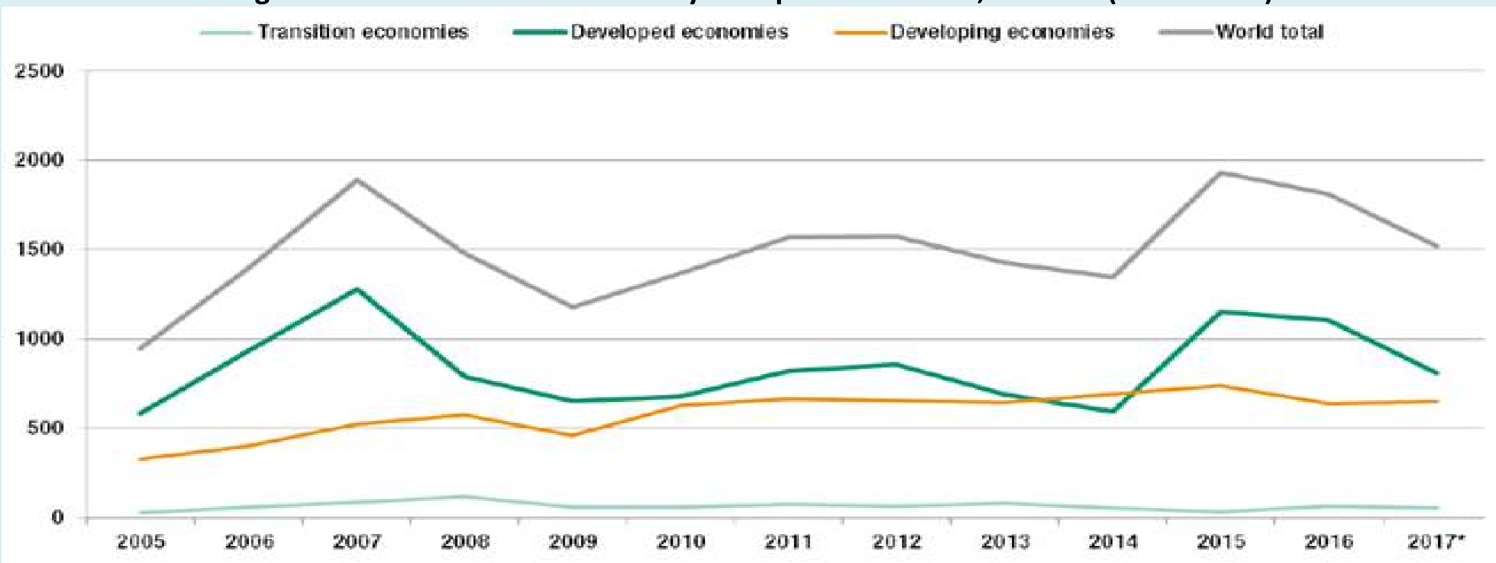
PHD Research Bureau
PHD CHAMBER OF COMMERCE AND INDUSTRY

Dear All,

Global FDI flows fell by 16% in 2017: UNCTAD

According to the UNCTAD's Investment Trends Monitor, Global Foreign Direct Investment (FDI) inflows slipped by 16% in 2017 to USD 1.52 trillion from a revised USD 1.81 trillion in 2016.

Figure 1. FDI inflows: Global and By Group of Economies, 2005-17 (USD Billion)



Source: UNCTAD's Investment Trends Monitor, January 2018 – Issue 28

Highlights of the report:

- A slump in FDI flows to developed countries (-27%) was the principal factor behind the global decline. A strong decrease in flows was reported in Europe (-27%) as well as in North America (-33%), mainly due to a return to prior levels of inflows in the United Kingdom and the USA after spikes in 2016. This decline was tempered by an 11% growth in flows to the developed economies, principally Australia.
- FDI to developing economies remained stable, at an estimated USD 653 billion, 2% more than the previous year. Flows rose marginally in developing Asia and Latin America and the Caribbean, and remained flat in Africa. Developing Asia regained its position as the largest FDI recipient region in the world, followed by European Union and North America.
- FDI to the transition economies declined by 17% to an estimated USD 55 billion, mainly due to a drop in the Russian Federation and lackluster inflows across most of the Commonwealth of Independent States (CIS).
- After three years of growth, cross border merger and acquisitions (M&A) declined in 2017. Their growth already slowed in 2016; in 2017, they contracted by 23%, to USD 666 billion. However, this still represented the third highest level since 2007.
- Preliminary data on the value of announced Greenfield FDI projects show a decline of 32% to USD 571 billion (-17% in number of projects), their lowest level since 2003. If confirmed, the drop in Greenfield project announcements would be a negative indicator for the longer term. Of particular concern is the near halving of the value of project announcements in developing economies, although the fall in project numbers was limited to 23%.
- Higher economic growth projections, trade volumes and commodity prices would normally point to a potential increase in global FDI in 2018. However, elevated geopolitical risks and policy uncertainty could have an impact on the scale and contours of any FDI recovery in 2018. In addition, tax reforms in the United States are likely to significantly affect investment decisions by United States MNEs, with consequences for global investment partners.

The UNCTAD's Investment Trends Monitor – Issue 28 is attached for your reference.

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Warm regards,

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