- Global and regional investment trends
  - Investment policy developments
  - Investment and the digital economy
Global FDI down 2% in 2016, but projections cautiously optimistic

FDI inflows, global and by group of economies, 2005–2016, and projections, 2017–2018

(Billions of dollars and per cent)
Flows to developing regions shrunk by 14% to $646 billion

FDI inflows by region, 2014–2016 (Billions of dollars)

FDI remains a key source of finance for developing economies

External sources of finance for developing economies, 2007–2016 (Billions of dollars)

Eight developing economies rank among top 20 FDI hosts

FDI inflows, top 20 host economies, 2015 and 2016 (Billions of dollars)

(x) = 2015 ranking

- United States (1) 2016: 391 2015: 348
- United Kingdom (14) 2016: 254 2015: 33
- China (4) 2016: 134 2015: 136
- Hong Kong, China (3) 2016: 108 2015: 174
- Netherlands (7) 2016: 92 2015: 69
- Singapore (5) 2016: 62 2015: 71
- Brazil (8) 2016: 59 2015: 64
- Australia (16) 2016: 48 2015: 19
- India (10) 2016: 44 2015: 44
- Russian Federation (25) 2016: 38 2015: 12
- Canada (11) 2016: 34 2015: 42
- Belgium (15) 2016: 33 2015: 21
- Italy (17) 2016: 29 2015: 19
- France (9) 2016: 28 2015: 47
- Luxembourg (21) 2016: 27 2015: 16
- Mexico (13) 2016: 27 2015: 33
- Ireland (2) 2016: 22 2015: 188
- Sweden (38) 2016: 20 2015: 6
- Spain (24) 2016: 19 2015: 12
- Angola (20) 2016: 14 2015: 16

Developed economies
- 2016
- 2015

Developing and transition economies
- 2016
- 2015

Overall FDI outflows decline, with few exceptions, notably China

FDI outflows, top 20 investor economies, 2015 and 2016 (Billions of dollars)

<table>
<thead>
<tr>
<th>Country</th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States (1)</td>
<td>299</td>
<td>303</td>
<td>4</td>
</tr>
<tr>
<td>China (5)</td>
<td>128</td>
<td>183</td>
<td>55</td>
</tr>
<tr>
<td>Netherlands (3)</td>
<td>138</td>
<td>174</td>
<td>36</td>
</tr>
<tr>
<td>Japan (4)</td>
<td>145</td>
<td>129</td>
<td>-16</td>
</tr>
<tr>
<td>Canada (9)</td>
<td>66</td>
<td>67</td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong, China (8)</td>
<td>62</td>
<td>72</td>
<td>10</td>
</tr>
<tr>
<td>France (12)</td>
<td>44</td>
<td>57</td>
<td>13</td>
</tr>
<tr>
<td>Ireland (2)</td>
<td>45</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>Spain (11)</td>
<td>42</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>Germany (7)</td>
<td>35</td>
<td>93</td>
<td>58</td>
</tr>
<tr>
<td>Luxembourg (10)</td>
<td>32</td>
<td>50</td>
<td>18</td>
</tr>
<tr>
<td>Switzerland (6)</td>
<td>31</td>
<td>104</td>
<td>73</td>
</tr>
<tr>
<td>Republic of Korea (17)</td>
<td>27</td>
<td>24</td>
<td>-3</td>
</tr>
<tr>
<td>Russian Federation (15)</td>
<td>27</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>Singapore (13)</td>
<td>24</td>
<td>31</td>
<td>7</td>
</tr>
<tr>
<td>Sweden (21)</td>
<td>23</td>
<td>15</td>
<td>-8</td>
</tr>
<tr>
<td>Italy (18)</td>
<td>23</td>
<td>20</td>
<td>-3</td>
</tr>
<tr>
<td>Finland (186)</td>
<td>23</td>
<td>16</td>
<td>-7</td>
</tr>
<tr>
<td>Belgium (14)</td>
<td>18</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>Taiwan Province of China (22)</td>
<td>18</td>
<td>15</td>
<td>-3</td>
</tr>
</tbody>
</table>

Developed economies: 2015 - , 2016 -
Developing and transition economies: 2015 - , 2016 -

International production growth plateaus, affects trade

Internationalization trends in the top 100 MNEs, 1990–2015 (Per cent)

State-owned MNEs have become major FDI players

SO-MNEs: Distribution by major home economy, 2017 (Number of companies)

- Global and regional investment trends
- Investment policy developments
- Investment and the digital economy
On the surface, policy changes mostly favor investment

Changes in national investment policies, 1992–2016 (per cent)

The universe of IIAs continues to grow

IIAs signed, 1980–2016

Annual number of IIAs

- Annual BITs
- Annual TIPs
- All IIAs cumulative

Cumulative number of IIAs: 3324

The number of ISDS cases continues to grow

Known ISDS cases, annual and cumulative, 1987-2016

Cumulative number of known ISDS cases: 767

Almost all ISDS cases are based on old treaties

**Age of IIAs: share of IIAs in force, by year of signature (Per cent)**

- **New**
  - 5
  - 33
  - 50
  - 8

- **Old**
  - 4

**"Bite" of IIAs: IIAs invoked in known treaty-based ISDS cases, by year of signature of the IIA**

- **New**
  - 0
  - 11

- **Old**
  - 2
  - 77
  - 10

90% of cases based on pre-2000 treaties

It is time for Phase 2 of IIA reform

Overview of Phase 2 IIA reform options

- Withdrawing from multilateral treaties
- Terminating existing old treaties
- Abandoning unratified old treaties
- Engaging multilaterally
- Jointly interpreting treaty provisions
- Amending treaty provisions
- Replacing “outdated” treaties
- Consolidating the IIA network
- Managing relationships between coexisting treaties
- Referencing global standards

- Global and regional investment trends
- Investment policy developments
- Investment and the digital economy
UNCTAD launches new *Top 100 of Digital MNEs*

The architecture of the digital economy

- **E-commerce**
  - Internet retailers
  - Other e-commerce/travel

- **Digital solutions**
  - Electronic/digital payments
  - Other digital solutions/cloud

- **Digital content**
  - Media/entertainment
  - Info/data providers

- **Internet platforms**
  - Search engines
  - Social networks
  - Other platforms/sharing economy

- **IT (hardware and software)**

- **Telecom**

**Digital MNEs**, performing activities based on or strictly linked to the internet

- Purely digital
- Mixed

**ICT MNEs**, providing the enabling infrastructure supporting the internet

Digital and tech MNEs: high revenues, light production footprint

Average shares of foreign assets and foreign sales in the top 100 MNEs, 2015

- **Tech MNEs**
  - Share of foreign assets: 41%
  - Share of foreign sales: 73%
  - Ratio of foreign sales to foreign assets: 1.8

- **Other MNEs**
  - Share of foreign assets: 65%
  - Share of foreign sales: 64%
  - Ratio of foreign sales to foreign assets: 1.0

Industries affected by digital are often highly regulated

### Top 10 industries affected by digitalization and by FDI restrictions (Per cent)

<table>
<thead>
<tr>
<th>Industries ranked by digital impact</th>
<th>Industries ranked by FDI restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of executives (survey respondents)</td>
<td>Share of countries with restrictions</td>
</tr>
<tr>
<td>Media and entertainment</td>
<td>Transportation</td>
</tr>
<tr>
<td>Retail</td>
<td>Media</td>
</tr>
<tr>
<td>High tech</td>
<td>Electricity</td>
</tr>
<tr>
<td>Healthcare systems and services</td>
<td>Telecom</td>
</tr>
<tr>
<td>Travel, transport, and logistics</td>
<td>Financial services</td>
</tr>
<tr>
<td>Telecom</td>
<td>Mining, oil and gas</td>
</tr>
<tr>
<td>Professional services</td>
<td>Agriculture and forestry</td>
</tr>
<tr>
<td>Financial services</td>
<td>Waste management</td>
</tr>
<tr>
<td>Automotive and assembly</td>
<td>Accounting</td>
</tr>
<tr>
<td>Consumer packaged goods</td>
<td>Education</td>
</tr>
</tbody>
</table>

Digital development strategies often lack an investment dimension

The investment dimension in digital development strategies, by objective
Results of a survey of 102 strategies (Per cent)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Broadband infrastructure</th>
<th>Digital business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing needs acknowledged</td>
<td>55%</td>
<td>43%</td>
</tr>
<tr>
<td>Requirements and or amount specified</td>
<td>24%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Policy framework for investment in the digital economy

- National
  - Embedding digital development in investment policies
- International
  - Policy interactions and institutional synergies
- Strategic investment policy considerations
- Embedding investment policy in digital development strategies
- Invest in digital infrastructure
- Invest in digital firms
- Invest in digitalization

For further information on the work on foreign direct investment and multinational enterprises, please address inquiries to:

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