

The background is a dark teal color with a pattern of faint, light teal vertical lines. Scattered across the background are various financial symbols and numbers in a lighter teal and yellow-green color. These include currency symbols like the dollar sign (\$), yen sign (¥), pound sign (£), and euro sign (€), as well as numbers (0-9) and arrows (up and down) pointing in different directions.

Foreign Direct Investment:

How does FDI impact our global economy?

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What is FDI?

- A foreign direct investor is an individual, an incorporated or unincorporated public or private enterprise, or a government.
- An FDI relationship is established when an investor in one country acquires **10%** or more of the voting power in a business enterprise in another country.
 - Examples: M&A, building new facilities, reinvesting profits, loans



Why is FDI important?

Signals a mature economy with diversified, global holdings

Engine of economic growth for developing/transitioning economies (new employment, knowledge transfer, tax revenue)

Tax planning strategy

Where are we seeing this happening?



Data

- Organization for Economic Co-operation and Development (OECD)
 - Intergovernmental economic organization
 - Founded in 1948 in the framework of the Marshall Plan
 - Mostly high-income economies (~60% of global GDP)
- OECD.Stat contains very detailed data on FDI flows as reported by 36 member countries from 2005-2016



OECD Member Nations

- Australia
- Austria
- Belgium
- Canada
- Chile
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Israel
- Italy
- Japan
- South Korea
- Latvia
- Lithuania
- Luxembourg
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom
- United States

*GDP Top 20



Notable Omissions

- ❖ Non-OECD members in top 20 of GDP
 - ❖ China
 - ❖ India
 - ❖ Brazil
 - ❖ Russia
 - ❖ Indonesia
 - ❖ Saudi Arabia
- ❖ Flows between non-OECD and OECD included
- ❖ Flows between two non-OECD members excluded
- ❖ U.S. Data begins in 2011



Shiny App / Case Studies

Conclusion / Next Steps

- Can use data visualization to identify trends in FDI
 - Common use cases
 - ☐ Diversification of a mature economy
 - ☐ Tax planning
 - ☐ Stimulate Economic Growth
- Next steps:
 - Look to acquire a more inclusive dataset
 - ☐ Belt and Road Initiative (China)
 - Dig deeper into each type of flow
 - ☐ In which sector are we seeing FDI flow and where?
Telecommunications? Energy? Real Estate?
 - What effect will U.S. shifts on economic policy and regulatory framework have on FDI in the U.S. and abroad?

