

WORLD INVESTMENT REPORT 2015

Reforming International Investment Governance

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UNCTAD
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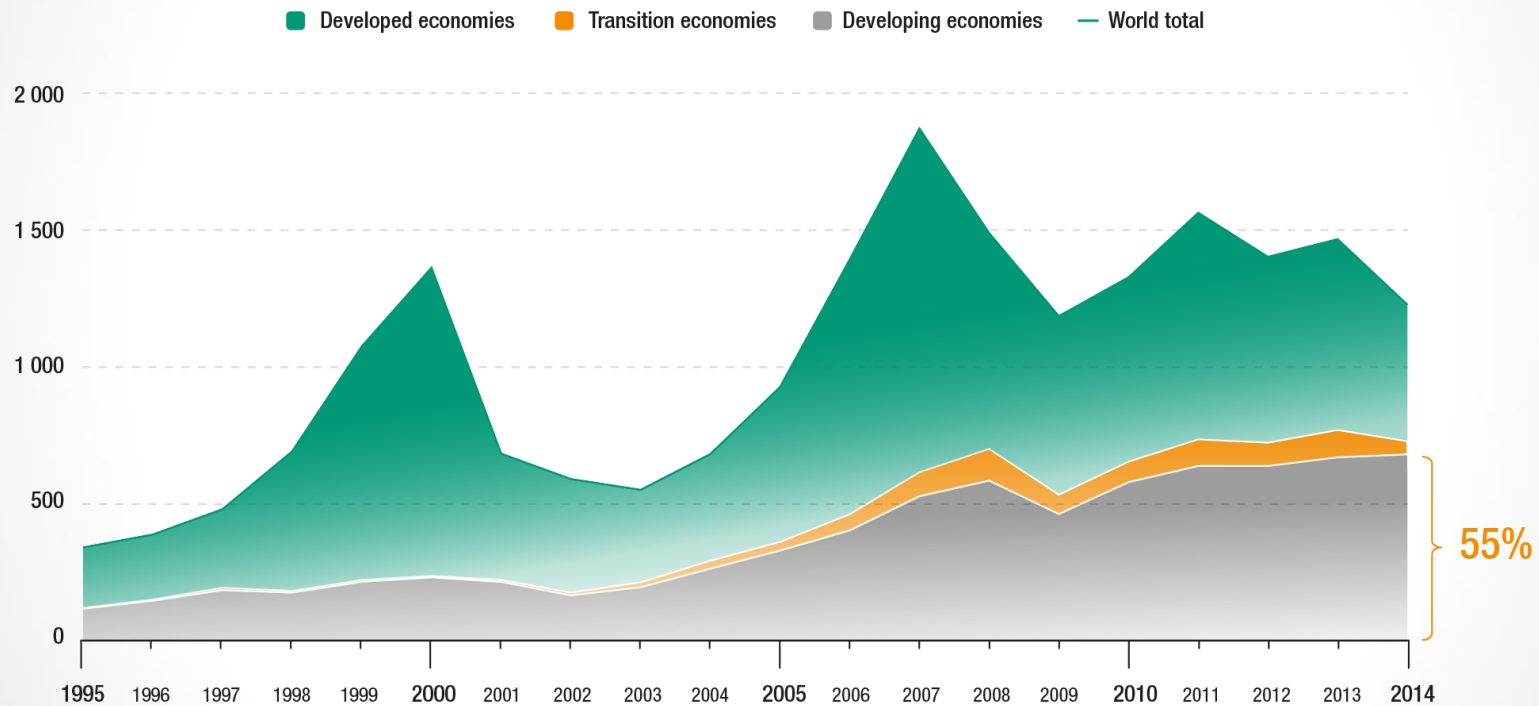
- **Global and regional investment trends**
 - **Recent policy developments**
 - **Reforming International Investment Governance:**
 - ➔ **Reforming the International Investment Regime: An Action Menu**
 - ➔ **International Tax and Investment Policy Coherence**



Global FDI flows declined in 2014

FDI inflows, global and by group of economies, 1995–2014

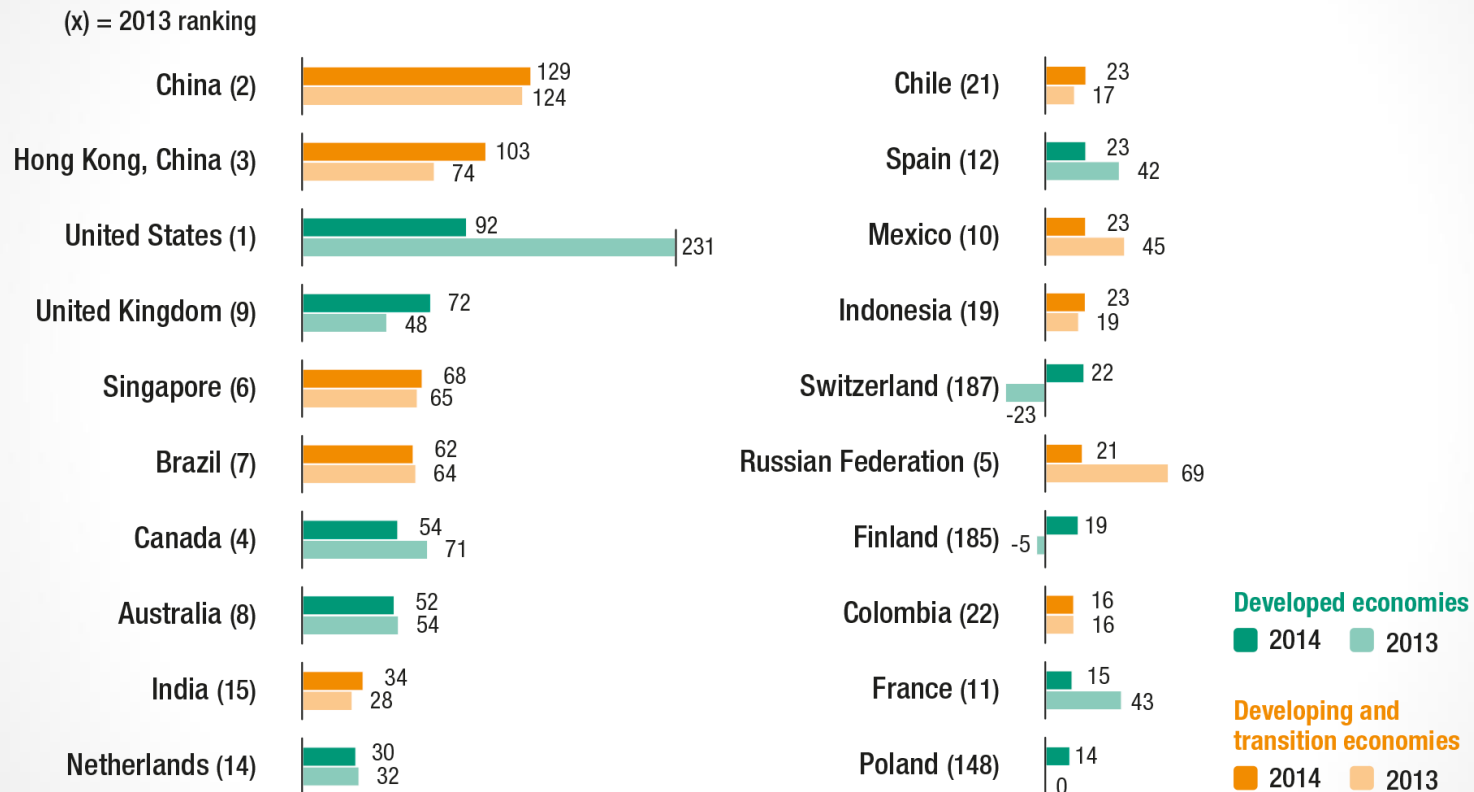
(Billions of dollars)



Among the top 10 hosts, 5 are developing economies

FDI inflows: top 20 host economies, 2013 and 2014

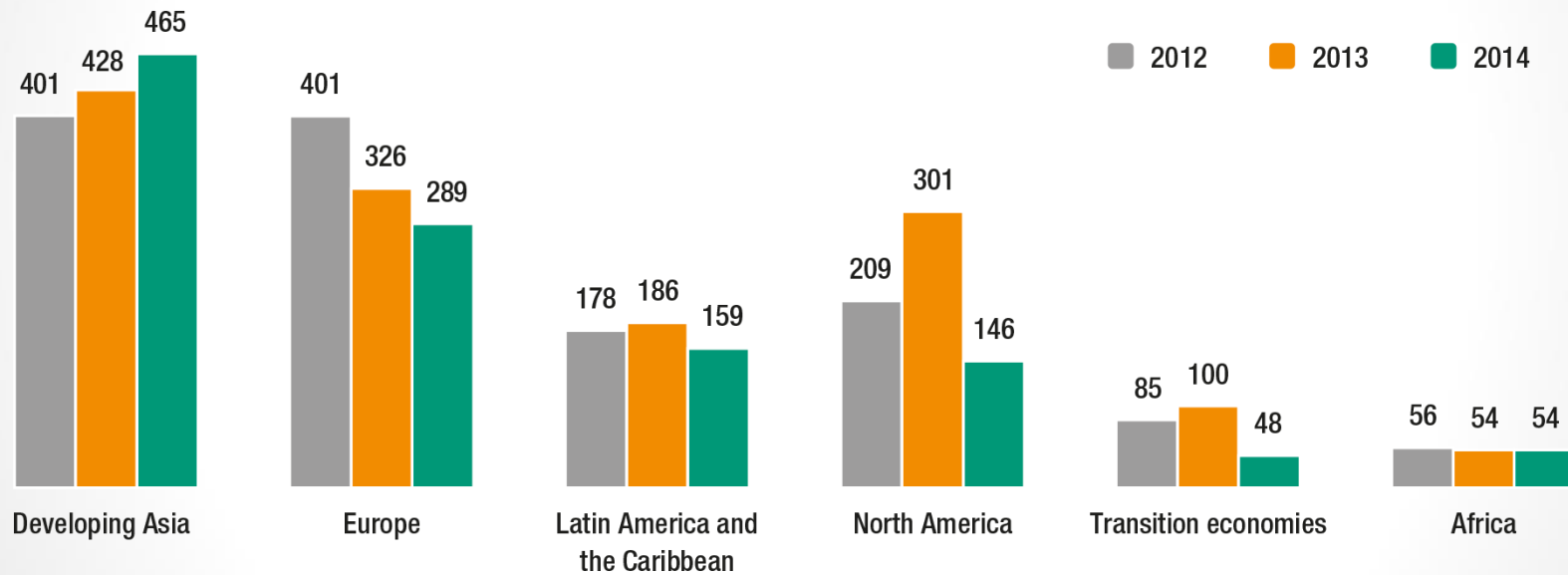
(Billions of dollars)



Asia drives the increasing developing-country share

FDI inflows, by region, 2012–2014

(Billions of dollars)



Most regional groups see share in global FDI fall

FDI inflows to selected regional and interregional groups, 2013 and 2014

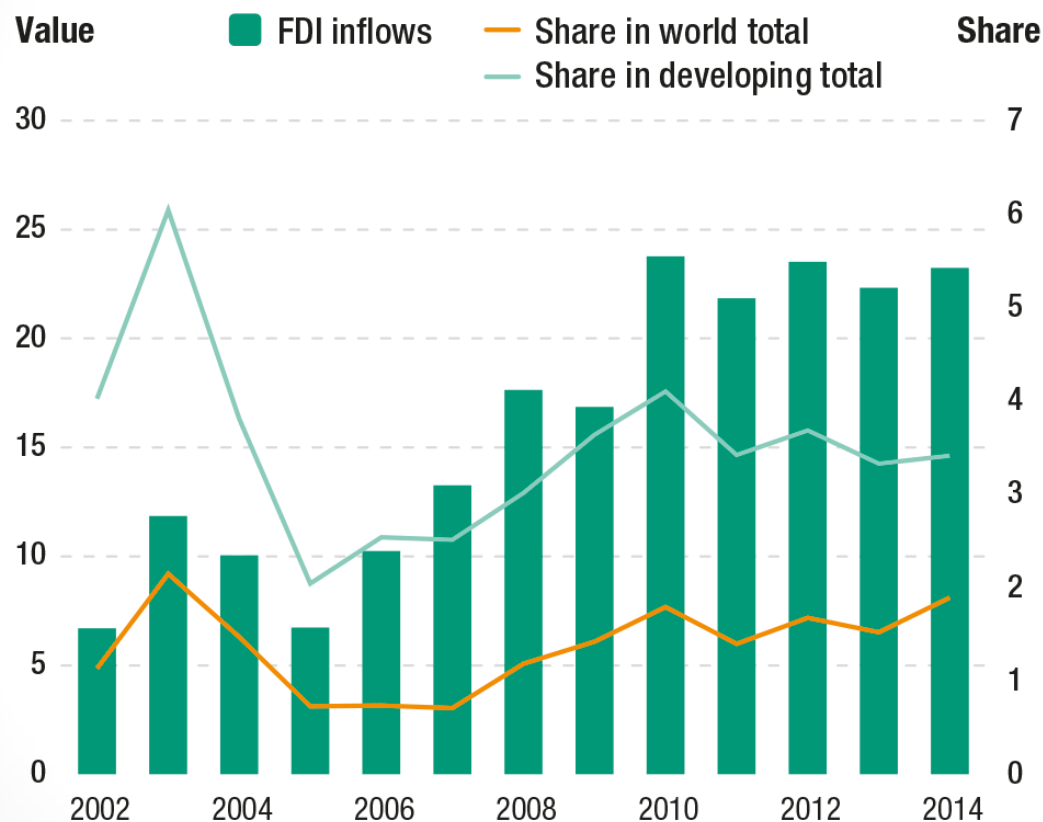
(Billions of dollars and per cent)

Regional/ interregional groups	2013		2014	
	FDI inflows (Billions of dollars)	Share in world (%)	FDI inflows (Billions of dollars)	Share in world (%)
APEC	837	57	652	53
G20	894	61	635	52
RCEP	349	24	363	30
TTIP	564	38	350	28
TPP	517	35	345	28
BRICS	294	20	252	21
NAFTA	346	24	169	14
ASEAN	126	9	133	11
MERCOSUR	83	6	73	6

FDI to the LDCs increased by 4 per cent

LDCs: FDI inflows and share in world and developing country inflows, 2002–2014

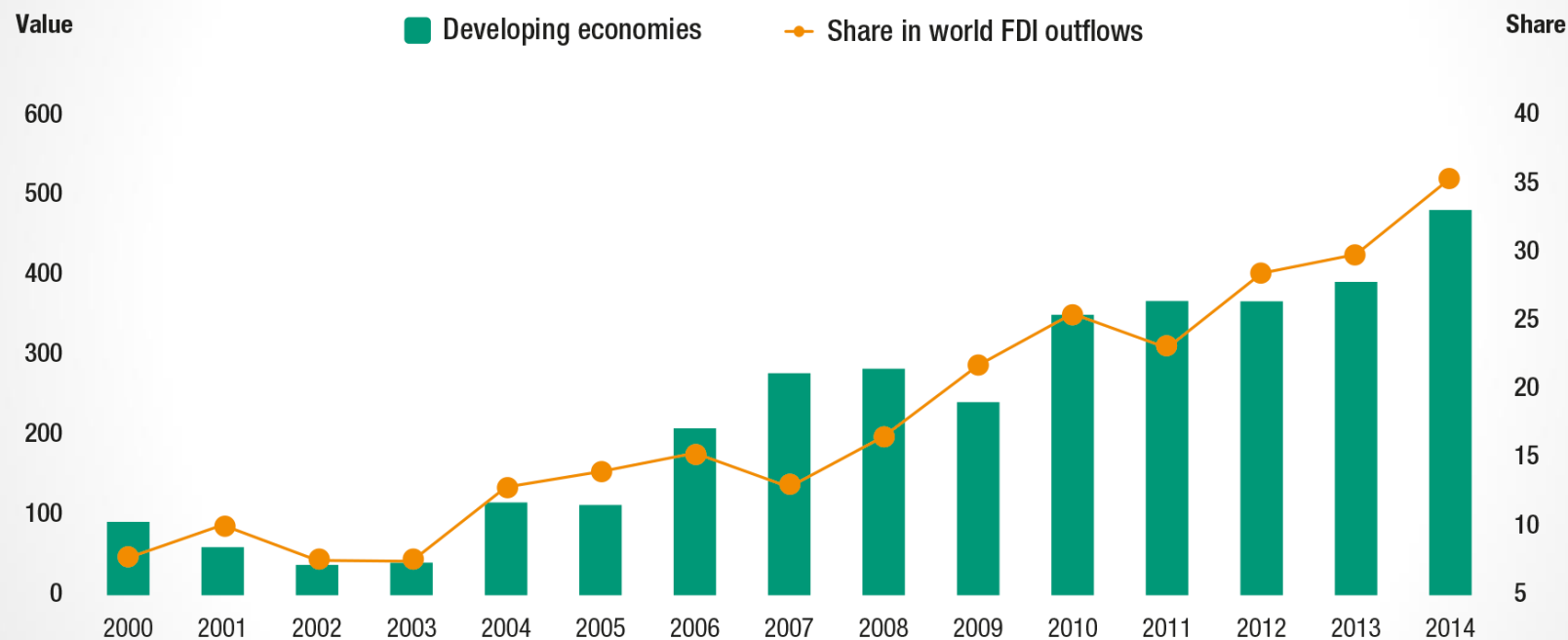
(Billions of dollars and per cent)



Outward FDI from developing economies also at record

Developing economies: FDI outflows and their share in total world outflows, 2000–2014

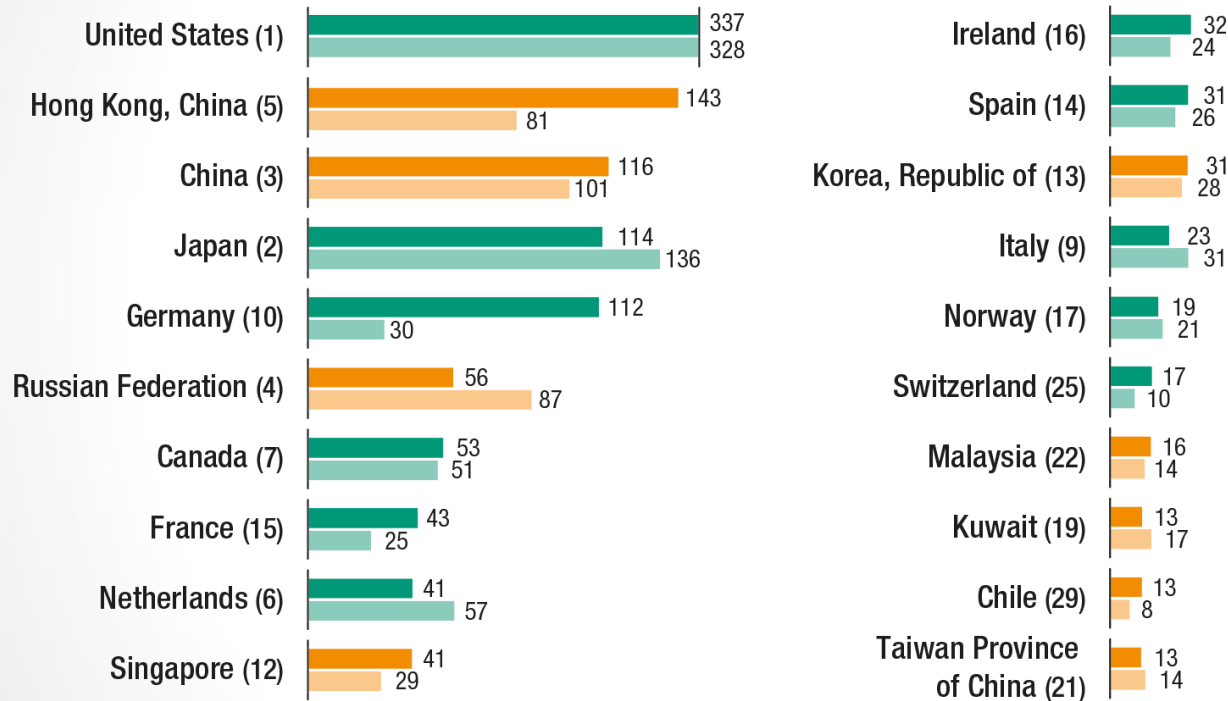
(Billions of dollars and per cent)



Developing/transition economies: 9 of the top 20 investors

FDI outflows: top 20 home economies, 2013 and 2014 (Billions of dollars)

(x) = 2013 ranking



Developed economies

2014 2013

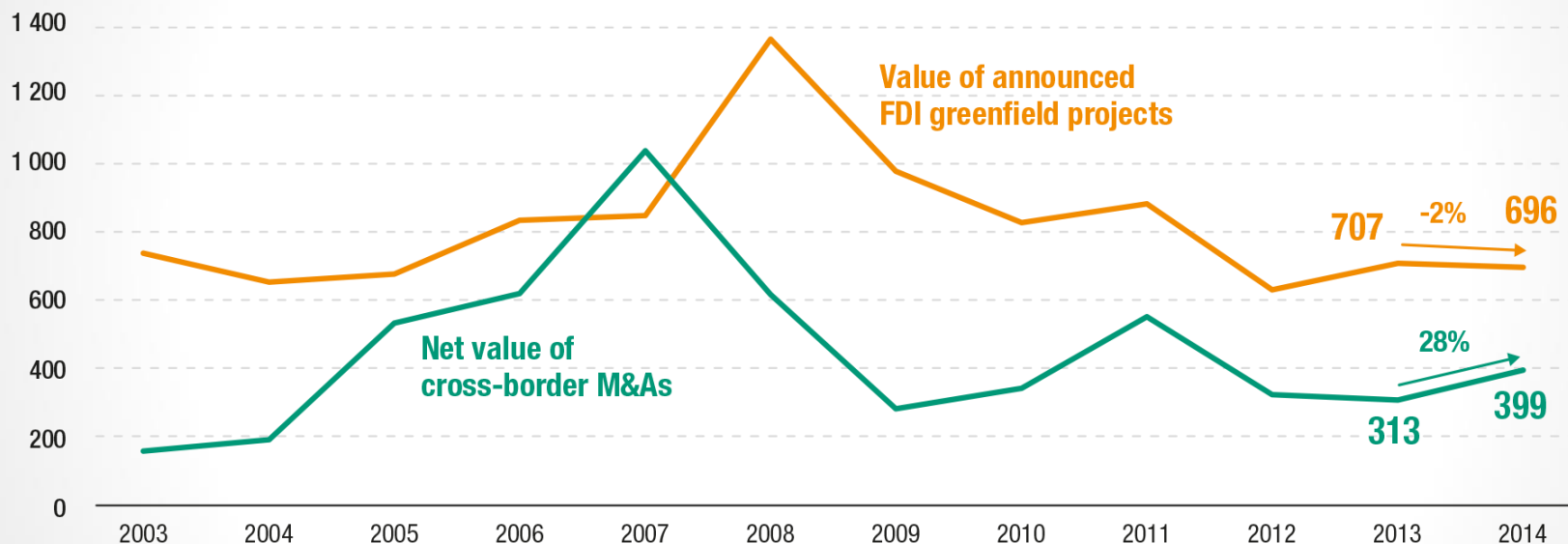
Developing and transition economies

2014 2013

Greenfield slightly down, M&As rebounding

Value of cross-border M&As and announced greenfield projects, 2003–2014

(Billions of dollars)



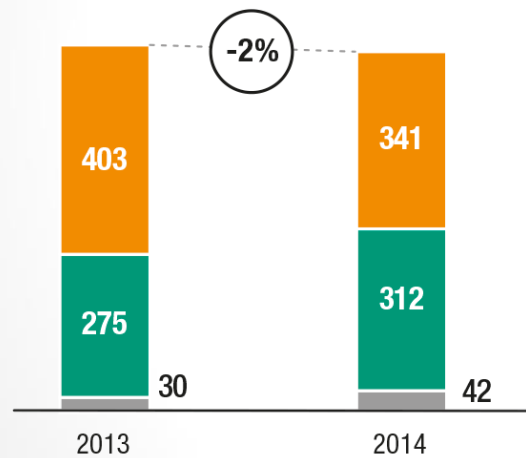
Greenfield down slightly, M&A rebounding

FDI projects, by sector, 2013–2014

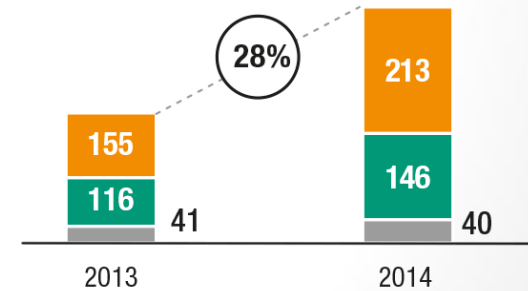
(Billions of dollars)

Services Manufacturing Primary

Value of FDI announced greenfield projects, 2013–2014



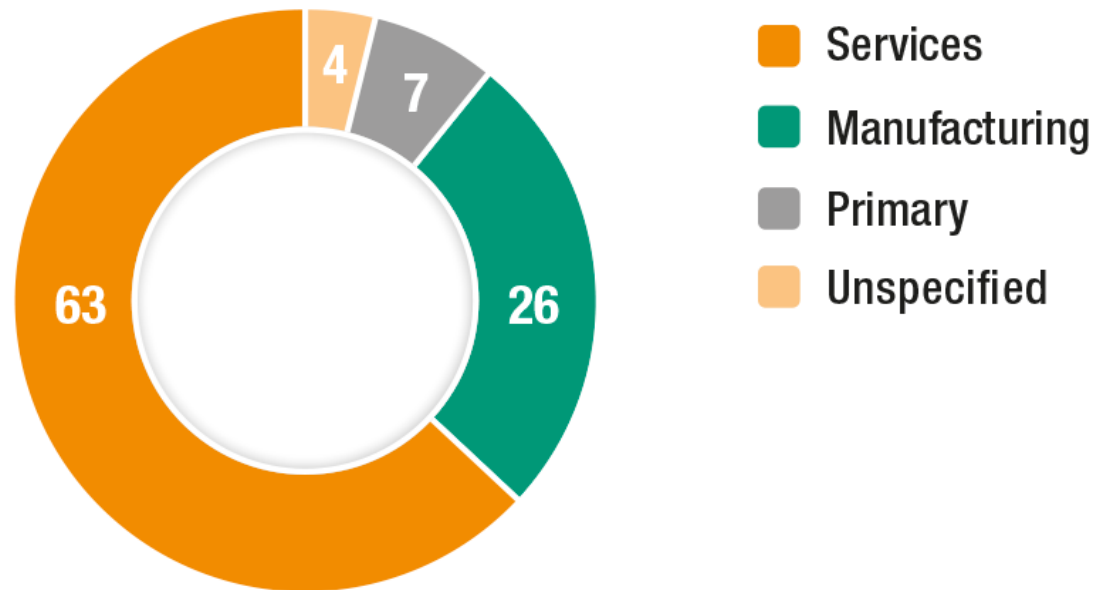
Value of cross-border M&A, 2013–2014



Services now almost two-thirds of FDI stock

Global inward FDI stock, by sector, 2012

(Per cent of total value)



MNE “capacity to invest” remains strong

Cash holdings of the largest 100 MNEs and their share of total assets, 2006–2014

(Billions of dollars and per cent)

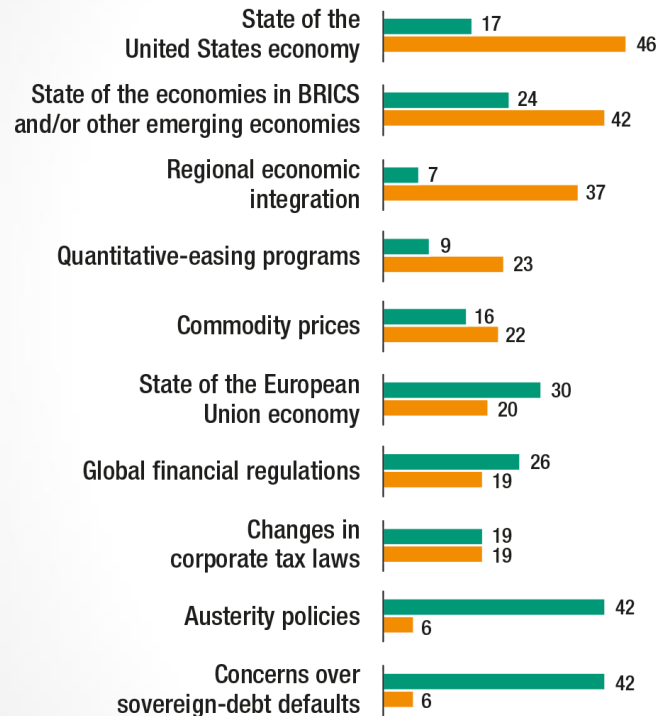


Positive sentiments outweigh investor concerns

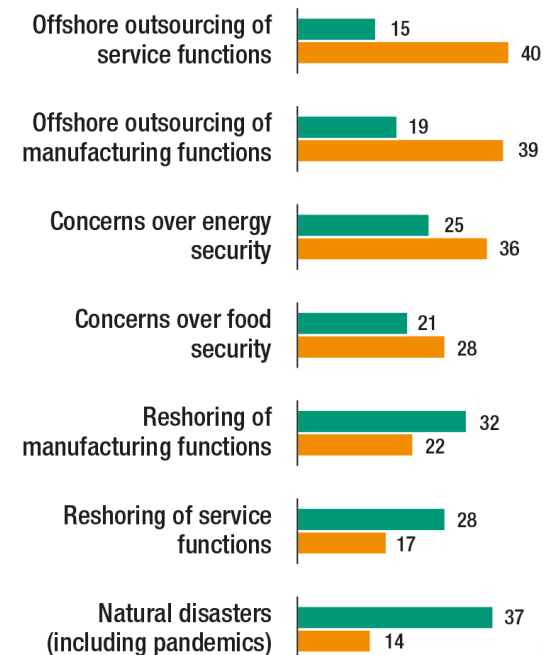
Factors influencing future global FDI activity

(Per cent of all executives)

Macroeconomic factors



Corporate and external factors



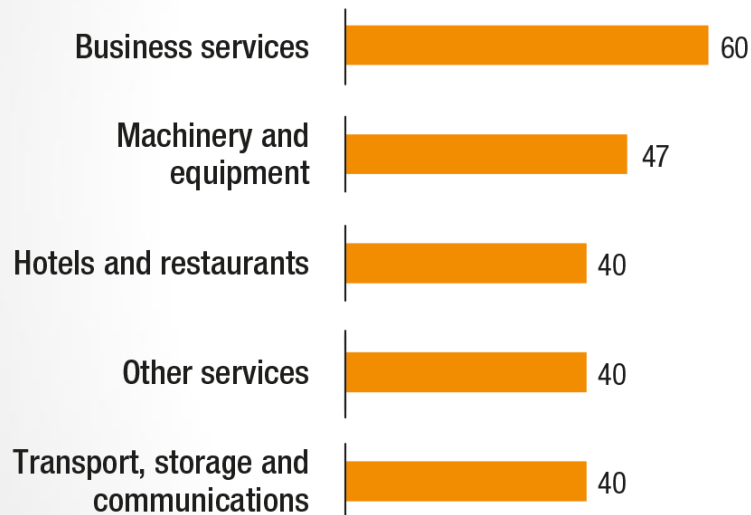
■ Share of executives who think factor will lead to decrease in FDI globally
 ■ Share of executives who think factor will lead to increase in FDI globally

IPAs see potential in business services and agriculture

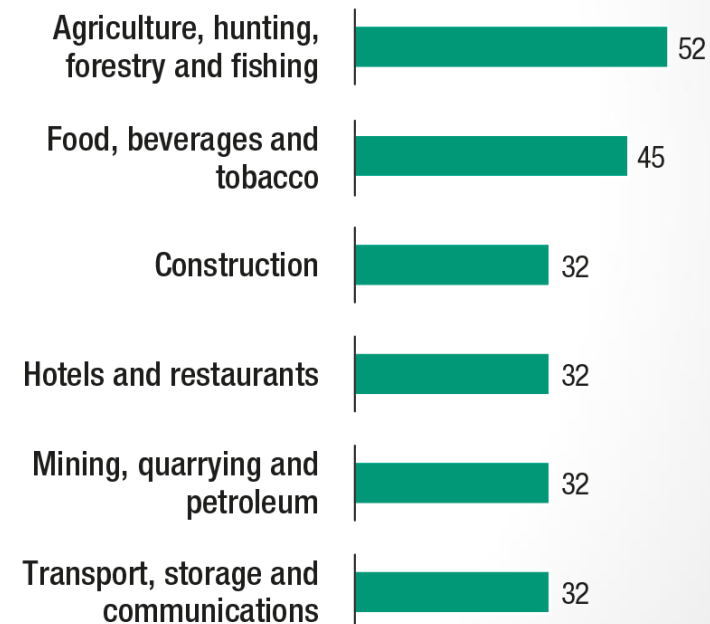
IPAs' selection of most promising industries for attracting FDI in their country

(Per cent of all IPA respondents)

Developed countries



Developing and transition economies

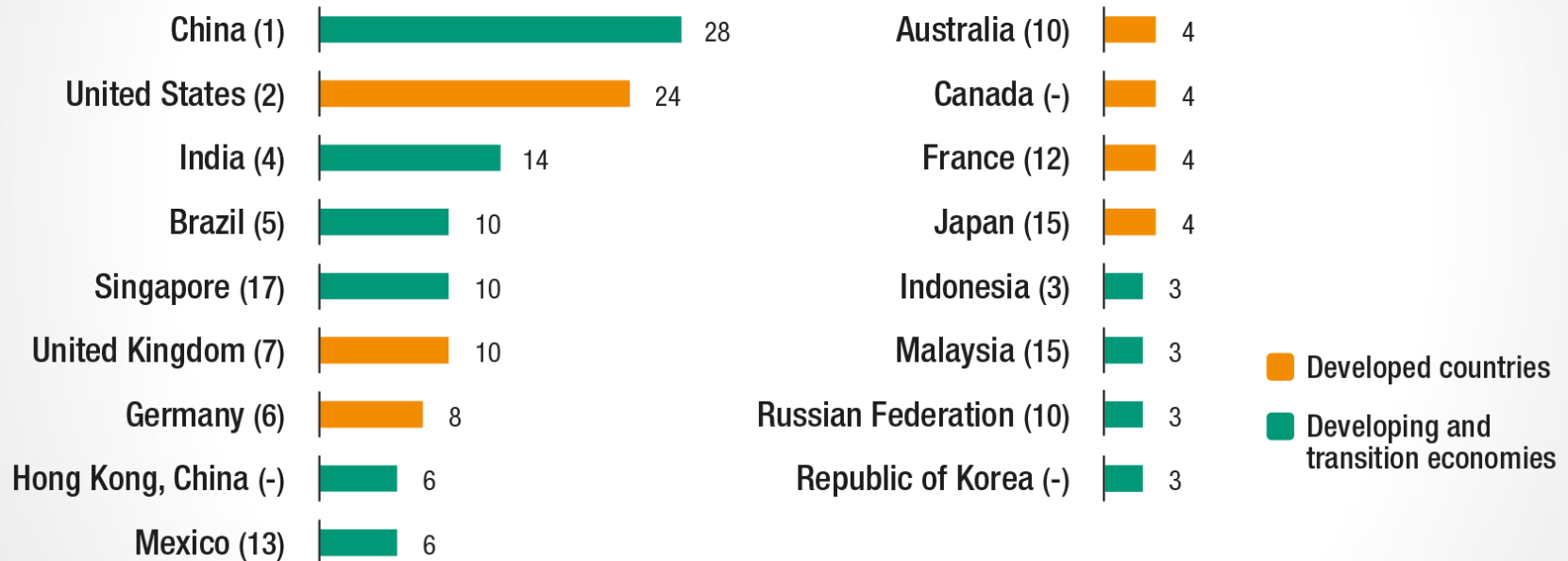


MNE executives bullish on FDI in China, United States, India

MNEs top prospective host economies for 2015–2017

(Per cent)

(x) = 2013 ranking



FDI recovery is in sight

Developed countries should see a large increase in flows in 2015.
Flows to developing economies will remain high,

Projections of FDI flows, by group of economies (Billions of dollars and per cent)

	Averages		2013	2014	Projections		
	2005–2007	2009–2011			2015	2016	2017
Global FDI flows	1 397	1 359	1 467	1 228	1 368	1 484	1 724
Developed economies	917	718	697	499	634	722	843
Developing economies	421	561	671	681	707	734	850
Transition economies	60	81	100	48	45	47	53
	Average growth rates		Growth rates		Growth rate projections		
Memorandum	2005–2007	2009–2011	2013	2014	2015	2016	2017
Global FDI flows	40.1	3.1	4.6	-16.3	11.4	8.4	16.2
<i>Developed economies</i>	48.2	3.0	2.7	-28.4	23.8	13.9	16.7
<i>Developing economies</i>	26.1	4.8	5.0	1.6	3.3	3.9	15.8
<i>Transition economies</i>	48.0	-1.1	17.0	-51.7	-2.3	5.3	12.3

Source: UNCTAD.

Note: Excludes Caribbean offshore financial centres.

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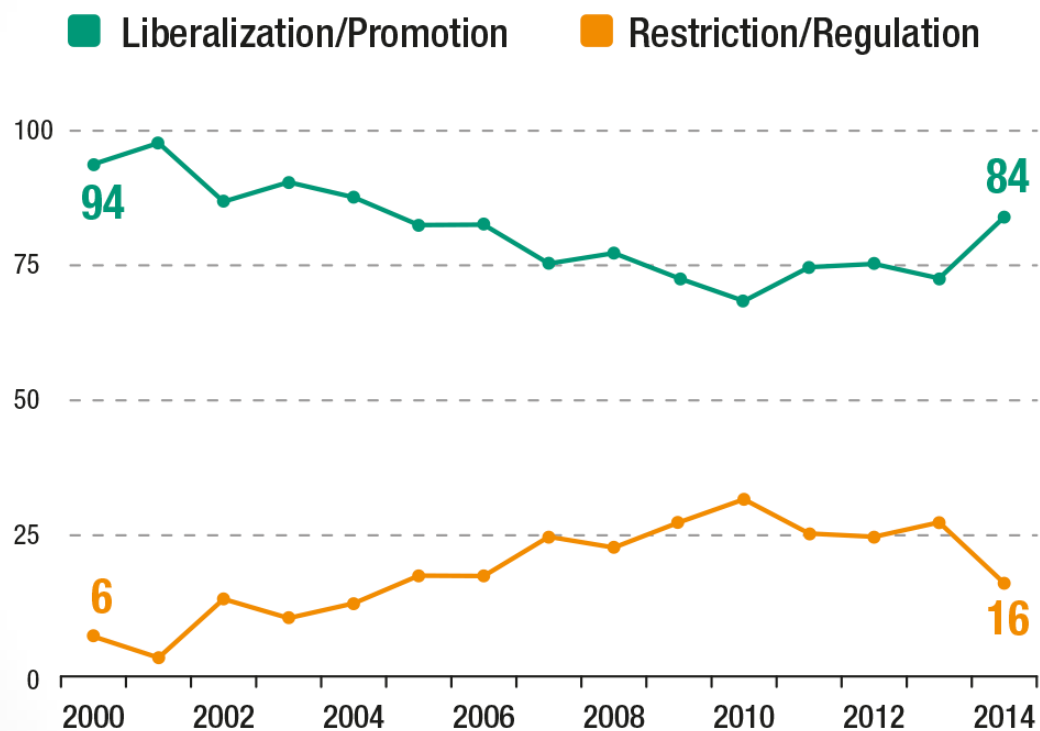
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Liberalization and promotion measures predominant

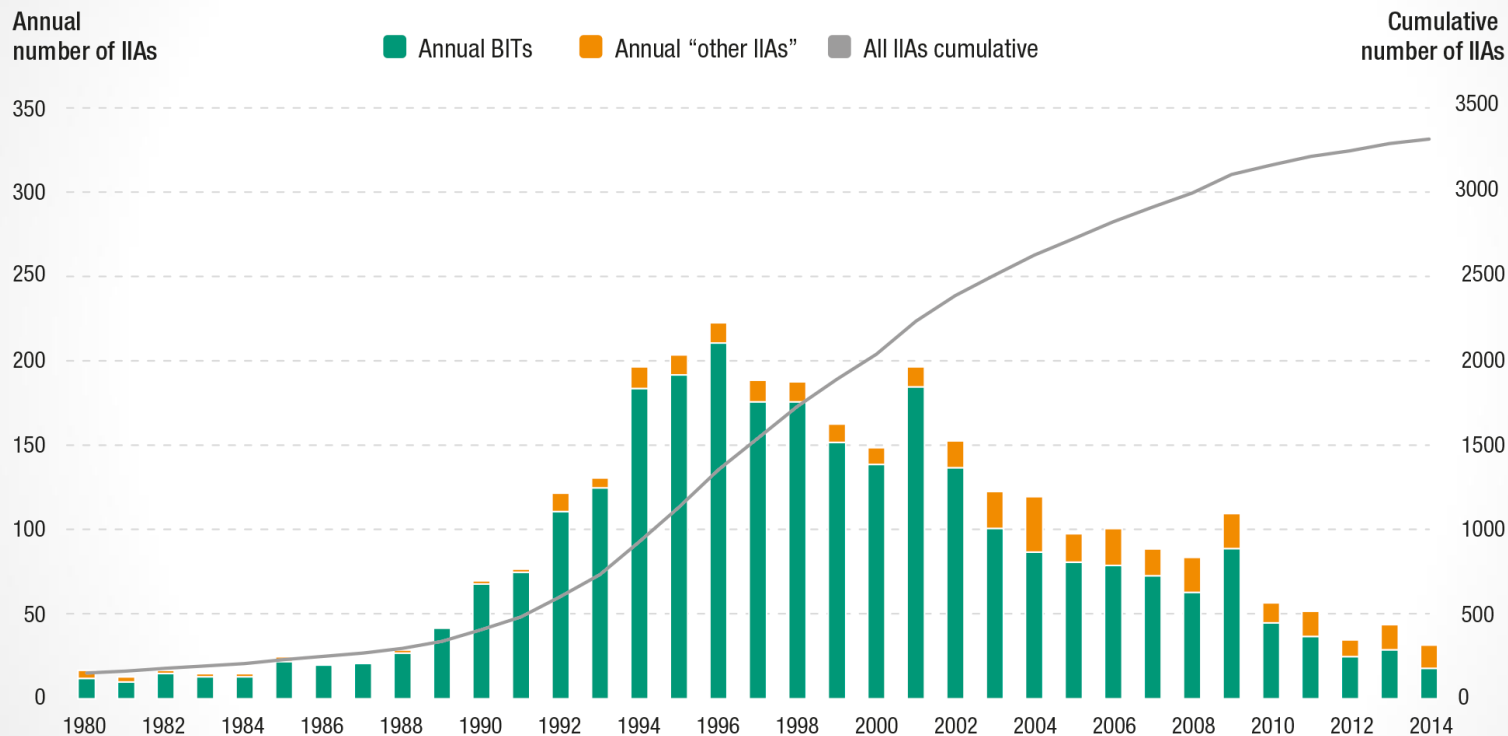
Changes in national investment policies, 2000–2014

(Per cent)



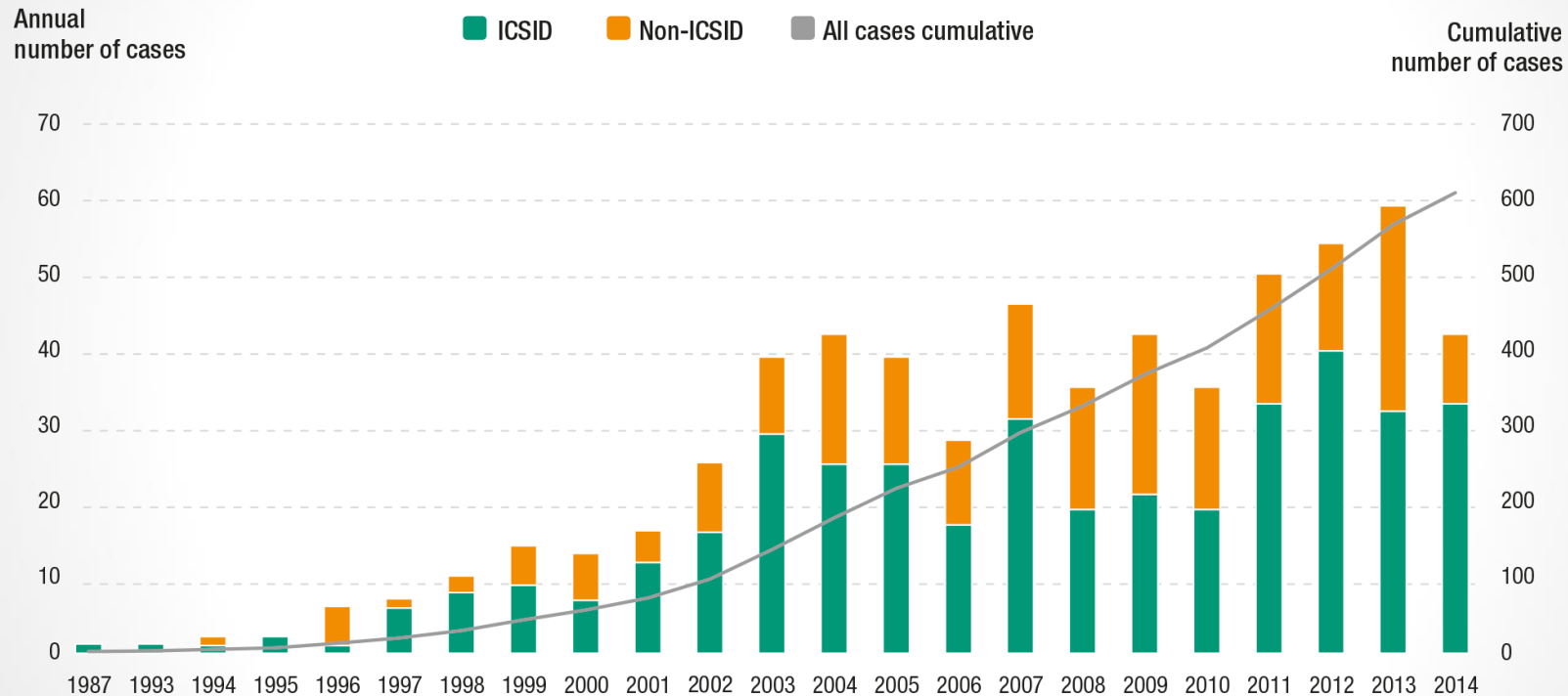
New IIAs concluded in 2014: 31

Trends in IIAs signed, 1980–2014



New ISDS cases: 42

Known ISDS cases, annual and cumulative, 1987–2014



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Objectives and areas for IIA reform

- 1. Safeguarding the right to regulate**
- 2. Reforming investment dispute settlement**
- 3. Promoting and facilitating investment**
- 4. Ensuring responsible investment**
- 5. Enhancing systemic consistency**



Guidelines for IIA reform

- 1. Harness IIAs for sustainable development**
- 2. Focus on critical reform areas**
- 3. Act at all levels**
- 4. Sequence properly for concrete solutions**
- 5. Ensure an inclusive and transparent process**
- 6. Strengthen the multilateral support structure**



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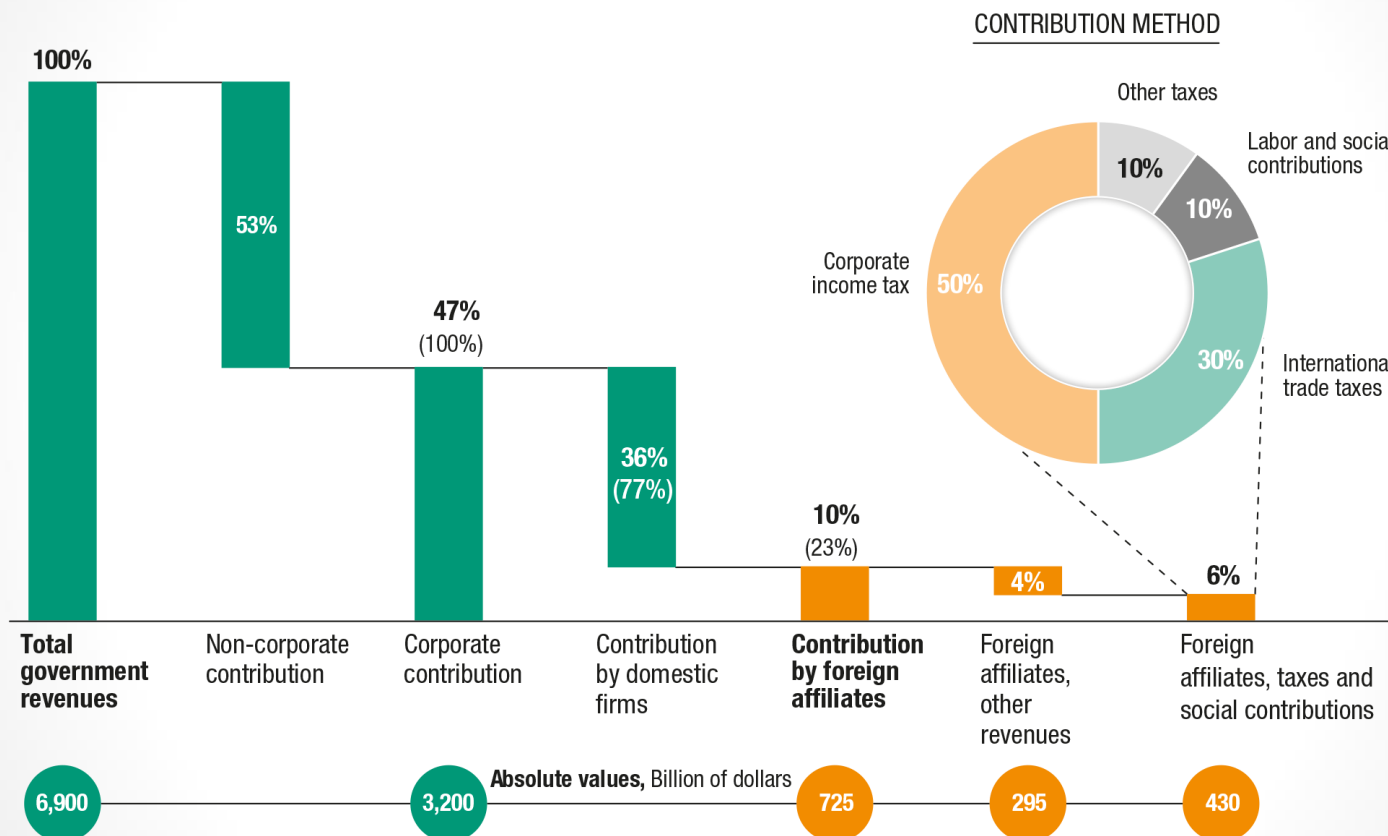
International Tax and Investment Policy Coherence



Foreign affiliate fiscal contribution in developing economies: ~\$730 billion

Government revenues contributed by foreign affiliates of MNEs

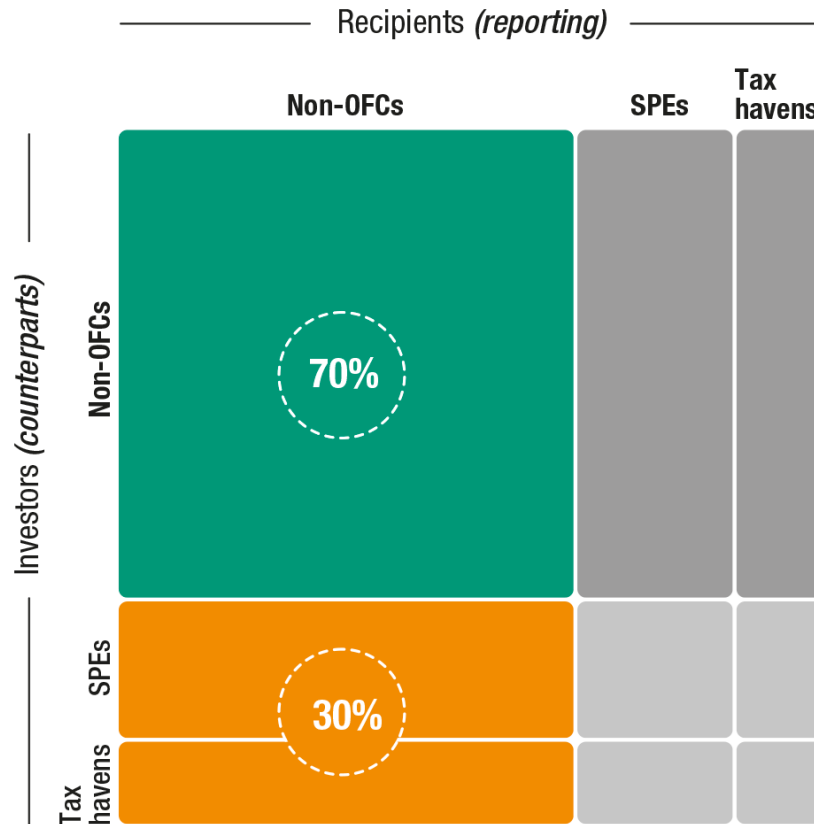
Share of government revenues, developing countries, 2012



Some 30% of FDI is routed through offshore hubs

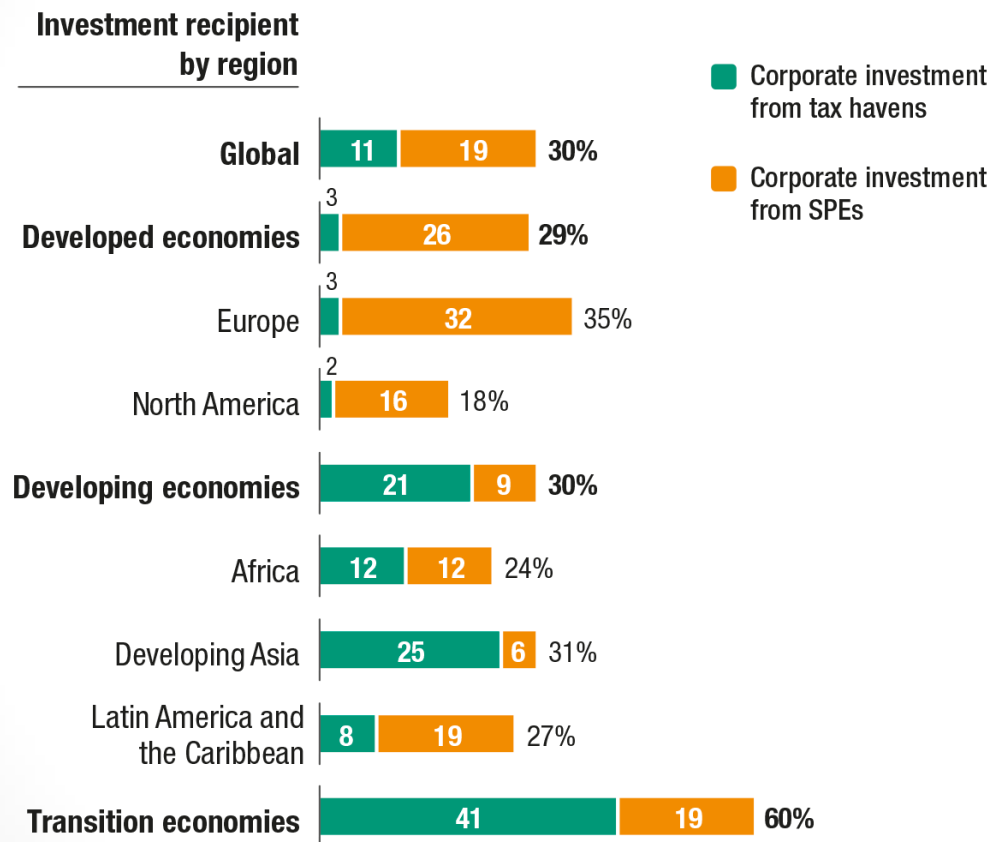
Non-OFC inward investment stocks, by type of investor

Vertical view of the Offshore Investment Matrix (Per cent)

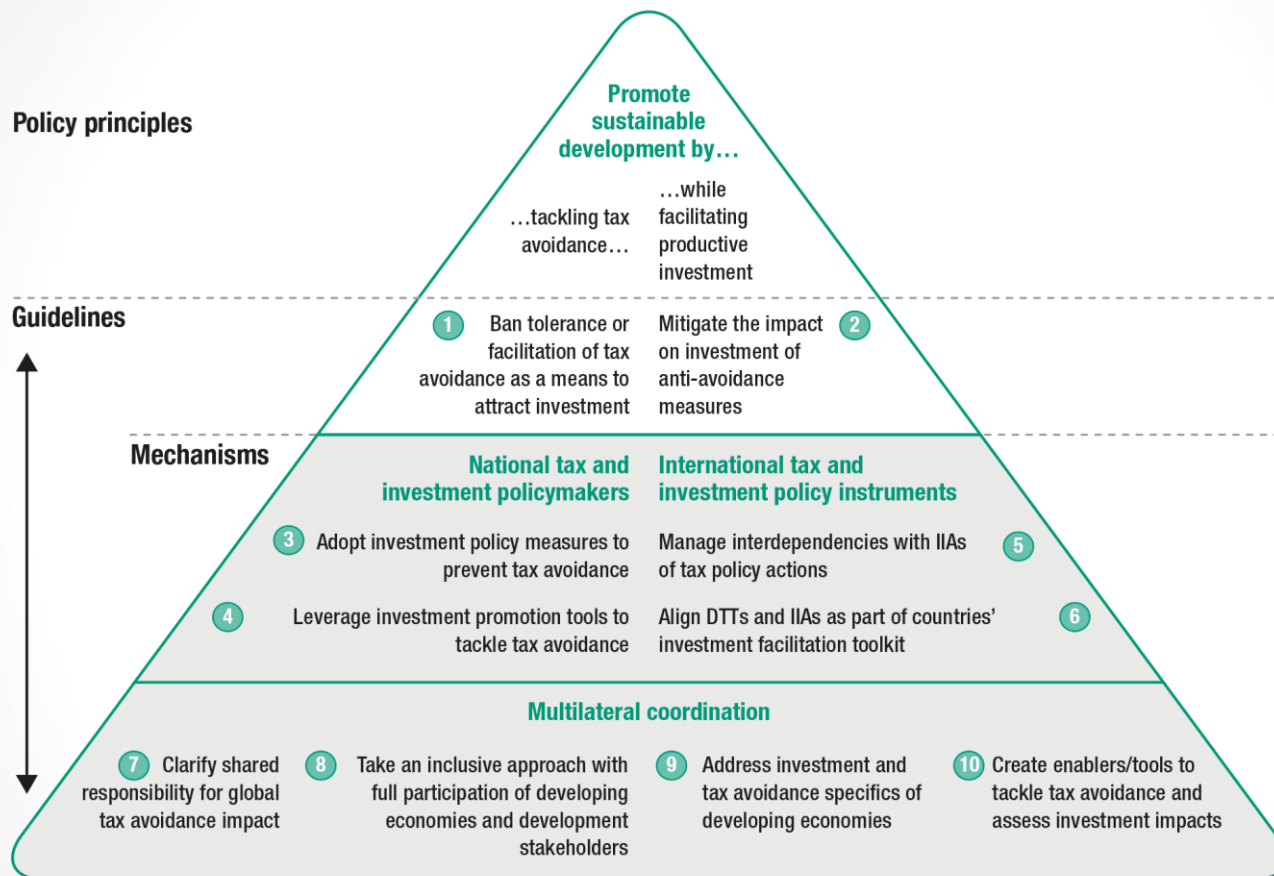


Developed/developing country offshore exposure similar

Exposure to investments from offshore investment hubs, by region, 2012



Guidelines for Coherent International Tax and Investment Policies



SUPPORTING ANNEXES AVAILABLE ONLINE

(<http://www.unctad.org/wir>)

Chapters I and II

- Detailed FDI, M&A, greenfield projects data tables

Chapter III

- List of IIAs as of end 2014 (see also UNCTAD's Investment Policy Hub)

Chapter V

- Annex I. Establishing the baseline: estimating the fiscal contribution of multinational enterprises
- Annex II. An FDI-driven approach to measuring the scale and economic impact of BEPS
- Annex III. Policy action against tax avoidance by multinational enterprises: existing measures and ongoing discussions

