



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# **Scientific Journal**

**Warsaw University of Life Sciences – SGGW**

# **PROBLEMS OF WORLD AGRICULTURE**

**Volume 16 (XXXI)**

**Number 4**

**Warsaw University of Life Sciences Press  
Warsaw 2016**

**Elżbieta M. Kacperska<sup>1</sup>**

Warsaw University of Life Sciences – SGGW

## Foreign Direct Investment in World Economy

**Abstract.** Some of the phenomena dynamically developing in global economy in recent years are capital flows in the form of foreign direct investment. The investment takes different forms and is a way of economic development desired by most countries in the world. The article aims to present tendencies occurring in global FDI flows and define their types and geographical structure.

**Key words:** foreign direct investment, world economy, European Union

### Introduction

In the last decades, foreign direct investments have been the most dynamic streams of economic flows alongside goods and services. Processes of liberalisation and regionalisation taking place in the global economy have substantially contributed to the increasing flows of foreign direct investment in the world. In 1970, the value of world foreign direct investment reached USD 13.2 million and the amount of USD 1.76 trillion in 2015. The main creators of world foreign direct investment are developed countries, however, developing countries have joined this group in recent years and their share is continually growing. In recent years, we can observe changes both in the geographical structure and the type structure of foreign direct investment. Changes in the world market, especially fluctuation of prices, crises, but also processes of integration or international agreements are the reasons for changes in the flows.

The article is an attempt to assess international capital flows aimed at an analysis of foreign direct investment in the period 2000-2015. The paper aims to present trends in international flows of foreign direct investment. The analysis of foreign direct investment is based on data provided by World Investment Reports published by UNCTAD in the years 2000-2016, which are available on the organisation's website. In order to specify the importance of and trends in foreign direct investment, a descriptive and comparative analysis is used.

### Foreign direct investment in the light of literature

Foreign direct investment (FDI) consists in (long-term) placement of capital in a company in another country in order to obtain a lasting influence on its operations and earn profits. A company transferring capital abroad in the form of fixed assets or cash can become the only owner or a co-owner of a company in the country of investment (Bożyk, Misła, Puławski, 2002). FDI is also a form of long-term deposit of capital abroad consisting in the creation of a new company and providing it with its own capital, or the

---

<sup>1</sup> PhD, Department of Agricultural Economics and International Economic Relations WULS – SGGW, ul. Nowoursynowska 166, 02-787 Warszawa, e-mail: elzbieta\_kacperska@sggw.pl

purchase of the number of shares of a foreign company that ensures control over its operations (Słownik, 1993). Such investments are capital deposits aimed at obtaining direct influence on the operations of a company where capital is invested or at providing new resources for a company in which the investor already has substantial interest. The control motive, i.e. an intention to exert direct influence on foreign companies, is mentioned as an important criterion for foreign direct investment (Witkowska, 1996). Foreign direct investment is investment in a country other than the country of capital origin where, apart from capital, other assets, i.e. machinery, equipment and licences, are transferred, but also the movement of people takes place.

Foreign direct investment includes:

- purchase of shares of the existing foreign enterprises – *brownfield*,
- foundation of a new branch overseas, the so-called investment from scratch – *greenfield*,
- creation of a joint venture – close cooperation of two entities from different countries,
- acquisition of fixed assets abroad in order to extend operations.

From the point of view of ownership, foreign direct investment occurs in three forms:

- totally controlled foreign branches where usually 95% of capital or more is owned by a parent company;
- outstanding stock in overseas companies, in which situation 50%-95% of capital is owned by a parent company;
- outstanding stock where a parent company's stake in a foreign enterprise is below 50% (Jodkowski, 1995).

Due to the ties with the development strategy of a host country, FDI is divided into:

- one that is substitutionary for import,
- pro-export one and
- one that is initiated by the government of a host country (Puchalska, Barińska-Małajowicz, 2010).

In the literature on the subject, there are many theories, which try to explain the motives for and consequences of the flows of capital on an international scale. Starting with the orthodox theory through macroeconomic, microeconomic and mixed theories. The orthodox theory defined as the theory of differentiating interest rates indicates that particular countries are different with regard to the possession of capital and this results in differentiation of average interest rates and, thus, in flows until their levels equal (Harrod, 1939).

“Economic effects of capital flows overseas are as follows:

- a) in countries exporting capital, its amount and production volume decrease but, in turn, the productivity of capital and interest rates increase;
- b) in countries importing capital, the situation is exactly the opposite, i.e. there is an increase in the amount of capital and the volume of production and a decrease in capital productivity and interest rates;
- c) in both countries, there is an increase in income: for exporters because of earning more interest or dividends; for importers because of the increase in production, which is usually higher than the cost of foreign capital management” (Nowara, 2007).

“On a global scale, migration of capital results in the increase in efficiency of financial markets functioning and the improvement in management efficiency” (Salvatore 1990; Misala, 2001).

Macroeconomic theories explaining capital flows on an international scale include (Misala, 2005):

- Theory of capital profitability – Salvatore,
- Theory of currency areas – R.Z. Aaliber,
- Theory of overseas production volume and foreign markets absorptiveness,
- Theory of relative movements of workforce and capital costs – K. Kojima,
- Theory of developing investment position in overseas markets, the so-called theory of the economic development level – J. H. Dunning.

Microeconomic theories of foreign direct investment are connected with the theories of international production and theories of internationalisation of company operations. They explain the phenomenon from the point of view of such entities as big transnational corporations. The theories explain what benefits result from the transfer of capital, the motives behind their operations etc. They include (Misala 2005):

- Theory of company behaviour – Y. Aharony,
- Theory of outstanding stock ownership – S. Hymar, R. Caves and F.T. Knickerbrocker, J.H. Dunning at al.,
- Theory of domestic transactions– P.J. Buckley and M. Casson, et al.,
- Appropriability theory.

The authors of mixed theories have linked microeconomic and macroeconomic aspects. This way, the theory of foreign direct investment localization and J.H. Dunning's eclectic theory of international production called OLI paradigm (*Ownership, Localization, Internationalization*) have been created. In 2006, Dunning modified and enriched his own theory introducing the so-called *J. H. Dunning's new development paradigm (NDP)*. He based his considerations on the concept of transformation (J. Stiglitz's approach), the concept of development objectives (A. Sen's approach) and the concept of institutional economics (D. North's approach). The model proposed by Dunning is "an expression of a complex, multidisciplinary and extremely broad approach both to final ends and to development means. Trying to closely relate development means to development ends, Dunning indicates the necessity for multicausal and multifaceted holistic analysis and use of comparative static and dynamic models" – compare Diagram 1. To ownership advantages he added specific institutional comparative advantages of TNC, i.e. incentives used by a company in order to optimally utilize its activities, resources and knowledge (ARK)" (Dunning, 2006; Puchalska, Barińska-Małajowicz, 2010).

According to literature, taking decisions on their investment location foreign investors most often have the following motives:

- to conquer the market,
- to obtain resources,
- to cut costs,
- to search for strategic assets (Nowara, 2007; Misala, 2001).

In the light of literature, foreign direct investment is seen as factors that revive and modernise economy, as factors improving management and supplies, increasing export capabilities, creating new workplaces, implementing new techniques and technologies (Rutkowski, 1993; Geldner, 1986). The influence of FDI on the economy is described as supplementation of domestic investment funds, which can constitute a method for modernising production apparatus, upgrading production technology, improving management methods and increasing products quality and management efficiency.

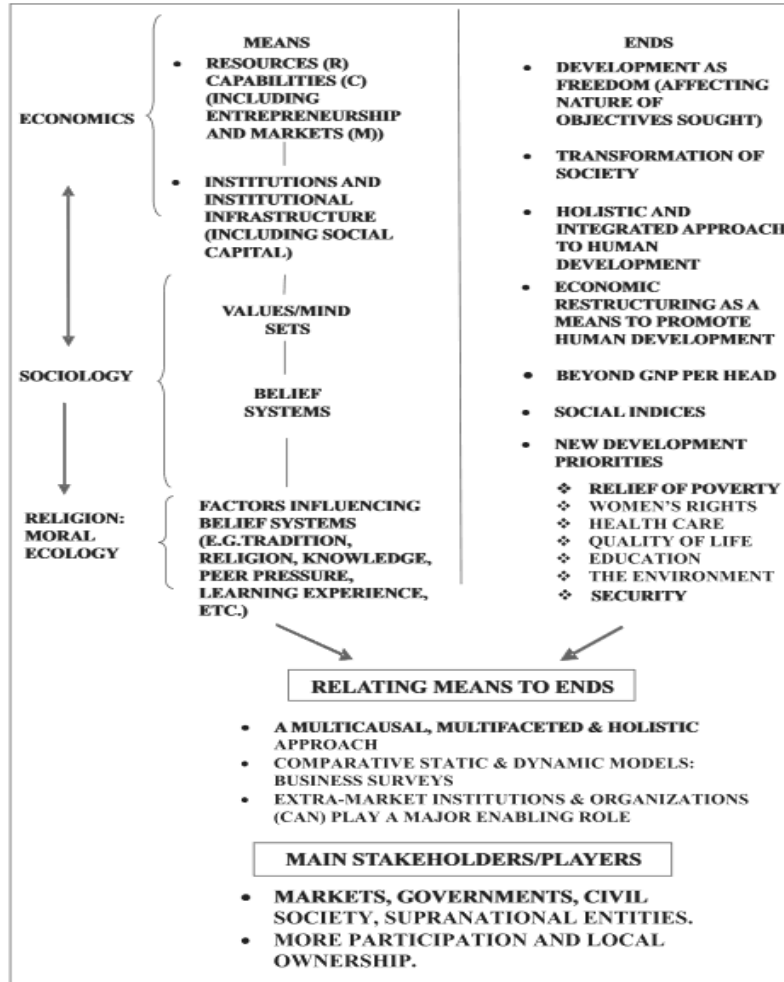


Diagram 1. J. H. Dunning's new development paradigm (NDP)

Source: J.H. Dunning (2006): Towards a new paradigm of development: implications for the determinants of international business <https://pdfs.semanticscholar.org/9eda/6e68a8df536d656393e37eb01f5e59072424.pdf>, 193.

FDI theories indicate positive and negative influence of FDI on the economy of the host country. Positive influence is expressed in the transfer of new technologies, employment, mobilisation and transfer of resources, trade balance and GNP. Benefits and negative consequences resulting from foreign direct investment for the host country are presented in Diagram 2 (Kacperska, 2001).

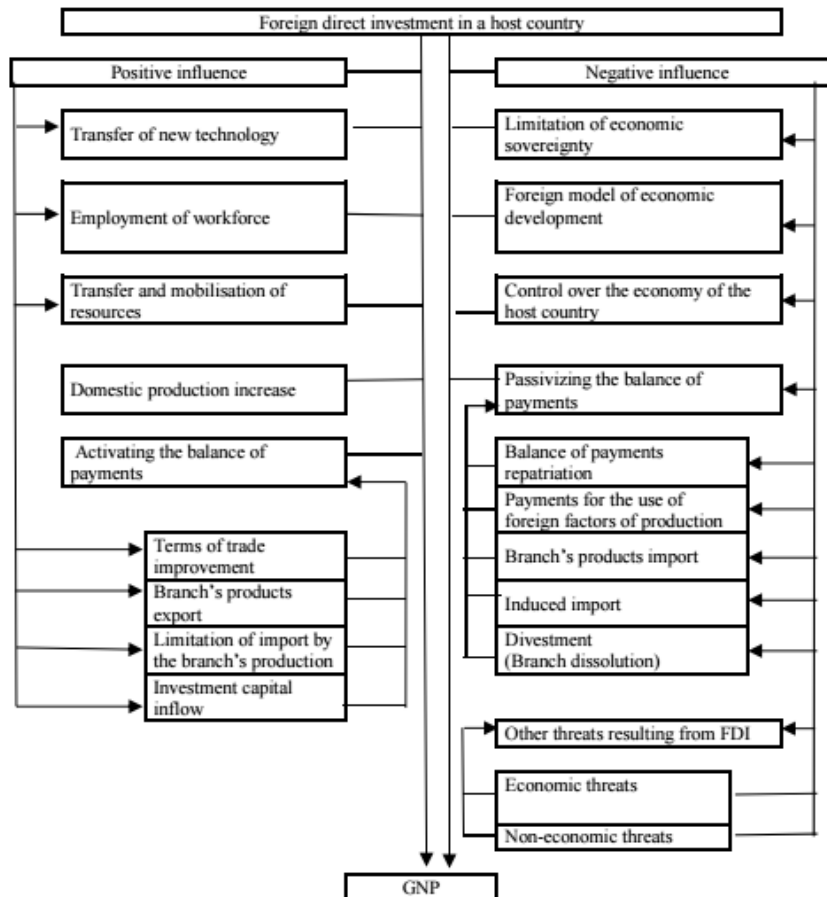


Diagram 2. Positive and negative influence of foreign direct investment on the economy of a host country

Source: Czerwieńec E.: Zagraniczne inwestycje bezpośrednie w gospodarce krajów wysoko rozwiniętych. Zeszyty Naukowe – SERiA II, No.105, Poznań 1990, 131.

## Research outcomes

### Value of world foreign direct investment

Foreign direct investment in 1970 reached the value of USD 13.2 million and from that time till 2000 its characteristic feature was a trend that multiplied the value. The analysis of data for the period 1970-2015 shows that the average yearly dynamic of FDI gained a threefold increase. The pace of investment growth was slow at first although the value doubled every five years. In the period 1985-1990, the value of investment rose 3.5 times, and in the successive period 1995-2000 almost four times (Table 1, Fig. 1 and 2).

In 2000, world FDI inflows reached the value of USD 1,358.8 billion, however, terrorist attacks of 11 September 2001 stopped the trend in the 2000s. Until 2007, the value of FDI increased slowly in the world. 2007 was a record year when world FDI turnover reached a high of USD 1,902.2 billion. The increase tendency did not continue because 2008 was when the global financial crisis broke out and investment fell to reach a low of USD 1,181.4 billion. Until 2015, FDI did not reach the value before the crisis. In the period 2009-2012, the value of FDI showed a growing trend but in 2013 and 2014, the world economy slowed down, there were difficulties in the euro zone, military conflicts and sanctions imposed on Russia, which reflected in the FDI value. In 2015, the value of FDI increased by 38% in comparison to the former year and reached USD 1.7 trillion (Table 1, Fig. 1 and 2). Forecasts for 2018 indicate a growth in investment to USD 1.8 trillion (World..., 2016).

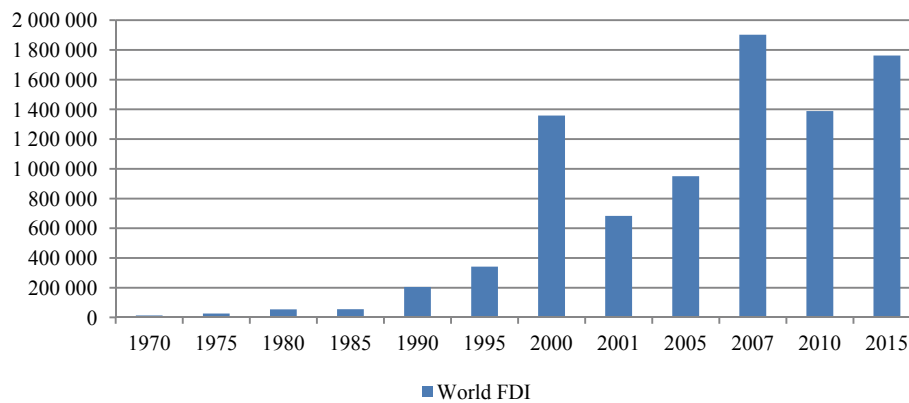


Fig. 1. Value of global foreign direct investment in selected years 1970-2015 in million USD

Source: author's own development based on UNCTAD data.

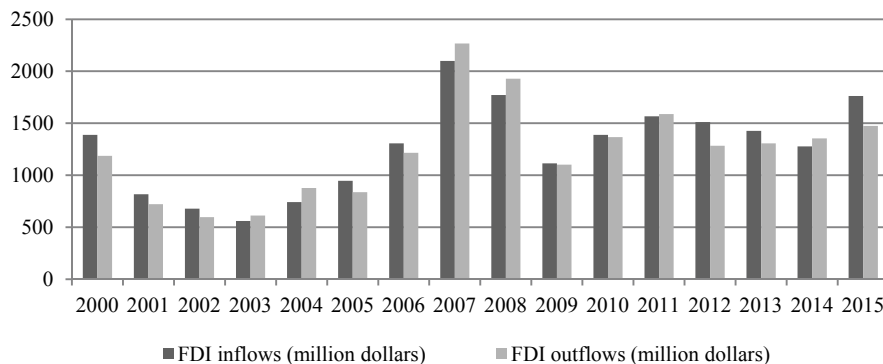


Fig. 2. World flows of foreign direct investment in the period 2000-2015 (in million dollars)

Source: author's own development based on UNCTAD data.



In the period 2000-2015, there were three evident breakdowns of the FDI growing trend:

- the period 2001-2003 – terrorist attacks on the WTC in the US,
- the period 2008-2009 – the global financial crisis,
- the period 2013-2014 – a slowdown in the world economy.

However, despite those breakdowns, capital flows are located in other geographical regions and their value is dynamically growing. Since 2000, we can observe identical tendencies both in the streams of FDI inflows and in the export streams (Fig. 2).

The most important factors in the FDI increase on an international scale include (see: Budnikowski, 2003; Dudziński, Nakonieczna Kisiel, 2005):

- technical progress, especially the possibility of sending data and remote controlling available thanks to the development of computerisation, the Internet and telecommunications;
- integration processes reflected in the elimination of barriers in the free trade zones and customs unions and integration within the European Union, which has created the common market of 28 European states;
- changes in the world economic policy reflected in trade liberalisation – agreements: GATT and WTO, TRIPS, GATS and deregulation and privatisation processes taking place in highly developed countries;
- dynamic development of transnational corporations and their expansion in the global market.

### Foreign direct investment types structure

In the analysed period, there are evident geographical and structural changes in the FDI flows both in absolute and relative values. Within the structure of FDI, there are investments from scratch, the so-called greenfield ones, and mergers and acquisitions (cross-border M&As). In the examined period, the share of greenfield investment was overwhelming. It constituted 66.1% of FDI on average with the value of USD 765 billion in 2015. The highest value of greenfield investment was recorded in 2008. Mergers and acquisitions constituted 34% on average. Until 2007, one can see their dynamic growth, however, after the financial crisis of 2008, despite a few growths, their value did not exceed the level before the crisis (Fig. 3).

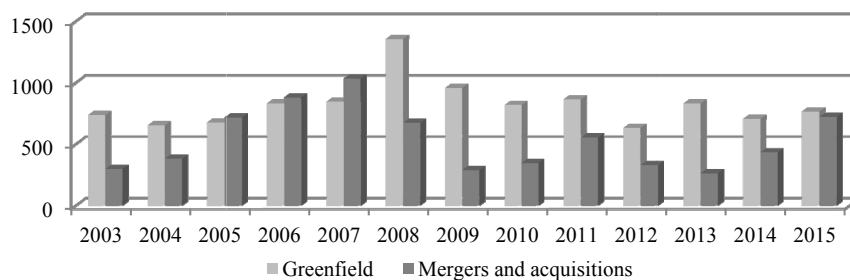


Fig. 3. Structure of foreign direct investment in the world in the period 2003-2015 in million USD

Source: author's own development based on: World Investment Report for 2004-2016 UNCTAD

### Geographical structure of foreign direct investment inflow

From 2000, developed countries had the biggest share in the structure of FDI inflow. However, their share was systematically decreasing from 79.8% in 2000 to 54.6% in 2015 (it was lowest in 2014 and accounted for 40.9%). Among highly developed countries, Europe had the biggest share but with a falling trend (50% in 2000 to 28.6% in 2015) followed by North America with a falling trend (27.4% in 2000 to 12.9% in 2014). In 2007, investment located in Europe reached a record high of USD 988.4 billion, which meant a 47% share in the entire world investment at the time (Table 1 and 2, and Fig. 4).

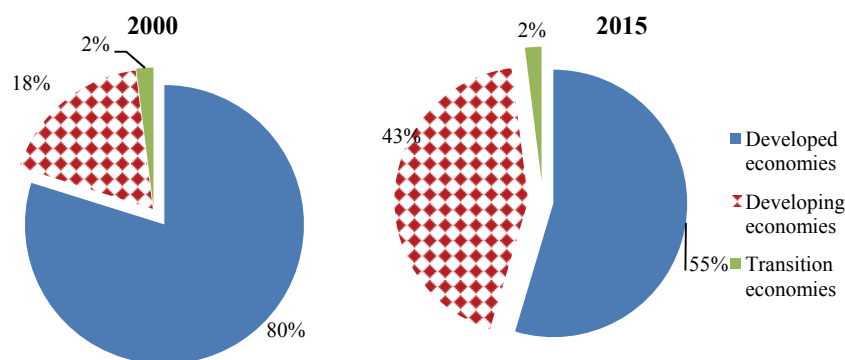


Fig 4. Share of particular regions in FDI inflows in 2000 and 2015

Source: author's own development based on Table 1.

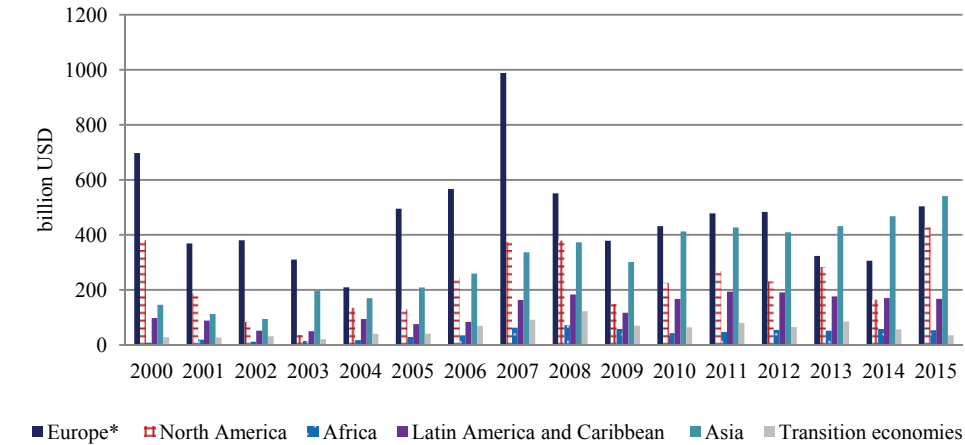
In the analysed period, world direct investment increased its value by 27%, and the dynamic in developed countries decreased to the level of 86.9% of the value in 2000.

The share of developing countries in the inflow of FDI was dynamically increasing from 2000. The increasing trend in the share of entire FDI from 18.2% in 2000 to 54.7% in 2014 and 43.4% in 2015 indicates a clear change in the direction of capital flow. In 2000-2008, the absolute majority of investment was located in developed countries, and after 2008, there was a dynamic growth of investment share in developing countries. Until 2000, the value of investment inflow tripled (Table 1 and 2). In the structure of FDI inflow to developing countries, Asian countries had the biggest share with the increasing trend from 10.5% in 2000 to 36.6% in 2014 and 30.7% in 2015, and Latin American countries with the growing trend from 7% in 2000 to 13.3 in 2014 and 9.5% in 2015 (Table 1 and 2, Fig. 5).

The last group includes countries undergoing economic transformation, i.e. Southern Europe and CIS members. Their share in the structure is 4.5% on average in the analysed period with a tendency to rise slowly (Table 1 and 2, and Fig. 5).

The United States was the biggest host of investment in the analysed period. The share of the US in the entire FDI inflow was 22.6% in 2000 and 21.65% in 2015. The USA was third following China and Hong Kong only in 2014. In 2000, 69.7% of investment went to ten biggest receivers and the rate was 65.7% in 2015. In 2000, developed countries dominated the biggest receivers. Their share accounted for 60.5%. Germany with a share of 14.3% and the United Kingdom with a share of 8.8% were among the ten biggest FDI hosts in 2000 but in 2015, they fell outside the first ten and were 12<sup>th</sup> and 13<sup>th</sup> with a share

of 2.3% and 1.8% respectively. Hong Kong (with a share of 4%), China (3%) and Brazil (2.4%) were the developing countries with a high FDI inflow.



\*Europe – until 2004 without stated that entered the EU

Fig 5. Geographical structure of FDI inflow in the period 2000-2015 in (billion USD)

Source: own calculation.

Table 1. Geographical structure of foreign direct investment inflow in the world in the period 2000-2015

| Region                          | 2000                                     | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|--|------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|
|                                 | Value of FDI inflow (in billion dollars) |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |
| World                           | 1388                                     | 818  | 679  | 560  | 742  | 946  | 1306 | 2100 | 1771  | 1114 | 1389 | 1567 | 1511 | 1427 | 1277 | 1762 |
| Developed countries:            | 1108                                     | 572  | 490  | 367  | 419  | 590  | 858  | 1444 | 1018  | 566  | 700  | 817  | 787  | 680  | 522  | 963  |
| Europe*                         | 697                                      | 369  | 380  | 310  | 209  | 495  | 566  | 988  | 551   | 378  | 432  | 478  | 483  | 323  | 306  | 504  |
| North America                   | 381                                      | 187  | 84   | 36   | 136  | 130  | 244  | 374  | 380   | 149  | 226  | 270  | 232  | 283  | 165  | 429  |
| Developing countries:           | 253                                      | 220  | 158  | 172  | 283  | 314  | 379  | 565  | 630   | 478  | 625  | 670  | 659  | 662  | 699  | 765  |
| Africa                          | 8.7                                      | 19.6 | 11.8 | 15.0 | 18.0 | 29.6 | 35.5 | 63.1 | 72.2  | 58.6 | 43.5 | 47.8 | 55.1 | 52.2 | 58.3 | 54.1 |
| Latin America and the Caribbean | 98                                       | 88   | 51   | 50   | 94   | 76   | 84   | 164  | 183   | 117  | 167  | 193  | 191  | 176  | 170  | 168  |
| Asia                            | 146                                      | 112  | 94   | 197  | 170  | 209  | 259  | 337  | 373   | 301  | 412  | 427  | 410  | 431  | 468  | 541  |
| Transition economies **:        | 27.5                                     | 26.4 | 31.2 | 20.9 | 40.3 | 41.2 | 69.3 | 90.9 | 122.6 | 69.9 | 63.6 | 79.3 | 64.8 | 84.5 | 56.5 | 35.0 |
| Southern and Eastern Europe     | -  | -    | -    | -    | 13.4 | 15.1 | 26.3 | 12.8 | 12.7  | 7.6  | 4.6  | 7.8  | 3.6  | 4.7  | 4.6  | 4.8  |
| CIS                             | -  | -    | -    | -    | 26.9 | 26.0 | 42.9 | 78.1 | 109.9 | 62.4 | 58.2 | 70.3 | 60.3 | 78.8 | 50.1 | 28.8 |

\* data concerning European states in the period 2000-2004 without the 10 states that entered the EU in 2004.

\*\* until 2004 including the 10 states that entered the EU.

Source: author's own development based on: World Investment Report for 2000-2016 UNCTAD.

In 2015, the geographical structure of FDI host countries changed. The share of developed countries in the first ten hosts fell by 22.4 per cent in comparison to 2000 reaching the level of 38.1%, and the share of developing countries increased to 27.5%. In 2015, Hong Kong was second with a share of 9.9% and China was third with a share of 7.7% (Table 3).

Table 2. Share and dynamic of FDI inflow in the world in the period 2000-2015

| Region   | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Share of particular regions in the FDI structure (%) |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  |
| Developed countries                                  | 79   | 70   | 72   | 7    | 56   | 62   | 66   | 68.8 | 58   | 51   | 50   | 52   | 52   | 48   | 41   | 55   |
| Developing countries                                 | 18   | 27   | 23   | 31   | 38   | 33   | 29   | 27   | 36   | 43   | 45   | 43   | 44   | 46   | 55   | 43   |
| Transition economies*                                | 2    | 3    | 5    | 4    | 5    | 4    | 5    | 4    | 7    | 6    | 5    | 5    | 4    | 6    | 4    | 2    |
| FDI inflow dynamic in the regions (2000 =100)        |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  | 100  | 59   | 49   | 40   | 54   | 68   | 94   | 151  | 128  | 80   | 100  | 113  | 109  | 103  | 92   | 127  |
| Developed countries                                  | 100  | 52   | 44   | 33   | 38   | 53   | 77   | 130  | 92   | 51   | 63   | 74   | 71   | 61   | 47   | 87   |
| Developing countries                                 | 100  | 87   | 62   | 68   | 112  | 125  | 150  | 224  | 250  | 189  | 248  | 265  | 261  | 262  | 277  | 303  |
| Transition economies*                                | 100  | 96   | 114  | 76   | 147  | 150  | 252  | 331  | 446  | 254  | 231  | 288  | 236  | 307  | 206  | 127  |
| FDI inflow dynamic in the regions (year to year)     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  |      | 59   | 83   | 83   | 133  | 127  | 138  | 161  | 84   | 63   | 125  | 113  | 96   | 95   | 90   | 138  |
| Developed countries                                  |      | 52   | 86   | 75   | 114  | 141  | 145  | 168  | 71   | 56   | 124  | 117  | 96   | 86   | 77   | 184  |
| Developing countries                                 |      | 87   | 72   | 109  | 165  | 111  | 121  | 149  | 112  | 76   | 131  | 107  | 98   | 101  | 105  | 110  |
| Transition economies*                                |      | 96.0 | 118  | 67   | 193  | 102  | 168  | 131  | 135  | 57   | 91   | 125  | 82   | 130  | 67   | 62   |

\* until 2004 including the 10 states that entered the EU.

Source: author's own development based on: World Investment Report 2000-2016 UNCTAD.

Table 3. Biggest FDI host countries according to its value and share in the inflow structure in 2000 and 2015 (billion USD and%)

| State               | FDI in billion USD | State's share in the structure of inflow (%) | State               | FDI in billion USD | State's share in the structure of inflow (%) |
|---------------------|--------------------|--|---------------------|--------------------|--|
| 2000                |                    |  | 2015                |                    |  |
| 1. United States    | 314                | 22.6   | 1. United States    | 380                | 21.6   |
| 2. Germany          | 198                | 14.3   | 2. Hong Kong, China | 175                | 9.9  |
| 3. United Kingdom   | 122                | 8.8  | 3. China            | 136                | 7.7  |
| 4. Canada           | 67                 | 4.8  | 4. Ireland          | 101                | 5.7  |
| 5. Netherlands      | 64                 | 4.6  | 5. Netherlands      | 73                 | 4.1  |
| 6. Hong Kong, China | 55                 | 4.0  | 6. Switzerland      | 69                 | 3.9  |
| 7. China            | 41                 | 3.0  | 7. Singapore        | 65                 | 3.7  |
| 8. Spain            | 40                 | 2.9  | 8. Brazil           | 65                 | 3.7  |
| 9. Denmark          | 34                 | 2.4  | 9. Canada           | 49                 | 2.8  |
| 10. Brazil          | 33                 | 2.4  | 10. India           | 44                 | 2.5  |

New York and Geneva 2001, World Investment Report 2004 - The Shift Towards Services, UNCTAD New York and Geneva 2004, World Investment Report 2016 - Investor Nationality: Policy Challenges UNCTAD New York and Geneva 2016, access [http://unctad.org/en/pages/DIAE/World Investment Report/WIR](http://unctad.org/en/pages/DIAE/World%20Investment%20Report/WIR).

Source: author's own development based on: World Investment Report 2001 - Promoting linkages. UNCTAD.

### Geographical structure of foreign direct investment outflow

The structure of FDI outflows is still dominated by developed countries. However, there is a clear tendency to fall. In 2000, developed countries exported 91.3% of investment and the rate of their world investment was only 72.2% in 2015. In 2009, developing countries had a substantial share of over 20% with a growing trend to almost 33% in 2014. The share of countries undergoing transformation had the biggest dynamic of growth, almost 19-fold in 2013. As far as developed countries are concerned, the European Union states and the USA had the biggest share. Asian states and China dominated developing states' share (Table 4 and 5).

In 2000, over 80% of foreign direct investment flew out of ten countries (Table 6). Almost 20% of investment had come from the United Kingdom, about 15% from France and 12% from the USA; these three countries invested the amount of USD 553 billion, which accounted for 46.6% of the entire investment in the world. In 2015, almost USD 1.1 trillion (74% of all investment) flew out of the ten biggest foreign direct investment providers. In comparison to 2000, only the USA maintained the position of a leader with a share of 20.4% in the total world investment. France and the United Kingdom were behind the top ten. The analysis of the first three positions shows a total share of 38% in the world investment, where Japan and China followed the USA. In 2015, investment was fragmented and only the USA had a two-digit share while three countries had it in 2000. What deserves attention is the increasing share of developing countries: Hong Kong had a share of 5% (sixth position in the ranking) in 2000, and China joined with a share of 8.7% in 2015 (Table 6).

Table 4. Geographical structure of foreign direct investment outflow in the world in the period 2000-2015

| Region                          | 2000                               | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|                                 | Value of FDI outflow (billion USD) |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World                           | 1187                               | 722  | 597  | 612  | 877  | 837  | 1216 | 2268 | 1929 | 1101 | 1366 | 1587 | 1284 | 1306 | 1354 | 1474 |
| Developed countries:            | 1084                               | 658  | 548  | 570  | 746  | 707  | 1023 | 1924 | 1572 | 821  | 963  | 1156 | 873  | 834  | 823  | 1065 |
| Europe*                         | 859                                | 5    | 365  | 350  | 395  | 691  | 669  | 1368 | 992  | 821  | 586  | 559  | 411  | 320  | 311  | 576  |
| North America                   | 187                                | 161  | 142  | 173  | 302  | 6    | 262  | 80   | 76   | 51   | 313  | 449  | 374  | 363  | 372  | 376  |
| Developing countries:           | 99                                 | 60   | 44   | 36   | 117  | 116  | 174  | 292  | 296  | 229  | 358  | 374  | 358  | 409  | 446  | 378  |
| Africa                          | 1                                  | -3   | 0.1  | 1    | 2    | 2    | 8    | 11   | 10   | 5    | 9    | 6    | 12   | 16   | 15   | 11   |
| Latin America and the Caribbean | 14                                 | 12   | 6    | 11   | 28   | 36   | 49   | 56   | 82   | 47   | 57   | 48   | 42   | 32   | 31   | 33   |
| Asia                            | 84                                 | 50   | 38   | 24   | 88   | 78   | 117  | 226  | 204  | 177  | 292  | 319  | 303  | 359  | 398  | 332  |
| Transition economies**:         | 4                                  | 4    | 5    | 7    | 14   | 15   | 19   | 52   | 61   | 51   | 51   | 56   | 33   | 76   | 72   | 31   |
| Southern and Eastern Europe     | -                                  | -    | -    | -    | 0.2  | 0.6  | 0.6  | 1.4  | 1.8  | 1.4  | 0.3  | 0.4  | 0.4  | 0.5  | 0.5  | 0.4  |
| CIS                             | -                                  | -    | -    | -    | 14   | 14   | 18   | 50   | 59   | 50   | 50   | 55   | 33   | 75   | 71   | 31   |

\* data concerning European states in the period 2000-2004 without the 10 states that entered the EU in 2004

\*\* until 2004 including the 10 states that entered the EU

Source: author's own development based on: World Investment Report 2000-2016 UNCTAD.

Table 5. Share and dynamic of foreign direct investment outflow in the world in the period 2000-2015

| Region   | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Share of particular regions in the FDI outflow structure (%) |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  |
| Developed countries:   | 91.3 | 91.2 | 91.8 | 93.0 | 85.0 | 84.4 | 84.1 | 84.8 | 81.5 | 74.5 | 70.5 | 72.8 | 68.0 | 63.8 | 60.8 | 72.2 |
| Developing countries   | 8.3  | 8.3  | 7.4  | 5.8  | 13.4 | 13.8 | 14.3 | 12.9 | 15.4 | 20.8 | 26.2 | 23.6 | 27.9 | 31.3 | 32.9 | 25.6 |
| Transition economies*  | 0.3  | 0.5  | 0.8  | 1.1  | 1.6  | 1.7  | 1.5  | 2.3  | 3.1  | 4.7  | 3.7  | 3.5  | 2.6  | 5.8  | 5.3  | 2.1  |
| Dynamic of FDI outflow in the regions (2000 =100)            |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  | 100  | 61   | 50   | 52   | 74   | 72   | 102  | 191  | 163  | 93   | 115  | 134  | 108  | 110  | 114  | 124  |
| Developed countries:   | 100  | 61   | 51   | 53   | 69   | 65   | 94   | 178  | 145  | 76   | 89   | 107  | 81   | 77   | 76   | 98   |
| Developing countries   | 100  | 61   | 45   | 36   | 119  | 117  | 176  | 295  | 300  | 232  | 362  | 378  | 362  | 413  | 451  | 382  |
| Transition economies*  | 100  | 88   | 123  | 175  | 350  | 365  | 468  | 1288 | 1515 | 1280 | 1263 | 1390 | 830  | 1895 | 1805 | 778  |
| Dynamic of FDI outflow in regions (year to year)             |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| World  |      | 61   | 83   | 103  | 143  | 95   | 145  | 187  | 85   | 57   | 124  | 116  | 81   | 102  | 104  | 109  |
| Developed countries:   |      | 52   | 82   | 96   | 113  | 175  | 97   | 205  | 73   | 83   | 71   | 95   | 74   | 78   | 97   | 185  |
| Developing countries   |      | 61   | 74   | 81   | 330  | 99   | 151  | 168  | 101  | 77   | 156  | 104  | 96   | 114  | 109  | 85   |

\* until 2004 including the 10 states that entered the EU

Source: author's own development based on: World Investment Report 2000-2016 UNCTAD.

Table 6. Biggest providers of foreign direct investment according to its value and share in the inflow structure in 2000 and 2015 (billion USD and %)

| 2000 |                       |                    |  | 2015 |                  |                    |  |
|------|-----------------------|--------------------|--|------|------------------|--------------------|--|
| Rank | State                 | FDI in billion USD | State's share in the structure of inflow (%) | Rank | State            | FDI in billion USD | State's share in the structure of inflow (%) |
| 1.   | United Kingdom        | 233                | 19.6   | 1.   | United States    | 300                | 20.4   |
| 2.   | France                | 177                | 14.9   | 2.   | Japan            | 129                | 8.8  |
| 3.   | United States         | 143                | 12.0   | 3.   | China            | 128                | 8.7  |
| 4.   | Belgium and Luxemburg | 86                 | 7.2  | 4.   | Netherlands      | 113                | 7.7  |
| 5.   | Netherlands           | 76                 | 6.4  | 5.   | Ireland          | 102                | 6.9  |
| 6.   | Hong Kong, China      | 59                 | 5.0  | 6.   | Germany          | 94                 | 6.4  |
| 7.   | Germany               | 56                 | 4.7  | 7.   | Switzerland      | 70                 | 4.7  |
| 8.   | Spain                 | 55                 | 4.6  | 8.   | Canada           | 67                 | 4.5  |
| 9.   | Canada                | 45                 | 3.8  | 9.   | Hong Kong, China | 55                 | 3.7  |
| 10.  | Switzerland           | 45                 | 3.8  | 10.  | Luxemburg        | 39                 | 2.6  |

Source: author's own development based on: World Investment Report 2001 - Promoting linkages, UNCTAD New York and Geneva 2001, World Investment Report 2004 - The Shift Towards Services, UNCTAD New York and Geneva 2004, World Investment Report 2016 - Investor Nationality: Policy Challenges UNCTAD New York and Geneva 2016, access [http://unctad.org/en/pages/DIAE/World Investment Report/WIR](http://unctad.org/en/pages/DIAE/World%20Investment%20Report/WIR).

## Mega-groups and foreign direct investment

International agreements, international organisations and integration groups play an important role in the international flows of capital. The flows within these mega-groups constitute from 15% to 54% of the entire FDI flows. The biggest share belongs to the G-20 countries: 53%, the APEC countries: 54% and the countries developing the TTIP agreement: 46% (Table 7).

Table 7. FDI inflows in selected mega-groups, 2014 and 2015 (billion dollars and per cent)

| Mega-grouping | FDI inflows | Share in world FDI | FDI inflows | Share in world FDI |
|---------------|-------------|--------------------|-------------|--------------------|
|               | 2014        |                    | 2015        |                    |
| G20           | 652         | 51                 | 926         | 53                 |
| TTIP          | 399         | 31                 | 819         | 46                 |
| APEC          | 669         | 52                 | 953         | 54                 |
| TPP           | 353         | 28                 | 593         | 34                 |
| RCEP          | 341         | 27                 | 330         | 19                 |
| BRICS         | 271         | 21                 | 256         | 15                 |

G20 = includes only the 19 member countries (excludes the European Union); TTIP = Transatlantic Trade and Investment Partnership (under negotiation); APEC = Asia-Pacific Economic Cooperation; TPP = Trans-Pacific Partnership; RCEP = Regional Comprehensive Economic Partnership (under negotiation); BRICS = Brazil, Russian Federation, India, China and South Africa

Source: author's own development based on: World Investment Report 2016 - Investor Nationality: Policy Challenges UNCTAD New York and Geneva, [http://unctad.org/en/PublicationsLibrary/wir2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf).

## Conclusion

Foreign direct investment is deemed to be desired all over the world. It results in changes in the structure of economies, stimulates domestic entities to act and contributes to development in general. In the analysed period 2000-2015, there were changes in the structure of the world economy that had great importance for the flow of FDI. Despite a few breakdowns in the world market, direct investment tends to increase. Highly developed countries had the biggest share in the flows with a downward trend. The United States was the biggest FDI exporter and importer. Developing countries, especially Asia with China as a leader, dynamically increase their share in the FDI structure.

## Literature

- Bożyk, P. (2004). Egzemplifikacja międzynarodowych stosunków gospodarczych, WSHiP, Warszawa.
- Bożyk, P., Misala, J., Puławski, M. (2002). Międzynarodowe stosunki ekonomiczne, Polskie Wydawnictwo Ekonomiczne, Warszawa.
- Budnikowski, A. (2003). Międzynarodowe stosunki gospodarcze. PWE, Warszawa.
- Czerwieniec, E. (1990). Zagraniczne inwestycje bezpośrednie w gospodarce krajów wysoko rozwiniętych. Zeszyty Naukowe – Seria II, No.105, Poznań.
- Dudziński, J., Nakonieczna Kisiel H. (2005). Międzynarodowe stosunki gospodarcze. Wybrane problemy. Wyd. Zachodniopomorskiej Szkoły Biznesu. Szczecin.
- Dunning, J.H. (2006). Towards a new paradigm of development: implications for the determinants of international business. [Available at:] <https://pdfs.semanticscholar.org/9eda/6e68a8df536d656393e37eb01fbc59072424.pdf>.

- Geldner, M. (1986). Przyczynek do teorii zagranicznych inwestycji zagranicznych. Monografie i opracowania, SGPiS, Warszawa, nr 193.
- Harrod, R.F. (1939). An Essay in Dynamic Theory, *Economic Journal*, Vol. 49, No. 193 (Mar., 1939), 14-33.
- Jodkowski, A. (1995). Zagraniczne inwestycje bezpośrednie w Polsce jako element kształtowania konkurencyjności. Raporty, Warszawa, No. 36.
- Kacperska, E. (2001). Rola bezpośrednich inwestycji zagranicznych w rozwoju przedsiębiorczości w sektorze rolno-spożywczym w Polsce. Doctoral dissertation typescript, SGGW Warszawa.
- Misala, J. (2001). Współczesne teorie wymiany międzynarodowej i zagranicznej polityki ekonomicznej, SGH, Warszawa.
- Misala, J. (2005). Wymiana międzynarodowa i gospodarka światowa. Teoria i mechanizmy funkcjonowania. SGH. Warszawa.
- Nowara, W. (2007). Międzynarodowe przepływy kapitału [in:] Mińska-Struzik E., Nowara W., Truskolaski Sz, Międzynarodowe stosunki gospodarcze. Handel. Czynniki produkcji Globalizacja. Wyd. Akademii Ekonomicznej w Poznaniu, Poznań.
- Puchalska, K., Barwińska-Małajkiewicz, A. (2010). Międzynarodowe przepływy kapitału i siły roboczej. Wydawnictwo Uniwersytetu Rzeszowskiego Rzeszów.
- Rutkowski, J. (1993). Światowe strumienie kapitałowe, Sprawy Międzynarodowe R.46 T. 2 PISM Warszawa.
- Salvatore, D. (1990). International Economics, McMillan, New York.
- Słownik handlu zagranicznego (1993). PWE, Warszawa.
- Witkowska, J. (1996). Bezpośrednie inwestycje zagraniczne w Europie Środkowo-Wschodniej. UŁ, Łódź.
- World Investment Report 2016 - Investor Nationality: Policy Challenges UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/PublicationsLibrary/wir2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf).
- World Investment Report 2015. Reforming International Investment Governance UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/PublicationsLibrary/wir2015\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf).
- World Investment Report 2014. Investing in the SDGs: An Action Plan UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/pages/DIAE/World Investment Report/WIR](http://unctad.org/en/pages/DIAE/World%20Investment%20Report/WIR).
- World Investment Report 2013. Global Value Chains: Investment and Trade for Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/PublicationsLibrary/wir2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2013_en.pdf).
- World Investment Report 2012. Towards a New Generation of Investment Policies UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/PublicationsLibrary/wir2012\\_embargoed\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2012_embargoed_en.pdf).
- World Investment Report 2011. Non-Equity Modes of International Production and Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2011\\_en.pdf](http://unctad.org/en/Docs/wir2011_en.pdf).
- World Investment Report 2010. Investing in a Low-carbon Economy UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2010\\_en.pdf](http://unctad.org/en/Docs/wir2010_en.pdf).
- World Investment Report 2009. Transnational Corporations, Agricultural Production and Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/docs/wir2009\\_en.pdf](http://unctad.org/en/docs/wir2009_en.pdf).
- World Investment Report 2008. Transnational Corporations and the Infrastructure Challenge UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2008\\_en.pdf](http://unctad.org/en/Docs/wir2008_en.pdf).
- World Investment Report 2007. Transnational Corporations, Extractive Industries and Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2007\\_en.pdf](http://unctad.org/en/Docs/wir2007_en.pdf).
- World Investment Report 2006. FDI from Developing and Transition Economies: Implications for Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/docs/wir2006\\_en.pdf](http://unctad.org/en/docs/wir2006_en.pdf).
- World Investment Report 2005. Transnational Corporations and the Internationalization of R&D UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2005overview\\_en.pdf](http://unctad.org/en/Docs/wir2005overview_en.pdf).
- World Investment Report 2004. The Shift Towards Services UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2004\\_en.pdf](http://unctad.org/en/Docs/wir2004_en.pdf).
- World Investment Report 2003. FDI Policies for Development: National and International Perspectives UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/docs/wir2003light\\_en.pdf](http://unctad.org/en/docs/wir2003light_en.pdf).
- World Investment Report 2002. Transnational Corporations and Export Competitiveness UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/docs/wir2002\\_en.pdf](http://unctad.org/en/docs/wir2002_en.pdf).
- World Investment Report 2001. Promoting Linkages UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/Docs/wir2001\\_en.pdf](http://unctad.org/en/Docs/wir2001_en.pdf).
- World Investment Report 2000. Cross-border Mergers and Acquisitions and Development UNCTAD New York and Geneva, [Available at:] [http://unctad.org/en/docs/wir2000\\_en.pdf](http://unctad.org/en/docs/wir2000_en.pdf).