



## FOREIGN DIRECT INVESTMENTS (FDI) ANALYTICS REPORT

### INTRODUCTION

Foreign Direct Investment is a major driver of world economic growth. It influences major sectors of the economy also, such as infrastructure, technology, health, and labour markets. This dashboard provides a comprehensive analysis of FDI trends, focusing on key metrics such as sectoral growth, top investment destinations, leading investors, and the ease of doing business. It is designed to guide stakeholders in identifying profitable opportunities and make better-informed decisions in a dynamic global economy.

### KEY FDI TRENDS AND INSIGHTS

#### 1) SECTOR GROWTH

##### a) High Growth Sectors

- Real Estate and Energy lead as the most attractive sectors of FDI at 15%. This is majorly driven by the high population growth, rising demand for houses especially in urban centres and the renewable energy initiatives worldwide.
- Tourism (14.55%) and Healthcare (14.3%) show significant growth, reflecting the post Covid recovery and the rising focus on health infrastructure.
- ICT (14.03%) and Infrastructure (13.58%) show the increasing investments in digital transformation and urban development.
- Fintech is still expanding due to the continuous adoption of cashless economy by many countries, after the covid 19 Pandemic.

#### 2) TOP COUNTRIES FOR INVESTMENT

##### a) Leading Countries

- Mexico (9.06% Growth rate), Japan (9.046%), and South Africa (8.673%) are the most preferred by investors.

#### **b)Possible Causes for Investment Attraction**

- Mexico-Strategic location for trade in America,low labour costs and favourable trade policies .
- Japan-Technological advancement and government initiatives to attract foreign investors.
- South Africa-Improved network with African markets ,plenty of resources and improved regulatory environment

#### **b)Other Promising Countries**

- Australia(8.662%)-Abundant natural resources,stable Political environment
- India(8.436%)-Rapidly growing economy with policy reforms attracting FDI in Infrastructure,IT,and manufacturing.

### **3) INVESTMENT LEADERS**

#### **a)Top Investors**

- Qatar Investment Authority (\$1,938.08B) leads the investment in ICT, indicating strong interest in digital transformation
- Blackrock(\$1,807.67B) focuses on energy, emphasizing its commitment to renewable energy and sustainability projects.
- Temasek Holdings and Kuwait Investment Authority invest heavily in Real Estate, Fintech, and Infrastructure, aligning with global urbanization trends

#### **b)Global Implications**

- Most investors are focusing on digital innovation,infrastructure and sustainability

### **4) FDI GROWTH TREND**

#### **a)General Trends**

- Growth has been steady with peaks in key years - **2015** experienced lowest investment rate having **4,769** Billion possibly caused by slow economic growth like in China,commodity price declines like oil prices droppping while in **2021** the investment rate accelerated and the highest investments were experienced(**5,898** Billion) possibly due to post-Covid 19 pandemic recovery where a lot of investments were pushed to healthcare and technology sectors
- Recent dips may reflect global uncertainties such as geopolitical tensions or economic slowdowns like the ongoing Ukraine-Russia war

#### **b)Key Observations**

- Periods of growth where high investments are realized align with international trade agreements, policy reforms, or economic recovery phases
- Declines may coincide with economic challenges such as inflation or reduced investor confidence caused by things like pandemics or political instabilities.

## 5) EASE OF DOING BUSINESS

### a)Current Score

- 6.988/10 Indicates that generally and globally, there is a relatively favourable environment for foreign investors to set up and operate a business in any other country. However, there are some improvements to be made also for example improving and implementing favourable government policies like favourable taxation rates, and reduced bureaucracies for setting up businesses.

## 6) UNUSUAL PATTERNS/KEY TAKEAWAYS

- Despite a significant interest in Fintech and Healthcare, Real Estate consistently attracts the highest investments (15.0%), showcasing ongoing demand for physical infrastructure in both developed and developing regions
- The Investment rate drop to **4,769 (Billion)** in 2015 is notably lower than the surrounding years. This indicates an anomaly in FDI inflows, likely due to global economic uncertainties such as China's slowdown and declining commodity prices
- Most sectors have growth percentages between **13%-15%**, which is unusual as one would expect certain sectors, like ICT, Health or Energy, to dominate significantly due to their global appeal.
- Despite being a global priority for investment, ICT has slightly lower growth compared to Real Estate (15%) and Energy (15%). This could be unusual given the heavy global emphasis on digital transformation
- Real Estate leads among high-growth sectors, despite global emphasis on digital and technological sectors like ICT and Fintech. This may reflect urbanization trends or infrastructure expansion in emerging markets

## RECOMMENDATIONS

### 1)SECTOR GROWTH

#### a)Sectors To Focus On

- **Fintech and Healthcare:** High growth potential driven by innovation and global demand
- **Energy:** Investment in renewable and environmental friendly energy like LNG to meet global sustainability goals.
- **ICT:** Expansion of digital infrastructure in both developed and developing markets

#### a)Target Countries to Invest In

- **Mexico and Japan:** Strategic trade positions and growth-oriented policies make them ideal for sustained investment
- **India and South Africa:** High growth rates and favourable government policies that attract investors.
- **Australia:** : A stable economy with a lot of resources that supports long-term investment

## AI INTERGRATION

## **1)PREDICTIVE ANALYTICS FOR FORECASTING**

### **a)How AI Helps**

- Machine Learning models can analyze historical data from my dashboard (e.g., sectoral growth, FDI inflows, global economic events) to forecast:
  - Growth among different sectors in the coming years
  - Which Countries will experience high/low growth rates in the coming years and on what sectors
  - Total FDI Inflows from historical data.

## **2)REAL TIME DATA UPDATES**

### **a)How AI Helps**

- Artificial Intelligence Models and Systems can connect with APIs from reliable sources like the World Bank, IMF,to pull live FDI statistics. These updates will ensure the dashboard reflects the most recent trends, such as policy changes, economic fluctuations, the analyses will be updated automatically and unnecessary manual updates avoided.
  - Example:** If a new tax policy in Mexico impacts FDI inflows, the dashboard could immediately update the relevant figures and notify stakeholders