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Despite global economic turmoil, foreign direct investment increased in 2011 – UN



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In spite of the economic turmoil that shook countries last year, global foreign direct investment (FDI) rose by 17 per cent, according to a United Nations report released today, which predicts it will continue to increase this year but [warns](#) of the risks posed by the frail economic climate.

The [report](#), authored by the UN Conference on Trade and Development ([UNCTAD](#)), highlights the increase in FDI in both developed and developing countries as well as transition economies.

“Developing and transition countries continued to account for half of global FDI in 2011 as their inflows reached a new record high, driven mainly by investments in Latin America (up 35 per cent) and in transition economies (up 31 per cent),” the report states.

After three years of consecutive decline, inflows to developed countries rose last year, reaching an estimate \$753 billion, up 18 per cent from 2010, largely due to cross-border mergers and acquisitions.

However, FDI declined in Africa, the region with the highest number of least developed countries. The report shows that the share of inflows to Africa dropped by 0.6 per cent, to a total of 3.6 per cent of global FDI flows.

UNCTAD estimates that FDI flows will continue to climb moderately in 2012 to around \$1.6 trillion, but will remain short of the all-time peak of \$2 trillion reached in 2007. It also warned that economic uncertainty could negatively affect FDI growth.

“The fragile recovery of the world economy in 2011 – with growth tempered by the debt crisis in developed countries, the uncertainties surrounding the future of the euro, and rising financial market turbulence – will have an impact on FDI flows in 2012,” the report says. “All these factors suggest that significant risks and uncertainties for further FDI growth in 2012 remain in place.”

More comprehensive results and analysis of FDI for the year will be provided in the World Investment Report, which will be published in July.

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