONS**  
**New York and Geneva, 2005**

## **Annex : Methodology**

UNCTAD's *Global Investment Prospects Assessment (GIPA) 2005* is based on the results of three large-scale surveys of the largest TNCs, international FDI experts and IPAs, as well as on the analysis of various macroeconomic and microeconomic indicators and investment policy developments at the national and international level.

### **A. Survey of investment promotion agencies**

Between January and April 2005, UNCTAD conducted its survey of investment promotion agencies (IPAs) from 154 countries. The overall response rate was 71%, with 75% of IPAs from developed countries and 70% of those from developing countries responding.

As the key agencies for disseminating information and facilitating investment in their countries, IPAs have a unique insight into investors' attitudes and activities in their countries. Through their daily contact with foreign investors and investment facilitation activities, IPAs gain a valuable knowledge of likely sources of FDI, investor strategies and key policies and risks.

### **B. Survey of transnational corporations**

The survey of 325 of the largest TNCs was conducted in February 2005. This group represents 92% of total global FDI flows. These companies, representing the world's top 200 TNCs as well as the top 100 TNCs in developing countries and the top 25 TNCs in Central and Eastern Europe, were selected using UNCTAD's Transnationality Index. This classification is a composite based on shares of foreign assets, foreign employees and foreign sales as a ratio of total assets, total number of employees and total sales, respectively. The group of global top 200 TNCs alone, for example, accounted for US\$10 trillion in sales and US\$13 trillion in total assets in 2004.

The TNCs surveyed gave perspectives on their own investment outlook as well as on wider trends. In formulating their own strategies, TNCs closely track the future investment plans of other TNCs and factors affecting their industry. Their views are therefore significant, and often indicative of broader FDI trends and the investment plans of TNCs.

### **C. Survey of international FDI experts**

UNCTAD conducted its survey of 76 international FDI experts in April 2005. Members of the GIPA expert group are professionals selected for their investment knowledge. These individuals include consultants, advisers and/or analysts dealing with FDI issues.

The respondents' mixture of expertise ensures there is no bias towards any particular industry or region. Experts were asked their opinions concerning FDI prospects, expected patterns in terms of industry and region, the expected strategies of TNCs in relocation of their corporate functions and mode of investment, as well as to give an indication of expected trends in terms of policy responses and governments.

This study uses the United Nations regional classification system. Regions were divided into two sets. The first was developing economies, which included four regions: Africa, Asia and the Pacific, Southeast Europe and the Commonwealth of Independent States, and Latin America and the Caribbean. The second group was developed economies, which consists of North America, the 25 EU Member States, and other developed economies (i.e Australia, Iceland, Israel, Japan, New Zealand, Norway and Switzerland.)