

DID YOU KNOW?

2020-05

FDI Inflows to OIC Countries, Billion USD 2017 vs. 2018



■ **Foreign direct investment (FDI)** is net inflows of investment to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than that of the investor. The components of FDI are **equity capital**, **reinvested earnings**, and **other capital** (mainly intra-company loans).

■ As countries do not always collect data for each of those components, there is an apparent lack of comparability of FDI data reported by different countries. Moreover, for a given transaction, host country and home country often do not register it in exactly the same way. In particular, data on reinvested earnings, the collection of which depends on company surveys, are often unreported by many countries.

■ Foreign capital is highly important for developing countries especially in technology upgrading, which contribute to increasing entrepreneurship in terms of new products, services and organisational methods. Attracting international investors can also help developing countries to achieve the Sustainable Development Goal of promoting sustained, inclusive and sustainable economic growth.

■ FDI inflows declined in the OIC countries group (-0.9%), Developed countries group (-21.1%) and the World (-13.4%) from 2017 to 2018. On the other hand, an increase of 3.4% was observed for the Non-OIC Developing countries group from 529.4 billion USD in 2017 to 547.5 billion USD in 2018.

■ 52 OIC countries had positive FDI inflows in 2018 and 5 OIC countries with the largest FDI inflows (Indonesia, Turkey, UAE, Malaysia, and Egypt) constituted 56.1% (60.2 billion USD) of the total OIC FDI inflows of 107.4 billion USD.

■ Only 3 OIC countries were with negative FDI inflows figures amounting above 7.3 billion USD in 2018.

■ Comparing 2017 with 2018, 36 OIC countries managed to increase their FDI inflows by 13.1 billion USD.

■ Saudi Arabia alone increased its FDI inflows by 1.8 billion USD from 2017 to 2018, followed by Turkey and Bangladesh (1.5 billion USD each).

■ Despite the fact that their FDI inflows were positive in 2018, 16 OIC countries recorded lower FDI inflows compared to 2017 figures.

■ The largest FDI inflows decreases in 2018 compared to 2017 were observed in Iran, Nigeria, Azerbaijan, Malaysia, and Jordan, all above 1 billion USD. Overall, the decline in the FDI inflows of 18 OIC countries amounted to 14.2 billion USD between 2017 and 2018.

Note: The values in the parentheses indicate the change of FDI inflows between 2017 and 2018. "b" is for billion USD and "m" is for million USD. FDI flows with a negative sign indicate that at least one of the three components of FDI (equity capital, reinvested earnings or intra-company loans) is negative and these are instances of reverse investment or disinvestment.

Source: SESRIC staff calculations based on data extracted on 21/02/2020 from UNCTADStat Database. Please visit **OIC Statistics (OICStat) Database** (<http://bit.ly/2F7W8cv>) for other International Finance indicators.