World Investment Report 2008

Transnational Corporations and the Infrastructure Challenge

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UNCTAD
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Part I

Record FDI flows in 2007, but set to decline
Main messages

• Global FDI flows rose for the fourth consecutive year surpassing the peak of 2000 driven by record values of cross-border M&As.

• Dollar depreciation has inflated to some extent global FDI flows in US dollar term, but flows still point to an increase if denominated in domestic currency.

• Sovereign Wealth Funds (SWFs) are emerging as new actors on the FDI scene.

• The sharp weakening of the dollar helped to stimulate FDI to the United States.

• The global financial crises had a limited impact on FDI flows in 2007, but will begin to bite in 2008.

• FDI flows set to decline in 2008 but will keep a rising trend in the medium term.
Global FDI flows surpassed the peak of 2000, …

- Global FDI inflows reached a new record level of $1,833 billion.
- Inflows to developed countries rose by 33% ($1,248 billion).
- Developing economies recorded a 21% growth rate ($500 billion).
- Inflows to South-East Europe and CIS countries increased by 50% ($86 billion).
… driven by record cross-border M&As …

Global cross-border M&As, 1998-2007

- Sustained strong economic growth
- High corporate profits
- Increased competitive pressure
- Relatively favorable financing conditions for debt-financed M&As
- High number of large deals: the acquisition of ABN-AMRO the largest deal in the banking history
... increased corporate profits and reinvested earnings.

- Increased corporate profits of the parents firms
- Increasing reinvested earnings of foreign affiliates, especially in developing countries

**Profitability and profit levels of 989 TNCs, 1997–2007**

- **Reinvested earnings of TNCs in the world:** value and share in total FDI inflows, 1990-2007

![Graph showing increased corporate profits and reinvested earnings over the years.](image-url)
Growth of FDI inflows was widespread in 2007, ...

In developing regions:
- FDI inflows in Africa rose to a historical high of $53 billion.
- The FDI inflows to South, East and South-East Asia: maintained upward trend.
- Oil-rich states and Turkey accounted for most of the FDI increase to West Asia.
- Inward FDI increase to Latin America (36%) was mainly driven by greenfield investments.
... with some changes in top 10 recipients of FDI inflows in 2007 ...

- United States, United Kingdom and France were the largest recipient of FDI flows as in 2006.

- Canada, for the first time, the fourth world largest FDI recipient.

- China lowered its ranking compared to 2006 and 2005.

- In 2007, Russian Federation entered the top 10 recipients of FDI inflows for the first time ever.
... and largest 10 sources of FDI outflows.

- United States continue to be the largest investor.
- FDI outflows from EU more than doubled with 6 EU countries in the top 10 investors.
- Hong Kong (China) ranked within top ten investors as in 2006.
- Russian Federation 13th ($46 bill) and China 19th ($22 bill) in the world.
To some extent, however, dollar depreciation has inflated global FDI flows.

Growth rates of FDI flows denominated in dollar and in local currencies, 2006–2007

(Per cent)

<table>
<thead>
<tr>
<th>Host economy</th>
<th>Growth rate of FDI flows denominated in dollars</th>
<th>Growth rate of FDI flows denominated in local currencies a</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>World</td>
<td>47.2</td>
<td>29.9</td>
</tr>
<tr>
<td>Developed economies</td>
<td>53.9</td>
<td>32.6</td>
</tr>
<tr>
<td>EU</td>
<td>12.8</td>
<td>43.0</td>
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<tr>
<td>Developing economies</td>
<td>30.5</td>
<td>21.0</td>
</tr>
<tr>
<td>Africa</td>
<td>12.8</td>
<td>15.8</td>
</tr>
<tr>
<td>Latin America</td>
<td>21.6</td>
<td>36.0</td>
</tr>
<tr>
<td>Asia</td>
<td>29.9</td>
<td>17.0</td>
</tr>
<tr>
<td>South-East Europe and CIS</td>
<td>84.6</td>
<td>50.3</td>
</tr>
</tbody>
</table>

- The average growth rate of global FDI flows would be 23% in 2006–2007 -- 7% lower than when FDI flows are denominated in United States dollars.
- The difference was particularly pronounced in:
  - the euro zone (the dollar hit a record low against the euro).
  - South-East Asia (Malaysian ringgit or Thai baht appreciated considerably with respect to the dollar).
While FDI by private equity funds, set a record level in 2007, is on a decline, …

Cross-border M&A activity of such funds almost double in 2007

Private equity investors are buying larger, and also publicly listed companies

In the first half of 2008 leveraged buyout transactions are slowing down

Doubts of their sustainability in FDI activity

### Cross border M&As by private equity funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Share in total (%)</th>
<th>Value $ billion</th>
<th>Share in total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1 147</td>
<td>12.7</td>
<td>86.9</td>
<td>9.6</td>
</tr>
<tr>
<td>2000</td>
<td>1 208</td>
<td>12.0</td>
<td>91.6</td>
<td>6.8</td>
</tr>
<tr>
<td>2001</td>
<td>1 125</td>
<td>13.9</td>
<td>87.8</td>
<td>12.0</td>
</tr>
<tr>
<td>2002</td>
<td>1 126</td>
<td>17.2</td>
<td>84.7</td>
<td>17.5</td>
</tr>
<tr>
<td>2003</td>
<td>1 296</td>
<td>19.6</td>
<td>109.9</td>
<td>26.7</td>
</tr>
<tr>
<td>2004</td>
<td>1 613</td>
<td>22.2</td>
<td>173.7</td>
<td>30.7</td>
</tr>
<tr>
<td>2005</td>
<td>1 707</td>
<td>19.9</td>
<td>211.0</td>
<td>22.7</td>
</tr>
<tr>
<td>2006</td>
<td>1 649</td>
<td>18.2</td>
<td>282.6</td>
<td>25.3</td>
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<td>2007</td>
<td>1 813</td>
<td>17.9</td>
<td>461.0</td>
<td>28.2</td>
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<tr>
<td>Q1</td>
<td>441</td>
<td>17.1</td>
<td>75.1</td>
<td>26.2</td>
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<tr>
<td>Q2</td>
<td>520</td>
<td>19.7</td>
<td>181.8</td>
<td>38.5</td>
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<tr>
<td>Q3</td>
<td>417</td>
<td>16.6</td>
<td>115.4</td>
<td>30.8</td>
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<tr>
<td>Q4</td>
<td>435</td>
<td>18.0</td>
<td>88.8</td>
<td>17.6</td>
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<tr>
<td>2008a</td>
<td>718</td>
<td>16.4</td>
<td>193.9</td>
<td>31.2</td>
</tr>
<tr>
<td>Q1</td>
<td>338</td>
<td>16.8</td>
<td>131.5</td>
<td>37.4</td>
</tr>
<tr>
<td>Q2</td>
<td>330</td>
<td>16.0</td>
<td>62.4</td>
<td>23.2</td>
</tr>
</tbody>
</table>
... Sovereign Wealth Fund (SWF) are emerging as new actors on the FDI scene.

- The amount invested by SWF in FDI is small relative to their total assets (0.2% in 2007).
- 79% of total amount invested in FDI took place in the last three years.
- Three quarters of FDI by SWF has been in developed countries.
- Investments were concentrated mainly in business services.
- Due to some negative public sentiments international organizations are establishing principles and guidelines relating to FDI by SWF.
## Twenty selected large FDI cases by SWFs, 1995–2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Value ($ million)</th>
<th>Acquired company</th>
<th>Host economy</th>
<th>Industry of the acquired company</th>
<th>Acquiring SWF or entity established by SWFs</th>
<th>Home economy</th>
<th>Acquired share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2 359</td>
<td>Kuokwang Petrochemical Co Ltd</td>
<td>Taiwan Province of China</td>
<td>Industrial organic chemicals, nec</td>
<td>International Petroleum Investment Co (IPIC)</td>
<td>United Arab Emirates</td>
<td>20</td>
</tr>
<tr>
<td>2006</td>
<td>2 313</td>
<td>Tunisie-Telecoms</td>
<td>Tunisia</td>
<td>Telephone communications, except radiotelephone</td>
<td>Abu Dhabi Investment Authority</td>
<td>United Arab Emirates</td>
<td>35</td>
</tr>
<tr>
<td>2005</td>
<td>1 691</td>
<td>Borealis A/S</td>
<td>Denmark</td>
<td>Plastics materials and synthetic resins</td>
<td>Dubai International Capital LLC</td>
<td>United Arab Emirates</td>
<td>50</td>
</tr>
<tr>
<td>2006</td>
<td>1 495</td>
<td>Tussauds Group Ltd</td>
<td>United Kingdom</td>
<td>Amusement and recreation services</td>
<td>Dubai International Capital LLC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>1 270</td>
<td>Travelodge Hotels Ltd</td>
<td>United Kingdom</td>
<td>Hotels and motels</td>
<td>Dubai International Capital LLC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>1 241</td>
<td>Doncasters PLC</td>
<td>United Kingdom</td>
<td>Aircraft parts, equipment</td>
<td>Dubai International Capital LLC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>1 222</td>
<td>CSX World Terminals LLC</td>
<td>United States</td>
<td>Marine cargo handling</td>
<td>Dubai Ports International</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>1 200</td>
<td>280 Park Ave, New York, NY</td>
<td>United States</td>
<td>Operators of non-residential buildings</td>
<td>Istithmar PJSC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>1 160</td>
<td>Mauser AG</td>
<td>Germany</td>
<td>Plastic foam products</td>
<td>Dubai International Capital LLC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>1995</td>
<td>1 135</td>
<td>Mediaset SpA(Fininvest)</td>
<td>Italy</td>
<td>Television broadcasting stations</td>
<td>Investor group</td>
<td>Saudi Arabia</td>
<td>18</td>
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<tr>
<td>2006</td>
<td>1 030</td>
<td>Merry Hill</td>
<td>United Kingdom</td>
<td>Operators of non-residential buildings</td>
<td>Queensland Investment Corp</td>
<td>Australia</td>
<td>50</td>
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<tr>
<td>2007</td>
<td>954</td>
<td>Chapterhouse Holdings Ltd</td>
<td>United Kingdom</td>
<td>Real estate investment trusts</td>
<td>GIC Real Estate Pte Ltd</td>
<td>Singapore</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>942</td>
<td>Barneys New York Inc</td>
<td>United States</td>
<td>Men's and boys' clothing and accessory stores</td>
<td>Istithmar PJSC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>862</td>
<td>Hawks Town Corp</td>
<td>Japan</td>
<td>Department stores</td>
<td>Government of Singapore Investment Corp Pte Ltd (GIC)</td>
<td>Singapore</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>821</td>
<td>Capital Shopping Centres PLC</td>
<td>United Kingdom</td>
<td>Operators of non-residential buildings</td>
<td>GIC Real Estate Pte Ltd</td>
<td>Singapore</td>
<td>40</td>
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<tr>
<td>2007</td>
<td>621</td>
<td>Bank Muscat</td>
<td>Oman</td>
<td>Banks</td>
<td>Dubai Financial LLC</td>
<td>United Arab Emirates</td>
<td>15</td>
</tr>
<tr>
<td>2007</td>
<td>612</td>
<td>WestQuay Shopping Centre</td>
<td>United Kingdom</td>
<td>Operators of non-residential buildings</td>
<td>GIC Real Estate Pte Ltd</td>
<td>Singapore</td>
<td>50</td>
</tr>
<tr>
<td>2007</td>
<td>595</td>
<td>Westfield Parramatta</td>
<td>Australia</td>
<td>Operators of non-residential buildings</td>
<td>GIC Real Estate Pte Ltd</td>
<td>Singapore</td>
<td>50</td>
</tr>
<tr>
<td>2005</td>
<td>594</td>
<td>Bluewater Shopping Centre</td>
<td>United Kingdom</td>
<td>Operators of non-residential buildings</td>
<td>Istithmar PJSC</td>
<td>United Arab Emirates</td>
<td>18</td>
</tr>
<tr>
<td>2006</td>
<td>594</td>
<td>Adelphi</td>
<td>United Kingdom</td>
<td>Operators of non-residential buildings</td>
<td>Istithmar PJSC</td>
<td>United Arab Emirates</td>
<td>100</td>
</tr>
</tbody>
</table>
Global financial and monetary developments are affecting FDI

- The sharp weakening of the dollar helped to stimulate FDI to the United State
- Limited impact of global financial crises on FDI flows in 2007, but will begin to bite in 2008

FDI inflows and the real effective exchange rate of the United States dollar, 1980-2007

Impact of financial instability on FDI flows 2008-2010: Result from the UNCTAD survey
Most policy changes continue to favor FDI, but restrictions also come to play.

- **98 policy changes were introduced, 74 of which were favorable to FDI**
- **New measures to attract FDI were adopted such as:**
  - establishment of special economic zones
  - lowering of corporate income tax (e.g. Iceland, Colombia, Bulgaria)
  - new promotional measures (e.g. Invest in America initiative)
- **As in 2006, some restrictions on extractive industries such as:**
  - new sectorial or ownership restrictions (Bolivia, Brazil, Ecuador, Venezuela, Kazakhstan)
  - stricter regulations related to national security (United States, Russian Federation, Germany)
Prospects: FDI flows set to decline in 2008, but a rising trend in the medium term

- A slowdown in economic growth as a result of financial and credit crises;
- Corporate profits are declining;
- Annualized global FDI flows for 2008 are estimated to be some $1,600 billion, about 10% lower than in 2007 (based on 75 countries);
- Cross-border M&As for the first half of 2008 fell 29% compared to the second half of 2007;
- However, FDI flows to developing countries in 2008 are resilient. FDI in natural resources is expected to pick up further. FDI flows in the medium term are promising.
Part 2

Transnational Corporations and the Infrastructure Challenge
Main Messages I

• Investment in infrastructure is essential for developing countries’ economic growth and the living standards of the population

• There is a large gap between infrastructure needs and available capital and capabilities in developing countries: TNCs, among others, can help bridge this gap.

• Since 1990 there has been a huge rise in FDI and other types of investment in infrastructure, both globally and in developing countries

• The universe of infrastructure TNCs has grown rapidly since 1990, including significant numbers of developing country TNCs
Main Messages II

• The impact of TNC participation on infrastructure industries in developing countries has been mixed. The improvements are greatest in telecommunications and transportation; but the gains are less clear cut in electricity and water, with concerns about universal access.

• Developing host country Governments are increasingly open to infrastructure TNCs, but barriers exist to further participation.

• Leveraging further TNC participation in infrastructure in host countries has implications for national policies and institutions.

• Development partners can help in terms of infrastructure funding, capacity building and other ways.
The infrastructure industries covered in the World Investment Report 2008

- The Report covers economic infrastructure industries which underpin the functioning of social and production activities, in particular:
  - electricity
  - telecommunications,
  - water and sewage, and
  - transport (airports, roads, railways and seaports)

- Social infrastructure (e.g. hospitals and schools) is not covered in this report

NOTE: A distinction is made in the report between infrastructure industries per se and broader, related activities (e.g. shipping relies on services offered by seaports).
Why investment in infrastructure is important

- Efficient infrastructure services are crucial for developing countries’ competitiveness and economic growth
  - Good quality infrastructure is essential for international trade and integration into the world economy

- Access to affordable infrastructure services, such as electricity and drinking water, is an important determinant of the living standards of a country’s population
  - The development of infrastructure helps to eliminate poverty and attain the UN Millennium Development Goals

- Low-income countries face huge infrastructure investment needs but lack the necessary capacity domestically to meet them

- There is a large gap between infrastructure investment needs and the availability of necessary capital and other resources
Largest TNCs in Infrastructure 2006*  
Companies from developing economies (in green) now key players

<table>
<thead>
<tr>
<th>Rank</th>
<th>Electricity</th>
<th>Natural gas</th>
<th>Telecommunications</th>
<th>Transport</th>
<th>Water and sewage</th>
<th>More than one infrastructure industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electricité de France</td>
<td>Gaz de France</td>
<td>Vodafone Group</td>
<td>Grupo Ferrovial</td>
<td>Veolia Environnement</td>
<td>Suez</td>
</tr>
<tr>
<td>2</td>
<td>E.On</td>
<td>Spectra Energy Corp.</td>
<td>Telefónica</td>
<td>Abertis</td>
<td>Grupo Agbar</td>
<td>Hutchison Whampoa</td>
</tr>
<tr>
<td>3</td>
<td>Endesa</td>
<td>Centrica</td>
<td>Deutsche Telekom</td>
<td>AP Moller-Maersk</td>
<td>Waste Management Inc</td>
<td>RWE Group</td>
</tr>
<tr>
<td>4</td>
<td>Vattenfall</td>
<td>Gas Natural</td>
<td>France Télécom</td>
<td>DP World</td>
<td>Shanks Group</td>
<td>Bouygues</td>
</tr>
<tr>
<td>5</td>
<td>National Grid</td>
<td>Transcanada Corp.</td>
<td>Vivendi Inc</td>
<td>China Ocean Shipping</td>
<td>Waste Services Inc</td>
<td>YTL Power</td>
</tr>
<tr>
<td>6</td>
<td>AES Corp.</td>
<td>Enbridge Inc</td>
<td>Liberty Global Inc</td>
<td>Canadian National Railways Co.</td>
<td>Stericycle Inc</td>
<td>Babcock &amp; Brown Infrastructure</td>
</tr>
<tr>
<td>7</td>
<td>Fortum</td>
<td>Sempra Energy</td>
<td>TeliaSonera</td>
<td>Skanska</td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>Duke Energy Corp.</td>
<td>El Paso Corp.</td>
<td>SingTel</td>
<td>PSA International</td>
<td>Clean Harbors Inc</td>
<td>NWS Holdings</td>
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<tr>
<td>9</td>
<td>EDP Energias de Portugal</td>
<td>Hunting Plc</td>
<td>Telenor</td>
<td>Hochtief</td>
<td></td>
<td></td>
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<tr>
<td>10</td>
<td>International Power Plc</td>
<td>Williams Companies</td>
<td>Nortel Networks</td>
<td>Vinci</td>
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<td></td>
</tr>
<tr>
<td>11</td>
<td>CLP Holdings</td>
<td>Hong Kong &amp; China Gas Co.</td>
<td>KPN</td>
<td>Macquarie Airports</td>
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<td>12</td>
<td>Iberdrola</td>
<td>Distrigaz 'D'</td>
<td>BT Group</td>
<td>Deutsche Bahn</td>
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<td>13</td>
<td>Unión Fenosa</td>
<td>Canadian Utilities Ltd.</td>
<td>Verizon Communications</td>
<td>Orient Overseas International</td>
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<td>14</td>
<td>PPL Corp.</td>
<td>Iwatani International Corp.</td>
<td>SES</td>
<td>Grupo ACS</td>
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<td>15</td>
<td>Atel - Aare Tessin Group</td>
<td></td>
<td>Telecom Italia</td>
<td>Obrascon Huarte Lain</td>
<td>Kansas City Southern</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Public Service Enterprise Group</td>
<td></td>
<td>América Móvil</td>
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<td>17</td>
<td>Keppel Corp.</td>
<td></td>
<td>Mobile Telecommunications Co.</td>
<td></td>
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<tr>
<td>18</td>
<td>Cofide-CIR Group</td>
<td></td>
<td>TDC A/S</td>
<td>First Group</td>
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<td>19</td>
<td>Edison International</td>
<td></td>
<td>Portugal Telecom</td>
<td>BBA Aviation</td>
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<tr>
<td>20</td>
<td>Enel</td>
<td></td>
<td>Tele2</td>
<td>Chinese Communications Construction Co.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Ranked by foreign assets.
The Universe of Infrastructure TNCs is Changing

- Rising number of private and state-owned TNCs
- Rising role of TNCs from the South
  - Especially in ports and telecommunications
  - Significant in LDCs
  - Sometimes complementary infrastructure and extractive industries investments
- Rise of new financiers in infrastructure industries:
  - Private equity firms
  - Sovereign wealth funds

Chinese and Indian investments in infrastructure in Africa, up to April 2008
Competitive or ownership advantages of infrastructure TNCs

- Infrastructure TNCs rely less on proprietary technology than other TNCs (e.g. in the manufacturing sector)
- Specialist expertise or capabilities possessed by infrastructure TNCs include:
  - network design and operation
  - engineering skills
  - environmental know-how
  - project management capabilities
  - and tacit, hands-on skills
- Specialized business models and financial process
- Competitive advantages differ by industry, company origin etc. e.g.:
  - TNCs from developed countries retain a competitive edge in water and electricity
  - In ports and telecommunications, developing-country TNCs already compete head-on with global leaders
The rise of FDI in infrastructure industries, with fluctuations in telecommunications driven by M&As

**NOTE**

FDI paints only a partial picture of infrastructure TNCs participation. They are involved in developing countries through concessions (such as build-operate-own projects), management contracts, etc.
Forms of TNC involvement vary by industry (commitments in developing and transition economies, 1996–2006)

**Commitments in 1996–2006, %**

**Energy**
- Concession: 62%
- Greenfield FDI: 10%
- Privatization FDI: 26%
- Management and lease: 2%

**Telecommunications**
- Concession: 16%
- Management and lease: 1%
- Privatization FDI: 16%
- Greenfield FDI: 67%

**Transport**
- Concession: 86%
- Greenfield FDI: 1%
- Privatization FDI: 7%
- Management and lease: 6%

**Water**
- Concession: 70%
- Greenfield FDI: 0%
- Privatization FDI: 5%
- Management and lease: 25%

**Concessions are more common in other industries**

FDI is common in telecommunications
Share of foreign investors in infrastructure industries of developing and transition economies varies

Commitments in 1996–2006, %

What might TNCs offer developing countries?

- **Capital injections**
  - Infrastructure projects are often capital-intensive
  - Financial constraints are a key barrier for developing countries’ investment in infrastructure
    - E.g. In *sub-Saharan Africa*, some $40 billion of investment per year in new and existing infrastructure through 2015 is required, but only $16.5 billion is likely to be forthcoming. Further private/TNC participation can help bridge the gap.
  - BUT TNCs complement (not replace) other sources of finance.
    - In the 1990s, expectations from TNCs were often overly optimistic, leading to reduced public investment and a major shortfall in overall investment in infrastructure in a number of developing countries.

- **Technology and knowledge/know-how**
  - Many infrastructure projects are technologically and organizationally challenging
  - TNCs may bring both hard and soft technology

*...but the scope for TNC involvement varies by industry and region*
Infrastructure TNCs impact on developing countries in a number of ways

- TNC participation in infrastructure industries
  - Mobilizing financial resources and effects on infrastructure investment
  - Enhancing efficiency and effects on industry performance
    - Impact on infrastructure services: quantity, quality and price
      - Implications for universal access
        - Wider economic impacts (e.g. On employment and skill development)
        - Bargaining power and regulatory concerns

Barriers for Low-Income Countries to Attract TNC Involvement

- TNCs require adequate returns on their investments
- Commercial and non-commercial risks
- Small local markets (investment in infrastructure is normally market orientated)
- Competition with other regions
  - Growing demand in both developed and large emerging economies
- Lack of domestic capacity to manage projects with private sector participation and secure development gains
- In particular LDCs do not attract a lot of investment from infrastructure TNCs
  - LDCs had less than 1% of world FDI stocks in infrastructure in 2006
  - ...only 5% of world FDI inflows in infrastructure in 2006...
  - ...and 5% of the total foreign commitments in infrastructure in developing and transition economies over the period 1996-2006.
There is increased openness of Governments to infrastructure TNCs

with some exceptions

• More countries open to TNC involvement...
• …but rising concerns related to the strategic nature of some types of infrastructure
• Many investment promotion agencies (IPAs) target TNCs in infrastructure:
  • Electricity generation, Internet services and airports most targeted
  • Electricity distribution and transmission least targeted.
• TNCs from the South new source to target
## Leveraging TNC Participation
### Policy Challenges and Options

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*Involving TNCs in infrastructure places more, rather than less, responsibility on public officials.*

- Risk-mitigation targeted to low-income countries
- Support to regional projects
- Keep all options open
Thank You!

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