



INVESTMENT TRENDS MONITOR



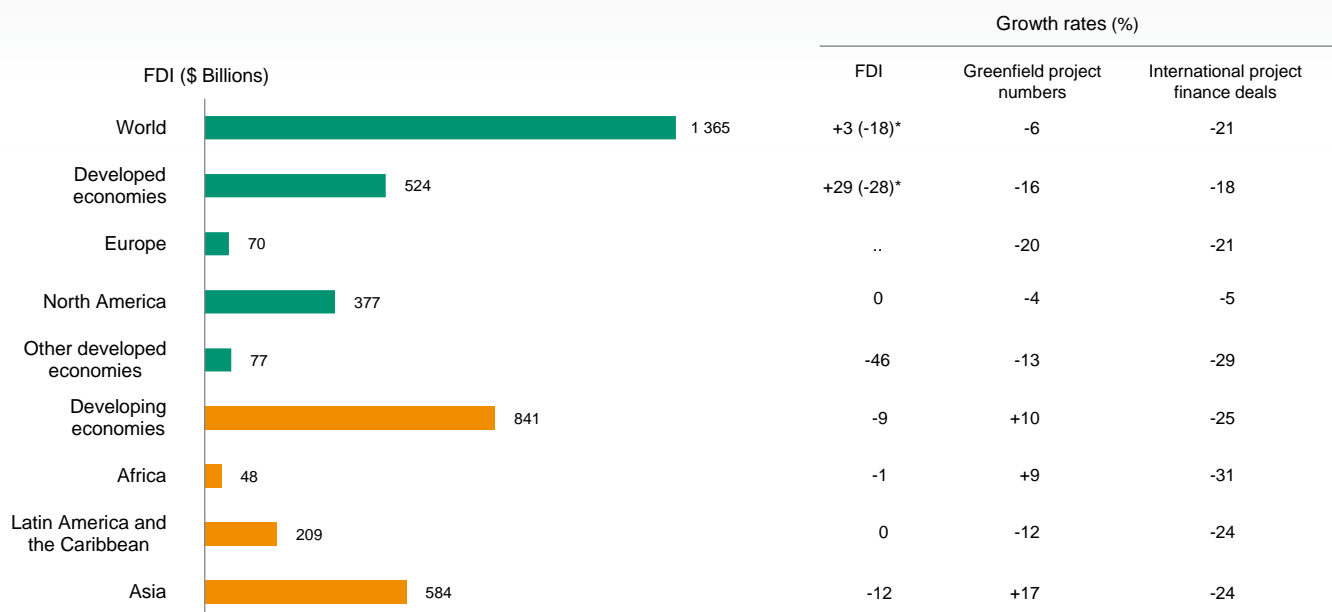
UNITED NATIONS
UNCTAD

GLOBAL FDI IN 2023 WAS WEAK, WITH LOWER FLOWS TO DEVELOPING COUNTRIES

GREENFIELD INVESTMENT STABLE, PROJECT FINANCE AND M&As SIGNIFICANTLY LOWER

- *Global foreign direct investment (FDI) flows in 2023, at an estimated \$1.37 trillion, showed a marginal increase (+3%) over 2022, defying expectations as recession fears early in the year receded and financial markets performed well. However, economic uncertainty and higher interest rates did affect global investment. The headline increase was due largely to higher values in a few European conduit economies; excluding these conduits, global FDI flows were 18% lower.*
- In developed countries, FDI in the European Union jumped from negative \$150 billion in 2022 to positive \$141 billion because of large swings in Luxembourg and the Netherlands. Excluding those two countries, inflows to the rest of the EU were 23% down, with declines in several large recipients. Inflows in other developed countries also stagnated, with zero growth in North America and declines elsewhere.

Figure 1. Investment trends by region, 2023 vs 2022



Source: UNCTAD, based on FDI/MNE database (www.unctad.org/fdistatistics) and information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and Refinitiv SA.

* Growth rates in brackets are calculated excluding major conduit economies.

- *FDI flows to developing countries fell by 9%, to \$841 billion, with declining or stagnating flows in most regions.* FDI decreased by 12% in developing Asia and by 1% in Africa. It was stable in Latin America and the Caribbean as Central America bucked the trend.
- *International investment project announcements, including greenfield (mainly industry), project finance (mainly infrastructure) and cross-border merger and acquisitions (M&As), were mostly in negative territory.* International project finance and M&As suffered the most from higher financing costs in 2023, with 21% and 16% fewer deals, respectively. Greenfield project announcements were also 6% lower in number. However, they were 6% up in value and showed higher numbers in manufacturing in an initial sign of recovery following a long-term declining trend.
- Noteworthy trends among top recipient economies included:
 - In developed regions, international investment project announcements were down across the board. M&A values were \$280 billion lower than in 2022, directly depressing FDI flows. Project finance deals were \$157 billion lower. Lower values of greenfield project announcements will affect 2024 FDI flows.
 - In the United States, the largest FDI recipient, FDI inflows in 2023 were down by 3%, greenfield project numbers by 2% and project finance deals by 5%.
 - China reported a rare decline in FDI inflows (-6%) but showed growth in new greenfield project announcements (+8%).
 - ASEAN, normally an engine of FDI growth, reported a 16% decline in FDI. However, the attractiveness of the region for manufacturing investment was underlined by a 37% jump in greenfield project announcements, with strong growth in Viet Nam, Thailand, Indonesia, Malaysia, the Philippines, and Cambodia.
 - India reported a drop in FDI inflows (-47%), but stable numbers of new project announcements, keeping it in the top 5 of global greenfield project destinations.
 - In West Asia, FDI remained stable (+2%) due to continued buoyant investment in the United Arab Emirates, which saw greenfield announcements rise by 28% to the second highest number after the United States. Greenfield numbers also jumped in Saudi Arabia, by 63%.
 - FDI flows to Africa were almost flat at an estimated \$48 billion (-1%). Greenfield project announcements increased, mostly due to strong growth in Morocco, Kenya, and Nigeria. However, project finance deals fell by one third, more than the global average decline, weakening prospects for infrastructure finance flows.
 - In Latin America, Brazil reported 22% lower FDI inflows. While greenfield project numbers held steady, international project finance plummeted, with 40% fewer deals than in 2022. Mexico reported an increase in FDI, as well as a further increase in new greenfield project announcements, solidifying its position among the top global recipients.
- *Trends by industry in 2023 show project numbers rose in global value chain (GVC)-intensive sectors (+16%), especially in automotives, textiles, machinery, and electronics.* The number of newly announced greenfield projects in semiconductors fell by 10% (39% in value) after the strong growth in 2022. The number of greenfield project announcements and international project finance deals in infrastructure industries (including transport, power, water, telecommunications) fell by 4 per cent overall, largely driven by lower project finance in renewable energy.
- *New international project finance deals in the renewable energy sector fell by 17% in number and 10% in value, only marginally less than the overall project finance decline.* The decline in the number of new projects was the first since the Paris Agreement in 2015.



- *The number of international investment projects announced in developing countries in sectors relevant to the SDGs – including infrastructure, renewables, water and sanitation, food security, health and education – remained flat.* The number of SDG-relevant international project finance deals declined by 27% (-40% in value). The number of SDG-relevant greenfield projects rose by 12% (6% in value). Project numbers in food and agriculture rose marginally from low levels in 2022; most other sectors registered a decline.
- *Looking ahead, a modest increase in FDI flows in 2024 appears possible,* as projections for inflation and borrowing costs in major markets indicate a stabilization of financing conditions for international investment deals. However, significant risks persist, including geopolitical risks, high debt levels accumulated in many countries, and concerns about further global economic fracturing.

Table 1. FDI inflows and cross-border M&As, 2021–2023
(Billions of dollars and per cent)

Region / economy					Net cross-border M&A sales			
	2021	2022	2023	rate, 2022–2023 (%)	2021	2022	2023	rate, 2022–2023 (%)
World	1 590	1 326	1 365	3	737	707	402	-43
Developed economies	707	406	524	29	624	599	317	-47
Europe	157	- 115	70	..	271	356	165	-54
European Union	257	- 150	141	..	142	132	75	-43
Other Europe	- 99	35	- 71	..	129	224	90	-60
North America	450	379	377	0	309	155	123	-21
Other developed economies	100	143	77	-46	44	89	30	-67
Developing economies	883	920	841	-9	113	107	84	-22
Africa	80	48	48	-1	- 1	9	9	-1
North Africa	10	15	12	-21	0	4	1	-58
Other Africa	70	33	36	8	- 2	5	7	38
Asia	662	660	584	-12	100	84	64	-24
Central Asia	7	10	10	-5	0	0	0	551
East Asia	334	315	299	-5	11	30	22	-27
South-East Asia	213	227	192	-16	50	12	36	195
South Asia	53	57	33	-43	8	5	3	-42
West Asia	56	50	51	2	31	37	3	-92
Latin America and the Caribbean	140	210	209	0	8	15	11	-22
South America	95	161	150	-7	5	5	11	114
Central America	43	46	56	22	1	9	1	-89
Caribbean	3	3	3	-3	3	1	0	-95

Source: UNCTAD, based on FDI/MNE database (www.unctad.org/fdistatistics) (for FDI) and Refinitiv SA (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 financial centres in the Caribbean and special-purpose entities in reporting countries.

Table 2. Announced greenfield projects and international project finance deals, 2021–2023
(Number and per cent)

Region / economy	Greenfield projects				International project finance deals			
	2021	2022	2023	rate, 2022–2023 (%)	2021	2022	2023	rate, 2022–2023 (%)
World	15 476	17 981	16 944	-6	2 474	2 790	2 207	-21
Developed economies	10 424	11 067	9 328	-16	1 474	1 684	1 379	-18
Europe	7 537	7 636	6 125	-20	886	1 111	880	-21
European Union	5 907	5 952	4 573	-23	628	826	689	-17
Other Europe	1 630	1 684	1 552	-8	258	285	191	-33
North America	2 081	2 485	2 383	-4	370	382	364	-5
Other developed economies	806	946	820	-13	218	191	135	-29
Developing economies	5 052	6 914	7 616	10	1 000	1 106	828	-25
Africa	557	775	845	9	139	180	124	-31
North Africa	144	261	272	4	28	42	28	-33
Other Africa	413	514	574	12	111	138	96	-30
Asia	3 252	4 716	5 509	17	480	614	467	-24
Central Asia	53	48	158	229	24	19	23	21
East Asia	714	597	631	6	89	94	40	-57
South-East Asia	860	1 100	1 502	37	154	236	115	-51
South Asia	512	1 093	1 149	5	149	221	196	-11
West Asia	1 113	1 878	2 069	10	64	44	93	111
Latin America and the Caribbea	1 241	1 415	1 251	-12	374	310	235	-24
South America	640	681	596	-12	315	253	196	-23
Central America	573	695	623	-10	37	44	31	-30
Caribbean	28	39	33	-15	22	13	8	-38
Oceania	2	8	10	25	7	2	3	50

Source: UNCTAD, based on The Financial Times Ltd, fDI Markets (www.fDimarkets.com) and Refinitiv SA.

Table 3. Announced greenfield projects, by sector and top industries, 2021–2023 (Billions of dollars, number and per cent)

Sector/industry	Value (Billions of dollars)			Growth rate, 2022–2023 (%)	Number			Growth rate, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	785	1275	1347	6	15 476	17 981	16 944	-6
Primary	14	107	59	-45	105	124	134	8
Manufacturing	353	464	642	38	5 990	6 107	6 783	11
Services	418	703	646	-8	9 381	11 750	10 027	-15
<i>Top 10 industries in value terms</i>								
Electricity and gas supply	145	381	322	-15	530	585	739	26
Electronics and electrical equipment	163	200	202	1	1 112	1 194	1 282	7
Information and communication	111	120	115	-5	3 929	5 113	3 181	-38
Automotive	40	61	88	45	724	720	901	25
Basic metals and metal products	14	48	87	81	232	238	296	24
Construction	51	66	64	-4	335	218	331	52
Transportation and storage	36	56	60	7	769	993	1 213	22
Coke and refined petroleum	6	15	59	295	29	39	61	56
Chemicals	24	26	58	119	467	488	563	15
Extractive industries	12	106	58	-46	61	94	106	13

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

Table 4. Announced international project finance deals, top industries, 2021–2023 (Billions of dollars, number and per cent)

Sector/industry	Value (Billions)			Growth rate, 2022–2023 (%)	Number			Growth rate, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	1 432	1 294	966	-25	2 474	2 790	2 207	-21
<i>Top 10 industries by number</i>								
Renew able energy	512	432	391	-10	1 336	1 405	1 161	-17
Industrial real estate	195	239	130	-46	188	294	228	-22
Power	199	136	97	-29	151	189	157	-17
Residential/commercial real estate	46	67	50	-25	180	227	133	-41
Telecommunication	75	118	68	-43	109	142	115	-19
Oil and gas	202	91	73	-20	125	113	112	-1
Petrochemicals	66	69	57	-17	70	80	75	-6
Transport infrastructure	61	59	23	-60	106	114	75	-34
Mining	45	42	52	25	126	88	60	-32
Waste and recycling	3	8	5	-30	15	39	25	-36

Source: UNCTAD, based on information from Refiniv SA.

Table 5. Net cross-border M&As sales, by sector and top industries, 2021–2023 (Billions of dollars, number and per cent)

Sector/industry	Value (Billions of dollars)			Growth rate, 2022–2023 (%)	Number			Growth rate, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	737	707	402	-43	8 571	7 763	6 488	-16
Primary	27	122	22	-82	623	389	484	24
Manufacturing	246	142	147	3	1 608	1 406	1 335	-5
Services	465	442	232	-47	6 340	5 968	4 669	-22
<i>Top 10 industries in value terms</i>								
Information and communication	135	166	58	-65	2 045	1 799	1 423	-21
Extractive industries	25	121	40	-67	420	216	127	-41
Pharmaceuticals	73	36	35	-2	218	169	71	-58
Chemicals	22	15	34	122	157	147	577	293
Automotive	42	8	30	263	79	59	521	783
Professional services	38	23	28	19	666	730	124	-83
Finance and insurance	75	88	23	-73	714	602	516	-14
Trade	64	27	21	-23	643	592	229	-61
Utilities	10	18	18	-1	266	279	393	41
Food, beverages and tobacco	10	21	12	-42	197	157	281	79

Source: UNCTAD, based on information from Refiniv SA.

Table 6. Developing economies: announced investment in SDG sectors, 2021–2023
(Millions of dollars, number and per cent)

SDG-relevant sector	Greenfield projects				International project finance deals			
	2021	2022	2023	Growth rate, 2022–2023 (%)	2021	2022	2023	Growth rate, 2022–2023 (%)
Total								
Value	120 181	256 281	272 849	6	433 663	321 263	194 189	- 40
Number of projects	1 310	1 560	1 751	12	634	705	515	- 27
Power ^a								
Value	4 175	3 939	6 191	57	143 694	61 059	51 765	- 15
Number of projects	20	16	26	64	57	67	57	- 15
Renewable energy								
Value	55 341	175 691	162 123	-8	217 921	180 336	105 817	- 41
Number of projects	149	186	226	21	440	480	359	- 25
Transport ^b								
Value	13 275	21 702	32 147	48	31 052	35 392	7 240	- 80
Number of projects	274	434	577	33	61	61	28	- 54
Telecommunication								
Value	24 876	23 181	44 087	90	18 349	21 236	15 977	- 25
Number of projects	295	323	297	-8	36	43	40	- 7
Water, sanitation and hygiene (WASH)								
Value	4 128	1 631	315	-81	9 010	13 738	9 135	- 34
Number of projects	19	15	10	-35	14	19	16	- 16
Food and agriculture								
Value	11 848	19 911	18 282	-8	9 240	6 998	2 564	- 63
Number of projects	275	282	311	10	11	22	11	- 50
Health								
Value	5 399	9 244	8 788	-5	3 326	1 245	1 691	36
Number of projects	193	207	201	-3	7	5	4	- 20
Education								
Value	1 140	981	916	-7	1 071	1 259	0	- 100
Number of projects	85	97	104	7	8	8	0	- 100

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.

^a Excluding renewable energy.

^b Transport services for greenfield projects and transport infrastructure for project finance.



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