UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

2026 World Investment Report

International Investment in a Turbulent Era

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Preface

Our world has entered a period of profound turbulence – reflected in seismic shifts in the global investment landscape.

In 2025, global foreign direct investment rose by 6 per cent to reach $1.6 trillion. But this growth masks underlying fragility and disparities across countries, regions and sectors.

Investment expansion was driven largely by a small number of megaprojects, particularly infrastructure related to artificial intelligence. Across most sectors, new project activity is subdued, reflecting heightened investor uncertainty amid geopolitical tensions, trade policy volatility, the rising cost of capital and intensifying technological competition.

At the same time, global investment is being reshaped by fault lines in international cooperation and rising economic security concerns. In response, governments are focusing on a narrow set of strategic sectors, while firms are redesigning supply chains along regional and geopolitical lines.

The opportunities — and risks — are many. Developing economies may break into new high-growth industries, including clean energy and advanced manufacturing, but investment could become concentrated, leaving many behind.

Monitoring by UNCTAD shows that governments are becoming increasingly active in shaping investment flows, with new investment policy measures reaching a record high in 2025. Among those measures are strong support for strategic sectors, industrial upgrading, digital transformation and the green transition.

Now is the time to reinvigorate international cooperation around investment as a driver of sustainable development, as developing countries build and strengthen the systems their people require. Governments must also rally behind the Sevilla Commitment's global call to address the limited access to finance faced by developing countries, and scale up investment at speed and scale.

The analysis and recommendations of UNCTAD offer important guidance for policymakers and development advocates to navigate an increasingly complex economic environment and harness international investment for sustainable and inclusive growth.

António Guterres
Secretary-General of the United Nations

Foreword

For decades, firms have expanded across borders in a world that was opening up, driving deeper integration, expanding trade and grounded on broadly stable rules.

That world is changing fast.

Today companies are rethinking where they invest as geopolitical tensions, volatile trade policies, technological competition and economic security concerns intensify.

The *World Investment Report 2026* shows that global foreign direct investment rose by 6 per cent, to $1.6 trillion, following declines in two consecutive years. However, growth remains fragile and uneven. Inflows increased by 11 per cent in developed economies, compared with 2 per cent in developing economies, and the outlook remains clouded by trade policy uncertainty and geopolitical tensions.

Investment is also concentrating. A handful of strategic sectors — semiconductors, artificial intelligence, clean energy, critical minerals — now represent almost half of all announced greenfield projects in 2025. However, least developed and lower-middle-income countries together attract barely 10 per cent of them, against more than 20 per cent in other industries.

A deeper change is also shaping global direct investment.

For decades, capital followed cost and efficiency, areas in which developing countries were able to compete. Today, investment follows strategic calculation and industrial policy marked by subsidies, economic security and technological advantage. Governments are competing with new investment policy measures, at a record high in 2025. This logic rewards deep pockets and established ecosystems, and most developing countries cannot match the support that the largest economies now deploy. The hardest challenges today are attracting investment at all, as the aspects driving investment no longer reward the strengths that developing economies have always brought.

Our report points to the challenges but underlines that the outcome is not inevitable.

The same changes that are concentrating investment are also creating new opportunities. As companies reshape their supply chains, some developing economies are emerging as alternative manufacturing locations, processing hubs for critical minerals and gateways to fast-growing regional markets. These opportunities are real, but they are limited. Taking advantage of them requires infrastructure, skills, technology and institutions that few developing countries can build on their own. However, it is an effort worth making.

Foreign direct investment remains a key driver of development. It brings more than capital into a country: it represents technology transfer, new skills, jobs and access to markets. Behind each flow is a real economy at work – a supplier entering a regional value chain, a young engineer finding opportunities without leaving home.

Meeting this challenge requires deliberate national policy choices – realistic entry points in evolving value chains, and aligning investment, skills, infrastructure and supplier policies, so that capacities grow in a new era of strategic globalization. This will also require renewed international cooperation, with partnerships that balance the resilience that investing countries expect with the development that recipient countries need.

At the XVIth United Nations Conference on Trade and Development (UNCTAD 16) in October 2025, 170 countries adopted the Geneva Consensus, renewing their commitment to an open, equitable and development-oriented investment environment – a commitment that matters most as fragmentation pressures rise.

The *World Investment Report 2026* analyses how rising competition and shifting patterns of investment are reshaping global flows, and the real options available to developing economies.

In this context UNCTAD's unique expertise in analysing the intersection of foreign direct investment and development is especially valuable to best support countries in navigating this challenging investment landscape. The policy choices made today will determine whether foreign direct investment becomes an engine of shared development or entrenches divergence.

Pedro Manuel Moreno
Acting Secretary-General
United Nations Conference on Trade and Development (UNCTAD)

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Explanatory notes

The terms country and economy as used in this report also refer, as appropriate, to territories or areas. In addition, the designations of country and economy groupings are intended solely for statistical or analytical convenience and do not necessarily express a judgement about the stage of development reached by a particular country or area in the development process. The major country and economy groupings used in this report follow the classification of the United Nations Statistical Office:

- Developed economies: the member countries of the OECD (other than Chile, Colombia, Costa Rica, Mexico and Türkiye), European Union member countries that are not OECD members (Bulgaria, Croatia, Cyprus, Malta and Romania) plus Albania, Andorra, Belarus, Bosnia and Herzegovina, Liechtenstein, Monaco, Montenegro, North Macedonia, the Republic of Moldova, the Russian Federation, San Marino, Serbia and Ukraine, plus the territories of Bermuda, Faroe Islands, Gibraltar, Greenland, Guernsey and Jersey.
- Developing economies: in general, all economies not specified above. For statistical purposes, the data for China do not include those for Hong Kong Special Administrative Region (Hong Kong SAR), Macao Special Administrative Region (Macao SAR) or Taiwan Province of China.
- Income groups used in this report for analytical purposes follow the World Bank classification. The term lower-income economies used in some analyses refers to low-income and lower-middle income economies, including all least developed countries (LDCs) as defined in United Nations classifications. Structurally weak economies refer to LDCs, landlocked developing countries (LLDCs) and small island developing states (SIDS).

Throughout the report, data provided on investment trends for the Netherlands refer only to the Netherlands; information for Aruba, Curaçao and Sint Maarten is reported separately.

Methodological details on FDI and MNE statistics can be found on the report website (https://unctad.org/topic/investment/world-investment-report).

The following symbols have been used in the tables:

- Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row.
- A dash (–) indicates that the item is equal to zero or its value is negligible.
- A blank indicates that the item is not applicable, unless otherwise indicated.
- A slash (/) between dates representing years, e.g., 2020/21, indicates a financial year.
- Use of a dash (–) between dates representing years, e.g. 2020–2021, signifies the full period involved, including the beginning and end years.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates. Details and percentages in tables do not necessarily add to totals because of rounding.

Abbreviations

AfCFTA	African Continental Free Trade Area
AI	artificial intelligence
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BIT	bilateral investment treaty
BOI	Board of Investment (Thailand)
CAGR	compound annual growth rate
CAIPA	Caribbean Association of Investment Promotion Agencies
CFIUS	Committee on Foreign Investment in the United States
COMESA	Common Market for Eastern and Southern Africa
COVID-19	coronavirus disease 2019
CREST	Collaborative Research in Engineering, Science & Technology
CSR	corporate social responsibility
EAC	East African Community
ECOWAS	Economic Community of West African States
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and the Pacific
EV	electric vehicle
FDI	foreign direct investment
FEFTA	Foreign Exchange and Foreign Trade Act
FIRRMA	Foreign Investment Risk Review Modernization Act
FM6I	Mohammed VI Investment Fund (Morocco)
FTA	free trade agreement
GCC	Gulf Co-operation Council
GDP	gross domestic product
GVC	global value chain
HAMLE	Technology Focused Industrial Movement
ICC	International Chamber of Commerce
ICSID	International Centre for Settlement of Investment Disputes
ICT	information and communications technology
IEA	International Energy Agency
IFDA	Investment Facilitation for Development Agreement
IIA	international investment agreement
IMF	International Monetary Fund
IPA	investment promotion agency
IPF	international project finance
ISDS	investor–State dispute settlement
ITU	International Telecommunication Union
LDC	least developed country
LLDC	landlocked developing country
M&As	mergers and acquisitions

MARKUP	Market Access Upgrade Programme
MERCOSUR	Southern Common Market
MNE	multinational enterprise
MoU	Memorandum of understanding
NAICS	North American Industry Classification System
NIPO	New Industrial Policy Observatory
OECD	Organisation for Economic Co-operation and Development
OEM	original equipment manufacturer
OFDI	outward FDI
OHADA	Organisation for the Harmonization of Business Law in Africa
OIC	Organisation of Islamic Cooperation
PPP	public–private partnership
R&D	research and development
RBC	responsible business conduct
RCEP	Regional Comprehensive Economic Partnership
RDL	Royal Decree-Law
RIA	Regional Investment Agency
SEZ	special economic zone
SIDS	small island developing States
SMEs	small and medium-sized enterprises
STI	science, technology and innovation
SWF	sovereign wealth fund
TIP	treaty with investment provisions
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

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Key findings

Global foreign direct investment showed resilience in 2025, but the recovery remained fragile

Foreign direct investment (FDI) flows rose by 6 per cent, to $1.6 trillion. Inflows increased by 11 per cent in developed economies and by 2 per cent in developing economies. Excluding conduit flows through major European financial centres, global FDI increased 4 per cent after two consecutive years of decline. The outlook for 2026 is affected by significant downside risks owing to trade policy uncertainty, geopolitical tensions and conflicts.

Investment activity is increasingly concentrated in several capital- and technology-intensive sectors

The growth in the value of FDI projects was driven largely by investment in data centres, followed by oil and gas and semiconductors. Most other sectors registered significant declines, including renewable energy, infrastructure (excluding data centres) and manufacturing.

Inflows rose significantly in least developed countries

FDI in structurally weak and vulnerable economies was driven by least developed countries (+21 per cent) but remained highly concentrated in a small number of economies and largely confined to resource-rich countries. Flows to small island developing States remained limited, going mainly to tourism, renewable energy and logistics.

Investment in the Sustainable Development Goals picked up in 2025 but was unevenly distributed

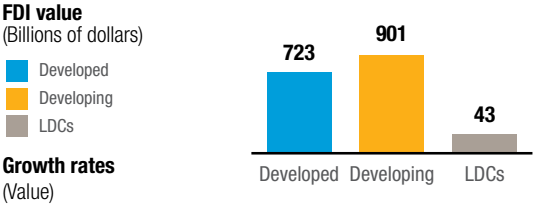
The value and number of announced projects in developing economies rose, particularly in least developed countries. The rebound remained concentrated in a few sectors and economies, underscoring persistent challenges in mobilizing investment for smaller projects and economies.

The global investor landscape has become more diverse

Alongside traditional multinational enterprises (MNEs), State-owned MNEs and private equity investors are playing an increasingly important role in FDI. More than a quarter of the companies in the 2026 UNCTAD ranking of the top 100 MNEs are State-owned, and international equity acquisitions by private equity firms now account for about 20 per cent of global mergers and acquisitions.

Development level

FDI value
(Billions of dollars)



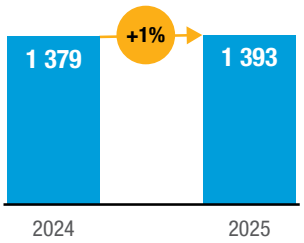
Growth rates
(Value)

	Developed	Developing	LDCs
FDI	+11%	+2%	+21%
Greenfield projects (mostly industry)	+19%	-18%	+56%
International project finance (mostly infrastructure)	-12%	+20%	+185%

Regions

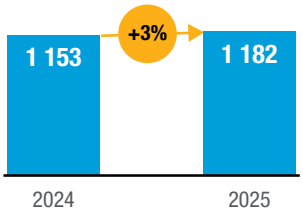
	FDI value (Billions of dollars)	Growth rates (Value and numbers of projects) FDI	Greenfield projects	International project finance
Europe	285	+39%	-18%	-4%
North America	344	-2%	-9%	-24%
Africa	70	-26%	+8%	-21%
Developing Asia	644	+3%	-5%	-14%
Latin America and the Caribbean	188	+14%	-7%	-20%

Greenfield projects
(Value, billions of dollars)



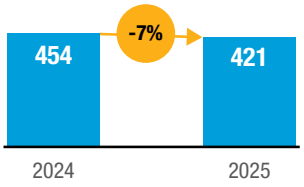
Number of projects **-10%**

International project finance
(Value, billions of dollars)

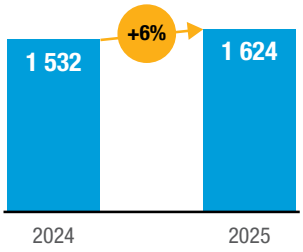


Number of deals **-11%**

Cross-border M&As
(Value, billions of dollars)



FDI
(Value, billions of dollars)



Industries
(Global, project values)

- Infrastructure +11%
- GVC-intensive industries -13%
- Semiconductors +11%
- Digital economy +47%
- Extractives +8%

SDG sectors
(Developing economies, project values)

All sectors, developing economies
Value: -1%
Number: -6%

- Infrastructure +61%
- Renewable energy -5%
- Water, sanitation and hygiene -5%
- Agrifood systems +69%
- Health and education -7%

A. Global trends and prospects

Global foreign direct investment (FDI) showed resilience in 2025. Flows rose by 6 per cent to $1.6 trillion, despite geopolitical tensions, trade policy uncertainty and high financing costs. Excluding flows through major financial centres and investment hubs, FDI increased by 4 per cent, after two consecutive years of decline. However, investment activity became more selective, with growth concentrated in a limited number of host economies and in capital- and technology-intensive sectors, notably digital infrastructure, semiconductors and selected energy-related activities. This concentration favoured developed economies, where inflows rose more strongly than in developing economies. Looking ahead, downside risks are mounting. Real investment activity is likely to remain subdued, weighed down by geopolitical tensions, trade policy uncertainty and economic fragmentation.

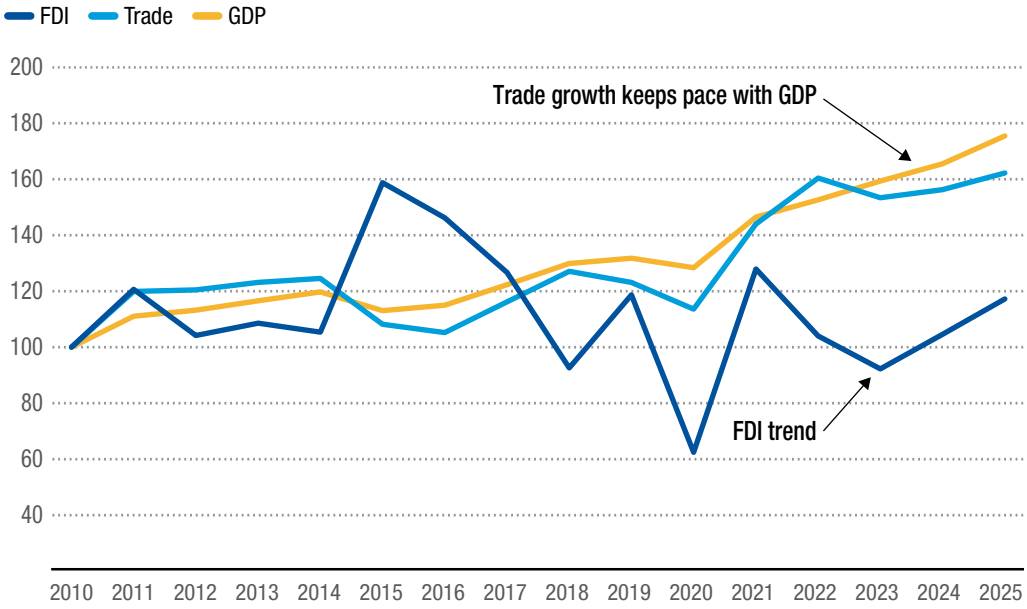
1. Foreign direct investment inflows

Global flows of FDI increased by 6 per cent to $1.6 trillion in 2025, from $1.5 trillion in 2024. Conduit flows through major global financial centres and investment hubs subtracted about $40 billion from the total, compared with -$70 billion in 2024. Switzerland and Ireland, in that order, accounted for most of the increase. Excluding conduit flows in major European financial centres, global FDI flows rose by 4 per cent compared with 2024.

Over the longer term, FDI remained weak relative to other indicators of international economic activity. During 2010–2025, global gross domestic product (GDP) and trade expanded steadily, while FDI growth was subdued and volatile (figure I.1). Year-to-year movements continued to be affected by one-off transactions, corporate restructurings, and conduit and other financial flows,[1] rather than changes in underlying productive investment. Despite this weak longer-term trend, global FDI inflows in 2025, excluding conduit flows, were about 10 per cent above their average level for the 2010–2024 period.

[1] Financial flows include cross-border financing transactions – especially intragroup funding and other balance sheet movements – that can cause large swings in recorded FDI without reflecting genuine changes in productive economic activity.

Figure I.1
The long-term trend in foreign direct investment remains weak
FDI, trade and GDP trends
(Indexed, 2010 = 100)



Source: UNCTAD, based on International Monetary Fund for GDP and trade.

Note: GDP is at current prices; trade is value of goods and services exports.

Abbreviations: FDI, foreign direct investment; GDP, gross domestic product.

a. Trends by level of development

FDI trends in 2025 diverged across country groups. The year-on-year increase was concentrated in developed economies, where inflows rose by 11 per cent to $723 billion, largely reflecting a rebound in a few large host economies and increased flows through financial centres. Despite this increase, flows to developed economies remained 13 per cent below their average over the previous 15 years. By contrast, flows to developing economies increased by 2 per cent to just above $901 billion, but stood 23 per cent above their 15-year average.

Because a few developing economies are high-income countries (box I.1), a breakdown by income group provides further insight into the distribution of FDI growth in 2025 (figure I.2). The increase was driven mainly by high-income economies, where inflows rose from $1 trillion to more than $1.1 trillion. This reflected higher inflows to developed countries as well as the continued attractiveness of a small number of high-income developing economies that host large-scale projects and financial flows (e.g. Hong Kong (China), Singapore and the United Arab Emirates together account for more than one third of developing-economy inflows). Inflows to upper-middle-income economies remained largely unchanged, while those to lower-middle-income economies declined by 5 per cent. Flows to low-income countries grew by 10 per cent, though from a low level. These patterns suggest that the 2025 increase was concentrated in economies with stronger capacity to attract large-scale and strategic investment. This concentration reflects the growing importance of the capital- and technology-intensive high-technology and digital infrastructure sectors, as well as the role of industrial policies in major economies (see chapter III).

Box I.1
Investment data and country classifications used in this report

Investment data

UNCTAD reports international investment trends based on foreign direct investment (FDI) statistics – stocks and flows, inward and outward – provided by Member States, as well as data on three types of investment projects:

- Cross-border mergers and acquisitions (M&As): Transactions that directly affect FDI flows.
- Greenfield projects: Announcement-based data that reflect investment intentions in the reporting year and signal directional FDI trends ahead. These projects mostly occur in industrial sectors.
- International project finance (IPF) deals: Large-scale projects involving multiple investors and containing a significant debt component. These projects mostly occur in infrastructure sectors.

The data on the three types of projects are treated separately and are used as complementary information to explain productive FDI trends. They are statistically distinct from FDI data based on the balance of payments. For example, greenfield project announcements include estimates for projected capital expenditures in the future, not actual financial flows in the reporting year. Likewise, only a part of IPF values translates into FDI.

Project data are sourced from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) for greenfield projects and from LSEG Data & Analytics for M&As and IPF. Full details on statistical methods and sources of data for each country can be found in the online-only methodological notes published with each *World Investment Report*.

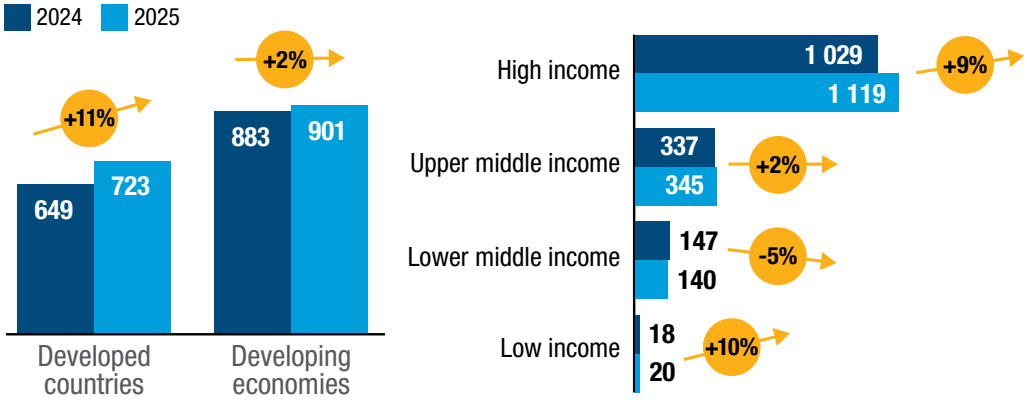
Country classifications

This report uses the United Nations country classification to define geographical regions and the groups of developed and developing economies, as well as the groups of least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing states (SIDS). It also uses income groups, following the World Bank classification of economies by income level, where necessary for greater analytical clarity (e.g. as the United Nations group of developing countries includes several high-income economies such as Hong Kong (China), Singapore and the United Arab Emirates, that attract a disproportionate share of FDI).

Source: UNCTAD.

Figure I.2
Growth in foreign direct investment is concentrated in developed economies

Inflows by development level and by income level
(Billions of dollars and percentage change)



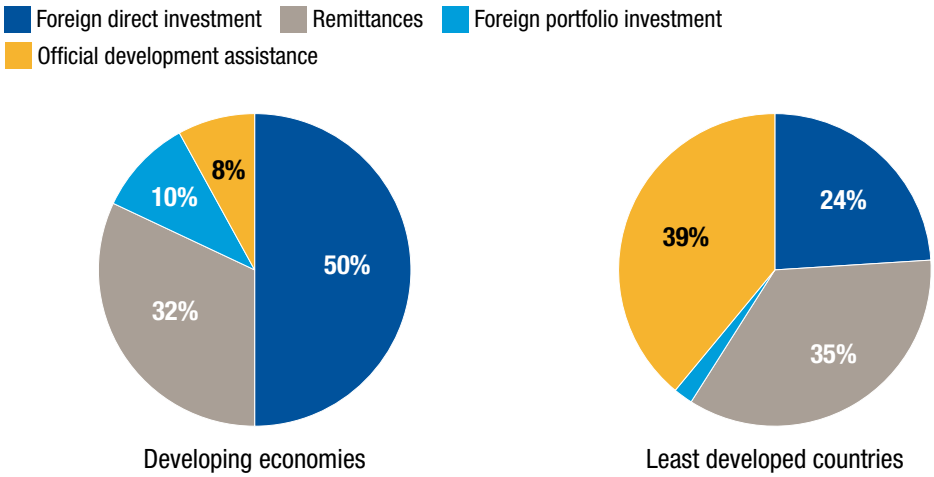
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Note: Income groups based on the World Bank 2025 income classification.

FDI remains a critical source of external finance for developing economies (figure I.3). In 2025, it accounted for about 50 per cent of their total external financing, making it the largest source – ahead of remittances, official development assistance and portfolio flows. In least developed countries (LDCs), however, FDI accounts for less than 25 per cent of total external finance and portfolio investment remains negligible. Yet, regardless of its relative importance by income group, FDI plays a distinct role in development because of its links to productive investment, technology transfer and integration into global value chains (GVCs).

Figure I.3
Foreign direct investment remains a critical part of external finance for developing economies

Shares across categories of external financial flows, 2025
(Percentage)



Sources: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), International Monetary Fund balance-of-payments statistics, World Bank KNOMAD (Global Knowledge Partnership on Migration and Development) database and Organisation for Economic Co-operation and Development.

b. Top recipients

FDI inflows in 2025 remained highly concentrated among a relatively small number of host economies. The top 20 recipients accounted for more than 80 per cent of global FDI inflows. Developing economies represented half of the economies in the top 20 ranking (figure I.4), underscoring their continued importance as destinations for FDI.

The United States retained its position as the largest recipient, with inflows broadly stable at $277 billion, reflecting continued strength in technology-intensive sectors and large-scale projects. Other major recipients included Singapore, Hong Kong (China) and China, in that order, although inflows to China declined, continuing a downward trend linked to economic restructuring and shifts in GVCs.

The composition of top recipient economies shifted modestly in 2025. The United Kingdom replaced Egypt, reducing the number of developing economies in the list from 11 to 10. At the same time, a number of large emerging economies maintained or strengthened their positions among top recipients. Inflows to Brazil rose sharply, supported by investment in renewable energy and natural resources, while India and Mexico continued to attract investment in services, manufacturing and supply chain reconfiguration. The United Arab Emirates also maintained a high level of inflows.

Within top recipients, changes in country rankings are often driven by a limited number of transactions, particularly in financial centres and investment hubs, rather than broad-based changes in productive capacity. Data on investment project activity reinforce this picture: the leading hosts for greenfield investment and international project finance (IPF) are large economies and those pursuing active industrial policies.

c. Trends by investment modalities

While not directly comparable to FDI flows (see box I.1), data on cross-border merger and acquisition (M&A) deals, announced greenfield projects and IPF provide additional information on the direction, geographical breakdown and prospects of FDI. These data show that international investment activity remained fragile in 2025.

Developing economies make up **half of the top 20 ranking**

Cross-border M&A values declined by 7 per cent, despite strong growth in domestic deal-making. After a weak performance in 2024, M&A activity remained sensitive to financing conditions, valuations and regulatory scrutiny, and was concentrated in a limited number of sectors, including energy, technology and critical minerals. Megadeals and corporate reorganizations continued to contribute to volatility in FDI flows.

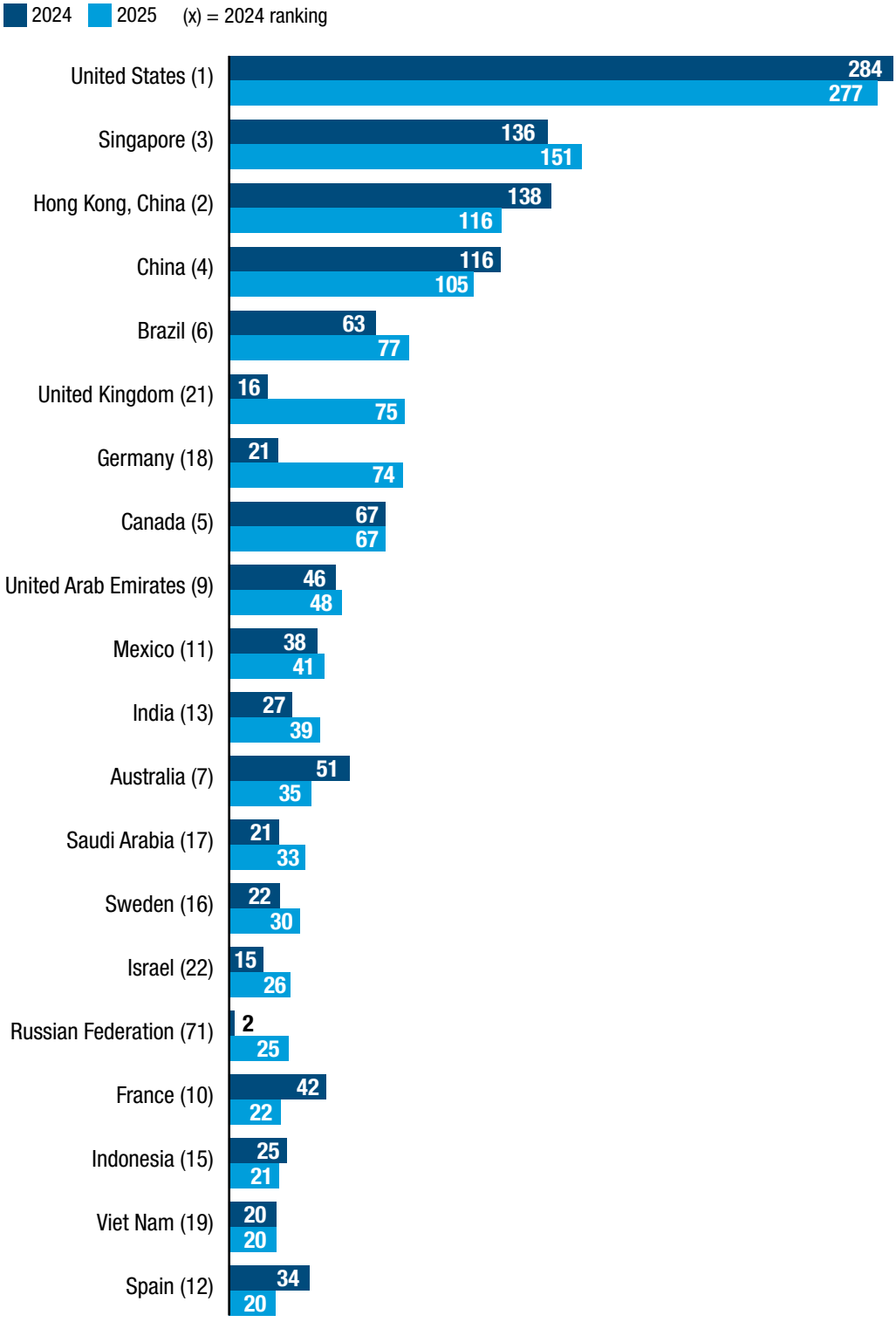
The value of announced greenfield projects remained close to the high level recorded in 2024 but was supported mainly by megaprojects in developed economies and in a narrow set of capital- and technology-intensive sectors. Growth in announced values was driven largely by digital infrastructure, particularly data centres, and to a lesser extent by semiconductors, oil and gas, and selected non-digital infrastructure activities. By contrast, many other sectors recorded weak or declining activity, among them renewable energy, GVC-intensive manufacturing industries[2] and several basic infrastructure sectors (see section C).

After three consecutive years of decline, the downturn in IPF came to a halt but the recovery was limited. While global IPF values rose by 3 per cent, they remained about 25 per cent below their 2021 peak and the number of IPF deals declined slightly. The weakness in deal numbers points to continued constraints on capital-intensive infrastructure and energy projects, especially where high financing costs, long gestation periods and trade policy uncertainty weigh on project implementation.

[2] GVC-intensive manufacturing industries are industries with a high share of foreign value added in gross exports. They include high-technology (automotive, electronics, and machinery and equipment) and low-technology (textiles) industries (UNCTAD, 2020).

Figure I.4
Developing economies represent half of the top 20 recipients of foreign direct investment

Inflows, top 20 host economies
(Billions of dollars)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

2. Foreign direct investment outflows

Global FDI outflows remained concentrated among a relatively small number of home economies in 2025. The top five home economies were unchanged from 2024 and accounted for almost half of global outflows. The United States remained the largest source of FDI, followed by Japan and China. The ranking confirms the continued importance of large MNEs from advanced economies, while also showing the growing roles of Asian and Gulf-based investors (figure I.5).

Developed economies continued to be the largest sources of global investment capital, as the United States, Japan and major European economies are home to many of the world's largest MNEs, which are supported by deep capital markets, extensive networks of foreign affiliates and high levels of reinvested earnings. Together, developed economies account for nearly two thirds of outward FDI flows over the past five years and about three quarters of global outward FDI stock. These flows, however, remain volatile, especially in Europe, where intra-firm financing, corporate restructurings and transactions involving financial centres can produce large year-to-year swings.

United States MNEs retained their position as the largest outward investor group, supported by the scale of existing foreign affiliate networks and retained earnings abroad. At the same time, project data suggest a more selective pattern of new international expansion. Though the number of overseas greenfield projects announced by United States MNEs has declined in recent years, their value in 2025 remained high, at $250 billion, reflecting large commitments in digital services, advanced manufacturing, energy, health care and financial services. Outward investment from the United States is also increasingly shaped by strategic considerations, including through policy support from institutions such as the International Development Finance Corporation, with a focus on infrastructure, the energy transition and strategic supply chains.

Japan remained the second largest source of FDI, despite a slight decline in outflows. Japanese firms continued to invest abroad in manufacturing, infrastructure and services, supported by long-standing internationalization strategies.

Outward FDI from European economies remained significant but volatile in 2025. Major economies such as France, Germany and the United Kingdom continue to host globally active MNEs, but outward flows are often influenced by corporate restructuring, intra-firm financing and transactions involving financial centres, contributing to pronounced year-to-year variability. Beyond these financial effects, European outward investment is increasingly shaped by strategic objectives, with greater emphasis on supply chain resilience, energy security and access to critical raw materials. Renewable energy MNEs remain an important part of this outward investment profile.[3] Policy initiatives, including the Global Gateway of the European Union, have reinforced this trend by supporting investment in infrastructure, energy, digital connectivity and raw materials in partner countries.

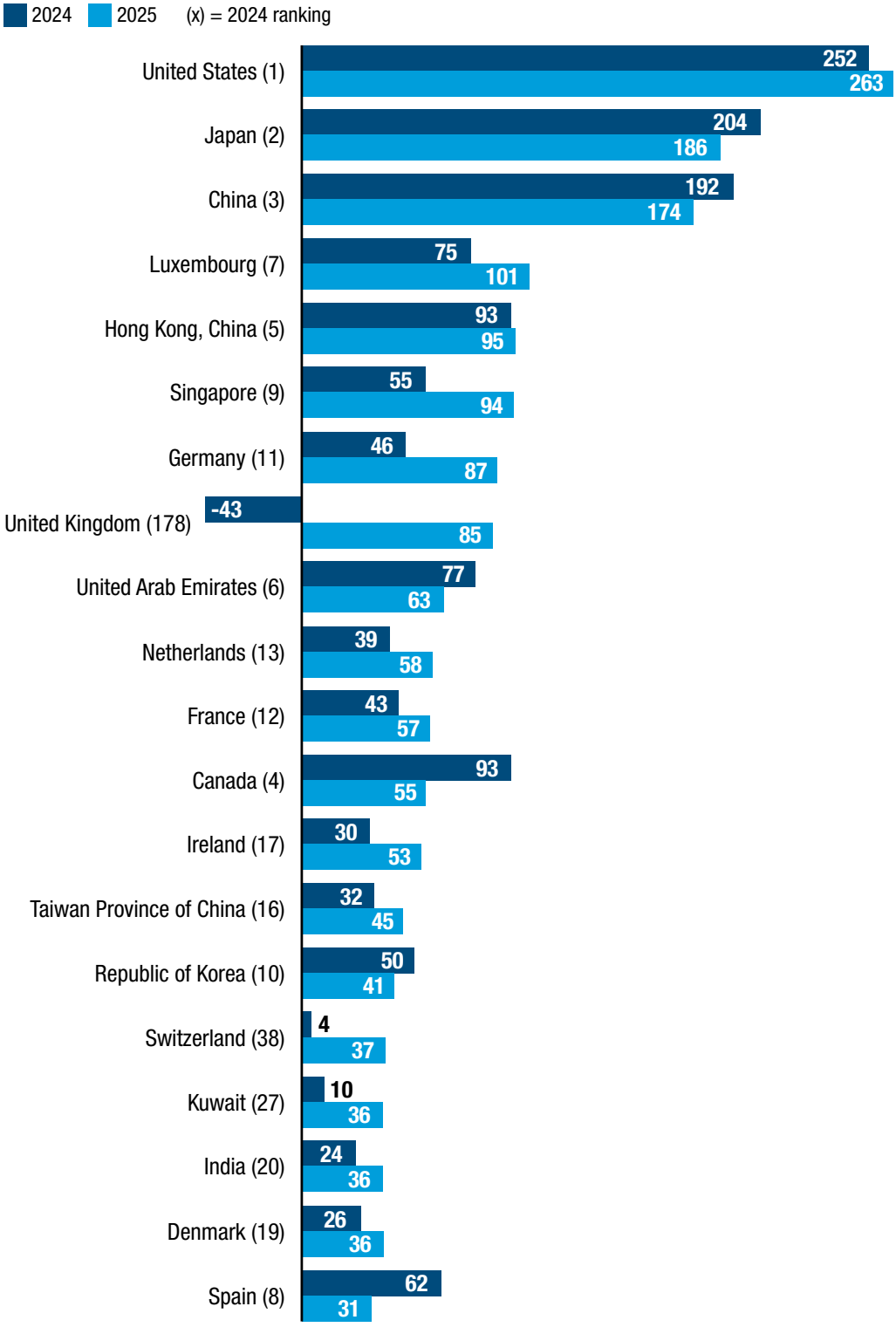
Developed economies remain **largest sources of investment capital**

Developing Asia has become an increasingly important source of global capital, accounting for one third of global FDI outflows in 2025. China, Hong Kong (China), Singapore and the United Arab Emirates were among the top 10 outward investors. China remained the third largest source of FDI, despite a decline in recorded outflows. Its outward investment has become more targeted, with greater emphasis on greenfield projects, manufacturing, energy,

[3] For example, Iberdrola (Spain), through its United States subsidiary Avangrid, has announced plans to invest more than $20 billion in electricity grid infrastructure and renewable energy in the United States by 2030. It also plans to invest nearly $4 billion in electricity networks and offshore wind in the United Kingdom, through its subsidiary ScottishPower.

Figure I.5
The ranking of home economies for foreign direct investment was largely unchanged

Outflows, top 20 home economies
(Billions of dollars)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

infrastructure and critical raw materials, often in developing economies and along South–South investment corridors.

The Gulf Cooperation Council (GCC) economies have also become more prominent outward investors, including through sovereign wealth funds (SWFs) and State-owned enterprises (SOEs). The United Arab Emirates remained one of the leading outward investors in 2025, ranked 9th in the top 20 home economies, and Kuwait entered the ranking. Although Saudi Arabia dropped out of the top 20, it remained an important source of IPF. The 2026 conflict in the Middle East, extending beyond Iran and affecting the wider West Asia region, is likely to weigh on investment (box I.2; Asian Development Bank, 2026).

3. Prospects

Global FDI prospects for 2026 and beyond remain uncertain, with macroeconomic conditions remaining a central source of weakness. Slower GDP growth and uncertain trade policy are likely to dampen the expansion of international production networks (table I.1). Geopolitical tensions, conflicts and persistent uncertainty about trade policy further complicate investment decisions, encouraging firms to delay or scale back commitments.

Table I.1
Key indicators for foreign direct investment prospects

Indicator	2025 actual	2026 forecast or latest available
Gross domestic product growth (%)	3.4	3.1
Gross fixed capital formation (%)	3.0	3.0
Trade (%)	5.1	2.8
Inflation outlook (%)	4.1	4.4
Short-term interest rate[a]	3.2	2.8
Foreign exchange volatility	8.0	6.8
Stock market volatility index	18.9	16.9
Commodity/energy price index	98.4	139.8
Purchasing managers' index	49.2	51.7
Geopolitical risk index	145.1	230.8

Sources: UNCTAD, based on International Monetary Fund for gross domestic product growth, gross fixed capital formation, trade, inflation outlook and short-term interest rate; World Bank for commodity/energy price index; and www.matteoiacoviello.com/gpr.htm for Geopolitical Risk Index.

Notes: Purchasing managers' index is the average for China, the United States and the Eurozone. Trade is exports of goods and services. Foreign exchange rate volatility is from the Deutsche Bank FX Volatility Index. The stock market volatility index is the Chicago Board Options Exchange Volatility Index.

[a] Applied to advanced economies, which are the 43 economies defined by the World Economic Outlook of the International Monetary Fund.

There are some mitigating factors, most notably a stable outlook for gross fixed capital formation and signs of moderating interest rates and foreign exchange volatility, but these positive signals are fragile. Downside risks remain significant, including as a result of the conflict in the Middle East. Increases in energy and commodity prices could reverse recent gains in inflation control, delay monetary easing and disproportionately constrain capital-intensive investments. In this context, the fragile growth in international investment observed in 2025 may be difficult to sustain.

Box I.2
Implications of the conflict in the Middle East for global foreign direct investment

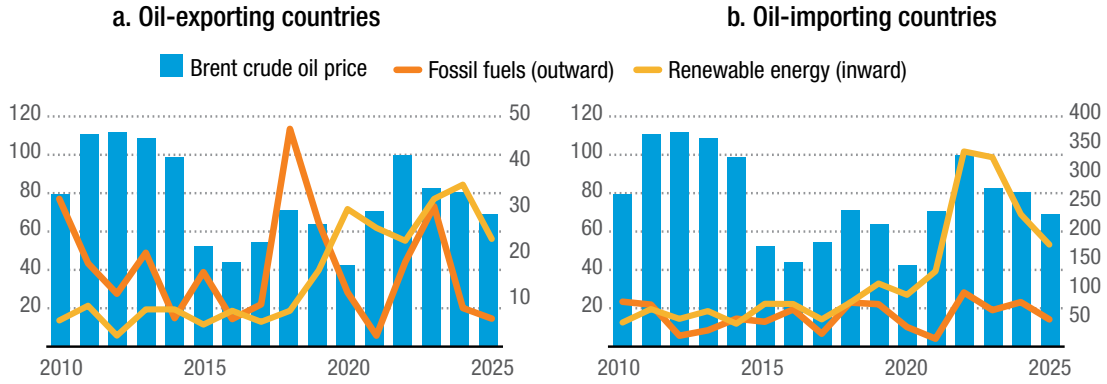
The escalation of the conflict in the Middle East in 2026 constitutes a major adverse shock to the global investment environment, exerting downward pressure on FDI through higher costs, greater uncertainty and tighter financial conditions.

Within the region, heightened security risks, disruptions to transport and logistics, and rising insurance and operating costs are leading to the suspension, delay or cancellation of many ongoing and planned investment projects. Capital-intensive investment – particularly in infrastructure, energy and industrial activities – is the most exposed.

Beyond the region, disruptions to key maritime routes have increased transport costs and reduced the reliability of global supply chains, while higher oil and gas prices are feeding into inflationary pressures worldwide. The conflict is also reinforcing structural shifts in global energy systems. Periods of high oil prices are associated with a dual investment response across both oil-importing and oil-exporting countries: (i) an increase in fossil fuel investment alongside (ii) stronger investment in renewable energy (box figure I.2.1). This reflects the coexistence of short-term energy security concerns and longer-term decarbonization objectives, implying a more complex allocation of capital and a gradual reorientation of FDI towards energy transition sectors.

Box figure I.2.1
Investment patterns point to a dual response to rising oil prices across oil-importing and oil-exporting countries

Brent crude oil prices and greenfield investment, by selected sectors
(Average dollars per barrel and billions of dollars)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and World Bank Commodity Price Data.

Note: Oil-exporting countries are defined as those with a positive petroleum trade balance, and oil-importing countries are defined as those with a negative petroleum trade balance. Petroleum trade balance is calculated using the World Bank's World Integrated Trade Solution Data.

The impact of the shock is uneven across countries: fuel-importing and financially constrained economies are particularly exposed because of higher energy costs and tighter external financing conditions. In these economies, FDI is likely to be affected primarily through weaker project pipelines and delays in implementation.

The conflict also has implications for major outward investors in the region, particularly in the Gulf, which may focus on domestic needs and adopt a more cautious approach to new cross-border commitments, a shift already visible in delayed or cancelled M&A deals.[a]

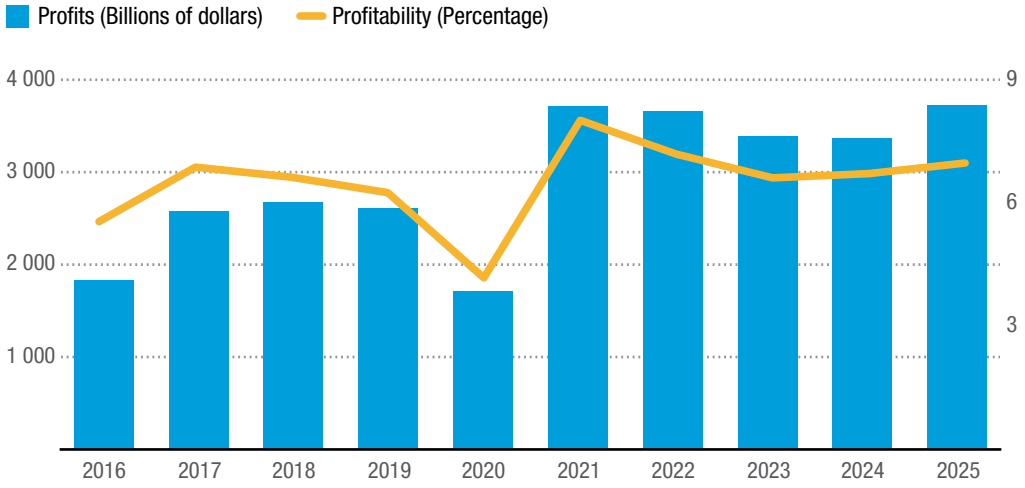
Overall, the conflict is likely to depress global FDI in the near term and contribute to a more selective and uneven recovery, favouring locations with greater macroeconomic stability, lower geopolitical risk and more resilient infrastructure.

Source: UNCTAD.

[a] See *The Financial Times*, How the Iran war put billions of Gulf-backed dealmaking in doubt, 11 May 2026.

At the firm level, the outlook is more nuanced. Large MNEs continue to report strong profits, indicating that they retain substantial financial capacity to invest (figure I.6). However, declining overall rates of return on FDI point to weaker incentives for the broader population of firms (table I.2). This divergence suggests a growing concentration of international production, with value creation and profitability becoming more narrowly distributed among a small group of dominant players in strategic sectors (see chapter III).

Figure I.6
The profits of the largest multinational enterprises increased
Profits and profitability levels, 2016–2025



Source: UNCTAD, based on data from LSEG Data & Analytics.

Notes: Covers 4,193 MNEs for which data were available for every year in the range. Profitability is calculated as the ratio of net income to total sales.

Table I.2
Rates of return on foreign direct investment
(Billions of dollars at current prices and percentage)

Item	1990–1999	2000–2009	2010–2019	2022	2023	2024	2025
FDI inward stock	3 824	11 896	27 935	43 703	47 715	50 526	57 834
FDI outward stock	4 075	12 282	27 427	35 776	38 254	39 493	46 022
Income on inward FDI[a]	163	788	1 923	3 904	3 980	3 834	3 257
Rate of return on inward FDI[b]	5.8	7.4	8.0	10.8	10.7	10.2	7.0
Income on outward FDI[a]	206	842	1 879	3 860	3 878	3 780	3 175
Rate of return on outward FDI[b]	7.7	8.1	7.4	10.2	10.2	9.7	7.1

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Note: Data for 1990–1999, 2000–2009 and 2010–2019 are averages.

[a] Based on data from 187 countries for income on inward FDI and 167 countries for income on outward FDI in 2025, in both cases representing more than 90 per cent of global inward and outward stocks.

[b] Calculated only for countries with both FDI income and stock data. The stock is measured in book value.

Abbreviation: FDI, foreign direct investment.

At the regional level, the outlook for FDI in developed economies remains mixed, although underlying drivers differ across regions and countries. FDI will remain volatile as long as conduit flows and intra-firm financial transactions dominate changes in the aggregate. Financial market analysts broadly expect a gradual recovery in M&A activity in 2026, led by an easing of financing conditions and a normalization of valuations. Strong deal pipelines are supported by high levels of corporate cash and private equity "dry powder", with activity likely to be concentrated in technology, energy, healthcare and industrial restructuring.[4] At the same time, transactions are expected to remain selective, reflecting continued scrutiny of investment in sensitive sectors and geopolitical considerations (see chapters II and III).

In developing regions, the picture is mixed and often more uncertain. Africa shows encouraging signs through rising numbers of greenfield project announcements, pointing to sustained investor interest and a potentially strengthening project pipeline. Major initiatives in energy infrastructure underscore both the scale of investment needs and the opportunities linked to the energy transition. Yet, declining numbers of IPF deals and the continued concentration of inflows in a limited number of countries highlight persistent challenges. In developing Asia, mounting pressures from geopolitical and trade tensions, and rising energy costs could delay or deter investment. In Latin America and the Caribbean, the recent decline in greenfield activity signals ongoing investor caution. Prospects will depend on each region's ability to translate its advantages, including abundant natural resources and nearshoring opportunities, into more diversified and stable investment flows.

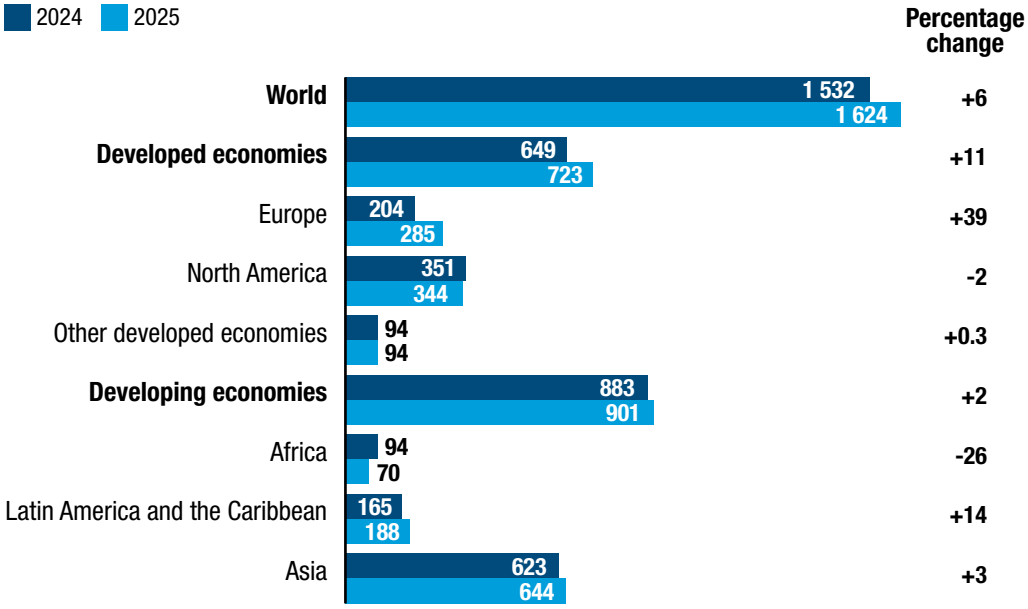
[4] Goldman Sachs, M&A volume expected to surge this year despite economic uncertainty, 24 April 2026, available at https://www.goldmansachs.com/insights/articles/ma-volume-expected-to-surge-this-year-despite-economic-uncertainty.

B. Regional trends

FDI flows rose in developed economies in 2025 and remained broadly stable in developing economies. The global increase was driven mainly by Europe, where inflows were affected by movements through financial centres and investment hubs as well as stronger investment in several large host economies. Developing Asia remained the largest recipient region with a small increase in inflows, while Latin America benefited from strong investment in commodities and energy transition sectors. Despite experiencing a decline from 2024, Africa recorded its third-highest FDI inflows.

FDI trends in 2025 varied significantly across regions (figure I.7). The global increase was driven mostly by a sharp rise in Europe, while most other regions experienced more moderate changes. Regional trends continued to be influenced by large transactions, financial centre effects and the concentration of investment in a limited number of economies and sectors. Project and transaction data also point to selective investment activity, with large projects concentrated in strategic sectors, including digital infrastructure, energy, semiconductors and selected manufacturing industries.

Figure I.7
Global foreign direct investment growth driven by Europe
Inflows by economy grouping and region
(Billions of dollars and percentage change)

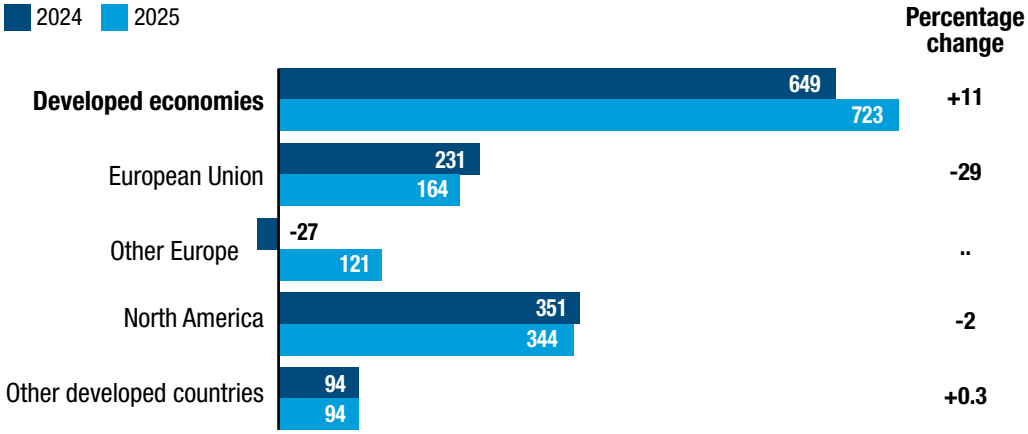


Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

1. Developed economies

FDI inflows to developed economies rose by 11 per cent in 2025, to about $723 billion (figure I.8). The increase was concentrated in Europe, while flows to North America and other developed economies remained broadly stable.

Figure I.8
Developed economies: Stable inflows mask diverging trends
Inflows by economy grouping and region
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

a. Trends by geography

i. Europe

FDI inflows to Europe increased by 39 per cent, to $285 billion (see figure I.7). The regional aggregate continued to be shaped by large movements through financial centres and investment hubs, including in economies in which FDI flows often reflect intra-firm financing, corporate restructuring and conduit flows rather than new productive investment. Outside the European Union, the United Kingdom saw strong inflows and active M&A and greenfield investment, with pronounced financial centre effects, reflecting its dual role as a large market and an investment hub. Switzerland also recorded large swings driven by financial flows.

Within the European Union, several countries recorded higher inflows, supported by cross-border M&A activity and large investment projects. Germany recorded a substantial increase, with inflows rising from $21 billion to $74 billion. Large M&A transactions were announced, including the acquisition of Schenker by DSV (Denmark) and the acquisition of Covestro by ADNOC (United Arab Emirates). Greenfield project values remained significant, although project numbers declined. Sweden also recorded a significant increase in inflows, reflecting large transactions and investment in advanced manufacturing, technology and energy-related activities. France recorded inflows of $22 billion, almost 50 per cent lower than in 2024. However, the country became the second-largest destination for greenfield projects by value in Europe, with more than $90 billion announced, compared with less than $30 billion in 2024. These announcements included two large projects for artificial intelligence (AI) campuses: the $43 billion project by MGX (United Arab Emirates) and the $16 billion project by Brookfield Asset Management (Canada).

In Eastern Europe, economies closely integrated with European Union markets or with accession prospects continued to benefit from supply chain linkages and policy harmonization and compatibility efforts. FDI flows to European Union accession candidates doubled in 2020–2025 compared with the previous decade. The Russian Federation recorded a sizeable increase in inflows despite very limited new project activity and ongoing restrictive economic measures. The rise likely reflected reinvested earnings under restrictions on profit repatriation, corporate restructuring and other financial flow effects, rather than new greenfield or project-based investment (IIF, 2025).

ii. North America

FDI inflows to North America remained broadly stable, declining slightly from about $350 billion to $344 billion (see figure I.8). Inflows to the region were supported by continued investment in strategic industries, but uncertainty related to trade policy weighed on some investment decisions, particularly in supply chain–intensive industries.

The United States remained the largest host economy globally, with inflows reaching $277 billion. The value of announced greenfield projects increased by 30 per cent, confirming the role of the United States as a leading destination for strategic manufacturing, clean energy and digital infrastructure. However, the number of projects declined by more than 10 per cent, pointing to a concentration of investment in fewer, larger projects. M&A activity in the United States remained the highest in the world, although values declined from 2024.

Canada recorded broadly stable inflows, with investment activity concentrated in energy, critical minerals and infrastructure-related sectors. The investment environment was affected by the uncertainty surrounding the forthcoming review of the United States–Mexico–Canada Agreement, which underpins integrated regional supply chains. The value of GVC-intensive manufacturing industries projects announced in Canada more than halved, driven primarily by shifts in the automotive industry.

iii. Other developed economies

FDI flows to other developed economies remained broadly stable (see figure I.8). Japan and Australia remained major recipients, supported by investment in manufacturing, services, energy and infrastructure. In the Republic of Korea, activity concentrated in fewer but larger investments, particularly in the digital economy. These included a $10 billion data centre investment by Fir Hills (United States).

b. Projects, sectors and source-country patterns

Project and transaction data indicate that investment activity in developed economies became more selective in 2025. Announced greenfield project values rose from about $715 billion to $850 billion, even as project numbers fell by 15 per cent. This points to fewer but larger projects, concentrated in capital- and technology-intensive industries such as semiconductors, data centres, clean energy, batteries and advanced manufacturing – those primarily targeted by industrial policies (see chapter III) (table I.3). The United States remained the largest destination for greenfield projects by value, followed by France, the United Kingdom, Australia and Spain.

United States: **largest host economy**

Cross-border M&As continued to play a larger role in developed economies than in developing regions. Net M&A sales declined from about $430 billion to $400 billion, but remained high. The United States accounted for the largest share, followed by Germany, the United Kingdom and Canada. Deal activity was supported by deep capital markets and corporate restructuring, but constrained by financing costs, valuation uncertainty and increased scrutiny of transactions in strategic sectors.

Table I.3
Developed economies: Top 10 greenfield projects announced in 2025, by value

Host economy	Home economy	Sector segment	Parent company	Estimated capital expenditure (Billions of dollars)
United States	Taiwan Province of China	Semiconductors	Taiwan Semiconductor Manufacturing	100.0
France	United Arab Emirates	Digital infrastructure/ data centre	MGX Fund Management	43.4
United States	Spain	Renewable energy	Iberdrola	20.0
United States	Australia	Coal, oil and gas	Woodside Energy (Woodside Petroleum)	17.5
France	Canada	Digital infrastructure/ data centre	Brookfield Asset Management	16.3
Republic of Korea	United States	Digital infrastructure/ data centre	Stock Farm Road	10.0
Sweden	Canada	Digital infrastructure/ data centre	Brookfield Asset Management	9.8
Japan	United States	Semiconductors	Micron Technology	9.6
Australia	New Zealand	Renewable energy	Taslink	6.9
United States	Republic of Korea	Metals	Hyundai Motor	5.8

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com).

There were several notable divestments in Europe and North America, including the spin-off by Holcim (Switzerland) of its North American business to domestic shareholders for $29 billion and the $12 billion merger in the United Kingdom between Three UK – owned by CK Hutchison Group Telecom Holdings (Hong Kong (China)) – and Vodafone.

IPF in developed economies weakened in 2025. Deal values declined from almost $630 billion to less than $560 billion, and deal numbers fell by 6 per cent. The decline was visible in both Europe and North America and reflected tighter financing conditions, higher capital costs and a more selective approach to large infrastructure and energy projects, including in clean energy and industrial decarbonization.

Strategic industries remained central to investment trends in developed economies. Semiconductor projects continued to mobilize exceptionally large capital expenditure, supported by public incentives in the United States and Europe. Data centres were also among the main drivers of megaproject investment, linking digital infrastructure investment to electricity demand, grid capacity and corporate procurement of clean power. These trends are reflected in the list of the largest greenfield projects announced in 2025, which is dominated by semiconductors, AI infrastructure, data centres, clean energy and other capital-intensive activities.

Established transatlantic investment links remained important, and Europe remained the primary destination for United States outward FDI, while European firms remained the largest source of FDI in the United States (Hamilton et al., 2026). The European Union accounted for about 45 per cent of inward stock in the United States and 40 per cent of outward FDI stock from the United States. Conversely, the United States accounted for 27 per cent of inward FDI stock in the European Union and 24 per cent of outward FDI stock from the European Union. These large stocks explain why developments in transatlantic financial markets, interest rates, industrial policy and regulation have an outsized impact on FDI flows in both directions.

Asian technology firms also remained important sources of investment in strategic industries, particularly semiconductors, batteries, automotive and advanced manufacturing (Kratz et al., 2025). Investment from China in Europe stayed below the 2017 peak and shifted towards targeted greenfield projects, especially in electric vehicles, batteries and selected industrial assets, with Hungary emerging as a key destination. Investors from Japan, Taiwan Province of China and the Republic of Korea continued to support advanced manufacturing and semiconductor projects in both Europe and North America. Capital from Gulf economies, including through SWFs and State-linked investors, also remained relevant, particularly in infrastructure, energy, real estate, technology and private markets (ICEX-Invest in Spain and IE Business School, 2024).

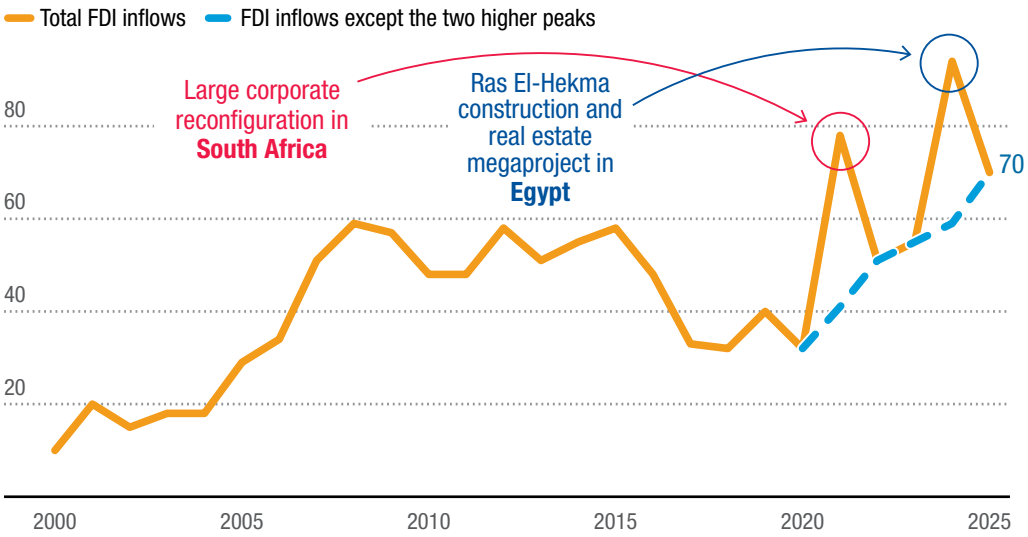
2. Developing economies

FDI flows to developing economies increased by 2 per cent in 2025. Developing Asia remained the largest recipient region, with a small increase in inflows, while Latin America benefited from strong investment in commodities and in energy transition sectors. Despite a decline from 2024, Africa recorded its third-highest level of FDI inflows since 1990.

a. Africa

FDI inflows to Africa declined in 2025 from the exceptional level of $94 billion recorded in 2024 but remained historically strong at $70 billion. The 2024 total had been lifted by a small number of unusually large transactions, notably the Ras El-Hekma construction and real estate megaproject in Egypt. Despite the decline, inflows to the region were about a third above the average for 2010–2024 and reached the third-highest level in 25 years. Excluding the exceptional peaks associated with large one-off transactions in South Africa in 2021(UNCTAD, 2022) and Egypt in 2024, the 2025 inflows represent the strongest performance in recent decades (figure I.9).

Figure I.9
After adjusting for exceptional peaks, Africa recorded its strongest performance in recent decades
Foreign direct investment inflows in Africa, 2000–2025
(Billions of dollars)

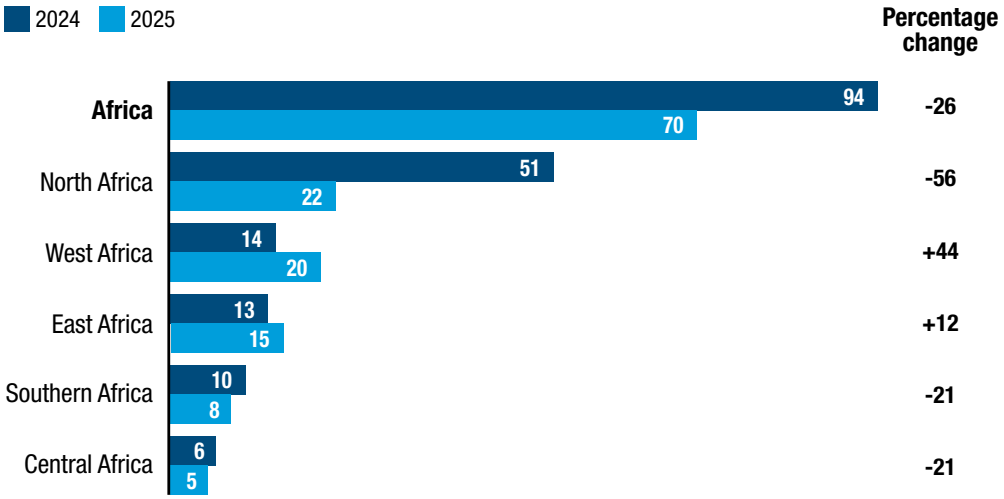


Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

i. Subregional trends

Subregional trends reflected both underlying investment conditions and the effect of large one-off transactions. In North Africa, inflows fell from the exceptional level recorded in 2024, while in West, Southern and East Africa several economies recorded stronger inflows, supported mainly by investment in minerals, hydrocarbons, energy infrastructure and selected manufacturing activities (figure I.10).

Figure I.10
Trends in Africa reflected a decline from an exceptional 2024
Foreign direct investment inflows by subregion
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

North Africa

FDI inflows in North Africa declined by 56 per cent, from about $51 billion in 2024 to $22 billion in 2025, mainly because of the high base created by the Ras El-Hekma megaproject in Egypt. That country remained the largest recipient of FDI in Africa in 2025, with inflows of about $15 billion. Excluding the megaproject transaction in 2024, underlying inflows to Egypt increased by about one fourth, supported by the Alam El-Roum deal, which was valued at $3.5 billion.[5] Morocco recorded FDI inflows of about $3.3 billion, supported by continued diversification into manufacturing and automotive sectors.

West Africa

FDI inflows rose in several West African economies, supported mainly by investment in natural resources and energy. Inflows to Guinea increased more than fivefold to about $8 billion, driven by mining projects in bauxite and iron ore and reinforcing the country's growing role in global mineral supply chains. Inflows to Nigeria rose to about $4 billion, supported mainly by oil and gas–related IPF deals, including a major project valued at about $2 billion.

Central Africa

FDI inflows in Central Africa decreased by 21 per cent, from about $6 billion in 2024 to $4.8 billion in 2025. They remained closely linked to natural resources, particularly hydrocarbons and minerals. They are dominated by the Democratic Republic of Congo, where FDI inflows declined from about $3 billion in 2024 to almost $2 billion in 2025.

[5] See Central Bank of Egypt (2026), Balance of payments performance during the first half of FY 2025/2026, Press Release, available at https://www.cbe.org.eg/-/media/project/cbe/page-content/rich-text/bop/july-december-2025/press-release-balance-of-payments-performance-in-the-first-half-of-fy-2025-2026.pdf.

East Africa

FDI inflows in East Africa were supported by continued investment in large projects and by activity in several LDCs. Ethiopia maintained inflows of about $4 billion and recorded a significant increase in greenfield investment projects. Uganda remained among the leading FDI recipients in African LDCs, with inflows reaching $3.4 billion, supported by investment in oil refining and battery storage.

Southern Africa

FDI trends in Southern Africa were mixed. Mozambique's inflows rose strongly to about $6 billion, largely linked to projects in hydrocarbons and liquefied natural gas. Angola returned to positive inflows of about $1.1 billion, following negative flows in the previous year, supported by renewed activity in oil and gas. By contrast, South Africa recorded negative inflows of about $2.3 billion, primarily as a result of intracompany financial flows, profit repatriation and M&A transactions. Nevertheless, the country remained an important destination for announced projects in manufacturing, energy and services.

ii. Projects, sectors and source-country patterns

Project and transaction data point to active but selective investor engagement in Africa. Greenfield project values declined by almost one third in 2025, while the number of announced projects increased. This suggests a shift away from the megaproject-driven pattern of the previous year towards a broader set of smaller projects. The top 10 greenfield projects announced nevertheless still accounted for roughly 40 per cent of total announced greenfield value, underscoring the continued concentration of investment in a limited number of large projects and host economies (table I.4).

Table I.4
Africa: Top 10 greenfield projects announced in 2025, by value

Host economy	Home economy	Sector segment	Parent company	Estimated capital expenditure (Billions of dollars)
Ghana	Qatar	Chemicals	Al Jedad Holding	5.0
Uganda	United Arab Emirates	Coal, oil and gas	Alpha MBM Investments	4.0
Mauritania	Germany	Renewable energy	Möhring Energie Group	3.1
Ethiopia	Nigeria	Chemicals	Dangote Group	3.0
Ethiopia	Hong Kong, China	Coal, oil and gas	Golden Concord Holdings	2.5
Angola	France	Coal, oil and gas	TotalEnergies	2.5
Angola	United Kingdom	Coal, oil and gas	BP	2.5
Morocco	Netherlands	Automotive OEM	Stellantis	1.5
Zambia	China	Coal, oil and gas	Fujian Xiang Xin Group	1.1
Democratic Republic of the Congo	China	Metals	CMOC Group	1.1

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com).
Abbreviation: OEM, original equipment manufacturing.

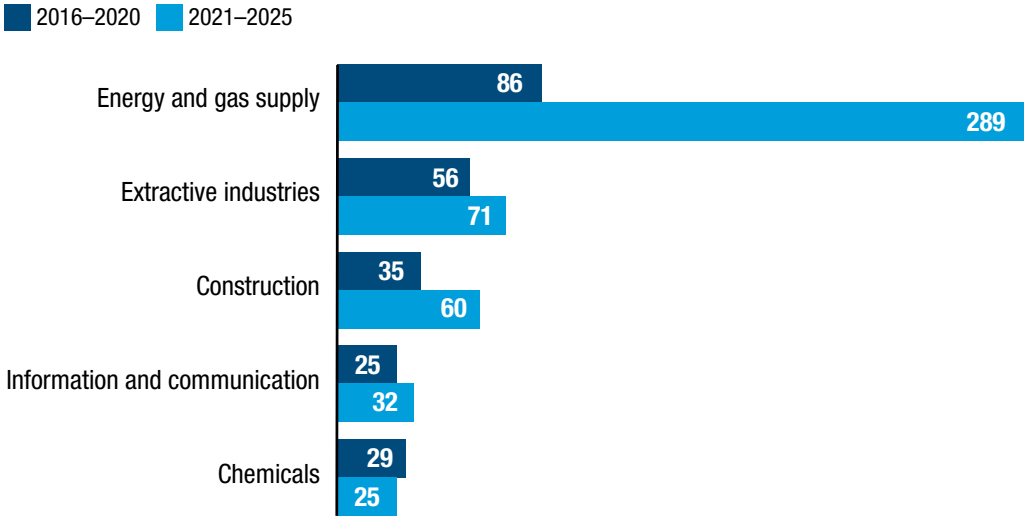
Cross-border M&A activity in Africa remained subdued and negative overall, indicating net divestments rather than new acquisitions. The region's M&A market remains structurally small compared with other regions. In South Africa, transactions included the spinoff and listing of Valterra Platinum by Anglo

American (United Kingdom) and the acquisition of MultiChoice by Canal+ (France). In Nigeria, deals included the sale of Shell's onshore oil assets to the Nigerian consortium Renaissance Africa Energy and the acquisition of Lafarge Africa by Huaxin Cement (China).

IPF deal values increased by almost one fourth, supported by a few large transactions, but the number of deals fell by more than 20 per cent. This points to continuing difficulties in structuring and financing large, capital-intensive projects under tight financing conditions. The top 10 projects accounted for about two thirds of total IPF value in Africa. Egypt alone attracted 4 of the 10 largest projects, with a combined value representing more than a quarter of total IPF value in Africa, reflecting the country's continued role as a major hub for large-scale investment in energy, real estate and the green transition. Morocco also recorded an exceptionally large cross-border project in renewable energy infrastructure, while Algeria, Namibia, South Africa, Ethiopia and Nigeria, in that order, attracted large projects in hydrocarbons, refining, battery storage and industrial production.

Sectoral patterns remained concentrated in energy infrastructure and extractive industries (figure I.11). Investment continued to be driven by hydrocarbons, liquefied natural gas–related activities, mining and renewable energy, reflecting both the continent's resource endowments and the scale of its energy and infrastructure needs. Critical minerals added a strategic dimension, as demand for copper, cobalt, rare earths and other inputs linked to the energy transition and advanced technologies attracted growing interest from international investors (see chapter III). Digital infrastructure also emerged as a growing area of investment, although projects in Africa generally remained smaller and more modular than the data centre megaprojects observed in developed economies.

Figure I.11
Africa: Investment remains concentrated in energy and extractive industries
Top five industries, greenfield investment announcements
(Billions of dollars)

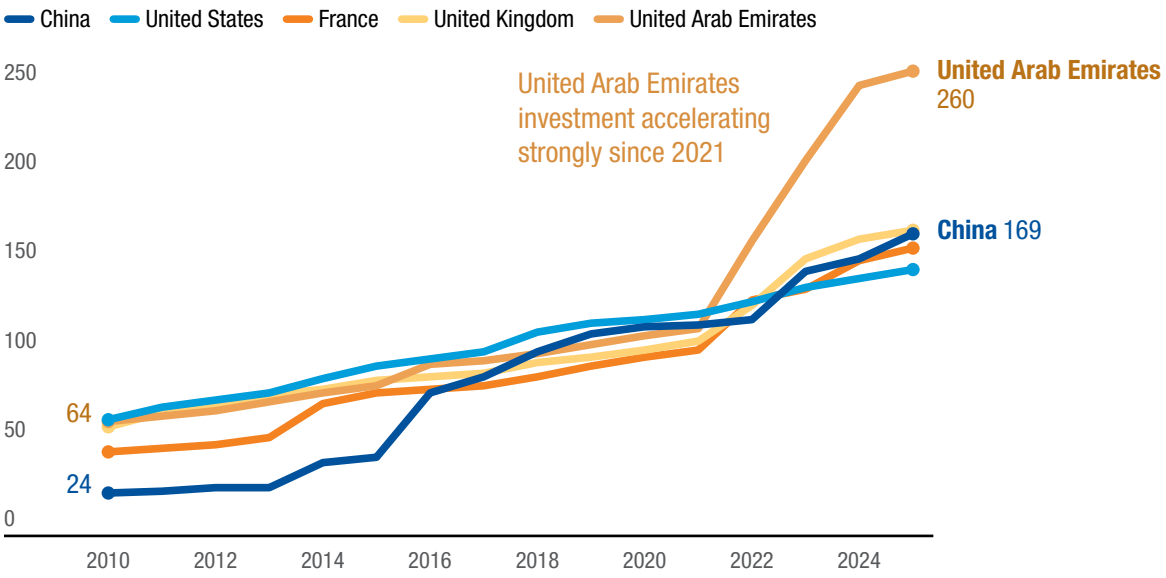


Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

The composition of top home countries is evolving. In terms of FDI stock, European investors remain prominent. China, Singapore and India are also among the leading home countries, although their FDI stocks have accumulated more recently.

Greenfield project announcements point to a growing role for investors from the Gulf and other Asian economies, particularly in energy, logistics, real estate and infrastructure, often through SWFs and State-linked entities (figure I.12). The United Arab Emirates has been especially visible through recent greenfield megaprojects. Notable examples include the $34 billion Infinity Power renewable energy project in Mauritania, the $24 billion Ras El Hikma real estate development project in Egypt and the $6 billion H2 Global Energy hydrogen project in Tunisia.

Figure I.12
Africa: Asian investors are becoming important sources of investment
Cumulative value of greenfield projects announced, by investor home economy
(Billions of dollars)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

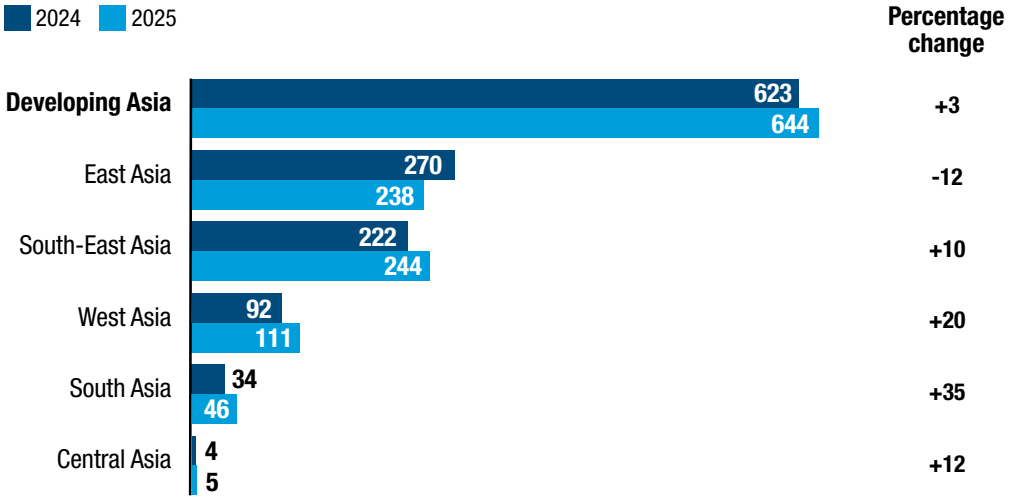
b. Developing Asia

FDI inflows to developing Asia rose marginally in 2025, from $623 billion to $644 billion, confirming the region's position as the largest recipient among developing regions. The increase masked divergent trends across subregions and investment indicators (figure I.13). Eight of the top 10 developing-economy recipients were in developing Asia in 2025. Together, they accounted for about 60 per cent of total inflows to developing economies and more than 80 per cent of regional inflows.

i. Subregional trends

FDI inflows across subregions in developing Asia showed mixed trends in 2025. Inflows increased in Central, South-East, South and West Asia, in that order, and declined in East Asia, amid geopolitical tensions and trade policy uncertainty and continued supply chain reconfiguration (see chapter III). Investment remained concentrated in communications, semiconductors, digital infrastructure and energy transition sectors, reflecting the transition towards advanced manufacturing and innovation-related activities.

Figure I.13
Foreign direct investment in developing Asia increased marginally
Inflows by subregion
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

East Asia

FDI inflows to East Asia fell from $270 billion to $238 billion. China remained one of the largest global recipients, though inflows declined from about $116 billion to $105 billion. The decline was accompanied by continued commitments in higher-value activities, including an investment of about $3 billion by AstraZeneca (United Kingdom) in research and development and pharmaceutical manufacturing, underscoring the transition towards advanced manufacturing and innovation-related sectors (box I.3). Hong Kong (China) ranked among the top FDI recipients globally in 2025, reflecting its role as a headquarters location and financial hub. It received 18 per cent of regional FDI inflows.

Box I.3
China: Foreign direct investment slowdown – from scale expansion to quality upgrading

After three years of adjustment, FDI inflows to China are showing signs of stabilization. Although annual inflows moderated from more than $160 billion in 2023 to about $105 billion in 2025, the pace of decline has slowed.

This moderation has occurred in a challenging global investment environment. While higher interest rates and increased profit repatriation have affected net FDI flows, structural changes have played a more decisive role. Rising labour costs, evolving comparative advantages and ongoing supply chain reconfiguration led some MNEs to shift labour-intensive and export-oriented manufacturing activities towards other developing economies in Asia, notably in South-East Asia. This shift has been reinforced by "China+1" strategies, geopolitical considerations, tariff uncertainty and technology-related restrictions.

The underlying sectoral distribution suggests a shift and upgrade in composition. In 2025, foreign investment in scientific research and technical services in China accounted

for nearly one fifth of the country's total FDI inflows, with its share having risen steadily for seven consecutive years to nearly four times its 2018 level. In the same year, 14,000 new foreign-invested enterprises were established in scientific research and technical services, up 27 per cent year-on-year (MOFCOM, 2026). By November 2025, high-technology industries in China attracted more than $32 billion, representing a significant share of total FDI inflows and strong growth in e-commerce services, medical equipment and device manufacturing, and aerospace equipment manufacturing.[a]

Policy and regulatory developments have supported this shift towards higher-quality and innovation-oriented foreign investment. China has introduced measures to expand market access, improve the business environment and encourage foreign participation in advanced manufacturing, modern services and green sectors. Successive updates to the Catalogue of Industries Encouraged for Foreign Investment, notably in 2022 and 2025 (NDRC, 2022 and 2025), have expanded priority areas and incentives for high-technology and sustainability-related industries. The 2025 Action Plan for Stabilizing Foreign Investment (MOFCOM, 2025) introduced measures to broaden market access, promote fair competition and strengthen financial support for foreign-invested enterprises. Recent initiatives have also emphasized targeted liberalization in services and technology-intensive sectors, including pilot programmes in telecommunications, health and education.

China remained the fourth largest destination for FDI in 2025, with trends indicating a transition from rapid expansion to more selective and strategic investment.

Source: UNCTAD, based on information from the Ministry of Commerce, People's Republic of China.

[a] Xinyi Li, An open China will continue to provide important opportunities for the world, *People's Daily*, 5 January 2026, p. 3, available at https://paper.people.com.cn/rmrb/pc/content/202601/05/content_30129307.html.

South-East Asia

FDI inflows to South-East Asia rose from $222 billion to $244 billion in 2025, making it the largest recipient subregion in developing Asia. The increase appeared to be widespread, with 8 of 11 countries recording growth. However, the magnitude of the increase varied considerably across countries, and regional growth was driven primarily by a subset of economies rather than being evenly distributed throughout the region. Singapore ranked among the top five FDI recipients globally in 2025, reflecting its role as a headquarters location and financial hub for international investment flows, similar to that of Hong Kong (China). Several economies showed resilience, with flows increasing in Malaysia (+51 per cent), Thailand (+30 per cent) and Viet Nam (+1 per cent). Investment activity remained concentrated in communications, semiconductors, electronics and renewable energy. Indonesia continued to attract investment in mineral processing, battery-related value chains and digital infrastructure. The subregion was among those most affected by supply chain uncertainty as firms continued to adjust to an increasingly uncertain international trade and investment environment. Investment in GVC-intensive manufacturing industries in the region more than halved, falling from $31 billion to $14 billion. Among LDCs, Cambodia, the Lao People's Republic and Timor-Leste all recorded increases over the period, although the increase in Timor-Leste was from a very small base. Myanmar was the only LDC in the subregion where inflows declined.

South Asia

FDI inflows to South Asia rose strongly, from $34 billion to $46 billion, driven by investment in India, where FDI inflows increased by 44 per cent to $39 billion. Large-scale projects continued to move

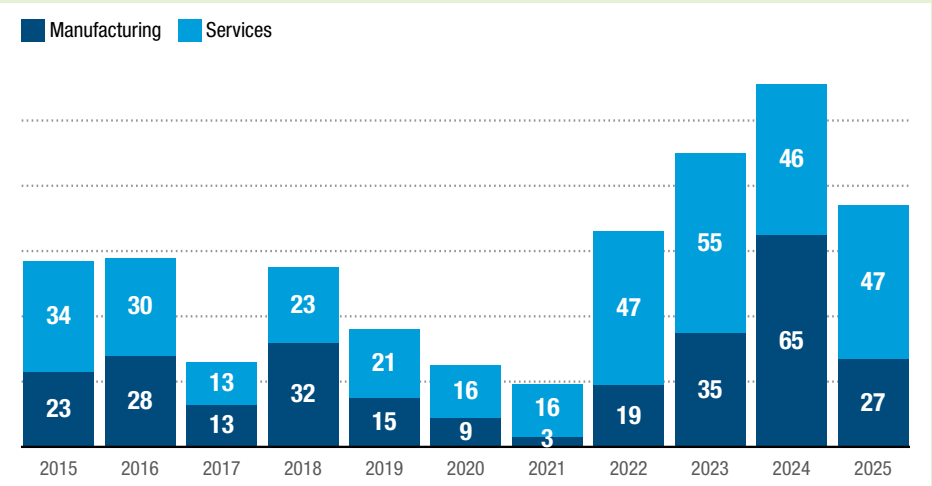
forward, including a cumulative investment of $14.5 billion by Google (United States) in information and communication technologies (ICT) and internet infrastructure, and a $4 billion investment by Hynfra (Poland), reflecting continued momentum in digital and energy transition sectors (box I.4).

Box I.4
India: Industrial development strategy amid changing global investment conditions

India continued to strengthen its position as a major investment destination in 2025, supported by an active policy agenda aimed at broadening its investment base beyond services and accelerating advanced manufacturing. To attract investment into priority industries, such as electronics, semiconductors and related manufacturing activities, the country launched programmes such as the Production-Linked Incentive schemes, Make in India, Start-up India and the National Industrial Corridor Development Programme. These initiatives have been complemented by reforms aimed at creating a more conducive investment environment, including the National Single Window System, the India Industrial Land Bank and continued efforts to reduce regulatory burdens. The reformed FDI regime has reinforced openness to foreign investors, while institutional mechanisms such as Project Development Cells and the Project Monitoring Group have aimed to facilitate approvals and project implementation.

These efforts have contributed to boosting investment momentum, including in manufacturing. Announced greenfield investment in manufacturing increased sharply from 2021 to 2024, reflecting the country's growing role in selected segments of GVCs, including electronics (box figure I.4.1). In 2025, however, this trend was interrupted by a more uncertain global environment. Although total FDI inflows rose to $39 billion, project indicators pointed to a more cautious investment cycle. The total value of announced greenfield investment declined from more than $111 billion in 2024 to about $74 billion in 2025, while the number of projects fell marginally.

Box figure I.4.1
India: Announced greenfield investment, by sector
(Billions of dollars)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

The slowdown was concentrated in manufacturing, where announced investment values fell from about $65 billion in 2024 to $27 billion in 2025. The decline was most visible in capital-intensive sectors where investment values fell significantly. In many cases, project numbers declined only moderately, suggesting smaller project sizes rather than fewer commitments. Electronics-related manufacturing remained one of the largest manufacturing segments by value and number of projects, despite the decline from the previous year's high.

Investment in services remained resilient. Greenfield investment was broadly stable, exceeding manufacturing investment. Information and communication technologies (ICT) became the largest sector in 2025, reflecting continued expansion in digital infrastructure and technology-related activities. Financial services also recorded renewed activity.

The policy framework in India remains oriented towards advanced manufacturing, infrastructure development and deeper integration into GVCs. However, tariff uncertainty, supply chain realignment and weaker global investment sentiment are affecting the scale of new manufacturing and infrastructure commitments.

Source: UNCTAD, based on Reserve Bank of India, Ministry of Commerce and Industry (India) and World Bank (2025).

West Asia

FDI inflows to West Asia rose from $92 billion to almost $111 billion, supported by strong performance in Gulf economies. The United Arab Emirates and Saudi Arabia recorded strong growth, driven by energy, infrastructure and diversification strategies. Qatar also recorded a notable increase in FDI inflows, from $460 million to $3 billion driven by investments in chemicals, energy, and information and communication services, in that order. The subregion benefits from its role as a corridor between Asia, Europe and Africa, but rising geopolitical tensions are likely to affect the implementation of announced projects and increase downside risks for FDI, particularly in energy, transport and logistics (see box I.2).

Central Asia

FDI inflows to Central Asia increased from $4 billion to $5 billion in 2025, driven by resource-based and infrastructure investment, particularly in Kazakhstan and Uzbekistan. Investment activity was concentrated in metals and metal products, which together accounted for approximately 45 per cent of total greenfield project activity in the region, followed by energy, transport and storage, chemicals, food processing, and ICT.

ii. Projects, sectors and source-country patterns

Project indicators pointed to a weaker investment pipeline in several parts of developing Asia, despite the marginal increase in FDI inflows. Announced greenfield project values fell by 8 per cent, from $377 billion to $348 billion, while project numbers declined by 5 per cent. Manufacturing was particularly affected, with announced investment contracting by about 28 per cent; in GVC-intensive manufacturing industries, values declined by 31 per cent, reflecting weaker momentum in internationally integrated production systems. The slowdown was linked to restrictive tariff measures, trade policy uncertainty and the postponement or scaling-down of investment decisions.

At the same time, investment remained concentrated in strategic and technology-intensive activities. Semiconductors, electronics, AI infrastructure, data centres, renewable energy and battery supply chains continued to drive large projects. Project activity was concentrated in

China, India, Kazakhstan, Malaysia and the United Arab Emirates, mainly in electronics, digital infrastructure and construction. In Thailand, for example, greenfield project numbers declined but values increased sharply, supported by large-scale investment in electronics, communications and digital infrastructure.

Manufacturing remains central to FDI in developing Asia, particularly in electronics, automotive and machinery, but investment is shifting towards high-technology and digital economy sectors. Digital infrastructure and services expanded, supported by investment in hyperscale data centres by Amazon, Google and Microsoft (all United States), particularly in India, Malaysia and Indonesia, in that order. Energy transition investment also continued to grow, particularly in renewables, electric vehicles and battery supply chains. The largest greenfield projects in developing Asia in 2025 underscore the importance of the digital economy and AI as drivers of investment in the region (table I.5), while intraregional projects, including investments by East Hope (China) in Kazakhstan and Rana Group (India) in the United Arab Emirates, highlight the continued importance of regional capital flows.

Table I.5
Developing Asia: Top 10 greenfield projects announced in 2025, by value

Host economy	Home economy	Sector segment	Parent company	Estimated capital expenditure (Billions of dollars)
India	United States	Digital infrastructure/data centre	Alphabet	14.5
Kazakhstan	China	Metals	East Hope	12.0
United Arab Emirates	India	Automotive OEM	Rana Group	10.0
Singapore	United States	Semiconductors	Micron Technology	7.0
United Arab Emirates	United States	Digital infrastructure/data centre	Microsoft	5.5
Viet Nam	United States	Semiconductors	Amkor Technology	4.5
Oman	Saudi Arabia	Real estate	Dar Al Arkan	4.2
India	Poland	Renewable energy	Hynfra	4.1
Syria	Qatar	Real estate	Power International Holding	4.0
Oman	Republic of Korea	Renewable energy	LUPRO	3.5

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com).

Abbreviation: OEM, original equipment manufacturer.

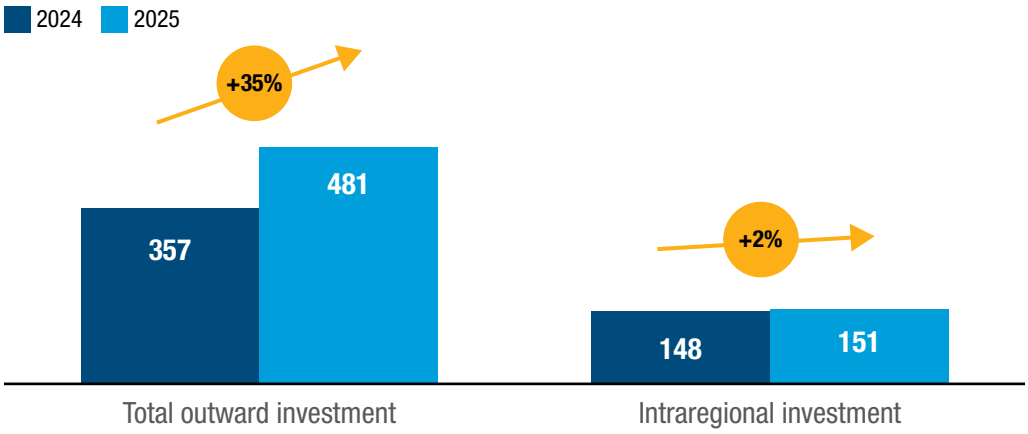
IPF remained an important part of the region's investment, particularly in infrastructure sectors. Values of IPF deals increased by 26 per cent, from $274 billion to $346 billion, raising the region's share in global IPF flows from 24 per cent in 2024 to 29 per cent in 2025. The largest IPF deals in the region reflected the growing importance of digital infrastructure and energy transition investment, alongside sustained investment in hydrocarbons and industrial projects. However, financing constraints persisted in several economies, including weak project bankability, complex risk allocation and high capital costs (Asian Development Bank, 2025).

iii. Developing Asia as a source of global investment

Developing Asia is not only a major recipient of FDI but also a leading source of global capital, accounting for more than one third of global outflows. In 2025, Asia accounted for 4 of the world's top 10 FDI home economies, including China, Hong Kong (China), Singapore and the United Arab Emirates. This reflects several structural factors. Firms from advanced and emerging Asian economies benefit from strong corporate balance sheets, high savings rates and deep financial systems, which support sustained international expansion. In addition, the internationalization strategies of MNEs from the region are closely linked to their role in GVCs, with firms investing abroad to secure inputs, access markets and optimize production networks, increasingly in response to the ongoing reconfiguration of global supply chains.

A significant share of outward investment is intraregional. Chinese and Singaporean firms are among the largest investors in South-East Asia, South Asia and parts of West Asia, supporting industrial development, infrastructure and services. Intraregional investment increased marginally in 2025 compared with the increase in total outward investment from the region (figure I.14). Despite the slower pace, intraregional investment continued to account for the majority of Asia's investment in GVC-intensive manufacturing industries, underlining the continued importance of regional production networks.

Figure I.14
Developing Asia: Outward investment increased and intraregional investment grew marginally
Total and intraregional outward greenfield investment announced
(Billions of dollars and percentage change)



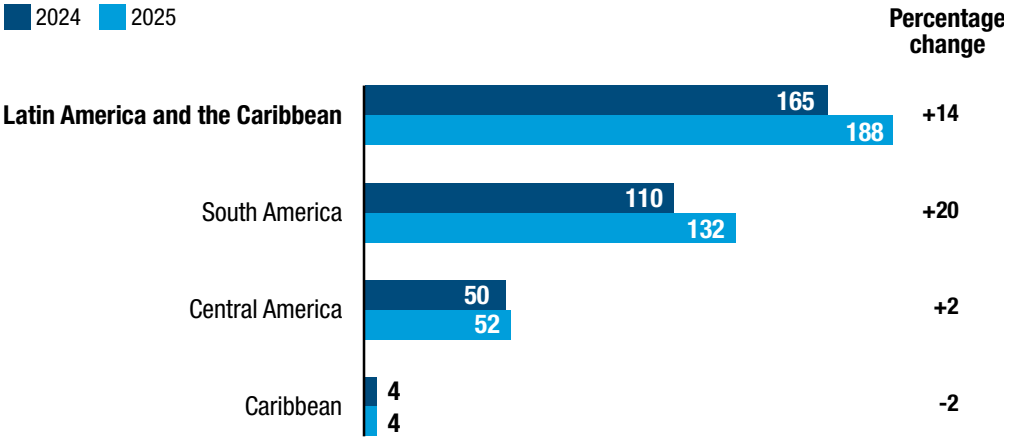
Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

The GCC economies, particularly the United Arab Emirates, have also become increasingly important outward investors, especially in digital infrastructure, real estate and construction. Major projects in 2025 included digital infrastructure investments from United Arab Emirates firms MGX Fund Management in France and DAMAC Holding in the United States. However, the 2026 conflict in the Middle East, extending beyond Iran and affecting the wider West Asia region, is likely to weigh on investment (Asian Development Bank, 2026). A prolonged conflict could redirect capital toward domestic priorities, reconstruction needs and strategic infrastructure within the Gulf, reducing the availability of outward investment for developing economies in Asia and Africa that increasingly rely on GCC financing.

c. Latin America and the Caribbean

FDI inflows to Latin America and the Caribbean, excluding Caribbean offshore financial centres, rose by 14 per cent, from $165 billion in 2024 to about $188 billion in 2025 (figure I.15). The expansion was driven by South America, where inflows rose from $110 billion to $132 billion. By contrast, inflows to Central America remained broadly stable at about $52 billion, while the Caribbean continued to account for only a small share of regional inflows.

Figure I.15
Foreign direct investment in South America drove the regional increase in 2025
Inflows by subregion
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

FDI remained highly concentrated in a small number of economies (figure I.16). In 2025, Brazil and Mexico together accounted for roughly two thirds of total regional inflows, while the top 10 recipient economies accounted for 95 per cent. This concentration means that regional trends were strongly shaped by developments in a few large host economies and by a limited number of large projects.

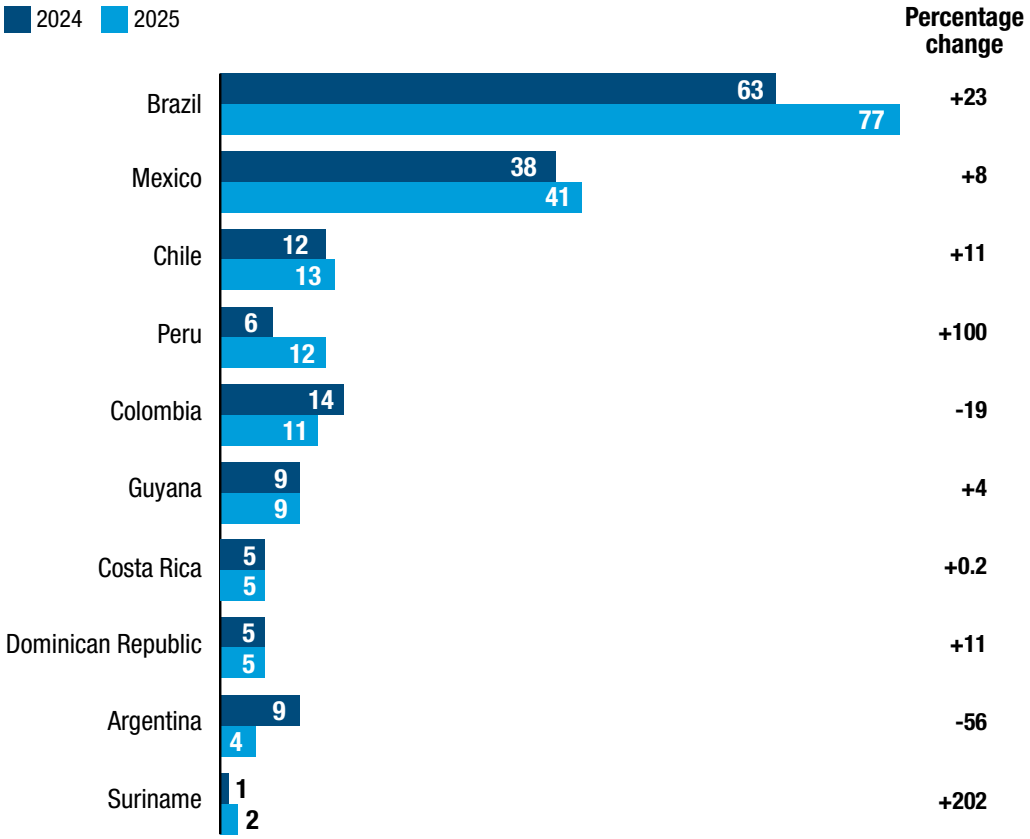
i. Subregional trends

In South America, FDI inflows rose from $110 billion to $132 billion, making the subregion the main driver of the regional increase. Growth was led by Brazil, where inflows increased by 23 per cent, from $63 billion to $77 billion, as well as increases in Chile (+11 per cent), Peru (+100 per cent) and Suriname (+202 per cent).

Brazil remained the region's largest investment destination and a key driver of overall trends. Announced greenfield investment increased to about $69 billion, supported by major projects in ICT, notably a data centre investment of more than $40 billion by ByteDance (China), as well as continued activity in renewable energy. Chile maintained its position as a major FDI destination in the region, especially in energy and mining, with inflows rising from $11.8 billion to $13.1 billion in 2025. Peru was also among the largest contributors to the regional increase in inflows, with FDI doubling from $5.9 billion in 2024 to $11.8 billion in 2025. The increase partly reflected a rebound from relatively subdued recent levels, after inflows in 2023 and 2024 had remained below earlier peaks. Guyana continued to stand out among smaller economies,

Figure I.16
Latin America and the Caribbean: Investment inflows rose unevenly among the top recipient economies

Top 10 recipient economies by foreign direct investment inflows
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

attracting $9 billion in FDI in 2025, largely sustained by hydrocarbon investment. New projects in services and supplier industries nevertheless point to early signs of diversification beyond extractive activities.

In Central America, inflows remained broadly stable at about $52 billion. Mexico remained the main recipient, with inflows rising from about $38 billion to $41 billion, supported by its role in regional production networks and by continued investment in services and manufacturing. Panama recorded lower inflows, while Costa Rica maintained stable inflows, supported by services and manufacturing.

In the Caribbean, excluding offshore financial centres, inflows remained relatively small and stable. They were concentrated in tourism, real estate, energy and selected services, and mostly confined to a limited number of economies. The Dominican Republic remained one of the most consistent recipients of investment in productive activities, with inflows rising to about $5 billion in 2025 from $4 billion in 2024, supported by tourism, logistics and related services (including a project by DP World (United Arab Emirates) valued at more than $750 million).

ii. Projects, sectors and source-country patterns

Greenfield investment announcements in the region weakened substantially in 2025, with project values falling by about

one third, from about $170 billion in 2024 to less than $120 billion in 2025. Project numbers also declined, reinforcing the slowdown, especially in manufacturing and logistics, even as some large projects in energy and mining continued to move forward. The decline was particularly pronounced in Mexico, where greenfield values fell from $44 billion to $24 billion, and in Argentina, where they fell from about $37 billion to only $1.4 billion. Brazil remained comparatively resilient, supported by large-scale announced projects in ICT, renewable energy and industry.

Project activity in the region remained highly concentrated. The largest announced greenfield investment in 2025 (table I.6) was a $41 billion data centre and digital infrastructure project by ByteDance (China) in Brazil, which alone accounted for 43 per cent of total announced greenfield investment in the region. Beyond this megaproject, the largest announcements remained concentrated mainly in Brazil and in five sectors: renewable energy, mining, pharmaceuticals, rubber and wood products. Cross-border M&A activity increased in 2025 but remained modest compared with overall FDI inflows. Net sales rose, driven mainly by Brazil, Chile and Mexico, but M&As remained a secondary component of the region's investment profile.

Table I.6
Latin America and the Caribbean: Top 10 greenfield projects announced in 2025, by value

Host economy	Home economy	Sector segment	Parent company	Estimated capital expenditure (Billions of dollars)
Brazil	China	Digital infrastructure/data centre	Bytedance	40.6
Mexico	United States	Renewable energy	Transition Industries	3.3
Brazil	Sweden	Wood products	Eternali	2.7
Brazil	Bermuda	Coal, oil and gas	BW Group	1.5
Ecuador	Australia	Metals	SolGold	1.5
Brazil	Denmark	Pharmaceuticals	Novo Nordisk	1.2
Brazil	China	Rubber	Linglong Group (Shandong Linglong Rubber)	1.2
Brazil	United States	Renewable energy	Cargill	1.1
Brazil	United States	Renewable energy	Cemvita	1.1
Brazil	Netherlands	Renewable energy	Louis Dreyfus	1.1

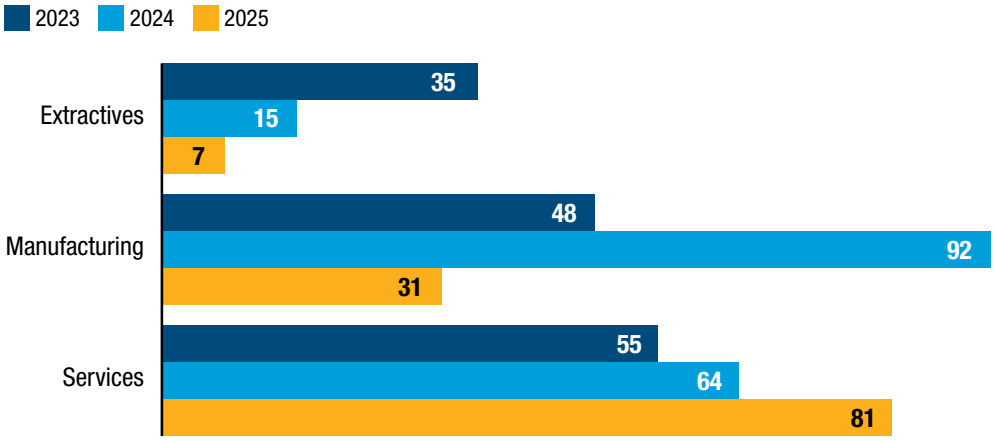
Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com).

The sectoral composition of announced greenfield investment in Latin America and the Caribbean shifted towards services and selected infrastructure activities in 2025, while manufacturing weakened and extractives declined for the second consecutive year (figure I.17). Natural resources nevertheless remained central to FDI in the region, particularly in mining, hydrocarbons and critical minerals, although price volatility and project-specific factors led to uneven year-to-year patterns.

Lithium in the so-called "lithium triangle" (Argentina, Bolivia and Chile) and copper in Chile and Peru remained key drivers of inflows, even as greenfield announcements fluctuated. Flagship projects included expansions by lithium producer SQM (Chile) and chemicals company Albemarle (United States) in Chile, as well as the Cauchari-Olaroz project in Argentina, led by Ganfeng Lithium (China) and Lithium Americas (Canada). They illustrate continued large-scale commitments in value chains

for battery materials. At the same time, oil and gas investment remained significant in selected economies, notably Brazil and Guyana, where large-scale offshore projects continued to underpin inflows.

Figure I.17
Services continued to gain weight in Latin America and the Caribbean as manufacturing and extractives announcements declined
Sectoral composition of announced greenfield investment
(Billions of dollars)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Renewable energy and associated infrastructure remained prominent areas of investment. Large-scale projects such as the Cerro Dominador solar complex in Chile and major wind power developments in Brazil led by firms including Neoenergia (Brazil) (part of Iberdrola (Spain)) illustrate the scale and maturity of renewable investment in the region. Brazil, Chile and Panama attracted significant IPF in electricity generation and networks.

Mexico remained the main beneficiary of nearshoring-related manufacturing FDI, but the decline in announced greenfield values and project numbers in 2025 suggests more cautious investor sentiment, particularly in export-oriented activities exposed to trade policy uncertainty (box I.5). Tourism and real estate continued to attract investment in the Caribbean, although these sectors remained sensitive to global economic conditions and external demand (box I.6).

Source-country patterns also reflected the region's strategic role in energy and natural resources. Chinese firms have become important investors in mining, electricity transmission and energy projects across South America, supporting the development of critical mineral supply chains and infrastructure.

Box I.5
Nearshoring in Latin America – strong potential, limited realization in 2025

Mexico and parts of Central America are well positioned as key destinations for supply chain reconfiguration, owing to their proximity to the United States and their integration under the United States–Mexico–Canada Agreement, despite uncertainties deriving from evolving trade and industrial policies.

Data for 2025 show a divergence between potential and realized investment. While FDI inflows to Mexico increased, greenfield project values declined, from about $44 billion to $24 billion, indicating that firms postponed or scaled back new capacity. A similar pattern was visible across several economies associated with nearshoring and regional supply chains. In Panama and the Dominican Republic, for example, investment continued to be supported by logistics, transport and other services activities linked to their roles as regional trade hubs.

In addition to heightened uncertainty from trade and industrial policy in North America, the divergence also reflects the composition of FDI inflows in the region, which is driven largely by reinvested earnings rather than new equity investment.

Successful nearshoring depends on identifying specific niches within production networks, strengthening domestic firm capabilities and investing in human capital and infrastructure (see chapter III; ECLAC, 2025). In Latin America, however, transport and energy infrastructure remain key bottlenecks (IDB, 2022). When these constraints are not lifted, investment decisions remain cautious.

At the same time, the decline in announced projects may partly reflect delayed rather than cancelled investment decisions, which could materialize once trade and industrial policy conditions stabilize.

Nearshoring remains a structural opportunity for the region, but in 2025 it translated into selective, delayed and predominantly expansionary investment by existing firms, rather than a broad-based surge in new project announcements.

Source: UNCTAD, based on ECLAC (2025), IDB (2022) and various sources.

Box I.6
Tourism investment in the Caribbean: Opportunities and vulnerabilities

Tourism is a key driver of FDI in many of the economies in the region, particularly in the Caribbean. Greenfield investment in tourism remains well below pre-pandemic levels. It stood at $7 billion in 2025 globally, compared with about $48 billion in 2019. Region-wide, it shrank from about $7 billion to $0.4 billion. Investment in tourism is also concentrated. Between 2015 and 2024, Mexico and the Dominican Republic accounted for nearly 60 per cent of announced greenfield investment in tourism in Latin America and the Caribbean, and that share rose to more than 90 per cent in 2025.

Investment in hotels, resorts and related services generates direct employment and supports local activities, including transport, food supply, construction and cultural industries, creating multiplier effects across domestic economies. The sector is also an important source of employment for women, who are often overrepresented in tourism-related activities, although frequently in lower-skilled and more vulnerable occupations. Beyond these direct effects, it can facilitate the transfer of skills, technologies and managerial practices – notably digital systems and sustainability standards, raising productivity in the sector. It also catalyses infrastructure spending such as for airports, ports, energy and urban services, strengthening the broader business environment. For SIDS, this makes tourism investment particularly important, but also highly cyclical and dependent on external demand, air connectivity and investor confidence (World Bank, 2024).

Yet the development impact depends on the strength of domestic value chains. In many Caribbean SIDS, limited local supplier capacity and high import dependence reduce spillover effects. The sector remains highly sensitive to external demand shocks and global economic conditions. Climate-related risks, including extreme weather events and rising sea levels, further affect investment decisions and long-term sustainability.

Maximizing these benefits requires policies that strengthen local linkages, support small and medium-size enterprises, invest in skills development and enhance climate resilience. The recently launched Guiding Principles for Sustainable Investment in Tourism offer a strategic framework to align tourism investment with the Sustainable Development Goals (United Nations and World Tourism Organization, 2025). Public–private partnerships can play an important role in ensuring that tourism contributes to inclusive and resilient growth.

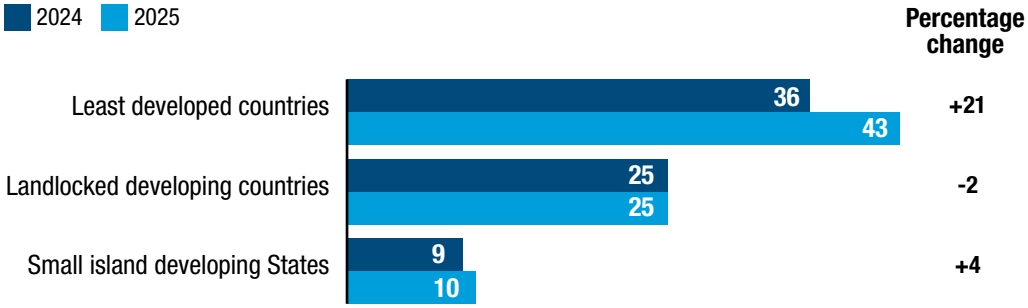
In this context, UNCTAD and UN Tourism are developing a joint research project on international investment in tourism, which will examine how investment can support more sustainable, resilient and inclusive development, including in small and vulnerable economies.

Source: UNCTAD, based on The Financial Times Ltd, fDi Markets (fdimarkets.com), World Bank (2024), UN Tourism (2025), and other sources.

d. Structurally weak, vulnerable and small economies

FDI inflows to structurally weak, vulnerable and small economies in 2025 continued to be low, volatile and highly concentrated (figure I.18). In these economies, investment was driven by a limited number of economies and projects, often in natural resources, energy, infrastructure, tourism and real estate.

Figure I.18
Inflows to least developed countries rose
Inflows to structurally weak, vulnerable and small economies
(Billions of dollars and percentage change)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

i. Least developed countries

FDI inflows to LDCs increased by 21 per cent in 2025, supported mainly by stronger inflows to a small number of African LDCs. Inflows to those LDCs rose to about $33 billion, with investment concentrated in a few economies that benefit from natural resources, energy, infrastructure and selected manufacturing projects. In LDCs in Asia and Oceania, inflows rose by 16 per cent on average, but the increase was also driven by a narrow set of economies and projects.

Project indicators confirm the concentration of investment. Greenfield activity in LDCs increased by 20 per cent in value, despite a decline in the number of projects, indicating fewer but larger announcements. Investment remained concentrated in a handful of economies, notably in South-East Asia and Bangladesh, while in West Asia the United Arab Emirates announced energy projects worth $1 billion in Yemen, to support the rebuilding of the energy sector and solar and wind power generation. These trends point to continued investor interest but also underline the challenge of broadening FDI beyond resource-seeking, energy and large infrastructure projects.

ii. Landlocked developing countries

FDI inflows to landlocked developing countries (LLDCs) remained broadly stable in 2025, but trends differed across regions.

FDI inflows to African LLDCs (16 countries) declined by about 11 per cent to roughly $12 billion. In contrast, greenfield announcements and IPF activity expanded, driven by investment in renewable energy, transport corridors, logistics and mining-related infrastructure. Leading greenfield destinations included Uganda, Zambia and Zimbabwe, while Zambia emerged as the largest recipient of IPF projects. Stronger demand for critical minerals, alongside regional infrastructure initiatives, aimed at improving connectivity and export capacity, helped sustain project activity in several LLDCs despite the broader slowdown in FDI flows.

In Asian LLDCs, inflows rose by 13 per cent, largely reflecting reinvested earnings rather than new investment. New project activity was more uneven: announced greenfield values declined, while IPF increased and remained concentrated in a small number of economies. Investment was driven mainly by renewable energy and resource-based projects, particularly in Central Asian LLDCs. In Kazakhstan, East Hope Group (China) announced a non-ferrous metals project exceeding $12 billion, while Uzbekistan attracted major wind and solar commitments from Chinese and Saudi Arabian investors.

In the Latin American LLDCs, Bolivia and Paraguay together recorded a 40 per cent increase in inflows, with Paraguay attracting more than $540 million in telecommunications-related greenfield projects, supported by abundant low-cost hydropower (Soto et al., 2025).

iii. Small island developing States

FDI inflows to small island developing States (SIDS) increased modestly in 2025 but remained small in scale and concentrated in a limited number of economies and sectors. African SIDS recorded a 38 per cent increase, to roughly $1.3 billion, led by Mauritius, Seychelles and Cabo Verde. Greenfield and project finance activity also increased, mainly in tourism, logistics, renewable energy and services, with São Tomé and Príncipe and Cabo Verde among the leading recipients of infrastructure-related projects.

In Asia and Oceania, inflows increased by 11 per cent, but confined to a small number of economies, including Maldives, Palau and Solomon Islands. Project activity was limited, although Maldives attracted several large tourism and infrastructure projects, including a $598 million luxury resort-residence project by SAMANA Developers and an airport project backed by the Abu Dhabi Fund (both United Arab Emirates).

FDI inflows to Caribbean SIDS decreased by 2 per cent to about $7 billion, as negative inflows in Trinidad and Tobago offset increases in the Dominican Republic, the Bahamas and Jamaica. Announced greenfield project values increased despite a decline in project numbers. In Trinidad and Tobago, values rose from about $700 million in 2024 to $1.8 billion in 2025, with activity concentrated mostly in hydrocarbon-related projects, as major upstream gas developments are expected to come onstream from 2027 onward.[6] IPF deals declined both in value and in number, with activity concentrated in the Dominican Republic and Jamaica. As in other vulnerable economies, limited market size, high perceived risk and narrow project pipelines continued to constrain diversification.

Inflows to Caribbean small island developing States **down 2 per cent**

[6] Trinidad and Tobago set for 2027 gas production surge, *Caribbean Insight 2026* 48(6). Available at https://www.caribbean-council.org/trinidad-and-tobago-set-for-2027-gas-production-surge.

C. Sectoral highlights

Growth in announced greenfield project and IPF deal values in 2025 was concentrated in data centres, oil and gas and semiconductors, while renewable energy, GVC-intensive manufacturing industries and several basic infrastructure sectors weakened. Investment related to the Sustainable Development Goals picked up, particularly in LDCs, but the rebound was uneven across sectors and economies. Telecommunications was among the fastest-growing Goals-related sectors. Key Goals sectors, including transport, water and sanitation, and health care and education, continued to lag, particularly in project numbers.

Growth in announced greenfield projects and IPF deals in 2025 was concentrated in a narrow set of activities and sectors related to digital infrastructure: data centres, oil and gas, and semiconductors. Data centres, in particular, attracted significant investor interest, driven by booming demand for AI infrastructure (figure I.19).[7]

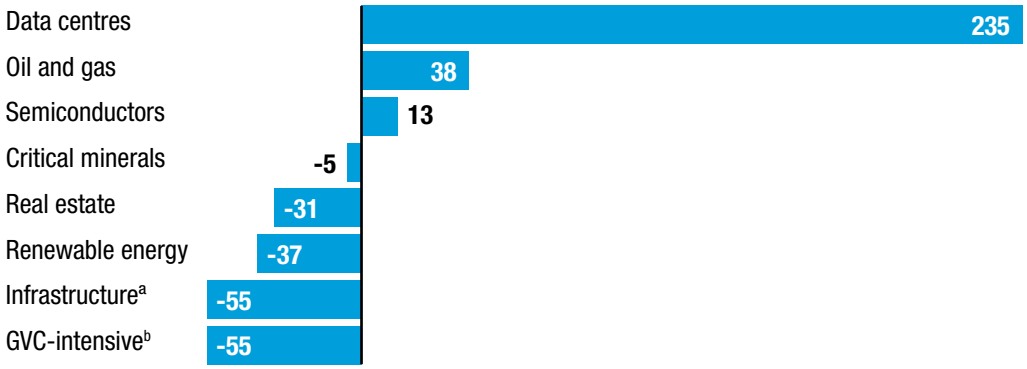
Values of announced greenfield projects and IPF deals declined in several other sectors. Renewable energy generation and trade-exposed GVC-intensive manufacturing industries weakened, reflecting tariff restrictions, frequent changes in tariff levels and heightened investor uncertainty. Infrastructure also declined, raising concerns that the concentration of financing capacity in commercially attractive digital infrastructure and telecommunications assets may be crowding out other forms of infrastructure investment, particularly in capital-constrained project finance markets (CEPR VoxEU, 2026).

In several sectors, rising investment values alongside declining project numbers point to a growing concentration of activity in fewer, larger projects, underscoring the increasing importance of megaprojects (box I.7).

[7] Sectoral trends are analysed using three complementary types of investment data: greenfield project announcements, cross-border M&As and IPF deals. These three components capture different aspects of international production: greenfield announced investment projects provide a forward-looking indication of planned investment in new productive capacity; cross-border M&As reflect acquisitions of existing assets; and IPF is closely associated with large-scale infrastructure and energy projects.

Figure I.19
Artificial intelligence: energy and trade policies shifted sectoral investment patterns in 2025

Changes in aggregate greenfield and project finance values, 2024–2025
(Billions of dollars)



Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

[a] Infrastructure excludes renewable energy and data centres.

[b] GVC-intensive industries exclude semiconductors.

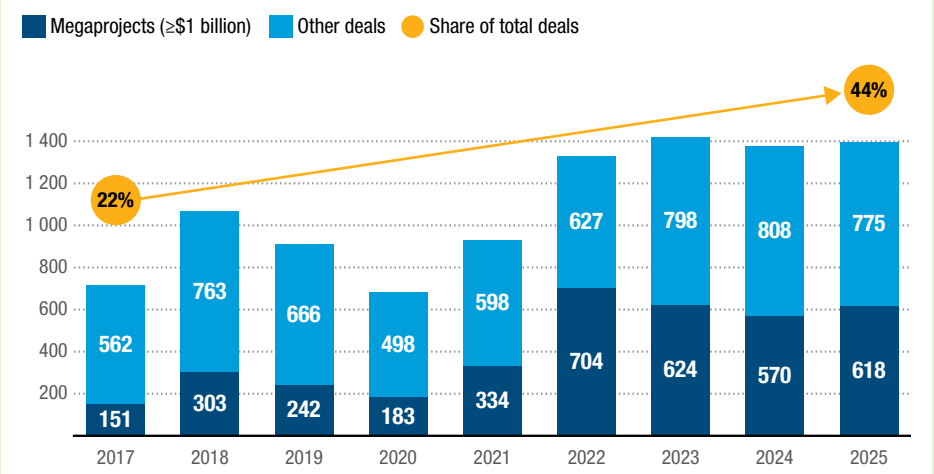
Abbreviation: GVC, global value chain.

Box I.7
The growing importance of megaprojects

A defining feature of recent investment trends is the growing importance of megaprojects (worth $1 billion or more), which now account for a large share of global investment value. In 2025, megaprojects accounted for about 44 per cent of the total value of announced greenfield investment, up from 22 per cent in 2017, with project numbers more than doubling over the same period (box figure I.7.1).

Box figure I.7.1
Megaprojects are reshaping the structure of global investment flows

Value of greenfield projects announced
(Billions of dollars and percentage)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Megaprojects are increasingly concentrated in sectors linked to the digital economy, advanced manufacturing and energy transition, and have been directed towards data centres, semiconductors, batteries and renewable energy. This reflects both the scale requirements of technologies such as AI and the growing influence of industrial policy (see chapter III).

This concentration also extends across a small number of economies. United States and Chinese MNEs are the leading players in outward and inward megaproject activity. Other important home economies include the United Arab Emirates and the United Kingdom, in that order, and important host economies include Egypt, India, the United Kingdom and Brazil, in that order. The scale, capital intensity and strategic nature of megaprojects limit their location to economies with the necessary financial capacity, infrastructure and policy support, reinforcing the dominance of a small set of countries.

The increasing dominance of megaprojects has important technical implications for FDI analysis. It amplifies volatility, as aggregate trends become highly sensitive to the timing and scale of individual projects; it can distort country and regional patterns, where one or two projects dominate total inflows; and it reduces the visibility of smaller-scale investments, particularly those undertaken by small and medium-size enterprises, whose contribution to employment generation and local linkages is not captured in aggregate values. This is compounded by data collection methods based on company announcements and media reports, which tend to favour large projects, making smaller investments more likely to be overlooked.

Source: UNCTAD.

1. Infrastructure

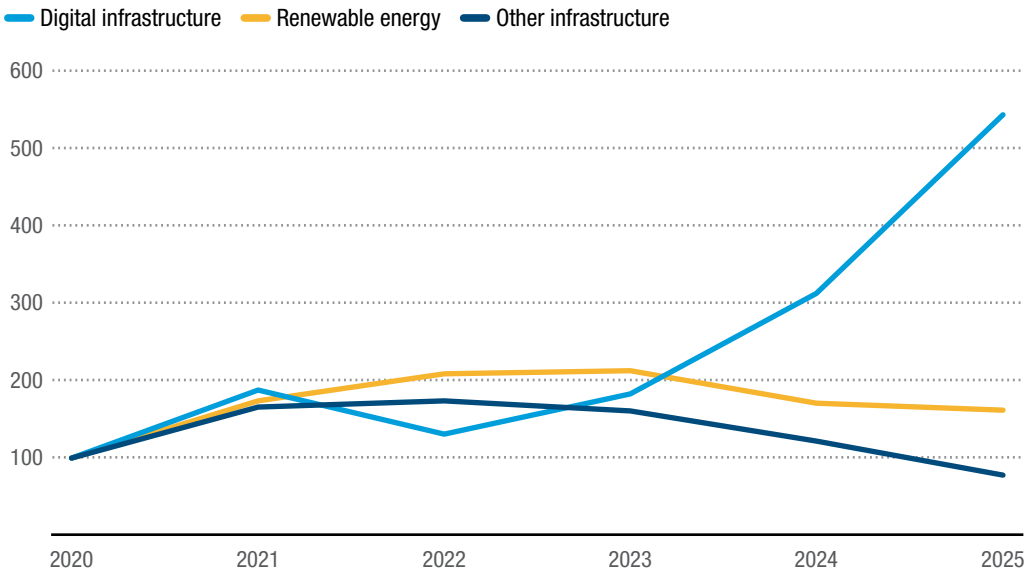
Infrastructure investment in 2025 showed a marked divergence between fast growth in digital infrastructure and weaker activity in other segments (figure I.20). Growth was driven overwhelmingly by digital infrastructure in general but especially data centres, as rapidly growing demand for cloud computing and AI development pushed announced project values in the sector up by more than 80 per cent.

The shift in FDI towards digital infrastructure investment is illustrated by large, flagship projects, such as the multibillion-dollar AI data centre hub that Google (United States) plans in India, large-scale AI computing projects in the United Arab Emirates and the above-mentioned digital infrastructure project by ByteDance (China) in Brazil. These projects point to the emergence of new digital investment hubs. However, hyperscale investments remain concentrated in a relatively small number of countries that have the necessary infrastructure, energy capacity and market scale.

The global distribution of digital investment remains highly uneven. Although developing economies have more than tripled their greenfield investment in the digital economy since 2000, their share of total global investment in the digital sector has remained broadly unchanged at just over one third, indicating a slower structural transition towards digital investment compared with developed economies. Regional imbalances are also pronounced. Developing Asia dominates digital investment flows, both as a major destination and as a leading source of capital, while Africa, particularly the LDCs in that region, captures only marginal shares. LDCs face particularly acute challenges in attracting capital-intensive digital projects (UNCTAD, 2025).

The composition of investment also points to growing imbalances: investment in data

Figure I.20
Digital infrastructure is surging
Value of greenfield project announcements and international project finance deals (Indexed, 2020 = 100)



Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

centres has surged, but investment in core ICT connectivity infrastructure has stagnated or declined in many developing regions. This raises concerns about the sustainability and inclusiveness of the digital transformation. Expanding data processing capacity without parallel improvements in connectivity risks deepening digital divides (UNCTAD, 2025).

By contrast, projects in renewable energy slowed further, marking a fourth consecutive annual decline in international investment in the sector, although it remains the largest infrastructure segment by value at more than $600 billion in 2025. Greenfield investment in renewable energy fell by almost 25 per cent and project numbers also declined. IPF showed a more moderate but still negative trend. The slowdown extended beyond renewables: investment in power, electricity, and energy and gas supply also declined in 2025, pointing to broader weaknesses across the energy system.

Financing constraints further shaped infrastructure investment patterns in 2025. Higher capital costs continued to weigh on long-duration assets, particularly renewable energy and power projects (PFI, 2025). By contrast, digital infrastructure and telecommunications have become increasingly attractive to institutional investors, infrastructure funds, SWFs and private credit providers, supported by strong demand and predictable cash flows (UNCTAD, 2025; OECD, 2024). This suggests that capital is increasingly being channelled towards commercially attractive digital assets, while other essential infrastructure sectors face tighter financing conditions, particularly in capital-constrained project finance markets.

2. Extractive industries and critical minerals

Announced greenfield project values in extractive industries fell by more than 25 per cent in 2025 to just over $30 billion. IPF deal values showed greater resilience, remaining stable at just over $100 billion despite fewer deals (table I.7).

Table I.7
Investment projects in extractive industries
(Billions of dollars, number and percentage)

	Announced greenfield projects				International project finance deals			
	2023	2024	2025	Growth, 2024–2025 (%)	2023	2024	2025	Growth, 2024–2025 (%)
Extractive industries								
Value	**78**	**43**	**32**	**-26**	**152**	**118**	**142**	**20**
Number of projects	**124**	**125**	**94**	**-25**	**192**	**154**	**133**	**-14**
Oil and gas								
Value	39	22	17	-25	80	75	119	59
Number of projects	52	64	49	-23	119	95	82	-14
Mining								
Value	39	21	15	-27	72	43	23	-47
Number of projects	72	61	45	-26	73	59	51	-14
Memorandum **Critical minerals** (including processing)								
Value	56	22	26	17	27	17	8	-51
Number of projects	117	69	90	30	34	19	15	-21

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

Trends diverged sharply across industries. Oil and gas continued to dominate IPF, with deal value rising from about $75 billion to about $120 billion in 2025 even as the number of projects declined. In contrast, mining weakened across both modes of investment. Greenfield investment in mining fell by more than 25 per cent, while related IPF deals almost halved. This reflects structural challenges, including falling exploration spending, declining ore quality, long project lead times and broadening environmental, social and governance constraints.[8]

Investment in critical minerals stands out against the broader contraction in extractive greenfield activity. The value of announced greenfield investment, including in processing activities, increased from $22 billion in 2024 to $26 billion in 2025, with the number of projects rising by more than 30 per cent. The value of IPF deals in critical minerals remained comparatively small (about $8 billion) and IPF declined in deal count, suggesting that growth is concentrated in greenfield and early-stage activities, with investment volumes and announced projects still modest despite growing policy attention.

These trends reflect the interaction of cyclical and structural forces. After the sharp upswing in 2021–2022, when high

[8] EY (2025), Top 10 risks and opportunities in mining and metals. Available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/mining-metals/documents/ey-gl-top-ten-business-risks-and-opportunities-10-2025.pdf.

prices and supply concerns drove an investment surge, growth has slowed as prices stabilized and uncertainty increased. Demand projections linked to the energy transition remain strong. Investment in critical minerals is increasingly shaped by industrial policy, long-term strategic considerations and supply chain security (see chapter III), with projects also moving beyond extraction towards refining, intermediate processing and related infrastructure. This can generate wider spillovers, as critical minerals investment often requires complementary rail, port and energy infrastructure.

3. Global value chain–intensive manufacturing industries

Investment in GVC-intensive manufacturing industries weakened in 2025, amid uncertainty surrounding trade policies (table I.8). In a proxy group of GVC-intensive manufacturing industries – including electronics, automotive, textiles and machinery – both the values and the numbers of announced greenfield projects declined, by about 15 per cent. The decline was uneven across industries. Electronics and electrical equipment remained the largest industry in the group, despite lower project values and fewer project announcements. Within electronics, semiconductors were the main exception to the broader slowdown, with announced investment increasing by about $140 billion and accounting for the most project value in the sector. In contrast, announced project values in electronics – excluding semiconductors – fell by nearly 40 per cent, reflecting the growing concentration of investment in semiconductors relative to other electronics segments.

Table I.8
Announced greenfield projects in global value chain–intensive manufacturing industries
(Billions of dollars, number and percentage)

	2023	2024	2025	Growth, 2024–2025 (%)
Global value chain–intensive industries				
Value	**299**	**325**	**282**	**-13**
Number of projects	**4 548**	**4 878**	**4 122**	**-15**
Electronics and electrical equipment				
Value	169	193	180	-6
Number of projects	1 451	1 501	1 234	-18
Semiconductors				
Value	43	125	138	11
Number of projects	142	154	150	-3
Automotive				
Value	90	87	63	-28
Number of projects	992	971	978	1
Machinery and equipment				
Value	24	24	25	5
Number of projects	1 021	1 160	1 095	-6
Textile, clothing and leather				
Value	16	21	15	-29
Number of projects	1 084	1 246	815	-35

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com).

Automotive investment fell by more than a quarter in value, while textiles, clothing and leather recorded declines in both value and project numbers of about one third. Investment in machinery and equipment was comparatively resilient, with values rising modestly despite the smaller number of projects.

In GVC-intensive manufacturing industries, MNEs are redesigning networks to reduce exposure to trade policy risk and logistics disruption while preserving the efficiency gains of international specialization and prioritizing proximity to key markets, trade corridor reliability and alignment with industrial policies (see chapter III).

4. Investment in the Sustainable Development Goals

Uneven recovery in SDG investment

The United Nations General Assembly Resolution on promoting investment for sustainable development asks UNCTAD to continue to inform on investment trends in sectors of particular relevance for progress on the Sustainable Development Goals, through a dedicated section of the annual World Investment Report.

Investment in sectors related to the Sustainable Development Goals recovered in 2025 from the depressed 2024 levels, but the recovery was uneven and concentrated. The value of announced greenfield projects rose by 11 per cent to $233 billion, while that of IPF deals increased by 26 per cent to $386 billion (table I.9 and table I.10). For developing countries, project and deal numbers grew more modestly or declined, pointing to a concentration of investment in fewer, larger projects. In LDCs, greenfield project values rose from $3.5 billion to $14.3 billion and IPF values increased by 164 per cent to $21 billion, with the number of projects also rising. However, investment remained uneven across sectors and economies. Renewable energy and telecommunications drove most of the increase in IPF values, while other sectors relevant to the Goals stagnated or contracted.

Announced greenfield projects in renewable energy showed a contrasting trend. In developing economies, project values and numbers declined by 50 per cent and 7 per cent, respectively. In LDCs, by contrast, project values and numbers increased by 191 per cent and 29 per cent, respectively. Investment in telecommunications (digital infrastructure) increased in developing economies, including LDCs, mirroring the global shift towards digital infrastructure.

IPF growth was also concentrated in a few economies. The top 10 recipients accounted for more than half of project numbers and 62 per cent of deal values in 2025, reinforcing the uneven distribution of investment gains across Goals-related sectors and countries.

Table I.9
Sectors relevant to the Sustainable Development Goals: Announced greenfield projects in developing economies
(Millions of dollars, number and percentage)

	Developing economies				Least developed countries			
	2023	2024	2025	Growth, 2024–2025 (%)	2023	2024	2025	Growth, 2024–2025 (%)
Total								
Value	**288 582**	**208 877**	**232 801**	**11**	**45 516**	**3 473**	**14 296**	**312**
Number of projects	**1 280**	**1 296**	**1 326**	**2**	**61**	**59**	**72**	**22**
Power[a]								
Value	6 978	4 674	6 833	46	679	37	1 155	3038
Number of projects	29	43	38	-12	1	4	2	-50
Renewable energy								
Value	204 757	109 468	54 818	-50	42 680	2 209	6 419	191
Number of projects	283	218	202	-7	24	14	18	29
Telecommunication[b]								
Value	48 348	65 263	123 478	89	1 466	636	1 248	96
Number of projects	284	294	310	5	13	10	17	70
Water, sanitation and hygiene								
Value	1 362	1 548	6 595	326	78	-	800	..
Number of projects	11	15	22	47	1	-	1	..
Food and agriculture								
Value	17 183	15 696	27 079	73	444	326	4 138	1168
Number of projects	336	330	363	10	14	9	18	100
Health								
Value	8 998	11 025	12 829	16	122	177	490	178
Number of projects	231	285	277	-3	4	16	12	-25
Education								
Value	958	1 202	1 168	-3	46	88	46	-48
Number of projects	106	111	114	3	4	6	4	- 33

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

[a] Excluding renewable energy.

[b] Including information services activities.

Table I.10
Sectors relevant to the Sustainable Development Goals: International project finance deals in developing economies
(Millions of dollars, number and percentage)

	Developing economies				Least developed countries			
	2023	2024	2025	Growth, 2024–2025 (%)	2023	2024	2025	Growth, 2024–2025 (%)
Total								
Value	**416 042**	**307 095**	**385 750**	**26**	**26 182**	**7 959**	**20 992**	**164**
Number of projects	**803**	**785**	**627**	**-20**	**58**	**41**	**63**	**54**
Power[a]								
Value	62 594	40 888	27 502	-33	733	940	677	-28
Number of projects	57	39	23	-41	1	3	1	-67
Renewable energy								
Value	202 740	185 311	223 866	21	16 748	6 104	17 455	186
Number of projects	600	604	479	-21	42	32	59	84
Transport infrastructure								
Value	93 614	27 056	48 185	78	3 629	703	360	-49
Number of projects	47	49	41	-16	7	2	2	0
Telecommunication[b]								
Value	35 584	37 471	75 812	102	2 324	40	-	..
Number of projects	52	48	58	21	4	1	-	..
Water, sanitation and hygiene								
Value	12 132	9 247	3 620	-61	2 166	157	-	..
Number of projects	27	26	14	-46	2	2	-	..
Food and agriculture								
Value	6 956	4 273	6 740	58	580	16	2 500	15 525
Number of projects	13	15	11	-27	2	1	1	0
Health								
Value	2 423	2 848	-	..	-	-	-	..
Number of projects	7	4	-	..	-	-	-	..
Education								
Value	-	-	26	..	-	-	-	..
Number of projects	-	-	1	..	-	-	-	..

Source: UNCTAD, based on information from LSEG Data & Analytics.

[a] Excluding renewable energy.

[b] Including information services activities.

a. Renewable energy

The value of greenfield investment in renewable energy halved in developing economies in 2025, from $109 billion to $55 billion. In LDCs, by contrast, announced values increased from $2 billion to $6 billion, although they remained far below the level recorded in 2023, when more than $42 billion in renewable energy projects were announced.

By contrast, the value of IPF deals in renewable energy in developing economies

rose by 21 per cent in 2025, reaching $224 billion. In LDCs, it increased from $6 billion to $17 billion. Several large renewable energy projects reached financial closure during the year, supported by multilateral lenders, export credit agencies and blended finance mechanisms. The increase points to continued investor appetite for utility-scale renewable assets in selected markets, especially where policy frameworks, procurement systems and concessional financing arrangements help mitigate risk (UNCTAD, 2026).

The number of renewable energy projects declined across both investment modes, with the number of greenfield project announcements falling by 21 per cent and IPF deal numbers by 7 per cent. However, the rise in IPF deal values despite the smaller number of projects suggests that financing is increasingly concentrated in larger, more capital-intensive projects.

Higher interest rates and financing costs continue to weigh on early-stage, riskier projects, particularly in most developing economies that face higher sovereign risk or currency volatility. Difficulties in securing power purchase agreements and grid integration financing have further weakened investment pipelines. Multilateral development banks and climate finance institutions continue to play a catalytic role in enabling large solar, wind and transmission infrastructure projects, particularly in several African and Asian economies. Their overall values were boosted by a few exceptionally large cross-border infrastructure projects. In Morocco, the announced Sila Atlantik Cable project illustrates the growing scale, strategic importance and regional integration dimension of investment in the energy transition. The project combines large-scale renewable generation with subsea transmission infrastructure linking North Africa and Europe. Gulf investors also continue to play an increasingly important role in renewable energy investment across developing economies. In Egypt, for example, ACWA Power participated in a major wind project in 2025, highlighting the rising role of Gulf investment in utility-scale renewables in developing economies.

b. Telecommunications

Telecommunications and digital infrastructure were among the strongest-performing Goals-related sectors in 2025. In developing economies, the value of announced greenfield projects in telecommunications and related information services almost doubled, reaching $123 billion, while the number of projects rose by 5 per cent. In LDCs, announced telecommunications projects doubled from a relatively low level (from $600 million in 2024 to $1.2 billion in 2025). IPF deal values also increased sharply in developing countries, from $37 billion to $76 billion, with the number of projects rising at a slower pace (21 per cent), suggesting an increase in the scale and capital intensity of telecommunications projects.

Greenfield telecommunications value in developing economies **nearly doubled**

Large investments comprised the data centre project by Google (United States) in Visakhapatnam, India, which included associated renewable energy development to support AI and cloud computing demand, and infrastructure-related investment in the Philippines involving Masdar (United Arab Emirates). Although investment remained concentrated in advanced economies, low- and lower-middle-income economies recorded increased investment in fibre connectivity, mobile broadband, data infrastructure and digital services.

Digital infrastructure investment benefited from relatively strong commercial fundamentals compared with other infrastructure sectors. Telecommunications projects often benefit from shorter payback periods and growing demand, while data centre projects are increasingly financed through infrastructure-style IPF structures involving banks, insurers and private credit funds.

As institutional investors and infrastructure funds allocate more capital to commercially attractive assets such as data centres and connectivity, financing conditions may

become more challenging for other Goals-relevant infrastructure sectors, including transport, water and social infrastructure, particularly in developing economies where project pipelines are already constrained.

c. Transport and basic infrastructure

Agriculture investment **remains underfunded and concentrated**

Investment trends in transport infrastructure and other basic infrastructure sectors remained weak in LDCs in 2025. The value of IPF deals in transport infrastructure fell by almost half, from an already low level of $703 million in 2024 to $368 million. This contrasts with trends in other developing economies, where transport investment improved relative to 2024, reaching $48 billion, although activity remained well below earlier peaks.

Large transport projects require substantial long-term financing, often involving sovereign guarantees and complex public-private partnership structures. As in other infrastructure sectors, elevated debt burdens, fiscal constraints and higher financing costs continue to hinder investment pipelines in developing economies (GIF, 2025; ITF, 2025; UNCTAD, 2026).

Trends in water, sanitation and hygiene investment also remain highly uneven. The values of announced greenfield projects in developing countries more than quadrupled in 2025, albeit from a very low base, while IPF deals declined. The sector continues to face persistent bankability challenges, including limited revenue generation capacity, weak cost recovery and high dependence on concessional finance and public sector support.

d. Food and agriculture

Food and agriculture recorded robust growth across both greenfield investment and IPF in 2025. Announced greenfield project values increased sharply, reaching $27 billion in developing economies and $4 billion in LDCs, while IPF values also increased significantly. The increase reflects rising investor interest in food security, agricultural processing, agri-logistics and climate-resilient agricultural production. In Ethiopia, one of the largest projects announced during the year involved a major fertilizer complex, highlighting investment interest in agricultural input industries and domestic food system resilience.

Nevertheless, substantial financing gaps persist in vulnerable developing economies, and agriculture investment remains concentrated in relatively few host economies with stronger agribusiness ecosystems, export potential or land availability. Financing constraints, climate vulnerability and infrastructure gaps continue to limit broader investment expansion across many LDCs and vulnerable economies. Heightened global uncertainty and tighter financing conditions may slow the rollout of large agrifood projects, particularly those dependent on imported inputs or external capital.

e. Health and education

Private investment in health and education remains comparatively small, often relying on international funding through public-private partnerships. In developing economies, announced greenfield investment in healthcare increased at a slower pace than in 2024, reaching about $13 billion in 2025. The increase also extended to LDCs, where announced project values rose from about $180 million to $490 million. By contrast, no IPF activity was registered.

Private international investment in education also remains modest, with a single IPF deal recorded in 2025 – the West Cairo Premium International School Project in Egypt, with a total investment of about $26 million. The persistently low levels of private international investment in social sectors underscore the continuing challenges of mobilizing private capital for Goals-related social infrastructure in developing economies, particularly in the absence of strong public support or blended finance arrangements (UNCTAD, 2026).

D. Major investor trends

International production continued to expand in 2025, driven by technology and pharmaceutical MNEs. Over the past decade, the international orientation of top MNEs has evolved, with several MNEs from advanced economies increasingly shifting investment to domestic markets. Some of the fastest-internationalizing MNEs are based in East Asia and particularly in the technology, manufacturing, infrastructure and renewable energy sectors. The presence of State-owned MNEs (SO-MNEs) in the top global ranking has increased in recent years, driven by geopolitical tensions, technology competition and expanding industrial policies. Cross-border M&As by SO-MNEs have almost doubled since the COVID-19 pandemic. Moreover, international private equity investment has expanded rapidly over the past decade. International equity acquisitions by private equity firms accounted for 20 per cent of global M&As in the last two years.

1. Top non-financial multinational enterprises

a. Internationalization trends of the top non-financial multinational enterprises

In 2025, the top MNEs expanded their international footprint, increasing their foreign assets by 8 per cent, outpacing growth in foreign sales and marking a historically strong expansion (see online annex). This expansion was driven primarily by MNEs in strategic sectors, including semiconductors, pharmaceuticals and electric vehicles, which are increasingly supported by industrial and investment policies in major economies. For example, several of the top 100 MNEs that operate in these industries announced significant investment in the United States in 2025, prompted by trade measures and regulatory and fiscal incentives.[9]

Foreign MNEs announced investment commitments of about $1 trillion in the United States, although about half of that amount is linked to a single AI infrastructure project, Project Stargate, a joint venture involving OpenAI and Oracle (United States), SoftBank (Japan) and the State-backed AI investment company MGX (United Arab Emirates). Excluding this joint venture, pharmaceuticals was the leading sector for foreign investment commitments, with announced projects worth $157 billion, followed by technology – particularly semiconductor manufacturing, where TSMC (Taiwan Province of China) announced investments of $100 billion – and automotive. As the implementation of these projects is expected to unfold

[9] Based on information from The White House, TRUMP EFFECT: A running list of new U.S. investment in President Trump's second term, 10 March 2026.

over the next 5–10 years, their impact on the top MNE rankings will be gradual.

United States MNEs accounted for more than $3 trillion in new domestic investment commitments reported by the United States Government. If realized, these commitments could strengthen their domestic investment focus and moderate the pace of future international expansion.

Large investments by top MNEs, both domestic and foreign, translated into an increase of more than 10 per cent in the value of their assets, while leaving the ratio of foreign assets to total assets – a measure of MNE internationalization – unchanged (table I.11). Even after adjusting for inflation, the value of their total assets still increased by more than 5 per cent.

Table I.11
Internationalization statistics of the 100 largest non-financial multinational enterprises, worldwide and from developing economies
(Billions of dollars, thousands of employees and percentage)

	100 largest MNEs, global					100 largest MNEs, developing economies		
Variable	2023[a]	2024[a]	Change, 2023–2024 (%)	2025[b]	Change, 2024–2025 (%)	2023[a]	2024	Change (%)
Assets (billions of dollars)								
Foreign	10 297	10 309	0.1	11 152	8.2	2 976	3 063	2.9
Domestic	9 308	9 425	1.3	10 459	11.0	7 858	7 701	-2.0
Total	19 605	19 734	0.7	21 611	9.5	10 834	10 765	-0.6
Foreign as share of total (%)	53	52		52		27	28	
Sales (billions of dollars)								
Foreign	6 951	7 003	0.8	7 265	3.7	2 500	2 478	-0.9
Domestic	5 578	5 093	-8.7	5 412	6.3	4 385	4 221	-3.7
Total	12 528	12 096	-3.5	12 677	4.8	6 885	6 699	-2.7
Foreign as share of total (%)	55	58		57		36	37	
Employment (thousands)								
Foreign	9 483	9 241	-2.5	9 158	-0.9	4 049	4 748	17.3
Domestic	10 564	9 442	-10.6	9 209	-2.5	9 970	9 294	-6.8
Total	20 047	18 683	-6.8	18 368	-1.7	14 018	14 042	0.2
Foreign as share of total (%)	47	49		50		29	34	
Weighted average TNI	52	53		53		31	33	
Unweighted average TNI	62	63		63		47	48	
Median TNI	66	68		66		45	49	

Source: UNCTAD, FDI/MNE database.

Notes: Data refer to fiscal year results reported between 1 April of the base year and 31 March of the following year. Complete 2025 data for the 100 largest MNEs from developing economies are not yet available.

[a] Revised results.

[b] Preliminary results.

Abbreviations: MNE, multinational enterprise; TNI, Transnationality Index.

Technology sector: **primary driver of international production**

The technology sector remained a primary driver of international production expansion in 2025. On average, the foreign assets of technology MNEs increased by more than 20 per cent. Despite announcing large domestic investment plans, United States technology MNEs – the majority of the technology MNEs in the ranking – continued to expand their foreign presence. For example NVIDIA, while announcing substantial domestic investment, more than doubled its foreign assets, supported by investment in foreign AI infrastructure and international partnerships. A notable exception to this trend was Apple, which reduced its foreign assets by more than 10 per cent in 2025. The company also announced investment plans worth $600 billion aimed at reshoring the manufacturing of advanced components. However, across technology MNEs, trends provide little evidence of a shift towards reshoring (see also chapter III).

In 2025 the number of technology and digital MNEs in the top 100 increased to 16 with the addition of digital content company Walt Disney (United States) and e-commerce firm Naspers (South Africa).

Pharmaceuticals MNEs increased their foreign assets by more than 10 per cent, driven also by market access considerations and the "patent cliff" – i.e. the moment when patents on key medicines expire, reducing revenues and increasing generic competition – which has intensified the push to develop or acquire high-value treatments for such problems as cancer and obesity. This trend is reflected in the $9 billion acquisition of Blueprint (United States) by Sanofi (France). Eight of 12 pharmaceuticals MNEs also announced investments in manufacturing and research and development in the United States. Merck & Co (United States) entered the ranking after several acquisitions in Europe.

Automotive MNEs also expanded internationally, balancing market access and policy incentives (in North America) and investment in cost-efficient manufacturing and advanced in-car technologies (in China). For example, Volkswagen (Germany) deepened strategic partnerships in both key markets. Energy utilities increased investment in response to power demand and grid modernization needs. Ørsted (Denmark), for instance, entered the ranking following large-scale investments in wind energy capacity in the United States, attracted by the large market size and incentives under the Inflation Reduction Act.[10]

Across manufacturing, heavy-industry MNEs renewed their foreign expansion after a period of decline, led by the conglomerate Hanwha (Republic of Korea) and its shipbuilding investment in the United States. In contrast, light-industry MNEs were among the least active in 2025, with Coca-Cola (United States) exiting the ranking for the first time since the mid-1990s.

Other companies exiting the ranking included the retailer Seven & I Holdings (Japan) and S&P Global (United States), reflecting changes in reporting practices. The mining company Anglo American (United Kingdom) also temporarily exited the ranking following the spin-off of its platinum mining division and pending the completion of its merger with Teck Resources (Canada).

Overall in 2025, the foreign assets of top MNEs grew strongly, but domestic assets expanded more quickly, pointing to a gradual strengthening of home-country investment alongside continued internationalization. This trend may reinforce a longer-term tendency of MNEs from advanced economies to refocus operations on their domestic markets.

b. Long-term internationalization trends of the top non-financial multinational enterprises

A longer-term comparison of the investment behaviour of the same set of MNEs tracked

[10] *The Financial Times*, Ørsted's US projects back on track after court lifts Trump-imposed suspension, 6 February 2026.

over time in the UNCTAD ranking before and after the pandemic, up to 2024, shows that internationalization trends diverged across home countries and sectors.

United States MNEs have seen domestic assets grow faster than foreign assets. The average foreign share of total assets declined from 43 per cent in 2017–2019 to 39 per cent in 2022–2024, highlighting a shift towards the domestic market (figure I.21). This shift was most pronounced in infrastructure, oil and gas, and pharmaceuticals. Infrastructure firms have long maintained a limited foreign presence, while in energy the reorientation towards domestic investment has been under way since the shale revolution of the early 2000s. Even highly internationalized technology firms have increased their domestic focus.

Figure I.21
United States multinational enterprises are prioritizing the domestic market

Change in top firms' foreign share of assets between 2017–2019 and 2022–2024
(Percentage points)

Source: UNCTAD, FDI/MNE database.

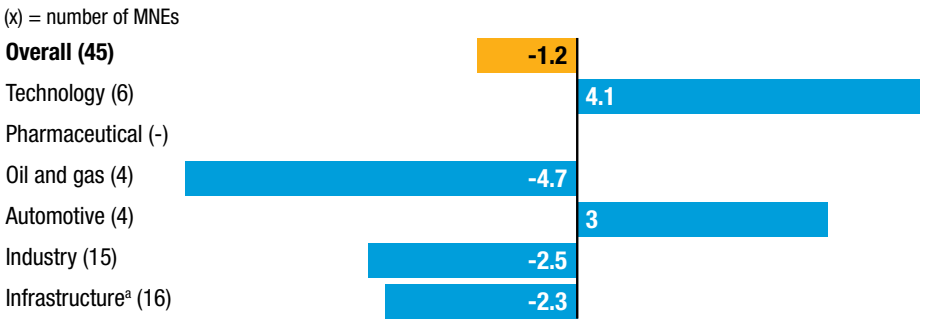
Notes: The analysis tracks all MNEs that appear in UNCTAD rankings – the global top MNEs and the top MNEs from developing economies – for more than one year and that have data on the share of foreign to total assets in each of the years included in the analysis (2017–2019 and 2022–2024). The sample includes 224 MNEs.

[a] Infrastructure includes construction, logistics, telecommunications and utilities MNEs.

Abbreviation: MNE, multinational enterprise.

Chinese MNEs saw a slight decline in foreign asset shares, especially in State-led sectors, while privately owned firms in technology and automotive continued to expand abroad (figure I.22). The contraction was most pronounced in sectors dominated by large State-owned MNEs, including oil and gas, infrastructure and heavy industry. Major players, including COSCO Shipping, defence group Norinco and Shandong Energy, slowed the pace of their foreign investment expansion and refocused on the domestic market. By contrast, technology, industry and automotive MNEs – largely privately owned companies – showed a growing propensity to expand abroad. For example, CATL tripled its share of foreign assets, from less than 10 per cent before the pandemic to almost 30 per cent recently. Huawei also significantly expanded its foreign operations, focusing on cloud computing, 5G infrastructure, green energy solutions and enterprise digital transformation, particularly in developing regions such as Africa and the Middle East.

Figure I.22
Internationalization of Chinese multinational enterprises is driven by technology and automotive companies
Change in top firms' foreign share of assets between 2017–2019 and 2022–2024
(Percentage points)



Source: UNCTAD, FDI/MNE database.

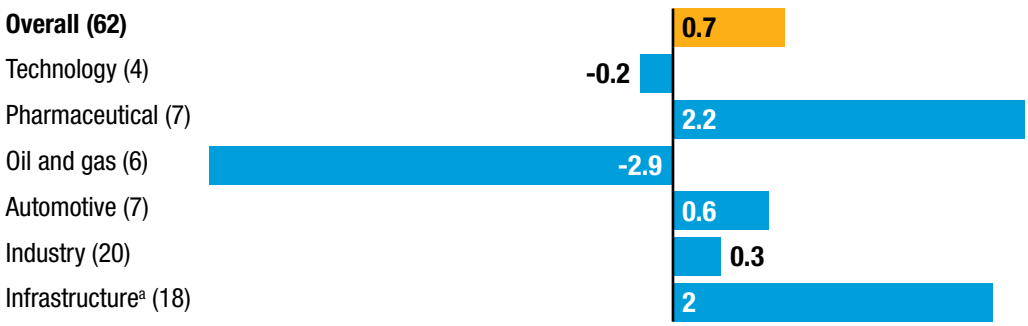
Notes: The analysis tracks all MNEs that appear in UNCTAD rankings – the global top MNEs and the top MNEs from developing economies – for more than one year and that have data on the share of foreign to total assets in each of the years included in the analysis (2017–2019 and 2022–2024). The sample includes 224 MNEs.

[a] Infrastructure includes construction, logistics, telecommunications and utilities MNEs.

Abbreviation: MNE, multinational enterprise.

European MNEs remained broadly stable, maintaining their foreign asset shares (figure I.23). The main industries of foreign expansion have been infrastructure – particularly transport infrastructure, led by companies such as Vinci (France) and Mundys (Italy) – and renewable energy, with companies such as RWE (Germany) expanding their international operations. Pharmaceuticals MNEs also continued to expand their foreign operations, driven by intensifying international competition for the acquisition of smaller promising biopharmaceutical companies.

Figure I.23
Internationalization of European multinational enterprises was stable
Change in top firms' foreign share of assets between 2017–2019 and 2022–2024
(Percentage points)



Source: UNCTAD, FDI/MNE database.

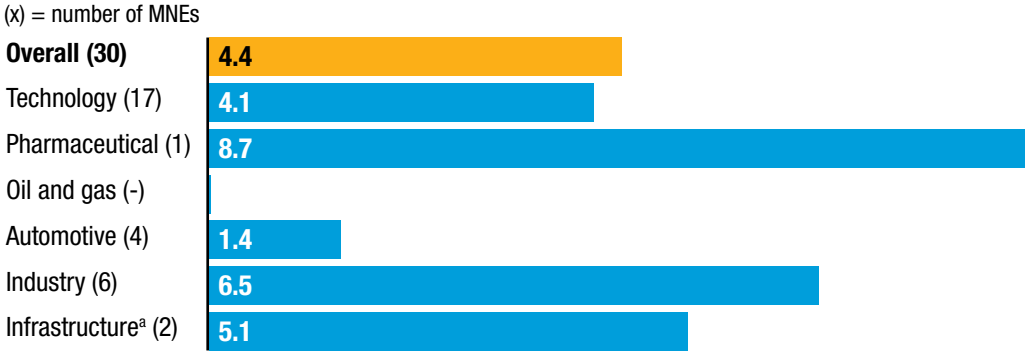
Notes: The analysis tracks all MNEs that appear in UNCTAD rankings – the global top MNEs and the top MNEs from developing economies – for more than one year and that have data on the share of foreign to total assets in each of the years included in the analysis (2017–2019 and 2022–2024). The sample includes 224 MNEs.

[a] Infrastructure includes construction, logistics, telecommunications and utilities MNEs.

Abbreviation: MNE, multinational enterprise.

Conversely, MNEs from advanced East Asian economies – Japan, the Republic of Korea and Taiwan Province of China – have increased their internationalization rapidly, particularly in technology and industry (figure I.24). Among the companies most significantly changing their foreign orientation are Sony (Japan), whose foreign asset ratio increased from about 25 per cent before the pandemic to more than 65 per cent in 2024, and semiconductor producer TSMC (Taiwan Province of China), which began investing abroad at scale only in the past five years but raised its foreign asset ratio from less than 5 per cent to more than 20 per cent by 2024. Overall, East Asian suppliers to major technology firms have continued to expand overseas operations, seeking to maintain market access and strengthen supply chain resilience.

Figure I.24
Technology multinational enterprises from advanced Asian economies expanded their international footprint rapidly
Change in top firms' foreign share of assets between 2017–2019 and 2022–2024 (Percentage points)



Source: UNCTAD, FDI/MNE database.

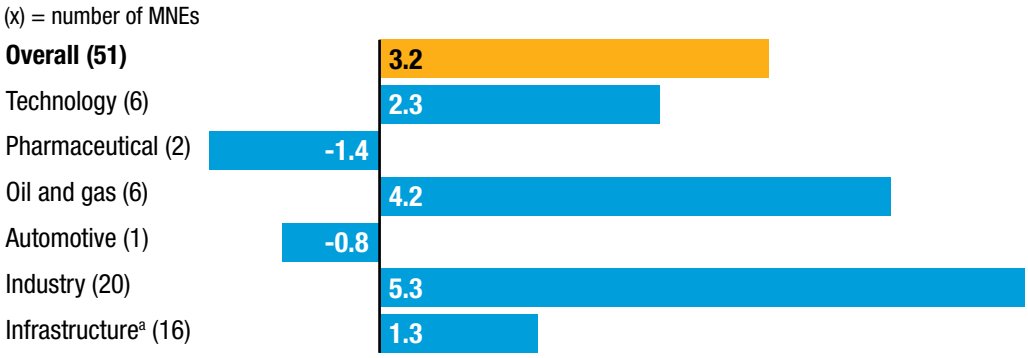
Notes: MNEs from Japan, the Republic of Korea and Taiwan Province of China. The analysis tracks all MNEs that appear in UNCTAD rankings – the global top MNEs and the top MNEs from developing economies – for more than one year and that have data on the share of foreign to total assets in each of the years included in the analysis (2017–2019 and 2022–2024). The sample includes 224 MNEs.

[a] Infrastructure includes construction, logistics, telecommunications and utilities MNEs.

Abbreviation: MNE, multinational enterprise.

MNEs from developing economies remain among the fastest internationalizing, with strong growth in manufacturing and infrastructure and an expanding presence across other sectors, suggesting the emergence of a new generation of global players (figure I.25). MNEs such as Siam Cement (Thailand), Masdar (United Arab Emirates) and MercadoLibre (Argentina) are expanding rapidly across regions.

Figure I.25
Multinational enterprises from developing economies rank among the fastest-internationalizing firms
Change in top firms' foreign share of assets between 2017–2019 and 2022–2024
(Percentage points)



Source: UNCTAD, FDI/MNE database.

Notes: The analysis tracks all MNEs that appear in UNCTAD rankings – the global top MNEs and the top MNEs from developing economies – for more than one year and that have data on the share of foreign to total assets in each of the years included in the analysis (2017–2019 and 2022–2024). The sample includes 224 MNEs.

[a] Infrastructure includes construction, logistics, telecommunications and utilities MNEs.

Abbreviation: MNE, multinational enterprise.

2. State-owned multinational enterprises

The internationalization of SOEs constitutes an important component of FDI. SOEs are firms over which a public authority exercises significant ownership and control (at least 10 per cent of the voting rights or a golden share giving the State veto power in important corporate decisions).[11] Even minority shareholdings may allow governments to exert substantial influence over corporate decisions. SO-MNEs are SOEs with significant overseas assets and activities.

Various editions of the *World Investment Report* have analysed the role and international expansion of SO-MNEs at key turning points. *WIR 2011* assessed the landscape of SO-MNEs in the aftermath of the 2007–2009 global financial crisis, when governments in advanced economies supported – and in several cases bailed out – firms considered essential, particularly in the financial sector (UNCTAD, 2011). *WIR 2018* examined the large-scale international expansion of Chinese SOEs (UNCTAD, 2018). *WIR 2021* reported significant government equity injections into MNEs in the transport and tourism sectors in response to the pandemic (UNCTAD, 2021).

In the current turbulent era of geopolitical tensions, technology competition and expanding industrial policies, proactive State actions in economies have regained prominence. Among the top 100 non-financial MNEs, State ownership has increased since the pandemic and now involves more than a quarter of the firms (table I.12). Among the top 100 MNEs with State-owned equity, MNEs from developed economies tend to feature minority State participation, often reflecting historical stakes or strategic interests, whereas MNEs from emerging economies are more frequently majority or fully State owned.[12]

[11] See UNCTAD (2011), page 28.
[12] UNCTAD top non-financial MNE rankings are available in the online annex.

Table I.12
The number of State-owned multinational enterprises in the UNCTAD ranking is increasing

Number of firms with State participation greater than 10 per cent of voting rights

Home economies	Ranking years			
	2011	2017	2021	2026
Developed economies	**17**	**11**	**13**	**15**
Europe	15	10	12	13
Austria			1	
Denmark				1
France	6	5	5	5
Germany	3	2	3	3
Italy	2	2	2	2
Norway	1	1	1	1
Spain				1
Sweden	2			
United Kingdom	1			
Japan	1	1	1	1
United States	1			1
Developing economies	**3**	**4**	**9**	**11**
Brazil	1	1		
China	1	2	8	8
Malaysia	1	1		1
Saudi Arabia			1	1
South Africa				1
Total	**20**	**15**	**22**	**26**

Source: UNCTAD, FDI/MNE database.

Note: Each year's ranking is based on financial data of the preceding year.

There are notable exceptions, including fully State-owned companies in developed economies, such as Equinor (oil and gas, Norway) and EDF – a utility company (France) fully nationalized in 2023; and more market-oriented companies in emerging economies. In China, for example, Legend Holdings, founded by a government-affiliated research institution (the Chinese Academy of Sciences), has a minority State participation of about 30 per cent.

The increasing presence of SO-MNEs in the ranking of the top 100 MNEs has been driven mostly by the internationalization of SOEs from China and other emerging economies. In recent years this trend has been reinforced by proactive State actions in developed economies. While long-established European SO-MNEs – particularly French and German ones – have maintained their positions, several developed-economy governments have also increased or reasserted ownership stakes in strategic firms, including in the technology, semiconductors, critical minerals, telecommunications and defence industries. For example, the United States Government's acquisition of a 10 per cent equity stake in Intel coincided with a range of acquisitions in rare earths mining companies, including foreign ones. Similarly, the French State raised its stake in the satellite company Eutelsat (not in the top MNEs ranking) to 30 per cent.

In several cases, governments have intervened in response to foreign State-backed investments in domestic firms, reflecting growing scrutiny of foreign State ownership of strategic assets. In Spain, the Government increased its stake in Telefónica to about 10 per cent following the acquisition of a comparable stake by Saudi Telecom, citing concerns about maintaining national control of critical telecommunications infrastructure. Similarly, the Netherlands and Italy have exercised "golden power" provisions to limit the influence of foreign SO-MNEs over strategic domestic firms, including the semiconductor company Nexperia (Netherlands) and the tyre manufacturer Pirelli (Italy).[13]

Where States acquire stakes in established MNEs, State ownership can, in some cases, constrain future international expansion. Recent increases in State participation in strategic firms have often been motivated by national security and industrial policy considerations, which may prioritize domestic investment, supply chain resilience and technological autonomy over outward expansion.

The dynamics among MNEs from emerging markets differ considerably from those of MNEs in the global ranking. SO-MNEs account for half of the ranking (table I.13), reflecting the continued role of governments in maintaining direct control over firms in strategic sectors such as energy, natural resources and infrastructure. In many emerging markets, State support is often leveraged to foster national champions that internationalize as part of broader economic diversification and development strategies. Supported by access to capital and policy backing, these firms are often well positioned to scale and expand internationally.

However, as developing economies advance and privately owned firms expand internationally, the role of State ownership tends to diminish. This trend is particularly evident in China, Hong Kong (China) and Singapore. For example, in China (excluding MNEs from Hong Kong, (China)), the share of SOEs among the country's ranked MNEs has declined, from nearly 90 per cent in *WIR 2011* (8 of 9 firms) to about 70 per cent in this year's ranking (29 of 41 firms). The shift reflects the rapid internationalization of private firms in sectors such as digital technologies (Tencent, Huawei), automotive manufacturing (Geely) and battery production (CATL).

By contrast, SO-MNEs from West Asia have become increasingly prominent in the ranking. Firms from the GCC countries, particularly in energy, infrastructure and telecommunications, have expanded their international presence and invested heavily in renewable energy and infrastructure. This has supported the emergence of new regional and global players. Masdar (United Arab Emirates) entered the ranking in 2022. ACWA Power (Saudi Arabia), Saudi Telecom and Emaar Properties (United Arab Emirates) have also substantially increased their international investment in recent years and are approaching the threshold for inclusion in the ranking.

State-owned MNEs now half of top 100 developing-economy firms

[13] *The Financial Times*, Dutch government takes control of Chinese-owned chipmaker Nexperia, 13 October 2025; *The Financial Times*, Pirelli strips China's Sinochem of control in attempt to avert exclusion by Trump in US, 28 April 2025.

Table I.13
Half of the multinational enterprises in the ranking from developing economies are State-owned
Number of firms with State participation greater than 10 per cent of voting rights

Home economies	Ranking years			
	2011	2017	2021	2026
China and Hong Kong (China)	8	17	29	30
Gulf Cooperation Council	6	6	6	7
Kuwait	3	1	1	1
Oman				1
Qatar	1	1	1	1
Saudi Arabia		1	2	2
United Arab Emirates	2	3	3	3
Brazil	2	3	1	1
India	1	1	1	1
Malaysia	3	3	2	3
Singapore	2	4	4	2
South Africa	4	3	2	3
Thailand				2
Other	5	4	4	1
Total	**31**	**41**	**49**	**50**

Source: UNCTAD, FDI/MNE database.

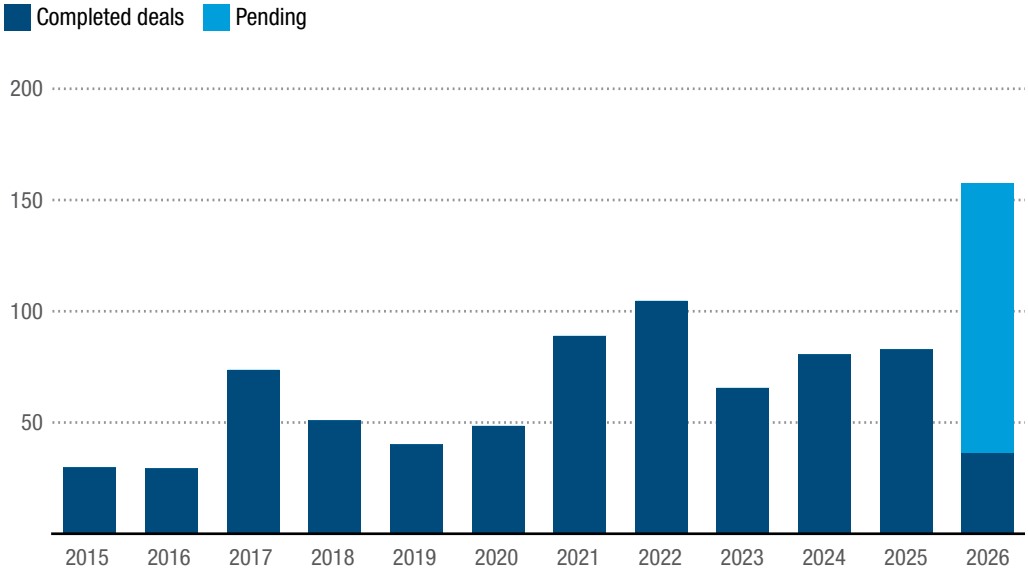
Note: Because of financial data availability, each year's ranking is based on two years preceding the ranking year.

Some of these SO-MNEs are owned – or partly owned – by SWFs, which are State-owned investment vehicles typically funded by foreign exchange reserves or by revenues derived from natural resources, and managed separately from official reserve assets.

Since the pandemic, international deal-making by SO-MNEs has regained momentum, with the value of completed cross-border M&As averaging about $85 billion annually in 2021 to 2025. This is nearly double the average annual level of $45 billion recorded during 2015–2019 (figure I.26). Most large deals are no longer conducted by a single SO-MNE acting independently, but rather through investor consortia in which the SO-MNE participates alongside private and institutional investors. As a result, ownership structures tend to be less concentrated, helping to mitigate political and regulatory concerns in host countries. Against this background, SWFs have become increasingly important actors in international State-owned investment, investing both directly and through affiliated SO-MNEs. Pending deals announced in 2025 could raise total State-owned investment activity to about $160 billion, if completed in 2026, or about 10 per cent of global FDI flows. Several of these transactions involve SWFs investing directly in foreign companies, without the intermediation of SO-MNEs. Notable examples include the proposed acquisition of Electronic Arts (United States) by a special acquisition vehicle led by the Public Investment Fund of Saudi Arabia for approximately $50 billion and the acquisition of Aligned Data Centers (United States) by an investor consortium including the SWF-backed MGX (United Arab Emirates) for about $40 billion.

Figure I.26
International acquisitions by State-owned multinational enterprises have increased since the pandemic

Net international purchases of equity shares of at least 10 per cent of the voting rights (Billions of dollars)



Source: UNCTAD based on information from LSEG Data & Analytics.

Note: Only deals by majority State-owned MNEs.

3. Internationalization trends of private equity investment

Private equity (box I.8) has become a major component of global investment. Annual fundraising more than tripled from less than $200 billion in the aftermath of the 2008 global financial crisis to more than $1.1 trillion in 2021, with total investment reaching comparable levels. The 2021 peak was driven by larger deal sizes and strong activity in technology-related sectors.

Box I.8
Defining private equity in the context of cross-border investment

For the purpose of the analysis in this report, private equity investment activity is measured through the equity component of deals, with a focus on cross-border deals and ownership stakes that imply a lasting interest in the foreign enterprise, consistent with FDI frameworks. Although private equity transactions often combine equity and debt instruments, non-equity components are excluded to ensure conceptual consistency with FDI frameworks and comparability with sources that report total deal values. The analysis relies on the equity component of private equity transactions, based on investor-level participation in deals including venture capital funding rounds, distinguishing between domestic and foreign investors.

However, important data limitations remain. Detailed information on ownership shares is not always available, particularly for venture capital and smaller deals, making it difficult to assess whether individual investors meet the 10 per cent FDI thresholds. While venture capital financing rounds for smaller companies can represent a large share of

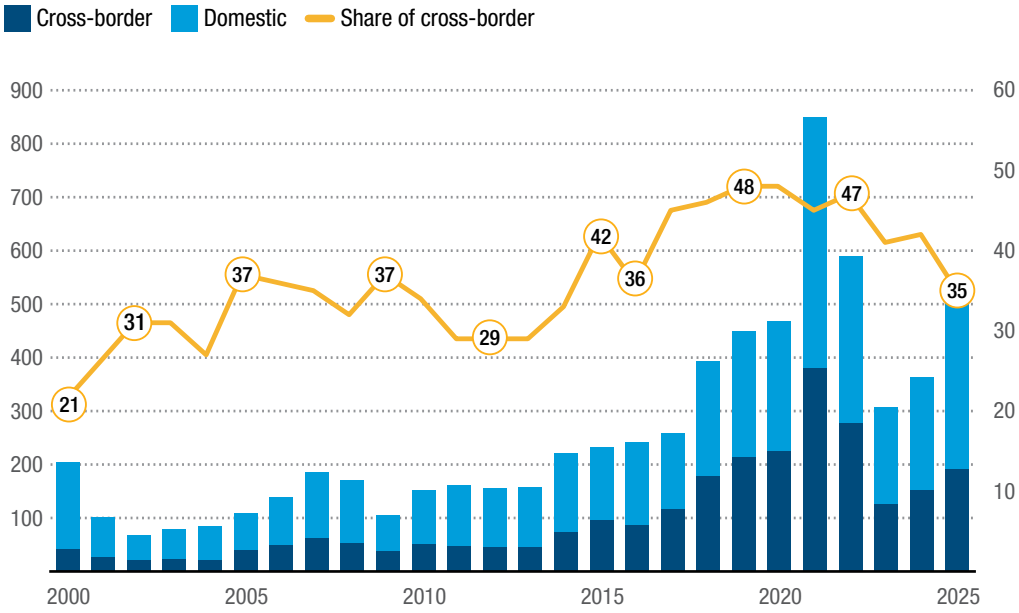
their entire capital, investments in larger private firms – such as OpenAI (United States) or ByteDance (China), whose valuations exceed $100 billion – typically constitute minority stakes. Moreover, some of the transactions involving multiple co-investors often do not disclose the allocation of financing shares across participating investors, leading to a potential underestimation of cross-border private equity flows.[a]

Source: UNCTAD.

[a] A more detailed discussion of the data and methodology will be provided in the forthcoming UNCTAD publication on cross-border private equity and venture capital.

While most private equity investment remains domestic – particularly in the United States where the industry originated – cross-border activity expanded significantly (figure I.27). The share of international private equity investment relative to total investment rose steadily in the years leading up to 2021. In 2021 cross-border private equity flows reached a record $400 billion, representing nearly half of all private equity activity, before contracting sharply in 2022 and 2023, in line with the broader decline in deal-making.

Figure I.27
Global cross-border private equity investment has expanded over the past decade, with a peak in 2021
Equity investments by private equity funds
(Billions of dollars and percentage)



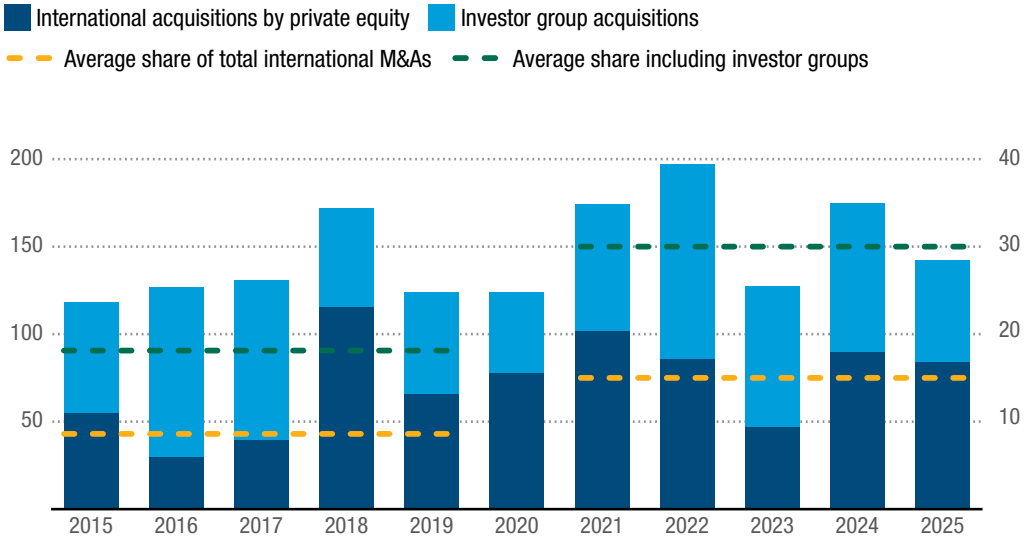
Source: UNCTAD, based on information from LSEG Data & Analytics.

International acquisitions by private equity firms account for a growing share of global M&A activity, reaching about 20 per cent in 2024–2025. Some of the largest transactions were recorded in 2018, including the acquisition by Bain Capital (United States) of a subsidiary of Toshiba (Japan) for approximately $18 billion. A significant share of private equity–led deals is conducted through investor consortia, often involving multiple private equity firms as well as other non-financial MNEs. When such transactions are included, the share attributable to private equity–related activity

rises to more than 30 per cent (figure I.28), equivalent to roughly 10–15 per cent of FDI flows. Notable megadeals in this category include the acquisition in 2024 of the fixed network business of Telecom Italia for $24 billion by an investor group composed of a unit of the private equity firm KKR (United States), the Canada Pension Plan Investment Board and an Italian State-owned investment fund.

Figure I.28
Private equity is becoming more important in cross-border mergers and acquisitions

Net international purchases of equity shares of at least 10 per cent of the voting rights (Billions of dollars and percentage)



Source: UNCTAD, based on information from LSEG Data & Analytics.

Note: Investor groups can include firms that are not private equity firms.

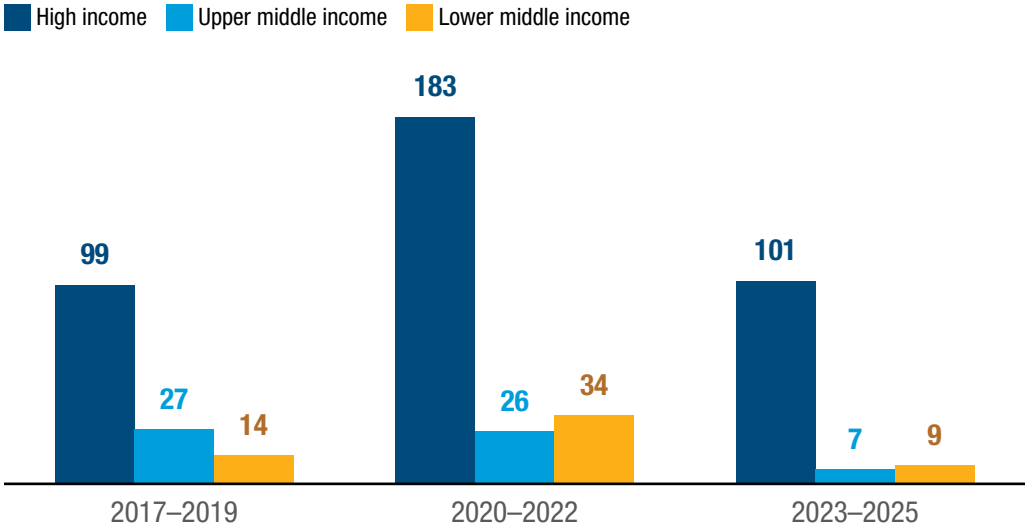
Abbreviation: M&As, mergers and acquisitions.

The importance of foreign private equity investors varies significantly across income groups. In high- and upper-middle-income economies, private equity investment remains predominantly domestic, with cross-border transactions accounting for only about one third of total activity. In upper-middle-income economies the share of cross-border private equity fell from about 40 per cent in the mid-2010s to less than 20 per cent by 2025, reflecting both the expansion of domestic private equity markets and lower participation by foreign investors. By contrast, cross-border transactions consistently accounted for more than half of total private equity activity in lower-middle-income economies, highlighting their reliance on foreign capital.

At the same time, in absolute terms, high-income economies continue to attract the largest share of global cross-border private equity flows, reflecting the larger size and depth of their domestic financial markets (figure I.29). Upper- and lower-middle-income economies experienced a transitory increase during 2020–2021, driven in part by the global technology investment boom and abundant liquidity. However, the increase was not sustained as financial conditions and corrections in technology valuations reduced investment activity. Flows to lower-middle-income economies were highly concentrated in India, particularly in technology-related sectors, while upper-middle-income flows were largely driven by China.

Figure I.29
High-income economies attract the largest share of global cross-border private equity flows

Cross-border private equity investment by investee income group
(Billions of dollars, three-year annual average)



Source: UNCTAD, based on information from LSEG Data & Analytics.

Note: Low-income countries are not included due to negligible values reported.

This distribution broadly mirrors patterns observed in traditional international investment. High-income economies remain the primary recipients of global FDI inflows, greenfield investment and cross-border private equity inflows. While private equity remains limited in scale, its role alongside traditional investment flows suggests a complementary function for financial investors in channelling capital.

In developing economies, cross-border private equity is concentrated in technology-related sectors, pointing to a preference for scalable, innovation-driven business models over broad-based productive transformation. At the same time, private equity firms are expanding into infrastructure, drawn by stable and regulated cash flows, and are playing an increasing role in IPF. Although distinct from traditional FDI in scale, composition and investment horizon, private equity has significant potential to support business development in developing economies, particularly where it provides growth capital for firm scaling and innovation.[14]

UNCTAD is undertaking further analytical work on these trends and will convene a focused session on the topic at the World Investment Forum 2026.

[14] See Kaplan and Strömberg (2009) for a review of private equity investment models, including active ownership and firm-level value creation.

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World Investment Report 2026

Chapter II

Investment policy trends

United Nations

Key findings

Investment policymaking reached a record high
Governments adopted 229 measures in 2025, the highest number on record, amid rising trade and investment policy uncertainty.

Policies became more selective and strategic
Most measures remained favourable to investors, but increasingly targeted priority sectors and activities linked to industrial development, resilience and economic security.

Incentives dominated favourable measures
Incentives accounted for half of all favourable measures, with growing use of targeted fiscal and financial support for clean energy, digital infrastructure, advanced manufacturing and critical minerals.

Restrictive measures continued to expand
New entry restrictions, tighter incentive regimes, localization requirements and broader FDI screening pointed to a more cautious approach to investment openness and stronger emphasis on domestic value creation.

International investment commitments continue to expand
With 44 treaties concluded in 2025, rulemaking maintained a steady pace. Nearly half of these treaties (47 per cent) were broad economic agreements, reflecting a shift from stand-alone investment treaties towards frameworks covering wide-ranging governance issues.

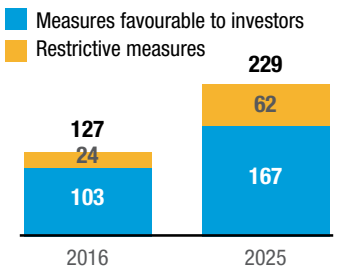
The scope and content of investment agreements are evolving
Recent treaties increasingly emphasize investment facilitation and cooperation (77 per cent of agreements), while traditional investment protection has become less dominant (62 per cent).

Investor–State arbitration cases reached 1,463
Respondents in Europe and in Latin America and the Caribbean faced the highest number of cases, together accounting for about 60 per cent of the global total.

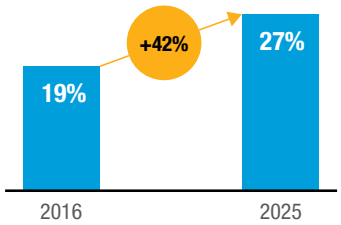
In 2025, investors initiated 56 arbitrations
About 80 per cent of the new cases were brought against developing countries – higher than the historical average. Disputes related to extractive activities – including the mining of critical minerals – accounted for about one third of cases, while the share of cases related to energy supply declined.

Investment policymaking reached a record high in 2025, with a rise in the share of restrictive measures

Number of measures by nature

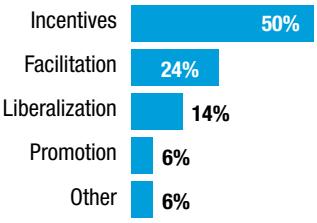


Share of restrictive measures, world



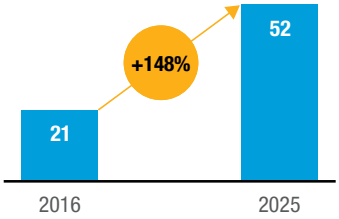
Incentives dominated favourable measures while FDI screening continued to expand

Measures favourable to investors, 2025



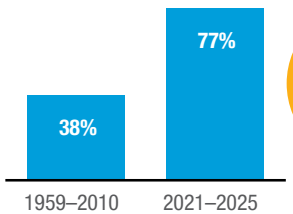
Restrictive measures, 2025

Number of economies with an FDI screening regime

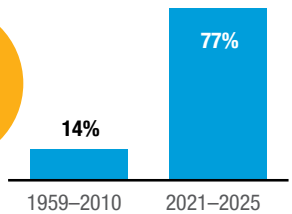


Investment agreement content is evolving: Recent treaties more often emphasize investment facilitation and cooperation

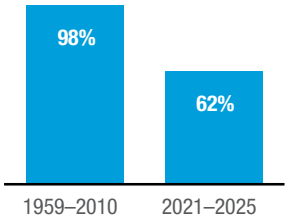
IIA cooperation provisions



IIA facilitation provisions

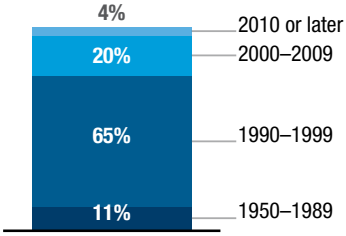


IIA protection provisions

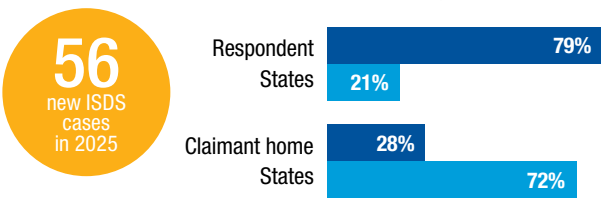


Most of the 1,463 investor–State arbitration cases have relied on old-generation investment agreements. In 2025, almost 80 per cent of new cases were brought against developing countries

IIAs invoked in total ISDS cases, by year of signature



Parties involved in 2025 cases



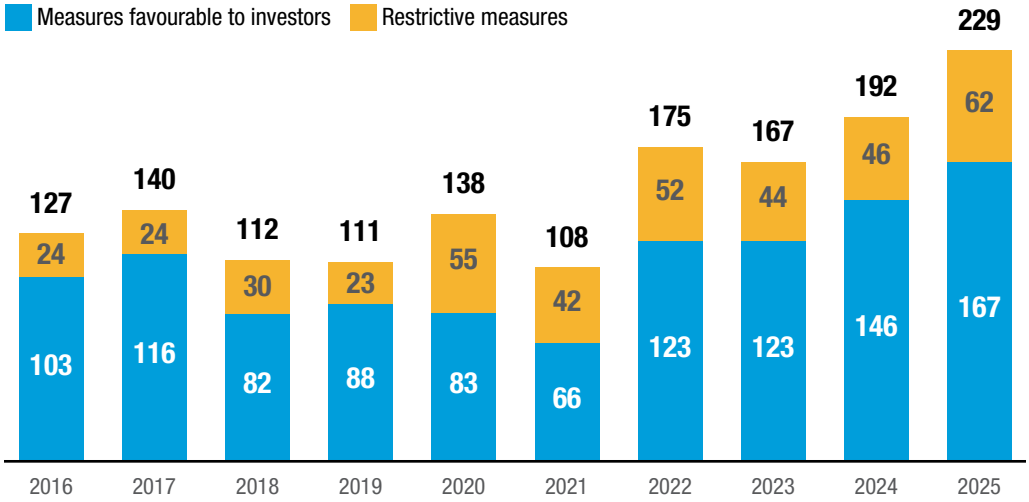
A. National investment policies

In 2025, national investment policymaking became more active and more selective, with the number of new measures reaching a record high (229) amid heightened uncertainty about trade and investment policy. Most remained favourable to investors (73 per cent), increasingly in the form of targeted incentives, facilitation and selective liberalization aimed at channeling investment towards strategic sectors such as clean energy, digital infrastructure, advanced manufacturing and critical minerals. Yet, restrictive measures continued to expand, especially through tighter investment screening, new entry restrictions, scaled-back incentive regimes and new localization requirements. These trends point to a more proactive approach, in which investment policy is used to pursue objectives of industrial development, economic security, resilience and domestic value creation.

1. Overall trends

Investment policy activity intensified further in 2025, reaching the highest level on record (figure II.1). Governments in 104 countries adopted 229 policy measures affecting foreign investment worldwide, up from 192 measures in 2024. This increase reflects the growing use of investment policy instruments to pursue a range of specific objectives, including industrial development, economic security and investor retention at a time of heightened global economic and policy uncertainty.

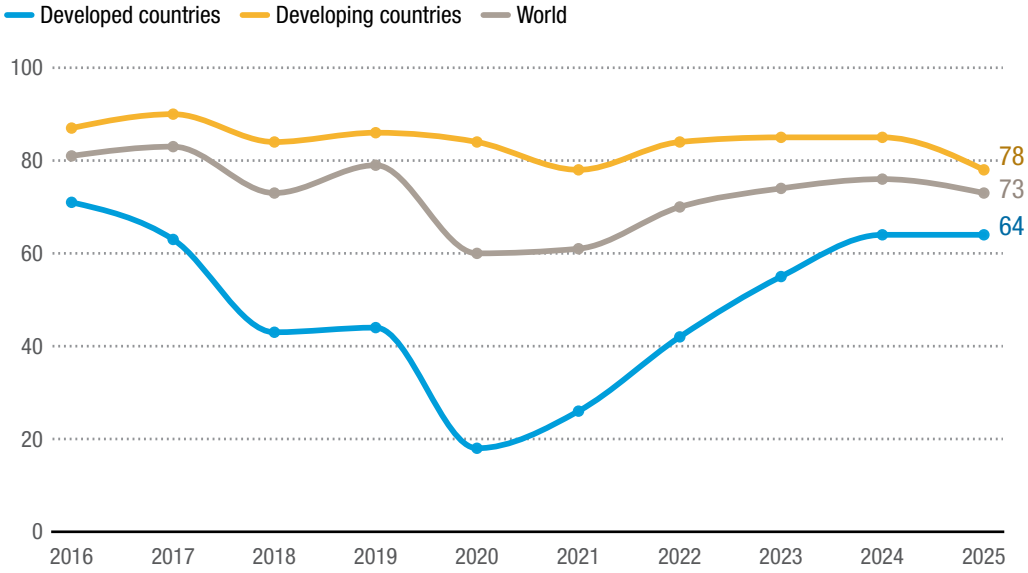
Figure II.1
Investment policy measures reached a record in 2025
Measures by nature, worldwide
(Number)



Source: UNCTAD, Investment Policy Monitor database.

Most new measures remained favourable to investors, continuing the trend observed in recent years (box II.1). In 2025, 167 measures, or 73 per cent of the total, aimed to liberalize, facilitate, promote or incentivize investment. The number and share of these measures that introduced restrictions or tightened regulatory conditions for foreign investors (62, or 27 per cent) rose compared with recent years, confirming a gradual move towards a more cautious approach to investment openness, particularly in developing countries (figure II.2).

Figure II.2
The share of policies favourable to investors decreased in 2025
Share of policy measures favourable to investors
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

In developing economies, the share of measures favourable to investors declined for the first time since the COVID-19 crisis (from 85 to 78 per cent). This reflected two developments. First, some countries introduced new entry restrictions or sectoral limitations affecting foreign investors, particularly in activities considered strategic or sensitive. Such measures were most prominent in Africa, where several countries expanded lists of activities reserved for domestic investors or introduced different ownership requirements in mining, services and small-scale commercial activities. Although the number of such restrictions remained limited compared with the scale of liberalization and promotion measures adopted over the past decade, their increase contributed significantly to the change in the policy balance.

Second, despite the continued increase in investment incentives across all regions, some developing countries reduced or eliminated investment incentives, as part of efforts to improve fiscal sustainability and enhance the effectiveness of investment support schemes. In several cases, reforms replaced broad tax exemptions with more targeted or performance-based instruments and were linked to the implementation of the global minimum tax framework.

In developed economies, the increase in restrictive measures was driven mainly by the continued expansion and refinement of mechanisms for screening foreign investment on national security grounds. Rather than indicating a new policy direction, these measures extended recent trends

Box II.1
Methodology for analysing trends in national investment policy

The analysis of trends in national investment policy is based on official measures affecting foreign direct investment (FDI) that United Nations Member States adopted in 2025, as compiled in the UNCTAD Investment Policy Monitor database. They encompass FDI-specific measures as well as general investment measures with a clear impact on FDI. They are reported by Member States in annual surveys or identified from publicly accessible sources (e.g. government websites, specialized policy databases). Classification of measures as favourable to investors or restrictive is based solely on their potential impact on investors (box table II.1.1). It does not reflect any value judgement on merit or suitability. When a measure contains more than one type of component, the components are analysed separately.

Box table II.1.1
Classification of measures

Measures favourable to investors

Liberalization	Privatization
	Lifting of entry restrictions (e.g. opening of sectors to FDI) and entry conditions (e.g. minimum capital requirement)
	Removal (total or partial) of FDI screening or approval mechanisms
	Lifting of foreign exchange restrictions
	Liberalization of land access
Facilitation	Streamlining of investment procedures (e.g. one-stop shops)
	Greater transparency of investment-related laws and procedures
	Introduction by IPAs and others of new services (e.g. linkages programmes, investor visa facilitation or alternative dispute resolution mechanisms)
Promotion	Establishment of IPAs or other institutions with a remit as investment promoters and expansion of their mandate
	Adoption of investment promotion strategy and plans
	Introduction of PPPs, auctions, and concessions initiatives or framework
	Introduction of OFDI promotion initiatives
Incentives	Adoption of new tax and financial incentives schemes for investment
	Introduction of other incentives (e.g. citizenship by investment programmes)
	Adoption of new SEZ-related incentives
Other	Enhancement of investor treatment and protection guarantees
	Easing of labour or migration regulations on foreign hires and key personnel
	Removal of operational restrictions on investment (e.g. local content requirements)

Restrictive measures

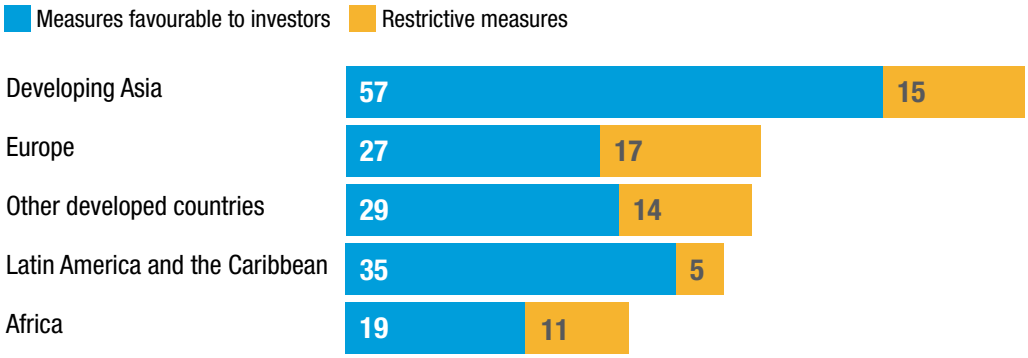
Entry	Introduction or tightening of entry restrictions (e.g. total or partial sectoral ban)
	Introduction or tightening of entry conditions (e.g. minimum investment threshold, joint venture requirements or State participation in strategic sectors)
	Introduction or expansion of screening mechanisms for national security
Treatment and operation	Introduction or expansion of foreign exchange restrictions
	Introduction or expansion of restrictions on foreign hires and key personnel
	Removal or reduction of investment incentives
	Introduction or expansion of post-establishment requirements for local content
	Reduction of guarantees for investment treatment and protection
	Introduction or expansion of restrictions on OFDI

Source: UNCTAD.

Abbreviations: FDI, foreign direct investment; IPA, investment promotion agency; OFDI, outward FDI; PPP, public-private partnership; SEZ, special economic zone.

Regional patterns highlight other differences in policy emphasis in 2025 (figure II.3). Developing Asia remained the most active region, with new measures focused mainly on industrial upgrading, digital transformation and green investment. Europe was the second most active, with policy activity concentrated on adjustments to investment screening regimes and industrial policy initiatives. In Latin America and the Caribbean, measures favourable to investors continued to dominate, led by facilitation initiatives aimed at attracting and retaining investment in a more uncertain and competitive international environment.

Figure II.3
Developing Asia adopted the most investment policy measures in 2025
Nature of measures by region
(Number)



Source: UNCTAD, Investment Policy Monitor database.

Note: Other developed countries are Australia, Canada, Japan, New Zealand, the Republic of Korea and the United States.

Overall, the pattern of measures adopted in 2025 confirms that investment policy is becoming more selective in scope and more closely aligned with industrial and national security objectives. Governments continued to adopt numerous measures favourable to investors, but these more frequently targeted specific sectors, technologies and project types rather than broad improvements in the investment climate. At the same time, the number of restrictive measures continued to grow in areas linked to security, strategic autonomy, local value creation and fiscal discipline (see section 3). Together, these trends point to a further shift away from the liberalization-oriented approach of previous decades towards a more proactive and strategic model of investment policymaking. For developing countries, this raises the stakes of designing policies that are both strategic and competitive, as elaborated in chapter III.

2. Measures favourable to investors

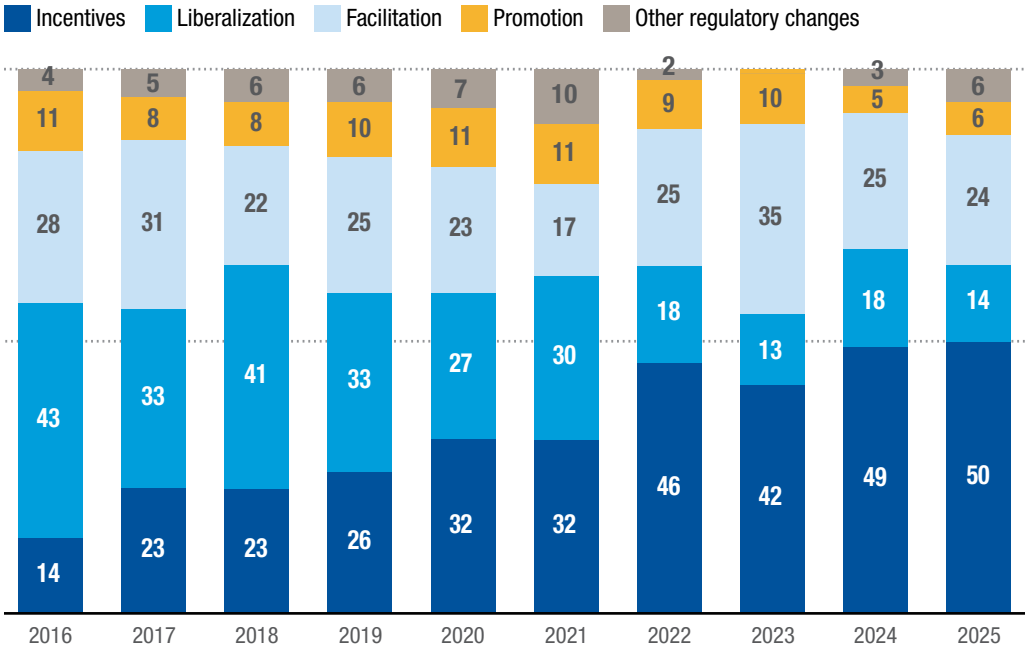
Measures favourable to investors continued to dominate in 2025, although their composition points to a more selective policy orientation. Across all categories of favourable policies – incentives, facilitation, liberalization and promotion – governments increasingly used such measures to channel investment towards priority sectors and activities rather than to pursue broad-based openness.

a. Incentives

Incentives represented the largest category of measures favourable to investors, accounting for a record 50 per cent of such measures worldwide. This reflects the broader shift, under way since the pandemic, towards greater use of industrial policy tools to attract investment and less reliance on liberalization and promotion (figure II.4; see also chapter III).

Since 2021, governments have increasingly used fiscal and financial incentives to attract investment towards priority sectors, particularly those linked to the energy transition, digital infrastructure and advanced manufacturing. This shift has been especially pronounced in developed countries, where incentives accounted for 60 per cent of measures favourable to investors, compared with less than 25 per cent in the 2016–2020 period. In developing countries too, their use increased significantly across all regions (figure II.5).

Figure II.4
Incentives represented half of the measures favourable to investors in 2025
Measures favourable to investors, by category
(Percentage)

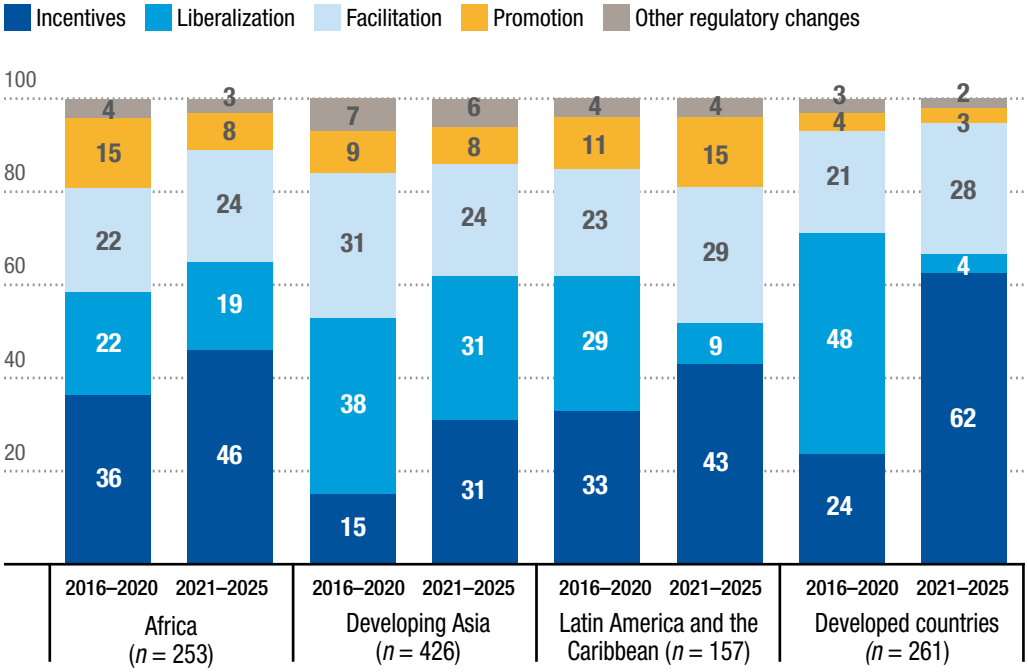


Source: UNCTAD, Investment Policy Monitor database.
Note: Policy measures falling under multiple categories are weighted equally across those categories.

Newly adopted incentives also became more targeted in 2025, with support for manufacturing continuing to gain ground (figure II.6). Across developed and developing economies alike, governments increasingly linked support to specific sectors, locations and types of investment, as well as to performance criteria such as employment creation, technological upgrading, local value addition and environmental sustainability. At the same time, the implementation of the global minimum tax framework may have encouraged a gradual shift away from broad tax exemptions and towards more targeted financial support instruments.

In developing countries, incentive schemes adopted in 2025 remained predominantly fiscal, but they were more frequently directed towards selected strategic sectors and activities. Brazil, for instance, introduced a special tax regime for data centre services, suspending federal taxes on qualifying equipment purchases and imports, subject to sustainability and domestic-market obligations. (Unless indicated otherwise, all examples provided in section A of this chapter, including additional information

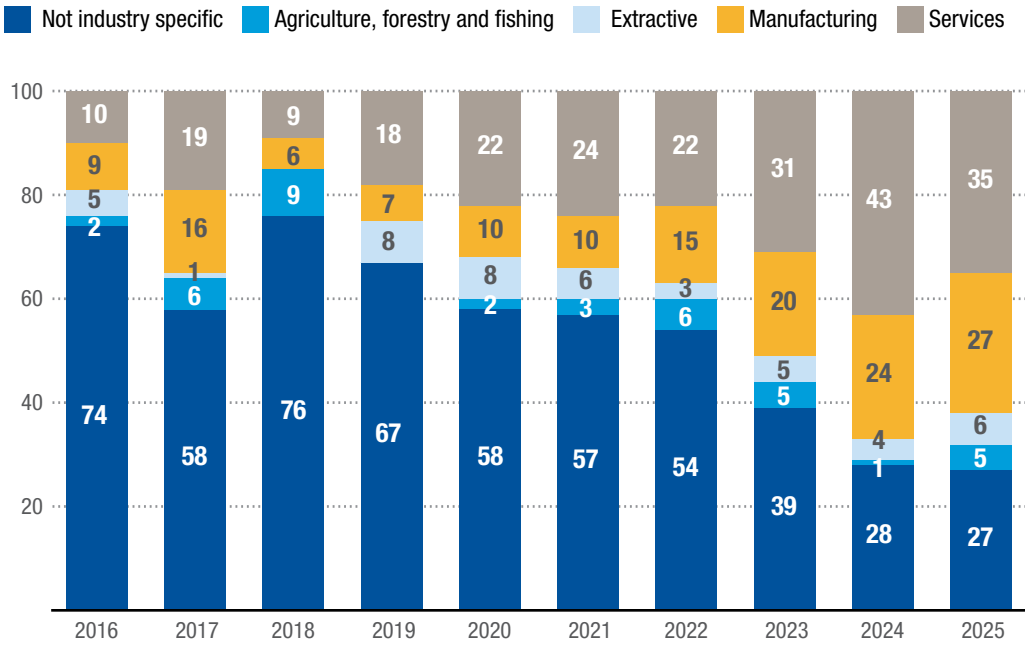
Figure II.5
Share of incentives increased across all regions in the last five years
Measures favourable to investors, by category
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

Note: Policy measures falling under multiple categories are weighted equally across those categories.

Figure II.6
The gradual increase in more targeted incentives since 2018 continues
Incentive measures by sector
(Percentage)



Source: UNCTAD, Investment Policy Monitor database.

Note: Policy measures falling under multiple sectors are weighted equally across those categories.

and links to official sources, can be found in the UNCTAD Investment Policy Monitor database.) Thailand adopted a temporary double deduction on corporate income tax for investments in the production of large commercial electric vehicles. Kenya reduced corporate income tax rates and introduced dividend tax exemptions for companies accredited under the Nairobi International Financial Centre, while also extending investment allowances in telecommunications to spectrum licences. Peru established a preferential tax regime for agriculture and agro-industry, including a reduced corporate income tax rate and accelerated depreciation for irrigation and water infrastructure. Nigeria, meanwhile, introduced performance-based tax credits for companies in the upstream petroleum industry, linking fiscal benefits to cost efficiency. This trend towards greater selectivity also extended to special economic zones (SEZs). In the Johor–Singapore SEZ (Malaysia), for instance, preferential tax rates were directed to qualifying manufacturing and services activities in such areas as AI, quantum computing, medical devices and aerospace, as well as to eligible knowledge workers. In Saint Kitts and Nevis, the new Special Sustainability Zones framework similarly made access to zone benefits conditional on projects that advance specified sustainability objectives, including the energy transition, water security, food security and circular-economy activities.

Financial incentives also gained importance as a more selective tool for directing investment towards priority sectors and policy objectives. Measures included public funds and other State-backed financing mechanisms (such as the Economic Diversification and Growth Fund of Barbados, the Competitiveness Enhancement Fund of Thailand, the National Investment Fund of the United Arab Emirates, or the Lusail incentives programme in Qatar). Other countries have also provided direct project support for targeted sectors. India, for instance, introduced capital expenditure support and sales-linked subsidies for electronics manufacturing and critical minerals recycling, while Saudi Arabia launched a programme to cover up to 35 per cent of initial project investment in selected industrial activities.

Unlike in developing countries, where incentive schemes remained predominantly fiscal, fiscal incentives in developed countries played only a complementary role, mainly in support of selected strategic industries. The Republic of Korea, for instance, increased corporate income tax credits for investment in semiconductor production and research facilities, while Australia introduced tax incentives for renewable hydrogen production and critical minerals.

Financial incentives, by contrast, make up most new measures in developed countries, where they aimed at supporting decarbonization, strengthening industrial competitiveness, building resilient supply chains, and cushioning the effects of tariffs and market disruptions. In Europe, a significant share took the form of State aid for the green transition and industrial competitiveness, including renewable hydrogen (Austria, Lithuania, Spain), industrial decarbonization and energy efficiency (Finland, Germany, the Netherlands), clean technology manufacturing (Czechia, Hungary, Italy, Spain), and offshore wind and biofuels (France, Greece).

Outside Europe, several developed countries also used financial incentives to support strategic industries. Australia launched an initiative for battery manufacturing, the United States announced funding to expand critical minerals supply chains and mining technologies, and the Republic of Korea established a fund to support such sectors as semiconductors, batteries, aerospace and artificial intelligence. In addition, some incentive packages were adopted in response to tariffs and market disruptions (e.g. Canada and Republic of Korea; see box II.2).

Financial incentives gain importance in priority sectors

b. Facilitation

Facilitation deployed to **attract and retain investment amid uncertainty**

Investment facilitation measures constituted the second largest category of favourable policies in 2025 (see figure II.4). Reforms increasingly emphasized digital government tools, streamlined approval procedures and investor services, reflecting the growing recognition that administrative efficiency is a key determinant of investment decisions. In several cases, facilitation measures also formed part of broader efforts to attract and retain investment in an increasingly competitive and uncertain international environment. Patterns differed, however, between developed and developing economies.

In developed economies, facilitation measures concentrated on two efforts. One concerned the administration of investment screening, including procedural reforms and guidance (e.g. in Australia, Austria, France, the Netherlands, New Zealand, Romania and the United States). The other aimed to accelerate investment in strategic sectors through faster permitting, coordinated approvals and dedicated support services. These measures covered critical raw materials (European Union, the United States), infrastructure (Canada), pharmaceuticals (the United States), alongside the establishment of support mechanisms for major projects and single points of contact for investors (Canada, New Zealand, the United States).

Across developing countries, most facilitation measures were adopted in Latin America and the Caribbean, often reflecting explicitly the need to attract and retain investment in a more complex and competitive international environment. In some cases, the timing and prioritization of these measures were influenced by heightened geopolitical and trade tensions (box II.2). They included broad administrative streamlining and regulatory simplification (Mexico, Peru), reforms of permitting and project-approval systems (Chile, Colombia), simplified procedures in mining and offshore energy (Argentina, Brazil), digital single windows and investment-information tools (Brazil, Chile), the easing of procedural requirements in SEZs (Jamaica), more centralized and streamlined procedures for public-private partnerships (PPPs) (Paraguay, Peru), and simplified evaluation and digital processing under investment promotion regimes (Uruguay).

In other regions, measures also focused on streamlining procedures, including simplified FDI procedures (Bhutan), eased reinvestment formalities (China), fast-track permits and infrastructure access (Mauritius), single windows for SEZs (Congo, Papua New Guinea), and accelerated procedures for strategic technology and high-tech projects (Viet Nam). Several countries also enhanced digital investment facilitation: Senegal established a digital investment platform, Mauritania expanded its digital one-stop shop, Indonesia broadened its Online Single Submission system to integrate business licensing procedures, and the United Republic of Tanzania introduced an integrated electronic system linking the authorities responsible for licences, permits, approvals and consents.

c. Liberalization

Measures liberalizing foreign investment regimes remained an important means of supporting market access in 2025, although they became increasingly selective in scope. All measures of this type were adopted by developing countries. They were especially prominent in Asia, where they accounted for 28 per cent of measures favourable to investors. The region recorded the highest number of liberalization measures, including reforms designed to attract private participation in infrastructure, services and other priority activities (figure II.7).

Box II.2
International trade tensions and national investment policy responses

Several investment policy reforms adopted in 2025 were introduced or accelerated in response to the heightened international economic uncertainty and new tariff measures introduced since April 2025.

In **Brazil**, for example, the Government launched Plano Brasil Soberano in August 2025. In addition to immediate support measures for exporters affected by tariffs, such as export credits, guarantee mechanisms, temporary tax relief and greater flexibility under drawback arrangements, the Plan included a longer-term component encouraging investment in strategic sectors and diversifying export markets through trade promotion and international engagement. In parallel, in September 2025, Brazil introduced REDATA, a special tax regime for data centre services aimed at attracting investment in digital infrastructure and supporting competitiveness, sustainability and technological development.

Canada likewise introduced investment-related support measures in response to tariff-related pressures. In September 2025, it created a Strategic Response Fund to support large-scale investment in tariff-affected, trade-exposed sectors, with the aim of preserving industrial capacity, strengthening competitiveness and encouraging product and market diversification. In parallel, it introduced targeted support for the forestry industry to address immediate pressures while promoting innovation and a shift towards wood products with higher value added.

In **Chile**, the Government announced a seven-point strategy in April 2025 that prioritized investment promotion and facilitation, including by identifying 10 legislative initiatives for priority treatment, among them the Framework Law on Sectoral Authorizations. Adopted in September 2025, the Law seeks to improve legal certainty, transparency and administrative efficiency in the processing of sectoral permits, including through standardized procedures, maximum decision time frames, parallel processing and the use of a single digital platform, with a view to supporting investment and sustainable productive development.

In the **Republic of Korea**, the Government adopted emergency measures in April 2025 to strengthen the automotive ecosystem affected by the tariffs. These measures combined expanded financing and temporary tax and customs deferrals with continued support for electric vehicle uptake and investment in that sector's transition.

In **Mexico**, Plan México formed part of a broader strategy to strengthen domestic production, increase investment, raise local sourcing in selected sectors and reinforce the country's position in North American value chains. Launched in January 2025, the plan was introduced in the context of increasing trade policy uncertainty and growing attention to the resilience of regional production networks.

Source: UNCTAD.

Figure II.7
In 2025, all liberalization measures were adopted by developing countries, particularly in Asia
Liberalization measures by region
(Number)

Source: UNCTAD, Investment Policy Monitor database.

Measures lifting FDI entry restrictions in 2025 were concentrated primarily in services. They included the opening or further liberalization of electricity, ports and infrastructure projects (Angola, Bahrain, Bhutan), telecommunications and digital services (Bhutan, China, Viet Nam), banking, insurance and other financial services (China, Ethiopia, India, Viet Nam), and tourism and hospitality activities (Bhutan, China, Maldives). Only a limited number of measures concerned other sectors, notably mining in Algeria.

Measures easing FDI entry conditions were fewer and focused mainly on relaxing quantitative or procedural requirements attached to market entry. They included the reduction or removal of minimum capital requirements (Ethiopia, Indonesia, Oman), the elimination of lock-in periods for foreign equity (Bhutan), and the removal of requirements related to prior performance, procurement history or turnover for participation in certain activities (Ethiopia).

Other liberalization measures mainly involved the easing of foreign exchange restrictions (including in Argentina, Bangladesh, Bhutan, Brazil, China, Nepal and Viet Nam) and the relaxation of other conditions related to land access (including in Kuwait, Oman, the Philippines, Saudi Arabia and Thailand).

d. Promotion

Investment promotion measures introduced in 2025 focused on the adoption of investment promotion strategies and sectoral plans (e.g. the European Union's automotive action plan, Mexico's Plan México and India's industrial policy packages for electronics, geothermal energy, critical minerals and shipbuilding), and the strengthening of public–private partnership (PPP) frameworks and project pipelines (e.g. in Paraguay and Peru). Several countries also reformed their institutional architecture for investment promotion, either by establishing dedicated agencies or by consolidating existing ones into broader investment and trade bodies (e.g. in New Zealand, Trinidad and Tobago, and the United Republic of Tanzania).

3. Restrictive measures

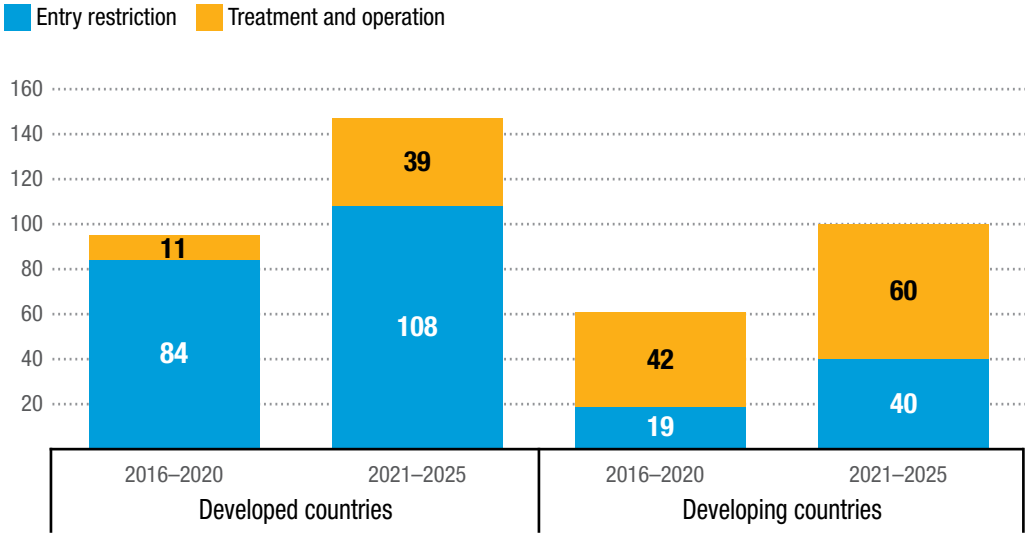
Restrictive measures continued to expand in 2025, reflecting the growing use of investment policy to address strategic, security and domestic development concerns. While patterns differed across developed and developing economies, these measures increasingly aimed to tighten selected entry conditions, strengthen screening and shape the operation of foreign investment in ways that support national policy objectives, such as local value creation and fiscal sustainability.

a. Entry restrictions

Entry-related measures remained the largest category of restrictive measures enacted

in 2025, continuing a trend observed since 2016. Patterns differed, however, across country groups. In developed countries, restrictive measures were driven mainly by the continued expansion of investment screening on national security grounds, in terms of both the number of countries adopting a screening regime and the scope of existing regimes (chapter III). In developing countries, by contrast, such measures more often affected the treatment and operation of investment, including through tighter incentive regimes and localization requirements (figure II.8).

Figure II.8
Entry-related measures continue to dominate restrictive measures in developed countries
Restrictive measures, by type and economy grouping
(Number)



Source: UNCTAD, Investment Policy Monitor database.

i. Investment screening for national security

Measures related to FDI screening for national security purposes accounted for almost 40 per cent of all restrictive measures adopted in 2025. All were introduced by developed countries. New screening regimes were adopted or entered into force in several countries (including Albania, Cyprus, Croatia, Greece, Ireland and Switzerland), bringing the total number of economies with a screening regime to 52, up from 21 in 2016. Others strengthened existing frameworks by expanding the scope of transactions subject to review, extending review procedures or broadening the list of strategic sectors, confirming the trend towards a more expansive approach to FDI screening described in chapter III. For example, Czechia and the Republic of Moldova expanded the range of activities subject to screening, Poland and Hungary made their temporary screening mechanism permanent, and Hungary extended review periods and introduced the State's right of pre-emption, allowing it to acquire the asset under the same terms as the blocked foreign investor.

In other regions, Australia updated its Foreign Investment Policy to dedicate greater resources and apply more scrutiny to the review of investment proposals in sensitive sectors; Canada expanded the list of technologies deemed sensitive to national security and defence; Japan tightened national security review procedures by subjecting investors to stricter notification requirements, while the Republic of Korea strengthened oversight of investment involving sensitive

technologies. In the United States, the America First Investment Policy and related measures further reinforced the role of national security considerations in the review of inward investment, including in relation to sensitive data and to agricultural land (UNCTAD, 2025).

FDI screening expanded, but few projects blocked

Although FDI screening mechanisms have expanded, outright rejection of investment projects remains rare. Across the countries for which UNCTAD has compiled data from surveys and official sources, only 60 of 9,503 screened projects were rejected or blocked, or less than 1 per cent of the total. Another 221 projects, or about 2 per cent, were modified or approved with conditions. Most screened transactions were cleared without an in-depth review and ultimately approved. This pattern is visible even in high-volume jurisdictions such as Canada, Italy, Japan, Sweden and the United Kingdom, where prohibitions represented only a very small share of screened cases.

At the same time, screening is not merely procedural. Among the 1,259 projects subject to in-depth review, 4.8 per cent were rejected and 17.6 per cent were approved with modifications or conditions (table II.1). The main direct effect of screening therefore appears to be less to block foreign investment outright than to enable closer scrutiny of sensitive transactions and the imposition of safeguards where needed. Its broader indirect effect may nevertheless be more significant, as the existence of screening mechanisms can discourage some investors from attempting entry, particularly in sensitive sectors, so that observed rejection rates may understate the overall impact on investment flows. Cross-country comparisons should nevertheless be treated with caution, as national data differ in scope, procedures and reporting practices.

Outward investment screening also gained importance in 2025. The European Union called on Member States to strengthen oversight of outbound investments in semiconductors, artificial intelligence and quantum technologies. In the United States, publication of the America First Investment Policy signaled a broader tightening of restrictions on outbound investment in strategic sectors, later reinforced by the Comprehensive Outbound Investment National Security Act, which expanded the outbound investment screening mechanism to additional countries of concern and critical technologies.

ii. Other entry restrictions

Whereas the expansion of FDI screening remained overwhelmingly a feature of developed countries, other restrictive entry measures were introduced mainly by developing countries. Several introduced local ownership requirements or tighter foreign equity caps. Botswana, for instance, introduced a 24 per cent local ownership requirement for mining projects, and Zimbabwe required foreign investors in reserved sectors to reduce their equity participation to no more than 25 per cent.

Some countries also expanded lists of activities reserved for domestic investors. The Maldives restricted foreign investment in wholesale trade, logistics and small construction projects to protect domestic small and medium-sized enterprises, and the United Republic of Tanzania restricted foreign participation in selected small-scale service, trading and mining activities. Ghana reserved domestic gold purchasing and dealing to citizens and wholly Ghanaian-owned companies. In China, the 2025 revision of the Foreign Investment Negative List combined selective liberalization with new restrictions in strategic activities, including civil unmanned aerial vehicles, e-cigarette manufacturing and online pharmaceutical sales.

Licensing and permitting requirements also featured as restrictive entry measures in 2025. Rather than banning foreign investment outright, they made market entry subject to additional approvals, local establishment or registration. Armenia, for instance, required foreign crypto-asset service providers to operate through a locally established entity and obtain central bank authorization, Viet Nam introduced

Table II.1
Few screened investment projects are rejected
Investment projects screened for national security, selected countries
(Number)

Country	Period	Screened[a]	Authorized without in-depth review	Subject to in-depth review	Rejected or blocked	Approved without conditions	Modified or authorized with conditions	Withdrawn
Australia	2024/2025	109	0	109	0	96	13	0
Belgium	2025	137	130	7	0	2	1	1
Canada	2025	1 026	1 007	19	1	8	5	4
Czechia	2025	22	15	7	1	5	0	1
Estonia	2025	7	0	7	1	6	0	0
Finland	2025	41	41	0	0	0	0	0
France[b]	2024	337	155	182	0	83	99	0
Germany	2025	339	290	37	0	8	8	3
Hungary[c]	2025	7	..	7	2	4	0	0
Italy[d]	2024	660	366	288	2	256	30	5
Japan	2024	2 903	2 540	0	0	0	0	363
Republic of Moldova[e]	2025	152	0	152	50	84	16	0
Netherlands[b]	2025	76	0	76	0	66	2	8
New Zealand	2025	27	0	27	0	27	0	0
Philippines	2025	0	0	0	0	0	0	0
Poland	2025	4	0	4	0	3	0	0
Slovakia	2025	14	6	7	0	7	0	0
Slovenia	2025	54	52	2	0	0	0	0
Spain[f]	2025	190	49	141	0	121	13	7
Sweden	2025	1 987	1 776	15	1	6	1	2
United Kingdom[b]	2024/2025	1 086	1 030	56	0	35	17	5
United States[g]	2024	325	..	116	2	..	16	19

Source: UNCTAD, based on official sources and country inputs.

[a] Screened projects refers to all investment cases formally subject to review by the screening authority, including mandatory and voluntary filings accepted for review, as well as ex officio and call-in cases.

[b] For France, the Netherlands and the United Kingdom, the total reflects cases reviewed during the reporting period.

[c] The number of cases for Hungary excludes four that did not fall within the scope of national FDI regulations. Data are not available for the number of cases approved without an in-depth review.

[d] For Italy, in-depth review includes notifications that were declared not to fall within the scope of the "golden power", accepted under simplified procedures or acknowledged without further action.

[e] The FDI screening regime of the Republic of Moldova includes retroactive application to investments already in operation, particularly where investors are affiliated with or included on international sanctions lists or where the investment originates from jurisdictions lacking financial transparency.

[f] Spain does not have a procedure for initial review to clear cases without an in-depth review. However, 49 cases were archived as they did not fall within the scope of the applicable investment screening law.

[g] For the United States, the number of screened cases includes Declarations (short-form notices) and full notices. The number of withdrawals (both at review and investigations phases) is adjusted to exclude same-year re-filings and include notices re-filed in the following year, as well as the withdrawal of Declarations. In all, 17 Declarations were escalated to full notice, and 7 concluded without final action. These cases may either be captured within the 2024 full notices or may not have advanced.

pre-consultation requirements for foreign participation in PPP projects in sensitive areas, and Nicaragua made registration compulsory for all foreign investment.

Restrictions on foreign access to land were less prominent and focused primarily on residential real estate and transactions raising national security concerns. Australia imposed a temporary ban on foreign purchases of established dwellings, Finland tightened national security controls on property acquisitions by foreign persons and entities linked to States considered a threat, and Mauritius restricted foreign investors to purchasing real estate only in pre-approved projects while raising the transaction tax on residential land and property acquired by non-citizens.

b. Restrictions on treatment and operation

Measures affecting the treatment and operation of foreign investors mainly involved the tightening of fiscal incentives and the introduction of localization and other operational requirements aimed at increasing the domestic economic impact of foreign investment, mostly in developing countries.

i. Tightening of fiscal incentives

Incentives in developing countries: **more targeted and performance-based**

The tightening of fiscal incentives represented about half of the restrictive measures adopted by developing economies in 2025. Several governments reassessed the scope and effectiveness of investment incentive regimes, often removing blanket exemptions, shortening the duration of tax holidays, and introducing stricter eligibility conditions and shifting toward performance-based incentive models.

In several cases, these changes were prompted explicitly by adherence to the Global Anti-Base Erosion rules of the Organisation for Economic Co-operation and Development. Nigeria, for instance, introduced a minimum effective tax rate of 15 per cent for multinational enterprises with revenues exceeding €750 million. Mauritius introduced a Qualified Domestic Minimum Top-Up Tax in its Finance Act 2025, to ensure compliance with the global minimum tax framework.

Cameroon and Nigeria replaced broad tax exemptions with tiered tax credits and strict eligibility requirements, such as job creation, local value addition and priority sectors. In Sri Lanka, tax holidays for projects in Colombo Port City were shortened and linked to investment scale and employment criteria. Similarly, Tanzania abolished the 10-year income tax exemption previously granted to investors in export processing zones and SEZs that sell to the domestic market, limiting incentives to projects meeting specific export requirements.

Other reforms reflected broader efforts to rationalize fiscal incentives and align them with broader policy objectives. Equatorial Guinea suspended tax exemptions for non-oil companies, and Antigua and Barbuda terminated existing tax concessions and introduced a new regime limiting incentives to three years, with the aim to address procedural irregularities and align future incentives with green transition and tourism diversification objectives. Cambodia terminated all incentives for e-cigarette production following a directive banning the import and manufacture of vaping products.

Among developed economies, the United States terminated several tax credits for clean energy generation that had been introduced or expanded under the Inflation Reduction Act of 2022.

ii. Localization and other operational requirements

Measures aimed at strengthening the domestic economic impact of foreign investment by anchoring investment more firmly in local labour markets, supply chains and ownership structures accounted for roughly one fifth of restrictive measures. Most were adopted in developing economies and took the form of local employment, local content and related operational requirements.

Local employment and local content requirements were reinforced in several

countries. Among Gulf economies, Oman, Qatar and Saudi Arabia all expanded policies requiring investors to prioritize the hiring of national workers in private sector activities. In Thailand, new rules require large-scale manufacturing projects that employ more than 100 workers to maintain a workforce composed of at least 70 per cent Thai nationals. The country also narrowed access to its Smart Visa Programme for foreign start-up entrepreneurs. In Zambia new local content regulations for the mining sector were adopted to increase the participation of Zambian-owned companies. The measures set rising procurement targets for local firms, apply a 15 per cent price preference for local suppliers in bid evaluations, reserve non-core mining services for local companies and require mining firms to fund supplier development programmes.

Similar trends were also observed in developed economies, with measures favouring domestic firms, workers and sources of supply. The United States raised fees and tightened eligibility criteria for its foreign worker visa system, while Australia revised procurement rules to prioritize Australian businesses in the award of Government contracts. In June 2025, the Ontario Province (Canada) adopted legislation authorizing the limitation or prohibition of the procurement of electricity on the basis of the supplier's country, region or territory of origin. The European Union is also considering measures that could introduce new operational conditions for foreign investors in strategic industries. A draft proposal for the Industrial Accelerator Act presented by the European Commission in March 2026 would strengthen the Union's industrial capacity by linking access to public support and procurement schemes to Union-origin requirements and other conditions. The proposal also envisages new safeguards for strategic sectors, including limits on foreign ownership and provisions that could require technology transfer or local value creation in large investment projects.[1]

Expanded requirements for local employment and content across country groups

[1] In the draft presented on 4 March 2026, certain conditions would apply to foreign direct investment (FDI) projects (greenfield, brownfield, and mergers and acquisitions) of €100 million or more in four sectors – electric vehicles, battery technologies, photovoltaics and critical minerals – by investors from countries that control more than 40 per cent of the pertinent industry's global manufacturing capacity. These include employing European Union workers for at least half of the workforce and meeting three of five other requirements: limiting foreign ownership to 49 per cent in cross-border mergers and acquisitions; operating through minority joint ventures, with European Union entities holding majority stakes in direct investment; licensing intellectual property and know-how to the project; spending 1 per cent of project revenue on research and development in the European Union; and endeavouring to source at least 30 per cent of project inputs from the European Union. See https://commission.europa.eu/topics/competitiveness/clean-industrial-deal_en.

B. International investment policies

In 2025, countries continued to conclude international investment agreements (IIAs) despite the increasingly challenging investment environment. They signed 44 agreements, bringing the global IIA universe to more than 3,360 treaties. Recent agreements addressed a broad range of investment governance issues, moving beyond traditional investment protection. Facilitation and cooperation provisions gained ground (in 77 per cent of new treaties), while investment protection provisions declined (to 62 per cent). Investors initiated 56 investor–State dispute settlement (ISDS) cases, with respondent States in Latin America and the Caribbean receiving the largest share (about 45 per cent). Disputes related to extractive activities – including the mining of critical minerals – accounted for about one third. These developments, paired with the increasingly turbulent policy environment, call for accelerating the reform of the IIA regime. UNCTAD is developing a set of guiding principles as an overarching framework to help policymakers embed sustainable development at the core of the international investment regime.

1. Trends in international investment agreements

a. Conclusion and termination of investment agreements

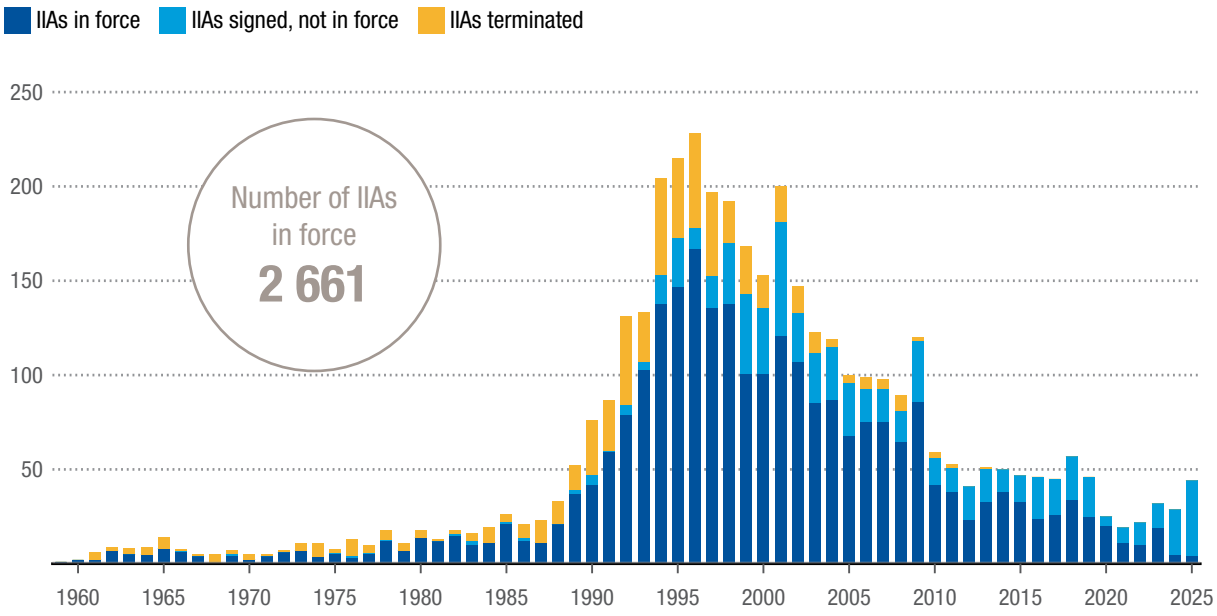
In 2025, countries concluded at least 24 bilateral investment treaties (BITs) and 20 broader economic treaties with investment provisions (TIPs). This brought the size of the IIA universe to 3,369 treaties (2,865 BITs and 504 TIPs). In addition, at least 34 IIAs entered into force and 9 were terminated in 2025, bringing the total number of IIAs in force to at least 2,661 by the end of the year. The IIA universe continues to be dominated by treaties signed in the 1990s and 2000s (figure II.9).

The annual number of IIAs signed returned to pre-pandemic levels for the first time in 2025. Given the number of treaty signatures in the first two months of 2026 (at least 16) – higher than in similar periods over the past 10 years – this upward trend may be expected to continue.

Developing economies were parties to 42 of the IIAs signed in 2025, including six agreements with least developed countries (LDCs). The United Arab Emirates concluded 15 agreements, followed by India and Malaysia (3 each). Developed economies concluded 28 agreements. Of those, Japan and the Russian Federation signed four agreements each and Canada, Hungary, Italy, New Zealand and the United States signed two each. In addition, four agreements were concluded by regional organizations – the European Free Trade Association (EFTA) (four) and the Southern Common Market

Figure II.9
Agreements from the 1990s and 2000s dominate the international investment regime

Number and status of agreements by year of signature (1959–2025)



Source: UNCTAD, IIA Navigator database, accessed 31 March 2026.

Note: The UNCTAD IIA Navigator is updated continuously as new IIA-related information becomes available.

Abbreviation: IIA, international investment agreement.

(MERCOSUR) (one).[2] For the first time in over a decade, the majority of IIAs signed in 2025 (59 per cent) were concluded between developing and developed countries, followed by 36 per cent of agreements concluded among developing economies and the remaining five per cent – among developed economies.

Close to half of the IIAs signed in 2025 were TIPs (47 per cent), continuing the steady trend towards fewer stand-alone BITs (figure II.10). The share of TIPs has grown from 5 per cent of IIAs concluded before 2000 to 47 per cent in the past five years, showing a preference for more integrated economic agreements.

Of the nine IIAs terminated in 2025, three were replaced by a new agreement, three were terminated unilaterally, two were terminated by consent and one expired. This brought the total number of terminations to at least 600 by the end of 2025.

b. Developments in the content of investment agreements

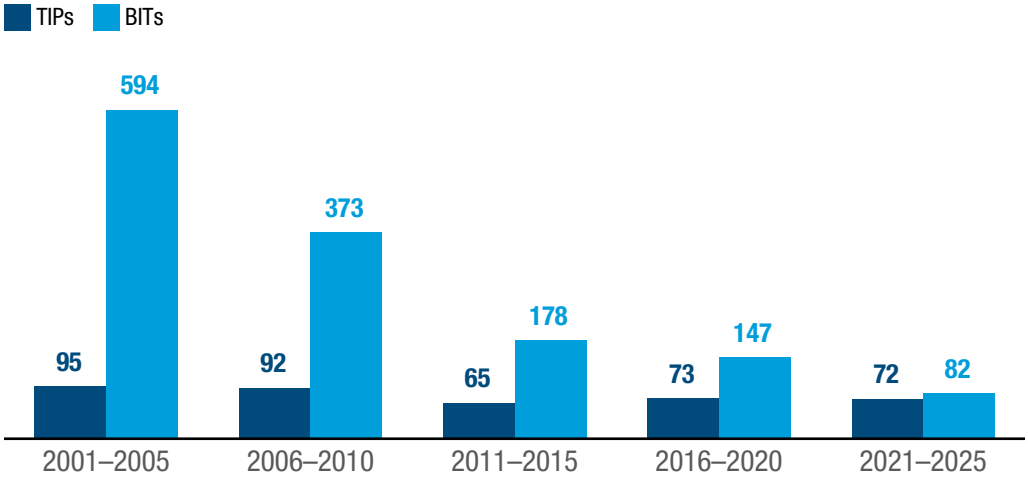
IIAs signed in the period 2021–2025[3] regulate a broader range of investment governance issues than did old-generation treaties, which focused on protection (figure II.11). Facilitation is the discipline that has gained the most ground – from 14 per cent of IIAs before 2011 to 77 per cent since 2021 – followed by cooperation which rose from 38 to 77 per cent. The share of IIAs with protection provisions has decreased to 62 per cent in IIAs signed since 2021, whereas such provisions were almost universally included in old-

[2] The EFTA–MERCOSUR Free Trade Agreement (FTA), signed on 16 September 2025; the EFTA–Malaysia Economic Partnership Agreement, signed on 23 June 2025; the Modernized EFTA–Ukraine FTA, signed on 8 April 2025; and the EFTA–Thailand FTA, signed on 23 January 2025.

[3] IIA texts often become available only upon entry into force (often two and sometimes more years after their signing). Analyzing the content of IIAs signed in the preceding five years provides a clearer analysis of the relevant trends.

Figure II.10
The annual number of new bilateral investment treaties has declined as the number of broader agreements has stabilized

International investment agreements by type and time period, 2001–2025
(Number)

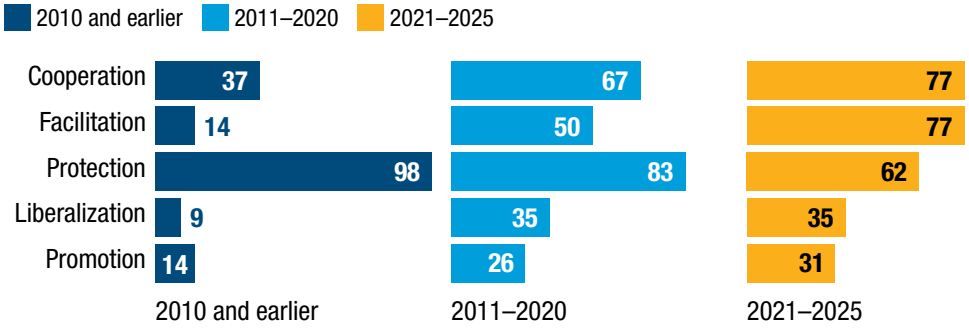


Source: UNCTAD, IIA Navigator database, accessed 31 March 2026.

Abbreviations: BITs, bilateral investment treaties; TIPs, treaties with investment provisions.

Figure II.11
Investment agreements have increasingly adopted a broader investment governance approach over a protection-only focus

Agreements signed by type of provision, 1959–2025
(Percentage)



Source: UNCTAD, based on various sources.

Note: Based on 2,962 IIAs with investment content for which texts are available, including IIAs mapped in the IIA Content Mapping and IIA Facilitation Mapping databases. Excludes framework agreements.

Abbreviation: IIA, international investment agreement.

generation agreements. Liberalization and promotion provisions are also more common in newly concluded IIAs.

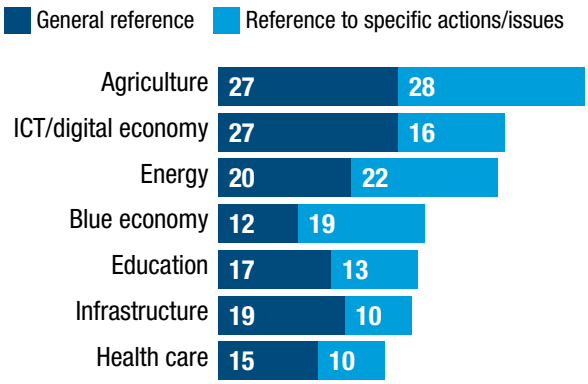
i. Cooperation

Cooperation provisions in IIAs are evolving from consultation mechanisms to institutional frameworks for continued dialogue between the parties. The shift, which began in the early 2010s, has accelerated in the past five years. Since 2021, for example, 72 per cent of cooperation provisions create a joint committee, compared with just 48 per cent in the decade from 2011 to 2020 and 12 per cent in IIAs signed in 2010 and earlier. Current cooperation frameworks encompass a wide range of activities, including IIA interpretation, implementation monitoring, joint promotion activities, periodic review of the IIA content and dispute avoidance functions. The dispute avoidance functions have at times been included as a requirement before or in lieu of investor–State dispute settlement (ISDS).

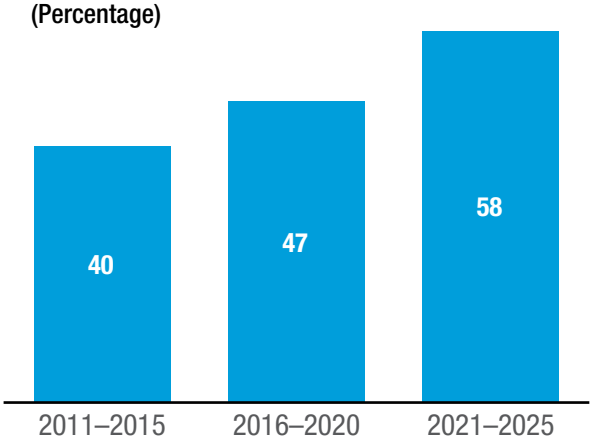
While rare in BITs, cooperation provisions regarding specific sectors, including those relevant for the achievement of the Sustainable Development Goals, have appeared in 58 per cent of TIPs signed in the past five years, and about half (49 per cent) of TIPs concluded since 2011 (figure II.12). Most commonly TIPs refer to joint activities such as investment and trade promotion, capacity building or technological cooperation in agriculture, the digital economy and energy, with a growing focus on renewable energy. In recent years, this sectoral focus has further deepened in relation to critical minerals, at times in IIAs, or through dedicated agreements and more flexible frameworks for cooperation (box II.3).

Figure II.12
Broad economic agreements increasingly provide for cooperation in specific economic sectors

a. TIPs by type of sectoral cooperation provision, 2011–2025 (Number)



b. TIPs with cooperation provisions for specific sectors, 2011–2025 (Percentage)



Source: UNCTAD, based on various sources.
Note: Based on 159 TIPs, including TIPs mapped in relation to the IIA Facilitation Mapping databases.
Abbreviations: ICT, information and communication technologies; TIP, treaty with investment provisions.

Box II.3
International investment policies and the governance of critical minerals

International investment policies directly affect the governance of critical minerals. On the one hand, they can limit regulatory space in host countries in relation to extraction, processing and industrial use of critical minerals. On the other, when aligned with countries' national strategies on critical minerals, IIAs with carefully designed provisions on sustainable investment facilitation, promotion and cooperation on raw materials can help countries attract sustainable investment in these strategic resources. Preserving regulatory space in IIAs remains essential to ensure that international agreements support, rather than hinder, these goals.

Save for a few exceptions, IIAs apply to all sectors, including mining, where they have led to more than 150 investor–State disputes related to critical minerals (section II.B.2). IIAs that have liberalization provisions, often coupled with prohibition of performance requirements, may further constrain policies aimed at encouraging local value addition. In this context, some countries rich in critical minerals have typically excluded strategic resources (e.g. lithium or diamonds) from their IIA liberalization commitments.

In addition to generally applicable IIA commitments, some recent agreements – mostly TIPs – contain dedicated provisions on raw materials and critical minerals. For example, certain broad economic agreements, such as the Chile–European Union Advanced Framework Agreement (2023), contain dedicated chapters on energy and raw materials. They typically focus on facilitation, requiring transparent and streamlined authorization procedures in the sector and an examination by an independent authority. They may also prescribe responsible practices, such as the conduct of an environmental impact assessment.

Other recent TIPs provide for cooperation on critical minerals, either in the agreement, as in the Moldova–United Kingdom Strategic Partnership, Trade and Cooperation Agreement (2020) or the Indo-Pacific Economic Framework for Prosperity Clean Economy Agreement (2023), or through memorandums of understanding (MoUs) concluded in relation to it. For example, a dedicated MoU on investment cooperation in the minerals sector was concluded alongside the Australia–United Arab Emirates Comprehensive Economic Partnership Agreement (2024), and the Canada–Indonesia Comprehensive Economic Partnership Agreement (2025) defines the application of the countries' MoU on critical minerals cooperation as one of two priority bilateral dialogues. Under these frameworks, the parties typically agree to jointly promote activities in the minerals sectors, exchange information and cooperate on relevant sustainable technologies and on research and development. Recent Agreements on Reciprocal Trade concluded by the United States incorporate provisions designed to promote and facilitate investment from the United States in exploring, mining, extracting, refining, process, transport, distributing and exporting critical minerals in the Contracting Party.

Various types of agreements specific to critical minerals are proliferating too. Legally binding ones often focus on export and other trade-related aspects of critical minerals governance, yet investment aspects are addressed as well. MoUs offer a more flexible framework for dialogue, exchange of information, joint investment promotion and technological cooperation activities. They often encourage investment facilitation measures for the sector. A few also provide soft commitments on technical cooperation for the development of productive capacities in mineral-rich countries.

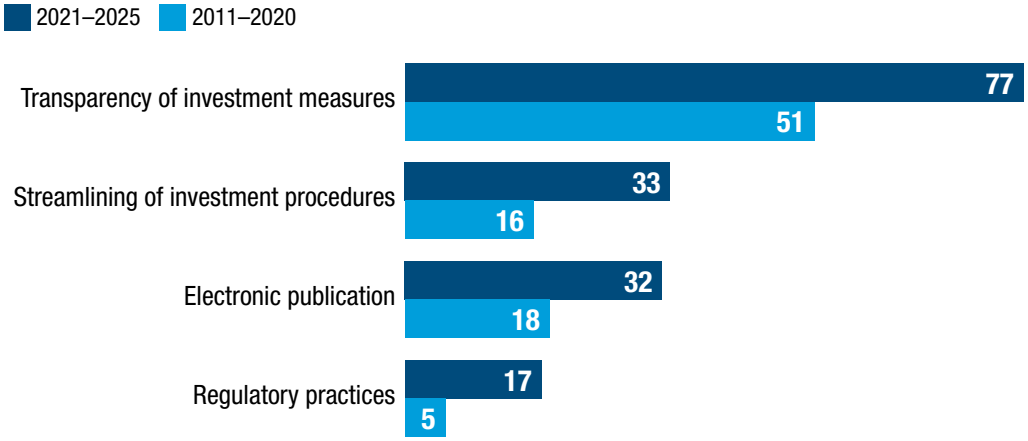
Navigating the rapidly evolving governance of critical minerals requires informed use of all relevant international policy instruments. When aligned with national strategies, the promotion, facilitation and cooperation measures in IIAs and dedicated critical minerals agreements can support countries' industrial and investment development objectives for these strategic resources. In this context, UNCTAD promotes fair, inclusive and sustainable trade and investment in critical minerals (UNCTAD, 2026a; UNCTAD, 2026b). UNCTAD also co-led the Secretariat of the United Nations Secretary-General's Panel on Critical Energy Transition Minerals, which focused on how to guide trade in minerals critical to the energy transition towards equity and justice (United Nations, 2024).

Source: UNCTAD.

ii. Facilitation

Facilitation commitments gained additional ground in IIAs signed between 2021 and 2025. The most significant increase compared with earlier periods was in the share of IIAs with facilitation commitments on the regulatory environment, which grew by more than 50 per cent (figure II.13). Provisions on streamlining investment procedures and electronic publication almost doubled, suggesting a focus on measures that, if implemented domestically, may lead to economies of scale (UNCTAD, 2024). Commitments on regulatory practices – which may entail high institutional and capacity implementation costs – remain rare, though their share almost tripled. Other facilitation commitments grew at a slower pace – proactive promotion and facilitation of sustainable investment commitments are present in 25 per cent of IIAs concluded in 2021–2025, up from 16 per cent in the period 2011–2020, and focal points for investor engagement and the creation of local supplier databases remain present in fewer than 20 per cent of IIAs. To support implementation, about a quarter (27 per cent) of IIAs signed in the past five years refer to technical assistance or capacity building, an increase from 10 per cent of treaties signed in the period 2011–2020. The provisions vary from broad references to more specific commitments dedicated to the implementation of facilitation provisions.

Figure II.13
The share of agreements with facilitation provisions aimed at improving the regulatory environment has risen significantly
Agreements signed by type of provision, 2011–2025
(Percentage)



Source: UNCTAD, IIA Facilitation Mapping database, accessed 31 March 2026.

Note: Based on 411 IIAs with investment content for which texts are available mapped in the IIA Facilitation Mapping databases.

Abbreviation: IIA, international investment agreement.

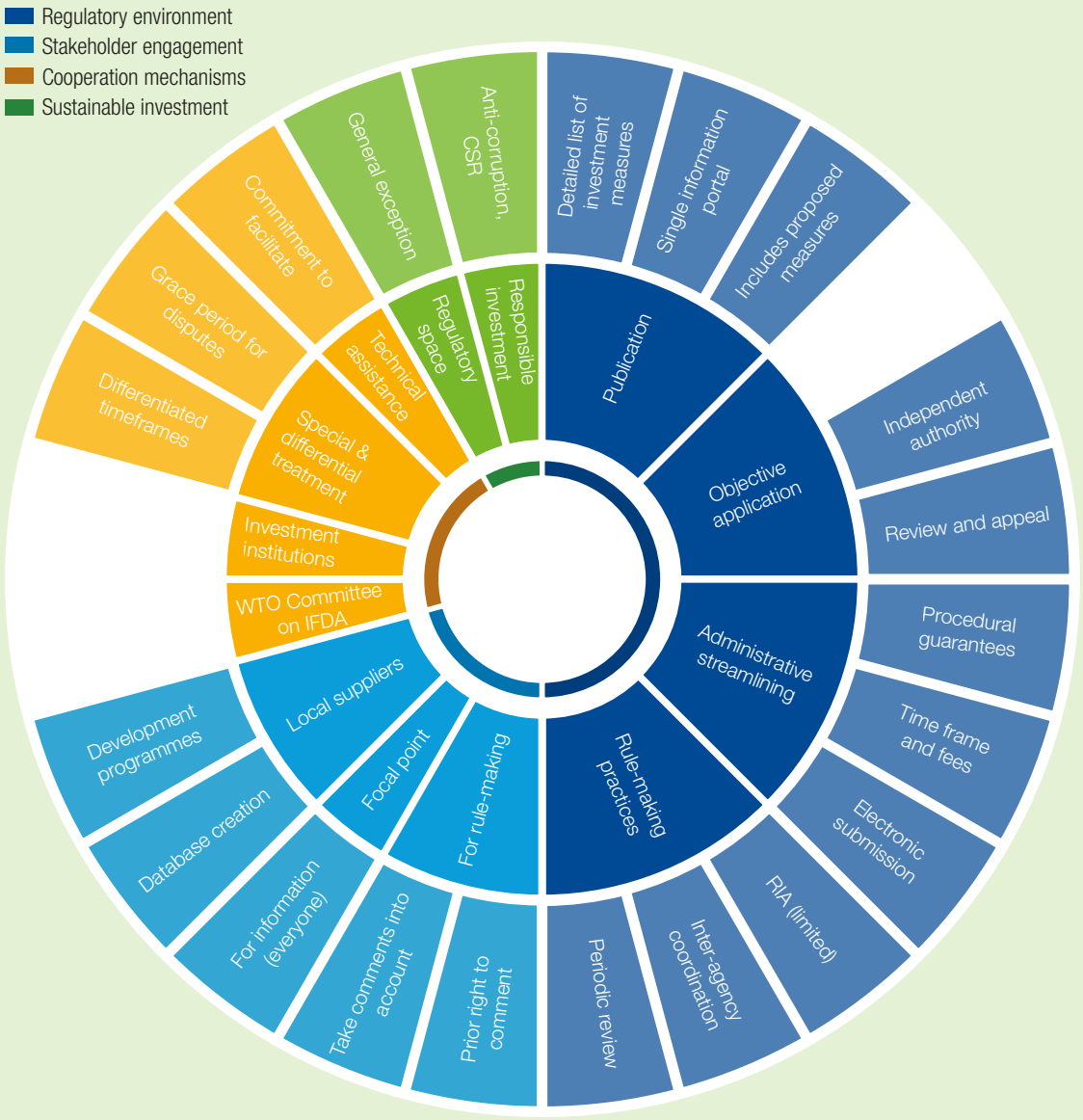
In addition, the Investment Facilitation for Development Agreement (IFDA) was the subject of a dedicated ministerial session at the 14th World Trade Organization (WTO) Ministerial Conference and of a joint ministerial declaration by the 129 participating WTO members at the end of the Conference (box II.4). In the joint ministerial declaration, participating members committed to (i) work towards the entry into force and implementation of the agreement within the WTO framework; (ii) intensify efforts to advance needs assessments and relevant technical assistance and capacity building for the agreement's implementation; and (iii) convene regularly within the WTO to conduct, as appropriate, the functions provided in the agreement.

Box II.4
Key features of the Investment Facilitation for Development Agreement

To date, the Investment Facilitation for Development Agreement (IFDA) covers 129 WTO members, including 92 developing countries, 28 of them LDCs. The IFDA investment facilitation commitments primarily aim to make the investment environment more transparent and digitalized, and streamline investment procedures. They are complemented by a robust institutional framework to support implementation. Additional commitments include mechanisms for engaging with investors and databases to create links with local suppliers, as well as soft commitments towards improving regulatory coherence (box figure II.4.1).

Box figure II.4.1
IFDA facilitation provisions focus on regulatory environment and digitalization

Investment facilitation provisions, by type
(Number)



Source: UNCTAD, based on various sources.

Abbreviations: CSR, corporate social responsibility; RBC, responsible business conduct; RIA, regulatory impact assessment.

The IFDA facilitation commitments are complemented by other provisions:

- Most-favoured-nation treatment
- Special and differential treatment for developing and least developed countries
- Commitment by donor members to facilitate capacity building for implementation
- General, security and financial exceptions
- Anti-corruption and responsible business conduct provisions
- Monitoring by a WTO committee on investment facilitation
- State-to-State dispute settlement under the WTO Dispute Settlement Understanding, with a grace period for developing members

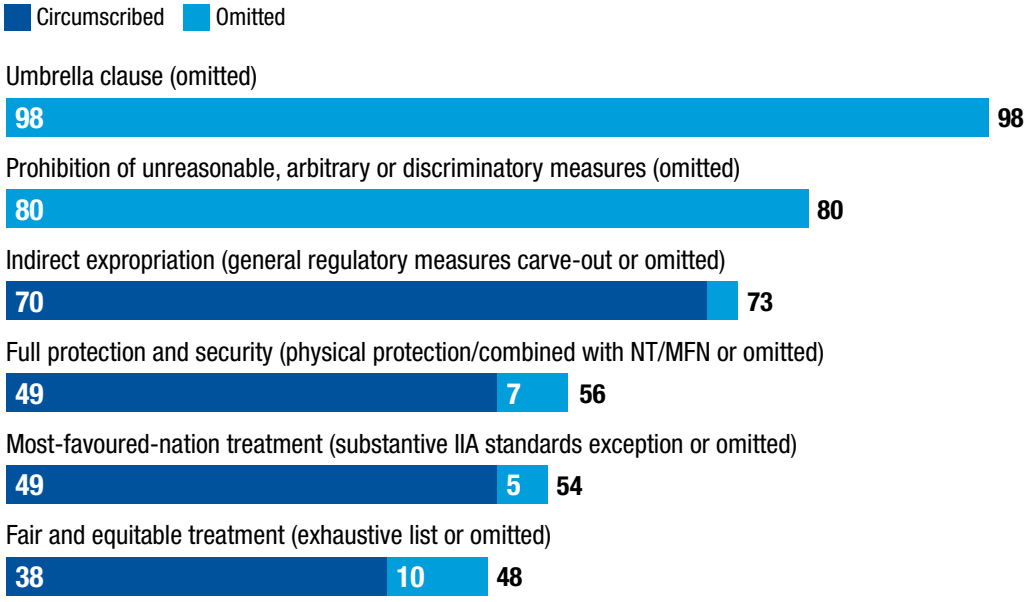
Effective implementation of the IFDA can be both resource- and capacity-intensive, making technical assistance and capacity building essential for developing countries to implement the agreement. Implementation strategies would benefit from alignment with countries' national developmental priorities and a holistic assessment of investment facilitation commitments across their IIA networks to ensure a coherent approach adapted to each country. UNCTAD continues to engage with all stakeholders to support countries in maximizing the developmental potential of investment facilitation provisions in their IIAs, including with regard to needs assessments.

Source: UNCTAD.

iii. Protection

Countries are refining IIA protection standards, including the provisions most invoked in ISDS (figure II.14). Two of these provisions – the umbrella clause and the prohibition of unreasonable, arbitrary or discriminatory measures – are omitted in the large majority of recent IIAs. More than two thirds of indirect expropriation clauses exclude general regulatory measures and provide detailed guidance on the meaning of indirect expropriation. About half of the IIAs also circumscribe or omit two other standards – fair and equitable treatment and full protection and security. Replacing fair and equitable treatment with an exhaustive list of obligations showed the highest increase. The exhaustive list approach – which emerged in 2016 – was adopted in 22 per cent of IIAs signed during 2016–2020, compared with 38 per cent of those signed since 2021. Forty-nine per cent of IIAs limit the systemic effects of most-favoured-nation treatment as well. Broadly drafted most-favoured-nation clauses may be interpreted to allow foreign investors to import more favourable substantive standards from a host State's old-generation IIAs with third countries. As a regulatory space safeguard complementary to investment protection refinements, 75 per cent of IIAs signed in 2021–2025 included a public policy exception, shielding States from liability regarding good faith measures taken for the public interest.

Figure II.14
The majority of 2021–2025 investment agreements reform commonly litigated protection standards
Agreements signed by type of protection provision, 2021–2025
(Percentage)



Source: UNCTAD, IIA Content Mapping database, accessed 31 March 2026.

Note: Based on 61 IIAs with investment protection provisions for which texts are available, including IIAs mapped in the IIA Content Mapping database. The fair and equitable treatment circumscribed category covers all provisions that replace the standard with an exhaustive list of obligations, including under other titles.

Abbreviations: IIA, international investment agreement; MFN, most-favoured-nation treatment; NT, national treatment.

iv. Investment dispute settlement

IIAs signed since 2021 have adopted a variety of investment dispute settlement mechanisms. In 42 per cent of all recent IIAs – including 15 per cent of those with protection provisions – the parties included

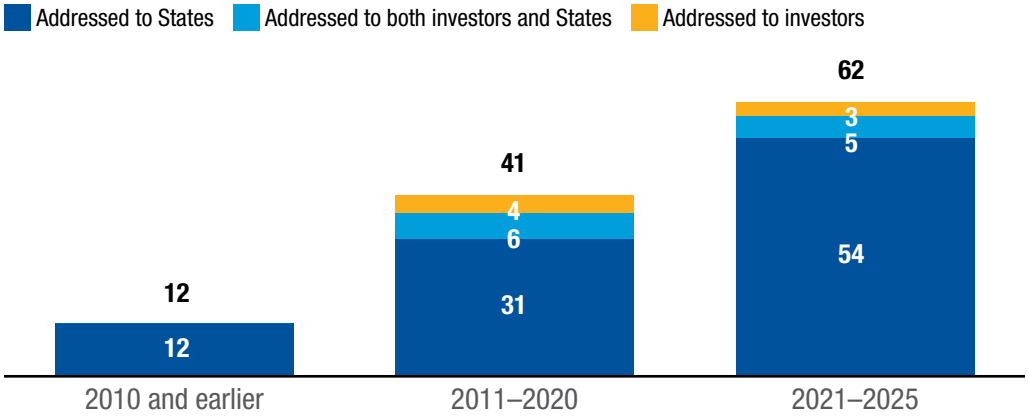
State-to-State dispute settlement only, without provisions for ISDS. In addition, in 2025 negotiations were concluded on the first European Union IIA with protection provisions that does not contain ISDS – the comprehensive economic partnership agreement with Indonesia. When signed, it would bring to 127 the number of economies that have opted out of ISDS in at least one of their reformed IIAs with protection. An additional 5 per cent of IIAs concluded since 2021 do not contain any binding dispute settlement. They include such agreements as the Angola–European Union Sustainable Investment Facilitation Agreement, the Indo–Pacific Economic Framework Clean Economy Agreement and recent agreements on reciprocal trade.

More than two thirds (69 per cent) of recent IIAs with ISDS mechanisms refine the arbitral process through provisions that avoid multiple claims, limit available remedies or clarify the binding nature of parties' joint IIA interpretations. The share of refined ISDS procedural provisions was higher (91 per cent) in TIPs than in BITs (63 per cent). In a few recent IIAs, countries are also beginning to show a preference for regional arbitration institutions.

v. Responsible investment provisions

In line with a broader trend towards integrating sustainable development objectives in IIAs, close to two thirds (62 per cent) of IIAs signed since 2021 contain provisions aimed at ensuring that investment activities are carried out in a responsible way, aligned with sustainable development objectives. This share is higher for TIPs – 67 per cent of them contain such provisions, compared with 56 per cent of BITs. This represents a 64 per cent increase in the inclusion of responsible investment provisions compared with the preceding decade (figure II.15). Among the common provisions, not lowering of standards clauses registered the highest increase compared with the 2010s, followed by provisions on environmental protection, climate change and corporate social responsibility. Although most of the treaties created obligations for the contracting States, 21 per cent of the provisions since 2011 (representing about 9 per cent of all IIAs signed in that period) addressed the investor directly.

Figure II.15
About two thirds of recent investment agreements include responsible investment provisions
Agreements with selected responsible investment provisions, 1959–2025
(Percentage)



Source: UNCTAD, based on various sources.

Note: Based on 2,914 IIAs mapped in the IIA Content Mapping database and the IIA Facilitation Mapping database. IIAs include at least one responsible investment provision related to environmental protection, labour standards, corporate social responsibility, anti-corruption, climate action, local communities/indigenous peoples or corporate governance/taxation provisions. For IIAs concluded in 2010 and earlier, the relevant key terms mentioned are mapped.

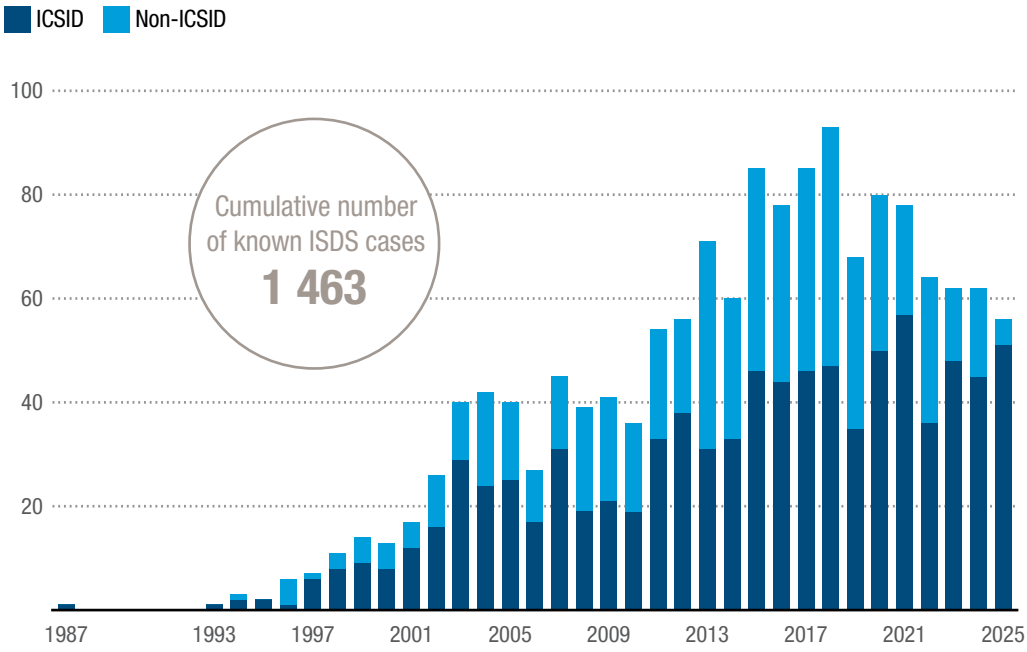
Abbreviation: IIA, international investment agreement.

2. Trends in investor–State dispute settlement

a. New cases initiated in 2025

In 2025, investors initiated 56 known ISDS cases based on IIAs (figure II.16). Six ISDS cases were brought in connection with restrictive economic measures (see box III.7 in chapter III). Since 2022, the annual ISDS caseload has stayed below the levels recorded from 2015 to 2021. However, retroactive upwards adjustments can be expected for 2025 and the most recent preceding years, as some arbitrations that are kept confidential at the time of initiation may become public at later stages. The total count of treaty-based ISDS cases reached 1,463 at the end of 2025.

Figure II.16
Investor–State dispute settlement cases totalled 1,463 at the end of 2025
Annual number of known treaty-based cases



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Note: Information compiled from public sources, including specialized reporting services. UNCTAD statistics cover investor–State arbitration cases brought under bilateral investment treaties and treaties with investment provisions, but do not include cases that are based exclusively on investment contracts (State contracts) or national investment laws, nor cases in which a party has signalled its intention to submit a claim to ISDS but has not commenced the arbitration. Annual and cumulative case numbers are continually adjusted as a result of verification processes and may not exactly match numbers reported in previous years.

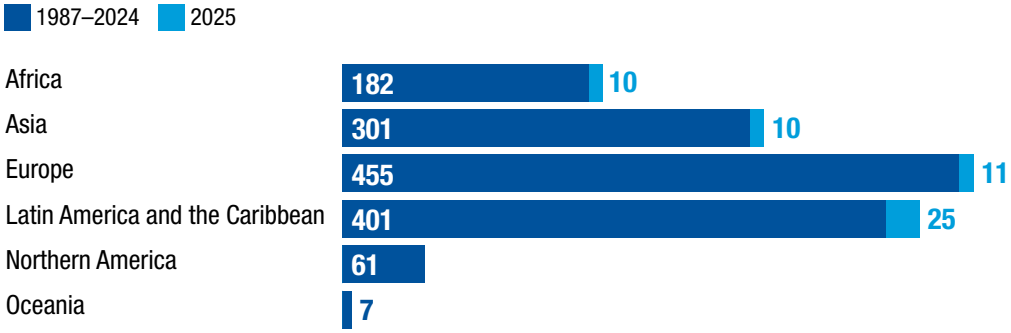
Abbreviations: ICSID, International Centre for Settlement of Investment Disputes; ISDS, investor–State dispute settlement.

i. Respondent States and home States of claimants

From 1987 to 2025, a total of 137 countries and one economy grouping (the European Union) are known to have been respondents to one or more ISDS claims. The largest numbers of cases were faced by respondents in Europe and in Latin America and the Caribbean, together accounting for about 60 per cent of all cases (figure II.17). Claimants with home States in Europe or Northern America initiated the bulk of claims (75 per cent).

Figure II.17
Respondent States in Latin America and the Caribbean faced the largest number of claims in 2025

Number of known ISDS cases by geographic region



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Abbreviation: ISDS, investor–State dispute settlement.

In 2025, cases were initiated against 37 countries. Mexico and Ukraine were the respondents most frequently named, with five new cases each, followed by Colombia and Panama with four cases each. In terms of geographical distribution, respondent States in Latin America and the Caribbean were subject to the highest number of claims in 2025, with 25 cases filed, about 45 per cent of the 56 known cases.

Exceeding the average share of previous years, about 80 per cent of new cases were brought against developing countries (figure II.18). This included cases against seven LDCs (Angola, Bangladesh, Comoros, Guinea, Myanmar, Senegal and the United Republic of Tanzania), with Comoros and Guinea facing their first known ISDS claims.

Figure II.18
Most cases in 2025 were brought against developing countries

Cases by economy grouping of respondent States
(Percentage)

Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

Developed-country claimants initiated about 70 per cent of the 56 known cases (figure II.19), down from the overall average of 80 per cent. The highest numbers of cases were brought by claimants from the United Kingdom (eight) and the United States (six).

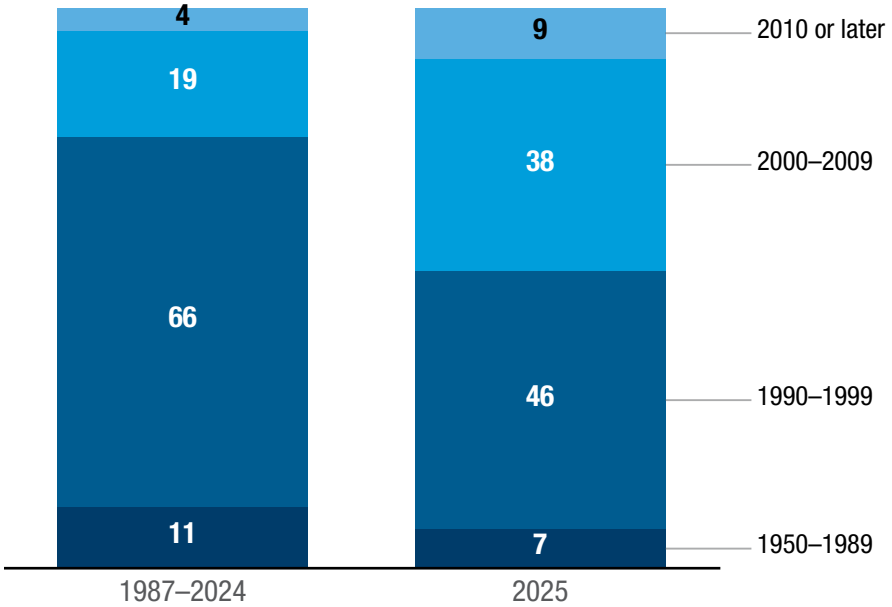
Figure II.19
Developed-country claimants initiated the largest share of 2025 cases
Cases by economy grouping of claimant home States
(Percentage)

Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.

ii. Investment agreements invoked

The vast majority of the 2025 cases were based on old-generation treaties concluded before 2010, with the largest share originating in the 1990s (figure II.20). The Central America–Dominican Republic FTA (2004) and the Energy Charter Treaty (1994) were the IIAs most frequently invoked in 2025, giving rise to three cases each. The latter includes an arbitration proceeding initiated by a claimant from one European Union Member State against another.

Figure II.20
The vast majority of claims have relied on old-generation treaties
Share of cases by date of signature of IIAs invoked
(Percentage)

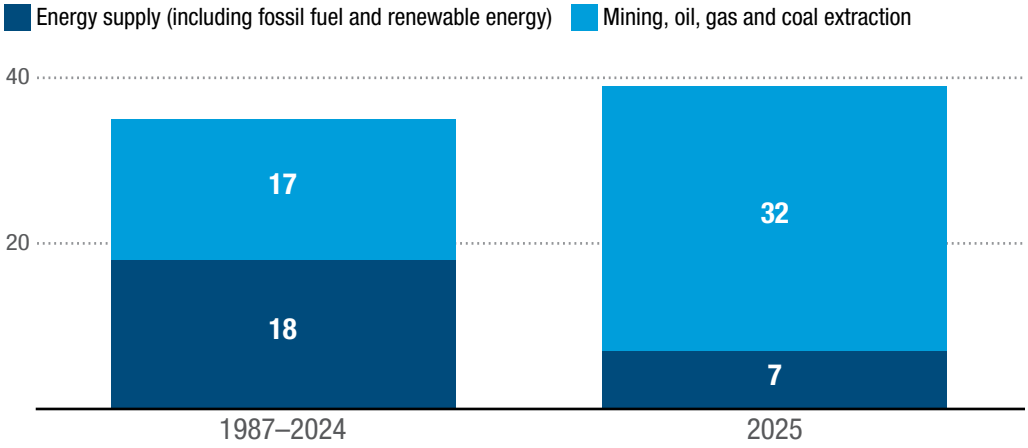


Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.
Abbreviation: IIA, international investment agreement.

iii. Natural resources and energy-related cases

In 2025, disputes related to extractive activities accounted for about one third of cases, exceeding the historical average for the second consecutive year, while the share of cases related to energy supply declined (figure II.21). For comparison, between 1987 (when the first ISDS case based on an IIA was brought) and 2024, on average one of six ISDS cases related to extractive activities. The subsequent rise in the share of extractive disputes was also driven by a higher number of cases related to critical minerals. Of the 18 cases involving extractive activities in 2025, 11 concerned critical minerals, and the remaining 7 related to fossil fuel activities.

Figure II.21
The share of extractive disputes was above average in 2025, while the share of energy-related cases declined
Cases in these sectors as a share of all cases
(Percentage)



Source: UNCTAD, ISDS Navigator database, accessed 1 April 2026.
Note: Some cases concerned both sectors.

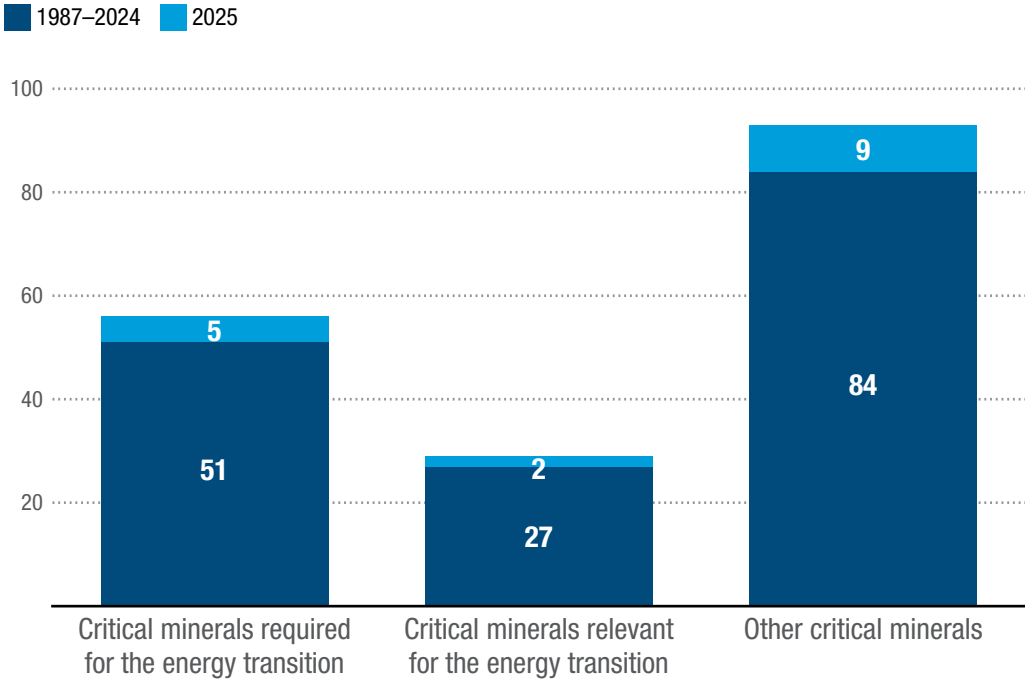
Overall, at least 153 ISDS cases – about 10 per cent of the 1,463 total – concerned three categories of critical minerals (figure II.22), grouped by their role in the energy transition and other areas of structural transformation, such as industrial development (required for the energy transition, relevant to it and other critical minerals).[4] This includes (i) 56 cases related to minerals required for the energy transition (e.g. aluminium, copper, zinc); (ii) 29 related to those relevant for the energy transition (e.g. iron ore and steel, potassium, zirconium); and (iii) 93 related to other critical minerals (e.g. gold, silver).

For cases related to fossil fuels, the total rose to 259. Moreover, investors have filed at least 130 cases concerning renewable energy investment. Taken together, ISDS cases concerning fossil fuel activities, renewable energy and critical minerals highlight the importance of carefully calibrated commitments under IIAs. Such an approach can help reduce the likelihood of future claims arising from fossil fuel phase-outs or adjustments to policy and legal frameworks governing renewable energy and critical minerals.

[4] The classification of critical minerals is based on UNCTAD's list of critical minerals by role in the energy transition and other areas, available at https://sdgpulse.unctad.org/critical-minerals/. It lists them by whether they are required for the energy transition, relevant for the energy transition, or relevant for other areas of structural transformation such as industrial development. It covers both critical minerals and metals; many of these minerals are also sources of critical metals.

Figure II.22
Investor–State dispute settlement cases arose across three categories of critical minerals

Number of cases by category of critical minerals based on their role in the energy transition and other areas of structural transformation



Source: UNCTAD.

Note: Some cases involve multiple categories of critical minerals and are counted under each relevant category. Without double counting, the consolidated number of cases is 153. The classification of critical minerals is based on UNCTAD's list of critical minerals by role in the energy transition and other areas, available at https://sdgpulse.unctad.org/critical-minerals/.

Abbreviation: ISDS, investor–State dispute settlement.

b. Outcomes of investor–State dispute settlement cases

In 2025, at least 58 ISDS proceedings were concluded. The relative shares of case outcomes were broadly in line with the historical pattern from 1987 to 2025. Overall, 38 per cent were decided in favour of the State, and 29 per cent in favour of the investor, with monetary compensation awarded. Seventeen per cent were settled; in most cases, the terms of settlement remained confidential. In the remaining cases, either proceedings were discontinued (13 per cent) or the tribunal found an IIA breach but did not award monetary compensation (3 per cent).

* * *

New investment agreements increasingly incorporate provisions on cooperation, facilitation and promotion, with relatively less focus on traditional protection standards. Modern investment protection standards and ISDS procedures are also becoming more refined. These developments are unfolding against the backdrop of an aging network of IIAs that still dominate the regime – 85 per cent of treaties in force today were signed in 2010 or earlier. This outdated system may constrain governments' ability to regulate in the public interest and leaves them exposed to ISDS claims. Transitioning from this outdated framework to a more balanced regime – one that promotes sustainable investment while minimizing the risk of disputes – requires decisive reform action.

In response, UNCTAD has, over the past five years, accelerated and deepened its collaboration with countries and regional organizations to advance ambitious reform of the IIA regime at all levels of policymaking. This work is conducted in partnership with relevant stakeholders through a combination of technical assistance, research and policy analysis, and consensus-building efforts, most notably through the UNCTAD Multi-Stakeholder Platform for IIA Reform and its Annual High-Level IIA Conferences. These efforts have delivered tangible outcomes in the past five years, as more than 80 countries have embarked on the reform of older agreements, or the adoption and negotiation of modern ones designed to promote and facilitate sustainable investment. Building on this momentum, and on its core policy guidance tools, UNCTAD is developing a set of guiding principles to support countries in aligning old-generation IIAs with sustainable development objectives, which will be launched at the High-level IIA Conference at the UNCTAD World Investment Forum 2026 (25–27 October in Doha, Qatar).

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World Investment Report 2026

Chapter III

International investment in a turbulent era: Trends and policy response

United Nations

Key findings

Investment is surging in sectors at the centre of global strategic competition
Their share in global greenfield investment rose from 16 to 44 per cent between 2020 and 2025, driven by strong growth in semiconductors, AI infrastructure, critical minerals and clean technologies, each with distinct investment patterns.

This investment surge is bypassing many developing economies
The top three investor and recipient economies each account for disproportionately large shares of global investment in strategic sectors. Low-income and lower-middle-income economies captured only about 10 per cent of that investment in 2020–2025, compared with more than 20 per cent in other sectors.

Industrial policy and economic security measures are reshaping investment decisions
Incentives, subsidies, screening, national security exceptions in investment agreements, outbound controls and other security-related measures are steering investment towards priority sectors while limiting transactions seen as strategically sensitive.

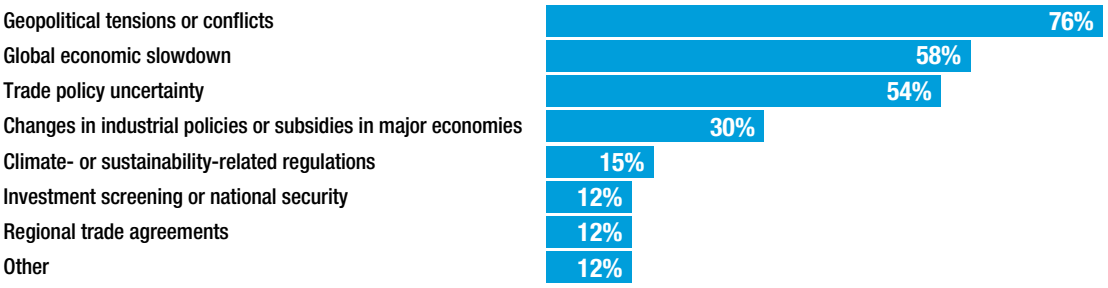
Manufacturing FDI is under pressure as global supply chains reconfigure
Greenfield investment in manufacturing outside strategic sectors declined during the last decade, as firms reorganized their supply chains. The reconfiguration of global supply chains presents both challenges and opportunities, widening the gap between better-positioned developing economies and others.

Developing countries need targeted and practical investment strategies
Policy responses should focus on feasible entry points, stronger enabling capabilities, regional integration and investment that supports upgrading, resilience and sustainable development rather than competing through large-scale subsidies that many countries cannot sustain.

International cooperation is key to preserve a set of commons for investment in a contested world
Greater transparency, dialogue on investment-related measures and pragmatic cooperation can help maintain predictable conditions for cross-border investment in a more fragmented global economy.

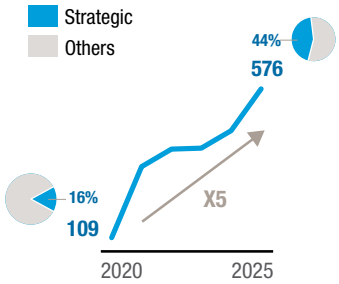
Top factors affecting FDI in the last three years

UNCTAD IPA survey 2026, share of respondents



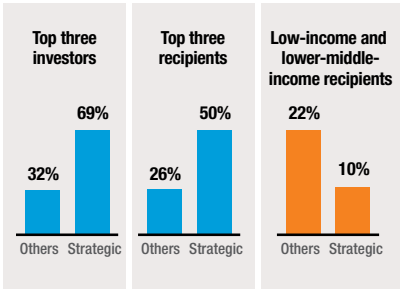
FDI in strategic sectors is booming...

Growth of announced greenfield projects in strategic sectors (Billions of dollars and percentage)



...but is highly concentrated

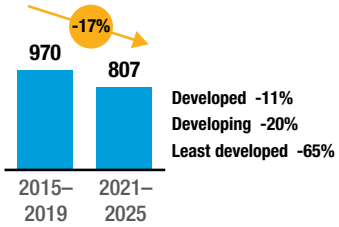
Concentration at the top… marginalization at the bottom



Share of value of announced greenfield projects, 2020–2025

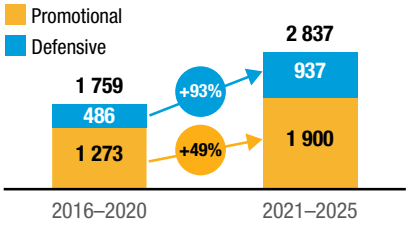
Manufacturing declines, hitting developing countries harder

Value of announced greenfield projects in manufacturing, non-strategic sectors (Billions of dollars and percentage)



Industrial policy interventions are increasing

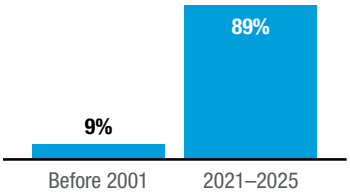
Average annual number by type



52 economies now screen for national security 2x since 2016

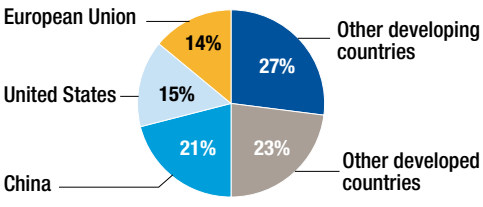
Essential security exceptions appear more and more in international investment agreements

Share of agreements with exception



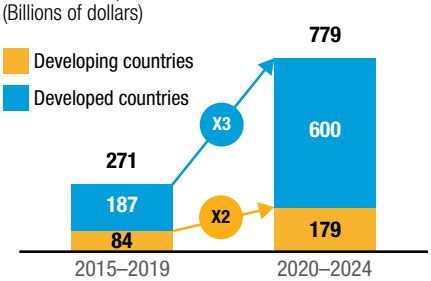
Major economies dominate industrial policy activity

Share of policy interventions by economy and economy grouping, 2015–2024



Subsidies are rising globally, but unevenly

Value of firm-specific subsidies, 2015–2024 (Billions of dollars)



A. Introduction

Geopolitical tensions, trade policy uncertainty and heightened economic security concerns are reshaping the conditions under which MNEs invest across borders. Investment decisions increasingly reflect risk management objectives related to geopolitical uncertainty, supply chain resilience, technological competition and secure access to markets. Developing countries face significant challenges in navigating this complex environment and strategically positioning themselves to harness investment opportunities, emphasizing the need for careful and balanced policy responses.

The global landscape for international production is undergoing a profound transformation. The world economy is being shaped by intensifying competition between major powers, heightened geopolitical tensions and trade policy uncertainty. As a result, the environment in which firms plan, execute and govern their cross-border investments has become more uncertain, more fragmented and more responsive to geopolitical realities.

Policymakers are placing growing emphasis on economic security. Control over vital infrastructure, access to critical technologies and positioning in industries expected to drive future economic growth have become central considerations in investment policy design. Governments are deploying a wide range of industrial policy instruments to steer investment towards sectors deemed strategic, combining incentives and support schemes with new forms of regulation and restriction.[1] The expansion of investment screening mechanisms, outbound investment controls and other security-related measures reflects renewed concern about safeguarding critical assets and limiting technological leakage. For firms operating internationally – particularly in strategic industries – these shifts translate into greater pressures on the geography and structure of their operations.

Consequently, international investment decisions by MNEs are no longer driven predominantly by considerations of efficiency and market access. While cost minimization and market access remain important, more and more they are complemented and, in some cases, overridden by risk management objectives related to geopolitical uncertainty, supply chain resilience, technological competition, shifting trade barriers and security concerns.

These shifts are visible in ongoing and emerging global FDI patterns (IMF, 2023b;

[1] In this chapter, the term “strategic sectors” is used for analytical purposes and is not intended to convey any normative assessment, nor to reflect or suggest preferences regarding national policy priorities or development strategies.

Resilience, strategic positioning and risk management play bigger roles in shaping global investment

UNCTAD, 2024c).[2] They are also reflected in the experience of investment promotion agencies (IPAs), which observe them through evolving project pipelines and changing investor behaviour. The annual UNCTAD IPA Survey asks agencies about trends over the preceding three years. The 2026 results paint a mixed picture of disruption and opportunity. Two thirds of agencies reported that geopolitical and trade policy turbulences have been the main factors affecting investment in their country, leading to project cancellations or downsizing in some cases, but also to relocations both into and out of their economies. Specifically, 60 per cent of respondents reported cancellations or downsizing, 50 per cent reported relocations to their country and 31 per cent reported relocations abroad (box III.1).

In this context, two broad trends stand out and warrant closer analysis. First, FDI has expanded at an above-average pace in sectors increasingly viewed as strategic from the perspectives of both industrial policy and economic security. These sectors include artificial intelligence (AI) infrastructure, advanced and sensitive technologies, critical minerals, clean energy and semiconductors. The pace of FDI expansion reflects the rapid growth of these industries and the interaction between countries' industrial policy priorities and firms' responses to technological competition and security-related considerations. Economic security concerns are increasingly reshaping the direction and governance of international investment in strategic sectors. Governments are promoting investment in activities considered critical for technological leadership, industrial resilience and national security, while screening or restricting transactions that may create vulnerabilities. Promotion and control therefore increasingly coexist, producing a more selective and geopolitically conditioned pattern of FDI.

Second, the reconfiguration of global supply chains is increasingly shaping investment patterns in manufacturing industries. Building on pre-existing efforts to enhance resilience, firms are adjusting the geography and organization of their production networks to mitigate the effects of trade policy uncertainty, secure access to key inputs and markets, and respond to incentives or pressures to invest domestically or in selected foreign locations. Together, these trends point to a reconfiguration of global investment dynamics in which considerations of efficiency and market access increasingly coexist with considerations of resilience, strategic positioning and risk management.

Although this chapter focuses on international investment, domestic investment remains a main driver of capital formation, industrialization and structural transformation in most economies. The development experience of major industrial economies, including most notably China, illustrates that large-scale domestic investment in infrastructure, urbanization, manufacturing capacity and industrial ecosystems has played a central role alongside integration into global production networks. For many developing economies, domestic and regional investment therefore remain essential complements to FDI in building productive capacity and supporting industrial development. Nevertheless, international investment continues to play a critical role in shaping technology transfer, supply chain integration, access to markets and the international organization of production. Understanding how global investment patterns are changing is therefore important not only for attracting

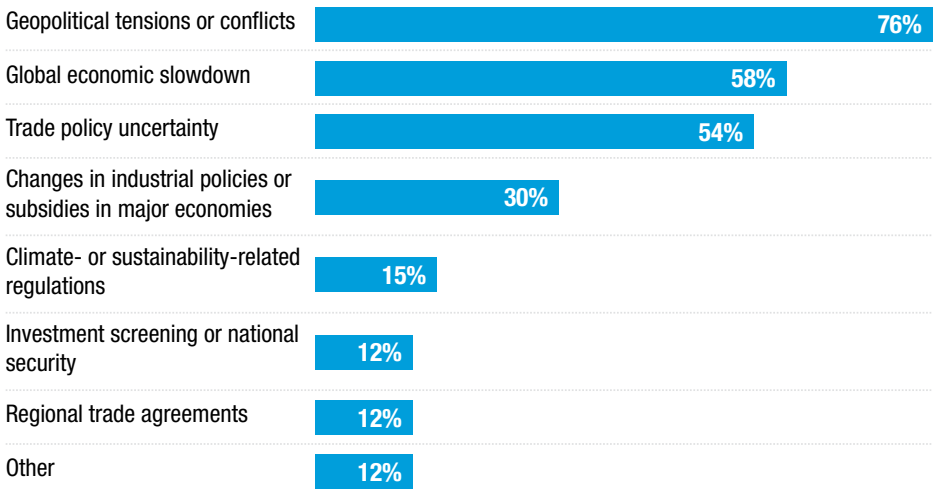
[2] A growing body of literature shows that trade and investment patterns are becoming more sensitive to policy and regulatory compatibility, understood as similarities in countries' policy environments, regulatory frameworks and exposure to trade or investment restrictions. Relevant analysis and discussions appear in recent UNCTAD work on trade (e.g. *Global Trade Update* series), investment patterns (e.g. *World Investment Report 2025*; UNCTAD, 2024c) and development (e.g. *Trade and Development Report 2025*). In addition to UNCTAD analysis, evidence that FDI patterns have become more sensitive to geopolitical factors is also found in recent studies from the International Monetary Fund, the World Bank and the European Central Bank (IMF, 2023b; Aiyar et al., 2024; Boeckelmann et al., 2024; Grover and Vézina, 2025).

Box III.1
The 2026 UNCTAD IPA Survey

The 2026 UNCTAD IPA Survey, run in cooperation with the World Association of Investment Promotion Agencies and the Caribbean Association of Investment Promotion Agencies, examines how agencies are responding to the more turbulent international investment environment. The survey covers external factors affecting investment, project changes associated with geopolitical and trade policy uncertainty, policy responses, and shifts in IPA priority sectors and target markets, as well as adjustments in investment facilitation, aftercare and policy advocacy. The results reflect a highly unsettled investment environment: 76 per cent of respondents identified geopolitical tensions or conflicts among the external factors having the greatest impact on investment in their country over the past three years, while 58 per cent cited the global economic slowdown and 54 per cent cited trade policy uncertainty (box figure III.1.1).

Box figure III.1.1
External factors with the greatest impact on inward investment in the past three years, as identified by investment promotion agencies

Share of respondents, up to three selections
(Percentage)



Source: UNCTAD 2026 IPA Survey (*n* = 99).

Notes: The survey received 99 responses; 62 were from developing economies and 37 from developed economies, with 13 responses from least developed countries. Of the respondents, 80 are classified as national agencies and 19 as subnational or regional agencies. The sample covers all major regions. Results are presented as shares of responding agencies and are not weighted by country size. Findings from individual questions are presented throughout chapter III.

Source: UNCTAD.

The investment trend: **more concentrated, more selective, less accessible** to developing economies

foreign capital, but also for positioning domestic economies within the evolving international production system.

Against this background, this chapter pursues four main objectives. First, it analyses recent shifts in international investment patterns, with particular attention to the rise of strategic sectors and the growing roles of industrial policy, investment screening and economic security considerations in shaping FDI trends (section B). Second, it examines the reconfiguration of global supply chains, focusing on manufacturing investment, where these dynamics are most visible (section C). Third, it assesses the implications of ongoing changes for developing countries and discusses policy options to help countries promote, retain and leverage foreign investment in a more fragmented and selective global investment landscape (section D). Finally, it explores areas where international cooperation and common approaches may help address emerging tensions and support a more open, predictable and development-oriented investment environment (section E).

The issues addressed in this chapter are particularly relevant for ongoing international policy processes, including the Financing for Development agenda and multilateral, regional and bilateral trade discussions.

The Financing for Development agenda has clearly reaffirmed the central role of FDI in supporting sustainable development, particularly in countries that face structural constraints. The Compromiso de Sevilla, adopted at the Fourth International Conference on Financing for Development, calls for renewed efforts to mobilize and channel investment towards productive transformation and the Sustainable Development Goals. In addition, it established the first-ever Borrowers' Platform, launched in April 2026 during the IMF–World Bank Spring Meetings with the support of UNCTAD, reflecting growing efforts by developing countries to address debt constraints that limit fiscal space and investment. The analysis in this chapter points to a growing gap between these objectives and current investment trends: global investment is becoming more concentrated, more selective and less accessible to developing economies. By identifying these shifts and their implications, the report helps inform the broader policy architecture for strengthening the role of FDI in development.

At the same time, ongoing multilateral trade discussions highlight rising pressures on the global trading system, including fragmentation, policy uncertainty and uneven integration, which particularly affect the most vulnerable economies. These issues have featured prominently in policy discussions at Ministerial Conferences of the World Trade Organization on the future of the trading system. Within global production networks, trade and investment are closely intertwined. With its analysis of the investment dimension of supply chain reconfiguration, this chapter complements existing trade-based evidence and helps inform ongoing multilateral discussions on global economic fragmentation and its implications for development.

B. Competition in strategic sectors

Strategic sectors – such as AI and other advanced and sensitive technologies, critical minerals, energy transition technologies and semiconductors – are among the fastest-growing components of global investment flows. As a result, many governments are increasingly prioritizing these industries within their investment promotion strategies. However, FDI in these sectors remains highly concentrated geographically. In advanced economies in particular, growth in strategic sector investment is strongly shaped by active industrial policies that provide substantial public support and is supported by a growing set of restrictive measures designed to protect national security and technological leadership.

Competition in strategic sectors has become a central feature of the contemporary investment landscape. As geopolitical tensions intensify and economic security considerations gain prominence, governments and firms alike are placing greater emphasis on control over sectors deemed critical for national security, technological leadership and long-term economic growth. These developments are reshaping patterns of FDI, altering the balance between openness and protection, and redefining the role of the State in guiding cross-border capital flows.

The meaning of "strategic" is not uniform across countries. For major advanced economies, strategic sectors are often defined through the lens of technological leadership and national security and control over frontier capabilities, which include semiconductors, AI, quantum technologies, advanced manufacturing and dual-use technologies. For many developing economies, by contrast, the sectors of greatest strategic importance may be those that underpin resource security, resilience and basic development needs, including food systems, agribusiness, water infrastructure, energy access, health-related production, logistics and climate-resilient infrastructure. Recent trade disruptions, geopolitical tensions and geoeconomic fragmentation have reinforced the strategic importance of such sectors, while climate change is increasing their vulnerability and raising the cost of underinvestment.

The focus of this section is deliberately narrower than the full range of sectors that may be considered strategic from a national development perspective. It examines a set of sectors that are at the centre of current global investment competition and security-related policy intervention. The broader development question – how countries identify sectors that are strategic for their own resilience, productive transformation and sustainable development – is taken up in section D.

The sectors analysed in this section combine a central role in shaping future production systems with a high degree of strategic competition, reflected in the growing influence of industrial policy, regulatory intervention and economic security considerations on investment decisions. In these sectors, investment decisions are increasingly influenced not only by market fundamentals – such as

cost, efficiency and market access – but also by industrial policy, regulatory scrutiny and economic security considerations.

The set of strategic sectors identified in this report can be grouped into five categories that cover key technological and industrial domains associated with the digital and energy transitions as well as economic security considerations. They are (i) AI infrastructure and AI-related technologies, including data centres and digital backbone infrastructure; (ii) advanced and sensitive technologies, encompassing frontier and dual-use technological domains such as robotics, quantum technologies and space systems; (iii) critical minerals; (iv) energy transition technologies and services; and (v) semiconductors (table III.1). Although analytically distinct, these categories are also deeply interconnected. AI infrastructure and advanced technologies depend on semiconductors and critical minerals; energy transition technologies rely heavily on critical minerals and advanced manufacturing inputs; and semiconductors themselves depend on secure access to critical minerals and highly specialized industrial ecosystems.

Empirically, tracking investment in these strategic sectors is not straightforward, as their perimeter does not map neatly onto standard sectoral classifications. To identify them in a transparent and consistent way, this chapter therefore combines multiple layers of information from project-level greenfield data in The Financial Times fDi Markets database (box III.2).

Table III.1
Definition of strategic sectors used in the analysis

Areas	Strategic focus	Included activities and scope
AI infrastructure and AI-related technologies	AI-driven backbone including compute capacity, data centres and core AI technologies, and AI-enabled ecosystem technologies	Digital infrastructure (data centres, cloud), core AI capabilities (AI systems, big data) and AI-enabled technologies (e.g. cybersecurity, blockchain and immersive technologies)
Advanced and sensitive technologies	Frontier and dual-use technologies with strategic and security relevance	Space systems, biotechnology, robotics, quantum technologies, autonomous systems and military-linked technologies
Critical minerals	Critical minerals essential for energy transition and advanced industrial ecosystem	Mining, extraction and processing of key transition metals and strategic materials
Energy transition technologies and services	Manufacturing and services enabling the low-carbon transition	Batteries and transition-enabling technologies (e.g. electric vehicles, hydrogen, carbon capture, clean-tech supply chains); excludes primary renewable power generation
Semiconductors	Core semiconductor manufacturing and production equipment with highest strategic sensitivity	Semiconductor fabrication, design-enabling activities and equipment production

Source: UNCTAD.

Abbreviation: AI, artificial intelligence.

Box III.2
Strategic sectors: Data and classification

Investment in strategic sectors is tracked using project-level data on greenfield investment announcements from The Financial Times fDi Markets database.

As with all announced greenfield investment data, project values reported in fDi Markets do not necessarily correspond to realized capital expenditure. Implementation may occur gradually over several years, and some announced projects may be delayed, scaled down or cancelled. This consideration is particularly relevant in strategic sectors characterized by large-scale projects and long investment horizons, such as AI infrastructure and semiconductors. Nevertheless, announced greenfield data remain highly informative for analysing emerging investment patterns, investor strategies and shifts in the geography of international production, as they capture location decisions and intended investment allocation at an early stage.

The use of greenfield project data for analysing sectoral and geopolitical investment patterns reflects the dominant practice in recent work on geoeconomic fragmentation and supply-chain reconfiguration, including by international organizations (IMF, 2023b; Aiyar et al., 2024; Boeckelmann et al., 2024; Grover and Vézina, 2025; OECD, 2025a), consultancies and financial institutions (McKinsey Global Institute, 2025; J.P. Morgan, 2026), and academic scholars (Kim and Lee, 2026; Park, 2026). Balance-of-payments FDI statistics remain the standard measure of aggregate FDI trends but do not provide the timeliness and sectoral granularity required to track emerging shifts in international investment patterns in this context.

Each project in the fDi Markets database is classified individually by cluster, sector, subsector and business function, in a proprietary system. The terms “sector” and “subsector” refer to the industry and more specific line of activity of the investment project at the host site, and “business activity” records the function performed there, such as manufacturing, extraction, research and development or headquarters. This sectoral classification does not strictly correspond to any standard statistical classification, yet broad correspondence is feasible for analytical and comparative purposes. The fDi Markets documentation indicates that subsectors can be aligned with the North American Industry Classification System (NAICS) (fDi Markets, 2022).

In this chapter, investment in strategic sectors is identified through a combination of sector and subsector classification and project-level tags provided by fDi Markets. Sector and subsector classification provides the main criterion. Where the relevant category is both exhaustive and exclusive, it is used on its own. This is the case for semiconductors, which are captured through the dedicated fDi Markets sector “Semiconductors”. For the other strategic sectors, sectoral classification is complemented with project-level tags.

Box table III.2.1 summarizes the selection criteria used to identify strategic sectors in the analysis, combining sectoral and subsectoral classifications, and complementary project-level tags from the fDi Markets database. Broad NAICS correspondences are also provided, where available, for indicative reference. The sectors are listed hierarchically according to coding priority rules that ensure mutual exclusivity between categories. Note that the category “Energy transition technologies and services” does not include projects in renewable power generation. Although central to the green transition, such projects are generally less directly linked to the industrial and technological capabilities that are increasingly shaping strategic competition and the reconfiguration of international production systems.

Source: UNCTAD.

Box table III.2.1
Selection criteria for strategic sectors

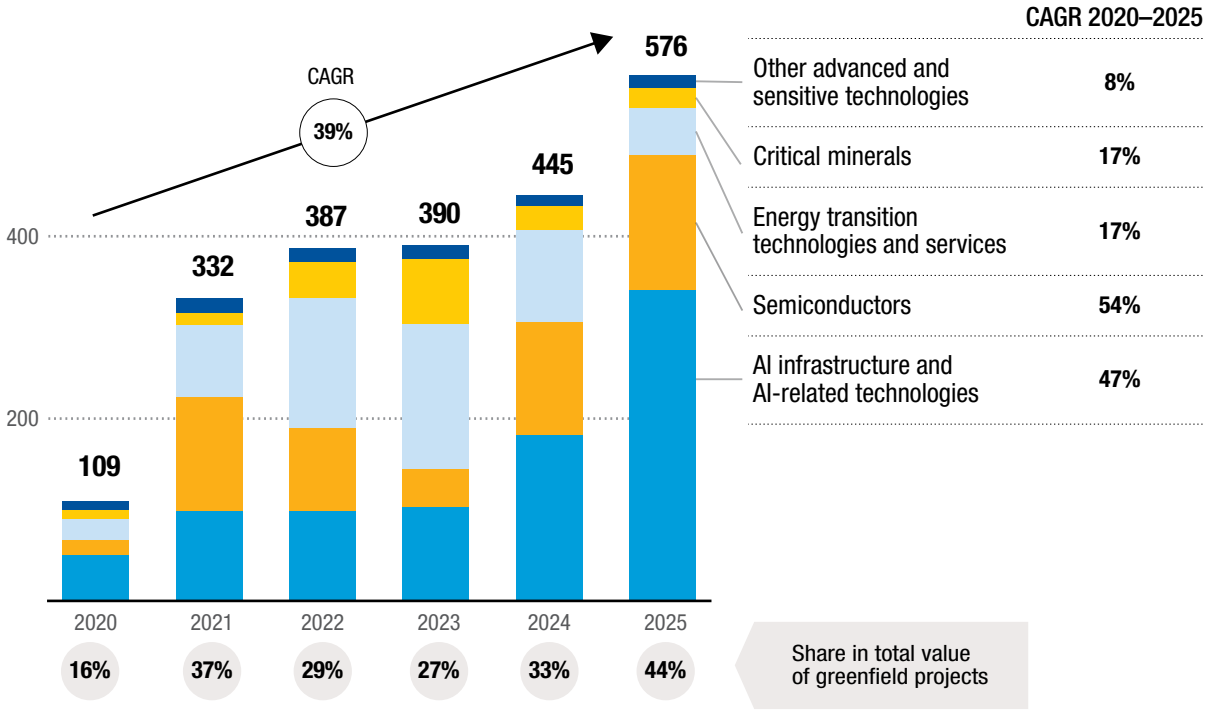
Strategic sector	Main criteria: fDi Markets sector/subsector	Broad NAICS correspondence, where available	Complementary "tag" indications
Semiconductors	Sector: "Semiconductors"	NAICS 3344, Semiconductor and other electronic component manufacturing	None
Critical minerals	Subsectors: "Copper, nickel, lead and zinc mining" and "Other metal ore mining" (in "Metals" sector)	NAICS 2122, Metal ore mining and NAICS 331, Primary metals manufacturing	Climate- and resource-related tags, including e.g. critical minerals and lithium
Energy transition technologies and services	Subsector: "Batteries" (in "Electronic components" sector); exclusion of subsectors linked to renewable power generation (in "Renewable energy" sector)	NAICS 335910, Battery manufacturing	Climate-related tags, including e.g. clean technologies, electric vehicles, hydrogen, carbon capture, wind and solar technologies
AI infrastructure and AI-related technologies	Subsector: "Data processing, hosting, and related services" (in "Communications" sector)	NAICS 5182, Data processing, hosting and related services	AI- and digital-related tags, including e.g. data centres, cloud computing, AI, big data and cybersecurity
Advanced and sensitive technologies	Miscellaneous; selected sectors and subsectors, including "Biotechnology" sector and "Guided missile & space vehicles" subsector (in "Space & defense" sector)	Selected: NAICS 325414, Biological product manufacturing; NAICS 336414, Guided missile and space vehicle manufacturing	Targeted digital- and frontier-tech tags, including e.g. robotics, quantum computing, military technologies and unmanned systems

Source: UNCTAD.
Abbreviations: AI, artificial intelligence; NAICS, North American Industry Classification System.

1. The growth of international investment in strategic sectors

Investment in strategic sectors has expanded rapidly, both in absolute terms and as a share of global investment. The value of announced greenfield projects rose from $109 billion in 2020 to $576 billion in 2025 (figure III.1). Over the same period, the share of global greenfield investment in strategic sectors increased from 16 per cent to 44 per cent, indicating a strong shift towards a limited set of priority industries.

Figure III.1
Strategic sectors now attract almost half of international investment globally
Value of announced greenfield projects in strategic sectors
(Billions of dollars and percentage)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Notes: Data for 2025 are annualized on the basis of information available as of 30 November. The aggregate CAGR of non-strategic sectors during 2020–2025 is 5 per cent.

Abbreviation: CAGR, compounded annual growth rate.

This expansion reflects distinct but interconnected investment waves, with differences in scale, timing and growth dynamics.

AI infrastructure and AI-related technologies are the largest segment in value terms. They accounted for three fifths of total greenfield investment in strategic sectors in 2025, rising from less than $50 billion in 2020 to almost $350 billion. This surge reflects the scale-up of the computing and data backbone required for AI deployment – including data centres, cloud infrastructure and related digital infrastructure – alongside investment in AI-enabled applications and automation across sectors.

Semiconductors represent the fastest-growing segment, with international investment expanding by 54 per cent annually in 2020–2025. Growth reflects

their role as a key input into AI, digital infrastructure and advanced manufacturing, reinforced by industrial policy support and efforts to strengthen supply chain security. Together, investment in semiconductors and AI forms a closely linked digital value chain, combining the largest investment base with the fastest growth rates across strategic sectors.

Investment in critical minerals also expanded strongly, growing at an average annual rate of 17 per cent during the period. Growth reflects rising demand for minerals that are critical inputs into a wide range of strategic industries, including semiconductors, AI infrastructure, advanced manufacturing and energy transition technologies. Investment patterns increasingly combine resource extraction with efforts to expand refining and processing capacity and secure access to critical inputs.

Investment in strategic sectors **expanding rapidly, but highly concentrated**

Energy transition technologies and services recorded similar growth dynamics, also expanding at an average annual rate of 17 per cent over the period. Growth was driven by rapid expansion in batteries, electric vehicles and related clean-technology value chains, supported by industrial policy incentives, supply-chain diversification strategies and efforts to build manufacturing capacity. Although driven by different investment motivations, critical minerals and energy transition technologies are closely linked through supply chains spanning extraction, processing, manufacturing and final industrial applications.

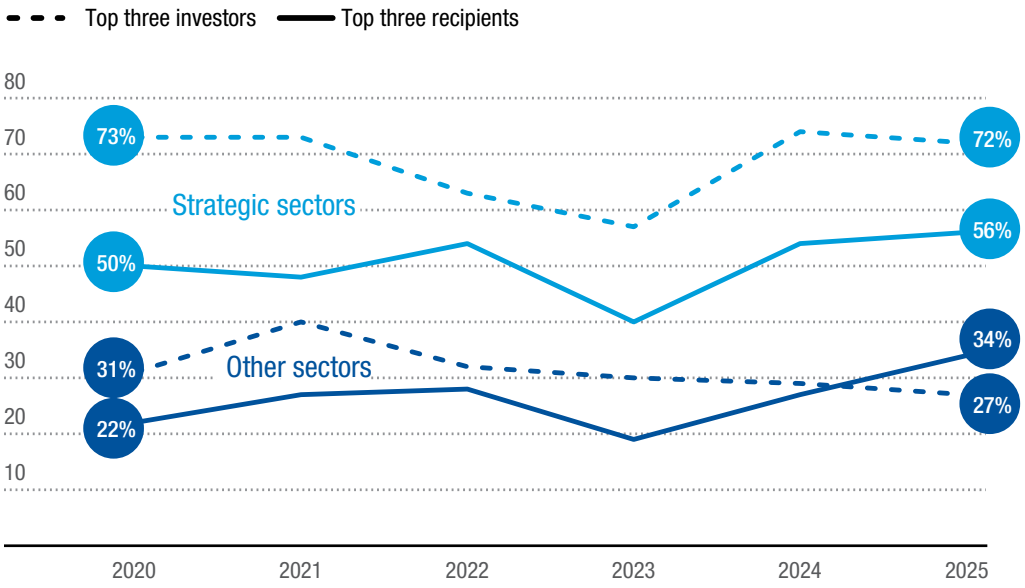
Other advanced and sensitive technologies – including in areas such as quantum technologies, advanced robotics, cybersecurity and autonomy-related systems – grew more slowly in 2020–2025, at 8 per cent annually. Despite their smaller scale, they are strategically important for their dual-use applications and links to technological leadership.

Investment in strategic sectors is highly concentrated in a small number of economies. Global economic fragmentation and industrial policy dynamics reinforce this tendency by favouring locations with established technological capabilities, strategic assets and supportive policy frameworks. In 2025, across the strategic sectors analysed, the average share of the top three investor economies was 72 per cent of global greenfield project values and the average share of the top three recipient economies was 56 per cent, compared with 27 per cent and 34 per cent, respectively, in the other sectors (figure III.2).

These concentration effects reflect a combination of firm-level factors, including economies of scale, supply chain integration and the concentration of technological capabilities, and policy-driven factors, such as subsidy regimes, local content incentives and regulatory compatibility. Together, these dynamics shape both the location of investment and the concentration of capital among a limited number of source countries.

Their relative importance, however, varies across strategic sectors depending on the underlying asset and capability requirements. AI infrastructure depends on reliable energy, digital connectivity, data governance and technical capabilities. Advanced technologies depend on research systems, specialized skills, intellectual property frameworks and links between firms, universities and public agencies. Critical minerals depend on resource endowments but create opportunities for processing and refining only where infrastructure, energy and regulatory conditions are adequate. Energy transition technologies require manufacturing capabilities, supplier networks and policy support. And semiconductors require highly specialized ecosystems, proprietary know-how and large-scale public support.

Figure III.2
International investment in strategic sectors is highly concentrated
Value of announced greenfield projects; share in total
(Percentage)

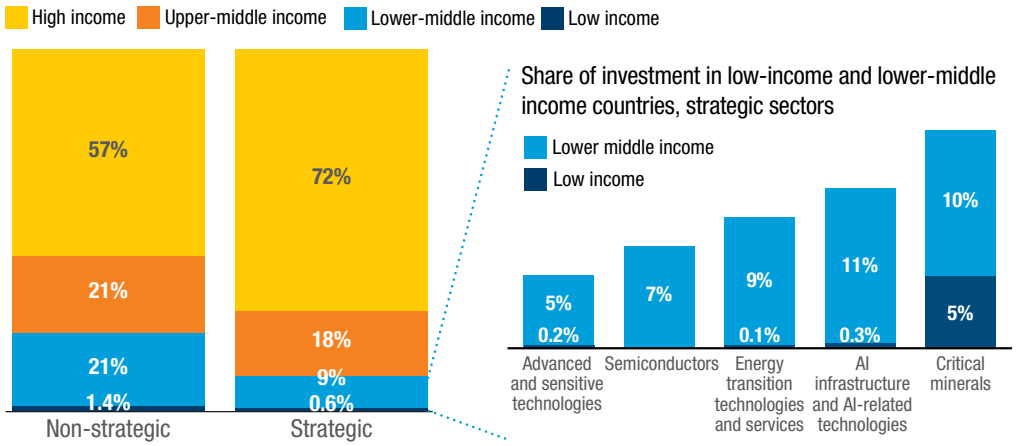


Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Notes: For strategic sectors, concentration measures are calculated as the simple average of the top three investor and top three recipient shares across individual sectors, rather than for strategic sectors as a whole, in order to account for differences in sector size, characteristics and investment patterns. Calculating concentration for strategic sectors as a single aggregate still yields a significant, though narrower, gap relative to other sectors.

As a result of this high concentration, the expansion of FDI in strategic sectors is reinforcing an uneven global distribution of investment across both source and recipient economies. On the recipient side, economies in the low-income and lower-middle-income World Bank groups together attract only about 10 per cent of global greenfield investment in strategic sectors, compared with more than 20 per cent in the other sectors, and the share of low-income countries remains marginal (figure III.3; see also chapter I, box I.1 on country classifications). Participation varies significantly across strategic sectors, remaining very limited in semiconductors, advanced technologies and AI-related activities, but reaching 15 per cent in critical minerals. The latter stands out as the only strategic sector in which low-income countries capture a non-negligible share of global investment, reflecting the importance of location-specific resource endowments.

Figure III.3
International investment in strategic sectors bypasses poorer countries
Share of value of inward announced greenfield projects by income group, 2020–2025
(Percentage)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

2. Emerging patterns of international investment in strategic sectors

Beyond the common features described in section B.1 – strong growth, high capital intensity and marked concentration – strategic sectors do not follow a single model of international investment. Their organization reflects differences in technology, resource dependence, infrastructure requirements, policy sensitivity, firm structure and value chain configuration. These differences matter because they shape both the geography of investment and the development opportunities available to different groups of countries.

a. AI infrastructure and AI-related technologies

AI infrastructure and AI-related technologies are among the fastest-growing components of strategic sector investment. Between 2020 and 2025, announced greenfield investment in AI-related activities grew at an average annual rate of 47 per cent (see figure III.1). The current expansion is based on a capital-intensive physical layer, including data centres, cloud infrastructure, high-capacity connectivity and computing systems for model training, storage and deployment.

The main driver of this investment pattern is the rapid expansion of demand for computing capacity. The AI economy is often described in terms of algorithms, models and applications, but its deployment depends on large-scale physical infrastructure. Data centres and cloud platforms form the backbone through which AI can be trained, hosted and commercialized. This gives the sector an infrastructure-like investment profile: projects are large, capital-intensive and highly dependent on reliable energy, land, water, connectivity and permitting capacity.

The geography of AI investment is shaped by both commercial and geopolitical considerations. Data centres are often located close to the markets they serve because of latency requirements, data localization rules and concerns related to digital autonomy. At the same time, governments increasingly view AI infrastructure as a strategic asset linked to technological leadership, security and control over data, and computing capacity. This has reinforced investment flows among economies with interconnected digital ecosystems, advanced technological

capabilities and compatible regulatory environments, and contributed to a broader shift in investment screening towards digital activities, which now account for up to 60 per cent of screened FDI projects (UNCTAD, 2025h).

These dynamics have produced a highly concentrated investment landscape centred on major advanced digital and innovation hubs, particularly in the United States and Europe, but with an asymmetric structure between investors and recipients (figure III.4, panel a). On the investor side, the United States dominates outward investment, accounting for almost half of global greenfield investment between 2020 and 2025. It hosts many of the leading hyperscalers, cloud platforms and AI developers, giving companies based in the United States both the capital and technological capabilities to expand AI infrastructure abroad. On the recipient side, the European Union stands out, capturing about 30 per cent of inward flows. It combines large digital markets, advanced connectivity and energy infrastructure, and a regulatory environment in which data governance, jurisdictional certainty and digital sovereignty matter for investment decisions.

At the same time, investment patterns are gradually widening beyond the more established innovation hubs. India has emerged as a major recipient because of its scale, fast-growing digital demand, technical skills and expanding markets for cloud services. Recent announcements also point to growing investment in South-East Asia, in particular Malaysia, and other emerging digital markets as firms seek to position infrastructure closer to new sources of demand.

New sources of investment are emerging in West Asia. The United Arab Emirates accounted for 9 per cent of outward investment between 2020 and 2025, with major projects announced in Europe and the United States, including large-scale AI and data centre investments in France. These investments reflect broader efforts by Gulf economies to position themselves within global AI infrastructure networks through capital deployment, energy advantages and strategic partnerships with leading technology firms.

Despite this gradual diversification, international investment in AI remains highly concentrated. Location choices depend not only on market size, but also on the depth of digital ecosystems, the presence of major technology firms, access to advanced semiconductors, regulatory predictability and the availability of large-scale energy and connectivity infrastructure. This concentration has significant development implications. Unequal access to computing infrastructure, data and skills limits the ability of many developing countries to participate in the AI economy beyond the adoption of externally developed tools (box III.3).

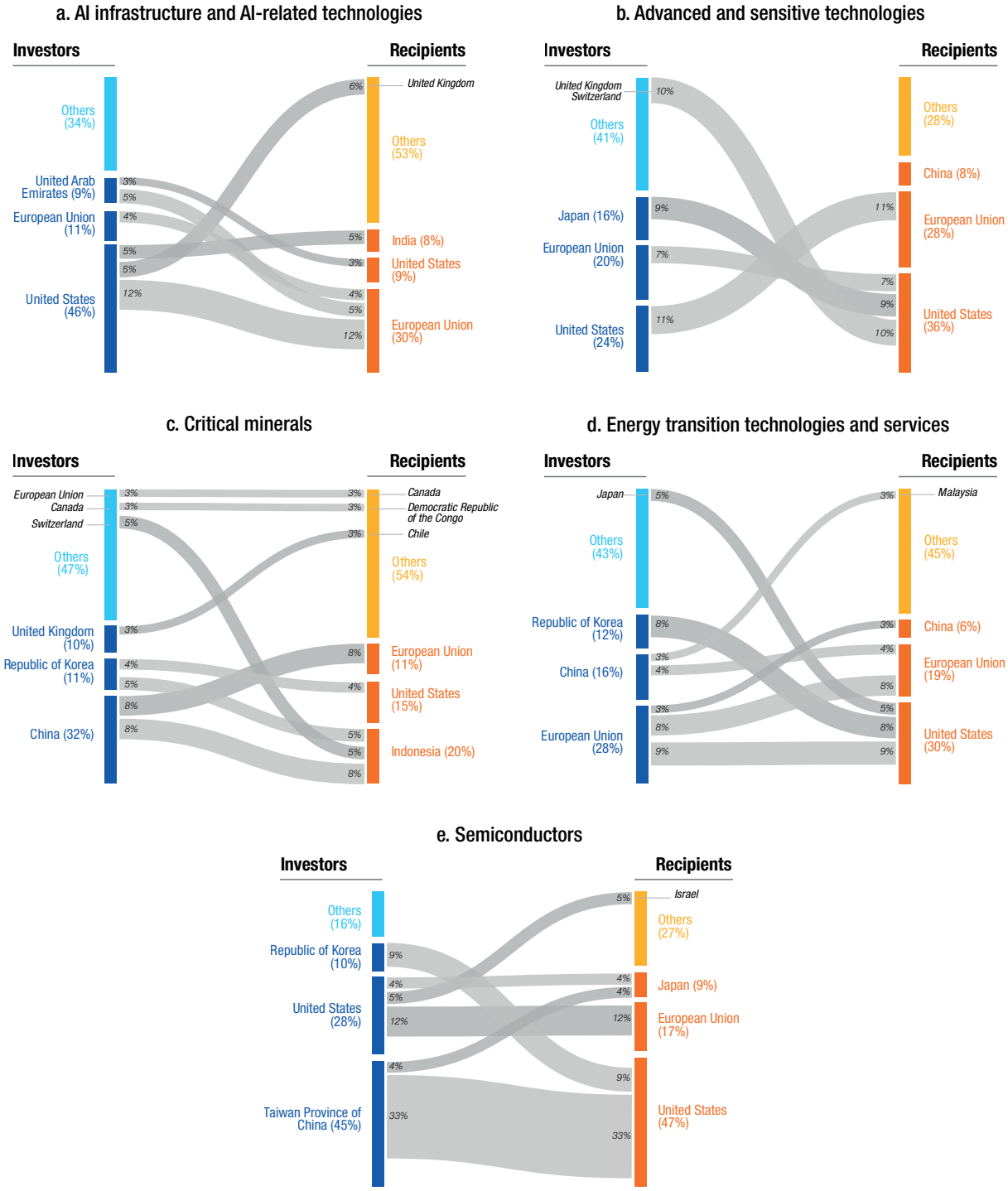
These concerns are reflected in recent United Nations initiatives: The High-level Advisory Body on Artificial Intelligence called for more inclusive participation and capacity-building, emphasizing that the benefits of AI must be shared equitably and that developing countries require targeted support to build the infrastructure, skills and regulatory frameworks needed to engage on their own terms. And the Independent International Scientific Panel on AI was established in 2025 to support evidence-based and inclusive global governance of AI (United Nations, 2024a).

In addition, following the publication of the *World Investment Report 2025* (UNCTAD, 2025h) and the related policy toolkit for International Investment in the Digital Economy (UNCTAD, 2026), UNCTAD and the International Telecommunication Union launched the Digital Infrastructure Investment Catalyzer with support from the World Bank and other multilateral development partners. Its objective is to help mobilize investment, strengthen capacity and expand financing for digital infrastructure in developing countries.

Outward AI investment: led by United States

Main destination: European Union

Figure III.4
Strategic sectors display markedly different investment patterns
Share of value of announced greenfield projects, by strategic sector, 2020–2025



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Notes: Bars show the three largest investors (left) and recipients (right), ranked from largest (bottom) to smallest (top), by their share in the value of announced greenfield projects in each sector. Flows show the main bilateral investment links, with percentages indicating their share in the value of announced greenfield projects in the sector. Bar heights and flow widths broadly reflect relative investment shares; exact values are indicated by the percentages shown.

Box III.3
AI, entrepreneurship and development: From infrastructure to participation

The concentration of AI infrastructure in a small number of economies raises not only issues of access to computing capacity, but also broader challenges for firm-level participation in the AI economy. For developing countries, the key question is not only whether infrastructure is available, but whether firms and entrepreneurs can effectively use AI to create value, innovate and compete.

UNCTAD analysis highlights that AI adoption is increasingly driven by access to a combination of complementary assets: data, computing power, skills and digital infrastructure. In many developing countries, gaps across these dimensions limit the ability of firms – especially micro, small and medium-sized enterprises – to move beyond basic adoption of externally developed tools. In practice, barriers often go beyond technical capabilities alone. Many firms lack clarity about the business value of AI, as well as how it applies to day-to-day operations and whether it can generate concrete returns. As a result, AI is frequently perceived as complex, costly or insufficiently relevant to existing business models, which slows adoption and experimentation. Participation therefore tends to remain concentrated in downstream uses, such as services, platforms or localized applications, with limited involvement in higher-value segments of AI development.

The relevance and accessibility of data also matter. While access to data is important, access to relevant, local and sector-specific data is often more critical for effective AI adoption. Many AI tools are developed using data, business models and market assumptions from advanced economies, which may not reflect local realities, consumer behaviour or production structures in developing countries. This can reduce the usefulness of AI applications for local firms and limit their ability to adapt technologies effectively to domestic markets and sectors.

Entrepreneurship plays a critical role in bridging these gaps. Start-ups and digital firms can act as entry points into the AI economy, adapting global technologies to local markets and creating new applications across sectors. However, their development depends on enabling ecosystems, including access to finance, digital infrastructure, skills, data governance frameworks and linkages to global technology networks. Weaknesses in these areas constrain scaling and limit the diffusion of AI across the broader economy.

Policy responses therefore need to go beyond infrastructure provision. Drawing on UNCTAD's Entrepreneurship Policy Framework, strengthening participation in the AI economy requires coordinated efforts to build entrepreneurship ecosystems, expand business development services and support firm-level capabilities. This includes targeted training and capacity-building initiatives, including for women and youth – such as AI-focused programmes delivered through the global Empretec network of UNCTAD – aimed at enabling entrepreneurs and small businesses to identify practical business applications of AI and use these technologies effectively. Without such measures, the current concentration of AI capabilities risks reinforcing existing technological divides and limiting the contribution of AI to structural transformation.

Source: UNCTAD (2025a).

b. Advanced and sensitive technologies

Advanced and sensitive technologies cover a diverse set of high-value and often dual-use activities, including biotechnology, robotics, aerospace, quantum-related technologies and defence-linked systems. International investment in these segments accounts for a smaller share of strategic sector investment than AI infrastructure, semiconductors or energy transition technologies, but it is strategically important because of its links to technological autonomy, national security and critical industrial capabilities. In the period 2020–2025, investment in these segments grew at an average annual rate of 8 per cent – a significant increase, though more moderate than in other strategic sectors (see figure III.1).

Building capabilities and infrastructure: key for developing economies to attract investment in advanced technologies

The nature of cross-border investment in advanced and sensitive technologies differs from investment in AI infrastructure, but the underlying drivers are closely connected. AI infrastructure is dominated by large-scale physical assets such as data centres, cloud systems and computing capacity, whereas advanced technologies are more knowledge-intensive and application-driven. Nevertheless, both evolve within the same digital and innovation ecosystem: AI infrastructure provides the computing backbone on which many advanced applications depend, while the expansion of these applications reinforces demand for computing capacity, specialized data, technical talent and digital services, further supporting investment in AI infrastructure.

The patterns of international investment in advanced and sensitive technologies closely mirror that of investment in AI infrastructure. International investment concentrated mainly in links between the United States and Europe, reflecting the role of advanced research capabilities, specialized technology firms and established regulatory frameworks in shaping investment in these sectors (see figure III.4, panel b). This pattern reflects not only technological strengths, but also the increasing importance of regulatory compatibility, business environments and security considerations in strategic sectors. At the same time, market and industrial factors continue to matter alongside geopolitical considerations. For example, China remains an important recipient of investment from both the United States and the European Union, reflecting the continued relevance of its industrial capabilities, technological ecosystem and large domestic market in selected advanced industries.

For developing economies, participation remains limited and largely confined to niche segments. Entry points are more likely to emerge in specialized services, component supply, testing, assembly, clinical or technical support functions, or applications adapted to local markets, rather than in core technology development. The development challenge is therefore to build absorptive capacity around digital infrastructure, skills, research partnerships, standards and innovation support, so that AI infrastructure and related digital investments can translate into broader participation in advanced applications (UNCTAD, 2025d).

c. Critical minerals

International investment in critical minerals, including copper, lithium, cobalt, nickel, graphite and rare earth elements, is central to the energy transition, digital transformation and advanced manufacturing. These materials are essential inputs for renewable energy systems, battery storage, electric vehicles, electricity grids, semiconductors and strategic technologies. Their role has placed them at the centre of industrial policy, investment strategy and geopolitical competition (IEA, 2025; UNCTAD, 2025f).

FDI in critical minerals is driven by the rapidly growing demand for strategic inputs required across industries involved in the energy and digital transition and advanced manufacturing. Because mineral deposits are geographically fixed, investment first follows access to resources. At the same time, the sector is increasingly shaped by concerns related to supply chain resilience, strategic autonomy and industrial security. Many critical minerals are characterized by

high concentration not only in extraction, but also in refining and processing, often involving a limited number of suppliers and locations. Governments and firms are therefore investing not only to expand production capacity, but also to diversify supply sources, secure long-term access to inputs and reduce vulnerabilities linked to concentrated trade relationships.

The value of announced greenfield investment in critical minerals increased strongly between 2020 and 2023, before declining in the most recent years, although remaining well above pre-2020 levels (see figure III.1). Outward investment remains concentrated among a small number of source economies, led by China, followed by the Republic of Korea and the United Kingdom (see figure III.4, panel c). Recipient economies are more diversified, reflecting the dual structure of investment in critical mineral supply chains. Resource-rich developing economies, including Chile, the Democratic Republic of the Congo and Indonesia, attract investment in extraction, while higher-value activities such as refining, processing and precursor materials production remain concentrated in locations with the necessary infrastructure, energy, logistics and industrial capabilities. As a result, investment is more geographically dispersed than in AI or semiconductors, although upgrading opportunities remain uneven.

China occupies a particularly central position in this configuration, not only as a major outward investor – accounting for about one third of global greenfield investment in critical minerals – but also across downstream refining and processing activities linked to strategic mineral supply chains. Large-scale investment in Indonesia linked to nickel processing illustrates this role, while newer projects in Europe, Latin America and North Africa point to broader efforts to secure inputs, expand refining capacity and strengthen positions across strategic industries.

At the same time, investment from advanced economies increasingly links industrial centres in Europe and North America with resource-rich economies such as Canada, Chile and the Democratic Republic of the Congo, reflecting efforts to diversify supply sources and strengthen the critical mineral value chain.

For mineral-rich developing countries, the key policy challenge is to promote domestic and international investment and convert it into structural transformation, rather than deeper dependence on raw material exports. This challenge is particularly visible in Africa. The continent holds at least one fifth of global reserves of more than a dozen minerals critical to the energy transition, including about 19 per cent of reserves linked to electric-vehicle supply chains, yet accounts for only about 2 per cent of global investment in these industries (UNCTAD, 2023a). Addressing this gap is also central to the recommendations of the United Nations Secretary-General's Panel on Critical Energy Transition Minerals, which called for greater equity, transparency, benefit-sharing, local value addition, and environmental and social responsibility across mineral value chains (United Nations, 2024b).

Capturing value from critical minerals requires **investment in processing, refining and industrial capabilities**

Country experiences show that policy can shape investment outcomes and that approaches differ based on the type, scale and market significance of a country's critical mineral resources. Countries with large reserves or dominant positions in strategic minerals may be able to use export measures, fiscal tools, State participation, industrial clustering and strategic partnerships to promote local refining and processing activities, as illustrated by the nickel strategy of Indonesia. Countries with established mining sectors but more limited prospects for large-scale downstream industrialization may focus on supplier development, innovation, sustainability standards and regional linkages, as in Chile. Smaller producers or countries with narrower mineral endowments can still promote local value capture through targeted instruments, including differentiated royalties, restrictions on low-value exports, investment funds and incentives for domestic processing, as in Senegal (box III.4).

For many developing economies, especially where national markets or resource bases are too small to anchor processing investments alone, regional offtake aggregation and multilateral guarantees or political risk insurance can also help improve project bankability and reduce risks for investors and lenders.

Box III.4
Critical minerals: Selected country approaches to promoting downstream value addition

Chile remains a leading global producer of copper and lithium and has built a strong supplier ecosystem around mining. Downstream industrial activities such as battery manufacturing are still developing, with current policy efforts focused on strengthening technological capabilities and value addition. The 2023 progressive royalty reform increased fiscal revenues while redistributing funds to mining regions, and the R&D Tax Incentive supports technological upgrading, including mining-related innovation. Through challenge-based calls by the Chilean economic development agency and pilotage infrastructure such as the Centro Nacional de Pilotaje, Chile seeks to improve sustainability (e.g., lithium extraction, residue recovery) and strengthen linkages between mining firms and suppliers. Investment facilitation reforms and environmental, social and governance standards – including water-use targets and renewable energy integration – reinforce the country's reputation as stable and sustainability-oriented.

Indonesia shifted from exporting raw nickel ore to building a domestic processing and battery materials hub, based on the 2020 ban on nickel exports. Unlike the 2014 ban on raw minerals, the nickel restriction was paired with strong fiscal incentives (up to 20-year tax holidays, super-deductions, value added tax and customs exemptions), subsidized energy through the Domestic Market Obligation and large-scale industrial clustering in industrial parks such as Morowali and Weda Bay. These parks addressed bottlenecks by providing integrated infrastructure, including power, ports and logistics. Regulatory streamlining (centralized permits, open-source software licensing) and State coordination, including the establishment of the Indonesia Battery Corporation and sovereign co-investment vehicles such as the Indonesia Investment Authority, further lowered investor risk. Between 2019 and 2022, FDI in the mining sector rose by more than 200 per cent, and Indonesia emerged as a major global hub for nickel processing, illustrating how export leverage combined with infrastructure and policy coordination can drive downstream investment when supported by strong resource endowments.

Senegal, in its 2016 Mining Code, introduced a modular royalty structure that varies by mineral and by the degree and location of processing. In the phosphate value chain, the Code applies a 5 per cent royalty to phosphate rock and a 1.5 per cent royalty to phosphate acid, differentiating between exports of an upstream mineral and a processed chemical intermediate. In the years following the reform, UN Comtrade data show a marked shift in the composition of Senegal's phosphate exports: exports of phosphoric acid increased from $158.9 million in 2015 to $282.6 million in 2018, while exports of unground phosphate rock fell from $26.3 million to $6.8 million. In value terms, phosphoric acid exports rose from about six times the value of unground phosphate rock exports in 2015 to more than 40 times by 2018, consistent with a stronger orientation toward processed phosphate exports. In 2024, Senegal also strengthened royalty collection by introducing an index-linked reference price for exports of phosphate rock and calculating royalties on the higher of the reference price and the declared sale price.

Source: UNCTAD, based on official documents and governmental websites.

d. Energy transition technologies and services

Energy transition technologies and services include manufacturing and services linked to low-carbon production and transport systems, including electric vehicles, batteries, clean hydrogen, carbon capture and related clean-technology supply chains. The category excludes renewable power generation projects, which are primarily utility-based infrastructure investments rather than manufacturing-oriented activities embedded in strategic industrial value chains. The investment dynamics of this strategic sector are instead closer to advanced manufacturing, reflecting the importance of technological capabilities, industrial ecosystems and supply chain positioning.

International investment in the sector is driven by the rapid expansion of clean-technology industries and by efforts to reorganize supply chains around new industrial objectives and changing policy frameworks. Rising demand for electric vehicles, batteries and low-carbon industrial technologies is generating large-scale investment needs across manufacturing, assembly and component production.

At the same time, governments are using industrial strategies, subsidies, local content requirements and regulatory frameworks to support domestic or regional production capacity. Firms are responding not only to market growth, but also to the need to diversify production away from highly concentrated supply chains, manage trade barriers and position themselves close to major consumer markets and emerging industrial clusters. Investment decisions therefore increasingly reflect a combination of market access, industrial policy support, supply chain resilience, and control over key technologies and inputs.

Cross-border investment is organized across interconnected stages, including battery materials, components, vehicle assembly and related manufacturing activities. Energy transition technologies are also closely linked to the critical minerals sector upstream, forming an integrated supply chain system that spans extraction, processing, manufacturing and final industrial applications. The resulting investment geography is broader and more sequential than in AI infrastructure and advanced technologies. Rather than concentrating primarily around a small number of interconnected innovation ecosystems, investment is distributed across different locations performing distinct functions within the chain – from mineral extraction and processing to battery materials, component manufacturing and final assembly.

Energy transition investment spreads across the green production chain

As with critical minerals, FDI in energy transition technologies and services expanded rapidly between 2020 and 2023, driven by strong growth in electric vehicles, batteries and related supply chains (see figure III.1). The sector remains relatively concentrated, reflecting the technological, industrial and infrastructure capabilities required across clean-technology value chains. Between 2020 and 2025, the European Union accounted for almost 30 per cent of outward greenfield investment, followed by China and the Republic of Korea. On the recipient side, the United States, the European Union and China, in that order, together attracted nearly 60 per cent of global investment (see figure III.4, panel d).

This concentration reflects different but interconnected industrial strategies across major economies. In the United States, inward investment has become part of broader reindustrialization efforts linked to clean technologies and advanced manufacturing, supported by industrial policy incentives and access to the regional market. Firms from Japan and the Republic of Korea have played a particularly important role in automotive assembly and battery manufacturing, alongside growing investment by firms from Europe. This contrasts with AI infrastructure, where the United States dominates as a source of outward investment.

Europe displays a different but equally important dynamic, with firms from China emerging as major investors in batteries and electric vehicle-related manufacturing, including large projects in Germany, Hungary, Portugal, Slovakia and Spain. These investments reflect a combination of factors: for European economies, the expansion of clean-technology manufacturing capacity and the development of battery and electric vehicle supply chains; for investing MNEs, establishing production capacity within key regional markets, maintaining market access and integrating into industrial ecosystems in Europe.

China is a major source of investment in the energy transition

Chinese MNEs are also playing a central role in the broader internationalization of clean-technology manufacturing beyond Europe. Investments in batteries, electric vehicle assembly and related activities have expanded rapidly across emerging markets, including Malaysia, Mexico, Morocco, Saudi Arabia, Türkiye and Viet Nam, contributing to the emergence of new regional production platforms. Together, these patterns point to a broader reorganization of clean-technology manufacturing around regional supply chains, industrial clustering and proximity to major consumer markets.

Policy continues to shape international investment in the sector. Although climate change mitigation has become a less prominent stated motive for industrial policy measures globally (section B.3), it remains important in some major economies, including the European Union and China. In the European Union, State aid and industrial policy measures have supported clean technologies, batteries and low-carbon industrial production in recent years (see chapter II). Similar policy packages in other major economies are reinforcing the tendency for investment to cluster in locations that combine market scale, policy support and industrial capabilities.

For many developing economies, entry points exist but remain selective. Countries with resource-processing or renewable energy capabilities pertinent to the automotive, electronics and chemicals sectors may attract projects in electric vehicles, batteries, precursor materials or components, or in related supply chain projects. Resource-rich economies may seek opportunities in refining, raw materials or related processing. Countries with established manufacturing platforms may attract assembly or component projects linked to regional markets. Experiences such as those of Morocco in batteries and Thailand in electric vehicle-related activities show how policy frameworks, incentives and industrial capabilities can help attract investment in specific segments (see annex A.2). Countries without these capabilities risk being bypassed, even where global demand for clean technologies is expanding.

e. Semiconductors

Semiconductors have become central to industrial policy, export controls and technological competition. The value of announced greenfield investment in semiconductors grew at an annual rate of 54 per cent between 2020 and 2025, the highest rate among the strategic sectors covered in this analysis (see figure III.1).

The investment pattern in semiconductors is driven by a combination of demand growth, technological dependence, extreme capital intensity and security concerns. Demand is expanding because semiconductors are core inputs into AI, digital infrastructure, advanced manufacturing, mobility systems and defence-related technologies. At the same time, production is highly concentrated in a very small number of firms and economies. This creates strong incentives for governments and firms to diversify production capacity, especially for leading-edge semiconductors and key segments of the semiconductor value chain.

Semiconductors are also highly innovation-intensive, but their cross-border investment configuration differs from that of AI infrastructure and advanced technologies. The current wave of greenfield investment centres primarily on manufacturing capacity – fabrication plants, equipment facilities and related industrial infrastructure – rather than

on digital ecosystems. Semiconductors are tradable manufactured inputs that can be integrated into AI systems, vehicles, data centres and industrial equipment across multiple markets. As a result, semiconductor investment is shaped less by the location of users, data ecosystems or digital service markets and more by the ability of a small number of economies to support highly specialized, capital-intensive and security-sensitive manufacturing. This gives the sector a distinctive investment logic, characterized by extreme scale requirements, dense supplier networks, advanced engineering capabilities, large public support programmes and strong national security considerations. Export controls, subsidy schemes and investment screening have therefore become central features of semiconductor investment patterns.

FDI in semiconductors is even more concentrated than FDI in AI infrastructure. A limited number of investor–host links, involving Japan, the Republic of Korea, Taiwan Province of China and the United States, account for most global investment activity (see figure III.4, panel e). Notably, announced greenfield investment from Taiwan Province of China to the United States accounted for about one third of the total value of announced greenfield investment between 2020 and 2025, highlighting the high degree of concentration in the international production of semiconductors. At the same time, it should be noted that these cross-border investment patterns capture the international dimension of the semiconductor industry, while in some major economies – notably China – industrial expansion is mostly being driven by large-scale domestic investment and State-supported capacity-building strategies.

The concentration in international investment in semiconductors reflects the industry's unusually high entry barriers. A leading-edge fabrication plant can cost more than $10 billion and requires highly specialized equipment, chemicals, suppliers, engineering skills, clean-room environments, reliable utilities and accumulated production know-how. Only a small number of firms can develop such projects at scale. Semiconductor FDI is therefore not spreading broadly across low-cost locations, but remains concentrated among technologically advanced economies able to support highly sophisticated manufacturing ecosystems. Despite this concentration, some developing countries – for example, the Dominican Republic, Malaysia and Viet Nam – have identified entry points in activities such as assembly, testing, packaging, selected design services, inputs, maintenance and supplier development (box III.5; Kam, 2025). Capturing these opportunities depends on targeted policy support, reliable infrastructure, specialized skills and close links with lead firms. Even in these narrower segments, participation requires sustained capability-building and integration into highly demanding industrial ecosystems.

Semi-conductors: fastest-growing strategic sector, but capacity concentrated in a few hubs

f. Synthesis: Three configurations of international investment in strategic sectors

The sector-by-sector analysis highlights important differences in the drivers and geography of international investment across strategic sectors. At the same time, some broader investment configurations emerge from the analysis. Broadly speaking, these sectors can be understood as reflecting three distinct but interconnected patterns of international production and investment.

AI infrastructure and other advanced and sensitive technologies form an *innovation-driven investment system*. In AI, the dominant investment driver is the expansion of large-scale digital infrastructure, especially data centres and cloud capacity. In advanced and sensitive technologies, the investment driver is the development and control of sophisticated applications that depend on knowledge assets, research systems, trusted regulatory environments and, increasingly, access to AI infrastructure. Their investment geographies are highly concentrated and largely overlapping, centred on the United

Box III.5
Creating entry points in the semiconductor value chain: Country experiences

The **Dominican Republic** illustrates how a small island developing State can build on an established free zone manufacturing base to position itself for entry into digital and semiconductor-related activities. The country has recorded four consecutive years of increasing FDI inflows, reaching about $5 billion in 2025. Its strategic framework is anchored in the FDI Attraction and Expansion Plan 2025–2036 and aligned with two dedicated sectoral strategies. The National Strategy for Artificial Intelligence and the National Strategy for the Promotion of the Semiconductor Industry, launched in 2025, target entry into assembly, testing and packaging, and printed circuit board production, building on a feasibility assessment that identified the country as a viable location for nearshored semiconductor manufacturing. Investment in large-scale digital infrastructure and an agreement with NVIDIA (United States) to establish the first AI centre of excellence in Central America and the Caribbean signal an emerging role in AI-related activities. High-level coordination through an Investment Promotion Cabinet chaired by the Vice-President, alongside targeted human capital and partnerships in science, technology, engineering and math, underpins efforts to move beyond efficiency-seeking manufacturing towards activities with higher value added.

In **Malaysia**, the semiconductor industry reflects long-term upgrading from labour-intensive assembly to higher-value activities. Since the 1970s, export-oriented industrial zones such as Bayan Lepas and Kulim Hi-Tech Park have provided infrastructure, logistics and supplier clustering, helping the country become a major hub for semiconductor assembly, testing and packaging. Electrical and electronics exports reached about $134.8 billion in 2022, or 38 per cent of total exports. Fiscal incentives, including Pioneer Status and the Investment Tax Allowance, have supported high-technology investment and reinvestment, while targeted grants have helped anchor strategic projects. These measures have been complemented by capability-building policies, including the National Semiconductor Strategy, which allocates about $5.3 billion to train 60,000 engineers, and platforms such as CREST (Collaborative Research in Engineering, Science & Technology), which promote industry-academia collaboration and supplier development. Recent investments in advanced packaging and testing, together with semiconductor exports of about RM 388 billion (about $98 billion) in 2024, underline the sector's continued importance.

In **Viet Nam**, semiconductor development has built on earlier success in export-oriented electronics. From the late 2000s, industrial parks and export processing zones offering serviced land, streamlined permits, tax holidays and one-stop facilitation have helped attract large electronics investors, especially in smartphone production. While this made Viet Nam a major assembly base, local content and domestic supplier linkages remained limited. Policy has since shifted from broad support for higher-quality, technology-intensive FDI to a targeted effort to build a fuller semiconductor ecosystem. The 2024 Strategy for semiconductor industry development aims to establish at least 100 design companies, one small-scale fabrication plant, and 10 packaging and testing plants by 2030. This strategy is reinforced by the 2025 Law on the Digital Technology Industry, Decree 19/2025 and the Investment Support Fund, which support semiconductor R&D, design, manufacturing, packaging, testing and related inputs. Viet Nam is also linking semiconductor policy to clean energy access, including direct renewable power procurement and planned arrangements for favourable pricing and stable clean energy supply for semiconductor plants.

Source: UNCTAD, based on official documents and governmental websites.

States, the European Union and a small number of other advanced innovation hubs, with selected large emerging economies participating where scale, skills and digital demand are strong.

A different configuration emerges around *green transition supply chain networks*, linking critical minerals and energy transition technologies. Critical minerals provide the upstream resource base; energy transition technologies translate these inputs into batteries, electric vehicles, clean-technology equipment and related industrial systems. Cross-border investment is more geographically dispersed on the recipient side because it follows resources, processing opportunities, manufacturing platforms and market access. It also features a stronger FDI role for China than the innovation-driven sectors, reflecting that country's central position in mineral processing, batteries, electric vehicles and clean-technology manufacturing. These sectors therefore offer broader entry points for developing economies, but only where resource endowments, infrastructure, energy, skills and policy coordination support upgrading beyond low-value segments.

Investment in semiconductors is organized around highly *specialized manufacturing systems.* Investment patterns are shaped by the location of advanced fabrication capacity. Fabrication plants are extraordinarily capital-intensive, technologically complex and controlled by a very small number of firms. Semiconductors are tradable manufactured inputs, but the ability to produce them at scale is concentrated in a handful of economies with deep supplier ecosystems, strong industrial capabilities and public support.

These differences confirm that strategic sector investment cannot be addressed through a single policy model. Entry points and policy priorities vary by sector, value chain segment and country capability. For developing economies, the central policy challenge is to identify realistic positions within these configurations: building digital and innovation capabilities around AI infrastructure where feasible; leveraging resources and industrial capabilities to move into green supply chain networks; and targeting narrow but viable semiconductor-related segments where capabilities and partnerships allow.

3. Industrial policies and competitive investment strategies

A defining feature of competition in strategic sectors is the renewed and expanding use of industrial policy as a tool to promote, retain and shape investment. This trend had already been observed in the UNCTAD *World Investment Report 2018*, which noted that more than 100 economies had adopted industrial development strategies over the preceding decade. This resurgence of industrial policy forms part of a broader reassessment of the role of the State in shaping structural transformation and technological upgrading, a theme long emphasized in UNCTAD research on development strategies (UNCTAD, 2016; UNCTAD, 2018a). What has changed in recent years is their scale, scope and explicit linkage to economic security considerations, as well as the implications for investment policy (table III.2).

Table III.2
The evolution of industrial policies
Key drivers, features and investment policy implications

Period	Dominant policy orientation	Main objectives	Typical policy instruments	Investment policy implications
1950s–late 1970s	State-led industrialization and import substitution	Build domestic industrial capacity; reduce dependence on imports; promote structural transformation and economic sovereignty	**Vertical policies and central role for SOEs:** tariff and non-tariff protection; local content requirements; directed credit; public procurement; technology licensing controls	• FDI often restricted, screened or tightly conditioned • Selective admission of foreign investment to support domestic industrialization objectives • Performance requirements, including local content, technology transfer and export targets
1980s–1990s	Liberalization, privatization and market-oriented reforms	Improve efficiency; restore macroeconomic stability; increase competitiveness; integrate into the global economy	**Horizontal policies and greater role for the private sector:** trade liberalization; privatization; regulatory streamlining; financial sector reform; tax reform; export processing zones; investment promotion; limited selective intervention; R&D support; public-private partnerships	• FDI liberalization, including the removal of equity caps and joint venture requirements; • Emphasis shifted from control to promotion, with incentives, facilitation and export-oriented investment promotion becoming more prominent • Emergence of investment promotion agencies
2000s–2014	GVC integration and knowledge-based upgrading	Move into higher value added activities; strengthen productivity; develop technological capabilities; integrate into regional and GVCs	**Targeted strategies in open economies:** cluster policies, special economic zones, innovation and skills policies; SME support and supplier development programmes; targeted incentives	• FDI promotion more closely linked to upgrading, export diversification and participation in GVCs • Greater emphasis on enabling business environments, investment facilitation, linkages programmes and outward FDI promotion

Period	Dominant policy orientation	Main objectives	Typical policy instruments	Investment policy implications
2015–2019	Industry 4.0, sustainability and mission-oriented industrial policy	Support digital transformation; foster innovation ecosystems; advance clean energy and sustainability goals; strengthen national champions in frontier sectors	**Advanced manufacturing strategies and innovation ecosystems:** R&D support; AI, robotics and IoT; technology acquisition; sustainability embedded as policy objective; early responses to technological rivalry	• Investment policy combines horizontal facilitation with strategic-sector targeting • Investment incentives increasingly reoriented towards sectors related to the Sustainable Development Goals, including clean energy and electric vehicles • Scrutiny of inward investment in technology-intensive sectors
2020–present	Resilience, strategic autonomy and economic security	Strengthen supply-chain resilience; secure critical inputs and technologies; accelerate the energy transition; reduce vulnerability to geopolitical and pandemic-related shocks	**Economic security embedded in industrial policy design:** reshoring incentives; production subsidies; export controls; strategic stockpiling; local content and domestic-preference measures; tighter screening of sensitive investments	• More selective and proactive investment policy • Expansion of firm-specific subsidies • Combination of investment promotion and facilitation in strategic sectors with heightened screening, conditionalities and security-related restrictions • Outward FDI restrictions

Source: UNCTAD, updated from UNCTAD (2018b).

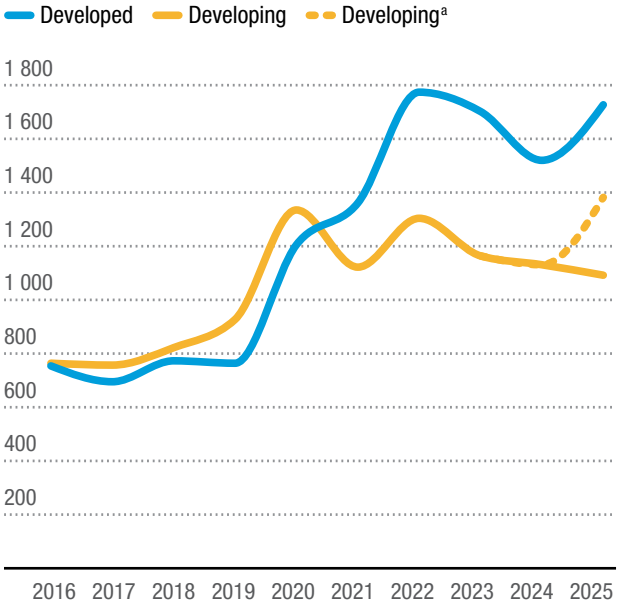
Note: The periodization identifies broad shifts in policy emphasis rather than sharp breaks. Several features of the current phase have earlier roots, including the mission-oriented turn of the 2010s and resilience concerns that emerged after the 2008–2009 global financial crisis. The post-2020 phase is distinguished by the greater scale and scope of intervention and its more explicit linkage to economic security.

Abbreviations: AI, artificial intelligence; FDI, foreign direct investment; GVC, global value chain; IoT, Internet of things; IPA, investment promotion agency; R&D, research and development.

The average annual number of industrial policy interventions globally grew by 60 per cent between 2016–2020 and 2021–2025 (figure III.5).[3] Initially associated with post-pandemic recovery and supply chain stabilization, these measures have evolved into structural instruments shaping investment patterns in sectors considered critical for technological leadership, energy transition and resilience. Industrial policy is thus no longer confined to correcting market failures or supporting infant industries. Governments increasingly use it to reduce dependencies, secure critical capacities and strengthen their position in supply chains (Martin, 2026).

[3] The data on industrial policies in this section are based on data from the New Industrial Policy Observatory (NIPO), at https://globaltradealert.org/reports/new-industrial-policy-observatory-nipo. NIPO records targeted industrial policy interventions that change competitive conditions at home and abroad. Measures may support domestic firms or production and/or affect foreign firms, FDI, trade and cross-border investment conditions through instruments such as subsidies, procurement, localization requirements, trade measures and FDI measures.

Figure III.5
Industrial policy resurgence is driven by national security and geopolitical concerns
Number of industrial policy interventions by country group, and change in motives



Motive	2015–2024 change (Percentage points)
National security or geopolitical concern	21
Resilience/security of supply (non-food)	13
Strategic competitiveness	-19
Climate change mitigation	-15

Source: UNCTAD, based on the New Industrial Policy Observatory (February 2026).

Notes: NIPO records targeted industrial policy interventions that change competitive conditions at home and abroad. The measures may support domestic firms or production and/or affect foreign firms, FDI, trade and cross-border investment conditions through instruments such as subsidies, procurement, localization requirements, trade measures and FDI measures. For measures with multiple motives, each motive is given equal weight.

[a] Developing includes estimates for China, as firm-specific data from China has not yet been received in the database (estimates include the same number of firm-specific measures from China in 2025 as in 2024).

In developed countries, in particular, industrial policies increasingly reflect national and economic security concerns and geopolitical factors, which motivated more than a quarter of measures introduced with specified objectives over the past five years. Twenty-two per cent of other measures were motivated by resilience and security of supply and 23 per cent by climate change objectives.[4] By linking market access, large-scale financial support or regulatory advantages to local production, technology control or domestic sourcing requirements, these policies aim to secure technological leadership, strengthen strategic autonomy and position national firms favourably within global and regional value chains.

In most developing countries, industrial and investment policies are more commonly framed around developmental objectives, including industrialization, structural transformation and employment creation. Over the past five years, strategic competitiveness was the dominant motive (60 per cent of the total), followed by supply chain resilience (30 per cent). In comparison, national security and climate change accounted respectively for only 4 per cent of motives cited.

This difference is also reflected in the priorities reported by IPAs in the 2026 UNCTAD IPA Survey. Among the two thirds of IPAs that reported adjusting their

[4] Motives are classified using each measure's stated rationale: for measures announced or implemented from 2023, motives are drawn from official sources; for earlier records, they are inferred using a large language model trained on coded NIPO observations (Evenett et al., 2025). Motives are observed for fewer than 35 per cent of measures overall and fewer than 25 per cent in developing countries; measures may have multiple motives.

priority sectors in response to recent global or regional developments, those in developed economies were more likely than those in developing economies to increase their focus on strategic or security-sensitive sectors (78 per cent compared with 46 per cent). By contrast, IPAs in developing economies tended to prioritize digital and advanced technologies (87 per cent versus 67 per cent). Attention to clean energy and green transition activities was high in both groups (79 per cent and 74 per cent, respectively).

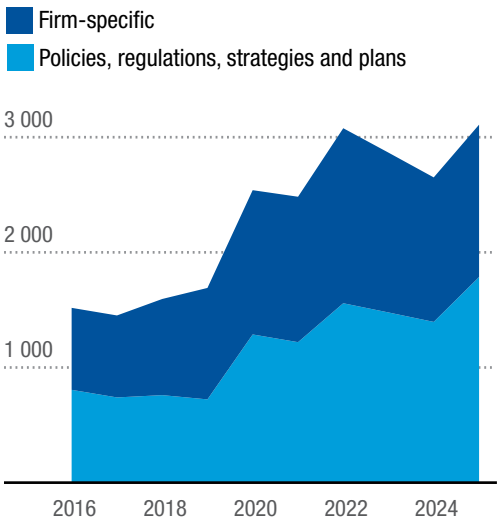
For analytical purposes, industrial policy measures in the NIPO database are classified along two dimensions. First, they may be promotional (e.g. subsidies, tax incentives, export support) or defensive (e.g. import and/or export restrictions, localization requirements, FDI restrictions). Second, they may be general (industry-wide) or selective (firm-specific). This typology helps clarify differences in design, scale and potential investment effects.

These measures affect firms through different channels. Subsidies and incentives alter investment risk and returns and can attract mobile capital to targeted sectors and locations. Tariffs and localization requirements raise the cost of importing or sourcing abroad, which can encourage market-seeking FDI or supply chain restructuring (section C). However, they may deter efficiency-seeking investment that relies on integrated global value chains. Given their scale, such policy packages can generate significant cross-border spillovers, shaping investment decisions beyond national borders and intensifying competition for mobile capital.

The industrial policy resurgence is evident in all countries and across a broad range of instruments. Selective and firm-specific measures with direct implications for investment competition are more concentrated in large economies (figure III.6).

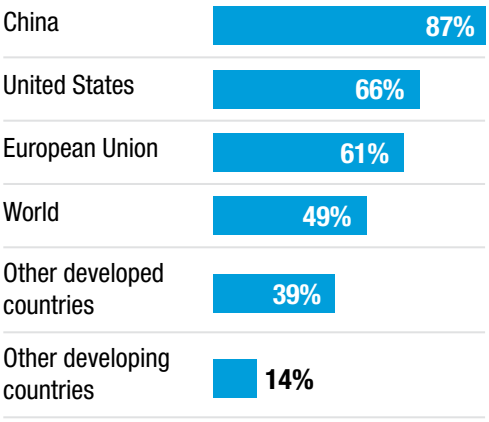
Figure III.6
Both selective and general industrial policy interventions have increased since 2020

a. Number of newly introduced interventions by type, 2016–2025



b. Share of firm-specific measures in total number of measures introduced, by economy and economy grouping, 2015–2024

(Percentage)



Source: UNCTAD, based on New Industrial Policy Observatory (February 2026).

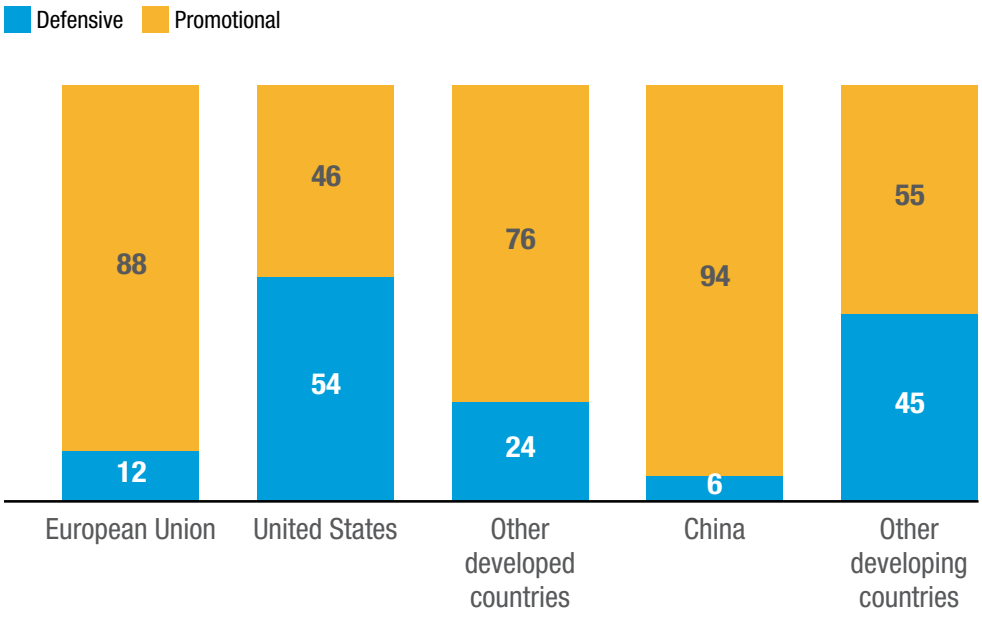
Note: NIPO records targeted industrial policy interventions that change competitive conditions at home and abroad. The measures may support domestic firms or production and/or affect foreign firms, FDI, trade and cross-border investment conditions through instruments such as subsidies, procurement, localization requirements, trade measures and FDI measures.

[a] Data for 2025 include estimates for the number of firm-specific interventions in China, based on 2024 data.

In most regions of the world, promotional interventions prevail (figure III.7). Subsidies, in particular, account for nearly half of all industrial policy interventions recorded over the past decade. Their use is particularly pronounced in China (91 per cent of interventions) and the European Union (72 per cent) (figure III.8). However, the types of subsidies differ; the European Union favours loans, grants and guarantees, while China favours direct financial grants to individual firms (90 per cent of total subsidies). The United States has combined subsidies – about 33 per cent of industrial policy interventions – with other tools, including localization policies (29 per cent) and import policies (10 per cent). By contrast, subsidies account for only 18 per cent of interventions in developing countries.

Since 2020, defensive measures increased markedly, especially in technology-intensive sectors. They are also more common in developing countries (excluding China) and in the United States (see figures III.7 and III.8). Approaches also vary across sectors within the country. For example, in the semiconductor sector the United States relies mainly on promotional measures but in the steel industry it more frequently applies defensive measures. This is consistent with literature emphasizing that industrial policy operates through context-specific policy mixes, with outcomes sensitive to design, governance and implementation (Juhász et al., 2024; Martin, 2026). Earlier UNCTAD work similarly emphasized that successful industrialization strategies rely on coherent combinations of trade, investment, financial, technology and macroeconomic policies rather than on isolated instruments (UNCTAD, 2016).

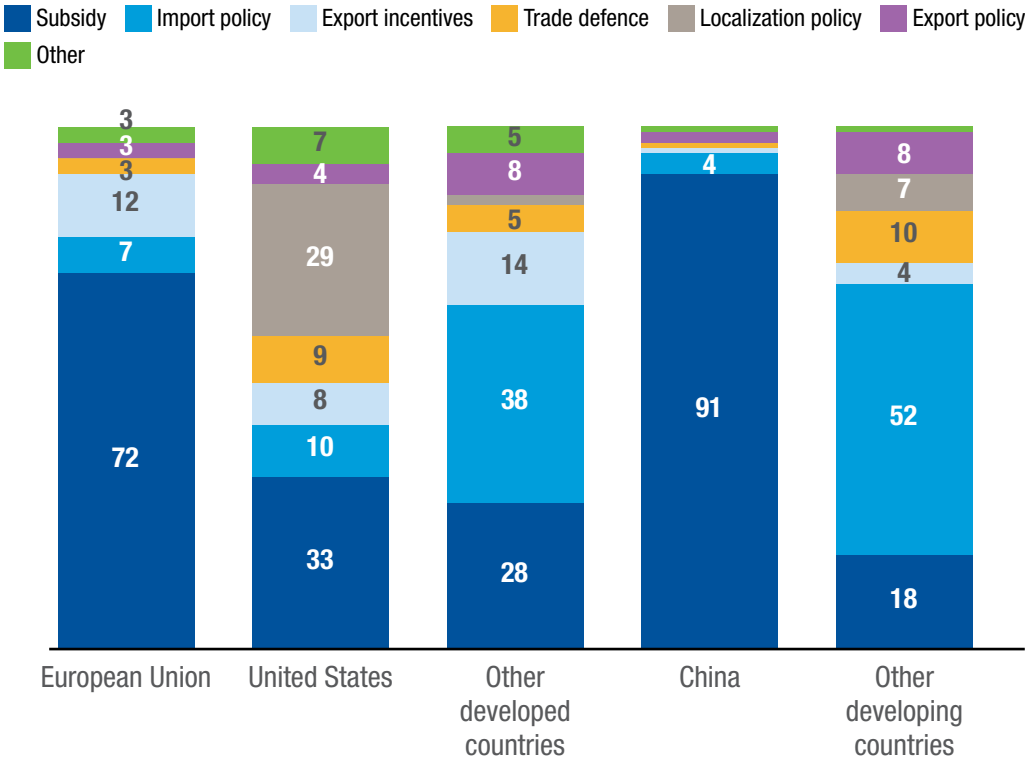
Figure III.7
Interventions of a promotional nature prevail in most economies and economy groups
Industrial policy measures by types and economy grouping, 2015–2024
(Percentage)



Source: UNCTAD based on New Industrial Policy Observatory (February 2026).

Note: Defensive measures include the introduction of import, export and FDI restrictions; trade defence instruments (e.g. anti-dumping and anti-subsidy measures); procurement policies; localization policies; and other restrictions, such as controls on commercial transactions. Promotional measures include the introduction of subsidies and export incentives, as well as the removal of import and export restrictions (for example, the lifting of bans).

Figure III.8
Subsidies and import policies are the most used instruments
Industrial policy measures by types and economy grouping, 2015–2024
(Percentage)



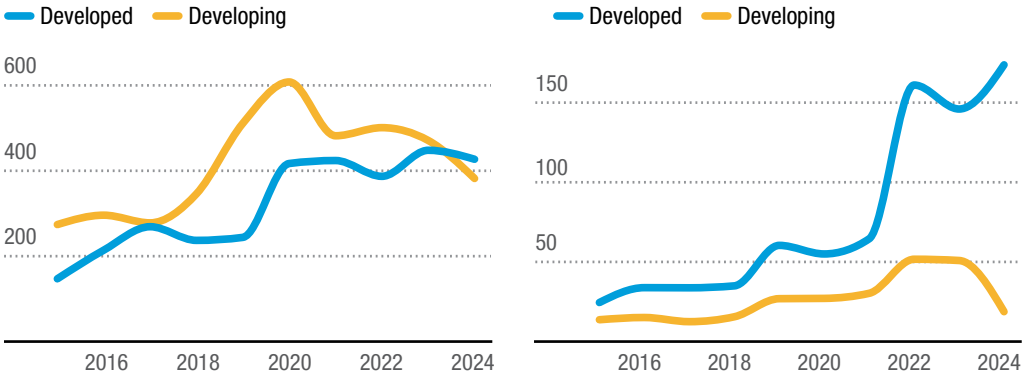
Source: UNCTAD, based on New Industrial Policy Observatory (February 2026).

Notes: NIPO records targeted industrial policy interventions that change competitive conditions at home and abroad. The measures may support domestic firms or production and/or affect foreign firms, FDI, trade and cross-border investment conditions through instruments such as subsidies, procurement, localization requirements, trade measures and FDI measures.

Industrial policy interventions are also concentrated geographically. China, the European Union and the United States, in that order, account for roughly half of all measures recorded over the past decade, while other developing countries represent a significantly smaller share (27 per cent). This concentration becomes more pronounced when examining selective, firm-specific subsidies in value terms. Although the number of selective measures recorded for developed and developing economies is similar, the total financial amounts involved diverge substantially (figure III.9). In developed economies, the value of selective subsidies has increased sharply in recent years, whereas in developing countries it has stagnated or declined.

These asymmetries have implications for investment. Absolute subsidy counts do not fully capture competitive effects; fiscal capacity, duration of support, conditionality and policy credibility also shape investor responses. Large-scale, multiyear programmes in major economies may alter the global allocation of investment in strategic sectors, particularly where they are embedded in broader regulatory or market access frameworks.

Figure III.9
Subsidy amounts diverge across developed and developing economies
Selective subsidies by economy grouping
(Number and billions of dollars)

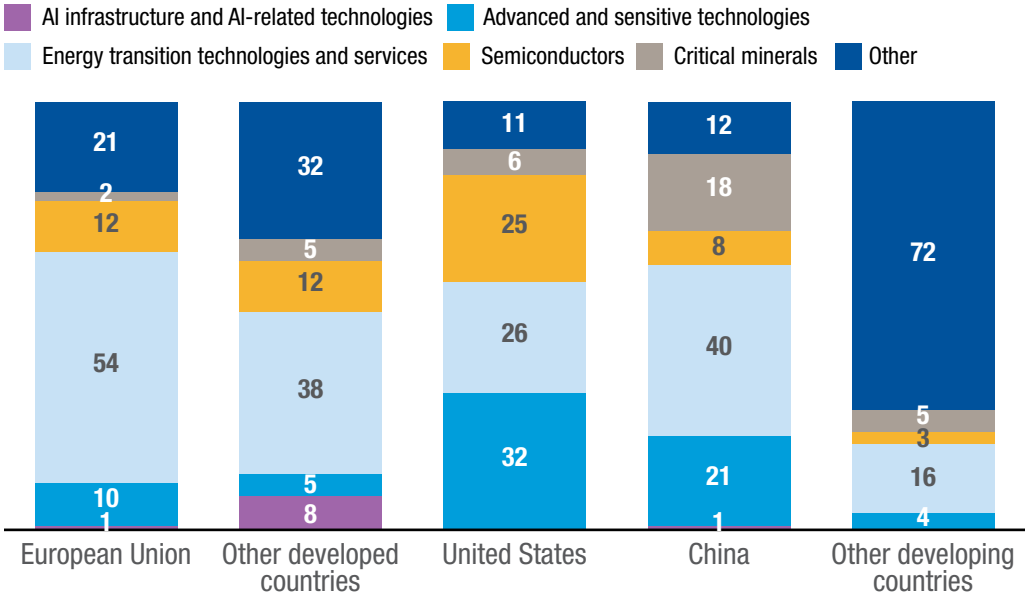


Source: UNCTAD, based on New Industrial Policy Observatory (NIPO) (February 2026).

Note: Only subsidies over $10 million are recorded in the NIPO database.

The industrial policy landscape reflects not only differences in fiscal space but also differences in development stage, strategic priorities and technological capabilities. In developed economies and China, selective subsidies are predominantly directed towards strategic sectors such as semiconductors, advanced technologies, clean energy and critical minerals. In many developing countries, they more frequently target traditional sectors, including agriculture, food processing, oil and gas, and electricity generation (figure III.10).

Figure III.10
Selective subsidies for strategic sectors are concentrated in developed economies and China
Firm-specific subsidies by strategic product and economy grouping, 2015–2024
(Percentage)



Source: UNCTAD, based on New Industrial Policy Observatory (February 2026).

Note: Only subsidies over $10 million are recorded in the NIPO database.

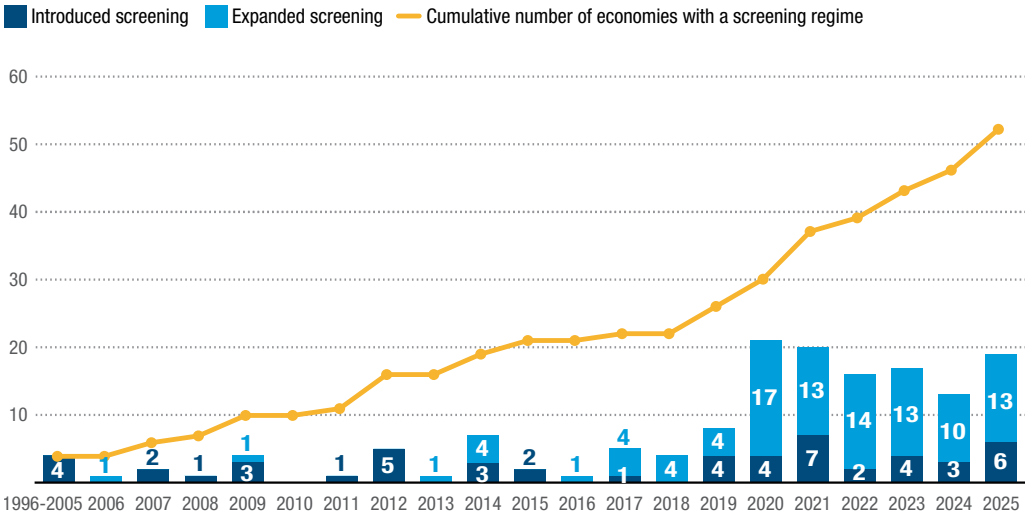
4. Investment screening and national security considerations

a. National policies

Alongside the resurgence of industrial policy, governments have significantly expanded mechanisms to review foreign investment on national security grounds, also as a part of growing concerns about economic security. The number of economies operating dedicated FDI screening regimes has doubled from 26 in 2019 to 52 in 2025 (figure III.11).

Most developed economies now operate case-by-case review mechanisms. Recent reforms have broadened both sectoral scope and transaction coverage, lowered ownership thresholds triggering review and expanded the range of transactions subject to notification. Screening regimes increasingly cover minority stakes, indirect acquisitions and foreign-controlled domestic entities, as well as transactions granting access to sensitive data or critical capabilities.

Figure III.11
Screening regimes continue to expand
Number of economies introducing or expanding national security-related investment screening



Source: UNCTAD.

Note: Economies with a dedicated nationwide mechanism to review foreign investments case by case on national security grounds (for full methodology, see UNCTAD, 2023b).

The evolution of screening regimes reflects an expansion of the concept of national security. Earlier regimes focused narrowly on defence-related assets and explicitly enumerated sectors. More recent ones have adopted a risk-based and activity-driven logic, addressing vulnerabilities linked to critical technologies, data infrastructure, supply chain chokepoints and systemic interdependencies and incorporating a strategic dimension aimed at safeguarding technological leadership (table III.3).

Screening targets M&As most directly, but can also influence greenfield investment, either directly or through uncertainty, compliance costs and the risk of conditions affecting governance, data access, technology transfer or supply commitments. The current focus is increasingly on targeting sectors where security concerns intersect with industrial policy objectives – such as AI-related investment, semiconductors, critical minerals and clean energy technologies. High-profile cases have resulted in blocked,

modified or abandoned transactions in such sectors, reinforcing investor sensitivity to differences in scope, transparency and implementation across jurisdictions. The rapid expansion of screening regimes may be shaping investor behaviour more broadly, potentially leading some investors to adjust deal structures, avoid sensitive sectors or self-select out of certain markets, though the magnitude of any such effect remains difficult to assess.

Table III.3
The concept of national security is expanding
Drivers and scope of inward FDI screening regimes on national security grounds over time

Period	Core drivers	Typical scope	Selected examples of relevant screening laws and reforms
Pre-2005	Defence security, privatization and safeguards	**Narrow asset-based scope focused on defence:** military technology, defence contracts, dual-use technologies with clear military relevance. Screening tied to ownership or control of enumerated assets. Technology and data narrowly defined in terms of military or intelligence value (no civilian technology or data).	• United States: Exon-Florio Amendment (1988), establishing CFIUS authority • France: Early prior-authorization regime (1966) followed by a more formal investment screening (2004) focused on defence • Germany: Foreign Trade & Payments Act (AWG) security controls (pre-modern expansions) (2004)
2005–2014	Rising State-owned or State-linked investors, high-profile takeovers, energy and financial crises	**Expansion of focus to critical infrastructure and investors:** energy, telecommunications, transport, utilities. Sector-list model dominates. Screening expands beyond pure defence but remains tied to enumerated infrastructure sectors and control acquisitions.	• Canada: Investment Canada Act (2009), national security review mechanism • Russian Federation: Law on Strategic Sectors (2008) • France: (2014): Decree No. 2014-479 explicitly focuses on infrastructure (water, energy, transport, telecommunications and health) and industrial champions
2015–2019	Technology capability plus economic security framing	**Focus expands to technology capability:** critical and emerging technologies, cybersecurity, advanced manufacturing, R&D assets. Lower shareholding and control thresholds and non-controlling stakes captured in some regimes. Beginning shift from sector-only triggers to sector plus activity triggers.	• United States: FIRRMA (2018) expanding to critical tech, data, non-controlling stakes • European Union: FDI Screening Regulation (2019/452) with broad risk factor criteria • Germany: AWV amendments (2017–2019), adding critical technology fields • France: Decree No. 2018-1057 added advanced technology and digital infrastructure sectors (2018)
2020–2021	COVID-19 shock plus opportunistic takeover concerns plus supply resilience	**Cross-sector additions:** health, biotech, pharma, medical devices, food and critical inputs, sensitive personal data, expanded tech lists. Many regimes introduce temporary broad coverage that is later partly made permanent. Strong move toward activity- and risk-based triggers.	• Spain: RDL 8/2020, establishing broad temporary screening for non-European Union investors • Italy: "Golden Power" regime (2020), extending to health, finance, tech, data sectors • Japan: FEFTA amendments (2020), lowering thresholds in core sectors • France: Biotech added to screening scope (2020) • China: National Security Review (2021) adopted

Period	Core drivers	Typical scope	Selected examples of relevant screening laws and reforms
2022–2025	Geopolitical concerns plus sectors of the future and economic security	**Expansive:** AI, semiconductors, quantum, cyber, data centres, cloud, critical minerals, dual-use technologies, media and information influence, supply-chain chokepoints, indirect acquisitions and foreign-controlled European Union entities. Screening logic centres on capabilities, data access and systemic dependencies rather than sector labels alone.	• Netherlands: Vifo Act (2023) covering vital providers and sensitive technologies • United Kingdom: National Security and Investment Act (operational in 2022) with 17 sensitive sectors • European Union: FDI Screening Framework strengthening and recasting (political agreement 2025) • Japan: Further FEFTA tightening for critical tech and supply chains (2024) • France: Decree No. 2023-1293 expanded screening to critical minerals and R&D in photonics and low-carbon energy technologies (2023)

Source: UNCTAD, based on review of national legislation on investment screening for national security available on the UNCTAD Investment Laws Navigator and additional national legal instruments.

Abbreviations: AI, artificial intelligence; CFIUS, Committee on Foreign Investment in the United States; FEFTA, Foreign Exchange and Foreign Trade Act; FIRRMA, Foreign Investment Risk Review Modernization Act; R&D, research and development; RDL, Royal Decree-Law.

Security considerations and technological competition are also increasingly shaping outward investment decisions and policies, with the introduction or expansion of controls on outbound investment, technology transfer and related transactions in sensitive sectors such as AI, reflecting concerns about the diffusion of critical technologies and know-how (UNCTAD, 2024d). High-profile cases – such as restrictions affecting advanced semiconductor equipment suppliers – illustrate how major powers can influence investment and production decisions well beyond their borders. Together, these trends suggest that strategic competition is extending from inward investment controls to a broader set of policy instruments that shape both inward and outward FDI, with implications for the geography and governance of international investment. The ongoing revision of the European Union's framework for FDI screening is likely to further intensify policy activity in this area across the region (box III.6).

Box III.6
Revision of the European Union framework for foreign direct investment screening

The European Union is strengthening its framework for coordinating FDI screening across Member States. In January 2024 the European Commission proposed a revision of the FDI Screening Regulation, and in December 2025 the European Parliament and the Council reached a provisional political agreement on the new framework.

The reform aims to reduce fragmentation among national screening systems and address gaps in the current regime. Under the revised regulation, all Member States will be required to maintain a national screening mechanism, and a common minimum scope of activities subject to review will be introduced. The proposed scope focuses on sectors considered critical for security and public order, including defence-related and dual-use technologies, and advanced and emerging technologies such as AI, semiconductors and quantum technologies, as well as critical infrastructure in energy, transport and digital networks.

The revised framework also expands attention to activities linked to critical minerals, sensitive financial market infrastructure and certain systems relevant to democratic processes. In addition, it strengthens coordination across the European Union by enhancing information-sharing among Member States and with the European Commission.

Another key element of the reform is the closing of potential circumvention channels. The new framework allows scrutiny of indirect investment by non-European Union investors carried out through European Union-based entities, addressing concerns that foreign investors could otherwise bypass screening through complex ownership structures.

Taken together, these changes signal a gradual shift from a primarily cooperative coordination framework toward a more harmonized European Union approach to investment screening focused on safeguarding strategic technologies, infrastructure and supply chains.

Source: UNCTAD, based on European Commission proposals and provisional agreement of the European Parliament and Council (2025).

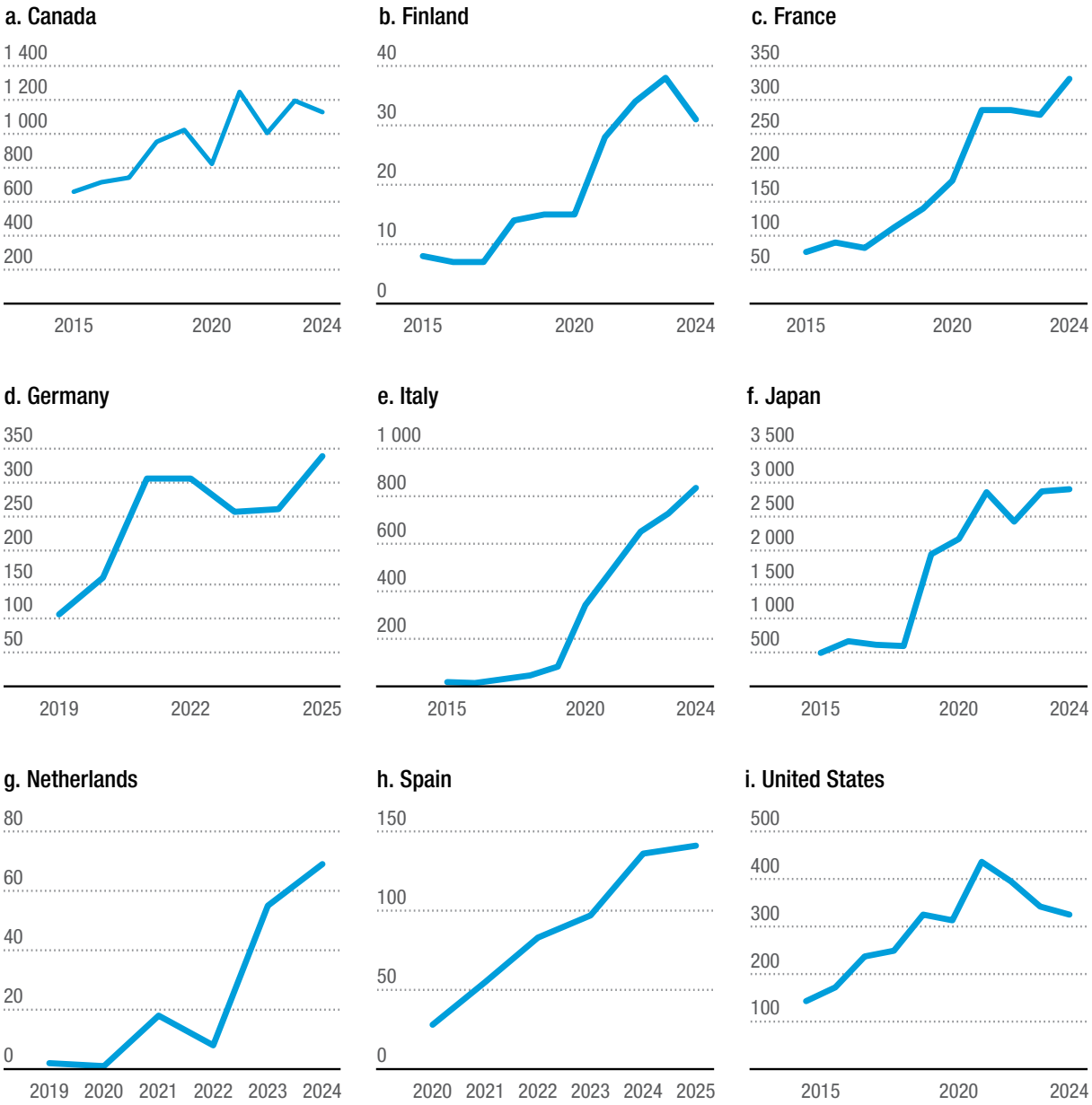
Although fewer than 1 per cent of screened projects are rejected or blocked (chapter II), national security screening is affecting a widening set of transactions. In the countries for which data are available, screening volumes have risen sharply over the past decade. Between 2015 and 2024, the number of screened projects increased by more than 70 per cent in Canada (from 659 to 1,128) and more than doubled in the United States (from 143 to 325). In France and Japan, screening volumes rose by more than 300 per cent (from 76 to 331 and from 491 to 2,903, respectively), while in Italy they increased even more (from 18 to 835) (figure III.12). This expansion matters even when prohibitions remain rare because it increases compliance costs and uncertainty for investors, while also raising the administrative burden on public authorities responsible for notifications, reviews and inter-agency coordination.

FDI screening is also increasing among developing economies – 10 now operate a screening regime for national security, more than half of those adopted since 2020.[5] Their approach varies significantly. For instance, China operates a formal screening mechanism that applies to acquisitions and greenfield investments in designated sensitive sectors. Singapore's screening regime is based on the designation of specific companies or assets deemed critical to national security, rather than on sectoral classification, and applies to both foreign and domestic investors. In the Lao People's Democratic Republic and Thailand, foreign investment regulations include special prior approval requirements explicitly linked to national security, defence, public order and strategic State interests. Each of these regimes empower governments to intervene before establishment, acquisition or changes in ownership, when a proposed foreign investment concerns sensitive activities.

[5] Recent United States-led initiatives and agreements with third countries, including partners in Asia, have further encouraged greater attention to screening frameworks and security-related investment policies in developing countries.

Figure III.12
The volume of screened transactions is rising

Investment projects undergoing screening for national security, selected countries
(Number, years available)



Source: UNCTAD, based on official sources and country inputs.

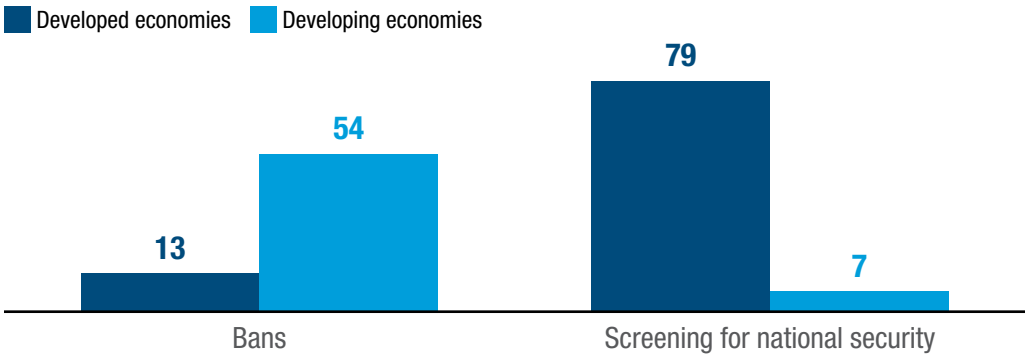
Notes: Pre-notification filings are not included. For Canada, data refer to April–March fiscal years and net benefit applications are not included. For Spain, the data exclude archived notifications for lack of jurisdiction. For the United States, data starting from 2018 include declarations (short notices).

In terms of scope, however, most of the screening regimes adopted by developing economies are limited to specific sectors with a focus on critical infrastructure, and only a few have expanded to activity- or risk-based triggers. They also differ in the coverage of transactions. Whereas developed economies tend to focus predominantly on M&As, developing economies often apply screening to both acquisitions and greenfield investment in designated sectors. This reflects the

different policy context in which such regimes emerged in developing economies, often as part of broader liberalization reforms aimed at narrowing the scope of previously banned sectors, while retaining oversight of entry into sensitive activities.

Most developing economies continue to rely primarily on sectoral entry restrictions – including bans and foreign equity caps – as the main tool to safeguard national security. More than half of the 59 developing economies analysed in the OECD FDI regulatory restrictiveness index impose at least one ban in sectors associated with national security, compared with a much smaller share of developed economies (figure III.13). Equity restrictions in national security-related sectors are also, on average, higher in developing economies (figure III.14). Other tools include broad public-interest or national-security clauses, typically embedded in investment laws, or general authorization systems not specifically designed to address national security.

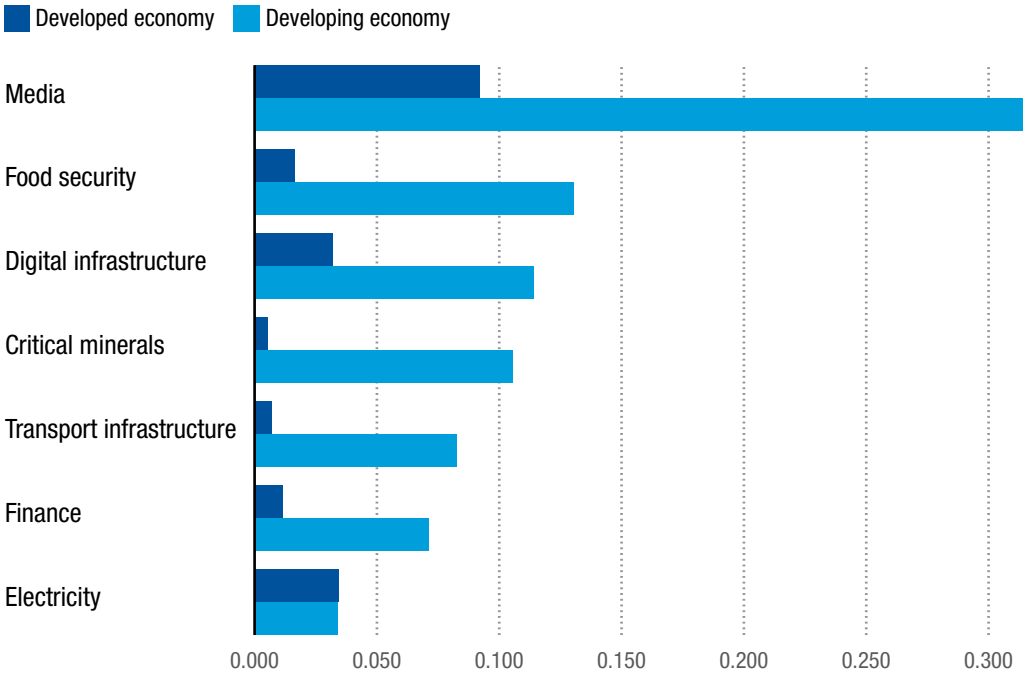
Figure III.13
Different approaches to managing foreign direct investment risk by economy grouping
Shares of economies with bans on investment in sensitive sectors and with screening for national security
(Percentage)



Source: UNCTAD, based on UNCTAD screening law database and OECD FDI Regulatory Restrictiveness Index.

Note: A country is classified as having a ban if it imposes at least one ban in any sector or subsector associated with national security.

Figure III.14
Equity restrictions in national security-related sectors are stronger in developing economies
FDI Regulatory Restrictiveness Index by sector and economy grouping, 2024 (Score)



Source: UNCTAD, based on OECD FDI Regulatory Restrictiveness Index.

Notes: Proxies have been used for food security (agriculture and fishing), digital infrastructure (telecommunications), and critical minerals (mining). The index ranges from 0 to 1, with higher values indicating greater restrictiveness.

While sectoral restrictions are more straightforward to administer, they can deter investment regardless of the specific risk profile of transactions, while missing risks that arise through minority stakes, complex ownership structures, contractual control rights, management influence, or access to sensitive data and capabilities. This situation highlights the growing relevance of more targeted, risk-based approaches that focus scrutiny on clearly defined risk drivers rather than sector labels alone.

b. International investment policies and essential security interests

About 2,600 international investment agreements (IIAs) are currently in force, 85 per cent of them concluded before 2010.

The substantive treatment standards under these old-generation agreements are formulated in broad and vague terms, with few exceptions or safeguards, and they can constrain States' ability to regulate in pursuit of their essential security interests. These old-generation IIAs have served as the basis in the vast majority of investor–State dispute settlement (ISDS) claims to date.

Measures taken in the context of geopolitical tensions, national security concerns, restrictive economic measures, conflicts and civil unrest have given rise to investor claims under IIAs in the past, with several high-profile cases in recent years (e.g. *Huawei v. Sweden*; *Fridman v. Luxembourg*). From 1987 to 2025, investors initiated at least 131 treaty-based investor–State arbitration cases related to categories of security issues (box III.7).[6]

[6] Some cases involved multiple security-related categories and are counted under each relevant category. Without double counting, the consolidated number of cases is 131.

Box III.7
National security-related developments have given rise to investment treaty arbitrations

National security-related ISDS cases initiated between 1987 and 2025 can be broadly grouped into four categories:

Security-related investment restrictions

Four known investor–State arbitrations based on IIAs have been initiated concerning investment restrictions, reviews or other such measures related to national security considerations (*Deutsche Telekom v. India*; *Devas v. India (I)*; *Global Telecom Holding v. Canada*; *Huawei v. Sweden*).

Restrictive economic measures and suspensions of diplomatic relations

Thirty known investment treaty claims have been brought in connection to restrictive economic measures and the suspension of diplomatic relations (e.g. *beIN v. Saudi Arabia*; *Fortum v. Russian Federation (I)*; *Fridman v. Luxembourg*; *LIA and LAFICO v. Belgium (I)*; *Optim v. Ukraine*; *Saab v. Cyprus*).

Conflict and civil unrest

Forty-five known ISDS cases have been brought against States in the context of conflicts and civil unrest (e.g. *AAPL v. Sri Lanka*; *Ampal-American and others v. Egypt*; *Cengiz v. Libya*; *Stabil and others v. Russian Federation*).

Economic crises and emergency measures

Measures taken during economic, social and political crises played a role in at least 55 ISDS cases (e.g. *AES v. Argentina*; *Unión Fenosa v. Egypt*; *von Pezold and others v. Zimbabwe*). Argentina has faced 52 of these cases related to the country's financial crisis in the early 2000s.

Other security-related ISDS cases challenged government actions purportedly aimed at addressing threats to the environment or public health (e.g. *Lee-Chin v. Dominican Republic*) or at countering criminal activity (e.g. *Seda and others v. Colombia*).

Source: UNCTAD.

Note: Based on publicly available information on treaty-based ISDS cases included in the UNCTAD Investment Dispute Settlement Navigator database, covering investor–State arbitrations administered by the International Centre for Settlement of Investment Disputes (ICSID) as well as other non-ICSID arbitration cases based on IIAs (BITs and TIPs).

Recent IIAs show a marked evolution aimed at recalibrating the balance between investment commitments and States' essential security interests.

The share of national security exceptions in IIAs has risen steadily. Nine out of ten agreements concluded after 2020 contain such a clause, compared to fewer than 1 of 10 before 2001. Under security exceptions, IIA commitments cannot be construed to "preclude a Party from applying measures that it considers necessary for the fulfilment of its obligations with respect to the maintenance or restoration of international peace or security, or the protection of its own essential security interests." (e.g. Comprehensive and Progressive Agreement for Trans-Pacific Partnership, article 29.2). About two thirds of security exceptions further define the security-related measures they encompass, typically covering (i) measures taken in time of conflict or domestic or international emergency, as well as measures related to (ii) the traffic of

arms or non-proliferation of weapons and (iii) fissionable and fusionable materials. A few recent IIAs, including megaregional agreements such as the Regional Comprehensive Economic Partnership (RCEP), adopt a broader definition expressly covering security measures related to critical public infrastructure for communications, power and water.

Nearly all security exceptions since 2021 (92 per cent) – and the majority of them overall (57 per cent) – offer a wide margin of discretion to the contracting parties to determine their security needs, with limited (good faith) adjudicative scrutiny (i.e. they are drafted in self-judging terms).[7] This rise in self-judging language came after the wave of ISDS cases related to Argentina's economic crisis and the resulting conflicting, and at times narrow, interpretations of earlier exceptions. At the same time, recent instances of expansive reliance on security exceptions in international economic relations[8] have brought forward the need for a balanced approach that can foster legal certainty and prevent abuse – e.g. by further clarifying the types of situations the provision covers and the type of adjudicative review of its use.

Countries also increasingly preserve regulatory space in their IIAs for specific types of security measures. Under the majority (63 per cent) of IIAs signed since 2021, a party can deny the benefits of the treaty to investors and investments owned or controlled by third country-registered entities subject to restrictive economic measures or in case of suspended diplomatic relations (figure III.15). Recent geopolitical tensions have led to the proactive use of this type of provision. For example, the war in Ukraine that began in 2022 has resulted in their use by several contracting parties under the Energy Charter Treaty.[9]

Recent IIAs add exceptions to **strengthen countries' ability to safeguard essential security interests**

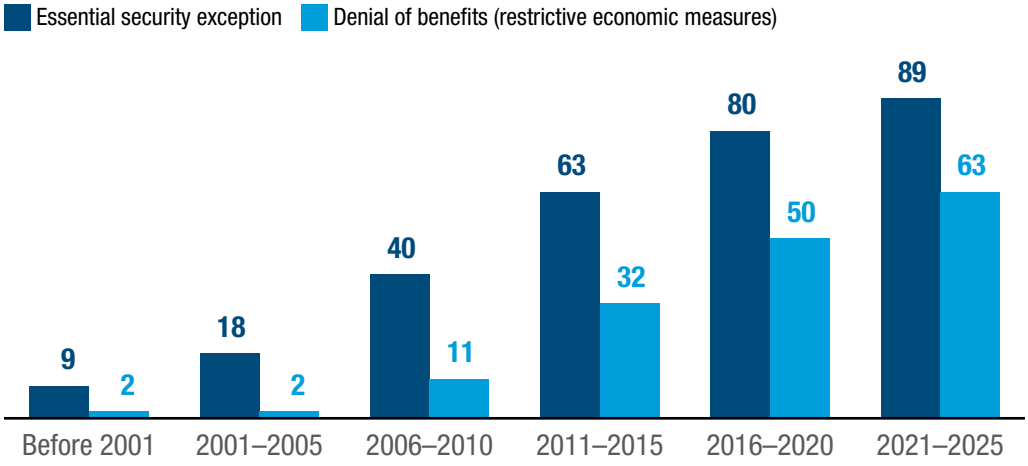
[7] National security exceptions in IIAs are often drafted in "self-judging" terms such as those of Article XXI of the General Agreement on Tariffs and Trade and retained in most regional trade agreements. A few further clarify that "if a Party invokes [the essential security provision in dispute settlement, the tribunal] hearing the matter shall find that the exception applies". ISDS tribunals to date have interpreted self-judging essential security exceptions to allow for at least a good faith level of adjudicative review (e.g. *Angel Samuel Seda and others v. Republic of Colombia* (ICSID Case No. ARB/19/6), Award 27 June 2024).

[8] Certain Iranian Assets (*Islamic Republic of Iran v. United States of America*), International Court of Justice, Judgement, 30 March 2023; World Trade Organization, Dispute Settlement Body, Panel Report, *Russia – Measures Concerning Traffic in Transit* (adopted 26 April 2019), WT/DS512/R; World Trade Organization, Dispute Settlement Body, Panel Report, *United States – Certain Measures on Steel and Aluminium Products* (9 December 2022), WT/DS556/R; World Trade Organization, Dispute Settlement Body, Panel Report, *United States – Origin Marking Requirement* (21 December 2022), WT/DS597/R.

[9] See e.g. Switzerland, Notice of denial of advantages of Part III of the Energy Charter Treaty (ECT), 29 September 2025; European Union and Member States, Declaration on denial of advantages of Part III of the ECT, 2 July 2024.

Figure III.15
Investment treaties increasingly preserve regulatory space for essential security considerations

Agreements with selected essential security regulatory safeguards, 1959–2025
(Percentage)



Source: UNCTAD, IIA Content Mapping database, accessed 5 March 2026.

Note: Based on 2,821 IIAs with investment content, mapped in the IIA Content Mapping database.

Abbreviation: IIA, international investment agreement.

Specifically for screening, decisions under domestic mechanisms are gradually excluded from relevant commitments under recent IIAs, mostly by developed economies. More than two thirds (69 per cent) of IIAs with liberalization commitments during 2021–2025 exclude screening decisions from substantive commitments or dispute settlement. Notwithstanding this, most IIAs do not preserve regulatory space for decisions under domestic review mechanisms.

In parallel, economic security considerations are beginning to shape the substantive investment governance commitments in recent IIAs. Several recent treaties concluded by the United States (e.g. with Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Indonesia, Malaysia and Taiwan Province of China) typically commit the other party to consider establishing an investment screening mechanism and to cooperating and sharing information on questions of economic security and inbound investment.[10]

Recent geopolitical tensions highlight the regulatory constraints and ISDS risks arising from the stock of outdated IIAs which continue to dominate the international investment regime, underscoring the urgency to accelerate reform and preserve States' ability to regulate in pursuit of essential security interests. IIAs need to provide sufficient flexibility to accommodate countries' evolving legitimate security policies, while maintaining legal certainty. In addition, geoeconomic factors may generate burdensome security-related international investment commitments – particularly for developing economies. This makes it essential to preserve policy autonomy to define economic security priorities within the increasingly complex international investment landscape.

[10] For further information and the texts of the agreements see: https://ustr.gov/trade-agreements/agreements-reciprocal-trade.

C. Manufacturing investment and supply chain reconfiguration

MNEs had already begun to place greater emphasis on the resilience of their global supply chains in response to the COVID-19 pandemic and other recent disruptions. With the increase in trade policy uncertainty, investment decisions are increasingly shaped not only by concerns about supply chain resilience and operational continuity, but also by the need to secure market access and mitigate risks from trade policy changes. These pressures are driving the restructuring of production networks worldwide, with growing constraints for developing economies that rely on efficiency-seeking FDI as a driver of industrial upgrading and economic diversification.

Global supply chains – defined here as the cross-border organization of production, sourcing and distribution activities by MNEs – have come under increasing pressure in recent years. A series of overlapping shocks, including the pandemic, disruptions to logistics networks and escalating trade tensions, has exposed structural vulnerabilities in highly fragmented production systems and prompted firms to reassess the organization of international production.

In this report, supply chain reconfiguration refers to the gradual adjustment of these production networks through new investment decisions rather than large-scale relocation of existing capacity. Although the terms global value chain and global supply chain are often used interchangeably in the literature, the focus here is specifically on the location of international production and investment across supply chain activities. Critically, changes in the geography of production do not necessarily imply a corresponding relocation of value creation across supply chains. New production platforms and emerging hubs may continue to rely heavily on imported intermediate inputs, technologies and higher-value functions concentrated elsewhere. As a result, diversification in investment and production locations does not automatically translate into deeper industrial upgrading or greater domestic value capture for recipient economies.

The analysis focuses specifically on manufacturing industries, which are characterized by complex cross-border production linkages through which firms organize multiple stages of production across locations and in which shifts in international investment patterns can reshape the geography of production. Services and extractive activities, which account for a large share of global FDI and are shaped by different production and investment patterns, are not the primary focus. Within manufacturing industries, however, exposure to supply chain reconfiguration varies across value chain segments. Activities based on standardized products, modular production stages or relatively substitutable suppliers are generally more exposed to relocation or diversification than those relying on specialized suppliers, tacit knowledge or

long-standing inter-firm relationships. Supply chain reconfiguration should therefore be understood as a selective adjustment of investment patterns rather than a uniform relocation of industrial production networks (Thun et al., 2022; Martin et al., 2026).

Supply chain reconfiguration predates recent policy tensions and reflects a longer process of adjustment as firms continuously reorganize their global production networks and reassess risk in response to successive shocks. The internationalization of manufacturing accelerated from the 1970s onwards, driven by falling transport costs and technological advances that enabled firms to fragment production across locations and coordinate it globally (Hummels et al., 2001; Hummels, 2007; Baldwin, 2012). This gave rise to complex global production networks, combining contractual arrangements and FDI, and supported the integration of developing countries into manufacturing systems (UNCTAD, 1993; Gereffi et al., 2005; Taglioni and Winkler, 2016).

Global uncertainties make firms **reassess supply chain strategies and investment decisions**

Early resilience concerns focused on physical and logistical disruptions. Events such as the 2011 Tohoku earthquake and Thailand floods and the 2021 Suez Canal disruption exposed the risks linked to just-in-time production and the concentration of critical nodes (Haraguchi and Lall, 2015; Boehm et al., 2019; Qu et al., 2024). These risks became systemic during the pandemic, which disrupted production, trade and demand simultaneously (Baldwin and Freeman, 2020 and 2022; Bonadio et al., 2020). Resulting shortages highlighted the fragility of highly concentrated supply chains, for example in semiconductors (Haramboure et al., 2023). In response, firms moved towards diversification, redundancy and larger inventories, shifting away from purely efficiency-driven models (UNCTAD, 2020 and 2021b; OECD, 2021; IMF, 2022; Crowe and Rawdanowicz, 2023).

More recently, trade policy measures – including tariffs and export controls– have exacerbated uncertainty and added pressure on international production networks, contributing to adjustments in investment patterns as firms seek to manage policy risks, maintain market access and strengthen supply chain resilience (Blanchard et al., 2021; IMF, 2023b; Aiyar et al., 2024; McKinsey Global Institute, 2025). Recent tensions in the Middle East, associated volatility in energy prices and renewed disruptions to shipping routes have further reinforced concerns about transport security, logistics resilience and exposure to geopolitical shocks. Together, these developments are reshaping both the geography and the drivers of FDI, including greater concentration in key sectors and a stronger role for policy and sustainability considerations (UNCTAD, 2023e, 2024c, 2025h).

At the same time, cost structures, technological change, environmental constraints and currency fluctuations continue to influence location decisions. Emerging sustainability requirements and the accelerated pace of digitalization add pressures to supply chains (OECD, 2025b), while exchange rate volatility can erode the cost advantages that originally motivated an investment, encouraging MNEs to disperse production across currency zones as a natural hedge (Goldberg and Kolstad, 1995; Li et al., 2025).

Overall, supply chain reconfiguration is no longer driven by efficiency considerations alone, but by a combination of cost, resilience and policy-related factors whose relative weight varies significantly across sectors, countries and firms, making uniform policy responses poorly suited to the heterogeneity of the adjustment processes underway.

These shifts have uneven development implications. As supply chain decisions become less driven by cost alone, integration into emerging production networks depends more frequently on productive capacities, infrastructure availabilities, policy frameworks and access to finance – factors that are under strain in many developing economies (UNCTAD, 2023d, 2024f, 2025g). In Africa,

infrastructure gaps, weak connectivity and fragmented market access continue to limit participation despite regional initiatives (UNCTAD, 2023a and 2024b), while resource-rich countries remain largely confined to extraction despite rising demand for transition minerals (UNCTAD, 2024a). Logistics constraints and broader capacity gaps further limit the ability to attract manufacturing FDI (UNCTAD, 2021a, 2023c, 2024e, 2025e).

Against this background, this section provides an updated analysis of supply chain reconfiguration in manufacturing, drawing on recent investment data to examine how evolving drivers are reshaping the geography of production (box III.8). It combines evidence on investment patterns with analysis of emerging policy responses, with particular attention to developing economies. The aim is to provide an integrated, analytically grounded and policy-relevant perspective on how supply chain reconfiguration is unfolding through FDI and what that implies for development outcomes.

Where section B examined the rise of strategic sectors as a defining feature of the contemporary investment landscape, the emphasis here is on the reconfiguration of production networks across manufacturing activities for which supply chain organization remains a central driver of international investment. This distinction is important because the ongoing transformation of international production is unfolding through different adjustment mechanisms across sectors. In strategic industries – such as semiconductors, AI infrastructure or critical minerals – investment patterns are shaped primarily by technological specialization, innovation ecosystems, infrastructure requirements and resource endowments, often in combination with strong industrial policy. By contrast, in traditional manufacturing, adjustment is more directly reflected in the shifting geography of production networks, supplier relationships and export platforms, with trade costs, tariffs and broader market access considerations playing more prominent roles.

Global patterns being reshaped by **rising investment in strategic sectors and shifting manufacturing networks**

Accordingly, the aggregate analysis of supply chain reconfiguration (section C.1) focuses on manufacturing activities excluding strategic sectors, both to ensure complementarity with section B and to avoid aggregate trends being dominated by large strategic segments within broader industries. At the same time, the section incorporates broader perspectives where relevant. The analysis of regional patterns (section C.2) considers economy-wide investment patterns in order to capture wider changes in regional and cross-regional investment linkages, while the sectoral deep dives (section C.3) selectively include strategic manufacturing segments – notably electric vehicles – where supply chain restructuring dynamics are particularly pronounced. Taken together, this approach aims to balance analytical clarity with a comprehensive view of the ongoing transformation of international production.

Box III.8
Analysis of global supply chain reconfiguration: Data and scope

Data and coverage

The analysis of supply chain reconfigurations in this section is based on project-level data on announced cross-border greenfield investment from the fDi Markets database. This data set captures new investment projects and expansions by MNEs, with detailed information on sector, business activity, source and destination economies. The focus is on announced investment flows, which are more responsive to recent shocks and policy changes than FDI and therefore better capture emerging shifts in the geography of international production (see also data discussion in box III.2).

Scope and selection criteria

The analytical perimeter is defined by two main filters:

Manufacturing focus: The analysis covers investment projects classified as "Manufacturing" under the fDi Markets variable "Business function", thus excluding services, construction, extraction and energy generation. This ensures consistency with the focus on those industries that are most directly shaped by reconfiguration of global production and supply chain linkages.

Exclusion of strategic sectors: Investment identified as strategic in section B – namely in semiconductors, AI infrastructure and technologies, critical minerals, energy transition technologies and services, and advanced and sensitive technologies (see box III.2) – is excluded by the analysis of the aggregate trends in section C.1. This reflects three considerations. First, it ensures complementarity with the preceding section, which focuses specifically on strategic industries. Second, it allows the analysis to concentrate on traditional manufacturing activities, where supply chain organization is most clearly observable and more relevant for a broader group of developing economies. Third, it avoids distortions arising from the scale of international investment in strategic segments, which can dominate aggregate trends within broader sectors (this is the case for example of semiconductors within ICT and electronics). At the same time, selected strategic manufacturing activities are incorporated where relevant for analysing specific sectoral dynamics (section C.3 and annex A). In particular, the sectoral analysis of transport equipment includes electric vehicles because of their growing importance in FDI and their role in reshaping global manufacturing and supplier networks.

Classification of cross-border greenfield investment in manufacturing

Greenfield investment in manufacturing is further grouped into broad clusters that reflect differences in the organization of global supply chains (box table III.8.1). This classification captures the heterogeneity of production systems across industries, allowing for a consistent comparison of how investment and supply chains are organized.

Box table III.8.1
Scope of manufacturing clusters

Cluster	Main segments	Supply chain rationale
ICT and electronics	Electronic components, communications equipment, business machinery	Complex, multistage production systems with strong cross-border integration
Transport equipment	Automotive production and components, aerospace	Regionally integrated production networks with dense supplier systems
Materials and industrial manufacturing	Metals, chemicals, plastics, industrial equipment	Core intermediate inputs linking upstream processing and downstream production

Cluster	Main segments	Supply chain rationale
Life sciences	Pharmaceuticals, medical devices	High-value, technology-intensive production with strong regulatory requirements
Consumer goods	Household goods, furniture, personal care products and other manufactured consumer products	Export-oriented production platforms and cost-driven location decisions
Agribusiness	Food processing and agro-industry	Supply chains linked to agricultural inputs and domestic/regional markets
Textiles and apparel	Textiles, garments, leather products	Labour-intensive production integrated into global sourcing networks

Source: UNCTAD.

Note: Within the defined perimeter, the clusters follow the fDi Markets taxonomy, with the exception of "Materials and industrial manufacturing", which combines the fDi Markets clusters "Industrial" and "Physical sciences".

Abbreviation: ICT, information and communication technology.

Source: UNCTAD.

1. Directions and drivers of supply chain reconfiguration

Recent investment patterns point to important shifts in the geography and organization of manufacturing production networks, including adjustments associated with MNE efforts to reduce external dependence and geopolitical exposure. Although supply chain reconfiguration is an ongoing feature of international production, recent shocks and policy changes have intensified debates on reshoring, regionalization and diversification of production networks.

When strategic sectors are excluded, the value of global greenfield investment in manufacturing declined by 17 per cent between the periods 2015–2019 and 2021–2025 (figure III.16). This signals a retreat in traditional manufacturing – not a dismantling of existing production systems, which continue to rely on accumulated FDI stocks, but rather a slowdown in the expansion and renewal of international production networks. In addition, it suggests that supply chain reconfiguration is not taking place only through the relocation of cross-border investment, but also may involve greater reliance on existing production bases and domestic capacity expansion, including reshoring in some industries.

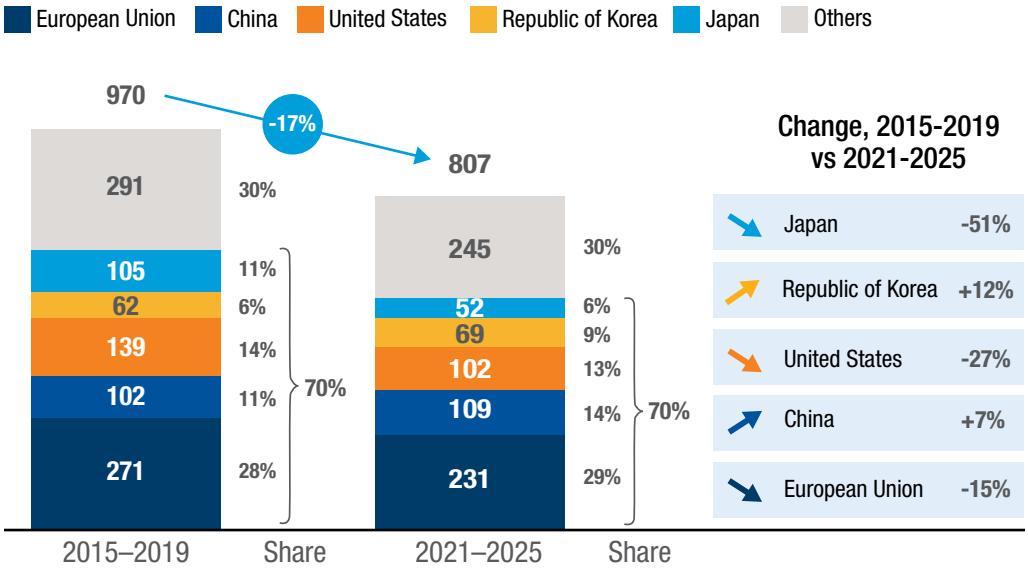
Evidence from the 2026 UNCTAD IPA Survey (see box III.1) points to a selective process of investment reconfiguration already being felt at the country level. Sixty per cent of respondents reported project downsizing or cancellations in the preceding three years, but many also observed project expansions (55 per cent) and relocations into their country (50 per cent). This suggests that the broader slowdown in manufacturing investment is affecting countries unevenly, with some facing investment losses while others benefit from relocation and diversification. The pattern is more adverse in LDCs, where 85 per cent of IPAs reported downsizing or cancellations, compared with 47 per cent in other developing economies, suggesting a heavier downside for countries at lower levels of development.

Within this contracting trend, international investment in manufacturing remains concentrated in a small group of major investing economies. The European Union, China, the United States, the Republic of Korea and Japan, in that order, account for 70 per cent of the value of global greenfield investment in manufacturing. Although less concentrated than strategic industries, manufacturing investment still

depends heavily on a small number of major capital-exporting economies. As a result, tracking cross-border investment trends from these five economies provide a strong indication of the direction of global manufacturing reconfiguration.

Figure III.16
Declining cross-border investment in manufacturing shapes supply chain reconfiguration

Value of announced greenfield projects in manufacturing (excluding strategic sectors), by largest investors
(Billions of dollars)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Note: Data for 2025 are annualized on the basis of information available as of 30 November. Investors are ordered by their share in total manufacturing investment in 2021–2025, from largest (bottom) to smallest (top).

Patterns of outward manufacturing investment differ significantly across the five major investor economies (figure III.17). Those that continue to expand outward investment – notably China and the Republic of Korea – are also the ones leading diversification across recipient countries, including significant expansion into developing economies. Their investment patterns show more pronounced shifts in the geography of production, with new destinations gaining importance alongside established ones, particularly in parts of Asia such as India and Viet Nam, in Mexico and in selected resource- and processing-oriented locations. Instead, investors with stagnating or declining outward investment – notably Japan, the United States and the European Union – are adjusting within a more limited set of locations. Their patterns point to selective repositioning rather than expansion, often centred on established production systems such as in Europe and North America, with only gradual extensions to a small number of alternative destinations.

Overall, these shifts suggest that supply chain reconfiguration is not taking the form of a broad relocation of production to new or lower-cost locations, but rather a more selective adjustment of investment networks shaped by a wider set of factors beyond traditional cost and market access considerations.

The broader empirical literature on geoeconomic fragmentation provides further evidence on some of these drivers, showing that cross-border investment has become more sensitive to geopolitical factors, including policy uncertainty,

trade frictions, market access risks and compatibility between countries' policy and regulatory environments (IMF, 2023b; Aiyar et al., 2024; UNCTAD, 2024c; Grover and Vézina, 2025; Kim and Lee, 2026; Park, 2026).[11] These factors may partly overlap with existing industrial, economic and income-based relationships between countries, but they point to a growing role for risk management and policy predictability in investment location decisions.

By contrast, geographic proximity does not appear yet to be a main driver of reconfiguration of manufacturing investment. The share of outward investment directed towards geographically closer destinations – including both regional investment and other forms of nearshoring – has not increased systematically across major investor economies (figure III.18). The United States is a notable exception, with increased investment within North America, largely reflecting deeper integration with Canada.

Figure III.17
Cross-border networks in manufacturing are shifting at different speeds across main investors

Top five recipient economies based on value of inward greenfield projects in manufacturing (excluding strategic sectors), by largest investors

⊖ No longer in top five ⊕ New in top five ↘ Lower rank within top five ↗ Higher rank within top five

Investors	Recipient ranking 2015–2019	Recipient ranking 2021–2025	Top five overlap	Same rank (top five)
European Union	European Union United States China Mexico ⊖ Russian Federation	European Union United States ⊕ India Mexico ↘ China	4	3
China	⊖ Indonesia Kazakhstan ⊖ India ⊖ Philippines ⊖ United States	↗ Kazakhstan ⊕ Viet Nam ⊕ Mexico ⊕ Egypt ⊕ European Union	1	0
United States	China European Union Mexico ⊖ Brazil India	↗ European Union ↗ Mexico ⊕ Canada ↗ India ↘ China	4	0
Republic of Korea	⊖ Indonesia Viet Nam ⊖ China United States India	↗ United States Viet Nam ⊕ Australia ↗ India ⊕ Mexico	3	1
Japan	United States ⊖ China India European Union Mexico	United States ↗ European Union India ↗ Mexico ⊕ Viet Nam	4	2

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

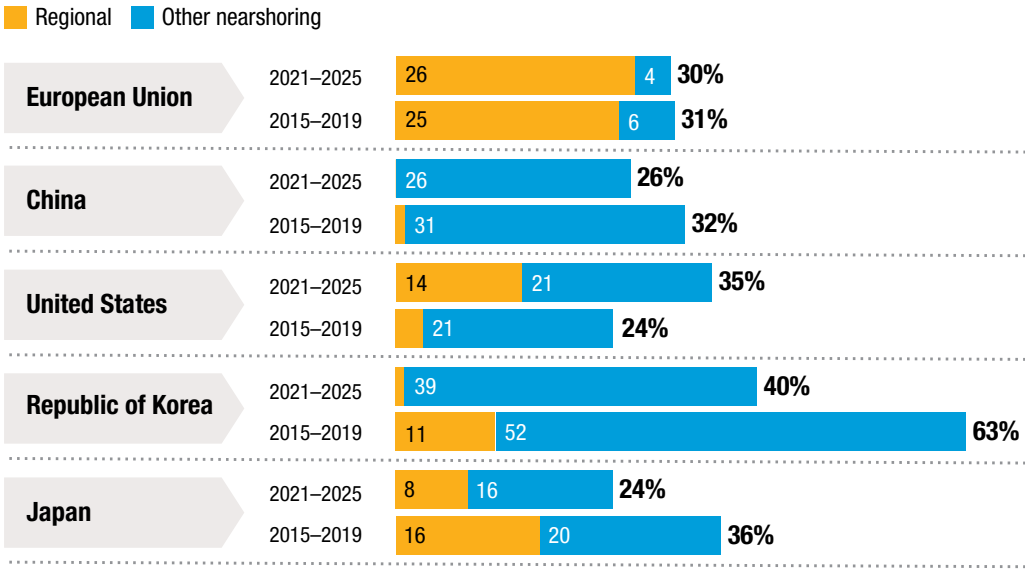
Note: Investors are ordered by their share in total greenfield investment in manufacturing in 2021–2025, from largest to smallest.

[11] These studies examine whether cross-border investment is becoming more sensitive to policy and regulatory compatibility, including exposure to policy uncertainty, trade frictions and market-access risks. Across different datasets and measures, they find growing evidence that FDI location choices are increasingly shaped by these factors. In particular, the recent World Bank study by Grover and Vézina (2025) tests this relationship across greenfield FDI, mergers and acquisitions and affiliate activity and find that the trend is robust across measures, with FDI becoming more sensitive to countries' differences in policy orientation and regulatory environment.

The 2026 UNCTAD IPA Survey (see box III.1) suggests that these shifts are also influencing investment promotion strategies. Nearly 70 per cent of responding agencies reported changes in their target source countries for FDI promotion in response to geopolitical developments. Among those that adjusted their priorities, the most common shifts were towards economic partners and towards regional or neighbouring markets. Developing-country IPAs placed relatively greater emphasis on regional markets, while developed-country agencies were more likely to report reduced engagement with sanctioned jurisdictions. This suggests that IPAs are positioning themselves to capture opportunities for both nearshoring and sourcing from economically or politically aligned countries, even though greenfield data indicate that geopolitical alignment has so far been the stronger driver of actual manufacturing relocation.

Figure III.18
Geographic proximity is not yet driving a broad reconfiguration of manufacturing investment

Share of the value of outward greenfield projects in manufacturing (excluding strategic sectors) to economies in the same geographic area, by largest investors



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Note: Investors are ordered by their share in total manufacturing investment in 2021–2025, from largest to smallest. "Regional" refers to investment within the same United Nations subregion. "Nearshoring" refers to investment in geographically proximate locations within established production systems, including nearby economies outside the immediate subregion (e.g. European Union neighbourhood, United States–Mexico–Canada Agreement area, East Asia and South-East Asia production systems).

Tariff measures may become an important accelerator of supply chain reconfiguration, exposing specific pressure points in manufacturing FDI. The exposure is particularly high for those country-sector combinations where a large share of cross-border investment is tied to activities affected by rising or volatile tariffs (figure III.19). The illustrative cases in the figure point to three distinct exposure patterns.

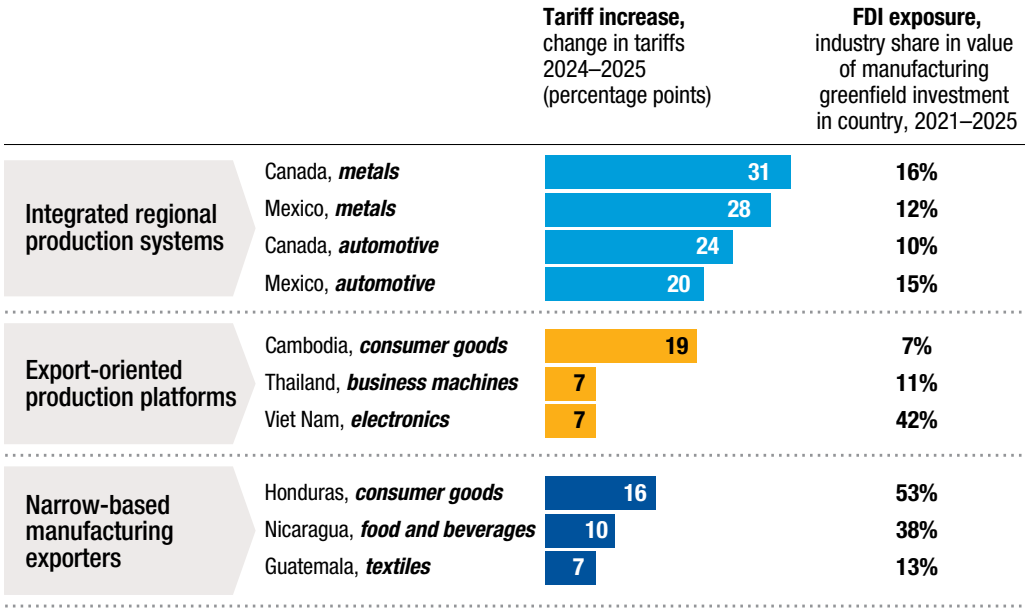
In integrated manufacturingregional production systems, such as Canada and Mexico in automotive and metals, vulnerability stems from the depth of cross-border production integration. In this context, tariff increases can generate significant system-wide effects because production stages are tightly interconnected across borders.

In export-oriented production platforms in South-East Asia, including Cambodia,

Thailand and Viet Nam, exposure reflects the dependence of manufacturing investment on external markets. In these cases, tariff increases can weaken cost competitiveness and redirect production towards alternative export locations, particularly in sectors such as electronics, consumer goods and business machinery.

A different pattern emerges in more narrowly based manufacturing exporters in Central America, such as in Guatemala, Honduras and Nicaragua. Here, exposure is amplified by the concentration of inward investment in a limited number of sectors. As a result, even more moderate tariff increases can generate significant economy-wide effects because affected industries account for a large share of manufacturing investment.

Figure III.19
Tariff changes expose sizable parts of manufacturing investment to reconfiguration
Illustrative country-sector cases with large foreign direct investment exposure to tariff changes



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Note: Potentially significant FDI exposure to tariff changes can arise where both tariff increases and FDI shares are high (e.g. Canada, metals), but also where very large tariff changes affect a smaller share of FDI (e.g. Cambodia, consumer goods), or where more moderate (but still meaningful) tariff changes affect a large share of FDI (e.g. Viet Nam, electronics). Tariff changes are calculated as of 31 December 2025 and reflect the increase in tariffs in 2025, averaged across products and weighted by each country's export structure. Although they may not capture the latest developments, they provide an indication of where pressure points are likely to emerge under evolving and potentially volatile trade policy conditions. For Canada and Mexico (automotive), tariff changes assume non-compliance with the United States–Mexico–Canada Agreement.

2. Regional patterns of supply chain reconfiguration

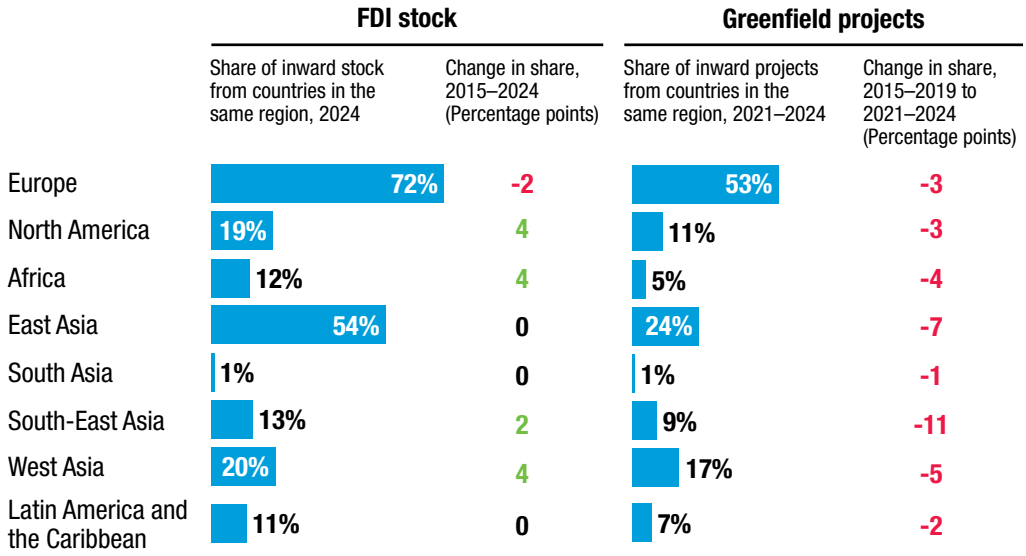
As geopolitical tensions intensify and uncertainties surrounding global trade and investment regimes persist, expectations have grown that international production will increasingly be organized along regional lines. However, regional investment patterns are evolving in a more nuanced and uneven way than often expected. Evidence from greenfield investment in manufacturing presented earlier already shows that, for the main capital-exporting economies, the share of new investment directed within their own region has not generally increased and in some cases has declined (see

figure III.18). Extending the scope beyond manufacturing and across all investors and sectors, and considering both FDI stocks and greenfield investment, points to a similarly mixed picture (figure III.20).

Intraregional FDI stocks remain relatively high in some regions, reflecting the legacy of established production systems, but they are progressing only gradually. By contrast, greenfield investment – capturing new location decisions – shows a more mixed pattern, with the share of intraregional projects generally declining. The sectors driving current investment dynamics – particularly strategic and technology-intensive activities – are less tied to regional proximity and more influenced by access to specialized capabilities, resources and policy incentives (see discussion in section B.2). As a result, regional linkages are increasingly combined with, and in some cases overshadowed by, broader global diversification strategies.

These patterns can be better understood by distinguishing between two underlying dimensions of regional investment: the expansion of outward investment and the share directed within regions. Over the past two decades, the rise of new outward investors across regions has supported deeper regional integration, as firms expanded their international footprint. However, this has not consistently translated into higher intraregional investment shares. While outward investment has continued to grow in several regions, in some cases a declining share of that investment is directed towards regional partners, as firms increasingly diversify across regions rather than concentrate within them.[12]

Figure III.20
Foreign direct investment stock and greenfield projects reflect mixed trends in investment regionalization
Share of values of inward bilateral stock and of cross-border greenfield investment by region
(Percentage)



Source: Bilateral FDI statistics from UNCTAD FDI/MNE database and from IMF/CDIS where not available from UNCTAD, and information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

[12] UNCTAD analysis of regional FDI decomposes the share of intraregional investment into two components: (i) an outwardness component, capturing the scale and growth of outward investment relative to inward investment, and (ii) a regional intensity component, capturing the share of outward investment directed within the region. The results show that while outward investment has increased in several regions, the regional intensity of that investment has generally declined, limiting the extent to which higher outward activity translates into stronger regional integration.

A distinction should nevertheless be made between the geographical regionalization of production and investment patterns, on the one hand, and the expansion of regional and cross-regional institutional frameworks, on the other. While investment patterns do not point to a generalized intensification of geographically concentrated regional production systems, governments and regional groupings are increasingly using regional and interregional agreements to strengthen regulatory cooperation, improve predictability and support supply chain integration across broader networks of partner economies.

Reflecting the continued importance of these networks, IPAs continue to place strong emphasis on regional market integration. In the 2026 UNCTAD IPA Survey, 90 per cent of respondents describe regional market access as important or very important in their current investor value proposition, with 59 per cent ranking it as very important and not a single respondent rating it as not important. More than 80 per cent of agencies actively promote their country as part of a regional production or supply chain network, either systematically (41 per cent) or case by case (40 per cent). Regional market access is also cited by 52 per cent of agencies as a formal criterion in selecting priority sectors for promotion, rising to 61 per cent among developing-economy IPAs.

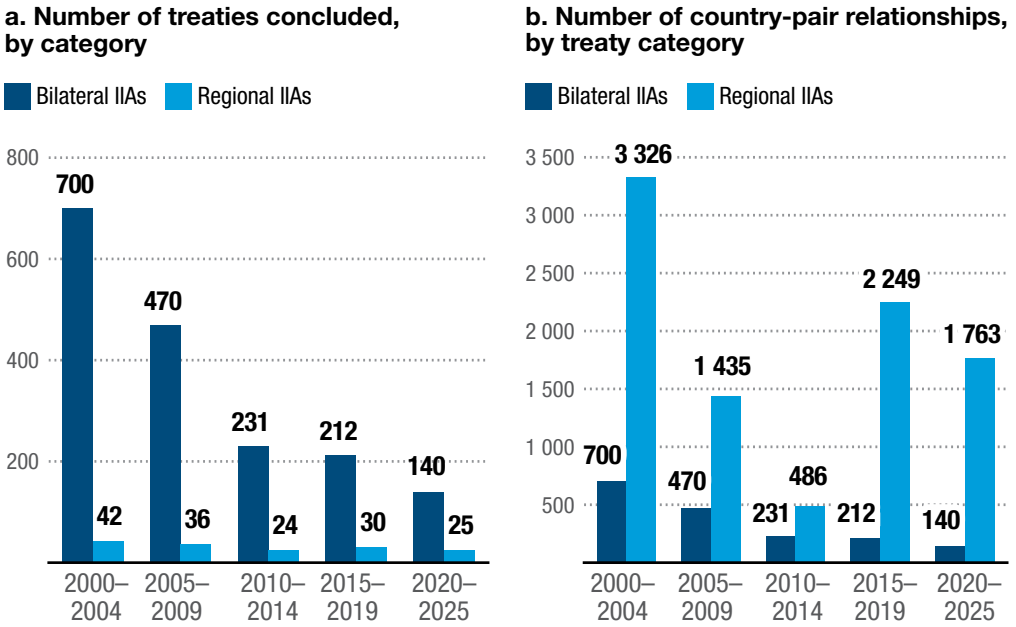
In parallel, international investment policymaking is increasingly advancing through broader and deeper regional and cross-regional frameworks. The relative weight of investment provisions embedded in comprehensive multiparty economic cooperation agreements covering trade and investment (treaties with investment provisions, TIPs) has increased, in parallel with a slowdown in the conclusion of stand-alone bilateral investment treaties (BITs). Over the past decades, TIPs have also deepened in scope, increasingly incorporating provisions affecting investment, services and supply chain governance. Large frameworks such as the African Continental Free Trade Area (AfCFTA) and the RCEP illustrate efforts to reduce regulatory fragmentation and strengthen regional investment integration.

More broadly, TIPs now increasingly operate as deep commitment networks, creating multiple country-pair relationships at once and expanding the reach of investment rules (figure III.21). In this context, different TIP configurations are increasingly used to enhance predictability and support domestic reform. Moreover, in some cases, multi-party TIPs modernize and consolidate existing investment treaty networks. For example, upon its entry into force, the Chile–European Union Advanced Framework Agreement will replace existing BITs with new-generation provisions on investment protection. Similarly, the AfCFTA Investment Protocol stipulates that existing BITs between the parties shall be terminated within five years of the Protocol's entry into force, leaving the new-generation Protocol to govern the investment relationship between the parties.

Regional investment patterns remain below potential despite deeper investment frameworks

The majority of what is being labelled "regional" policymaking extends beyond geographic regions, often connecting countries across continents. Three TIP configurations are particularly relevant in this context: (i) intraregional agreements among a group of economies aimed at deepening integration within a geographic region, such as the AfCFTA and the RCEP; (ii) interregional agreements connecting two regional groupings (for example, the European Union–Mercosur partnership agreement and the European Free Trade Agreement (FTA)–Central America FTA); and (iii) agreements between a more closely integrated regional grouping and a single third country, extending commitments to key partners (for example, the FTA between Central America, the Dominican Republic and the United States of America (2004), the Pacific Alliance–Singapore FTA and the Central America–Republic of Korea FTA (2018)). Regional integration initiatives have also fostered regulatory cooperation and administrative harmonization initiatives that can reduce transaction costs and improve operational certainty. Experiences from several regions illustrate the potential benefits of such reforms (box III.9).

Figure III.21
Despite their lower number, regional IIAs create significantly more connections between countries than bilateral IIAs



Source: UNCTAD.

Note: Regional IIAs are (i) intraregional agreements among a group of economies, (ii) interregional agreements connecting two regional groupings, and (iii) agreements between a more closely integrated regional grouping and a single third country.

Box III.9
Promoting regulatory cooperation and administrative harmonization: Selected examples

Regional initiatives show how regulatory cooperation and administrative harmonization can reduce border frictions, improve legal certainty and support investment.

In **South-East Asia**, the Association of Southeast Asian Nations (ASEAN) has developed a layered facilitation architecture for production networks based in the region. The ASEAN Single Window enables electronic exchange of trade and customs documents, processing 1.4 billion electronic certificates of origin and 3.3 million customs declarations in 2024. The ASEAN Customs Transit System, launched in 2020, allows goods to move across participating member States under a single electronic declaration and guarantee. In parallel, the Second Protocol upgrading the ASEAN Trade in Goods Agreement, concluded in 2025, further strengthens regional supply chains through additional liberalization, upgraded rules of origin and new provisions such as zero tariffs for certain remanufactured goods. On the investment side, the ASEAN Investment Facilitation Framework, adopted in 2021, promoted greater transparency, streamlined procedures, digitalization and, in most Member States, single digital windows; by 2025, its 10 broad measure categories had been implemented in nearly all Member States. ASEAN is also advancing digital regulatory integration through the ASEAN Digital Economy Framework Agreement, which aims to harmonize rules on cross-border data flows, digital payments, e-commerce and cybersecurity.

In **Africa**, along the Abidjan–Lagos corridor, trade facilitation reforms were used to strengthen cross-border regulatory cooperation and administrative harmonization

among corridor States. Under the 2007 Accra Memorandum of Understanding, Côte d'Ivoire, Benin, Ghana, Nigeria and Togo committed to harmonizing border controls, enabling customs interconnectivity, strengthening cooperation among border agencies, aligning border-post business hours and reducing en route controls. These reforms were supported through the Abidjan–Lagos Transport and Transit Facilitation Project, which combined computerized single windows, customs information-sharing, streamlined procedures, capacity-building and corridor performance monitoring with road rehabilitation and related infrastructure investments. By project closure in 2017, single windows were fully operational in Lomé and Cotonou, port dwell time had fallen significantly and border-crossing times at several posts had also declined. Regional customs digitalization has also advanced through the UNCTAD Automated System for Customs Data (ASYCUDA) and support from the Economic Community of West African States (ECOWAS) for SIGMAT, a regional transit management solution that automates procedures and strengthens the exchange of customs data across corridors. By the end of 2025, SIGMAT was operational in six ECOWAS member States along eight corridors, helping reduce paper use and transit times.

The Organisation for the Harmonization of Business Law in Africa (OHADA) illustrates a deeper form of regulatory harmonization. Established in 1993, OHADA brings together 17 African countries under a unified system of business law that is directly applicable across all member States and prevails over conflicting domestic legislation. Its 11 Uniform Acts cover matters such as commercial law, commercial companies, secured transactions, insolvency, arbitration, mediation and accounting standards. These rules are enforced by national courts, while the Common Court of Justice and Arbitration ensures uniform legal interpretation and acts as the final court for OHADA law matters. This single legal space for business across 17 jurisdictions has reduced legal fragmentation and uncertainty, helping to support cross-border investment and business operations across a market of more than 340 million people.

In **Central America**, deep integration between El Salvador, Guatemala and Honduras shows how harmonized border controls and customs procedures can deliver rapid gains. Under the customs union launched in 2017 with support from the Secretariat for Central American Economic Integration, Guatemala and Honduras replaced duplicate processes with a single electronic instrument, the Central American Single Invoice and Declaration. Border-crossing times reportedly fell from 10 hours to 15 minutes by early 2018, while bilateral trade increased by 7 per cent. After El Salvador joined in 2018, average transit times across the three countries' common borders fell further, to approximately 6 minutes by 2022. Integration has continued through the launch of the Central American Digital Trade Platform in 2023 and expanded cooperation at key border crossings, including integrated 24/7 customs and immigration operations between El Salvador and Guatemala in 2025.

Source: UNCTAD, based on official documents and governmental websites.

Investment effects of regional frameworks are neither automatic nor uniform. Outcomes depend critically on implementation, the depth and coherence of commitments, and their alignment with national investment and industrial policies. International policymaking may also have a nuanced impact on regional investment patterns. While some initiatives are designed to strengthen investment links within a geographic region, many others deliberately create or deepen cross-regional connections.

In addition, regional agreements and connectivity initiatives are more likely to generate development gains when

complemented by investment facilitation, coordinated infrastructure, industrial platforms and measures to strengthen productive linkages. Experiences with corridor-linked special economic zones (SEZs) (as in Cambodia, Malaysia and Morocco) show how targeted policy action can help translate regional connectivity into investment, productive capacity and value chain participation, although outcomes remain uneven and context-specific (box III.10).

Box III.10
From transport corridors to investment platforms: Corridor-linked SEZ experiences

Cambodia aligned its special economic zones (SEZs) with the Southern Economic Corridor (Bangkok–Phnom Penh–Ho Chi Minh City) and the Phnom Penh–Sihanoukville road, with zones concentrated in three strategic nodes: Poipet (Thai border), Bavet (Viet Nam border) and Phnom Penh, an inland hub connected to both borders and the seaport. The Industrial Development Policy, 2015–2025, formalized this spatial logic, while ASEAN trade and customs arrangements lowered the cost of moving intermediate goods across borders. These conditions supported a sectoral shift towards electronics, electrical components and auto parts, alongside continued apparel production. The Phnom Penh SEZ illustrates the depth of that shift: by 2025, it hosted 113 firms specialized in electronics, electrical components, automobile assembly and auto parts; in 2025 the zone generated more than 55,000 jobs and exports of $2.14 billion, approximately 7 per cent of national exports.

In **Malaysia**, the southernmost state of Johor borders Singapore and has developed over two decades into a cross-border extension of the Singapore economy, anchored by Iskandar Malaysia — a development zone established in 2006 around logistics gateways, industrial parks and services clusters that effectively expanded the operating perimeter of Singapore across the border. That base proved especially valuable where Singapore faces hard constraints on scaling: in data centres, investors adopted a "Singapore-plus" model, retaining higher-value and client-facing functions in Singapore while placing space- and energy-intensive capacity in Johor. The Johor–Singapore SEZ, agreed by both Governments in January 2025, formalizes this de facto platform as a binational framework spanning more than 3,500 square kilometres across Iskandar Malaysia and Pengerang, organized around nine flagship areas. It aims to strengthen the joint value proposition through improved cross-border connectivity, coordinated facilitation and targeted incentives on the Malaysian side. Approved investments reached approximately $17.3 billion in the first nine months of 2025.

Morocco built the Tanger Med port and zones complex as a gateway to Europe that converts locational advantage into export-oriented FDI by physically integrating the port with an adjacent network of SEZs and industrial parks. The investment proposition is anchored in proximity: the main automotive cluster lies within 35 minutes of the terminal, reducing inland time and variability between factory gates and vessel departure. Rail further strengthens this model; on average, the port receives six trains daily from Renault Tanger Med and two from Stellantis, each carrying up to 280 vehicles, reducing dependence on road haulage and extending the port's reach beyond the immediate Tangier cluster. The zone's offering combines serviced industrial land with utilities and road works, built-to-suit warehousing delivered within six months and a one-stop shop covering administrative and technical installation. The corridor logic extends across the Strait of Gibraltar through formal cooperation with the Port of Algeciras in Spain, including measures to facilitate cross-Strait flows and a planned exchange of digitized

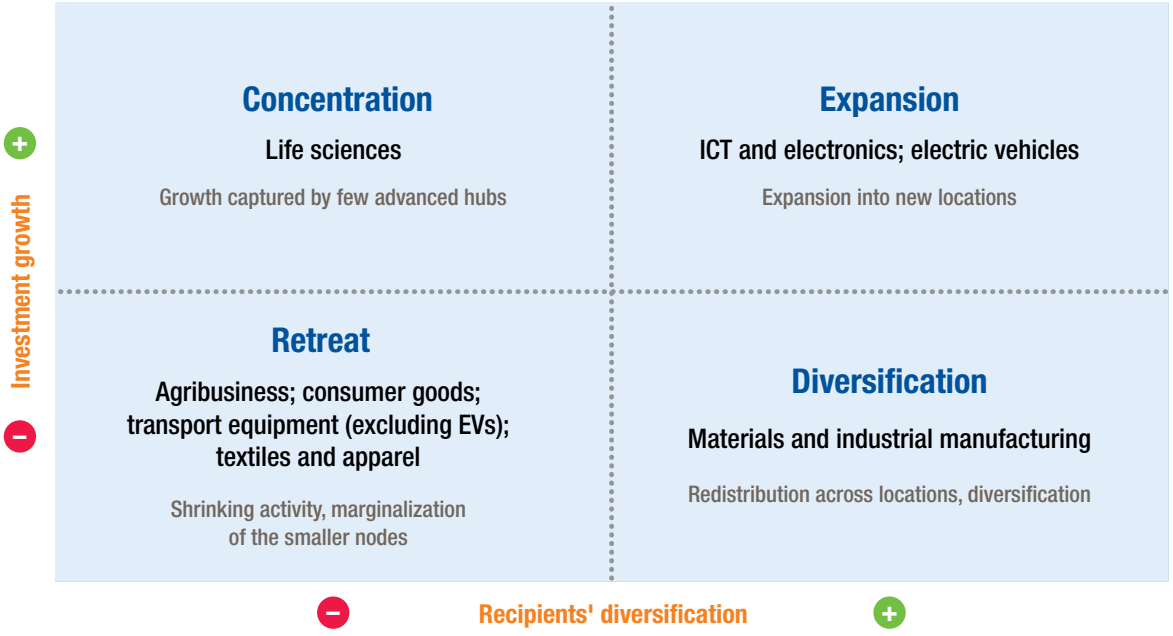
traceability data on goods and trucks across access control points in both port areas, effectively embedding Tanger Med in a binational logistics system that reinforces its proposition to export-oriented investors.

Source: UNCTAD, based on official documents and governmental websites.

3. Sectoral dynamics

Global supply chains are reconfiguring in different ways across manufacturing. In some industries, production is expanding and spreading across new locations, while in others it is contracting or becoming more concentrated around a small number of established hubs. This heterogeneity can be captured through two dimensions: whether investment is growing or declining, and whether investment destinations are becoming more concentrated or more diversified geographically (figure III.22). The analysis of sectoral dynamics also includes selected strategic manufacturing segments – notably electric vehicles – where current reconfiguration trends are particularly pronounced and increasingly shape the geography of global supply chains.

Figure III.22
Four investment patterns summarize distinct forms of supply chain reconfiguration in manufacturing



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Note: The mapping is based on changes between 2015–2019 and 2021–2025. Investment growth (vertical dimension) reflects the change in the value of announced greenfield projects. Recipient diversification (horizontal dimension) captures changes in the share of the top three destination economies by value. The same classification emerges when growth is measured by the number of projects (with the exception of a relative decline in life sciences, compared with a strong increase as measured by value), and diversification is assessed using a concentration index (Herfindahl–Hirschman) based on the distribution of investment values across destinations.

Abbreviations: EVs, electric vehicles; ICT, information and communication technologies.

Taken together, these two dimensions identify four patterns of supply chain reconfiguration.

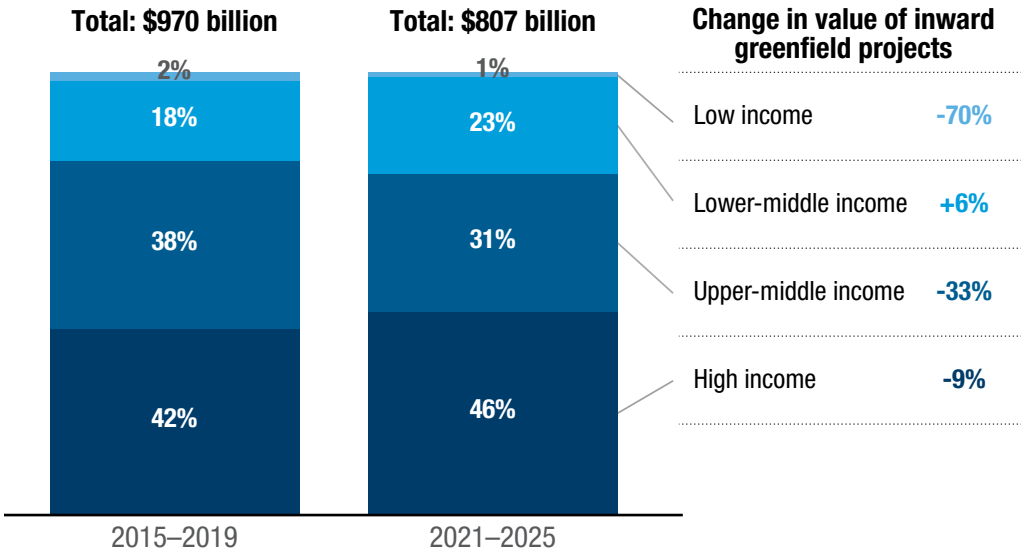
- **Expansion** *(high growth – high diversification)*: *ICT and electronics; electric vehicles.* In ICT and electronics, international investment is moving beyond a China-centred model towards a wider set of production locations in South-East Asia and India, while also strengthening regionally in Europe and North America. Production is increasingly organized across multiple investor-led systems, with East Asian firms expanding within the South-East Asia region and into India, while in North America and Europe production systems deepen within their own regions (annex A.1).[13] In electric vehicles, international investment is rising rapidly and reaching new destinations – including Brazil, India, Morocco and Thailand – driven by market growth and policy support. New locations are taking on differentiated roles, from export platforms to market-oriented production and component manufacturing (annex A.2).
- **Concentration** *(high growth – high concentration)*: *life sciences.* International investment is increasing but remains concentrated in a small number of locations, mainly linking the United States and the European Union, with a significant participation also of Switzerland and the United Kingdom. A small number of investment links dominate, reflecting the importance of research ecosystems, regulatory frameworks and specialized production capabilities. Outside this core, participation is confined to a limited set of highly competitive locations such as Costa Rica and Singapore (annex A.3).
- **Diversification** *(low growth – high diversification)*: *materials and industrial manufacturing.* International investment is spreading across a broader set of locations, as firms diversify supply chains and build alternative production bases. This reflects offshore relocation strategies, with investors (particularly from China) developing new industrial platforms linked to processing capacity (e.g. Kazakhstan) and export-oriented manufacturing platforms serving regional markets (e.g. Egypt). The geography of investment is widening, but entry points remain selective and tied to specific industrial roles (annex A.4).
- **Retreat** *(low growth – high concentration): transport equipment (excluding electric vehicles); agribusiness; consumer goods; textiles and apparel.* When excluding electric vehicles, international investment in transport equipment has declined sharply, with production consolidating around major markets, particularly within North America. Mexico is strengthening its role as an export platform linked to the United States, while new activity is limited to a small number of alternative locations such as Brazil, India and Viet Nam. This reflects both weaker demand in traditional automotive segments and efforts to simplify complex supply chains (annex A.2). In agribusiness, investment is also contracting and becoming more concentrated in large consumer markets, notably Mexico, the United States and the European Union. For low-income countries, this sector remains one of the strongest entry points into manufacturing, but it is weakening: their already small share of global investment in agribusiness has declined further, and participation is increasingly limited to a narrow set of countries and activities, often focused on domestic or regional markets (annex A.5).

[13] The sectoral deep dives presented in the annex A cover five major manufacturing clusters – ICT and electronics, transport equipment, life sciences, materials and industrial manufacturing, and agribusiness (see also box III.8). While not exhaustive, this selection captures the largest segments of investment in manufacturing activity and accounts for about 90 per cent of global greenfield investment in manufacturing, excluding strategic sectors (both in terms of value and number of projects). Electric vehicles are discussed separately alongside transport equipment because of their growing role in the restructuring of automotive supply chains, although they are not included in this coverage estimate as they are classified under strategic sectors and already discussed in section B (as part of "energy transition technologies and services").

These configurations have direct implications for development. Low-income countries are losing more ground as recipients of cross-border investment in manufacturing. Their already limited participation has declined further over the past decade, with the level of inward greenfield investment falling sharply from a low base (figure III.23). This reflects a structural shift in the organization of global production. The segments where these countries have traditionally participated – labour-intensive and cost-driven manufacturing – are precisely those that are now shrinking and becoming more concentrated (see figure III.22, bottom-left quadrant). As a result, the most accessible entry points into global manufacturing are narrowing rather than expanding.

Lower-middle-income economies show a more differentiated trajectory. While they remain largely excluded from the most dynamic and technology-intensive segments, some are capturing investment linked to the reconfiguration of traditional manufacturing. Countries such as Egypt and Viet Nam are positioning themselves as alternative production bases, processing hubs or gateways to major markets, reflecting their ability to combine cost advantages with industrial capacity and integration into existing production systems. This creates a growing divergence within developing countries: while the space for participation is contracting overall, it remains accessible to those economies able to move beyond the lowest segments of the manufacturing ladder.

Figure III.23
Foreign direct investment in manufacturing is shrinking further in low-income countries amid global supply chain reconfiguration
Share of value of inward announced greenfield projects in manufacturing (excluding strategic sectors), by recipient-country income group
(Percentage)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

The difference between low-income and lower-middle-income countries becomes clearer when compared with strategic sectors discussed in section B (see figure III.3). In those sectors, international investment is highly concentrated and increasingly directed towards a small number of advanced economies, creating greater challenges not only for low-income countries but also for most lower-middle-income economies. In non-strategic manufacturing, by

contrast, although the overall space is shrinking, broader opportunities remain for countries that can position themselves within existing supply chains.

4. Investment policy responses to supply chain reconfiguration

For many developing countries, the reconfiguration of global supply chains creates a more uncertain environment for investment, affecting not only new location decisions but also the continuity, expansion and upgrading of existing projects. In response, many countries are adapting their investment policies by adopting short-term measures aimed at stabilizing investment already in place and preserving the credibility of the location as a production base, and in some cases by using disruption as an opportunity to reposition investment towards higher-value activities.

a. Immediate responses to shocks

Experience across countries shows that when trade, geopolitical or environmental shocks occur, the immediate risk to investment is often hesitation rather than outright divestment. Firms may postpone projects, scale down expansion plans, delay technological upgrading or adopt a wait-and-see approach before committing capital to new facilities. In this context, early policy responses often focus on maintaining the conditions for continued investment through liquidity support, trade finance and temporary relief on financing pressures, to prevent short-term shocks from turning into cancelled projects, delayed expansion and longer-term investment losses. Country experiences illustrate how such stabilization measures have been used in practice (box III.11).

IPAs have taken a lead role in this context. According to the 2026 UNCTAD IPA Survey, nearly three quarters have adjusted their facilitation or aftercare services in response to geopolitical and trade policy turbulence. Among them, 82 per cent expanded aftercare and investor-retention activities, while 61 per cent strengthened policy advocacy on behalf of investors. This suggests a broadening of the IPA role towards operational problem-solving, including the identification of bottlenecks that affect existing investors, the escalation of policy constraints and efforts to prevent temporary uncertainty from resulting in cancelled expansions or lost reinvestment.

Box III.11
Country responses to stabilize investment under external shocks

Several countries have used temporary support measures to prevent external shocks from translating into deferred or cancelled investment.

In **India**, tightening global financial conditions and heightened trade policy uncertainty affecting export-oriented sectors in 2025 led to the introduction of a Credit Guarantee Scheme for Exporters, together with trade relief measures implemented by the Reserve Bank of India. These measures were aimed at easing working capital constraints and debt-servicing pressures for viable export-oriented firms, helping them maintain production and investment plans during a period of heightened uncertainty.

Brazil adopted a similar approach through its Brasil Soberano programme. The initiative combined export credit facilities, tax rebates and more flexible drawback compliance to help firms redirect shipments and avoid investment retrenchment.

In **South Africa**, the Economic Response Package also included working capital support linked to plant and equipment finance, designed to prevent tariff-related shocks from resulting in underused capacity or deferred reinvestment in export-oriented industries.

These experiences show how short-term liquidity and financing measures have been used to stabilize investment expectations and reduce the risk that temporary shocks might generate longer-term investment losses.

Source: UNCTAD, based on official documents and governmental websites.

A second set of countries' responses has centred on preserving confidence in the country as a reliable production base in a more fragmented and compliance-sensitive international environment (box III.12). In this context, the main concern has not been cost competitiveness, but whether production in the host economy can continue to supply external markets without being exposed to origin-related scrutiny, export control restrictions, or other forms of geopolitical and regulatory risk. This credibility depends on both sides of the production chain: the ability to source inputs at competitive cost within transparent and compliant regulatory frameworks, and the ability to export outputs without being seen as a transshipment conduit. Country experience shows that responses in this area have focused on reducing the risk premium attached to the location through stronger compliance, transparency and control in internationally exposed sectors, including through tighter origin verification, anti-transshipment enforcement and export control administration.

Evidence from the 2026 UNCTAD IPA Survey suggests that IPAs have also reacted to lower the risk premium attached to their location. Among agencies that modified their services, 47 per cent expanded the information provided to investors on trade policy and regulatory uncertainty; 41 per cent strengthened coordination with customs, trade or industrial policy authorities; and 36 per cent assisted investors with supply chain diversification, local sourcing or supplier development.

Box III.12
Country experiences in safeguarding location credibility

Viet Nam strengthened its origin verification and anti-transshipment enforcement through Resolution 119 (2019) and later Directive 09/CT-BCT (2025). These measures aimed to protect the credibility of Vietnamese exports and reduce the risk that trade-remedy spillovers might affect compliant producers.

Thailand adopted a complementary approach through its investment promotion framework, withdrawing support from sectors considered particularly vulnerable to foreign trade measures. This signalled tighter oversight of activities hosted in the country and reduced the risk of the country becoming a diversion point for trade subject to external restrictions.

In **Malaysia**, concerns related to expanding export control regimes in advanced technologies led the Government in 2025 to tighten permit requirements for the export, transshipment and transit of high-performance AI semiconductors. The objective was to ensure compliance with evolving international regulations and avoid being treated as a diversion node in sensitive technology supply chains.

These policy responses illustrate how strengthening regulatory compliance and supply chain transparency can help reduce the perceived risk associated with a production location during periods of geopolitical tension.

Source: UNCTAD, based on official documents and governmental websites.

b. Strategic repositioning

As attention shifts from immediate shock management related to heightened uncertainty, tariff shocks and production frictions to a medium-term outlook for investment, policy concerns increasingly extend to sustaining the broader commercial case for new and ongoing projects. This involves lowering execution risk, accelerating implementation and improving expected returns, while also strengthening the conditions for longer-term investment continuity and expansion. In some cases, country responses have sought to turn external shocks and supply chain reconfiguration into opportunities for strategic repositioning within evolving production networks. Such efforts have aimed to steer investment towards activities with stronger prospects for technological upgrading, local value addition, supplier development and resilience. As a result, measures to maintain competitiveness have increasingly overlapped with efforts to improve the quality of investment (box III.13).

The results of the 2026 UNCTAD IPA Survey (see box III.1) also point in this direction. Fifty-seven per cent of IPAs reported that their country had adopted or revised investment-related policies in recent years in response to geopolitical or economic security considerations, with higher shares among developed-economy IPAs (68 per cent) and LDCs (69 per cent). A common pattern emerges: policy revisions are used not only to preserve existing investment patterns, but also to turn disruption into upgrading opportunities. For instance, in Türkiye the 2024–2028 FDI strategy and renewed incentive framework target high-tech, green and digital transformation investment. In Cambodia, the 2021 Law on Investment and related subdecrees combine incentives for priority sectors with more streamlined digital procedures and strengthened aftercare mechanisms. In Côte d'Ivoire, the 2024 Investment Code reform strengthens incentives for industrialization, local processing and investment beyond Abidjan.

Box III.13
Country experiences in preserving competitiveness and repositioning amid global changes

Several countries have combined measures aimed at sustaining investment attractiveness under external pressure with efforts to redirect investment towards higher-value and more resilient activities.

In **Argentina**, the Incentive Regime for Large Investments adopted in 2024 offers approved large-scale projects long-term stability in tax, customs and foreign exchange rules. The regime applies to large investments in such sectors as mining, energy, oil and gas, infrastructure, technology, forestry, tourism and steel. The approach aimed to improve the investment case for long-horizon projects and support renewed investment in activities linked to infrastructure, energy supply and critical inputs.

In **Chile**, a package of investment facilitation and administrative reforms adopted in 2025 sought to accelerate the implementation of ongoing projects affected by tariff-related pressures and broader uncertainty in global trade conditions. The reforms aimed both to sustain current investment activity and to position the country to attract new investment linked to the reconfiguration of global production networks.

In **Mexico**, initial policy responses focused on preserving the country's role as a manufacturing platform within North American production networks, including through accelerated depreciation allowances, training-related tax deductions and corridor-based investment facilitation initiatives aimed at improving project economics and accelerating industrial investment. Over time, this approach was supplemented by a more selective

upgrading dimension. Nearshoring remained central to the country's investment strategy, but under *Plan México* incentives increasingly also emphasized domestic value added, innovation, training and the development of new productive capacity.

Following the pandemic, **Morocco** introduced an industrial recovery strategy combining import substitution initiatives, project development and support for small and medium-sized enterprises (SMEs), to reduce supply chain vulnerabilities and build domestic industrial capacity.

In **South Africa**, the Economic Response Package combined exporter support with instruments aimed at sustaining industrial competitiveness, including support for plant and equipment, feasibility studies and technical upgrading. These measures aimed to prevent external shocks, resulting in deferred investment and declining industrial capacity.

Viet Nam used the period of supply chain relocation to shift its foreign investment strategy from attracting "more" FDI to attracting "better" FDI. Policy priorities increasingly emphasized technology intensity, environmental performance and stronger domestic linkages within sectors integrated into global value chains.

Thailand linked additional tax incentives in the electric vehicle and electrical appliance industries to "Made in Thailand" certification and local content thresholds. This approach sought to increase domestic value added and strengthen local supplier participation within emerging regional electric vehicle supply chains.

Türkiye integrated green transformation objectives into its investment incentive framework in response to the European Union Green Deal and the Carbon Border Adjustment Mechanism, linking competitiveness in export-oriented industries to green finance, emissions monitoring and carbon-pricing readiness.

Source: UNCTAD, based on official documents and governmental websites.

D. Development implications and policy responses

Developing countries face a more complex and selective international investment environment, in which opportunities depend increasingly on strategic positioning, policy coordination and domestic capabilities. As investment in strategic sectors becomes more concentrated, industrial policy expands and supply chain reconfiguration narrows traditional entry points, development strategies need to focus on realistic niches, fiscally sustainable support measures and stronger links between FDI, domestic firms and productive upgrading. To turn disruption into development gains, policy responses should combine evidence-based prioritization, enabling infrastructure and skills, balanced approaches to national security risks, adaptive investment facilitation and more effective regional integration.

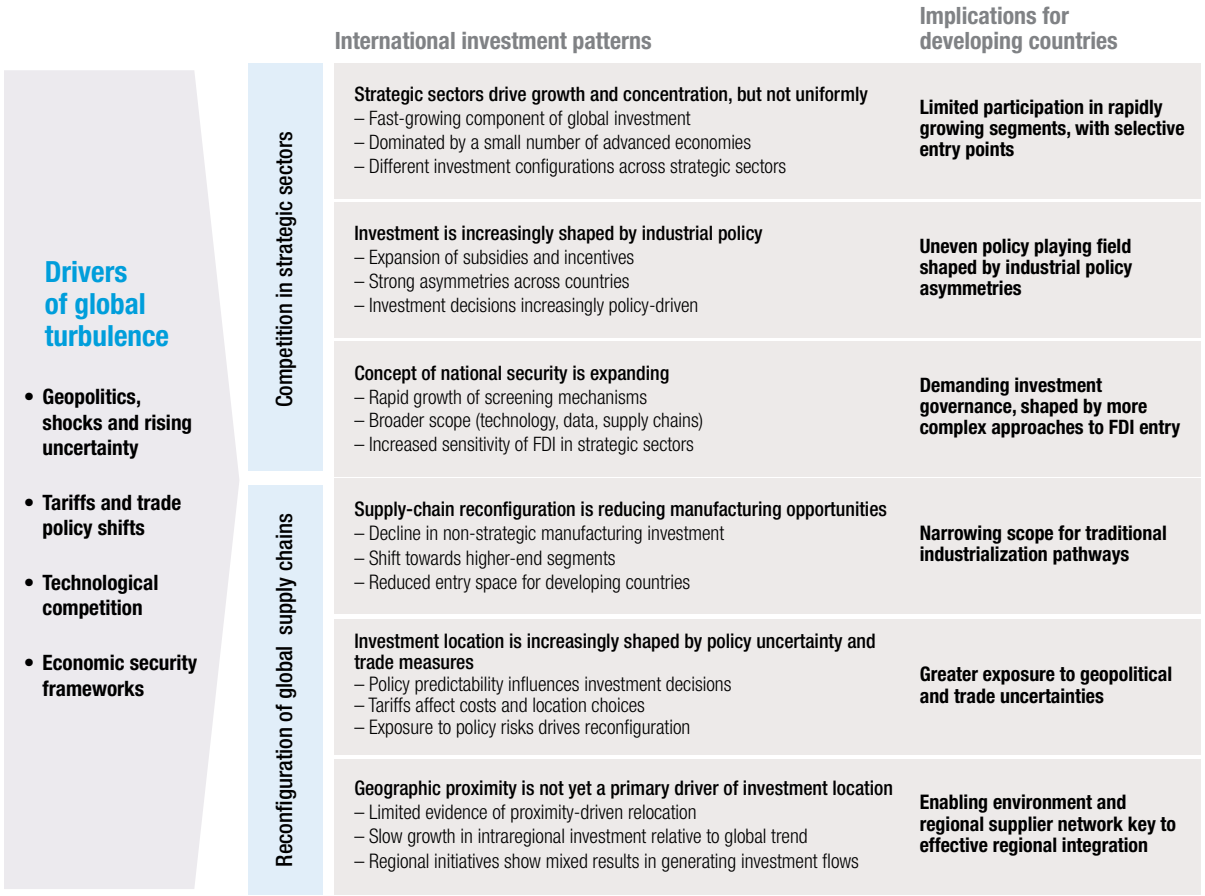
The emergence of a more fragmented and strategically contested global economy is reshaping international investment patterns in ways that are tightening the conditions for participation by developing countries. Two structural trends are particularly important: intensified competition for investment in strategic sectors and the reconfiguration of global supply chains in manufacturing. Together, these trends are making investment more selective, more concentrated and more policy-driven – affecting not only where investment goes, but under what conditions countries can attract, retain and translate it into development gains. In this context, six key development implications follow directly from the analytical findings of sections B and C (figure III.24).

First, participation in rapidly expanding strategic investment segments remains limited. Investment growth in strategic sectors is concentrated in a narrow set of economies and activities, with different configurations across sectors. Entry barriers are high, but selective entry points exist – for example in upstream processing, specific manufacturing segments or supporting services. The implication is a dual dynamic: overall participation remains limited, but differentiated opportunities exist for countries able to position themselves in specific niches.

Second, the policy playing field is increasingly uneven. The expansion of industrial policy is a central driver of current investment patterns. Large subsidy packages, in particular, are concentrated in a small number of economies. Most developing countries cannot match these policy efforts. Competition for investment in strategic sectors is therefore increasingly policy-driven, reinforcing concentration and limiting the scope for broad-based participation.

Third, the broadening concept of national security makes the regulation of FDI more complex. National security concerns associated with foreign investment are extending beyond defence-related assets to encompass critical infrastructure, sensitive

Figure III.24
Rising constraints in international investment: from structural shifts to development implications



Source: UNCTAD.

data, key technologies, strategic natural resources and supply chain vulnerabilities. For developing countries, this creates a particular policy challenge: many of the investments needed to support the green and digital transitions, including in clean energy, critical minerals and digital infrastructure, may raise national security considerations. However, the reliance in many countries on equity restrictions and sectoral bans as the main instruments for regulating FDI entry may not adequately address the risks associated with such investment.

Fourth, traditional industrialization pathways are narrowing as participation in international production becomes more selective and capability-intensive. Supply chain reconfiguration is not leading to a generalized relocation of manufacturing towards developing economies. While new opportunities are emerging in selected sectors and supply chain segments, participation increasingly depends on industrial capabilities, infrastructure, policy support and strategic positioning within evolving production networks. FDI in non-strategic manufacturing is weakening and shifting towards higher-value and more technology-intensive activities. Countries reliant primarily on labour cost advantages or enclave-type export models therefore face an increased risk of marginalization.

Fifth, exposure to geopolitical and trade-related uncertainties is increasing. The growing role of tariffs, geopolitical factors and policy uncertainty in shaping investment location decisions introduces new forms of volatility. Firms are increasingly adjusting their footprints in response to

these risks, leading to more frequent reconfigurations of investment patterns. For developing countries, particularly those with concentrated trade and investment structures, this raises exposure to sudden reallocation and disruption.

Sixth, regional integration requires effective implementation and regional supplier networks to translate into investment outcomes. Geographic proximity does not appear to be a dominant driver of recent investment location patterns. While regional frameworks can improve conditions – through market access, coordination and reduced frictions – their impact on FDI depends on deeper forms of productive integration. Without sufficient infrastructure, supplier networks and institutional coordination, regional initiatives do not automatically translate into investment or upgrading.

These developments point to a more constrained and complex policy environment. Industrial policy, trade policy, investment regulation and national security considerations are increasingly intertwined, raising the difficulty of policy design and implementation – particularly in capacity-constrained contexts. This makes policy coordination not only a matter of administrative efficiency, but a condition for translating investment into development gains: investment promotion, trade policy, industrial strategy and science, technology and innovation (STI) policies need to send consistent signals and support the same upgrading objectives.

Development gains increasingly **depend on strategic positioning**

In this environment, development gains depend increasingly on strategic positioning. For LDCs and structurally vulnerable economies, for instance, the immediate challenge is often not direct entry into frontier strategic sectors, but the creation of basic conditions for participation: reliable infrastructure, energy access, investment facilitation, skills formation and regional connectivity. For lower-middle-income economies, integration into global manufacturing value chains is more likely to arise in assembly, supplier development, business services, processing and selected niches. For economies with established industrial bases, the challenge is to move into higher-value segments of strategic value chains while avoiding costly subsidy competition. Resource-rich developing economies face a distinct policy problem: how to leverage rising demand for critical minerals and strategic inputs to support domestic processing, fiscal revenues and industrial upgrading rather than reinforcing commodity dependence. This implies a shift from focusing on the volume of investment to focusing on its quality and function, including its contribution to upgrading, resilience and sustainability.

Development strategy must therefore address a threefold challenge: capturing limited and selective opportunities, reducing growing exposure to new vulnerabilities and building the capabilities required to participate in more selective and resilience-oriented production networks. The following subsections present policy guidance for navigating this increasingly complex investment landscape, taking into account differences in countries' capacities, economic structures and development levels. It supports the identification of realistic entry points for attracting international investment and the design of efficient industrial policy support to build the enabling capabilities needed to develop those priorities. It also addresses the management of national security risks associated with FDI, while considering how shocks can be turned into opportunities for investment expansion and upgrading and how regionalization can be leveraged more effectively for development.

1. Strategic prioritization: Identifying realistic entry points

Large-scale incentive programmes and targeted support schemes in major economies are increasingly influencing the global allocation of investment. For developing countries, which typically operate with more limited fiscal and institutional capacity, competing broadly across many sectors is rarely feasible. Strategic prioritization is therefore essential to focus policy efforts on a limited set of activities that can support structural transformation, productivity growth, employment and diversification.

Strategic prioritization is a practical, evidence-informed process for identifying a limited number of promising and feasible opportunities where a country has, or can realistically build, competitive advantages that can contribute to its sustainable development objectives. It is most effective when it is selective, realistic and proportionate to institutional capacity. The process should draw on available data, investor feedback, IPA experience and regular reassessment. At the same time, prioritization increasingly needs to account for risk and resilience: recent shocks have shown that development gains can be reversed when economies are highly exposed to narrow sets of suppliers, routes, markets or regulatory regimes, and when they lack readiness for evolving standards, including environmental requirements.

Because prioritization is closely linked to industrial transformation objectives, it is typically embedded in national industrial strategies. Effective prioritization links strategy with implementation by aligning investment promotion, incentives, spatial policies such as industrial parks and SEZs, and complementary measures in skills, infrastructure and innovation. Investment policy plays a key role in operationalizing these priorities, particularly through investment promotion, facilitation and the development of project pipelines. Policy coherence is strongest when the same priorities are applied consistently across industrial, investment and trade policy instruments.

Countries apply different approaches to operationalizing investment-related sector prioritization depending on their development stage, institutional capacity and industrial structure (box III.14). Evidence from the UNCTAD IPA survey (see box III.1) suggests that these differences lie less in whether formal frameworks exist than in how selectively they operate in practice. Alignment with national development plans is almost universal, and both developing- and developed-economy IPAs report using about six criteria on average when identifying priority sectors. Yet priority sector lists tend to be broader among developing-economy IPAs, especially in LDCs. This suggests that the central challenge is not simply to define priorities, but to apply filters that are sufficiently selective to narrow broad development objectives into a limited set of investible opportunities.

The implementation of such prioritization frameworks is also shaped by fiscal constraints, political economy pressures, institutional fragmentation and administrative capacity, factors that often determine what can realistically be achieved and that often require targeted capacity support,

Effective prioritization is **selective, realistic and matched to institutional capacity**

Box III.14
Strategic prioritization: Selected country examples

Countries use different approaches to operationalize investment-related sector prioritization. The examples here illustrate how governments translate strategic prioritization frameworks into investment promotion strategies, incentive regimes and project pipelines.

In **Thailand**, the industrial strategy under the Thailand 4.0 framework seeks to shift the economy towards innovation-driven growth. The strategy identified 10 targeted industries, later updated to 12, based on the "S-curve" concept of industrial development, distinguishing between sectors to be upgraded and new sectors to be developed. The First S-curve includes established industries such as next-generation automotive, smart electronics and biotechnology, while the New S-curve focuses on emerging sectors such as robotics, digital industries and advanced healthcare services. Implementation relies heavily on investment policy instruments. The Board of Investment (BOI) provides differentiated incentives linked to technology intensity and activity type, while the Eastern Economic Corridor offers enhanced benefits for investors in targeted sectors, including regulatory sandboxes, extended land leases and additional tax incentives.

In **Türkiye**, the Technology Focused Industrial Movement (HAMLE) programme uses a quantitative multidimensional prioritization methodology published in the Official Gazette. In 2021, the Ministry of Industry and Technology selected 919 priority products across seven manufacturing sectors – chemicals, pharmaceuticals, medical devices, computers, electronics and optics, electrical equipment, machinery and transport equipment. Selection criteria include technology intensity, import dependency, product complexity and proximity to existing capabilities, export potential, domestic production capacity and value chain linkages, market concentration, value added per unit of investment and trading partner concentration (as a proxy for supply risk). The list is regularly updated and, by early 2026, covered 1,126 priority products, 414 technology areas and 34 critical minerals. HAMLE translates these priorities into an investment pipeline through thematic calls, offering firms coordinated support that combines investment incentives, R&D funding and SME instruments. The programme also aligns with the country's FDI promotion strategy, which targets "quality FDI" in areas such as green and digital investment, value chain–linked and knowledge-intensive projects, and higher-end services.

In **Rwanda**, the Industrial Policy (2024–2034) illustrates a prioritization approach tailored to a capacity-constrained context. Recognizing limited fiscal and institutional resources, the Government adopted a structured "opportunity versus feasibility" framework to identify a small number of priority subsectors. The process began with a long list of candidates derived from product-space analysis and was followed by detailed assessment based on market opportunity, feasibility and stakeholder consultations, which generated an opportunity score and a feasibility score for each option. The scoring results were then discussed in a consultative workshop, including a voting element, to agree on priority subsectors. The policy distinguishes "focus subsectors" from longer-term "strategic bets" and signals an intention to revisit and adjust targeting over time. To operationalize it, the policy assigns a central role to the Rwanda Development Board in driving investment attraction to the selected focus subsectors and in advancing flagship projects aligned with priorities. It also describes moving towards more targeted, condition-based incentives, explicitly linked to the needs of each priority subsector and even to different steps in their value chains.

Source: UNCTAD, based on official documents and governmental websites.

including from international institutions.[14] Key considerations for sectoral prioritization for investment include the following:

a. Use structured, data-informed prioritization frameworks

Apply diagnostics and multi-criteria assessment frameworks to identify priorities based on capabilities, market opportunities, feasibility, exposure to shocks and development impact. Transparent methodologies help strengthen credibility, manage political economy pressures and enable prioritization frameworks to be updated as capabilities and external conditions evolve.

b. Define specific and feasible opportunity areas

Move beyond broad sector labels to identify concrete activities, value chain functions, locations or clusters where investment is plausible and realistic given existing capabilities, institutional capacity and resources. This level of granularity helps reveal differences in investment requirements, spillover potential and feasibility, and translate priorities into operational instruments. In lower-capacity settings, this can start from existing capabilities, export performance and consultations with firms and IPAs. The aim is to focus scarce policy and facilitation resources on removing binding constraints to investment and identifying the complementary policy reforms and investment promotion strategies needed to make targeted activities viable. More ambitious activities may require gradual sequencing and ecosystem development to proceed hand in hand.

c. Align sector priorities across policy instruments and institutions

Operationalizing priorities requires policy coherence across industrial, investment, trade and STI instruments, with incentives, spatial policies, investment promotion, skills systems, innovation support, standards policies and regulation consistently supporting the same strategic activities. This also requires coordination among IPAs, trade authorities, industrial policy bodies, STI institutions and sector regulators. Without this alignment, prioritization risks remaining symbolic rather than shaping actual investment outcomes.

2. Industrial policy amid fiscal asymmetries

A central policy challenge is to use limited fiscal resources in ways that improve investment viability, reduce bottlenecks and raise the development impact of FDI. This calls for a fiscally realistic approach to industrial policy, focused on enabling capabilities, better-governed incentives and catalytic instruments that crowd in private investment rather than substitute for it. It also requires a shift in emphasis – from competing for investment volume through costly incentives to competing for investment that supports innovation, domestic linkages, employment, skills development and export upgrading – a long-standing emphasis of UNCTAD's development-oriented approach to industrial policy, ever more relevant in the current context (UNCTAD, 2016; UNCTAD, 2018a).

[14] UNCTAD, through its Investment Policy Reviews, has often assisted countries in identifying specific opportunity areas for investment. The United Nations Development Programme supports the identification of priority investment sectors aligned with the Sustainable Development Goals through initiatives such as the SDG Investor Map, which uses country-level market intelligence to pinpoint commercially viable investment opportunities that advance national development and sustainability goals. The United Nations Industrial Development Organization also provides assistance to developing countries, including LDCs, in structured, evidence-based prioritization through its Industrial Country Diagnostics methodology and its DIVE (Diversifying Industries and Value Chains for Exports) tool. Finally, the World Bank's investment climate unit provides technical assistance to countries in identifying nearshoring investment opportunities by utilizing data on FDI and global value chain trends, including trade and FDI statistics, competitive sector benchmarking and investor surveys.

In this setting, industrial policy cannot be treated separately from investment, trade and STI policy. FDI will contribute to structural transformation only where investment attraction is linked to national industrial priorities, market-access conditions, and employment generation objectives, as well as supplier development, skills formation and innovation capabilities. This is particularly important in strategic and technology-intensive sectors, where the benefits of foreign investment depend on domestic absorptive capacity and on linkages between foreign affiliates, local firms, research institutions and training systems. It also applies to sectors linked to climate mitigation and adaptation, where industrial and investment policies can support employment and the development of local capabilities in areas such as clean energy, low-carbon production and climate-resilient infrastructure. Policy approaches to achieve such objectives are described in the following subsections.

a. Focus scarce resources on enabling capabilities that reduce investment bottlenecks

Under tight fiscal conditions, public resources are best directed to binding constraints that affect investment, such as infrastructure gaps and other productivity-enhancing public inputs, rather than toward large firm-specific subsidies (Juhász, Lane and Rodrik, 2024; IMF, 2023a). Recent practical guidance on industrial policy similarly suggests that countries with more limited resources may need to start with less fiscally and institutionally demanding measures – such as industrial parks, skills development, market access support and quality infrastructure – before moving towards more complex or costly instruments including public procurement, tailored financial incentives or large-scale subsidies (Fernandes and Reed, 2026).

Investment in enabling capabilities can strengthen the overall investment environment and increase the attractiveness of a country overall. Such enabling measures, however, can still be targeted. By focusing on the common constraints facing selected sectors, value chains or locations where a country has a strategic interest or an emerging competitive strength, governments can support investment in a more incremental and fiscally sustainable way.

In a more turbulent investment environment, enabling capabilities can also serve as risk reduction assets. Reliable and verifiable access to low-carbon electricity is a case in point. It is becoming a key factor in the location of data centres, materials processing and advanced manufacturing activities, as firms seek to meet decarbonization commitments and regulatory requirements in their home or export markets. Several developing countries are therefore seeking to leverage the availability of renewable energy to attract energy-intensive and digital investment (box III.15).

Innovation and technology ecosystems are another important enabling factor. In higher-technology segments, public support can be especially effective in attracting investment when it can reduce risks related to testing, deployment, compliance and commercialization through instruments such as pilot facilities, shared laboratories, standards infrastructure and regulatory sandboxes (box III.16).

Skills systems are equally critical. Governments can address shortages in technical and managerial capabilities through demand-driven training programmes, targeted scholarships in technical fields and collaborative training centres linked to priority sectors.

Finally, standards and interoperability are an important part of the enabling environment for investment (World Bank, 2025). Alignment with relevant technical, digital and quality standards can reduce fragmentation, lower compliance costs, support interoperability across systems and regulatory frameworks, and strengthen participation in cross-border production networks.

Box III.15
Clean power as a resilience and locational advantage: Country examples

Countries with reliable and affordable low-carbon power can strengthen their position in investment decisions shaped by energy security, carbon-related market requirements and supply chain resilience, as illustrated by the following examples.

Indonesia is promoting "green industrial parks" as part of its downstream industrialization strategy. It is also beginning to channel new public financing into greener downstream activities, including a nickel processing hub, announced with Chinese recycler GEM, that aims to operate as a green industrial estate with a net-zero emissions target.

Kenya has a renewable-heavy electricity system, with nearly 90 per cent of generation coming from renewable sources, led by geothermal power. This gives the country both a cost and a credibility advantage in attracting digital infrastructure investment. Kenya has already secured large-scale projects, including a $1 billion investment package that includes a geothermal-powered data centre.

Morocco's renewable energy targets and decarbonization commitments, combined with arrangements that give firms access to dedicated renewable electricity, have helped position the country as an attractive location for battery materials and cell manufacturing. At Jorf Lasfar, the CNGR–Al Mada joint venture COBCO plans to increase the share of green electricity in its operations to 80 per cent in 2025 and 100 per cent by the end of 2026. In Kénitra, Gotion's gigafactory project is linked to a dedicated renewable supply arrangement, including a 500 MW wind project with 2,000 MWh of battery storage.

Türkiye is linking renewable energy expansion with battery storage, so that new capacity in wind and solar comes with built-in flexibility. By June 2024, pre-licensed renewable projects with co-located battery storage had reached about 32 GW, pointing to a growing pipeline of more reliable clean power for high-uptime investors such as data centres, advanced manufacturing and electric vehicle-related industries.

Source: UNCTAD, based on official documents and governmental websites.

Box III.16
Innovation-enabling capabilities as a locational advantage: Country examples

Chile combines public support with industrial test environments and challenge-based innovation funding. In mining, pilotage centres allow firms to test equipment and processes under operational conditions, helping validate technologies, generate reliable performance data and reduce deployment risk. Through CORFO, Chile's economic development agency, challenge-based calls financed by lithium royalties have also helped to steer innovation in mining. These calls cover up to 80 per cent of project costs and support solutions with spillover effects beyond a single firm.

Kenya has focused on digital innovation infrastructure and regulatory experimentation. Konza Technopolis is being developed as an innovation hub and host for national digital infrastructure, with the aim of supporting investment in the digital economy. Kenya has also used a regulatory sandbox in the information and communications technology sector to provide a controlled environment in which emerging products can be tested before being fully exposed to existing regulatory requirements.

Nigeria has used regulatory frameworks to reduce uncertainty for innovative firms.

Under the Startup Act and related central bank frameworks, sandboxes allow start-ups to test products with real users in a controlled setting before facing the full burden of regulation.

Thailand combines targeted investment support, test environments and institutional innovation. It has extended the sandbox approach beyond product regulation to include skills and training, allowing universities and firms to co-design specialized programmes for sectors such as semiconductors. Sandbox arrangements in the Eastern Economic Corridor support innovation testing in strategic industries.

Source: UNCTAD, based on official documents and governmental websites.

b. Use targeted and performance-based incentives

Despite recent reforms to streamline incentives and favour expenditure-based ones in some developing countries (chapter II), many developing countries, particularly in Africa and Asia, continue to rely heavily on profit-based incentives such as tax holidays (UNCTAD, 2022b). Broad tax holidays or generalized exemptions often generate limited developmental benefits relative to their fiscal cost, particularly when they support investments that would have taken place even in their absence.

A more effective approach is to rely on targeted, capped and performance-based incentives, linked to specific development outcomes, such as job creation, training, innovation, research and development or domestic value addition. Expenditure-based incentives – including tax credits for research and development, training subsidies or accelerated depreciation for specific investments – are often better suited to this purpose because they tie support to verifiable spending or performance and reduce the risk of windfall gains for investors. Several countries (such as Bhutan, Senegal and Viet Nam) are therefore shifting from broad tax holidays toward more selective incentive regimes tied to sectoral priorities, upgrading objectives and measurable commitments (box III.17).

Location-based incentives can also play an important role when they support regional development objectives, but only if they are carefully targeted and coordinated with infrastructure and skills policies. Stronger governance is also essential. Transparent eligibility criteria, monitoring mechanisms and periodic evaluations can help ensure that incentives remain aligned with development priorities and that ineffective programmes are adjusted or phased out. Finally, better fiscal management of incentive regimes can itself help create fiscal space that can be redeployed through more targeted and transparent industrial policy instruments, including direct support for R&D, training, fixed investment, supplier development and other capability-building activities.

c. Mobilize catalytic public finance

In a more uncertain and fragmented investment environment, State-sponsored investment vehicles can serve as instruments of risk-sharing and investment coordination. Strategic investment funds, development banks and sovereign wealth funds can help mobilize private capital by structuring bankable projects, providing patient or blended finance, offering guarantees and supporting enabling infrastructure. For developing economies with limited fiscal space, such instruments can provide a more targeted alternative to broad subsidy competition, provided they are governed transparently, subject to clear mandates and assessed against additionality and development impact.

The catalytic role of public finance depends, however, on institutional capacity and balance-sheet strength. In many developing countries, domestic development banks,

Box III.17
Targeted and performance-based incentives: Country examples

Bhutan is shifting from broad incentives toward a more targeted regime aligned with sectoral priorities. The Fiscal Incentives Act 2021 links key tax benefits to approved priority activities, reserving income tax holidays for high-priority sectors and tying additional deductions to the employment and training of Bhutanese workers. This approach is anchored in the Industrial Development Roadmap 2025, which identifies priority sectors using economic, social, environmental and strategic criteria, including value addition, export potential, employment, sustainability and FDI attractiveness.

Senegal has complemented its general investment incentives with more targeted regimes linked to strategic policy objectives. Under the 2025 Investment Code, standard incentives are maintained, with duration differentiated by location, while two special regimes introduce more selective support. The Strategic Investment Regime targets projects based on criteria such as location outside Dakar, alignment with strategic sectors, export orientation or import substitution, and links approval to obligations on national skills, local inputs, quality standards, reporting, and technology and skills transfer. The Socially Responsible Investment regime links incentives to commitments with local authorities and contributions to local development, sustainability, equity and inclusion, including through local content and transfer obligations.

Viet Nam is aligning investment incentives with the green and digital transitions. Its Strategy for Foreign Investment Cooperation 2021–2030 prioritizes projects with stronger spillovers, including the use of Industry 4.0 technologies, high value added, links to global networks, environmental protection and domestic value creation. Recent reforms translate this into the incentive regime by moving away from automatic location-based tax holidays toward more sector- and policy-based targeting. The 2025 Corporate Income Tax Law removes industrial zones as a standalone basis for incentives, while special incentives and the Investment Support Fund provide more targeted support for R&D, training, fixed investment and social infrastructure, particularly in areas such as semiconductors and AI data centres.

Source: UNCTAD, based on official documents and governmental websites.

sovereign investment vehicles or guarantee institutions may have limited capacity to absorb risks and crowd in private investment at scale. In these contexts, partnerships with regional and multilateral institutions can help extend their catalytic role while supporting gradual institutional strengthening. Partnership-based instruments, such as co-investment, blended finance and risk-sharing arrangements can also help standardize governance, pool pipelines, distribute risk and mobilize larger volumes of private and foreign capital, including from larger sovereign wealth funds (box III.18).

Strong governance is essential to preserve the catalytic function of these institutions. Rigorous appraisal, transparency and accountability can reduce politicization and weak project selection, but their impact will remain limited unless broader structural bottlenecks are addressed.

Box III.18
Strategic investment funds and sovereign wealth funds as catalytic co-investors and de-risking platforms: Country experiences

Countries have used strategic investment funds and sovereign wealth funds not only to invest directly in infrastructure, digital, industrial and resource-based projects, but also to mobilize additional public and private capital through co-investment, platform structures, fund vehicles and risk-sharing instruments.

In **Indonesia** the Investment Authority, established in 2020 and operational from 2021, is a sovereign wealth fund and domestic investment platform capitalized through Government cash injections and transfers of State-owned enterprise shares. It focuses on sectors including transport and logistics, digital infrastructure, green energy, the blue economy, healthcare and advanced materials. The Authority uses direct co-investments, platform models and general partner/limited partner structures and has partnered with institutions such as the Development Finance Corporation (United States), Impact Fund Denmark, British International Investment and the Norwegian Investment Fund for Developing Countries. In digital infrastructure, it is participating with DayOne in the Nongsa Digital Park data centre campus in Batam. In 2024, the Investment Authority and co-investors disbursed about $1.2 billion, of which about $870 million came from co-investors.

India established the National Investment and Infrastructure Fund in 2015 with the Government as anchor investor. Its Master Fund pools capital for platform companies in sectors such as roads, railways, airports and waterways, while allowing sidecar co-investments. Institutional investors have included the Abu Dhabi Investment Authority and the United States International Development Finance Corporation. The Fund has also extended the platform model to digital infrastructure through a hyperscale data-centre platform with Digital Edge and AGP.

Morocco uses the Mohammed VI Investment Fund (FM6I), a State-owned strategic investment vehicle, supporting major projects and enterprises in sustainable infrastructure, industry, innovation, SMEs, agriculture and tourism. Its instruments include co-investment funds and quasi-debt structures, such as CapAccess, which combines subordinated debt with senior commercial bank lending. FM6I has also mobilized equity financing through selected fund managers, with total commitments of about $1.9 billion, including about $450 million from FM6I. Its partnerships include arrangements with the European Investment Bank, the International Finance Corporation and the African Development Bank for financing, technical assistance and risk-sharing.

Source: UNCTAD, based on official documents and governmental websites.

3. Managing national security concerns in an open investment environment

Heightened geopolitical tensions are reshaping the governance of foreign investment. In this context, how national security frameworks are designed and applied can play a growing role in shaping investment predictability and attractiveness. Countries that strike an appropriate balance between vigilance and openness will be better positioned to attract high-quality investment while safeguarding essential public interests.

Approaches differ across economies. Many developing countries manage

national security concerns mainly through sectoral bans and foreign equity caps, while developed economies increasingly rely on transaction-based screening mechanisms. This reflects differences in institutional capacity, fiscal space and risk exposure. For many developing economies, especially LDCs, replicating complex screening systems may be neither feasible nor necessary. Policy approaches should therefore remain proportionate to national risks and administrative capacity, focusing on clearly defined vulnerabilities while preserving openness to investment. A balanced approach should rest on the principles in the following subsections.

a. Define national security risks in a focused and pragmatic way

Effective management of FDI-related security risks begins with identifying a limited set of assets, capabilities or sectors where foreign investment could raise national security concerns. In many cases it may include defence-related technologies, critical infrastructure, sensitive data systems or certain strategic natural resources. A focused risk assessment helps ensure that national security measures remain proportionate and targeted. Not all sectoral restrictions or ownership caps, however, are driven by national security. Some reflect broader public interest objectives, including affordability, universal service, public service delivery, consumer protection or development strategy. These objectives may be legitimate and should not automatically be recast as security concerns. A clear distinction between security risks and other public interest objectives helps ensure that national security measures remain proportionate and targeted.

b. Apply proportionate and risk-based oversight

Oversight mechanisms should be calibrated to the level of risk involved. General sector bans or foreign equity caps are administratively simple but often blunt instruments, as they may exclude all foreign investors regardless of the actual risk profile of the transaction. At the same time, they may fail to capture risks arising from minority stakes, complex ownership structures or access to sensitive capabilities outside formally designated sectors.

Governments can instead focus scrutiny on higher-risk transactions, such as those involving acquisitions of significant control over sensitive assets, or access to critical infrastructure or data. Where risks can be addressed through tailored conditions, mitigation measures may be preferable to outright prohibitions. Conditional approvals can allow governments to safeguard critical interests while maintaining an open investment climate.

For many developing countries, comprehensive screening regimes may be administratively burdensome or disproportionate to a country's risk exposure. Targeted authorization procedures limited to predefined vulnerabilities and investor categories can offer a practical middle ground between blanket restrictions and full-scale screening systems (box III.19). Risk assessment can also be integrated into existing procedures, such as investment registration, sector licensing, competition review or company incorporation, with "flagging points" to route higher-risk cases to competent authorities without duplicating structures or creating parallel bureaucracies. The chosen model should clearly delineate roles, ensure coordination among agencies and avoid conflicts between investment promotion and security mandates.

c. Reform outdated IIAs and include carefully designed national security and denial-of-benefits provisions

Recent geopolitical tensions highlight the regulatory constraints and ISDS risks arising from the stock of outdated IIAs. It is important to accelerate their reform. Carefully crafted national security exceptions and denial-of-benefits clauses are important to safeguard the State's right to regulate in pursuit of legitimate security objectives, while maintaining legal certainty, preventing

Box III.19
Alternatives to comprehensive screening and equity restrictions

Flexible approaches can preserve policy oversight over sensitive assets while allowing transactions to proceed where risks are limited or can be mitigated. These include list-based authorization for controlled activities, designation of specific critical entities and narrowly scoped screening mechanisms. Although institutionally different, they all replace automatic exclusion with review, approval or conditional authorization. Some examples:

Lao People's Democratic Republic and Thailand: Authorization within negative list or controlled-activity systems

In the Lao People's Democratic Republic, investment outside the controlled business list generally proceeds through ordinary enterprise registration, while activities on the controlled list require review by relevant sector authorities and approval through the investment one-stop service or investment committee. In Thailand, the Foreign Business Act restricts foreign participation in listed activities and requires approval for certain businesses related to national safety or security, including defence-related activities and domestic transportation, while also covering other public-interest concerns.

Rather than operating comprehensive case-by-case national security screening, these countries rely on activity-based authorization requirements embedded in their broader investment law frameworks.

Singapore: Entity designation model focused on critical assets

The Significant Investments Review Act introduced a targeted mechanism centred on the protection of designated entities critical to national security. Review is triggered by changes in ownership or control or significant influence in designated entities, without a general sector-wide screening requirement or universal filing obligation outside the designated perimeter. This confines oversight to clearly identified vulnerabilities while preserving openness elsewhere.

Switzerland: Narrowly scoped screening limited to State-controlled investors

The country's Federal Assembly adopted an Investment Screening Act in 2025. Unlike most other developed countries' screening systems, the Act applies only to acquisitions of Swiss companies by foreign State-controlled investors, such as State-owned enterprises, sovereign wealth funds and State-linked entities. It is limited to defined sensitive and critical sectors and does not cover private foreign investors.

Targeted authorization should not be understood as a return to broad sectoral bans. When properly designed, it replaces bans with narrowly scoped, review-based oversight focused on clearly identified vulnerabilities. It can also incorporate mitigation and conditional approval mechanisms. In this way, it supports the broader objective of shifting from general restrictions towards proportionate, risk-based management of FDI-related security concerns.

Source: UNCTAD, based on official documents and governmental websites.

overly expansive interpretations and limiting potential exposure to ISDS claims, including for national investment screening decisions. These provisions can define the types of security-related measures that they encompass (e.g. measures taken in time of conflict, or domestic or international emergency); and can deny the benefits of the treaty to investors and investments owned or controlled by third country-registered entities (i) subject to coercive economic measures or (ii) in case of suspended diplomatic relations. Countries may also wish to closely monitor, and remain informed about, the rapidly evolving content of IIAs amid rising geopolitical tensions, ensuring for example that new security-related commitments such as investment screening mechanisms and outbound investment controls remain aligned with broader national development strategies.

4. Turning shocks into opportunities

When countries are exposed to trade or geopolitical turbulence, the policy challenge extends beyond managing immediate trade disruption. It also involves limiting the effects of uncertainty on investment decisions. Country experience suggests the following directions for policy action:

a. Prioritize retention and reinvestment during shocks

When shocks occur, the priority is to preserve ongoing projects, encourage reinvestment and prevent temporary uncertainty from becoming a permanent loss of investment. Policy responses should focus on viable firms facing temporary tariff, financing or supply chain pressures, using time-bound instruments such as credit guarantees, export credit facilities, working capital support, trade finance measures and targeted relief from debt servicing or compliance pressures (see examples in box III.11). Stronger aftercare, investor retention services and policy advocacy by IPAs can help identify operational constraints early, bring them to the attention of the relevant authorities and reduce the risk that uncertainty leads to cancelled expansions or lost reinvestment.

b. Reinforce the credibility of the location as a production base

In a more fragmented and compliance-sensitive international environment, investment retention and attraction depend increasingly on whether firms can source, produce and export from a location without exposure to origin-related scrutiny, transshipment concerns, export control risks or other forms of regulatory uncertainty. Clearer regulations and practical support on customs procedures, rules of origin, sustainability standards, traceability, due diligence and other market-access requirements can reduce uncertainty for investors and help prevent compliance shocks from disrupting production, exports or reinvestment. IPAs can complement these efforts by helping investors navigate changing trade policy and regulatory requirements, improving access to information, strengthening referrals to competent agencies, flagging recurring bottlenecks and facilitating links with qualified local suppliers where local sourcing or value addition is relevant to origin compliance.

c. Use disruption to reposition and upgrade investment within reconfigured value chains

External shocks can create opportunities for countries to reposition themselves as credible locations for scalable production within reconfigured value chains and to attract investment that is more resilient and more supportive of development. This requires reducing structural frictions that raise the cost, time and uncertainty of operating or expanding in the country.

SEZs, industrial parks and serviced industrial sites can help where they provide ready-to-use infrastructure, predictable

establishment procedures, efficient customs and logistics services, access to inputs and room for expansion. Their value lies not only in incentives, but also in reducing execution risk for investors seeking backup, complementary or alternative production locations. The country examples in box III.13 illustrate how location-based platforms, when combined with facilitation, supplier development services and market access strategies, can help translate supply chain shifts into concrete investment opportunities. Over time, embedding these investments through local supplier development, workforce upgrading and stronger service linkages can turn resilience-driven relocation into deeper participation in regional and global value chains.

IPAs can contribute to repositioning efforts through their established mandates in promotion, facilitation, aftercare and policy advocacy. They can help identify emerging opportunities, engage investors in relevant value chain segments, connect foreign firms with domestic suppliers and training institutions, and feed investor intelligence back into policy design and implementation.

5. Regionalization as a development lever

Against a backdrop of geopolitical tension and persistent uncertainty in global trade and investment regimes, and despite the uneven reorganization of international production, regionalization is being discussed as a possible pathway to mobilizing intraregional investment. The evidence presented in this chapter, however, suggests that regional investment patterns are evolving in a more nuanced and uneven way than often expected.

Regional and interregional integration through trade and investment frameworks can help strengthen economic resilience, expand productive opportunities and improve the position of developing countries within an increasingly complex global investment landscape, by creating more predictable investment environments, reducing transaction costs and connecting firms to wider markets, suppliers and logistics systems. However, infrastructure connectivity, efficient border management, trade and investment facilitation, and institutional coordination among neighbouring economies are essential to reduce the operational frictions that often discourage regional investment. Equally important is the development of productive capacity and supplier networks capable of linking foreign investment to domestic and regional firms. Without these conditions, regional integration risks remaining largely nominal, with limited effects on production integration or industrial upgrading. This approach is consistent with the long-standing vision at UNCTAD of developmental regionalism, which views regional integration not as an end in itself or as a matter of trade liberalization alone, but as a means to build productive capacities, infrastructure, industrial capabilities and regional value chains (UNCTAD, 2022a).

The following policy directions can help translate regional integration frameworks into tangible investment and development outcomes.

a. Ensure effective implementation of regional trade and investment agreements

Regional trade and investment agreements can be leveraged to preserve and strengthen economic cooperation when multilateral approaches face strain. They have become important instruments not only for liberalizing trade through market access, rules of origin and trade facilitation disciplines, but also for shaping the conditions under which investment takes place through protection, facilitation, promotion, cooperation and implementation mechanisms. These channels are distinct but complementary, and their relative importance varies according to the depth of economic integration. For regional IIAs to have a more

tangible effect, they should go beyond passive protection and include proactive provisions aimed at fostering intraregional investment, notably through stronger investment facilitation and promotion, structured cooperation between the parties, and commitments to improve domestic institutions and procedures, as well as home-country measures that encourage regional investment. In this context, it is important to scale up technical assistance for developing countries to support their capacity to negotiate, implement and monitor regional trade and investment agreements, ensuring that commitments are coherent with national investment and industrial strategies. Such assistance should also facilitate the systematic replacement of outdated BITs with modern regional frameworks that provide clearer, more balanced investment rules and reinforce resilient regional production systems during periods of global uncertainty.

b. Develop corridor-based regional production networks and supplier linkages

Regionalization is also shaped by the ability of cross-border spaces to function as integrated production locations. Corridors, border zones and corridor-linked industrial platforms can provide the physical and institutional infrastructure needed for firms to organize production across neighbouring economies. Evidence suggests that such initiatives are most effective when they combine transport connectivity with dedicated production space, customs facilitation, and coordinated investor services and support for cross-border production cooperation.

Regional transport, energy and logistics corridors are critical foundations for regional investment integration. Beyond facilitating trade, corridors can create investable nodes – including ports, dry ports, logistics hubs, industrial parks, border platforms and specialized zones – that concentrate infrastructure and services in locations capable of attracting investment. These spatial configurations allow firms to exploit complementarities in labour, resources and market access while reducing logistics and coordination costs. In South-East Asia, corridor-based industrial clustering has supported cross-border production networks linked to major manufacturing hubs. In Africa and other regions with fragmented national markets, emerging border zone initiatives point to the potential role of such spatial platforms in anchoring investment and fostering regional value chains.

The development impact of such initiatives, however, depends on the quality of infrastructure, the depth of policy coordination, the effectiveness of customs and administrative arrangements, and the extent to which enclave investments are linked to domestic and regional supplier networks. Where these conditions are weak, zones and corridors may remain transit spaces or isolated enclaves with limited upgrading effects.

Because regional integration alone does not automatically generate regional value chains, corridor development should be complemented by measures to strengthen regional supply networks and productive linkages. This can include supplier development programmes, regional business matchmaking platforms, cross-border industrial cooperation initiatives and partnerships between foreign investors and regional firms to help local suppliers meet quality, certification and logistics requirements. IPAs and development institutions can play an important role in facilitating such linkages. By combining corridor-based investment platforms with stronger regional supplier ecosystems, countries can deepen regional production systems, increase the development impact of regional investment and expand opportunities for firms across multiple economies within a region.

c. Use regional cooperation to build joint leverage and investment platforms

In an increasingly regionalized investment landscape, investors often assess locations not only at the country level but as part of broader production spaces. For many developing countries, especially those with relatively small domestic markets, a credible regional value proposition can therefore be essential to attract larger and higher-quality investment projects. Regional cooperation is most useful where it creates advantages that no country can offer alone: larger effective markets, connected production locations, more predictable rules and stronger bargaining power with investors.

This requires shifting the emphasis from generic regional investment promotion to practical regional investment platforms. Countries can cooperate to promote transport and logistics corridors, cross-border industrial zones, regional SEZ networks and shared infrastructure that allow firms to distribute production across neighbouring locations. They can also develop common or interoperable approaches to SEZ regimes, customs procedures, rules of origin, standards, investment facilitation and supplier development programmes. Such measures reduce transaction costs for investors and make regional production networks easier to organize.

Regional cooperation can also strengthen countries' negotiating leverage, especially where investors seek access to regional markets, infrastructure, energy systems or natural resource corridors. Coordinated approaches can help avoid a race to the bottom in incentives, improve the credibility of regional investment propositions and ensure that large projects generate benefits across more than one economy.

Regional promotion can complement national efforts where the investment proposition is regional rather than purely national. Joint outreach by IPAs or regional bodies can help present corridors, cross-border industrial zones, shared infrastructure and distributed supplier networks as integrated production platforms. Such efforts should not replace national investment promotion but provide a common narrative, investor information and coordinated outreach that help firms understand how the region can function as an integrated production platform. The examples in box III.20 illustrate how these functions can be combined in practice.

Box III.20
Regional investment promotion: Selected examples

The **Caribbean Association of Investment Promotion Agencies** (CAIPA), established in 2007, coordinates 24 IPAs and presents a single regional entry point for investors across the wider Caribbean. Its shared portal provides regional market intelligence and sector insights through investment booklets, country investment information, and UNCTAD–ICC (International Chamber of Commerce) iGuides and case studies, with a focus on high-growth sectors across the region, including high-tech, agribusiness, renewable energy, and logistics and transportation. CAIPA also supports its members with investment data, research and sector intelligence. CAIPA's work is complemented by Caribbean Export, with both institutions contributing to a broader regional investment promotion architecture. Within this wider ecosystem, the Caribbean Investment Forum 2025, organized by Caribbean Export, brought together more than 450 participants from 39 countries and showcased 12 investment-ready projects worth more than $80 million.

The **Common Market for Eastern and Southern Africa** (COMESA) Regional Investment Agency (RIA), launched in 2006 and headquartered in Cairo, serves as the investment promotion arm of the 21-member bloc. It markets COMESA and its Member

States as investment destinations, supports national IPAs through capacity-building and coordination, and connects investors with opportunities and public sector counterparts across the region. Its tools include international investment forums, roadshows in target markets, digital campaigns, a shared regional portal and the COMESA Interactive Investment Map. COMESA RIA also acts as a market intelligence hub through products such as the COMESA Investment Teaser of 350-plus opportunities, the *COMESA Investment Handbook*, Practical Guides to Doing Business in COMESA Member States, and the *COMESA Investment Report 2025*, prepared with UNCTAD. Its training activities have reached more than 1,000 officials through more than 60 workshops and 30 webinars.

The **East African Community**'s (EAC) Market Access Upgrade Programme (MARKUP), a joint effort with the European Union, supports SMEs in improving value addition, export competitiveness and market access, helping expand the pool of firms able to supply regional and international value chains; MARKUP II was launched in 2023 as a €40 million programme implemented in collaboration with the EAC Secretariat. In its first phase, MARKUP reached 37,819 SMEs, helped more than 115 firms generate $16 million in sales and exports, and attracted $1 million in investment for more than 70 small businesses. This effort is complemented by regional promotion tools, such as the *EAC Investment Guide*; the EAC Buyer-Seller Platform; a digital marketplace and supplier directory showcasing manufacturers, SMEs and service providers across the region; and the EAC Diaspora Desk, a one-stop source of investment information for diaspora investors.

In **ASEAN**, the Coordinating Committee on Investment, supported by the ASEAN Secretariat, anchors regional promotion efforts. Since 2012, the annual *ASEAN Investment Report*, prepared with UNCTAD, has provided a shared evidence base on FDI trends and themes including regional value chains, infrastructure, SME linkages and digitalization. More recently, ASEAN and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) launched the Regional Investment Promotion Action Plan 2025–2030, which aims to attract FDI in sectors with cross-border value chain potential, combining regional branding with country-specific value propositions. Initial priority sectors, selected through a region-wide assessment of FDI trends and potential and contribution to development objectives include carbon capture and storage, medical devices, biofuels and solar photovoltaic equipment. Implementation includes investor engagement with industry associations, sector-specific marketing materials, ESCAP-supported capacity-building for IPAs and the promotion of investment-ready projects through the ASEAN Investment Forum and regional investment website.

Source: UNCTAD, based on official documents and governmental websites.

E. Conclusion: The search for the commons

The analysis in this chapter shows that the global investment landscape is undergoing a structural shift. Cross-border investment is becoming more selective, concentrated and shaped by policy and geopolitical considerations. Growth is increasingly centred on technological and industrial domains linked to the digital and energy transitions, critical minerals, AI infrastructure, semiconductors and advanced technologies, many of which remain dominated by a small number of economies. At the same time, industrial policy is reshaping competition, supply chain reconfiguration is narrowing traditional industrialization pathways while opening selective entry points, and economic security and resilience are becoming more important determinants of location decisions.

For developing countries, this situation poses three broad and interrelated priorities. First, to identify realistic entry points into strategic and fast-growing segments of international production, while calibrating industrial policy choices to make them effective within fiscal and institutional realities. Second, to improve their position within the reconfiguration of global supply chains by strengthening investment facilitation, upgrading domestic productive capabilities and addressing security-related concerns in ways that do not undermine openness. Third, to turn current disruptions into opportunities through deeper regional integration, policy coordination and investment cooperation that can expand markets, strengthen resilience and support development.

The growing intersection between investment policy, industrial policy and national security considerations also risks creating a more complex and uneven investment environment, particularly for developing countries with more limited policy and institutional capacities. In this context, renewed attention to international cooperation remains essential. It can help preserve elements of a shared investment framework – a set of "commons", or areas of shared interest, where collective action can help preserve predictable conditions for cross-border investment even in a more geopolitically contested world.

Such cooperation can take multiple forms. Multilateral and regional institutions can support transparency in investment-related measures, facilitate dialogue on industrial policy developments and promote good practices in areas such as investment facilitation and responsible investment. Calls for stronger global policy coordination increasingly extend beyond macroeconomic management to include trade, investment, business conditions and private sector–led growth.[15] The participation of 129 countries in the Investment Facilitation for Development Agreement, is a case in point. In a context of heightened trade tensions, policy uncertainty and renewed geoeconomic concerns, the case for pragmatic forms of cooperation has become stronger. For developing countries, preserving a minimum level of predictability in the international investment environment remains critical.

Against this background, a realistic agenda for the commons could include several key and practical initiatives:

- First, a global monitoring mechanism to improve timely and comparable

[15] See Chair's Statement, Fifty-Third Meeting of the IMFC, press release 26/124, 17 April 2026, available at https://www.imf.org/en/news/articles/2026/04/17/pr26124.

reporting on policy measures that affect cross-border investment. The growing use of trade, industrial and economic security measures is increasingly shaping investment decisions, altering market access conditions and influencing the reconfiguration of global value chains, particularly in strategic and technology-intensive sectors. Tariffs, subsidies, local content requirements, screening mechanisms and other access or security-related measures can have significant direct and indirect effects on international investment flows, yet information on these measures remains fragmented and unevenly available. Building on existing monitoring efforts, including the UNCTAD Investment Policy Monitor, international cooperation could strengthen transparency by systematically tracking and classifying investment-relevant measures across trade, industrial and economic security domains, covering both supportive and restrictive instruments. For developing economies, improved transparency would help anticipate external policy shifts, adapt national investment and industrial policy frameworks, reduce uncertainty and engage more effectively in international negotiations.

- Second, policy guidelines and principles for security-related investment measures could support greater clarity and proportionality in their implementation. These could include clearer definitions of sensitive activities, transparent procedures, proportionality, confidentiality safeguards, reasonable review timelines, and mechanisms for reporting and periodic reassessment, as well as best practices on the inclusion of national security exceptions in IIAs and the avoidance of investor–State dispute settlement based on national security measures. Such cooperation would not imply convergence on national security priorities; rather, it would help ensure that legitimate security concerns are addressed through approaches that are predictable, targeted and less distortive for investment flows.
- Third, multilateral development banks, development finance institutions and export credit agencies could strengthen joint project preparation and risk-sharing platforms for productive investment in developing countries. Such platforms could support bankable projects in areas such as industrial infrastructure, renewable power for industry, transport and logistics, digital connectivity, supplier upgrading and selected strategic processing activities. Better coordination among public financial institutions would help mobilize private investment in sectors where development needs are high, but project risks remain difficult to absorb.
- Fourth, regional frameworks, regional trade agreements, or specialized regional bodies working on standards, testing, trade facilitation, customs digitalization or supplier matching could establish facilities for supplier upgrading and standards support to help domestic firms connect to reconfigured production networks. In many developing economies, the main constraint is not the absence of investor interest alone, but the limited readiness of local firms to meet certification, quality, traceability, digital and logistics requirements. Regional support mechanisms focused on standards, testing, customs digitalization, trade facilitation and supplier matching could help turn regional integration into a more effective platform for attracting and embedding investment.
- Fifth, efforts to reform international investment agreements should accelerate, particularly in relation to essential security interests and policy space for sustainable development. As security-related policies become more prominent, the gap between old-generation treaty provisions and current policy realities is likely to widen. Reform efforts can help preserve legal certainty while ensuring that countries retain sufficient flexibility to address legitimate public policy

concerns, including national security, resilience and structural transformation.

- Sixth, global investment partnerships could help structure cooperation between home and host countries in evolving supply chains, especially in strategic sectors such as critical minerals, energy transition technologies, digital infrastructure, AI and selected manufacturing activities. The platform would provide a practical space for policy dialogue, technical assistance and partnership design, helping align the security-of-supply objectives of capital-, technology- and market-source countries with the development priorities of host economies, including local value addition, supplier upgrading, skills development and industrial diversification. For developing countries, such a mechanism could strengthen capacity to engage with home-country industrial strategies, identify realistic areas of complementarity, improve policy and regulatory frameworks, and negotiate more balanced investment partnerships. For home countries, it could support more reliable, diversified and sustainable supply chains by helping address host-country constraints that limit investment feasibility. To operationalize this approach, at the 9th World Investment Forum, UNCTAD will bring together home and host countries, investors and development partners to identify bankable opportunities, address policy and capacity constraints, and support more development-oriented supply chain partnerships.

International development institutions can support this agenda through technical assistance and capacity-building. This includes helping countries identify realistic strategic priorities, design coherent investment and industrial policies, strengthen investment governance, improve the business environment and build domestic capabilities to connect local firms with regional and global value chains. Such support is especially important for countries with limited fiscal space and institutional capacity, which face the greatest risk of being bypassed by current investment shifts.

Ultimately, the search for the commons reflects the need to preserve sufficient areas of cooperation and shared rules to allow international investment to continue supporting development, technological diffusion and economic diversification. By combining pragmatic national strategies with renewed international cooperation, the evolving global investment landscape can remain a source of opportunity for developing economies rather than a driver of further fragmentation.

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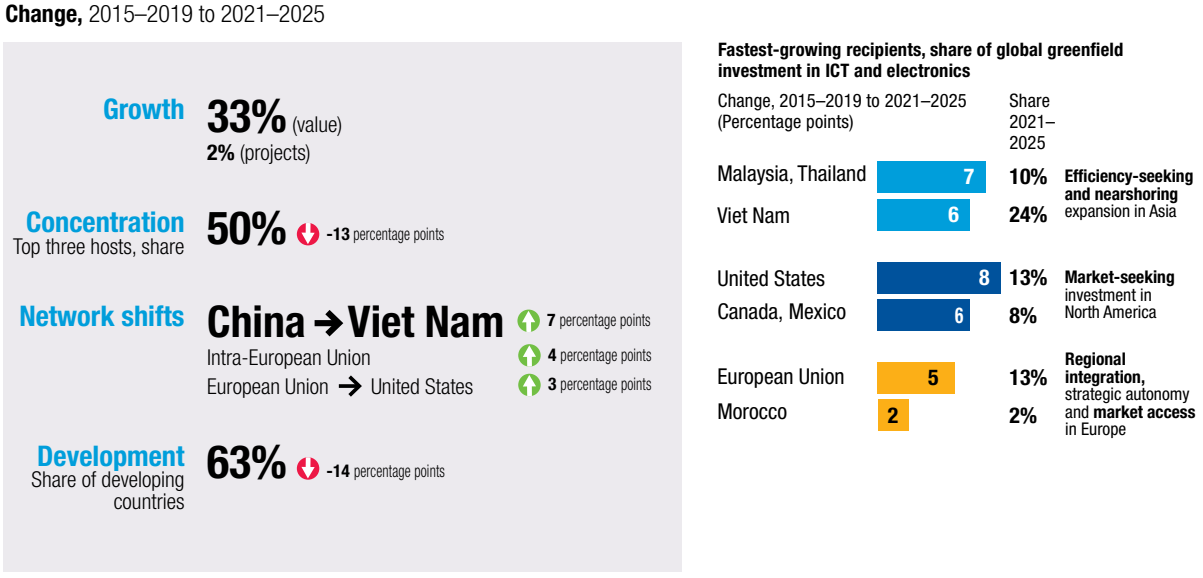
Annex A. Sectoral dynamics: Deep dives

A.1. ICT and electronics: Strong growth combined with geographic diversification

International investment patterns point to a gradual diversification away from China towards a wider set of production locations and regional manufacturing systems (annex figure A.1.1). The share of global greenfield investment in ICT and electronics going to China declined sharply between 2015–2019 and 2021–2025, while new hubs gained importance across Asia, Europe and North America. In Asia, production is shifting towards alternative manufacturing hubs, with ASEAN countries, particularly Viet Nam, and India gaining prominence.[1] In North America, investment is strengthening within integrated production systems, with Mexico consolidating its role as a manufacturing platform linked to the United States. In the European Union, investment is

Annex figure A.1.1
Rebalancing from China is spreading across multiple production systems
Value of cross-border greenfield projects in ICT and electronics manufacturing (excluding strategic sectors)



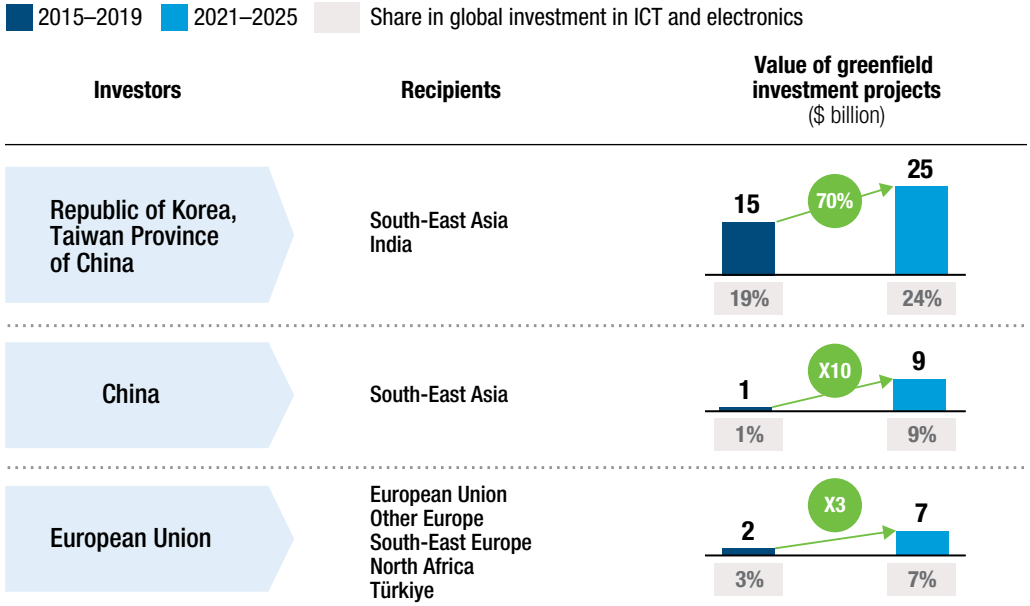
Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Abbreviation: ICT, information and communication technologies.

[1] Reuters, Apple moving to make most iPhones for U.S. in India rather than China, source says, 25 April 2025; Reuters, Foxconn sends 97% of India iPhone exports to U.S. as Apple tackles Trump's tariffs, 13 June 2025; Reuters, After SpaceX's requests, Taiwanese suppliers move manufacturing abroad, sources say, 6 November 2024.

concentrating within established European production networks while extending into nearby lower-cost locations, including parts of South-East Europe and North Africa.

These shifts reflect the growing importance of regional supply chains and nearshoring dynamics (annex figure A.1.2). Production is increasingly organized within investor-specific regional systems rather than globally dispersed networks. For developing countries, this creates selective entry points for those able to plug into these systems – but leaves limited space outside them.

Annex figure A.1.2
Nearshoring systems are becoming more important
Value of cross-border greenfield projects in ICT and electronics manufacturing (excluding strategic sectors)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

A.2. Transport equipment (including electric vehicles): Decline in traditional manufacturing and rapid expansion in electric vehicles

In traditional automotive, international production is contracting and consolidating around major markets, particularly in Europe and North America. Mexico and the United States are strengthening their roles within an integrated production system, with Mexico consolidating its position as an export platform linked to the United States market.

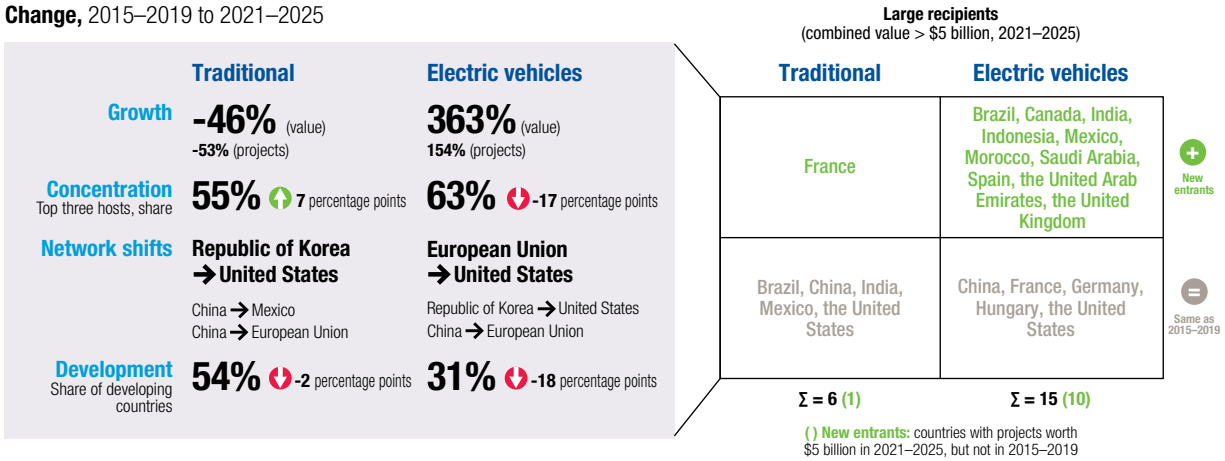
International investment in electric vehicles, by contrast, is expanding and spreading across a wider set of locations (annex figure A.2.1). The United States has emerged as the leading destination. Europe is also attracting significant investment in batteries and components, particularly in selected countries such as Hungary and Spain. New investment locations are also emerging across all developing regions, including Morocco in Africa, India in South Asia, Brazil in South America, and Saudi Arabia and the United Arab Emirates in West Asia,

reflecting a mix of market-seeking, resource-linked and supply chain–driven strategies.[2]

For developing countries, this divergence creates a widening gap. In traditional automotive, entry opportunities are limited and largely confined to existing production systems. In electric vehicles, opportunities are broader but more selective, requiring not only market size and policy support but also technological capabilities, industrial infrastructure, skills and integration into evolving value chains. The experiences of Morocco and Thailand illustrate how developing economies can use targeted industrial policy, investment facilitation and capability-building measures to position themselves in emerging value chains for electric vehicles.

Annex figure A.2.1
The transition to electric vehicles is expanding international investment to new production hubs

Value of cross-border greenfield projects in transport equipment manufacturing (including electric vehicles)



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

For **Morocco**, entry into electric vehicle battery manufacturing reflects a long-term industrial strategy rather than a one-off incentives package. Over two decades, the National Pact for Industrial Emergence and the Industrial Acceleration Plan have helped build an export-oriented automotive platform based on serviced industrial land, free zone incentives, supplier development and dedicated training institutions. The 2022 New Investment Charter added performance-based support and a strategic project mechanism for large investments. Together, these measures helped create the supplier base, workforce and industrial infrastructure that underpinned the 2024 fast-tracking of a major gigafactory for electric vehicle batteries in the Rabat–Salé–Kénitra region. The project involves an initial investment of about $1.3 billion, with planned expansion from 20 GWh to 100 GWh and potential total investment of about $6.5 billion, signalling the country's ambition to move from vehicle assembly into battery cell production.

In **Thailand**, the electric vehicle strategy combines targeted incentives with a broader industrial policy aimed at building domestic capabilities. Its 30@30 target, which seeks

[2] International Energy Agency (IEA), Global EV Outlook 2025, chapters "Electric vehicle batteries" and "Trends in electric car markets"; Reuters, Gotion High-Tech Morocco gigafactory to start production in 2026, 7 June 2024; Reuters, U.S. government confirms Tesla and LG Energy Solution's $4.3 billion battery deal, 17 March 2026; Reuters, Chinese carmaker GAC plans Brazil production from 2027, 18 March 2026.

30 per cent zero-emission vehicle production by 2030, provides a clear signal to investors, while building on the country's established automotive base, supplier networks and export-oriented infrastructure. Under Thailand 4.0 and the Eastern Economic Corridor, the Government has supported electric vehicle investment through cluster development, logistics infrastructure, dedicated industrial zones and streamlined facilitation. More recently, this framework has been reinforced by the introduction of the Thailand FastPass system, approved in November 2025, to speed up investment approvals across key agencies. Promotion by the BOI has also been extended to hybrids, plug-in hybrids and hydrogen-related activities. At the same time, skills and linkage initiatives, including the Electric Vehicle–Human Resource Development programme and the BOI Unit for Industrial Linkage Development Programme, aim to help Thai firms and workers move into higher-value segments. Fiscal incentives remain important (e.g. tax holidays, duty exemptions, subsidy schemes linked to local production and local content–based tax reductions) but are embedded in a wider effort to link electric vehicle investment more closely to the domestic economy.

A.3. Life sciences: Highly concentrated growth

A small number of cross-border links dominate global investment in life sciences, particularly between the United States and Europe, alongside strong intra-European investment and selected links with other advanced hubs such as Japan (annex figure A.3.1). These dense investment linkages reinforce the concentration of high-value activities connected to pharmaceutical production within a relatively small number of established innovation centres. These locations combine scale, strong regulatory systems, advanced manufacturing standards and R&D capabilities, raising entry barriers and reinforcing cumulative advantages.

Outside this core, diversification remains limited and highly selective. Only a few locations –notably Costa Rica and Singapore – are attracting investment as specialized pharmaceutical hubs, supported by strong regulatory frameworks and targeted policies.

For developing countries, this pattern highlights a structural gap. Limited capacity to attract investment in pharmaceutical manufacturing constrains the ability to move from dependence on imported medicines towards more resilient and locally anchored production systems. In regions such as Africa, this reinforces external dependence and poses major risks to health security. Bridging the gap requires targeted investment policies, stronger regulatory systems and coordinated efforts to build viable manufacturing ecosystems. It also depends on broader international efforts to facilitate technology transfer and local capability-building, as recent debates on vaccine production and health security have highlighted (UNCTAD, 2025b; 2025c).

A.4. Materials and industrial manufacturing: Diversification across new industrial locations

International investment is shifting from a narrow set of established production hubs towards a wider range of industrial locations (annex figure A.4.1). This expansion is opening new roles within global production systems, particularly in economies combining industrial scale, processing capacity, resource endowments or strategic market access.

India is emerging as a central industrial base, while Egypt and Kazakhstan are gaining traction as processing and gateway

Annex figure A.3.1
International investment in life sciences is highly concentrated among advanced economies

Value of cross-border greenfield projects in life sciences manufacturing (excluding strategic sectors)

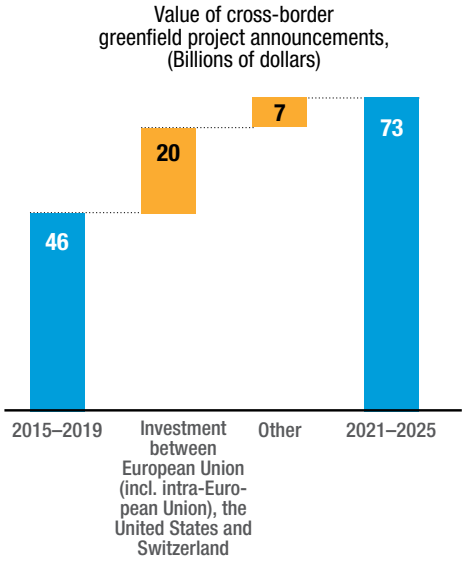
Change, 2015–2019 to 2021–2025

Growth **59%** (value)
-17% (projects)

Concentration Top three hosts, share **74%** ↑ **13** percentage points

Network shifts
United States → European Union ↑ **7** percentage points
Intra-European Union ↑ **6** percentage points
Switzerland → United States ↑ **4** percentage points

Development Share of developing countries **29%** ↓ **-9** percentage points



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Annex figure A.4.1
Offshore diversification opens new industrial entry points

Value of cross-border greenfield projects in materials and industrial manufacturing (excluding strategic sectors)

Change, 2015–2019 to 2021–2025

Growth **-14%** (value)
-31% (projects)

Concentration Top three hosts, share **36%** ↓ **-7** percentage points

Network shifts
European Union → India ↑ **10** percentage points
China → Kazakhstan ↑ **6** percentage points
Hong Kong, China → Indonesia ↑ **5** percentage points

Development Share of developing countries **67%** → **0** percentage points

Top three recipients

Main investors		Share in value of investor's outward greenfield projects, 2021–2025 (Established / Emerging)	Change from 2015–2019 (Percentage points)
China (incl. Hong Kong, China)	Indonesia	23%	1
	Kazakhstan	33%	19
	Egypt	20%	18
European Union	United States	15%	-5
	European Union	14%	1
	India	35%	26
United States	European Union	22%	11
	Canada	34%	33
	Mexico	9%	6

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Note: Investors are ordered by their value of outward investment in material and industrial manufacturing in 2021–2025, from largest to smallest.

platforms, alongside Mexico as a bridge into North America. Chinese investment is playing a major role in this shift, expanding and diversifying across new locations. Overall, restructuring in this sector remains predominantly offshore rather than regional.

For developing countries, the geography of international investment is widening but entry points remain selective. Opportunities are concentrated in specific industrial functions – processing, large-scale manufacturing or market-linked production – and depend on a clear alignment with investor strategies. Countries that combine scale, resources or access to major markets are attracting investment, while others face growing barriers to entry.

A.5. Agribusiness: Contraction and increasing concentration

International investment remains focused on major consumer markets, with limited geographic reconfiguration. Mexico, the United States and the European Union dominate as destinations, reflecting market size and established supply structures. Much of the observed shift reflects a sharp decline in investment to the Russian Federation, rather than the emergence of new investment hubs.

Agribusiness is one of the main manufacturing entry points for low-income countries, but this role is eroding. While the sector accounts for a large share of inward investment in low-income countries, their participation in global agribusiness FDI remains small and declining (annex figure A.5.1).

In Africa, this decline is compounded by weakening intraregional investment, pointing to reduced dynamism in regional value chains. Opportunities are largely confined to agroprocessing and input-related activities serving domestic and regional markets, and remain concentrated in a small number of countries, including for example Ethiopia and Ghana.

Realizing these opportunities requires targeted investment policies, stronger agroprocessing capacity, improved infrastructure and deeper regional integration to support more resilient food and production systems (see for example UNCTAD, 2020).

Annex figure A.5.1
Agribusiness is becoming a narrower entry point for low-income countries
Value of cross-border greenfield projects in agribusiness (excluding strategic sectors)

Change, 2015–2019 to 2021–2025

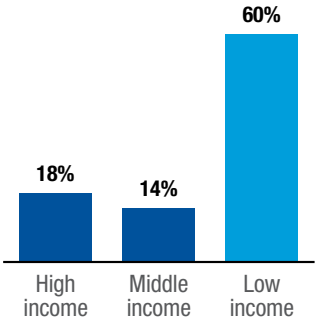
Growth **-17%** (value)
-32% (projects)

Concentration
Top three hosts, share
41% ↑ **6** percentage points

Network shifts
European Union → United States ↑ **4** percentage points
United Kingdom → United States ↑ **3** percentage points
Japan → United States ↑ **2** percentage points

Development
Share of developing countries
55% ↓ **-2** percentage points

Share of agribusiness in total inward investment,
by income group, 2015–2025



Share in total investment in agribusiness
by group, 2015–2019 and 2021–2025

Low income	**6% → 3%**
Africa	**17% → 11%**
Intra-Africa	**6% → 3%**

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Annex table 1
FDI flows, by region and economy, 2020–2025
(Millions of dollars)

Region/economy	FDI inflows						FDI outflows					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
World[a]	862 642	1 777 123	1 437 432	1 320 858	1 531 691	1 624 259	465 177	1 884 784	1 535 101	1 227 404	1 651 395	1 863 570
Developed economies	233 134	886 589	517 962	463 026	649 117	723 464	82 944	1 381 379	991 168	724 747	1 070 077	1 190 768
Europe	51 623	332 169	-1 242	57 314	204 338	284 928	-143 029	802 839	319 834	216 209	448 226	638 497
European Union	39 133	291 511	-17 952	-7 077	230 955	164 254	-10 777	713 620	269 009	23 299	457 674	495 904
Austria	-9 679	18 296	17 019	8 537	14 699	-7 562	8 109	25 509	16 046	17 765	14 580	-1 234
Belgium	9 918	1 671	14 528	27 509	-13 874	-26 793	18 418	30 298	30 416	22 370	32 656	-18 584
Bulgaria	2 641	1 357	3 959	4 466	2 593	3 584	272	347	950	472	766	269
Croatia	201	5 093	3 903	3 335	4 214	3 077	27	790	-404	1 304	2 483	-306
Cyprus	-83 284	12 180	3 419	-7 039	496	4 983	-105 572	6 767	-2 304	-13 171	-7 521	-6 235
Czechia	9 411	9 051	9 248	9 416	9 267	9 769	2 990	7 734	5 675	5 970	8 632	7 516
Denmark	3 879	8 552	4 394	18 135	12 997	900	12 195	29 035	3 747	21 406	25 589	35 631
Estonia	3 605	81	849	4 465	852	43	305	-1 013	968	1 494	710	836
Finland	-1 579	13 290	6 507	6 465	4 577	1 841[c]	5 856	9 156	15 058	5 470	8 207	9 635[c]
France	11 359	32 663	82 263	42 146	41 527	21 908	21 862	53 641	71 770	81 796	42 670	57 156
Germany	64 391	73 166	42 090	68 996	20 876	74 272	38 434	160 831	125 820	89 314	45 672	86 837
Greece	3 213	6 328	8 451	5 163	7 593	12 860	549	1 109	3 198	4 512	3 048	5 428
Hungary	6 778	8 662	9 536	5 720	4 020	3 946	4 435	4 656	4 544	5 132	3 975	2 633
Ireland	109 557	-11 597	-55 848	-108 760	-37 131	14 410	-10 533	37 493	-29 559	-94 057	30 115	53 410
Italy	-20 947	-1 591	31 364	32 635	20 116	8 881	2 929	29 554	17 049	21 149	37 448	29 793
Latvia	878	3 327	1 470	1 280	1 414	262	153	2 292	130	626	158	391
Lithuania	488	2 659	3 775	2 534	3 744	3 922	-13	1 341	545	819	3	829
Luxembourg	-2 282	16 198	-303 860	-8 573	24 972	-33 058	101 276	114 736	-178 195	-13 727	74 656	101 384
Malta	1 908	1 922	2 415	1 840	3 997	14 360[c]	142	3 449	857	692	17	11 403[c]
Netherlands	-131 591	-33 572	-76 798	-237 467	8 945	-33 173	-175 296	131 688	51 049	-234 874	39 200	58 105
Poland	15 779	30 661	35 509	29 907	14 185	13 915	881	3 235	6 440	6 255	3 700	1 732
Portugal	7 814	10 463	12 204	11 660	14 131	10 092	2 166	1 746	4 158	5 932	8 288	7 597
Romania	3 432	10 606	11 149	7 296	6 065	9 207	53	141	1 297	414	932	679
Slovakia	-2 404	1 821	3 460	1 538	3 310	733	348	297	682	43	557	607
Slovenia	220	1 846	2 180	1 543	1 315	1 630	519	1 356	689	896	917	868
Spain	14 917	43 722	56 339	35 167	34 276	19 927	36 023	27 697	54 031	37 767	61 743	31 346
Sweden	20 508	24 657	52 525	25 012	21 781	30 316	22 696	29 734	64 352	47 528	18 473	18 179
Other Europe	12 491	40 658	16 710	64 390	-26 617	120 674	-132 251	89 218	50 825	192 910	-9 448	142 593
Albania	1 108	1 234	1 434	1 622	1 711	1 847	88	63	181	265	262	341
Belarus	1 398	1 238	1 597	1 982	1 721	1 551	88	-71	171	55	155	126
Bosnia and Herzegovina	480	716	892	1 141	975	663	73	52	48	129	92	135
Iceland	-928	455	1 110	1 696	2 455	232	-427	3	-38	184	-64	-493
Montenegro	532	699	877	526	599	675	-5	11	53	57	68	76
North Macedonia	230	556	785	625	1 295	528	53	98	96	97	173	249
Norway	-5 620	3 106	11 022	27 367	4 392	-3 031	-10 368	10 685	11 557	15 319	16 163	5 078
Republic of Moldova	150	404	591	365	462	460	-2	33	50	15	102	100
Russian Federation	10 410	38 639	-15 205	8 998	2 173	25 278	6 778	64 072	11 510	29 748	11 353	12 924
Serbia	3 469	4 590	4 598	4 916	5 657	3 924	112	264	41	308	675	1 349
Switzerland	-43 494	-71 592	-37 654	-42 343	-68 897	9 502	-32 853	-70 100	-69 957	79 326	4 084	37 433
Ukraine	-36	7 320	348	4 399	3 509	2 602	22	-198	347	30	-159	104
United Kingdom	44 397	52 796	45 543	52 188	16 403	75 206	-95 877	84 189	96 583	67 170	-42 595	84 759
North America	118 967	447 458	362 652	311 547	350 844	344 275	80 762	289 723	309 316	261 128	345 548	317 256
Canada	25 594	61 450	46 342	48 305	66 876	66 975	43 667	105 975	84 185	96 243	93 316	54 537
United States	93 373	386 008	316 310	263 242	283 968	277 300	37 095	183 748	225 131	164 885	252 232	262 719
Other developed economies	62 544	106 962	156 552	94 165	93 934	94 261	145 211	288 817	362 018	247 410	276 303	235 016
Australia	16 420	26 967	64 487	33 904	51 427	35 253	5 444	4 940	122 257	11 583	11 791	-5 814
Israel	20 969	18 950	22 883	16 170	14 778	26 222	4 579	10 369	10 955	7 679	9 922	14 468
Japan	11 768	34 294	34 352	20 841	13 357	14 321	99 708	208 985	162 238	196 742	204 380	186 090
New Zealand	4 511	4 689	9 774	4 055	1 393	2 543	658	-1 451	748	-804	451	-993
Republic of Korea	8 765	22 060	25 045	19 042	12 863	15 804	34 832	66 001	65 799	32 172	49 725	41 231
Bermuda	112	2	10	153	118	118	-11	-27	21	37	34	34
Developing economies[a]	629 507	890 534	919 470	857 832	882 574	900 795	382 233	503 405	543 933	502 657	581 318	672 802
Africa	32 230	78 363	50 665	55 362	94 294	69 506	4 197	5 082	8 903	156	2 751	1 746
North Africa	9 799	8 906	16 025	14 207	51 269	22 394	1 330	1 274	1 182	1 824	1 242	1 680
Algeria	1 140	870	255	1 202	1 295	1 530	15	-52	85	165	0.3	53
Egypt	5 852	5 122	11 400	9 841	46 578	15 453	327	367	342	390	508	696
Libya	-	-603	702	798	697	828[c]	487	225	61	-	-	81[c]
Morocco	1 419	2 266	2 260	1 055	1 748	3 338	458	644	641	1 228	681	813
South Sudan	18[c]	68[c]	122[c]	-6[c]	83[c]	73[c]	..	..	..	..	..	..
Sudan	717	523	574	548	-	-	-	54	-	-	-	-
Tunisia	654	660	714	771	867	1 173	43	35	53	40	52	37

Annex table 1
FDI flows, by region and economy, 2020–2025
(Continued)

Region/economy	FDI inflows						FDI outflows					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
Other Africa	22 431	69 457	34 640	41 154	43 025	47 112	2 867	3 808	7 722	-1 667	1 509	66
West Africa	9 055	13 001	12 114	16 202	13 610	19 619	2 050	2 355	3 196	932	1 103	2 037
Benin	174	346	376	443	396	482	22	43	47	13	14	53
Burkina Faso	-102	-80	670	507	-202	312	-7	-43	24	45	57	30
Cabo Verde	51	77	107	129	64	153	3	-1	18	7	21	24
Côte d'Ivoire	713	1 392	1 599	2 485	1 477	2 026[c]	1	285	168	482	269	362[c]
Gambia	190	252	231	206	232	267[c]	-3	-3[c]	2[c]	-0.6[c]	-0.7[c]	-0.9[c]
Ghana	1 876	2 534	1 428	1 319	1 766	1 908	542	120	-44	11	5	39
Guinea	176	198	658	1 315	1 402	7 763[c]	2	-3	8	20	-	1.4[c]
Guinea-Bissau	21	19	33	20	27	34	0.3	0.9	0.5	0.3	0.4	0.7
Liberia	-94	-13	124	312	472	500[c]	13	63	94	89	75	86[c]
Mali	537	640	716	703	921	844	1.2	56	44	30	78	58
Mauritania	931	1 064	1 410	850	1 441	634[c]	0.2[c]	0.1[c]	0.1[c]	-[c]	0.1[c]	0.1[c]
Niger	361	595	966	1 026	358	257	15	39	9	8	21	7
Nigeria	2 385	3 313	895	1 873	1 614	4 005	1 473	1 818	2 811	256	408	1 186
Senegal	1 846	2 588	2 929	4 790	3 319	37	99	52	70	71	81	0.6
Sierra Leone	51	214	145	146	122	177[c]	-	-	-	-	-	-
Togo	-59	-136	-173	80	202	221	-112	-71	-54	-99	75	189
Central Africa	932	3 961	3 213	4 960	6 139	4 829	1 114	314	-114	-500	262	346
Burundi	41	12	54	61	62	68	1.1	1.1	2	1.2	9	4
Cameroon	675	964[c]	926[c]	799[c]	925[c]	599[c]	84	55[c]	27[c]	-109[c]	6[c]	7[c]
Central African Republic	-8	30	17	-27	40[c]	44[c]	-	6	-1.1	3	2[c]	2[c]
Chad	176	-11	-1 603	442	3[c]	4[c]	-79	277	-1 020	238	-179[c]	-217[c]
Congo	-1 983	-320	-1 037	834	604[c]	596[c]	981	-10	-212	-396	87[c]	93[c]
Democratic Republic of the Congo	1 647	1 870	1 846	2 576	3 113	1 869	149	192	436	201	198	365[c]
Equatorial Guinea	-9	562	1 388	-182	188[c]	294[c]	-17	-225	0.7	62	28[c]	22[c]
Gabon	100	437	1 000	-283	310[c]	379[c]	-7	18	652	-509	97[c]	56
Rwanda	260	399	496	716	873	967	-	-	-	12	13	14
Sao Tome and Principe	33	19[c]	127[c]	24[c]	22[c]	10[c]	0.9	-[c]	0.2[c]	-4[c]	2[c]	0.6[c]
East Africa	7 573	10 122	11 858	11 705	13 021	14 594	1 496	2 065	1 801	596	645	1 451
Comoros	4	4	4	5[c]	7[c]	9[c]	..	..	..	..	..	..
Djibouti	158	168	191	137	68	149[c]	..	..	..	..	..	..
Eritrea	65[c]	1[c]	144[c]	134[c]	13[c]	82[c]	..	..	..	..	..	..
Ethiopia	2 381	4 260	3 670	3 269	3 984	3 796[c]	..	..	..	..	..	..
Kenya	1 510	1 406	1 597	1 735	2 324	3 200	1 297	1 840	1 502	408	467	1 260
Madagascar	358	358	468	84[c]	231[c]	304[c]	119	114	142	36[c]	99[c]	130[c]
Mauritius	225	261	546	797	681	804	16	68	129	115	38	22
Seychelles	203	225	212	225	177	340	63	42	28	36	40	38
Somalia	534	601	636	677	765[c]	834[c]	..	..	..	..	..	..
Uganda	1 191	1 648	2 953	2 994	3 116	3 358	0.3	0.3	0.4	0.4	0.4	0.4
United Republic of Tanzania	944	1 191	1 438	1 649	1 656	1 718[c]	-	-	-	-	-	-
Southern Africa	4 871	42 373	7 455	8 287	10 255	8 069	-1 793	-926	2 839	-2 695	-500	-3 769
Angola	-1 866	-4 355	-6 599	-2 120	-1 658	1 149	91	-1 057	41	33	33	125
Botswana	32	-319	708	198[c]	578	-654	-68	-33	10	-38[c]	114	124
Eswatini	36	117	15	29	134	45	-13	60	-17	-21	61	-5
Lesotho	28	-12[c]	-8[c]	-26	-13	-6	..	..	..	..	..	..
Malawi	252	129	199	214	330	452	-154	0.6	59	72	56	45
Mozambique	3 035	5 102	2 458	2 509	3 553	5 693	153	194	564	174	-44	67
Namibia	-146	851	1 072	2 303	2 002	1 447	52	18	12	-310	44	43
South Africa	3 062[b]	40 215[b]	9 280[b]	3 903[b]	2 373[b]	-2 315[b]	-1 951[b]	139[b]	2 376[b]	-2 789[b]	-1 206[b]	-4 022[b]
Zambia	245	394	-65	641	2 359	1 293	64	-280	-263	153	311	-150
Zimbabwe	194	250	395	635	597	965	33	32	58	31	131	5
Asia	505 396	667 672	673 679	624 167	622 901	644 014	378 929	456 066	469 963	466 231	546 703	613 031
East and South-East Asia	398 534	540 548	536 371	496 730	492 228	482 365	331 564	379 370	370 400	390 756	400 368	434 151
East Asia	285 515	333 923	316 531	296 042	269 733	238 200	267 313	289 966	285 931	299 263	317 394	316 336
China	149 342	180 957	189 132	163 253	116 238	104 659	153 710	178 819	163 121	177 288	192 196	174 380
Hong Kong SAR	134 710	140 186	109 685	122 947	137 923	116 475	100 715	96 428	106 226	97 152	92 663	95 326
Macao SAR	-6 305	5 191	3 850	1 102	1 712	3 351[c]	1 355	3 265	915	-0.9	465	1 311[c]
Taiwan Province of China	6 053[b]	5 416[b]	11 360[b]	6 491[b]	11 092[b]	10 961[b]	11 500[b]	11 341[b]	15 589[b]	24 750[b]	32 012[b]	45 311[b]
Democratic People's Republic of Korea	-4[c]	-0.1[c]	-0.5[c]	0.9[c]	-14[c]	9[c]	..	..	..	..	..	..
Mongolia	1 719	2 173	2 504	2 248	2 782	2 745	26	113	76	76	55	6
South-East Asia	113 019	206 624	219 840	200 688	222 495	244 165	64 252	89 404	84 468	91 493	82 973	117 816
Brunei Darussalam	577	205	-292	-51	26[b]	168[b]	-	-	-	-	-44[b]	98[b]

Annex table 1
FDI flows, by region and economy, 2020–2025
(Continued)

Region/economy	FDI inflows						FDI outflows					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
Cambodia	3 625	3 483	3 579	3 959	4 395	5 099	127	92	150	151	172	139
Indonesia	18 591	21 131	25 390	21 497	24 819	21 435	4 448	3 845	7 323	7 080	8 937	7 353
Lao People's Democratic Republic	968	1 072	726	1 781	1 303	1 405	-	-	-	-	-	38
Malaysia	3 160	12 173	17 136	8 468	10 202	15 390	2 419	4 676	14 275	6 610	7 754	2 901
Myanmar	1 907	2 067	1 239	1 520	1 095	1 067	..	..	..	..	..	..
Philippines	3 254[d]	10 225[d]	5 939[d]	6 452[d]	9 408[d]	9 003[d]	-6[d]	493[d]	308[d]	1 052[d]	2 708[d]	2 813[d]
Singapore	71 119	126 199	136 464	126 574	136 199	150 898	39 793[b]	61 368[b]	52 230[b]	62 997[b]	55 257[b]	94 202[b]
Thailand	-5 630	14 648	11 705	11 865	14 652	19 098	17 115	18 581	7 491	15 220	7 705	9 591
Timor-Leste	-350	-239	54	122	225	253	-26	-9	17	-68	5	-
Viet Nam	15 800[b]	15 660[b]	17 900[b]	18 500[b]	20 170[b]	20 350[b]	380[b]	358[b]	2 674[b]	-1 550[b]	480[b]	680[b]
South Asia	69 843	51 405	55 674	34 446	34 062	46 123	11 201	17 705	15 906	14 060	24 558	36 149
Afghanistan	13	21[b]	-	-	-	-	37[b]	31[b]	-	-	-	-
Bangladesh	1 357	1 617	1 636	1 336	1 231	1 780	7	81	17	-3	15	25
Bhutan	0.6	1.3	16	3	9	9[c]	..	..	..	..	..	..
India	64 072	44 763	49 380	28 083	27 086	38 891	11 109	17 253	14 618	13 893	24 260	35 655
Iran. Islamic Republic of	1 342	1 425[c]	1 500[c]	1 422[c]	1 449[c]	1 647[c]	78	82[c]	100[c]	87[c]	89[c]	104[c]
Maldives	441[b]	643[b]	732[b]	767[b]	806[b]	857[b]	..	..	..	..	..	..
Nepal	126	196	65	74	57	44	..	..	..	..	..	..
Pakistan	2 057	2 147	1 462	2 048	2 665	1 852	-45	242	1 157	32	84	267
Sri Lanka	434[b]	592[b]	884[b]	713[b]	759[b]	1 044[b]	15[b]	17[b]	15[b]	51[b]	110[b]	98[b]
West Asia	30 479	69 292	71 809	86 322	92 179	110 558	38 286	57 487	85 488	60 342	125 340	141 922
Armenia	59	366	976	580	132	605	-27	25	50	54	57	252
Azerbaijan	507	-1 708	-4 474	253	231	374	825	77	172	1 875	742	910
Bahrain	1 021	1 779	1 951	7 226	2 869	821	-205	64	1 948	1 113	539	550
Georgia	596	1 265	2 224	1 928	1 569	1 689	23	322	332	289	428	299
Iraq	-2 859	-2 637	-2 088	-5 364	-7 649	-7 618	147	135	238	286	439	422
Jordan	760	622	963	2 006	1 616	2 022	26	16	122	149	54	98
Kuwait	240	567	758	2 113	614	497[c]	7 932	4 666	24 613	11 189	10 317	35 981[c]
Lebanon	1 607	600	561	1 219	1 764	2 042	29	-1 339	34	109	583	265
Oman	1 909	8 746	6 871	12 546	12 466	13 306[c]	-837	1 178	-304	-177	-143	181[c]
Qatar	-2 434	-1 093	76	- 474	460	3 033	2 730	160	2 384	-191	1 563	3 344
Saudi Arabia	1 621	28 350	26 710	22 803	21 338	32 628	5 411	24 674	26 531	17 345	27 612	27 031
Syrian Arab Republic	-	-	-	-	-	-	..	..	..	..	..	..
Türkiye	7 507	11 477	14 364	10 511	10 988	12 478	3 236	5 021	4 522	5 984	5 938	9 252
United Arab Emirates	19 884	20 667	22 737	30 688	45 637	48 243	18 937	22 546	24 833	22 328	77 168	63 353
Yemen	-20[c]	-64[c]	-51[c]	-12[c]	-3[c]	-5[c]	..	..	..	..	..	..
State of Palestine	80	353	233	299	147	443	59	-58	13	-11	43	-18
Central Asia	6 539	6 428	9 825	6 670	4 432	4 967	-2 122	1 504	-1 831	1 073	-3 563	809
Kazakhstan	3 670	3 353	6 542	3 591	227	-861	-2 206	1 452	-1 393	1 013	-3 718	524
Kyrgyzstan	-402	226[c]	55[c]	159[c]	255[c]	642[c]	2	2[c]	-455[c]	8[c]	17[c]	33[c]
Tajikistan	107[b]	84[b]	174[b]	141[b]	291[b]	86[b]	70[b]	48[b]	12[b]	40[b]	101[b]	94[b]
Turkmenistan	1 436[c]	489[c]	556[c]	623[c]	684[c]	701[c]	..	..	..	..	..	..
Uzbekistan	1 728[b]	2 275[b]	2 498[b]	2 156[b]	2 975[b]	4 398[b]	11[b]	3[b]	4[b]	12[b]	37[b]	158[b]
Latin America and the Caribbeana	90 874	143 247	193 459	177 652	164 878	187 592	-1 957	40 553	62 506	35 845	31 437	57 344
South America	53 379	95 744	140 354	126 595	110 039	131 595	-4 048	40 705	44 968	26 554	23 787	47 415
Argentina	4 460	6 229	8 149	11 285	8 854	3 918	753	1 130	-4 967	-10 448	-33	3 618
Bolivia (Plurinational State of)	-1 129	584	6	240	358	620	-111	91	-81	257	133	156
Brazil	28 322	50 651	74 247	64 348	62 565	76 877	-13 415	20 450	32 100	26 745	14 813	29 376
Chile	11 292	12 627	17 514	18 416	11 843	13 152	6 242	12 024	12 796	7 587	2 777	7 324
Colombia	7 028	9 424	16 363	16 929	14 068	11 426	1 303	3 044	2 564	1 404	4 896	4 116
Ecuador	1 119	651	882	481	446	1 299	..	..	..	..	..	..
Guyana	2 074	4 468	4 393	7 246	8 630	8 968	14	15	5	7	6	18
Paraguay	286	390	951	807	931	1 180[b]	87	77	-	-	65	236[b]
Peru	-755	6 324	11 805	3 714	5 903	11 794	462	1 151	16	851	278	2 084
Suriname	0.3	205	308	506	675	2 039	-	-9	-13	10	-11	-0.9[b]
Uruguay	831	2 977	3 386	2 434	-1 906	687	-263	431	508	-639	660	230
Venezuela (Bolivarian Republic of)	-148	1 213	2 350	188	-2 328	-367	881	2 301	2 039	780	203	257
Central America	33 588	44 704	47 342	47 661	50 452	51 678	2 085	-1 130	16 172	8 404	7 169	10 831
Belize	84	139	130	95	167	40	4	2	1.2	2	3	-
Costa Rica	1 763	3 231	4 857	4 400	5 114	5 122	118	85	645	88	47	1.4
El Salvador	24	386	172	849	756	475	22	12	29	41	14	29
Guatemala	935	3 462	1 442	1 611	1 729	1 882	149	476	722	615	724	2 508
Honduras	419	739	920	1 057	901	881	46	226	183	220	374	72
Mexico	28 215	33 847	36 419	36 476	37 935	40 871	1 713	-2 071	14 582	6 597	5 481	9 074

Annex table 1
FDI flows, by region and economy, 2020–2025
(Continued)

Region/economy	FDI inflows						FDI outflows					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
Nicaragua	747	1 047	1 287	1 103	1 397	1 503	40	15	19	42	74	51[c]
Panama	1 401	1 853	2 114	2 071	2 454	905	-7	126	-10	800	453	-904
Caribbean[a]	3 907	2 799	5 763	3 397	4 387	4 319	6	979	1 366	887	480	-902
Antigua and Barbuda	45[b]	292[b]	332[b]	308[b]	275[b]	307[b]	-36[b]	-24[b]	35[b]	31[b]	-0.1[b]	-19[b]
Barbados	262	239[c]	200[c]	225[c]	303[c]	273[c]	8	18[c]	15[c]	8[c]	19[c]	17[c]
Cuba	2[c]	165[c]	134[c]	-10[c]	-8[c]	79[c]	..	..	..	..	..	..
Dominica	5[b]	28[b]	10[b]	44[b]	57[b]	46[b]	-0.4[b]	2[b]	-0.7[b]	0.8[b]	-0.8[b]	-
Dominican Republic	2 560	3 197	4 099	4 390	4 523	5 033	-99	153	-49	360	-47	-114[b]
Grenada	160[b]	189[b]	202[b]	263[b]	199[b]	207[b]	-45[b]	-19[b]	15[b]	4[b]	-8[b]	-8
Haiti	25	51	39	24	20	12[c]	..	..	..	..	..	..
Jamaica	265	321[c]	319[c]	492[c]	305[c]	351[c]	7	56[c]	60[c]	-4[c]	1.1[c]	1.4[b]
Saint Kitts and Nevis	-0.5[b]	15.8[b]	31[b]	30.7[b]	72.3[b]	29.2[b]	7.9[b]	-30.4[b]	-15.1[b]	-2.4[b]	17.9[b]	19.8[b]
Saint Lucia	97[b]	68[b]	99[b]	246[b]	256[b]	251[b]	-35[b]	-34[b]	-28[b]	82[b]	0.9[b]	31[b]
Saint Vincent and the Grenadines	57[b]	174[b]	70[b]	63[b]	121[b]	117[b]	3[b]	-0.9[b]	-3[b]	-0.6[b]	-4[b]	-4[b]
Trinidad and Tobago	1 056	-935	1 172	-1 498	-453	-1 156[c]	98	769	1 354	531	527	-790[c]
Anguilla	69[b]	80[b]	33[b]	45[b]	59[b]	23[b]	2[b]	-74[b]	4[b]	6[b]	6[b]	12[b]
Aruba	137	143	261	-178	103	71	1.5	4	97	91	88	18
Bahamas (the)	897	1 185	1 255	1 535	1 463	1 536[c]	157	66	226	475	552	373[c]
British Virgin Islands	26 349[c]	50 201[c]	45 870[c]	22 951[c]	32 858[c]	42 906[c]	10 284[c]	57 713[c]	35 915[c]	48 305[c]	24 984[c]	47 154[c]
Cayman Islands	30 092[c]	44 085[c]	26 779[c]	17 463[c]	38 339[c]	35 783[c]	-10 694[c]	34 558[c]	25 156[c]	19 400[c]	10 278[c]	25 253[c]
Curaçao	156	146[c]	164[c]	155[c]	155[c]	183[c]	7	3[c]	11[c]	10[c]	8[c]	45
Montserrat	3[b]	2[b]	5[b]	4[b]	1.3[b]	1.4[b]	..	..	..	..	..	..
Sint Maarten	22	27	7	41	50	35[c]	1.1	4	1	1.2	3	2[c]
Oceania	1 007	1 252	1 667	651	500	-317	1 065	1 704	2 562	424	428	681[c]
Cook Islands (the)	5[b]	-2[b]	4[b]	6[c]	2[c]	3[c]	0.3[b]	0.3[b]	0.3[c]	0.3[c]	0.2[c]	0.3[c]
Fiji	241	407	104	91	204	263	14	32	16	29	26	43[c]
Kiribati	3	1	4	5	8	4.16	0.1	0.1	0.02	0.02	0.02	0.02
Marshall Islands (the)	3	0.5	5[c]	3[c]	4[c]	3[c]	..	..	..	..	..	..
Palau	44	32	74	80	55[c]	57[c]	..	..	..	..	..	..
Papua New Guinea	112[b]	-34[b]	1 193[b]	48[b]	-335[b]	-1 181[b]	990[b]	1 611[b]	2 457[b]	333[b]	281[b]	539[b]
Samoa	4	9	5	2	4	2	2	0.7	-0.1	-	2	0.4
Solomon Islands	9	28	44	25	33	67	3	5	2	8	53	15
Tonga	4	0.3	3	3	-12	-20[c]	1.1	-0.1	0.4	1.1	1.3	3[c]
Tuvalu	0.1[c]	0.2[c]	0.2[c]	0.2[c]	0.3[c]	0.2[c]	..	..	..	..	..	..
Vanuatu	29	36	19	16	51	33[c]	1.4	0.2	1.5	5	4	3[c]
French Polynesia	-16	-26[c]	-9[c]	-6[c]	-14[c]	11[c]	-3	13[c]	6[c]	15[c]	11[c]	12[c]
New Caledonia	572	794	231	377	505[c]	440[c]	55	30	76	29	50[c]	61[c]
Memorandum												
Least developed countries (LDCs)[e]	21 872.8	26 297.1	22 411.4	33 708.2	35 639.0	43 109.0	524	-164	390	1 189	1 142	1 028
Landlocked developing countries (LLDCs)[f]	15 109.3	18 604.2	21 273.2	25 020.3	25 215.5	24 755.0	-1 439	2 165	-2 565	3 981	-1 561	2 673
Small island developing States (SIDS)[g]	6 343.3	6 282.3	9 819.4	8 393.9	9 445.7	9 830.4	144	1 106	1 825	1 618	1 247	-340

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

[a] Excluding the financial centres in the Caribbean and special-purpose entities in reporting countries.

[b] Asset/liability basis.

[c] Estimates.

[d] Directional basis calculated from asset/liability basis.

[e] Least developed countries include Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Yemen and Zambia.

[f] Landlocked developing countries include Afghanistan, Armenia, Azerbaijan, Bhutan, the Plurinational State of Bolivia, Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Eswatini, Ethiopia, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Lesotho, North Macedonia, Malawi, Mali, Mongolia, Nepal, the Niger, Paraguay, the Republic of Moldova, Rwanda, South Sudan, Tajikistan, Turkmenistan, Uganda, Uzbekistan, Zambia and Zimbabwe.

[g] Small island developing States include Antigua and Barbuda, Barbados, Cabo Verde, the Comoros, Dominica, Fiji, Grenada, Jamaica, Kiribati, Maldives, the Marshall Islands, Mauritius, the Federated States of Micronesia, Nauru, Palau, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Sao Tome and Príncipe, Seychelles, Solomon Islands, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu, and the Bahamas.

Annex table 2
FDI stock, by region and economy, 2000, 2010, 2024 and 2025
(Millions of dollars)

Region/economy	FDI inward stock				FDI outward stock			
	2000	2010	2024	2025	2000	2010	2024	2025
World[a]	7 376 955	20 931 106	50 525 882	57 834 319	7 408 290	21 616 639	39 493 293	46 022 250
Developed economies	5 860 038	15 068 306	34 622 451	39 570 590	6 740 421	18 848 413	29 628 880	34 130 403
Europe	2 491 244	9 661 354	15 505 867	17 472 301	3 193 644	11 529 976	17 928 195	20 155 333
European Union	1 882 785	7 212 597	11 299 613	13 016 640	1 967 112	8 287 682	13 718 141	15 630 594
Austria	31 165	160 615	218 846	245 429	24 821	181 638	291 841	323 660
Belgium	-	473 358	515 528	564 480	-	431 613	657 531	676 386
Bulgaria	2 704	44 970	55 942	67 688	67	2 583	5 284	6 143
Croatia	2 785	35 354	59 795	71 152	952	4 969	11 193	12 548
Cyprus	2 846	274 047	77 900	96 321	557	266 758	25 663	26 919
Czechia	21 644	128 504	222 056	272 572	738	14 923	78 022	94 880
Denmark	73 574	81 408	142 518	185 977[c]	73 100	144 399	243 913	336 186[c]
Estonia	2 645	15 551	35 726	41 695	259	5 545	14 020	16 884
Finland	24 273	86 698	84 619	100 175[c]	52 109	137 663	144 581	174 360[c]
France	184 215	630 710	987 692	1 160 284	365 871	1 172 994	1 577 327	1 786 300
Germany	470 938	955 881	1 140 954	1 386 251[c]	483 946	1 364 565	2 151 325	2 531 050[c]
Greece	14 113	35 026	71 945	100 326	6 094	42 623	22 903	31 488
Hungary	22 870	91 723	113 952	137 919	1 280	23 612	47 283	56 174
Ireland	127 089	285 575	1 131 517	1 229 733	27 925	340 114	1 237 908	1 409 045
Italy	122 533	328 058	491 811	575 068	169 957	491 208	608 436	702 774
Latvia	1 691	10 869	27 226	31 866	19	931	6 699	7 998
Lithuania	2 334	15 455	36 600	46 342	29	2 647	7 798	10 120
Luxembourg	-	172 257	1 188 120	1 194 272	-	187 027	2 049 178	2 222 499
Malta	2 263	129 770	18 477	21 091[c]	193	60 596	12 171	5 844[c]
Netherlands	243 733	1 867 727	2 629 124	2 998 184	305 461	2 269 927	3 140 674	3 608 668
Poland	33 477	215 615	341 253	419 527	268	44 444	40 223	46 104
Portugal	34 224	90 912	205 771	247 671	19 417	52 479	72 510	89 273
Romania	6 953	68 699	129 899	158 922	136	2 327	8 097	9 633
Slovakia	6 970	50 328	65 431	74 238	555	3 457	5 279	6 247
Slovenia	2 389	10 667	23 935	28 304	772	8 147	11 000	13 354
Spain	156 348	628 341	863 865	1 047 390	129 194	653 236	708 000	828 979
Sweden	93 791	324 478	419 110	513 761	123 618	377 258	539 285	597 080
Other Europe	608 459	2 448 757	4 206 255	4 455 661	1 226 532	3 242 295	4 210 053	4 524 739
Albania	247	3 255	15 336	19 205	-	154	1 634	2 237
Belarus	1 306	9 904	16 546	19 438	24	205	1 657	1 933
Bosnia and Herzegovina	450	6 709	11 333	13 218	-	211	920	1 176
Iceland	497	11 784	11 127	12 639	663	11 466	5 439	5 174
Montenegro	-	4 231	6 563	8 200	-	-	318	415
North Macedonia	540	4 351	8 807	10 526	16	100	339	505
Norway	30 265	147 314	154 902	182 085	34 026	155 619	228 345	240 429
Republic of Moldova	449	2 897	5 462	6 314	23	90	511	611
Russian Federation	29 738	464 228	215 929	268 502	19 211	336 355	229 539	259 311
Serbia	-	22 299	62 045	74 016	-	1 960	5 324	7 478
Switzerland	101 635	648 092	965 256	1 104 379	232 202	1 043 199	1 407 322	1 577 769
Ukraine	3 875	52 872	56 064	59 689	170	6 548	- 1 213	- 1 176
United Kingdom	439 458	1 068 187	2 669 162	2 667 902	940 197	1 686 260	2 328 681	2 427 079
North America	3 108 255	4 406 182	17 486 060	20 292 416	3 136 637	5 808 053	7 946 163	9 890 630
Canada	325 020	983 889	1 860 125	2 331 176	442 623	998 466	2 823 018	3 244 799
United States	2 783 235	3 422 293	15 625 935	17 961 240	2 694 014	4 809 587	5 123 145	6 645 831
Other developed economies	260 539	1 000 769	1 630 524	1 805 872	410 140	1 510 383	3 754 523	4 084 440
Australia	121 686	527 728	778 490	871 658	92 508	449 740	748 309	814 852
Israel	20 426	60 086	265 340	298 654	9 091	67 893	113 695	126 365
Japan	50 323	214 880	207 435	221 611[c]	278 445	831 076	2 113 078	2 295 991[c]
New Zealand	24 101	59 738	89 318	95 815	8 491	16 717	16 559	18 218
Republic of Korea	43 738	135 500	286 988	315 278	21 497	144 032	762 647	828 862
Bermuda	265[c]	2 837	2 954	2 857	108[c]	925	236	151
Developing economies[a]	1 516 917	5 862 800	15 903 431	18 263 729	667 869	2 768 226	9 864 412	11 891 848
Africa	152 777	622 849	1 118 333	1 454 677	39 815	137 354	248 744	320 050
North Africa	45 590	201 109	398 056	435 726	3 199	25 770	44 783	47 573
Algeria	3 379[c]	19 545	38 140	39 670	205[c]	1 505	2 976	3 029
Egypt	19 955	73 095	205 243	220 674	655	5 448	10 089	10 784
Libya	471[c]	16 334	18 462[c]	19 289[c]	1 903[c]	16 615	20 229[c]	20 310[c]
Morocco	8 842[c]	45 082	64 527	80 802	402[c]	1 914	10 762	12 655
South Sudan	..	..	..	..	..	..	..	..
Sudan	1 398	15 690	30 849[c]	30 849[c]	-	-	..	..
Tunisia	11 545	31 364	40 834	44 442	33	287	727	794
Other Africa	107 188	421 740	720 277	1 018 951	36 616	111 584	203 961	272 477

Annex table 2
FDI stock, by region and economy, 2000, 2010, 2024 and 2025
(Continued)

Region/economy	FDI inward stock				FDI outward stock			
	2000	2010	2024	2025	2000	2010	2024	2025
Other Africa	107 188	421 740	720 277	1 018 951	36 616	111 584	203 961	272 477
West Africa	33 010	109 968	231 731	264 641	6 381	18 090	31 381	34 119
Benin	213	604	3 878	4 888	11	21	392	499
Burkina Faso	28	354	3 212	3 958	0.4	8	466	558
Cabo Verde	192[c]	4 745	2 561	3 043	-	2	120	160
Côte d'Ivoire	2 483	6 978	17 141	21 498[c]	9	94	2 088	2 739[c]
Gambia	216	323	1 609[c]	1 876[c]	..	..	46[c]	45[c]
Ghana	1 554[c]	10 080	49 008[c]	50 917[c]	-	83	1 764[c]	1 803[c]
Guinea	263[c]	486	8 041	15 804[c]	12[c]	144	19	20[c]
Guinea-Bissau	38	63	362	445	-	5	12	14
Liberia	3 247[c]	10 206	9 455[c]	9 955[c]	2 188[c]	4 714	5 082[c]	5 168[c]
Mali	132	1 964	8 126	10 070	1	18	412	527
Mauritania	146[c]	2 372[c]	7 606[c]	8 224[c]	4[c]	28[c]	3[c]	3[c]
Niger	45	2 251	9 733	11 277	1	9	409	469
Nigeria	23 786	66 797	86 164	92 892	4 144	12 576	17 565	18 530
Senegal	295	1 699	20 631	24 971	22	263	1 111	1 246
Sierra Leone	284[c]	482	2 582	2 760[c]	..	..	..	..
Togo	87	565	1 620	2 063	- 10	126	1 892	2 337
Central Africa	5 053	39 227	133 212	358 266	1 651	2 217	5 114	38 071
Burundi	47[c]	13	503	535	2[c]	2	18	22[c]
Cameroon	917[c]	3 099[c]	8 208[c]	8 807[c]	1 252[c]	971[c]	630[c]	637[c]
Central African Republic	104	511	794[c]	854[c]	43	..	..	..
Chad	576[c]	3 594[c]	8 782[c]	9 345[c]	..	..	..	..
Congo	1 893[c]	9 261[c]	35 256[c]	35 853[c]	40[c]	34[c]	208[c]	302[c]
Democratic Republic of the Congo	617	9 368	36 684	38 552[c]	34	229	4 076	4 441[c]
Equatorial Guinea	1 060[c]	9 413[c]	19 399[c]	19 693[c]	..	..	..	..
Gabon	-227[c]	3 287[c]	18 886[c]	239 325[c]	280[c]	946[c]	79[c]	32 553[c]
Rwanda	55	422	4 167	4 759	-	13	99	113
Sao Tome and Principe	11[c]	260[c]	533[c]	543[c]	-	21[c]	3[c]	4[c]
East Africa	6 918	36 051	122 121	134 503	387	1 474	4 330	5 002
Comoros	21[c]	60[c]	158[c]	167[c]	..	..	..	..
Djibouti	40	6	34	35[c]	..	..	..	..
Eritrea	53[c]	3[c]	467[c]	549[c]	..	..	..	..
Ethiopia	941[c]	4 206	42 528[c]	46 324[c]	..	..	..	..
Kenya	932[c]	4 967	11 034	12 144	115[c]	62	3 314	3 744
Madagascar	141	4 383	4 948[c]	5 252[c]	9	193	1 082[c]	1 213[c]
Mauritius	683	4 658	8 176	9 008	132	864	1 116	1 183
Seychelles	515	2 960	3 930	4 268	130	290	-1 358	-1 314
Somalia	4[c]	566	6 408[c]	7 242[c]	..	..	..	..
Uganda	807	5 575	22 740	26 098	-	66	175	176
United Republic of Tanzania	2 781	8 666	21 699	23 417[c]	..	..	..	..
Southern Africa	62 208	236 494	233 213	261 542	28 198	89 804	163 136	195 286
Angola	7 977	32 458	11 033	12 182	-8	1 870	5 325	5 450
Botswana	1 827	3 351	7 025	6 821	517	1 007	705	750
Eswatini	536	927	1 044	1 175	87	117	223	239
Lesotho	330	929	819	914	..	..	..	..
Malawi	358	2 091	1 280	1 732[c]	-5	9	261	306[c]
Mozambique	1 249	4 331	60 789	66 563	1	3	11	10
Namibia	1 276	3 595	10 914	13 581	45	722	1 223	1 510
South Africa	43 451[b]	179 565[b]	115 478[b]	132 325[b]	27 328[b]	83 249[b]	153 578[b]	185 611[b]
Zambia	3 966[c]	7 433	17 351[c]	17 804[c]	-	2 531	884[c]	477[c]
Zimbabwe	1 238	1 815	7 480	8 445	234	297	927	932
Asia	1 023 693	3 676 275	11 850 580	13 436 180	574 828	2 212 748	8 762 791	10 586 115
East and South-East Asia	908 305	2 772 163	9 816 412	11 287 576	557 345	1 923 941	7 631 353	9 303 976
East Asia	650 702	1 738 196	6 234 432	6 595 265	473 708	1 455 117	5 920 884	6 645 720
China	193 348[c]	586 882	3 650 268	3 754 927[c]	27 768[c]	317 211	3 139 931	3 578 700
Hong Kong SAR	435 417	1 067 520	2 348 150	2 587 370	379 285	943 938	2 198 788	2 438 239
Macao SAR	2 801[c]	13 603	49 448	52 681[c]	-	550	13 760	15 039[c]
Taiwan Province of China	18 875	61 508[b]	152 237[b]	163 198[c]	66 655	190 803[b]	567 278[b]	612 589[c]
Democratic People's Republic of Korea	80[c]	239[c]	848[c]	857[c]	..	..	..	..
Mongolia	182	8 445	33 482	36 231	-	2 616	1 127	1 154
South-East Asia	257 603	1 033 967	3 581 980	4 692 311	83 637	468 824	1 710 469	2 658 255
Brunei Darussalam	3 868[c]	4 140	6 326	7 056	..	..	..	..
Cambodia	1 580	9 094	52 667	57 762	193	350	1 644	1 785
Indonesia	25 060	160 735	307 448	344 137	6 940	6 672	125 083	140 236
Lao People's Democratic Republic	588[c]	1 888[c]	15 393[c]	16 797[c]	26[c]	68[c]	95[c]	133[c]

Annex table 2
FDI stock, by region and economy, 2000, 2010, 2024 and 2025
(Continued)

Region/economy	FDI inward stock				FDI outward stock			
	2000	2010	2024	2025	2000	2010	2024	2025
Malaysia	52 747	101 620	222 353	268 146	15 878	96 964	139 167	145 263
Myanmar	3 752[c]	14 507	41 043	42 110	..	..	..	..
Philippines	13 762[c]	25 896[d]	125 522[d]	134 574[d]	1 032[c]	6 710[d]	70 565[d]	74 415[d]
Singapore	110 570	516 593[b]	2 230 874[b]	3 169 240[b]	56 336	331 315[b]	1 174 122[b]	2 068 481[b]
Thailand	30 944	142 334	329 951	381 481	3 232	24 418	186 167	213 636
Timor-Leste	-	155	1 264	1 516	-	94	11	11
Viet Nam	14 730[c]	57 004[c]	249 141[c]	269 491[c]	-	2 234[c]	13 615[c]	14 295[c]
South Asia	30 743	269 143	691 600	711 233	2 761	100 441	270 122	306 209
Afghanistan	17[c]	963	-	-	-	16	-	-
Bangladesh	2 162	6 072	17 857	19 632	68	98	305	314
Bhutan	4[c]	204	564	152[c]	..	..	..	..
India	16 339	205 580	547 234	558 998	1 733	96 901	260 755	296 446
Iran, Islamic Republic of	2 597[c]	28 953	64 507[c]	66 154[c]	411[c]	1 713[c]	4 415[c]	4 519[c]
Maldives	128[c]	1 114[c]	8 286[c]	9 143[c]	..	..	..	..
Nepal	72[c]	239	2 503	2 497	..	..	..	..
Pakistan	6 919	19 828	34 050	36 428	489	1 362	2 948	3 132
Sri Lanka	2 505	6 190	16 598	18 228	60	351	1 699	1 797
West Asia	72 352	533 392	1 115 174	1 201 810	14 672	172 001	844 985	955 890
Armenia	513	4 405	7 769	8 414	-	150	663	971
Azerbaijan	1 791	14 253	27 503	27 866	1	5 790	32 551	33 454
Bahrain	5 906	15 154	46 340	47 161	1 752	7 883	22 606	23 156
Georgia	762	8 518	24 480	27 793	118	848	3 866	4 409
Iraq	-48	7 965	-	-	-	632	4 114	4 536
Jordan	3 135	21 899	44 025	46 075	44	473	9 774	9 872
Kuwait	608	11 884	16 693	17 524[c]	1 428	28 189	56 270	60 352[c]
Lebanon	14 233	44 285	73 621	75 663	352	6 831	15 389	15 654
Oman	2 577[c]	14 987	78 432	91 738[c]	..	2 796	9 909	10 090[c]
Qatar	1 912	30 549	27 596[c]	30 629[c]	74	12 995	51 425[c]	54 769[c]
Saudi Arabia	17 577	90 291	260 630	293 258	5 285[c]	26 528	232 354	259 360
Syrian Arab Republic	1 244	9 939[c]	10 743[c]	10 743[c]	-	5[c]	5[c]	5[c]
Türkiye	18 812	188 361	221 020	199 913	3 668	22 509	63 047	72 879
United Arab Emirates	1 069[c]	63 869	270 624	318 867	1 938[c]	55 560	339 376	402 729
Yemen	843[c]	4 858[c]	2 402[c]	2 397[c]	13[c]	571[c]	3 333[c]	3 333[c]
State of Palestine	1 418[c]	2 176	3 297	3 770	-	241	303	320
Central Asia	12 293	101 577	227 394	235 562	49	16 365	16 331	20 040
Kazakhstan	10 078	82 648	155 118	156 421	16	16 212	15 110	18 531
Kyrgyzstan	432	1 698	6 116[c]	6 549[c]	33	2	334[c]	359[c]
Tajikistan	136	1 226	3 976	4 186	-	-	642	742
Turkmenistan	949[c]	13 442[c]	41 665[c]	42 367[c]	..	..	..	..
Uzbekistan	698	2 564	20 519	26 040	-	152	244	409
Latin America and the Caribbeana	338 593	1 548 982	2 904 797	3 341 522	53 170	417 511	847 950	980 158
South America	186 425	1 085 676	1 903 589	2 202 863	43 634	288 295	600 914	647 339
Argentina	67 601	85 591	135 333	138 678	21 141	30 328	8 904	13 074
Bolivia (Plurinational State of)	5 188	6 890	8 546	9 287	29	8	1 025	1 044
Brazil	-	640 330	945 809	1 155 021	-	149 333	313 084	336 497
Chile	45 753	160 904	270 203	301 616	11 154	61 126	141 461	151 224
Colombia	11 157	82 991	267 442	286 617[b]	2 989	23 717	77 964	82 024[b]
Ecuador	6 337	11 858	23 262	24 561	..	..	..	..
Guyana	756	1 784	34 729	43 697	1	2	86	105
Paraguay	1 003	3 768	10 395	13 161[b]	-	-	3 390	5 321[b]
Peru	11 062	42 976	139 794	158 009	505	4 265	11 956	14 452[c]
Suriname	-	-	4 253	6 293	-	-	212[b]	203[b]
Uruguay	2 088	12 479	36 834	39 301	138	345	7 244	7 552
Venezuela (Bolivarian Republic of)	35 480	36 107	26 989	26 622[c]	7 676	19 171	35 587	35 844[c]
Central America	139 768	414 771	906 802	1 037 881	8 534	126 176	238 482	324 935
Belize	294	1 454	2 766	2 767	42	49	81	82
Costa Rica	2 809	16 600	68 209	73 331	22	1 135	5 163	5 165
El Salvador	1 973	7 284	11 680	12 400	104	1	1 987	2 016
Guatemala	3 420	4 554	26 452	28 502	93	452	4 352	6 889
Honduras	1 392	3 944	10 966	10 801	-	1 018	1 642	1 601
Mexico	121 691	355 512	705 321	826 265	8 273	119 967	217 219	301 997
Nicaragua	1 414	4 681	14 787	16 289[c]	-	181	963	1 014[c]
Panama	6 775	20 742	66 620	67 525	-	3 374	7 075	6 171
Caribbeana	12 400	48 535	94 405	100 778	1 002	3 039	8 554	7 884
Antigua and Barbuda	-	-	2 623[b]	2 905[b]	-	-	124[b]	115[b]
Barbados	308	4 970	9 072[c]	9 345[c]	41	4 058	3 885[c]	3 901[c]

Annex table 2
FDI stock, by region and economy, 2000, 2010, 2024 and 2025
(Continued)

Region/economy	FDI inward stock				FDI outward stock			
	2000	2010	2024	2025	2000	2010	2024	2025
Cuba	36[c]	94[c]	146[c]	225[c]	..	..	..	..
Dominica	-	-	624[b]	674[b]	-	-	3[b]	3[b]
Dominican Republic	1 673	19 537[b]	60 870[b]	65 902[b]	-	743[b]	1 230[b]	1 116[b]
Grenada	-	-	2 375[b]	2 546[b]	-	-	94[b]	91[b]
Haiti	95	625	2 070	2 082[c]	-	-	-	-
Jamaica	3 317	10 855	18 864[c]	19 215[c]	709	176	1 133[c]	1 135[c]
Saint Kitts and Nevis	-	-	1 715[b]	1 744[b]	-	-	96.8[b]	106.7[b]
Saint Lucia	-	-	2 242[b]	2 436[b]	-	-	681[b]	699[b]
Saint Vincent and the Grenadines	-	-	1 813[b]	1 924[b]	-	-	91[b]	89[b]
Trinidad and Tobago	7 280[c]	17 424	12 456	13 353[c]	293[c]	2 119	6 191	5 633[c]
Anguilla	-	-	1 362[b]	1 378[b]	-	-	104[b]	113[b]
Aruba	1 161	4 567	4 612	4 698	675	682	939	847
Bahamas (the)	3 865[c]	13 160	30 584	32 120[c]	547[c]	2 538	8 363	8 736[c]
British Virgin Islands	30 289[c]	265 783[c]	1 087 575[c]	1 130 482[c]	69 041[c]	376 866[c]	221 354[c]	268 508[c]
Cayman Islands	27 316[c]	161 916[c]	655 581[c]	691 364[c]	21 643[c]	89 316[c]	391 076[c]	416 329[c]
Curaçao	-	527	1 390[c]	1 026[c]	-	32	1 020[c]	1 199[c]
Montserrat	-	-	47[b]	48[b]	..	..	..	..
Sint Maarten	-	256	43	78[c]	-	10	19	22[c]
Oceania	1 854	14 694	29 721	31 350	56	614	4 927	5 524
Cook Islands (the)	-	-	189[c]	193[c]	-	-	15[c]	15[c]
Fiji	356	2 963	5 718	5 906	39	47	193	200
Kiribati	-	5	34	42	-	2	1[c]	1[c]
Marshall Islands (the)	20	120	254[c]	258[c]	..	..	..	..
Palau	173	232	1 216[c]	1 273[c]	..	..	..	..
Papua New Guinea	935	3 748	3 598[c]	2 238[c]	1[c]	-5[c]	2 981[c]	3 324[c]
Samoa	77	220	308	318	-	14	50	52
Solomon Islands	106[c]	552	714[c]	850[c]	-	27	130[c]	149[c]
Tonga	19[c]	220[c]	92[c]	72[c]	14[c]	58[c]	50[c]	53[c]
Tuvalu	-	5.4	9[c]	9[c]	..	..	..	..
Vanuatu	61	454	576	623[c]	-	23	28	32[c]
French Polynesia	146[c]	442[c]	1 090[c]	1 101[c]	-	144[c]	380[c]	392[c]
New Caledonia	-41[c]	5 726[c]	15 916[c]	18 459[c]	2[c]	304[c]	1 062[c]	1 265[c]
Memorandum								
Least developed countries (LDCs)e	35 673	160 637	484 844	535 157	2 604	11 476	27 295	28 821
Landlocked developing countries (LLDCs)f	33 630	185 313	483 403	516 918	1 025	29 279	60 611	67 802
Small island developing States (SIDS)g	18 806	84 676	177 075	189 210	1 906	11 076	22 274	22 196

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

[a] Excluding the financial centres in the Caribbean and special-purpose entities in reporting countries.

[b] Asset/liability basis.

[c] Estimates.

[d] Directional basis calculated from asset/liability basis.

[e] Least developed countries include Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Yemen and Zambia.

[f] Landlocked developing countries include Afghanistan, Armenia, Azerbaijan, Bhutan, the Plurinational State of Bolivia, Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Eswatini, Ethiopia, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Lesotho, North Macedonia, Malawi, Mali, Mongolia, Nepal, the Niger, Paraguay, the Republic of Moldova, Rwanda, South Sudan, Tajikistan, Turkmenistan, Uganda, Uzbekistan, Zambia and Zimbabwe.

[g] Small island developing States include Antigua and Barbuda, Barbados, Cabo Verde, the Comoros, Dominica, Fiji, Grenada, Jamaica, Kiribati, Maldives, the Marshall Islands, Mauritius, the Federated States of Micronesia, Nauru, Palau, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Sao Tome and Príncipe, Seychelles, Solomon Islands, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu, and the Bahamas.

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