



INVESTMENT TRENDS MONITOR



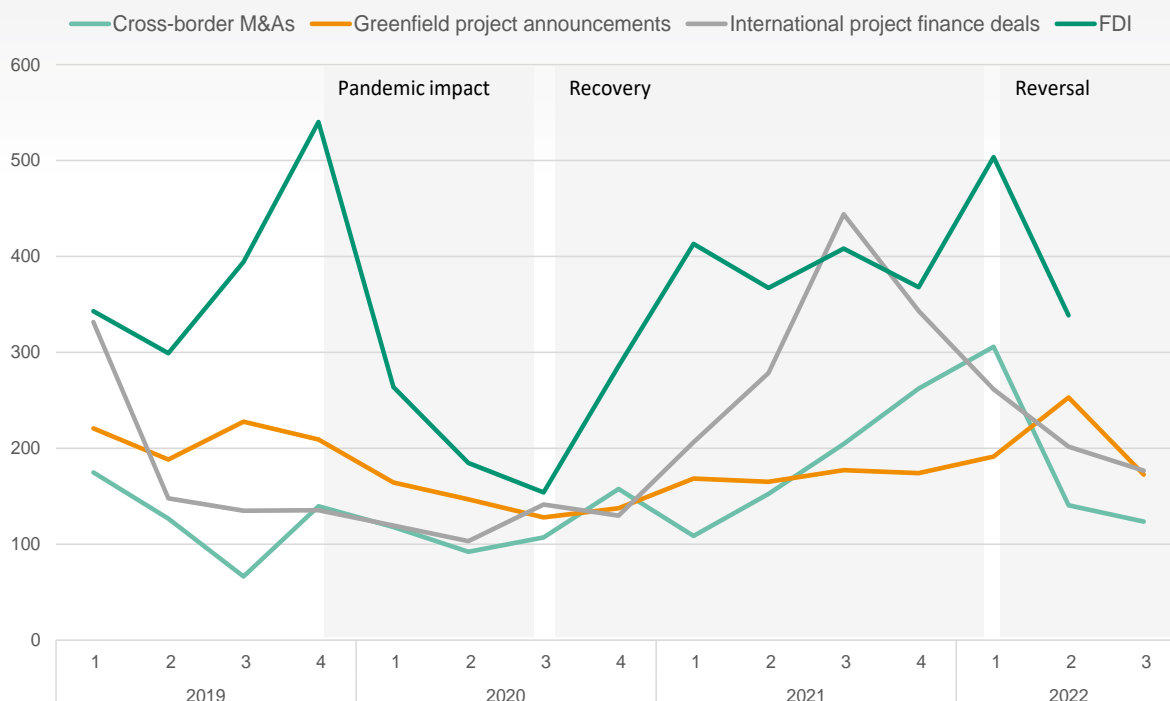
UNITED NATIONS
UNCTAD

GLOBAL FDI DOWNSHIFTS IN Q2 2022

PROJECT ANNOUNCEMENTS INDICATE SLOWDOWN IN NEW INVESTMENTS

- Global foreign direct investment (FDI) flows in the second quarter of 2022 reached an estimated \$357 billion, down 31% from the first quarter and 7% less than the quarterly average of 2021 (figure 1), reflecting a shift in investor sentiment due to the Ukraine war, the food, fuel and finance crises around the world, rising inflation and interest rates, and fears of a coming recession. Flows over the first half of 2022 were still 14% up as the strong growth momentum of 2021 was maintained in the first quarter.

Figure 1. Investment trends, Q1 2019 – Q3 2022 (Billions of dollars)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics) for FDI, information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield projects and Refinitiv SA for international project finance.

Note: FDI data in this Trends Monitor are estimated based on partial-year quarterly data, as of 19 October 2022. Greenfield project announcement data is estimated based on 8 months.



- *Flows to developed economies were 22% lower in the second quarter of 2022 compared to the average of 2021, at an estimated \$137 billion.* In Europe, flows to EU countries were up 7%, while in European countries outside the EU inflows fell by more than 80%. Inflows in North America were 22% lower as cross-border M&As targeting United States firms more than halved.
- *FDI flows to developing economies as a group showed resilience, increasing by 6% to \$220 billion, but driven mostly by continued growth in several large emerging economies.* Flows to Latin America and the Caribbean and to developing Asia were up, maintaining strong first quarter momentum, while flows to Africa nearly dried up completely.
- *FDI trends in selected emerging economies in the first half of 2022:*
 - China reported a continued upward trend, with 18% higher inflows in the second quarter compared to last year and strong investment in high-tech industries.
 - Most ASEAN economies reported lower inflows in Q2, with Malaysia and Viet Nam the exception (+37% compared to 2021 and +15%, respectively).
 - FDI inflows to India were significantly higher in both Q1 and Q2, on course to exceed the record level seen in 2020; greenfield investment project announcements remained buoyant.
 - Flows to Brazil remained strong in both Q1 and Q2, at more than 80% above the level of 2021, mainly driven by high reinvested earnings.
 - Flows to Mexico were sharply lower in Q2 after strong inflows in Q1.
 - Inflows to South Africa were down 80% compared to the anomalously high level of 2021, but remained sizable historically.
- *New investment project announcements, an indicator of forward trends, weakened in the first three quarters of 2022.* The number of greenfield project announcements (mostly in industry) fell by 10%; the number of international project finance deals (mostly in infrastructure) stagnated at the 2021 level. In both cases, monthly numbers show a downward trend. The biggest declines in new investment project announcements were registered in developed economies, in Latin America and in Central Asia.
- *Project numbers fell across most industries, with few exceptions, notably in extractives and petrochemicals.* Greenfield project values still increased due to a few large announcements concentrated in electricity and gas supply.
- *The outlook for global FDI in 2022 remains bleak due to the multiple ongoing geopolitical and economic crises.* Tightening financial conditions and heightened investor uncertainty are visible in the declining monthly trends in new project announcements. Lingering strong financial results of multinationals following the record profits in 2021, and continued growth in individual emerging markets could dampen the downward effect. Shifting needs in the energy sector could also push up investment in selected industries.

Table 1. FDI inflows and cross-border M&As, 2020–2021 and partial year data for 2022
(Billions of dollars)

Region / economy	FDI					Net cross-border M&A sales			
	2020	2021	2022:Q1	2022:Q2	2021 quarterly average–2022:Q2 Growth rate (%)	2020	2021	2022:Q1-Q3	2021–2022 Growth rate (%)
World	934	1 537	515	357	-7	475	728	570	4
Developed economies	291	700	257	137	-22	389	615	504	9
Europe	110	159	114	31	-23	260	258	326	69
European Union	199	106	111	28	7	188	139	111	6
Other Europe	- 89	53	3	2	-84	72	118	215	142
North America	118	449	86	87	-22	109	313	106	-55
Other developed economies	63	92	57	19	-19	20	44	72	117
Developing economies	643	837	258	221	6	86	113	66	-22
Africa	39	81	10	1	-96	3	- 2	8	..
North Africa	10	9	5	4	66	0	- 0	3	..
Other Africa	29	72	5	- 3	..	3	- 2	5	..
Asia	519	620	176	165	7	75	100	48	-36
Central Asia	6	8	3	2	24	0	0	0	-57
East Asia	285	329	98	87	5	31	11	12	45
South-East Asia	122	177	50	41	-6	- 5	50	9	-75
South Asia	71	52	19	26	97	28	8	- 1	..
West Asia	35	55	7	9	-34	21	31	27	17
Latin America and the Caribbean	85	136	71	55	61	8	8	12	105
South America	50	90	47	45	100	6	5	3	-6
Central America	33	42	23	9	-17	3	1	6	1069
Caribbean	3	4	1	1	27	- 1	3	1	-39

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics) for FDI and cross-border M&A database (www.unctad.org/fdistatistics) for M&As.

Note: FDI data in this Monitor are based on quarterly data derived from the (extended) directional principle. For a few countries the asset/liability principle was used for estimation. The data excludes Caribbean offshore financial centres.

Table 2. Announced greenfield projects and international project finance deals, 2020–2021 and partial year data for 2022 (Project numbers)

Region / economy	Greenfield projects				International project finance deals			
	2020	2021	2022:Q1-Q3	2021–2022 Growth rate (%)	2020	2021	2022:Q1-Q3	2021–2022 Growth rate (%)
World	13 348	15 185	9 108	-10	1 317	2 296	1 721	0
Developed economies	9 073	10 248	5 725	-16	773	1 375	1 017	-1
Europe	6 352	7 394	3 718	-25	466	855	687	7
European Union	4 823	5 780	2 828	-27	360	607	522	15
Other Europe	1 529	1 614	890	-17	106	248	165	-11
North America	1 979	2 058	1 482	8	176	308	207	-10
Other developed economies	742	796	525	-1	131	212	123	-23
Developing economies	4 275	4 937	3 383	3	544	919	704	2
Africa	570	545	442	22	92	126	106	12
North Africa	133	143	151	58	13	24	27	50
Other Africa	437	402	291	9	79	102	79	3
Asia	2 651	3 163	2 222	5	245	444	405	22
Central Asia	42	53	18	-49	15	22	8	-52
East Asia	581	667	247	-44	33	69	62	20
South-East Asia	756	841	527	-6	51	152	136	19
South Asia	454	503	556	66	118	145	173	59
West Asia	818	1 099	874	19	28	56	26	-38
Latin America and the Caribbean	1 054	1 227	717	-12	204	342	191	-26
South America	574	630	373	-11	171	288	155	-28
Central America	457	569	330	-13	26	35	28	7
Caribbean	23	28	14	-25	7	19	8	-44
Oceania	-	2	2	50	3	7	2	-62

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

Table 3. Announced greenfield projects, by sector and selected industries, quarterly average, 2020–2021, and partial year data for 2022 (Billions of dollars and number)

Sector/industry	Value (Billions)			2021–2022 Growth (%)	Number			2021–2022 Growth (%)
	2020	2021	2022		2020	2021	2022	
Total	144	171	224	31	3 337	3 796	3 416	-10
Primary	3	3	18	450	25	25	21	-15
Manufacturing	59	77	80	5	1 321	1 470	1 002	-32
Services	82	91	126	38	1 991	2 302	2 392	4
<i>Top 10 industries in value terms</i>								
Electricity and gas supply	27	26	65	152	137	126	125	-1
Electronics and electrical equipment	12	33	34	1	222	272	243	-11
Information and communication	21	26	25	-6	746	963	1 118	16
Extractive industries	2	3	18	531	10	14	16	15
Automotive	8	9	13	47	145	177	129	-27
Transport and storage	7	9	12	46	160	190	192	1
Construction	8	12	9	-30	80	83	41	-50
Chemicals	5	4	6	43	182	179	218	22
Basic metal and metal products	9	6	6	-1	113	113	82	-27
Finance and insurance	2	3	5	68	54	56	45	-20

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Table 4. Announced international project finance deals, by sector and selected industries, quarterly average 2020–2021 and partial year data for 2022 (Billions of dollars and number)

Sector/industry	Value (Billions)			2021–2022 Growth (%)	Number			2021–2022 Growth (%)
	2020	2021	2022		2020	2021	2022	
Total	123	318	213	-33	329	574	574	0
<i>Top 10 industries by number</i>								
Renew able energy	51	137	87	-36	207	313	286	-8
Industrial real estate	13	38	43	13	14	43	66	53
Residential/commercial real estate	4	9	10	13	14	43	54	26
Energy	7	35	18	-49	14	34	35	4
Telecommunication	12	22	13	-42	14	27	28	5
Transportation infrastructure	10	13	9	-33	13	24	21	-13
Oil and gas	14	37	10	-72	18	28	20	-26
Mining	5	10	9	-15	18	30	18	-39
Petrochemicals	4	11	8	-24	6	13	14	6
Waste and recycling	1	1	2	148	3	4	10	142

Source: UNCTAD, based on data from Refinitiv SA.

Table 5. Net cross-border M&A sales, by sector and selected industries, quarterly average, 2020–2021, and partial year data for 2022 (Billions of dollars and number)

Sector/industry	Value (\$ Billions)			2021–2022 Growth (%)	Number			2021–2022 Growth (%)
	2020	2021	2022		2020	2021	2022	

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