

**Nineteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Frankfurt, Germany, October 23–26, 2006**

World Investment Report 2006

Prepared by the United Conference on Trade and Development

World Investment Report 2006

FDI from Developing and Transition Economies:
Implications for Development

for
IMF Balance of Payments Committee
Frankfurt, Germany

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23 October 2006



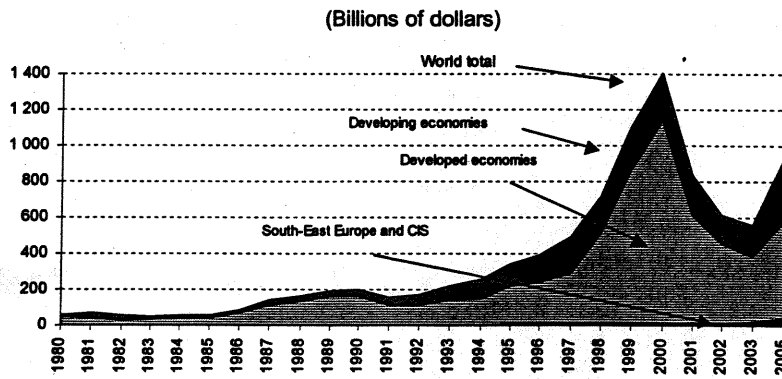
FDI inflows grew in 2005 for the second consecutive year ...
and it was a worldwide phenomenon

● World FDI inflows:	\$916 billions	(+ 29%)
● Developed countries:	\$542 billions	(+ 37%)
● Developing economies:	\$334 billions	(+ 22%)
- Africa	\$31b	(+ 78%)
- LAC	\$104b	(+ 3.1%)
- West Asia	\$35b	(+ 85%)
- South, East and SE Asia	\$165b	(+ 20%)
● SE Europe and CIS	\$40b	(+ 0.3%)

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... but remained below the 2000 peak

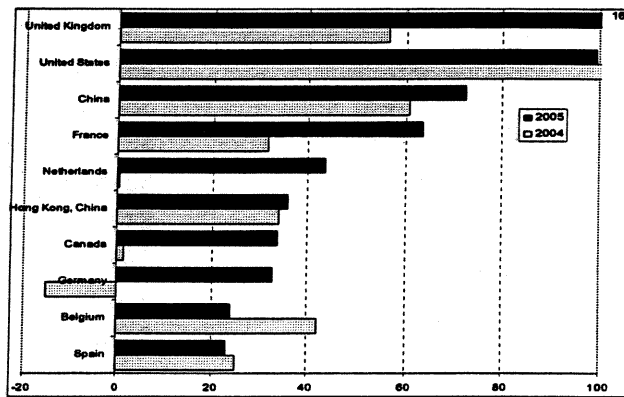


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Top 10 recipients of FDI inflows

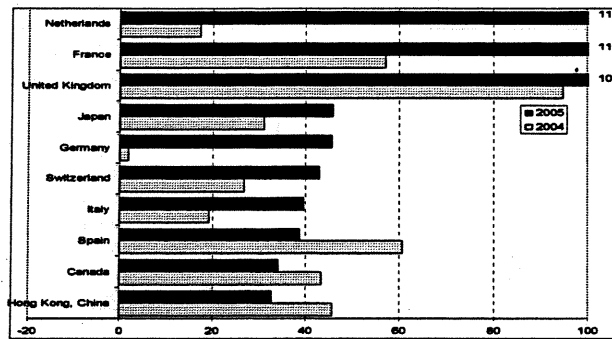


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Largest 10 sources of FDI outflows



... but developing economies are becoming emerging sources
 ... Hong Kong (China) 10th and China 17th

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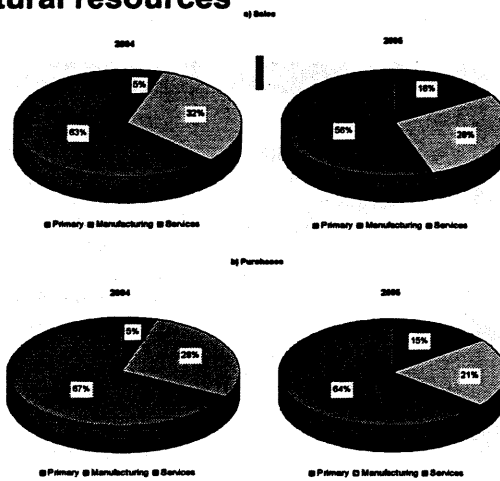
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Sectoral analysis: the revival of FDI in natural resources

According to cross-border M&As:

- The primary sector gained in importance
- Services still remain dominant
- Main target industries are:
 - Petroleum (oil and gas): share of 14% of all industries
 - Telecommunications: 14%
 - Finance: 13%



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An emerging trend: the rise in FDI by collective investment funds*

Year	Number of deals		Value	
	Number	Share in total (%)	\$ billion	Share in total (%)
1990	149	6.0	22.1	14.7
1995	362	8.5	13.9	7.5
2000	636	8.1	58.1	5.1
2001	545	9.0	71.4	12.0
2002	478	10.6	43.8	11.8
2003	649	14.2	52.5	17.7
2004	771	15.1	77.4	20.3
2005	889	14.5	134.6	18.8

* Refers mainly to private equity and hedge funds.

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International production continues to rise

- Some 770,000 foreign affiliates owned by 77,000 TNCs.
- More than 20,000 of the TNCs originate in developing countries.

Item	Value at current prices (Billions of dollars)	
	2 004	2 005
Sales of foreign affiliates	20 986	22 171
Gross product of foreign affiliates	4 283	4 517
Total assets of foreign affiliates	42 807	45 564
Export of foreign affiliates	3 733	4 214
Employment of foreign affiliates (thousands)	59 458	62 095
<i>Memorandum</i>		
GDP (in current prices)	40 960	44 674
Gross fixed capital formation	8 700	9 420
Royalties and licences fees receipts	111	91
Export of goods and non-factor services	11 196	12 641

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FDI from developing and transition economies has increased significantly

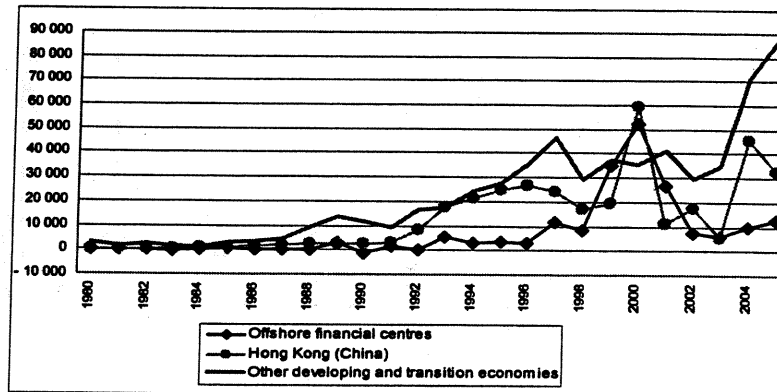
- An acceleration in the 1990s
- FDI outflows: \$133 billion in 2005 (17% of world total)
- *Outward FDI stock*: \$1.4 trillion in 2005 (13% of world total)
- Their share in global cross-border M&A purchases rose from 4% in 1987 to 13% in 2005
- South-North deals: rapid rise in past two years

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FDI from developing and transition economies, 1980-2005 (Millions of dollars)



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The largest investors

Stock of OFDI from developing and transition economies, 2005

(Billions of dollars)

Economy	2005
Hong Kong (China)	470
British Virgin Islands	123
Russian Fed.	120
Singapore	111
Taiwan POC	97
Brazil	72
China	46
Malaysia	44
South Africa	39
Korea, Rep. of	36

All developing and transition economies	1 400
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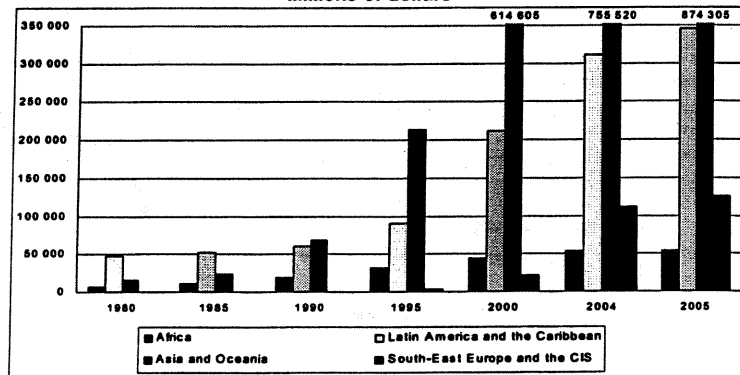
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Outward FDI stock, by source region, developing and transition economies, 1980-2005

Millions of dollars

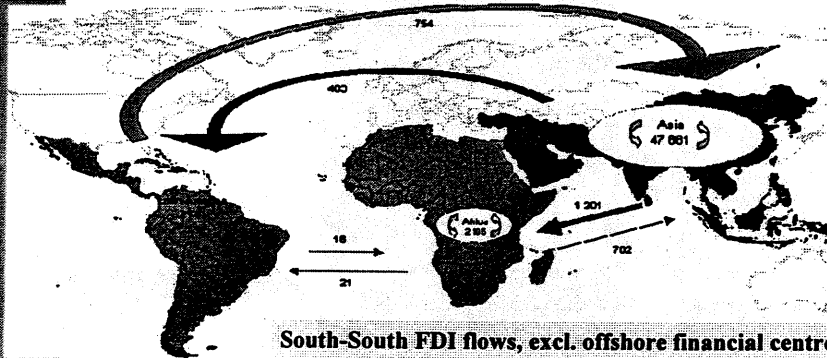


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Mapping South-South FDI: the role of Asia



South-South FDI flows, excl. offshore financial centres, 2002-2004, millions of dollars

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FDI from developing and transition economies particularly important for LDCs

Recipient economy	Flows		Stock	
	Period/year	Share in total FDI (%)	Year	Share in total FDI (%)
Bangladesh	(2002-2004)	39	(2001)	13
Cambodia	(2002-2004)	64	(2002)	73
Ethiopia	(1992-1994)	100	(1995)	77
Lao People's Dem. Rep.	(2002-2004)	45	(1999)	70
Madagascar	(2004)	54	(2004)	36
Mozambique	(2004)	47
Myanmar	(2002-2004)	56	(2004)	61
Nepal	(1996-1998)	65	(1999)	63
Solomon Islands	(1994-1996)	56
Uganda	(2003)	36
United Rep. of Tanzania	(1999-2001)	41	(2001)	44
Vanuatu	(2000-2002)	19
Zambia	(2001)	20

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Thank you!

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