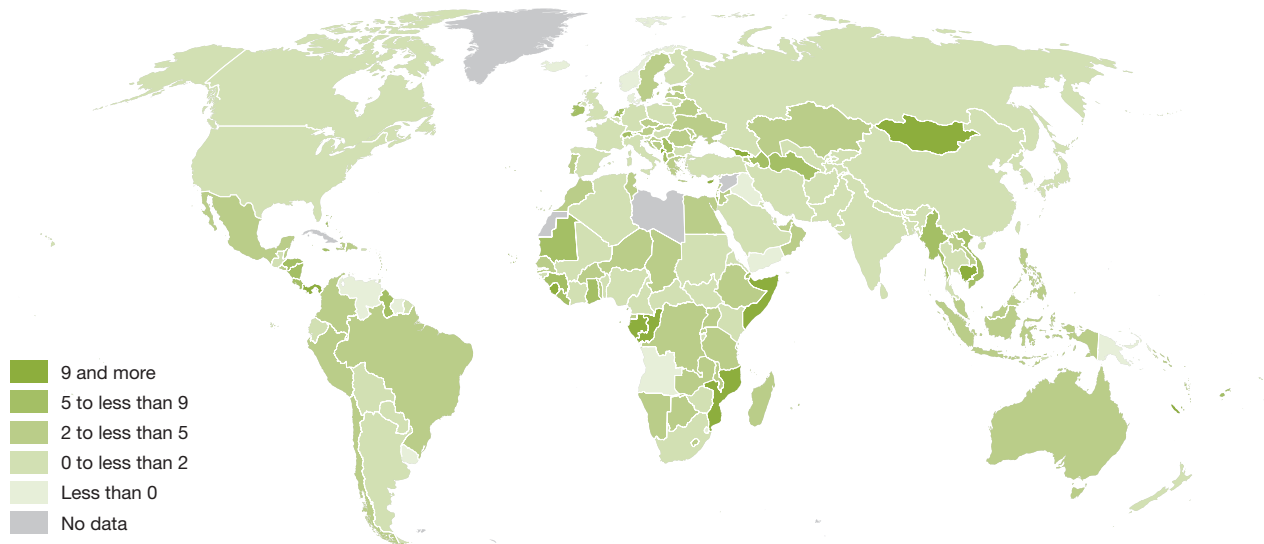




Fact sheet #9: Foreign direct investment

Map 1 Foreign direct investment inflows, 2017
(Percentage of gross domestic product)



Concepts and definitions

FDI is defined as an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate).

FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate. FDI outflows represent the same flows from the perspective of the other economy.

FDI flows are presented on a net basis, i.e. as credits less debits. Thus, in cases of reverse investment or disinvestment, FDI may be negative.

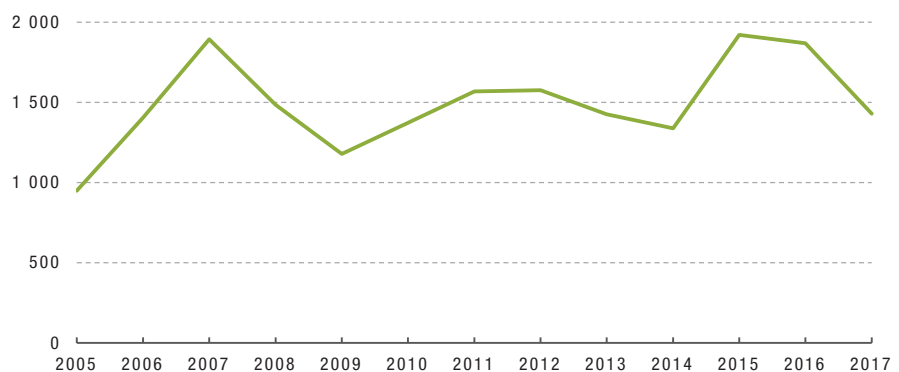
FDI stock is the value of capital and reserves attributable to a non-resident parent enterprise, plus the net indebtedness of foreign affiliates to parent enterprises (UNCTAD, 2018b).

Trends and global patterns of inflows

In 2017, world foreign direct investment (FDI) inflows decreased by 23 per cent to US\$1.43 trillion. Thus, having reached a peak of US\$1.92 trillion in 2015, investment fell back to 2013 levels.

In North America and most parts of Europe, inflows of FDI amounted to less than 2 per cent of GDP. For most other parts of the world inflows were higher. However, negative FDI inflows, indicating reverse investment or disinvestment, were recorded in certain economies currently experiencing political instability, such as Venezuela and Yemen. Negative FDI inflows were also recorded in some richer economies, such as Norway and Denmark.

Figure 1 World foreign direct investment inflows
(Billions of United States dollars)



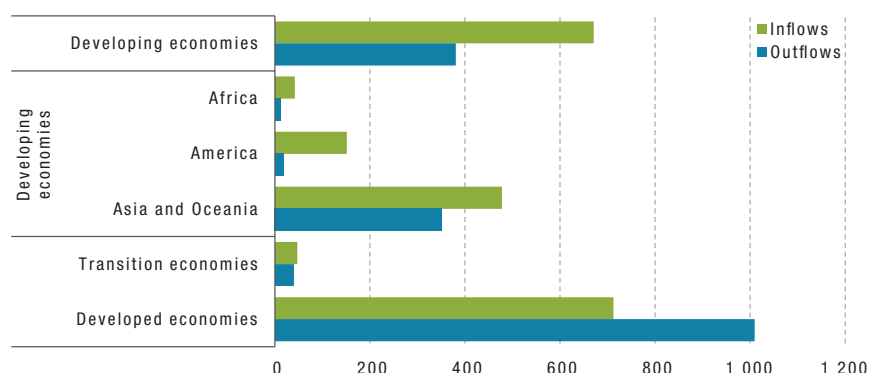
Note: Excluding financial centres in the Caribbean (see note, UNCTAD Handbook of Statistics 2018, table 3.3.1).



Inflows and outflows by group of economies

In developing economies, FDI inflows amounted to US\$671 billion, almost double the value of FDI outflows (US\$381 billion). Developing economies in Asia and Oceania accounted for more than two thirds of all developing economy inflows and more than 90 per cent of their outflows. Developed economies, by contrast, generate more FDI than they receive. In 2017, they recorded inflows of US\$712 billion and outflows of US\$1 trillion.

Figure 2 Foreign direct investment inflows and outflows, 2017
(Billions of United States dollars)



Note: Excluding financial centres in the Caribbean (see note, UNCTAD Handbook of Statistics 2018, table 3.3.1).

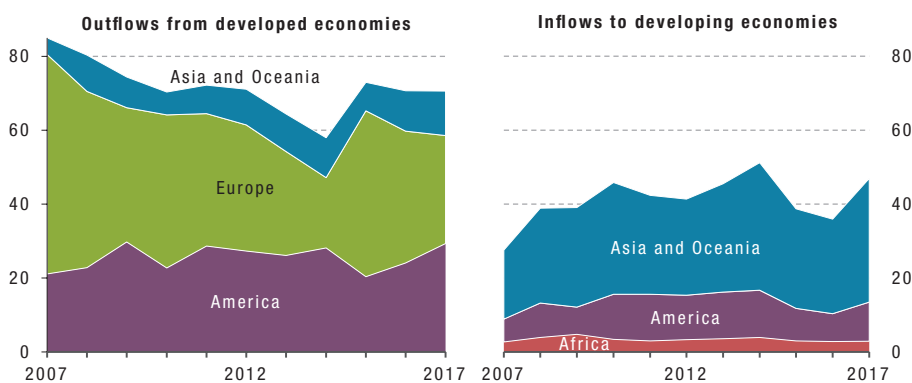
Origins and destinations of foreign direct investment

In 2017, developed economies' share of global outward FDI remained unchanged at 71 per cent. Over the last two years, developed economies in America accounted for an increasing proportion. Their share rose from 20 per cent in 2015 to 29 per cent in 2017, thus reaching the same share as Europe.

On the recipient side, Asia and Oceania strengthened their position as the main host region of FDI in the developing world, accounting for one third of world FDI. The share of American developing economies increased from 7 per cent in 2016 to 11 per cent in 2017, while the share of Africa remained at 3 per cent.¹

¹ For further analyses on that topic, see UNCTAD (2018b).

Figure 3 Selected foreign direct investment flows
(Percentage of world total)



Note: Excluding financial centres in the Caribbean (see note, UNCTAD Handbook of Statistics 2018, table 3.3.1).

For references, see UNCTAD Handbook of Statistics 2018, annex 6.4.

Global FDI
dropped by 23%
in 2017



Developing
economies
received
twice as much FDI
than they initiated



Asia and Oceania
attract more
FDI than any other
developing region



Developed
America and Europe
each account for 29%
of world FDI outflows

