



Asia-Pacific
Economic Cooperation

Recent FDI Trends in the APEC Region

- FDI inflows to the APEC region grew by 16% in 2011 from 2010 to reach \$733 billion. Inflows to the region continue to recover following the global financial crisis, during which FDI inflows fell by 40% in 2009. In fact, the 2009-2011 annual average of FDI inflows to the APEC region is 13% higher than their annual average in the pre-crisis period of 2005-2007 (in nominal terms).
- In comparison, the 2009-2011 annual average of FDI inflows to the European Union (EU) was 43% lower than their 2005-2007 annual average, despite inflows to the EU growing by 32% in 2011. Given the ongoing fiscal concerns in the EU, APEC's share of global FDI inflows rose to 48% in 2011, while the EU's share fell to 28%.
- FDI inflows to developed APEC economies grew by 21% in 2011, while those to developing APEC economies increased by 12%. However, developing APEC economies continue to take a greater share, accounting for 58% of FDI inflows to the region (of which China accounted for 29%).
- Driven by developed APEC economies, FDI outflows from the APEC region jumped by 25% in 2011 from 2010 to reach \$911 billion, outpacing the rest of the world, which grew by 9%. Outflows from developed APEC economies surged by 41% in 2011, accounting for 64% of total FDI outflows from the region (of which the United States comprised 68%).
- Despite the recent gains in FDI inflows, inward FDI stock in the APEC region grew at an annualized rate of 6% between 2000 and 2011 compared with a 13% rate for the rest of the world. Similarly, outward FDI stock from the APEC region grew at an annualized rate of 8% between 2000 and 2011, while outward FDI stock from the rest of the world increased at a rate of 10%.
- In 2011, the value of companies sold in the APEC region through merger and acquisitions (M&A) activity rose by 51% to \$270 billion. Prior to the financial crisis, APEC's average annual share of global M&A sales value was 34% between 2005 and 2007. However, in 2011 APEC's share had risen to 51%, while the EU's share, which averaged 55% between 2005 and 2007, had fallen to 33%. In addition, the value of M&A purchases by companies located in the APEC region increased by 32% in 2011 from 2010 to \$324 billion. Despite growing by four and half times in 2011, the EU's share of global M&A purchases value was at 22% in 2011, down from its average of 48% during the pre-crisis period of 2005-2007.
- As a destination for Greenfield FDI, the value of projects in the APEC region continues to decline, falling by 10% in 2011, with both developed and developing APEC economies experiencing a decrease. Nevertheless, the annual average of Greenfield FDI in the region between 2009 and 2011 is 10% higher than the 2005-2007 pre-crisis annual average.

Table A. Distribution of FDI flows in APEC¹, 2011

Range	Inflows	Outflows
Above \$50 billion	United States; China; Hong Kong, China; Singapore; Russia	United States; Japan; Hong Kong, China; Russia; China
\$10 to \$49 billion	Australia; Canada; Mexico; Indonesia; Chile; Malaysia	Canada; Singapore; Korea; Australia; Malaysia; Chinese Taipei; Chile; Thailand
\$1.0 to \$9.9 billion	Thailand; Peru; Viet Nam; Korea; New Zealand; Philippines; Brunei Darussalam	Mexico; Indonesia; New Zealand; Viet Nam
Below \$0.9 billion	Papua New Guinea; Japan; Chinese Taipei	Peru; Brunei Darussalam; Philippines; Papua New Guinea

¹Economies are listed according to their magnitude of FDI flows.

Table B. FDI flows and stock, 2009-2011 (USD billions)

	Inward			Outward		
	2009	2010	2011	2009	2010	2011
	FDI Flows					
APEC	478	632	733	634	731	911
APEC-developed	203	256	311	399	413	583
APEC-developing	276	376	422	235	319	328
European Union	357	318	421	394	483	562
World	1,198	1,309	1,524	1,175	1,451	1,694
APEC share of world	40%	48%	48%	54%	50%	54%
	FDI Stock					
APEC	7,421	8,613	8,674	8,154	9,204	9,364
APEC-developed	4,237	4,765	4,604	5,988	6,657	6,538
APEC-developing	3,183	3,848	4,070	2,166	2,547	2,826
European Union	7,323	7,290	7,276	9,127	9,244	9,199
World	18,041	19,907	20,438	19,326	20,865	21,168
APEC share of world	41%	43%	42%	42%	44%	44%

This regional report prepared by the APEC Policy Support Unit (PSU) uses data released by UNCTAD with the launch of their *World Investment Report 2012* on **5 July 2012**, and which are available at UNCTAD's FDI/TNC database (<http://www.unctad.org/fdistatistics>). All currency values are in current U.S. dollars. According to the United Nations' statistical classification, the APEC-developed economies are Australia; Canada; Japan; New Zealand; and the United States and the APEC-developing economies are Brunei Darussalam; Chile; China; Hong Kong, China; Indonesia; Korea; Malaysia; Mexico; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; and Viet Nam.

Figure A. Share of FDI inflows to APEC, 2011

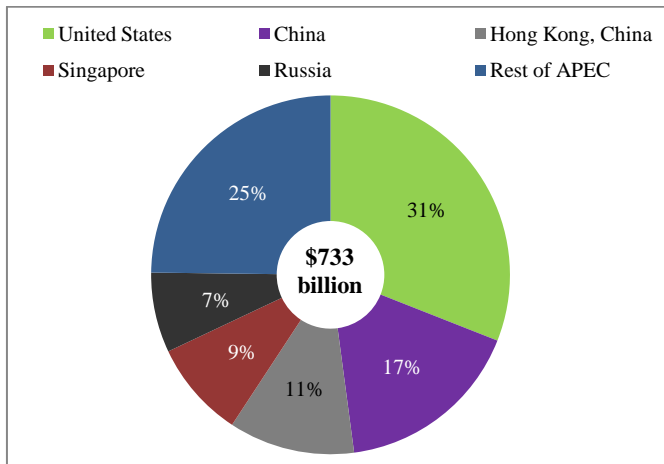


Figure B. FDI inflows, 2005-2007 average, 2009-2011

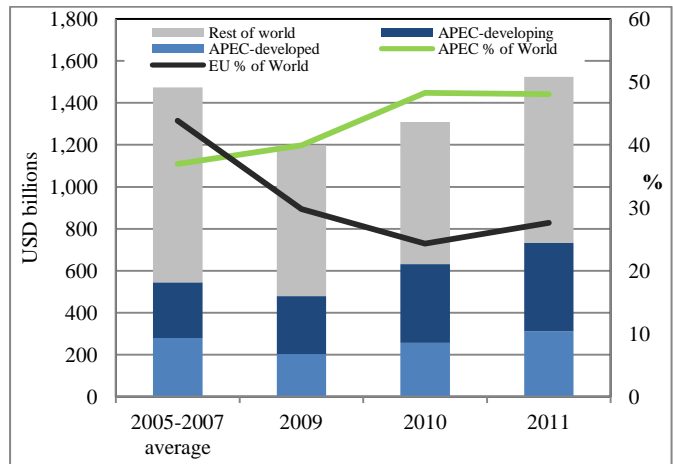


Table C. M&A activity, value and deals, 2009-2011

	Sales			Purchases		
	2009	2010	2011	2009	2010	2011
	Value (USD billions)					
APEC	103	179	270	107	245	324
APEC-developed	68	131	206	55	170	245
APEC-developing	35	47	65	52	75	79
European Union	116	116	172	90	26	117
World	250	344	526	250	344	526
APEC share of world	41%	52%	51%	43%	71%	62%
	Number of deals					
APEC	2,186	2,732	2,599	1,644	2,377	2,769
APEC-developed	1,423	1,674	1,664	1,113	1,640	2,036
APEC-developing	763	1,058	935	531	737	733
European Union	1,344	1,796	2,093	1,328	1,759	1,848
World	4,239	5,484	5,769	4,239	5,484	5,769
APEC share of world	52%	50%	45%	39%	43%	48%

Table D. Greenfield FDI, value and projects, 2009-2011

	Destination			Source		
	2009	2010	2011	2009	2010	2011
	Value (USD billions)					
APEC	458	410	369	471	441	444
APEC-developed	116	130	105	290	245	281
APEC-developing	342	280	264	181	196	163
European Union	197	163	167	420	358	332
World	1,052	905	904	1,052	905	904
APEC share of world	44%	45%	41%	45%	49%	49%
	Number of projects					
APEC	5,947	6,175	6,311	5,963	6,291	6,745
APEC-developed	2,056	2,402	2,542	4,541	4,794	5,285
APEC-developing	3,891	3,773	3,769	1,422	1,497	1,460
European Union	4,668	4,840	4,541	6,884	6,740	6,733
World	14,763	15,131	15,638	14,763	15,131	15,638
APEC share of world	40%	41%	40%	40%	42%	43%

- UNCTAD's *World Investment Report 2012* states that there were a total of 47 international investment agreements (IIAs) signed in 2011, including 33 bilateral investment treaties (BITs), compared with 69 in 2010. The report highlights the increasing economic significance of regional treaties such as the investment negotiations currently taking place for the Trans-Pacific Partnership (TPP) Agreement and the conclusion of the 2012 trilateral investment agreement between China; Japan; and Korea.
- The report also discusses how in 2011 economies worldwide continued to liberalize and promote foreign investment, particularly in services industries, given the continued global economic uncertainty. The 67 investment policy measures undertaken globally in 2011 were generally favorable to foreign investment – the share of policy measures that were more restrictive fell to 22% in 2011 from 32% in 2010.

- Results from UNCTAD's *World Investment Prospects Survey (WIPS)* revealed that executives at transnational corporations (TNCs) ranked six APEC members among their top 10 prospective host economies for FDI in the 2012-2014 period: China; United States; Indonesia; Australia; Russia; and Thailand (in order of ranking). The survey also revealed that although TNC executives who are pessimistic about the global investment climate for 2012 was 10 percentage points greater than those who are optimistic, the largest group of respondents (about half) are either neutral or undecided.
- UNCTAD forecasts that global FDI flows will increase only moderately in the medium-term. FDI inflows are expected to grow by 5% to \$1.6 trillion in 2012, with both developed and developing economies experiencing an increase. Barring any macroeconomic shocks, FDI inflows are also predicted to rise by 11% to \$1.8 trillion in 2013 and by 7% to \$1.9 trillion in 2014.