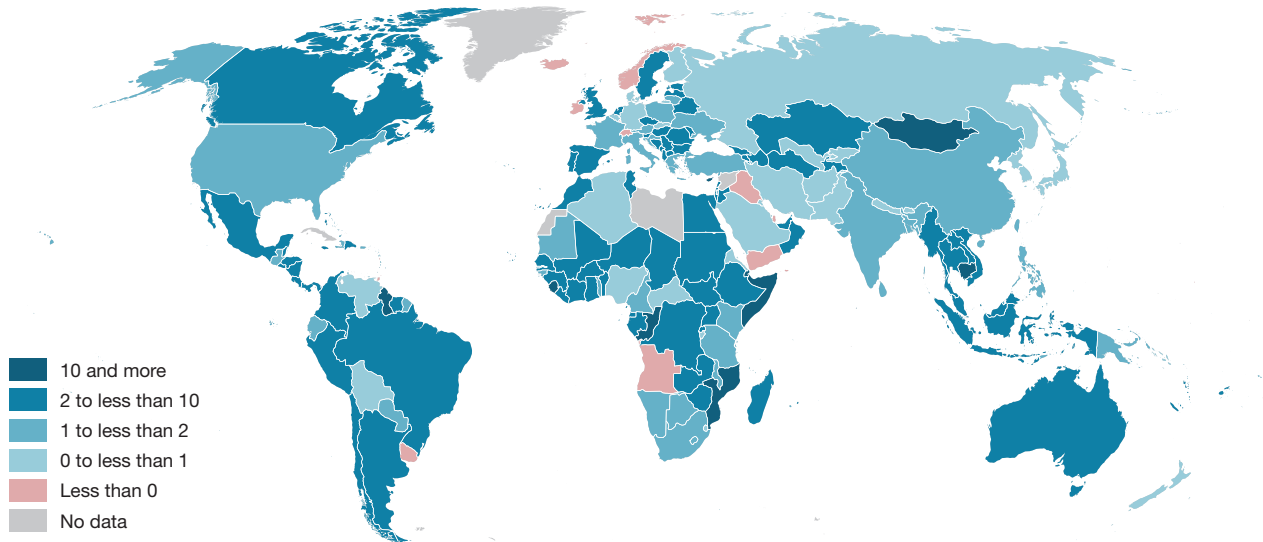




Fact sheet #9: Foreign direct investment

Map 1 Foreign direct investment inflows, 2018
(Percentage of gross domestic product)



Concepts and definitions

Foreign direct investment (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.

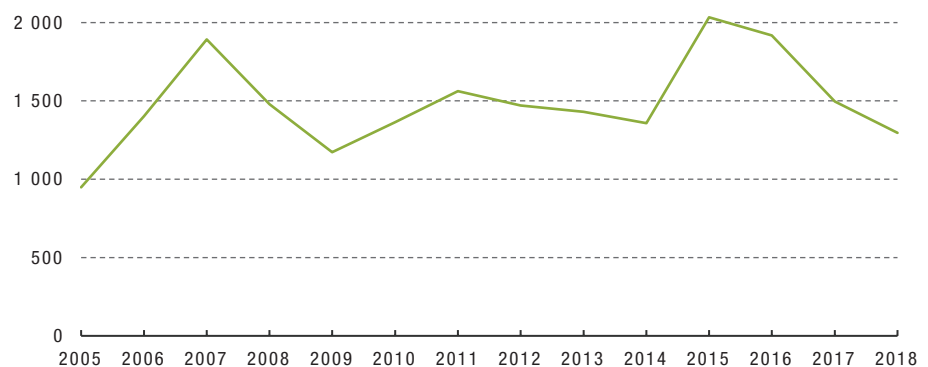
FDI stock is the value of capital and reserves attributable to a non-resident parent enterprise, plus the net indebtedness of foreign affiliates to parent enterprises (UNCTAD, 2019b).

Trends and global patterns

In 2018, world FDI inflows decreased by 13 per cent to US\$1.3 trillion. This is the third consecutive annual decline. FDI to developed economies fell to US\$557 billion, whereas flows to developing economies remained stable at around US\$700 billion. As a result, unlike previous years, more FDI was directed to developing than to developed economies (this excludes financial centers in the Caribbean characterized by atypical use of FDI and difficulties in measurement).

In 2018, eight of the top 20 host economies were developing economies. But the largest recipient of FDI was the United States of America, followed by China, Hong Kong SAR and Singapore. For most countries in Latin America and the Caribbean, Africa and South-Eastern Asia, FDI inflows accounted for more than two per cent of national GDP. The world's largest foreign direct investors were Japan, China and France.

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



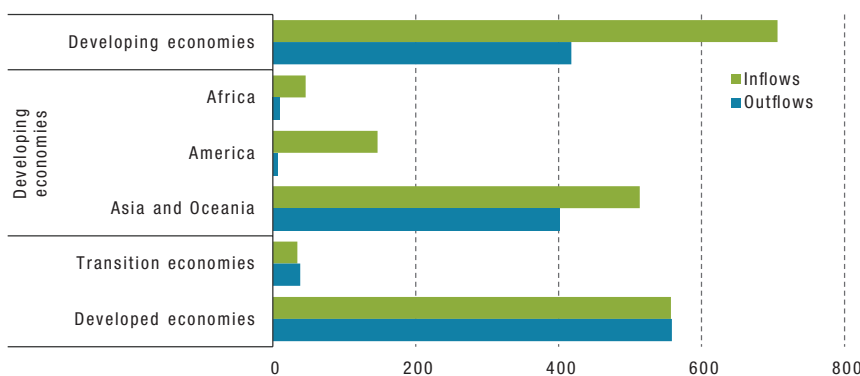
Note: Excluding financial centres in the Caribbean (see note, table 1).



Inflows and outflows by group of economies

In 2018, FDI inflows to developing economies amounted to US\$706 billion, three quarter more than their FDI outflows (US\$418 billion). 73 per cent of these inflows and 96 per cent of the outflows were attributed to developing economies in Asia and Oceania. Developing economies in America and Africa attracted less FDI and played only a marginal role as foreign direct investors. Developed and transition economies generated as much FDI as they received.

Figure 2 Foreign direct investment inflows and outflows, 2018
(Billions of United States dollars)



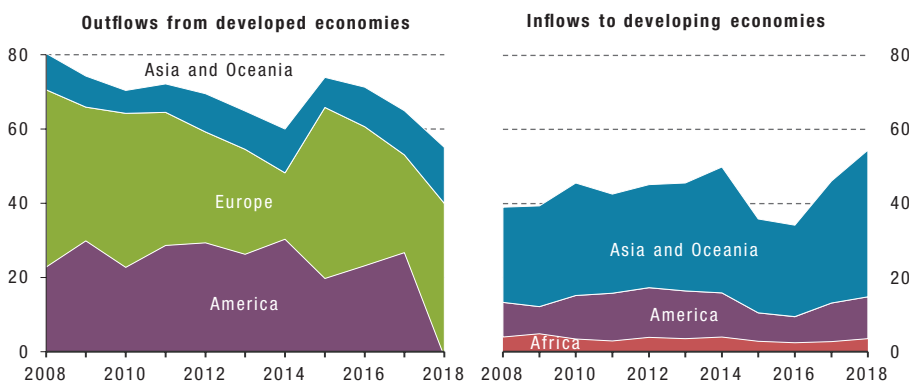
Note: Excluding financial centres in the Caribbean (see note, table 1).

Origins and destinations of foreign direct investment

Between 2017 and 2018, developed economies' share of global outward FDI dropped from 65 to 55 per cent. This was mainly due to a drastic fall of FDI from American developed economies from 27 per cent to less than zero in 2018, reflecting a net disinvestment equivalent to 1 per cent of world FDI. On the recipient side, the relative importance of the developing world as a host region increased, but mainly as a result of the negative trend in developed economies. Asia and Oceania strengthened their position within the developing world, accounting for 40 per cent of world FDI in 2018.¹

¹ For further analyses on that topic, see UNCTAD (2019b).

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



Note: Excluding financial centres in the Caribbean (see note, table 1).

For references, see UNCTAD Handbook of Statistics 2019, annex 6.4.

Global FDI
dropped by 13%
in 2018



Developing
economies
receive
almost twice
as much FDI as
they initiate



FDI from
Northern America
slumped



Developing
Asia and Oceania
now account for



40%

of world
FDI inflows


Table 1 Foreign direct investment flows by group of economies

Group of economies	Inflows				Outflows			
	Value (Billions of US\$)		Ratio to GDP (Percentage)		Value (Billions of US\$)		Ratio to GDP (Percentage)	
	2013	2018	2013	2018	2013	2018	2013	2018
World	1 431	1 297	1.9	1.5	1 377	1 014	1.8	1.2
Developing economies	653	706	2.3	2.1	409	418	1.5	1.3
Developing economies: Africa	50	46	2.1	2.0	11	10	0.5	0.5
Developing economies: America	184	147	3.0	2.8	35	7	0.6	0.1
Developing economies: Asia and Oceania	418	513	2.1	2.0	363	401	1.8	1.6
Transition economies	84	34	2.7	1.5	76	38	2.5	1.7
Developed economies	695	557	1.5	1.1	892	558	2.0	1.1
Selected groups								
Developing economies excluding China	529	567	2.8	2.8	301	288	1.6	1.5
Developing economies excluding LDCs	632	682	2.3	2.1	406	417	1.5	1.3
LDCs	21	24	2.4	2.2	3	1	0.5	0.1
LLDCs	30	23	3.7	2.9	4	1	0.8	0.2
SIDS (UNCTAD)	1	2	1.0	2.6	0	0	0.3	0.4
HIPCs (IMF)	30	27	5.4	4.0	2	1	0.5	0.3
BRICS	273	261	1.6	1.3	186	169	1.1	0.8
G20	1 060	997	1.6	1.4	1 086	774	1.6	1.1

Note: Excluding financial centres in the Caribbean, namely: Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten and Turks and Caicos Islands.

Table 2 Foreign direct investment stock by group of economies

Group of economies	Inward stock				Outward stock			
	Value (Billions of US\$)		Ratio to GDP (Percentage)		Value (Billions of US\$)		Ratio to GDP (Percentage)	
	2013	2018	2013	2018	2013	2018	2013	2018
World	24 671	32 272	32	38	24 832	30 975	32	37
Developing economies	7 780	10 679	27	32	4 408	7 524	16	23
Developing economies: Africa	723	895	30	38	189	318	8	15
Developing economies: America	1 858	2 116	30	40	572	659	10	13
Developing economies: Asia and Oceania	5 199	7 668	26	29	3 648	6 547	18	25
Transition economies	809	804	26	35	432	402	14	18
Developed economies	16 081	20 790	36	42	19 991	23 049	44	47
Selected groups								
Developing economies excluding China	6 824	9 051	36	45	3 748	5 585	20	29
Developing economies excluding LDCs	7 546	10 325	27	32	4 392	7 502	16	23
LDCs	234	354	27	33	16	22	3	3
LLDCs	284	391	36	51	39	48	7	9
SIDS (UNCTAD)	40	48	54	63	3	3	4	4
HIPCs (IMF)	202	331	36	49	15	21	3	4
BRICS	2 435	3 234	15	16	1 498	2 916	9	14
G20	18 679	23 985	28	33	20 512	25 189	31	34

Note: Excluding financial centres in the Caribbean (see note, table 1).

**Table 3** Foreign direct investment inflows, top 20 host economies, 2018

Economy (Ranked by inflow value)	Inflows		Inward stock
	Value	Ratio to GDP	Ratio to GDP
	(Billions of US\$)	(Percentage)	(Percentage)
United States of America	252	1.2	36
China	139	1.0	12
China, Hong Kong SAR	116	31.9	550
Singapore	78	22.4	426
Netherlands	70	7.6	183
United Kingdom	64	2.3	67
Brazil	61	3.3	37
Australia	60	4.2	47
Spain	44	3.1	46
India	42	1.5	14
Canada	40	2.3	52
France	37	1.3	30
Mexico	32	2.6	40
Germany	26	0.6	24
Italy	24	1.2	21
Indonesia	22	2.1	22
Israel	22	5.9	40
Viet Nam	16	6.3	59
Korea, Republic of	14	0.9	14
Russian Federation	13	0.8	25

Note: Excluding financial centres in the Caribbean (see note, table 1).

Table 4 Foreign direct investment outflows, top 20 home economies, 2018

Economy (Ranked by outflow value)	Outflows		Outward stock
	Value	Ratio to GDP	Ratio to GDP
	(Billions of US\$)	(Percentage)	(Percentage)
Japan	143	2.9	33
China	130	1.0	14
France	102	3.7	54
China, Hong Kong SAR	85	23.5	515
Germany	77	1.9	41
Netherlands	59	6.5	266
Canada	50	3.0	78
United Kingdom	50	1.8	60
Korea, Republic of	39	2.4	24
Singapore	37	10.7	294
Russian Federation	36	2.2	21
Spain	32	2.2	40
Switzerland, Liechtenstein	27	3.8	178
Saudi Arabia	21	2.7	14
Italy	21	1.0	26
Sweden	20	3.6	67
China, Taiwan Province of	18	3.1	58
Thailand	18	3.5	24
United Arab Emirates	15	3.6	33
Ireland	13	3.6	245

Note: Excluding financial centres in the Caribbean (see note, table 1).