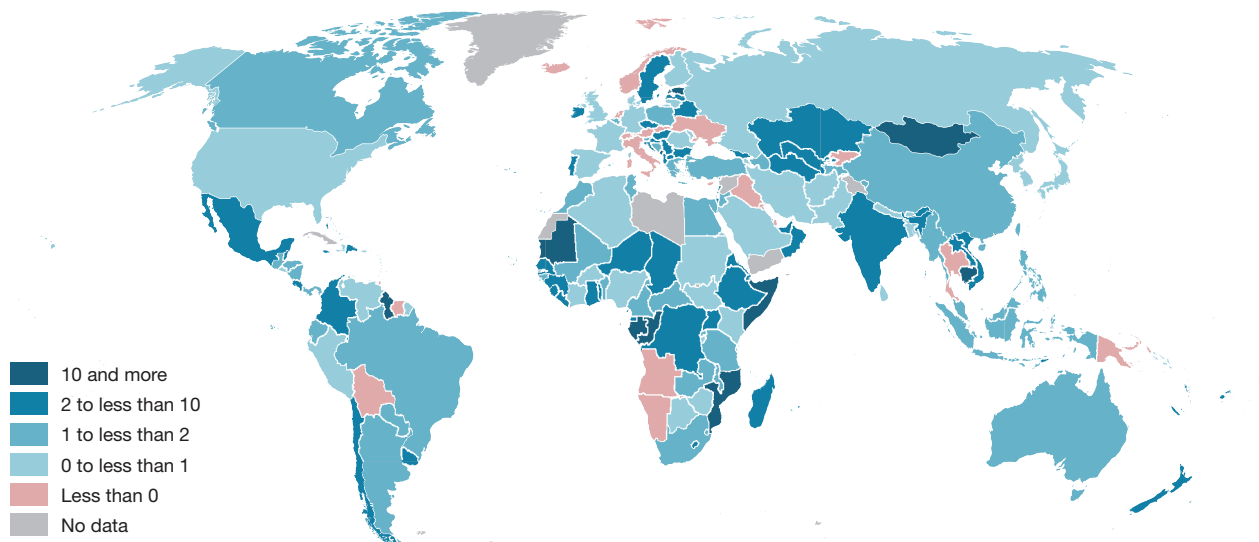


# Fact sheet #9: Foreign direct investment

**Map 1** Foreign direct investment inflows as a ratio to gross domestic product, 2020



## Concepts and definitions

Foreign direct investment (FDI) is defined as an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate).

FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate. FDI outflows represent the same flows from the perspective of the other economy.

FDI flows are presented on a net basis, i.e., as credits less debits. Thus, in cases of reverse investment or disinvestment, FDI may be negative.

FDI stock is the value of capital and reserves attributable to a non-resident parent enterprise, plus the net indebtedness of foreign affiliates to parent enterprises (UNCTAD, 2021c).

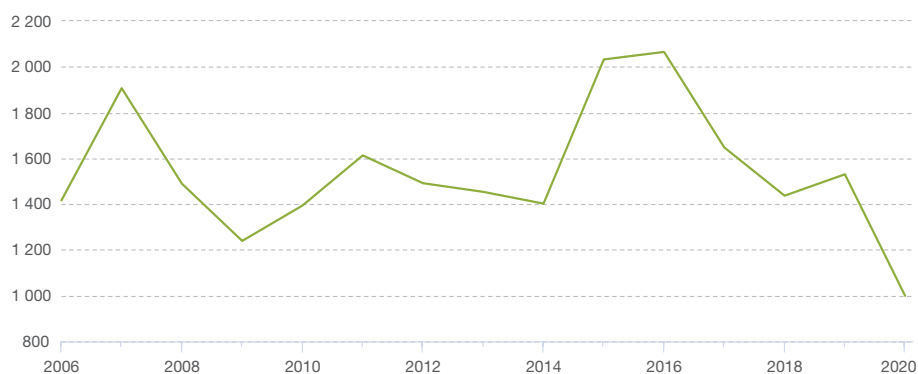
## Trends and global patterns

FDI fell dramatically in 2020 during the COVID-19 crisis. Global FDI flows dropped by 35 per cent in 2020, to US\$1.0 trillion from US\$1.5 trillion in 2019. This is almost 20 per cent below the 2009 financial crisis level.

The decline was heavily skewed towards developed economies, where FDI inflows fell sharply by 59 per cent to US\$329 billion in 2020, a level last seen in 2003. FDI flows to Europe fell by 78 per cent, largely because of negative FDI in countries with significant conduit flows, such as the Netherlands and Switzerland. FDI to North America declined somewhat less sharply, by 42 per cent.

FDI to developing economies decreased at a more moderate 9 per cent rate, mainly because of robust flows in Asia. The fall in FDI flows across developing regions was uneven, with 45 per cent in America and 16 per cent in Africa. In contrast, flows to Asia rose by 3 per cent.

**Figure 1** World foreign direct investment inflows (Billions of United States dollars)



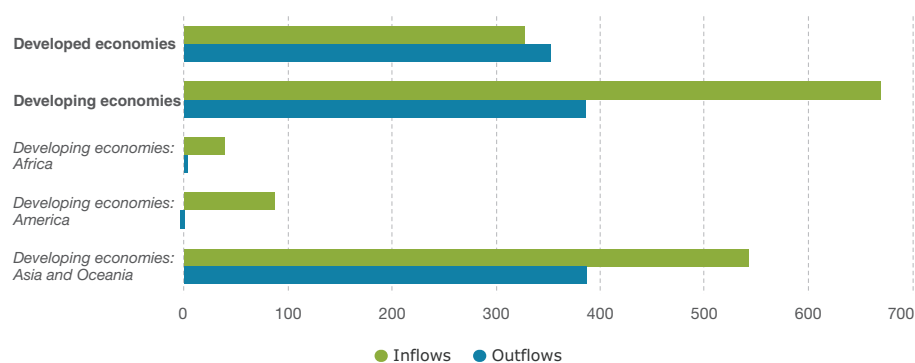
Note: Excluding financial centres in the Caribbean (see note, table 3.3.1).



## Inflows and outflows by group of economies

In 2020, FDI from developed economies decreased by 56 per cent to US\$354 billion, the lowest since 1997. Outflows from Europe (including large negative flows) fell by 79 per cent to US\$80 billion. Outflows from developing countries fell by 7 per cent to US\$386 billion. Developing Asia was the only region recording expansion in outflows, increasing by 6 per cent to US\$388 billion. FDI outflows from Africa fell by 68 per cent in 2020 to US\$1.6 billion from US\$4.9 billion in 2019. Outflows from developing America collapsed in 2020, recording an overall disinvestment for the first time ever (-US\$3.5 billion).

**Figure 2** Foreign direct investment inflows and outflows, 2020  
(Billions of United States dollars)



Note: Excluding financial centres in the Caribbean (see note, table 3.3.1).

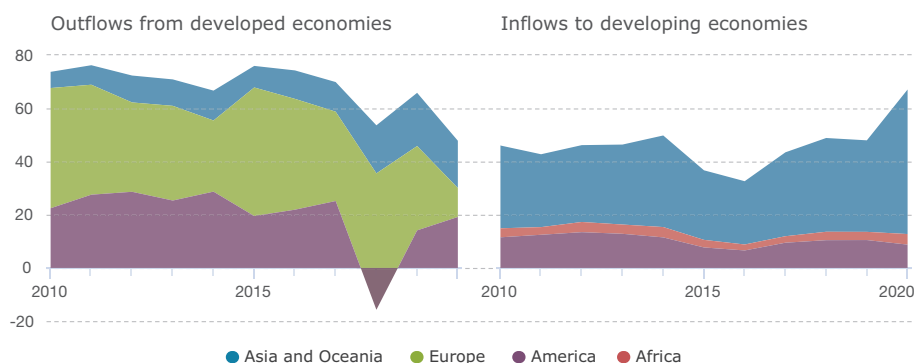
## Origins and destinations of foreign direct investment

Developed economies' share in global outward FDI dropped to a record low of 48 per cent in 2020. Europe accounted for 11 per cent, North America accounted for 19 per cent and developed Asia accounted for 16 per cent.

On the recipient side, as a result of robust flows in Asia, developing economies accounted for 67 per cent of global FDI inflows, up from 48 per cent in 2019. Developing Asia is the only region recording growth, accounting for 54 per cent of global inward flows. Developing America accounts for 9 per cent and Africa for 4 per cent.<sup>1</sup>

<sup>1</sup> For further analyses on that topic, see UNCTAD (2021c).

**Figure 3** Selected foreign direct investment flows  
(Percentage of world total)



Note: Excluding financial centres in the Caribbean (see note, table 3.3.1).

For references, see UNCTAD Handbook of Statistics 2021, annex 6.4.

Global FDI inflows fell sharply by 35% in 2020



In 2020, FDI from developed economies decreased by 56%, the lowest level since 1997

Developing Asia



accounted for 54% of global inflows

Asia and Oceania remained the largest FDI recipient of the developing regions




**Table 1 Foreign direct investment flows by group of economies**

Group of economies	Inflows				Outflows			
	Value (Billions of US\$)		Ratio to GDP (Percentage)		Value (Billions of US\$)		Ratio to GDP (Percentage)	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>World<sup>a</sup></b>	<b>1 530</b>	<b>999</b>	<b>1.8</b>	<b>1.2</b>	<b>1 220</b>	<b>740</b>	<b>1.4</b>	<b>0.9</b>
Developed economies	796	329	1.5	0.7	804	354	1.5	0.7
Developing economies	734	670	2.1	2.0	417	386	1.2	1.2
Developing economies: Africa	47	40	1.9	1.6	5	2	0.2	0.1
Developing economies: America	160	88	3.1	2.0	47	-4	1.0	-0.1
Developing economies: Asia and Oceania	527	543	1.9	2.0	365	388	1.3	1.4
<b>Selected groups</b>								
Developing economies excluding China	593	521	2.8	2.7	280	253	1.4	1.4
Developing economies excluding LDCs	711	647	2.1	2.0	418	383	1.2	1.2
LDCs	23	24	2.1	2.1	-1	3	-0.1	0.4
LLDCs	22	15	2.7	1.7	1	-1	0.1	-0.1
SIDS (UN-OHRLLS)	123	97	19.2	16.6	51	34	9.6	6.9
HIPCs (IMF)	28	23	3.8	3.1	2	3	0.4	0.5
BRICS	294	251	1.4	1.2	194	123	0.9	0.6
G20	1 171	659	1.6	0.9	1 072	500	1.4	0.7

Note: Excluding financial centres in the Caribbean, namely: Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten and Turks and Caicos Islands.

<sup>a</sup> At world level, recorded FDI inflows may not equal recorded FDI outflows, due to imperfect geographic coverage and cross-country differences in compilation methods.

**Table 2 Foreign direct investment stock by group of economies**

Group of economies	Inward stock				Outward stock			
	Value (Billions of US\$)		Ratio to GDP (Percentage)		Value (Billions of US\$)		Ratio to GDP (Percentage)	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>World<sup>a</sup></b>	<b>36 377</b>	<b>41 354</b>	<b>41.7</b>	<b>48.8</b>	<b>34 350</b>	<b>39 246</b>	<b>39.7</b>	<b>46.7</b>
Developed economies	24 766	29 285	47.6	58.0	26 264	30 526	50.5	60.5
Developing economies	11 611	12 069	32.9	35.2	8 086	8 720	23.4	26.0
Developing economies: Africa	942	979	38.4	39.3	289	326	13.0	14.7
Developing economies: America	2 260	2 232	43.6	51.8	729	771	14.8	18.8
Developing economies: Asia and Oceania	8 410	8 858	30.4	32.2	7 068	7 623	25.8	28.0
<b>Selected groups</b>								
Developing economies excluding China	9 842	10 150	47.0	52.0	5 887	6 368	29.1	33.8
Developing economies excluding LDCs	11 240	11 673	32.9	35.2	8 065	8 696	23.8	26.5
LDCs	371	395	34.2	34.4	21	24	2.9	3.2
LLDCs	408	418	49.1	45.5	50	50	8.4	7.3
SIDS (UN-OHRLLS)	1 911	2 023	296.4	345.7	1 128	1 246	208.7	253.5
HIPCs (IMF)	349	374	47.6	50.5	23	26	4.2	4.7
BRICS	3 540	3 591	16.8	17.4	3 249	3 450	15.4	16.7
G20	27 320	31 938	36.3	43.7	28 187	32 605	37.4	44.6

Note: Excluding financial centres in the Caribbean (see note, table 3.3.1).

<sup>a</sup> At world level, recorded inward stocks may not equal recorded outward stocks, due to imperfect geographic coverage and cross-country differences in compilation methods.

**Table 3 Foreign direct investment inflows, top 20 host economies, 2020**

Economy (Ranked by inflow value)	Inflows		Inward stock
	Value	Ratio to GDP	Ratio to GDP
	(Billions of US\$)	(Percentage)	(Percentage)
United States of America	156	0.7	51.3
China	149	1.0	13.0
China, Hong Kong SAR	119	34.1	539.1
Singapore	91	26.8	549.1
India	64	2.4	17.9
Luxembourg	62	84.8	856.3
Germany	36	0.9	27.9
Ireland	33	8.0	321.9
Mexico	29	2.7	56.0
Sweden	26	4.9	76.1
Brazil	25	1.7	42.8
Israel	25	6.1	46.9
Canada	24	1.4	66.9
Australia	20	1.5	58.8
United Arab Emirates	20	5.6	42.3
United Kingdom	20	0.7	81.5
Indonesia	19	1.8	22.7
France	18	0.7	37.2
Viet Nam	16	5.9	65.8
Japan	10	0.2	4.9

Note: Excluding financial centres in the Caribbean (see note, table 1).

**Table 4 Foreign direct investment outflows, top 20 home economies, 2020**

Economy (Ranked by outflow value)	Outflows		Outward stock
	Value	Ratio to GDP	Ratio to GDP
	(Billions of US\$)	(Percentage)	(Percentage)
China	133	0.9	16.0
Luxembourg	127	173.5	1 210.7
Japan	116	2.3	39.8
China, Hong Kong SAR	102	29.2	558.9
United States of America	93	0.4	38.6
Canada	49	3.0	119.5
France	44	1.7	66.1
Germany	35	0.9	52.2
Korea, Republic of	32	2.0	30.7
Singapore	32	9.6	361.3
Sweden	31	5.8	86.5
Spain	21	1.7	48.8
United Arab Emirates	19	5.3	57.1
Switzerland, Liechtenstein	17	2.2	216.1
Thailand	17	3.3	31.1
China, Taiwan Province of	14	2.1	57.3
Chile	12	4.5	56.9
India	12	0.4	7.1
Italy	10	0.5	31.6
Belgium	10	2.0	131.8

Note: Excluding financial centres in the Caribbean (see note, table 1).