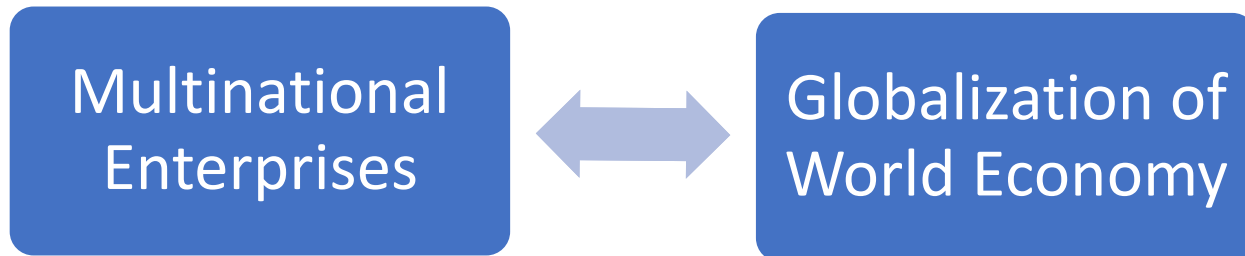


Current Trends in Global MNE's Investments: Post Pandemic

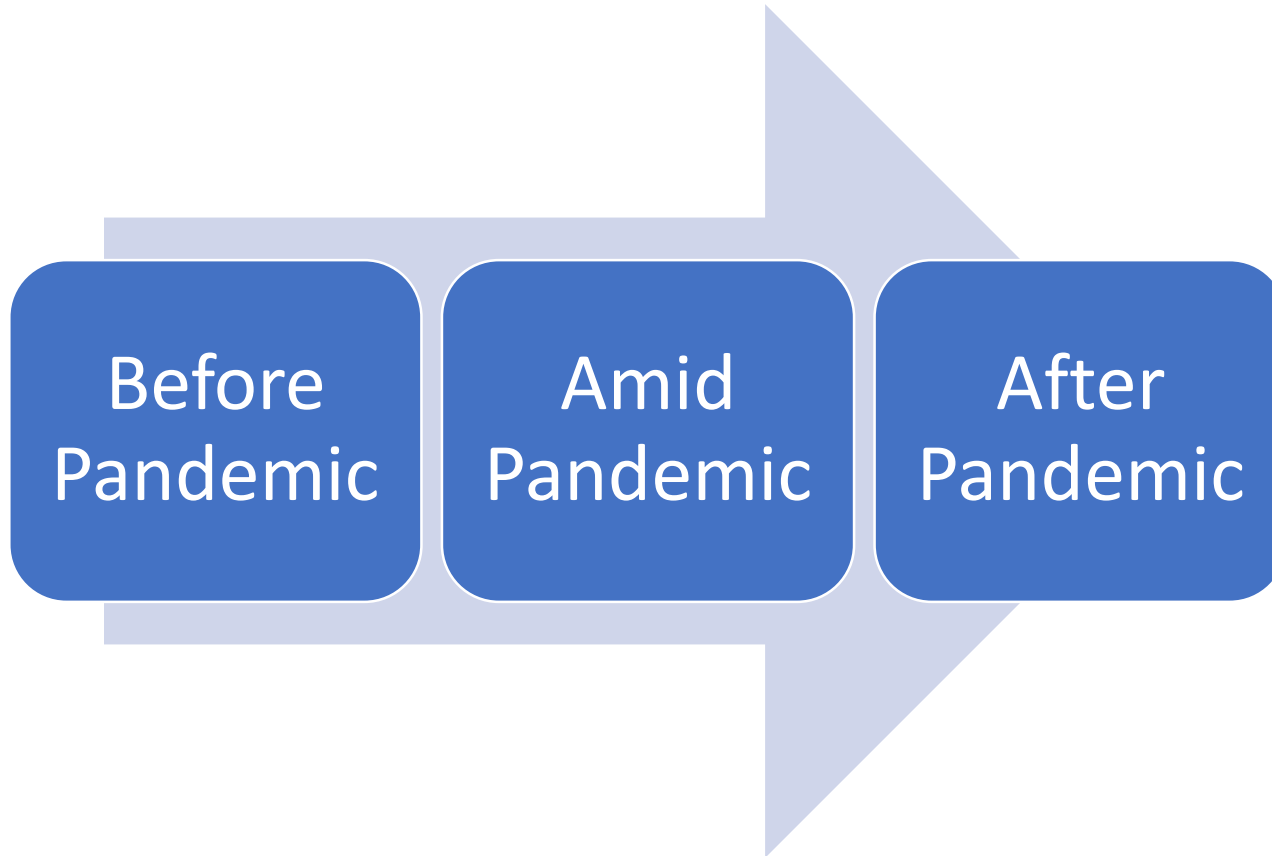
Professor Dr Rogach Oleksandr
OBOR Research Institute
Chu Hai College of Higher Education

MNEs and Globalization

- In the mid-1980s, MNEs revolutionized World Economy.



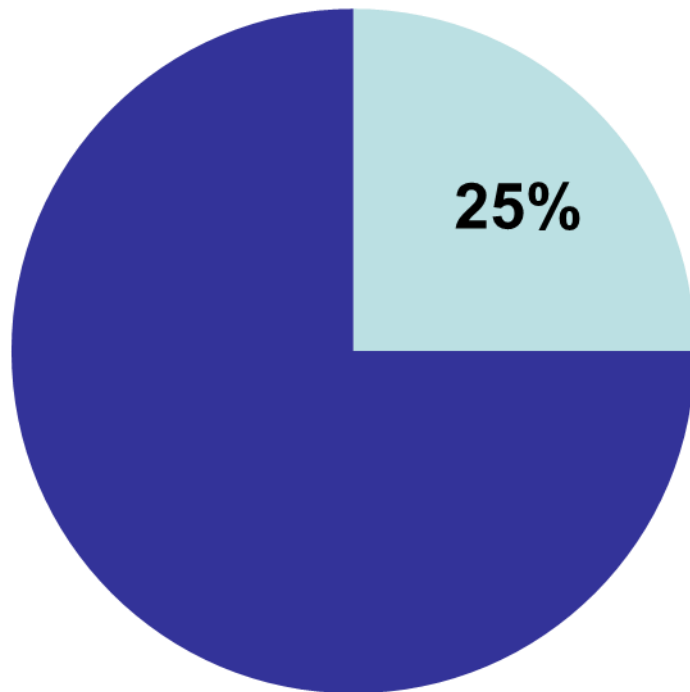
Global MNE's investments



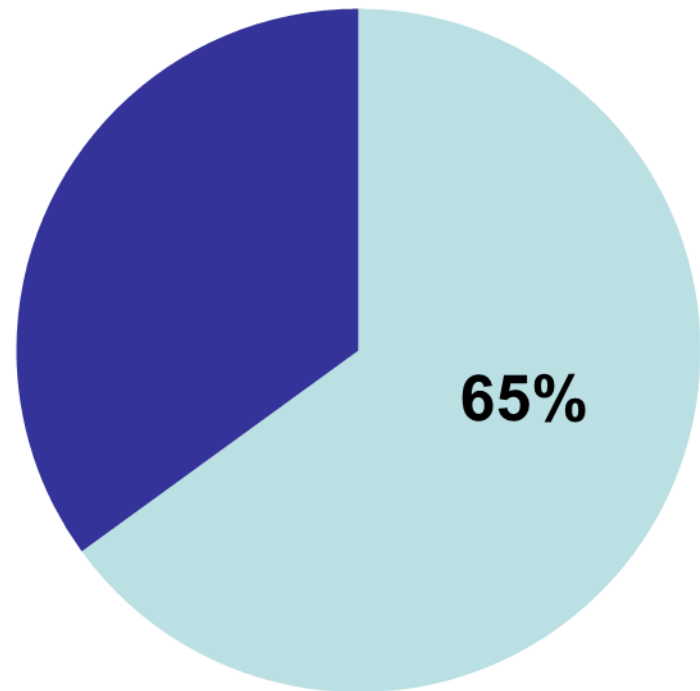
MNEs: Scale of Business (2018)

- ▶ Parent companies \approx 100.000
- ▶ Affiliates \approx 1.000.000

World GDP

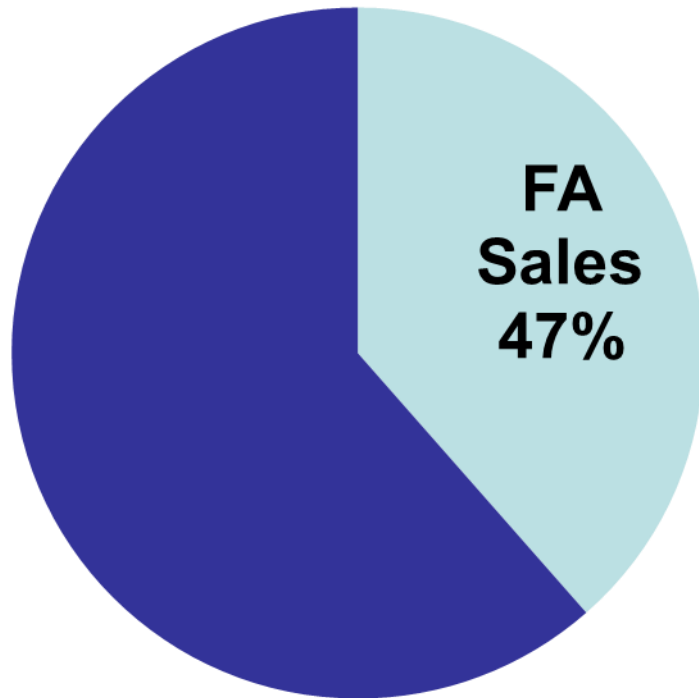


World Trade

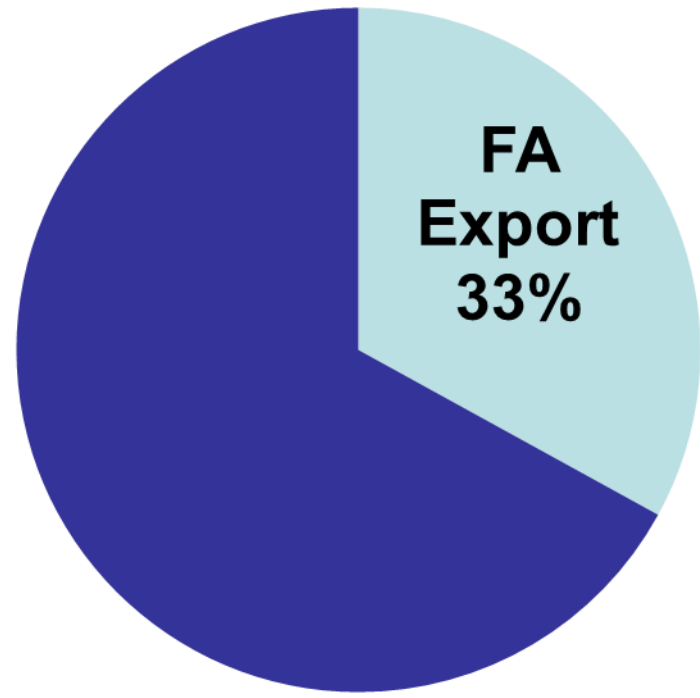


Foreign Affiliates in World Business (2018)

World GDP



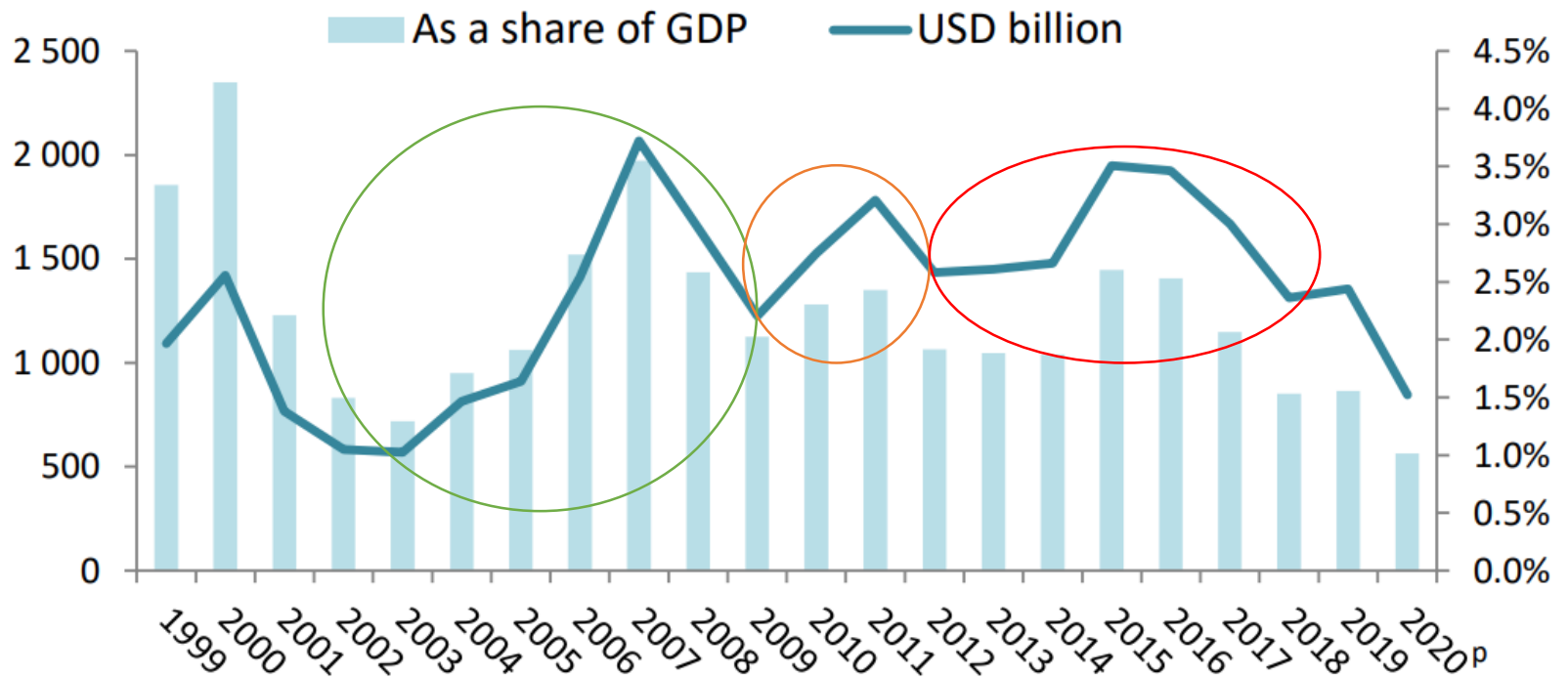
World Export



Global MNE's investment cycles

- 2003 – 2008;
- 2009 – 2012;
- 2012 – 2017;
- 2018 – 2021 (?)

Global FDI Cycles, 1999-2020

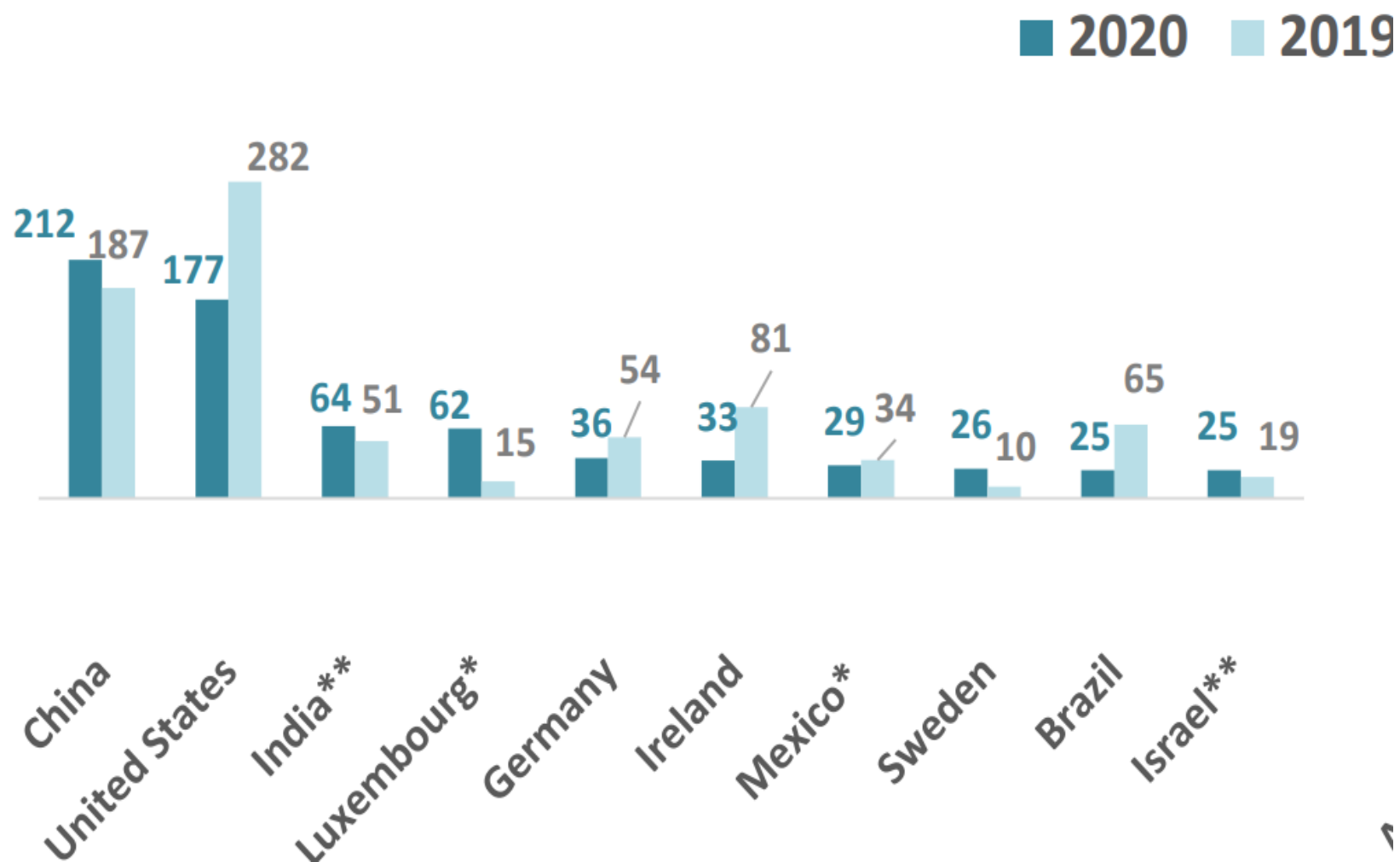


Source: OECD International Direct Investment Statistics database.

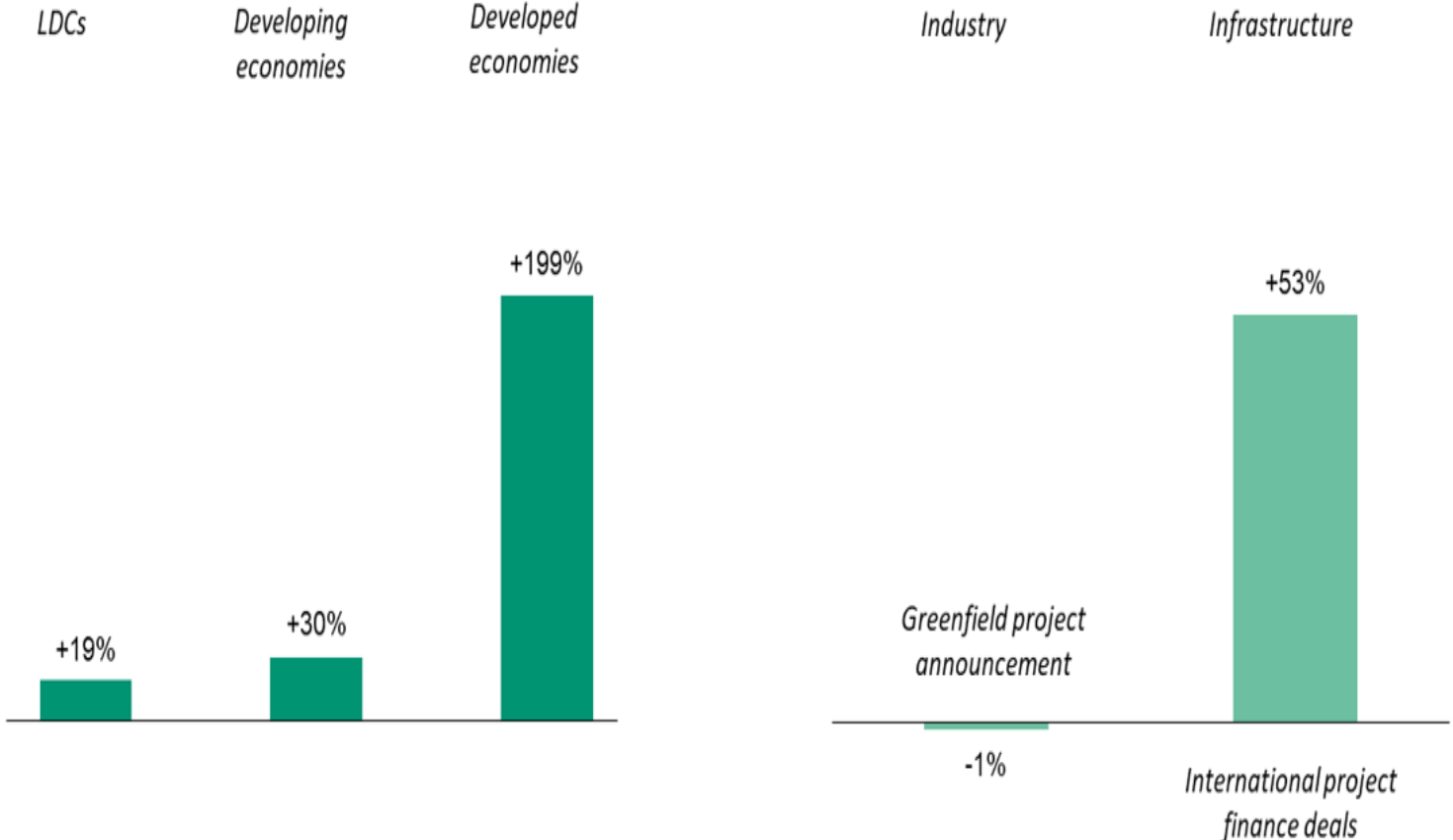
Annual FDI Inflows: Pre-Pandemic (Billions of dollars)

Group of economies/region	2017	2018	2019	Projections
				2020
World	1 700	1 495	1 540	920 to 1 080
Developed economies	950	761	800	480 to 600
Europe	570	364	429	240 to 300
North America	304	297	297	190 to 240
Developing economies	701	699	685	380 to 480
Africa	42	51	45	25 to 35
Asia	502	499	474	260 to 330
Latin America and the Caribbean	156	149	164	70 to 100
Transition economies	50	35	55	30 to 40

Top 10 major FDI recipients in 2020⁴



Uneven recovery growth: Growth rates for FDI, 2021 vs. 2020



Source: UNCTAD, April 2022

FDI flows, 2019-2021 (Billions of Dollars)

Region / economy	FDI			2020–2021 Growth rate (%)
	2019	2020	2021*	
World	1 473	929	1 647	77
Africa	45	39	97	147
North Africa	14	10	9	-13
Sub-Saharan Africa	32	29	88	200
Americas	431	259	531	105
Latin America and the Caribbean	156	84	147	75
North America	275	174	383	120
Asia	559	588	696	18
Central Asia	8	6	10	59
East Asia	256	315	358	14
South-East Asia	181	136	184	35
South Asia	59	71	54	-24
West Asia	55	60	90	49
Oceania	45	23	18	-22
Europe	392	20	305	1 450
EU	451	153	165	8
Other Europe	- 59	- 133	140	..
<i>Memorandum</i>				
Developed economies	752	260	777	199
Developing economies	721	669	870	30
LDCs	24	24	28	19

Announced greenfield projects (Numbers, 2019-2021)

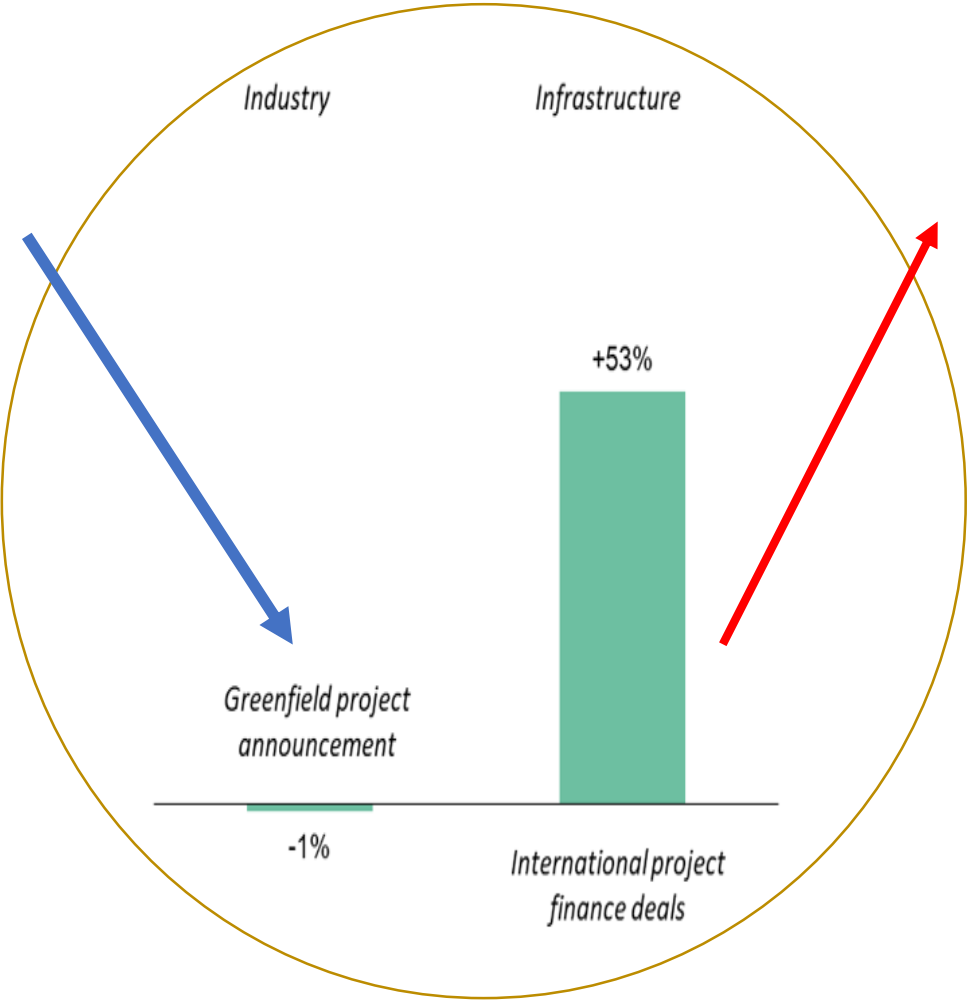
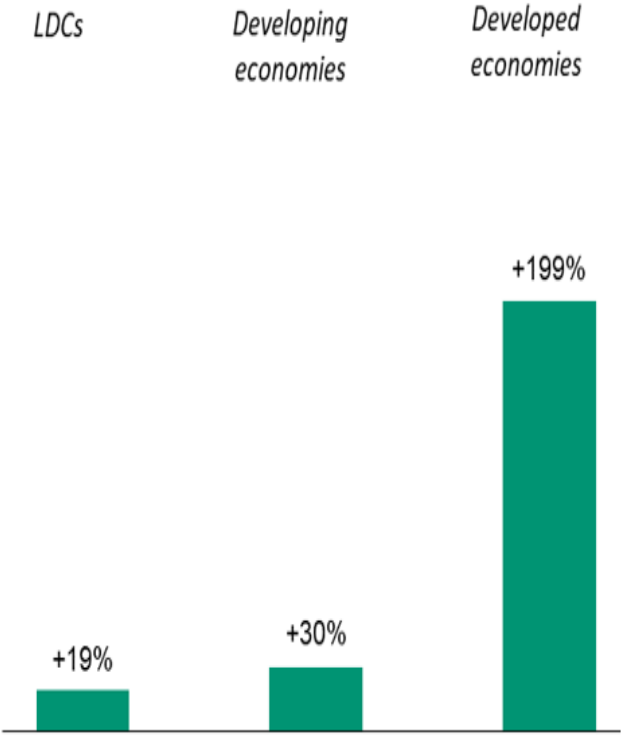
Region / economy	Greenfield projects			2020–2021 Growth rate (%)
	2019	2020	2021	
World	18 261	13 219	13 049	-1
Africa	1 063	570	531	-7
North Africa	310	133	137	3
Sub-Saharan Africa	753	437	394	-10
Americas	4 244	3 012	3 170	5
Latin America and the Caribbean	1 832	1 046	1 128	8
North America	2 412	1 966	2 042	4
Asia	4 825	2 982	3 125	5
Central Asia	121	42	43	1
East Asia	1 481	884	901	2
South-East Asia	1 316	755	765	1
South Asia	786	451	418	-7
West Asia	1 121	850	999	18
Oceania	522	388	398	3
Europe	7 607	6 267	5 824	-7
EU	5 376	4 748	4 275	-10
Other Europe	2 231	1 519	1 549	2
<i>Memorandum</i>				
Developed economies	10 976	8 972	8 624	-4
Developing economies	7 285	4 247	4 426	4
LDCs	368	190	146	-23

Source: UNCTAD, 2022

Cross-Border M&A, 2019-2021 (Billions of Dollars)

Region / economy	Net cross-border M&A sales			
	2019	2020	2021	2020–2021 Growth rate (%)
World	507	475	710	49
Africa	6	3	- 2	..
North Africa	1	0	- 1	..
Sub-Saharan Africa	5	3	- 1	..
Americas	210	118	321	173
Latin America and the Caribbean	24	8	8	-1
North America	187	110	313	185
Asia	66	82	104	26
Central Asia	0	0	0	1276
East Asia	20	28	5	-82
South-East Asia	10	- 5	50	..
South Asia	15	28	8	-72
West Asia	22	31	41	31
Oceania	25	12	31	159
Europe	200	260	257	-1
EU	114	188	139	-26
Other Europe	86	72	118	64
<i>Memorandum</i>				
Developed economies	428	389	614	58
Developing economies	79	86	96	11
LDCs	0	0	- 2	..

Uneven recovery growth: Growth rates for FDI, 2021 vs. 2020



BRI finance and investments: Post Pandemic (1)

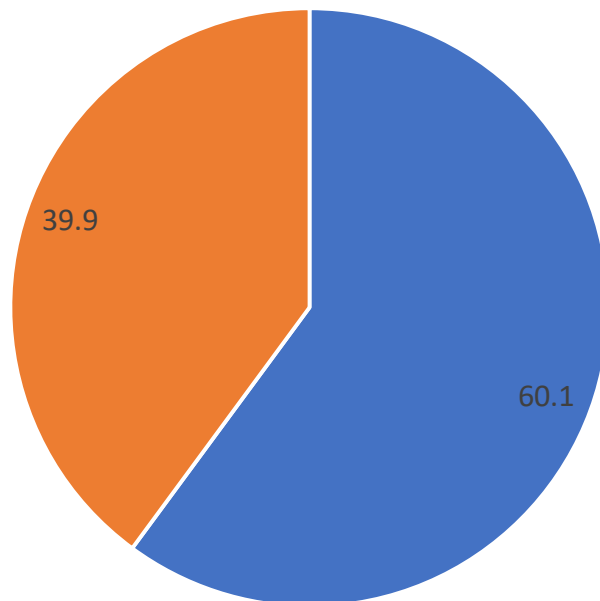
- **BRI finance and investments stabilized in 2021** at US\$ 59.5 billion (compared to US\$ 60.5 billion in 2020) in the 144 countries of the Belt and Road Initiative;
- Of this engagement, about US\$**13.9 billion** was through investment, and US\$**45.6 billion** through contracts (partly financed by Chinese loans);
- Compared to 2020, **contract volume rose** from about US\$37 billion, while **investment shrank** from US\$23.4 billion
- Strong shift of BRI engagement towards **African and Middle Eastern countries**

Source: China Belt and Road Initiative (BRI) Investment Report 2021, FISF Fudan University

<https://greenfdc.org/brief-china-belt-and-road-initiative-bri-investment-report-2021/>

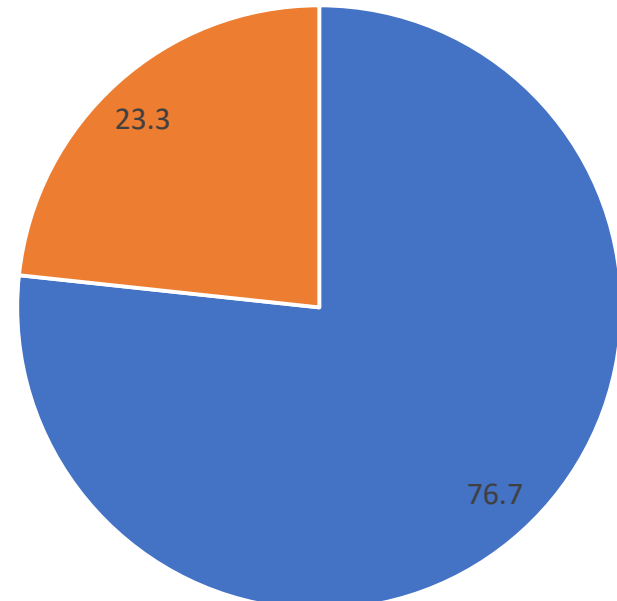
Share of construction and investment engagement in the BRI

Before Pandemic, 2013-2019



■ Construction ■ Investment

2021

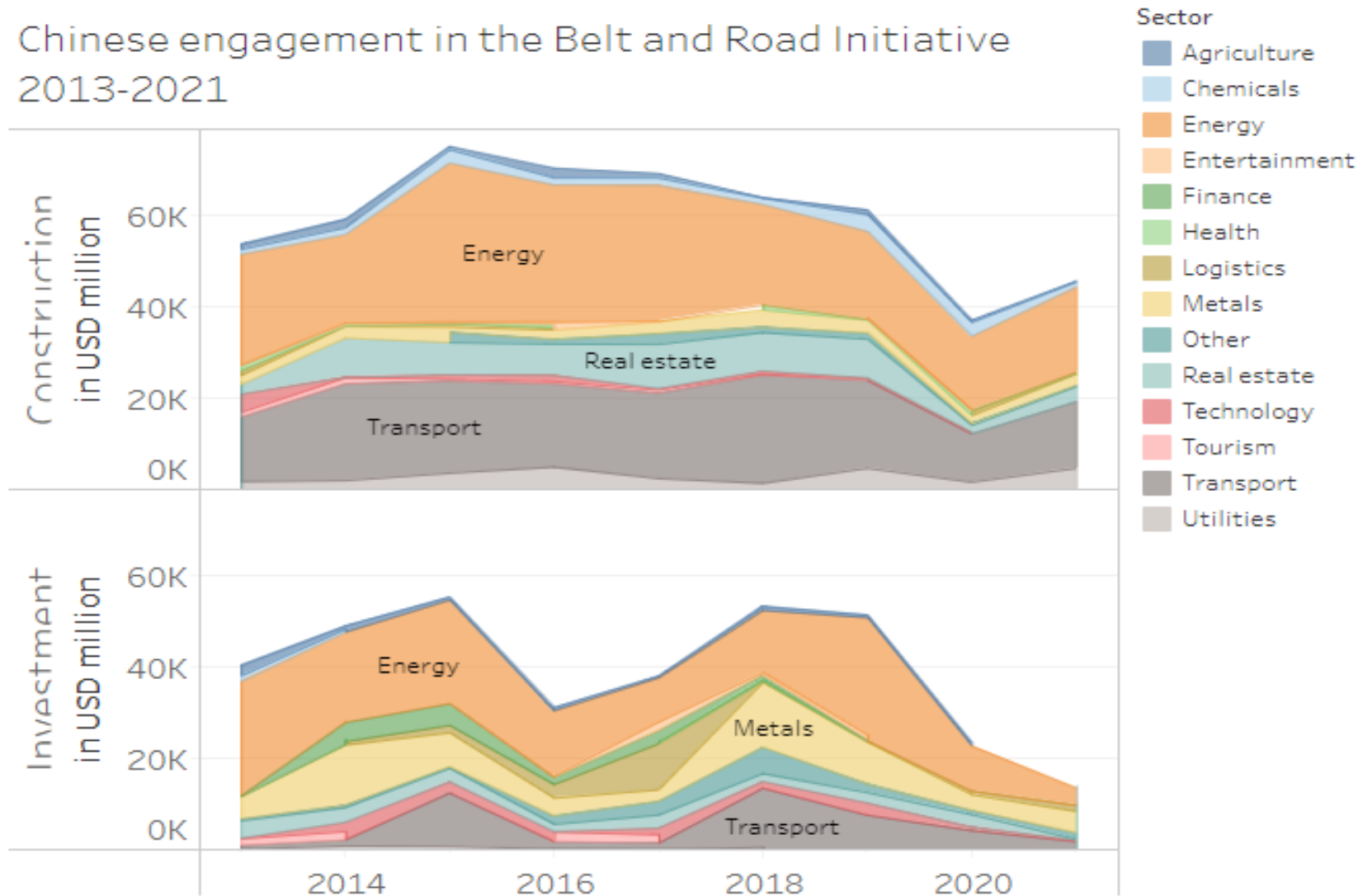


■ Construction ■ Investment

Source: China Belt and Road Initiative (BRI) Investment Report 2021

<https://greenfdc.org/brief-china-belt-and-road-initiative-bri-investment-report-2021/>

Chinese engagement in the Belt and Road Initiative 2013-2021



Source: China Belt and Road Initiative (BRI) Investment Report 2021
<https://greenfdc.org/brief-china-belt-and-road-initiative-bri-investment-report-2021/>

Global FDI: Important risks in 2022

- New waves of the COVID-19 pandemic.
- Due to the escalation of geopolitical tensions.
- Labour and supply chain bottlenecks.
- Soaring food/commodity/energy prices.
- And inflationary pressures.

Global Investments : a decade of transformation ahead

The crisis caused by the COVID-19 pandemic arrives on top of existing challenges to the system of international production arising from

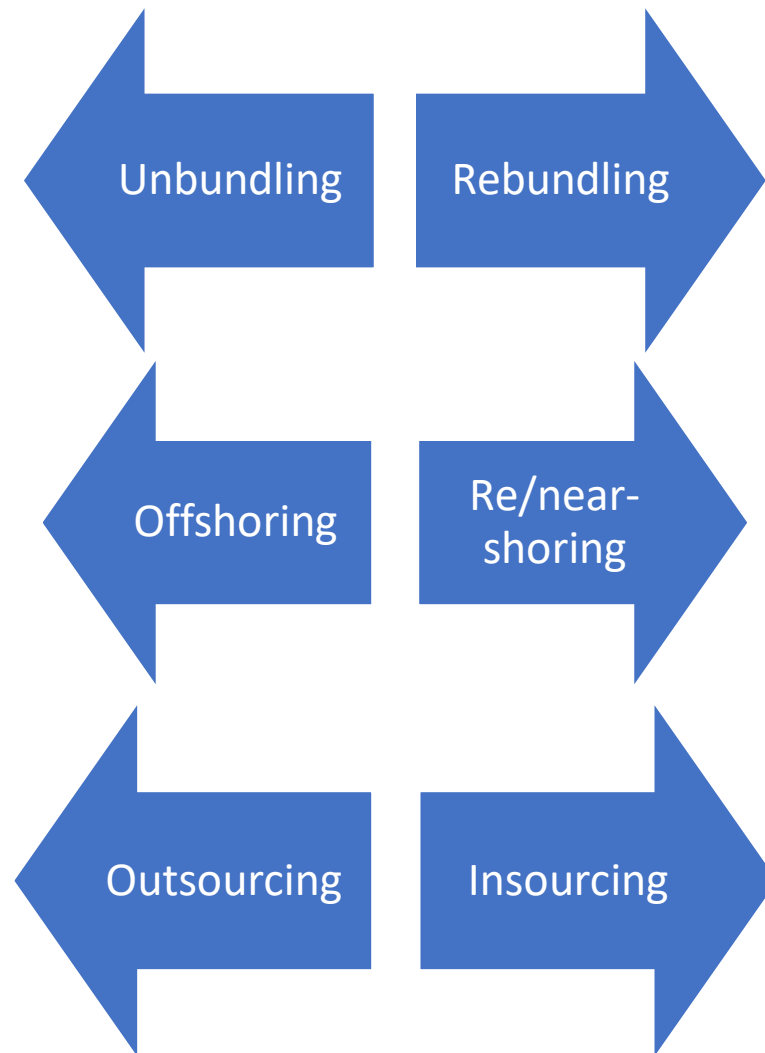
- the **new industrial revolution** (NIR),
- growing **economic nationalism**,
- and the **sustainability** imperative.

The decade to 2030 is likely to prove a **decade of transformation** for global investments and international production.

MNEs FDI: The length of value chains

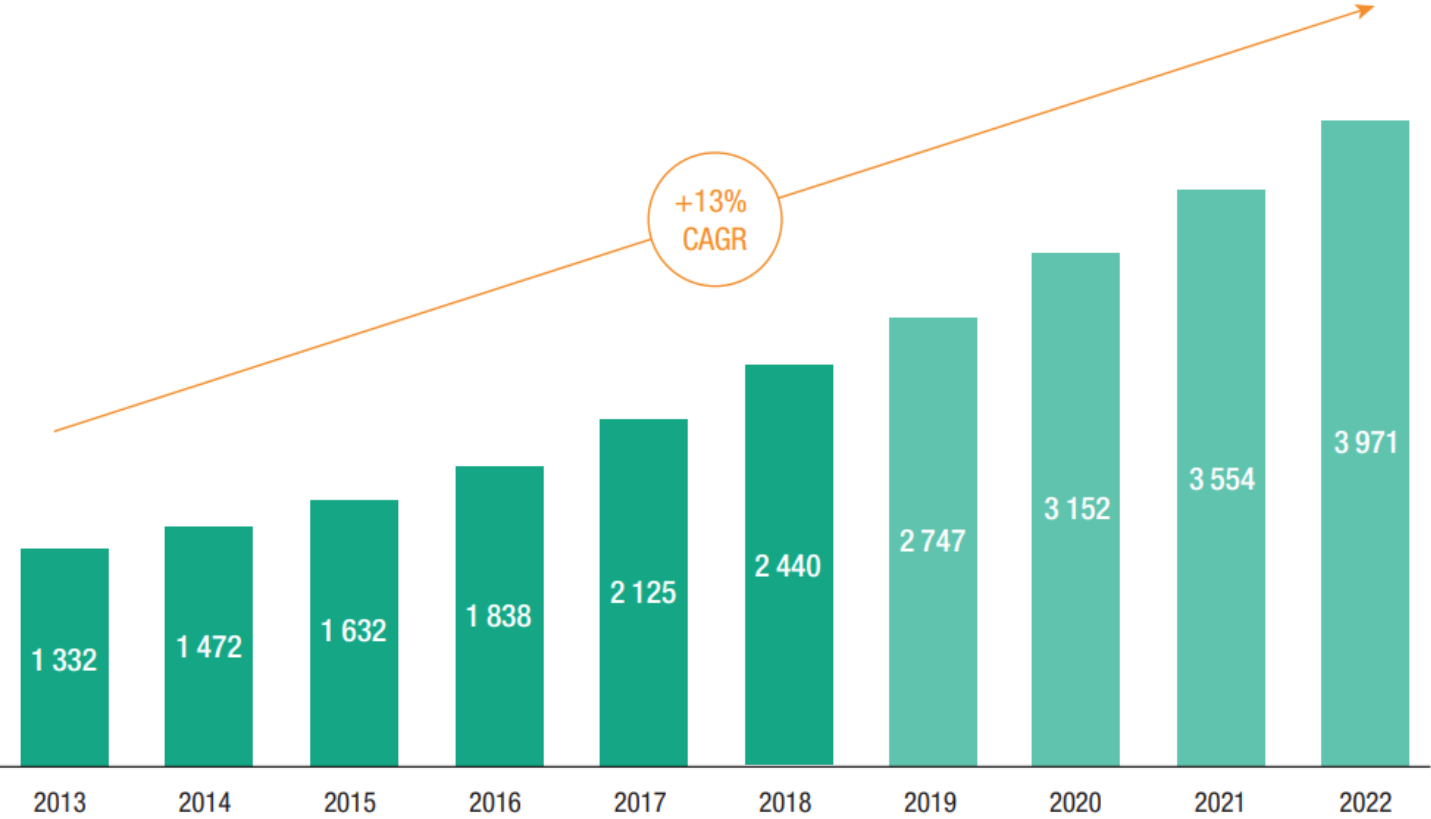
- Chemicals, Automotive, Machinery, Electronics: **2700-3000 km**
- Food & beverage, Textiles & apparel,
Transportation & logistics: **1900-2200 km**
- Agribusiness, Extraction, Business service: **1200-1400 km**

Decade of transformation for MNE's global investments



Operational stock of industrial robots

(Thousands of units and compound annual growth rate)



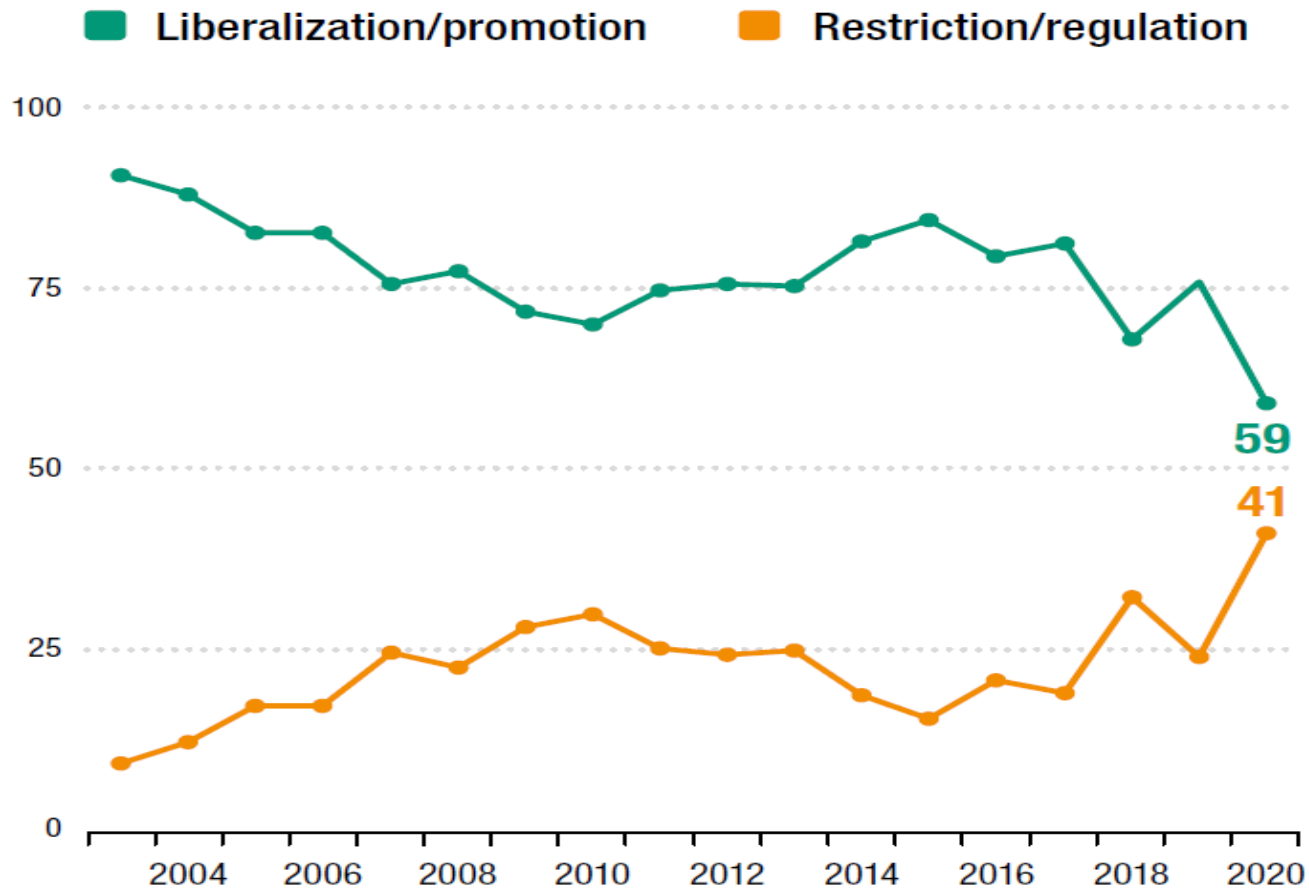
Source: International Federation of Robotics.

Policy environment for global investments: 2020-2030 (1)

The policy environment for trade and investment, which is trending towards:

- more **interventionism**,
- rising **protectionism**,
- and a shift away from multilateral to **regional** and **bilateral** frameworks.

2020: Policy measures affecting FDI (2)



Source: UNCTAD, Investment Policy Hub.

MNE's Global Investments: trajectories of transformation (1)

Three determinants (the technology, policy and sustainability) will tend to favour one of **four trajectories**.



Investment-development paradigm: policy implications

- A shift in investment promotion strategies towards infrastructure and services is necessary.
- A shift from the promotion of export-oriented manufacturing investment.
- Lower importance of the promotion of FDI in resources and low-cost labour.
- Investment in the green economy.
- **Rebalancing towards growth based on domestic and regional demand and on services.**