

**HD Global Foreign Direct Investment Rises to Pre-Crisis Levels, UN Reports****WC** 988 words**PD** 30 January 2014**ET** 08:34**SN** All Africa**SC** AFNWS**LA** English**CY** (c) 2014 AllAfrica, All Rights Reserved**LP**

Jan 29, 2014 (UN News Service/All Africa Global Media via COMTEX) -- Global foreign direct investment (FDI) rose to levels not seen since the start of the global economic crisis in 2008, increasing by 11 per cent in 2013 to an estimated \$1.46 trillion, with the lion's share going to developing countries, according to a United Nations report released today.

FDI flows to developing economies reached a new high of \$759 **billion**, accounting for 52 per cent, and transition economies also recorded a new high of \$126 **billion**, 45 per cent up from the previous year and accounting for 9 per cent of the global total, UN Conference on Trade and Development (UNCTAD) figures showed.

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But developed countries remained at an historical low (39 per cent) for the second consecutive year. They increased by 12 per cent to \$576 **billion**, but only to 44 per cent of their peak value in 2007, with FDI to the European Union (EU) increasing, while flows to the United States continued their decline.

Although inflows to developed countries appear to be recovering over 2012, the picture is mixed: despite positive signs of recovery in some developed country regions such as parts of the EU, flows to the United States failed to reverse their decline, contrary to other signs of economic recovery over the past year. Inflows to Japan rose by 61 per cent to \$2.8 **billion**, but Australia and New Zealand saw sharp declines of 28 per cent to \$40 **billion** and 75 per cent to \$0.5 **billion**, respectively.

The increase for developing economies was mainly driven by Latin American and the Caribbean, and Africa while developing Asia, the world's largest recipient region for FDI, saw flows at a level similar to 2012. Total inflows to developing Asia, comprising East Asia, South Asia, South-East Asia and West Asia, amounted to an estimated \$406 **billion** in 2013, a level similar to 2012.

The performance of sub-regions continues to diverge, with FDI growth rates ranging between 3 per cent in South Asia (\$33 **billion**), 2 per cent in South-East Asia (116 **billion**), 1 per cent in East Asia (\$219 **billion**) and a drop of 20 per cent in West Asia (down to \$38 **billion**).

With inflows to **China** at an estimated \$127 **billion**, including both financial and non-financial Sectors, the country again ranked second in the world, closing the gap with the US to some \$32 **billion**. India experienced a 17 per cent growth to \$28 **billion**, despite unexpected capital outflows in the middle of the year.

FDI growth slowed in the Association of Southeast Asian Nations (ASEAN), as inflows to Singapore, the largest recipient in South-East Asia, stagnated at \$56 **billion**. But prospects for the group continue to be promising, as more FDI arrives from **China** and Japan in a wide range of sectors, including infrastructure, finance and manufacturing.

West Asia's two main recipients, Saudi Arabia and Turkey, registered significant declines of 19 per cent (to \$9.9 **billion**) and 15 per cent (to \$11 **billion**) respectively. Turkey witnessed virtually no large FDI deals. In addition, the worsening political instability in many parts of the region have caused uncertainty and negatively affected investment.

Flows to Latin America and the Caribbean increased by 18 per cent, the fourth consecutive year of growth, to an estimated \$294 **billion**. While in previous years growth was largely driven by South

America, in 2013 Central America and the Caribbean were the main recipients, with increases of 93 per cent and 38 per cent respectively. Flows to South America declined by 7 per cent.

The \$18 **billion acquisition** of Grupo Modelo in Mexico explains most of Central America's increase, while the strong rise in the Caribbean was mainly driven by the British Virgin Islands.

The decline of flows to South America came after three years of strong growth bolstered by the strength of commodity prices that fuelled rising profits on investment, as well as reinvested earnings in **mining**. Decreasing commodity prices seem to have brought a stop to this boom, especially in countries such as Chile, with a drop of 33 per cent to \$20.4 **billion** and Peru, with a drop of 2 per cent to \$12 **billion**.

In addition, FDI to Brazil, the largest recipient in the sub-region, with 47 per cent of South America's total in 2013, declined by a slight 3.9 per cent, but remained significant at \$63 **billion**. Nevertheless, this decline should be seen in the context of strong growth in previous years that boosted FDI in Brazil to historical highs.

Inflows to Africa rose by 6.8 per cent to an estimated \$56.3 **billion**, due to the strong performance of Southern Africa, including South Africa and Mozambique which experienced record levels of more than \$10 **billion** and \$7 **billion** respectively, as well as lower levels of divestment in Angola compared to previous years.

Persistent political and social tensions continued to subdue flows to North Africa, where only Morocco registered solid growth of 24 per cent to \$3.5 **billion**. Nonetheless, there are signs that investors are ready to return to the region, with many big cross-border deals targeting Egypt. In Sub-Saharan Africa, Nigeria's lacklustre performance (\$5.5 **billion**) is the result of a retreat from the **oil** industry.

Transition economies experienced a significant 45 per cent rise, reaching a record level of an estimated \$126 **billion**, with Russia jumping by 83 per cent to \$94 **billion**, making it the world's third largest recipient for the first time ever.

The rise was predominantly ascribed to the large **acquisition** by BP (United Kingdom) of 18.5 per cent of Rosneft (Russia Federation) as part of Rosneft's \$57 **billion acquisition** of TNK-BP, which is owned by a **company** registered in the British Virgin Islands.

**CO** uncfr : United Nations Conference on Trade and Development

**NS** e511 : Capital Movements/Invisible Trade | efdi : Foreign Direct Investment | e51 : Trade/External Payments | ecat : Economic News

**RE** africaz : Africa | angol : Angola | austr : Australia | braz : Brazil | chil : Chile | china : China | egypt : Egypt | jap : Japan | mex : Mexico | moroc : Morocco | nigea : Nigeria | peru : Peru | singp : Singapore | turk : Turkey | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | balkz : Balkan States | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcos : Developing Economies | easiaz : Eastern Asia | eurz : Europe | lamz : Latin America | meastz : Middle East | medz : Mediterranean | nafrz : North Africa | namz : North America | samz : South America | seasiaz : Southeast Asia | souafz : Southern Africa | wafrz : West Africa | wasiaz : Western Asia

**IPD** accounting

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