

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

# **orld Investment Report 2006**

**FDI from Developing and  
Transition Economies:  
Implications for Development**



**United Nations  
New York and Geneva, 2006**

## TABLE OF CONTENTS

	Page
PREFACE.....	Hi
ACKNOWLEDGEMENTS.....	iv
OVERVIEW.....	xvii

## PART ONE ANOTHER YEAR OF FDI GROWTH

CHAPTER I. GLOBAL TRENDS: RISING FDI INFLOWS.....	3
---	---

OVERALL TRENDS AND DEVELOPMENTS IN FDI.....	3
---	---

1. Trends, patterns and characteristics.....	3
a. Global FDI.....	3
b. Sectoral analysis: revival of FDI in natural resources.....	7
c. Trends in international production.....	10
2. Some issues concerning FDI statistics: what is behind the numbers?.....	10
3- A new wave of cross-border M&As.....	13
a. Recent trends.....	13
b. Cross-border M&As versus greenfield FDI.....	15
c. An emerging trend: the rise in FDI by collective investment funds.....	16
4. FDI performance and potential.....	21

POLICY DEVELOPMENTS.....	23
--------------------------	----

National policy changes.....	23
Recent developments in international investment arrangements.....	26
a. The IIA network continues to expand.....	26
b. Systemic issues in international investment rule-making.....	27

LARGEST TNCs.....	30
-------------------	----

The world's 100 largest TNCs.....	30
The top 100 TNCs from developing economies.....	31
Transnationality of top TNCs.....	32
TNCs' most-favoured locations.....	34
The world's 50 largest financial TNCs.....	34

IOSPECTS.....	36
---------------	----

.....	37
-------	----

II. REGIONAL TRENDS: FDI GROWS IN MOST REGIONS.....	39
---	----

RODUCTION.....	39
----------------	----

VELOPING COUNTRIES.....	40
-------------------------	----

Africa.....	40
a. Geographical trends.....	41
(i) Growth driven by high commodity prices.....	41
(ii) Outward FDI: down in 2005.....	44
b. Sectoral trends: FDI up in the primary sector.....	45

	Page
c. Policy developments.....	46
d. Prospects.....	49
2. South, East and South-East Asia, and Oceania.....	50
a. Geographical trends.....	50
(i) Inward FDI: continues to soar.....	50
(a) South, East and South-East Asia.....	50
(b) Oceania.....	53
(ii) Outward FDI: overall decline, but flows from China surge.....	53
(a) South, East and South-East Asia.....	54
(b) Intraregional FDI.....	54
b. Sectoral trends.....	55
(i) Inward FDI: strong growth in services and high-tech industries.....	55
(ii) Outward FDI: growing interest in natural resources.....	57
c. Policy developments.....	58
d. Prospects.....	59
3. West Asia.....	59
a. Geographical trends.....	59
(i) Inward FDI: unprecedented rise.....	59
(ii) Outward FDI: petrodollars boost investment.....	63
b. Sectoral trends: rising flows to energy-related industries.....	64
c. Policy developments.....	65
d. Prospects.....	66
4. Latin America and the Caribbean.....	67
a. Geographical trends.....	68
(i) Inward FDI: strong increase to Andean countries.....	68
(ii) Outward FDI: continued growth.....	70
b. Sectoral trends: natural resources and manufacturing increasingly targeted.....	71
c. Policy developments.....	75
d. Prospects.....	77
<b>B. SOUTH-EAST EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES ....</b>	<b>77</b>
1. Geographical trends.....	78
a. Inward FDI: fifth year of growth.....	78
b. Outward FDI: strong performance of Russian TNCs continues.....	79
2. Sectoral trends: manufacturing dominates inflows, natural resources lead outflows.....	80
3. Policy developments.....	81
4. Prospects.....	81
<b>C. DEVELOPED COUNTRIES.....</b>	<b>82</b>
1. Geographical trends.....	83
a. Inward FDI: recovering from the downturn.....	83
b. Outward FDI: overall decline.....	87
2. Sectoral trends: inflows up in all sectors.....	90
3. Policy developments.....	93
4. Prospects.....	94
<b>NOTES.....</b>	<b>95</b>

## PART TWO

# FDI FROM DEVELOPING AND TRANSITION ECONOMIES: IMPLICATIONS FOR DEVELOPMENT

<b>INTRODUCTION.....</b>	<b>103</b>
<b>CHAPTER III. EMERGING SOURCES OF FDI.....</b>	<b>105</b>
<b>A. DEVELOPING AND TRANSITION ECONOMIES GAIN GROUND AS HOME COUNTRIES.....</b>	<b>105</b>
1. FDI from developing and transition economies increases.....	105
a. Growing overseas investments from developing and transition economies.....	105
b. Cross-border mergers and acquisitions on the rise.....	108
c. Greenfield and expansion investments.....	110
2. Growing importance of Asia as a source of FDI.....	112
3. Services dominate.....	115
j 4. South-South FDI becomes significant.....	117
<b>B. GLOB ALAND REGIONAL PLAYERS EMERGING FROM • DEVELOPING AND TRANSITION ECONOMIES.....</b>	<b>122</b>
fy 1. The rise of TNCs from developing and transition economies.....	122
2. TNCs from Africa.....	125
3. TNCs from Asia.....	126
a. TNCs from East and South-East Asia.....	127
b. TNCs from South Asia.....	130
c. TNCs from West Asia.....	131
4. TNCs from Latin America and the Caribbean.....	132
5. TNCs from South-East Europe and the CIS.....	134
<b>C. SALIENT FEATURES OF THE EMERGING SOURCES OF FDI.....</b>	<b>135</b>
<b>NOTES.....</b>	<b>137</b>
<b>CHAPTER IV. DRIVERS AND DETERMINANTS.....</b>	<b>141</b>
<b>A. CONCEPTUAL FRAMEWORK.....</b>	<b>142</b>
1. The theory of transnational corporations and foreign direct investment.....	142
2. The investment development path and the emergence of TNCs from developing and transition economies.....	143
3. Application of the theory to TNCs from developing and transition economies.....	146
<b>B. COMPETITIVE ADVANTAGES, DRIVERS AND MOTIVES.....</b>	<b>150</b>
1. Sources of competitive advantages.....	152
2. Drivers to internationalization.....	155
a. Home country drivers (push factors).....	155
b. Host country drivers (pull factors).....	155
c. Empirical evidence on drivers (push and pull).....	156
3. Motivations and strategies.....	157
a. Market-seeking.....	158
b. Efficiency-seeking.....	158
c. Resource-seeking.....	161

	<b>Page</b>
d. Created asset-seeking.....	162
e. Other motives.....	163
<b>C. CONCLUSIONS.....</b>	<b>163</b>
<b>NOTES.....</b>	<b>163</b>
<b>CHAPTER V. IMPACT ON HOME AND HOST DEVELOPING ECONOMIES.....</b>	<b>169</b>
<b>A. IMPACT ON HOME ECONOMIES.....</b>	<b>169</b>
1. Outward FDI and the competitiveness of developing-country TNCs.....	170
2. Outward FDI and the competitiveness and restructuring of home-country industries.....	175
a. Industrial competitiveness.....	175
b. Industrial restructuring.....	177
3. Macroeconomic, trade and employment effects in the home economy.....	178
a. Financial resource flows and balance of payments.....	179
b. Domestic investment.....	180
c. International trade.....	180
d. Employment.....	181
4. Concluding remarks.....	182
<b>B. IMPACT ON HOST ECONOMIES.....</b>	<b>183</b>
1. Assessing host-country impact.....	184
2. Impact on host developing economies.....	184
a. Financial resource flows and investment.....	185
b. Technology and skills.....	188
c. International trade.....	189
d. Employment.....	192
e. Other impacts.....	195
3. Concluding remarks.....	196
<b>C. CONCLUSIONS.....</b>	<b>197</b>
<b>NOTES.....</b>	<b>199</b>
<b>CHAPTER VI. NATIONAL AND INTERNATIONAL POLICIES.....</b>	<b>201</b>
<b>A. THE ROLE OF HOME-COUNTRY POLICIES.....</b>	<b>202</b>
1. Competitiveness policies and outward FDI.....	202
2. Policies specific to outward FDI.....	203
a. More countries remove barriers to outward FDI.....	204
b. Active promotion of outward FDI.....	208
(i) Main instruments used to promote outward FDI.....	209
(ii) Agencies promoting outward FDI.....	212
c. Home-country measures to promote South-South FDI.....	217
3. Mitigating potential risks associated with outward FDI.....	218
<b>B. IMPLICATIONS FOR HOST-COUNTRY POLICIES.....</b>	<b>219</b>
1. Host-country policies for maximizing the benefits from South-South FDI.....	219
2. More FDI sources for IPAs to target.....	220
3. Reactions to takeovers by TNCs from developing countries.....	222

<b>C. INTERNATIONAL AGREEMENTS AND FDI FROM DEVELOPING AND TRANSITION ECONOMIES.....</b>	<b>228</b>
1. The growing role of IIAs.....	228
2. Regional economic integration agreements and South-South FDI.....	230
<b>D. CORPORATE SOCIAL RESPONSIBILITY AND TNCs FROM DEVELOPING AND TRANSITION ECONOMIES.....</b>	<b>232</b>
1. Multilaterally agreed CSR principles.....	233
2. Benefits for TNCs from the South from addressing CSR issues.....	235
3. Encouraging good practices.....	237
<b>E. CONCLUDING REMARKS.....</b>	<b>238</b>
<b>NOTES.....</b>	<b>241</b>
<b>CONCLUSIONS.....</b>	<b>245</b>
<b>REFERENCES.....</b>	<b>247</b>
<b>SELECTED UNCTAD PUBLICATIONS ON TNCs AND FDI.....</b>	<b>333</b>
<b>QUESTIONNAIRE.....</b>	<b>339</b>

### Boxes

1.1.	FDI and round-tripping of investments.....	12
1.2.	FDI and trans-shipping of investments.....	12
1.3.	UNCTAD expert meeting on FDI statistics: sound data essential for sound policies.....	14
1.4.	Comparison of the impact of cross-border M&As and greenfield FDI on host countries.....	17
1.5.	Characteristics of private equity and hedge fund investments.....	18
1.6.	Large private equity investments in the German real estate sector.....	21
1.7.	Incoherence between IIAs.....	29
1.8.	The largest TNCs from the transition economies of South-East Europe and the CIS.....	30
1.9.	Expanding the coverage of leading developing-country TNCs, from top 50 to top 100: a comparison of samples.....	33
II. 1.	Asian FDI in Africa.....	43
11.2.	South Africa: from import substitution to export orientation in the automotive industry.....	47
11.3.	Egypt: National Suppliers Development Programme to boost manufacturing.....	47
11.4.	South Africa: Skills Support Programme.....	48
11.5.	Prospects for FDI rise as TNCs from developing countries invest in oil in Africa.....	49
11.6.	China's revised and new data on FDI.....	52
11.7.	"China dollars" will stimulate more Chinese outward FDI.....	55
11.8.	FDI in R&D continues to rise in developing Asia.....	56
11.9.	Rising FDI in Asian real estate.....	57
11.10.	Recent privatizations involving FDI in West Asia.....	61
11.11.	Intraregional FDI flows on the rise in West Asia.....	62
11.12.	How are West Asian petrodollars recycled in FDI?.....	64
11.13.	Efforts in West Asia to strengthen national FDI databases in line with the ESCWA/UNCTAD joint project.....	66
11.14.	Accession to the WTO and liberalization of FDI by Saudi Arabia.....	67
11.15.	Latin American firms step into the breach.....	73
11.16.	High oil prices have induced changes in oil and gas regulations.....	76
11.17.	Russian mobile phone operators in the CIS.....	82
11.18.	Will Japanese FDI stock really be doubled by 2006?.....	86
11.19.	The effects of the Homeland Investment Act on United States outward FDI.....	89
11.20.	New EU member States continue to attract international car manufacturers.....	91
11.21.	FDI in banking in the EU-15: trends, determinants and barriers to integration.....	92
III. 1.	Statistics on FDI from developing and transition economies - a cautionary note.....	106

## Page

III.3	The Outward FDI Performance Index.....	130	
III.4.	The Orascom Group.....		
III.5	Internationalization of Samsung Electronics.....	131	
III.6.	Overseas investments of Temasek Holdings.....	130	
III. 7.	Huawei Technologies: a global player in telecom equipment.....	130	
I/T. 8.	India's Infosys goes global.....	131	
III.9.	Early Argentinean TNCs.....	132	J
IV. 1	A tale of two continents: policy choices and industrial development in East and South-East Asia and Latin America.....	145	I
IV.2	The use of inward and outward FDI to upgrade the competitiveness of countries.....	147	I
IV.3	A panorama of developing-country TNCs.....	151	I
IV.4	Surveys of developing and transition economy TNCs.....	153	I
IV.5	Mixed, complementary and evolutionary FDI motives.....	159	I
V. 1.	How does outward FDI promote the market expansion of developing-country TNCs? The case of white goods.....	171	I
V.2.	How does outward FDI promote the market expansion of developing-country TNCs? The case of personal computers.....	172	I
V.3.	Internationalization and profitability: the case of CSCEC.....	174	I
V.4.	Impact of developing-country FDI in a small LDC: The experience of Lesotho.....	191	I
VI.1.	Controls on international capital flows.....	204	I
VI.2.	South Africa's outward FDI policy: emphasis on Africa.....	207	I
VI.3.	The gradual liberalization of outward FDI policies in the Republic of Korea.....	208	I
VI.4.	China's "going global" strategy.....	210	I
VI.5.	Incentives for outward FDI: Asian examples.....	212	I
VI.6.	Political risk insurance as a tool for promoting South-South investment.....	213	I
VI.7.	Singapore's outward FDI promotion strategy.....	214	I
VI.8.	Private sector assistance to overseas investment - some examples.....	215	I
VI.9.	Malaysia's approach to outward FDI promotion.....	216	I
VI.10.	MIGA's assistance to export credit agencies.....	218	I
VI.11.	FDI and national security exceptions.....	225	I
VI. 12.	Investment disputes involving investors from developing and transition economies.....	229	I
VI.13.	The ASEAN Investment Area and South-South FDI.....	231	I
VI. 14.	Programmes to enhance the social impact of activities: the cases of Cemex and Petrobras.....	233	I
VI.15.	The 10 principles of the United Nation's Global Compact.....	235	I
VI. 16.	The Equator Principles.....	236	I

## Box figures

H.3.1.	How does the NSD programme work?.....	48	•
II. 11.1.	Number of intraregional cross-border M&As and their share in total cross-border M&As in West Asia, 1993-2005.....	62	I
11.20.1.	Map of location of foreign affiliates in the new EU member States, 2005.....	91	I

## Box tables

1.2.1.	Inward FDI stock in holding companies of selected countries, 2003.....	12	I
1.2.2.	FDI inflows in Luxembourg, distributed between SPE/trans-shipped FDI and non-SPE/non-trans-shipped FDI, 2002-2005.....	12	I
1.9.1.	Comparison of the country/industry composition of the largest 50 and 100 TNCs from developing economies, 2004.....	33	I
II. 1.1.	FDI in Africa from selected Asian developing economies, 1990-2004.....	43	I
II. 1.2.	Cross-border M&As in Africa by firms from selected developing Asian economies, 1987-2005.....	43	I
II.6.1.	Data on FDI inflows reported by MOFCOM and by SAFE, 1998-2005.....	52	I
II. 10.1.	Selected privatization projects involving foreign investors in West Asia, 2005-June 2006.....	61	I
II. 18.1.	Composition of inward FDI stock in Japan, 2001-2005.....	83	I
11.19.1.	Earnings of foreign affiliates of United States TNCs, 2004/QI-2006/QI.....	84	I
11.20.1.	Macroeconomic and other indicators for selected EU members.....	92	I
III.3.1.	UNCTAD's Outward FDI Performance Index, selected economies, 1993-1995 average and 2003-2005 average.....	114	•
V. 1.1.	Internationalization of Arcelik and Haier, 2004.....	171	I

	Page
Financial results of CSCEC, 2000 and 2005.....	174
1.2.1. South Africa's gradual easing of restrictions on outward FDI.....	207

## Figures

FDI inflows, global and by group of economies, 1980-2005.....	4
Concentration of FDI inflows: the share of the top 5 FDI recipients in the world total, 1980-2005.....	4
Total net resource flows to developing countries, by type of flow, 1990-2005.....	5
Cross-border M&As by sector, 2004-2005.....	8
Sectoral breakdown of cross-border M&A sales, 1987-2005.....	8
Transnationality index of host economies, 2003.....	11
Number of cross-border M&As by collective investment funds, by target region, 1987-2005.....	20
Cross-border M&As by private equity funds and hedge funds, by sector and main industry, 2005.....	22
Regulatory changes in 2005, by nature and region.....	25
Number of BITs and DTTs concluded, cumulative and annual, 1995-2005.....	26
Total BITs concluded, by country group, as of end 2005.....	27
Total DTTs concluded, by country group, as of end 2005.....	27
Top 10 signatories of BITs, as of end 2005.....	28
The growth of IIAs other than BITs and DTTs, 1957 to 2005.....	28
Known investment treaty arbitrations, cumulative and newly instituted cases, 1987-2005.....	29
<b>FDI flows by region, 2004-2005.....</b>	<b>39</b>
Africa: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	40
Shares of Africa in world FDI inflows, world GDP and world exports, 1970-2005.....	41
<i>Africa</i> : FDI inflows, top 10 economies, 2004-2005.....	41
<b>11.5.</b> Africa: FDI outflows, by subregion, 1995-2005.....	<b>45</b>
<b>11.6.</b> South, East and South-East Asia, and Oceania: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	<b>50</b>
<b>11.7.</b> South, East and South-East Asia: top 10 recipients of FDI inflows, 2004-2005.....	<b>51</b>
<b>11.8.</b> South, East and South-East Asia, and Oceania: FDI outflows, by subregion, 1995-2005.....	<b>54</b>
<b>11.9.</b> South, East and South-East Asia: top 10 sources of FDI outflows, 2004-2005.....	<b>54</b>
<b>11.10.</b> Pattern of intraregional FDI flows in South, East and South-East Asia, 2002-2004.....	<b>56</b>
<b>11.11.</b> West Asia: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	<b>60</b>
<b>11.12.</b> West Asia: FDI flows, top five economies, 2004-2005.....	<b>62</b>
<b>11.13.</b> West Asia: FDI outflows, by subregion, 1995-2005.....	<b>63</b>
<b>11.14.</b> Latin America and the Caribbean: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	<b>68</b>
<b>11.15.</b> FDI inflows and income on FDI inflows in selected countries in Latin America and the Caribbean, 2000-2005.....	<b>69</b>
<b>11.16.</b> Latin America and the Caribbean: FDI flows, top 10 economies, 2004-2005.....	<b>69</b>
<b>11.17.</b> Latin America and the Caribbean: FDI outflows, by subregion, 1995-2005.....	<b>71</b>
<b>11.18.</b> Latin America and the Caribbean: FDI inflows by sector, 2004-2005.....	<b>71</b>
<b>11.19.</b> South-East Europe and the CIS: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	<b>78</b>
<b>11.20.</b> South-East Europe and the CIS: top 10 economies for FDI inflows, 2004-2005.....	<b>79</b>
<b>11.21.</b> South-East Europe and the CIS: FDI outflows, by subregion, 1995-2005.....	<b>80</b>
<b>11.22.</b> Developed countries: FDI inflows and their share in gross fixed capital formation, 1995-2005.....	<b>84</b>
<b>11.23.</b> Developed countries: FDI flows, top 10 economies, 2004-2005.....	<b>84</b>
<b>11.24.</b> Developed countries: FDI outflows, by subregion, 1995-2005.....	<b>88</b>
<b>III. 1.</b> FDI outflows from developing and transition economies, 1980-2005.....	<b>107</b>
<b>III.2.</b> Outward FDI flows from developing and transition economies, 1980-2005.....	<b>108</b>
<b>111.3.</b> Cross-border M&As by TNCs from developing and transition economies, by origin of purchaser, 1987-2005.....	<b>109</b>
<b>111.4.</b> Cross-border M&As by developing and transition economies, by destination, 1987-2005.....	<b>109</b>
<b>111.5.</b> Outward FDI stock, by source region, 1980-2005.....	<b>113</b>
<b>111.6.</b> Shares of the main offshore financial centres in FDI flows from developing and transition economies, 1980-2005.....	<b>116</b>
<b>111.7.</b> Cross-border M&A purchases by companies based in developing and transition economies, by sector, 1987-2005.....	<b>116</b>
<b>111.8.</b> Intraregional and interregional flows in developing countries excluding offshore financial centres, average for 2002-2004.....	<b>119</b>
<b>111.9.</b> Relationship between real GDP per capita and the share of developing and transition economies in total FDI inflows, 2002-2004.....	<b>120</b>



III. 10.	Distribution of foreign affiliates by TNCs from developing and transition economies, 1989 and 2005.....	124
IV. 1.	Relationship between net outward investment and GDP per capita, selected countries, 2004.....	144
IV.2.	Annual average growth rates of outward FDI flows.....	146
V. 1.	Main benefits gained by developing-country TNCs from investing abroad: results of the UNCTAD global survey, 2006.....	172
V.2.	Share of repatriated profits in total income on outward FDI flows, 1990-2004.....	186
V.3.	Preferred mode of establishment of overseas affiliates by developing-country TNCs, 2006.....	186
V.4.	Sales of foreign affiliates established by developed- and developing-country TNCs, various years ....	187
V.5.	Share of R&D expenditures of foreign affiliates of developed- and developing-country TNCs in total gross domestic R&D expenditure, selected host countries, various years.....	189
V.6.	Share of exports of foreign affiliates of developed- and developing-country TNCs in total exports, selected countries, various years.....	192
V.7.	Employment in foreign affiliates of TNCs from developing and developed countries, various years...	193
VI. 1.	Share of countries with controls on outward FDI or notification requirements, by region, 1996-2005	206
VI.2.	Percentage of IPAs that target FDI from developing or transition economies, by region of IPAs.....	221
VI.3.	Developing and transition economies targeted by IPAs as potential sources of FDI.....	221
VI.4.	Regional distribution of targeted developing and transition economies by host region.....	222
VI.5.	Target industries for IPAs promoting FDI from developing and transition economies.....	224

## Tables

1.1.	Distribution of FDI by region and selected countries, 1980-2005.....	7
1.2.	Selected indicators of FDI and international production, 1982-2005.....	9
1.3.	Cross-border M&As valued at over \$1 billion, 1987-2005.....	14
1.4.	Cross-border M&As through exchange of shares, 1987-2005.....	15
1.5.	Main characteristics of cross-border M&As: then and now.....	16
1.6.	Cross-border M&As by collective investment funds, 1987-2005.....	19
1.7.	Selected 20 large cross-border M&As using collective investment funds, announced or completed during 2004-March 2006.....	20
1.8.	Top 20 rankings by Inward FDI Performance Index, 1995, 2004 and 2005.....	22
1.9.	Inward FDI Performance Index, by region, 1990, 2004 and 2005.....	23
1.10.	Matrix of inward FDI performance and potential, 2004.....	24
1.11.	National regulatory changes, 1992-2005.....	24
1.12.	IIAs concluded, by region, cumulative and 2005.....	28
1.13.	Snapshot of the world's 100 largest TNCs, 2003, 2004.....	31
1.14.	Snapshot of the world's 50 largest TNCs from developing economies, 2003, 2004.....	32
1.15.	Performance measures of the largest TNCs from developing economies, 2004.....	32
1.16.	Comparison of TNI values, by region, 2003, 2004.....	33
1.17.	Comparison of II and TNI values for the top 100 TNCs from both lists, by industry, 2004.....	34
1.18.	Most-favoured locations of top 100 TNCs from both lists.....	35
1.19.	Preferred locations of TNCs from Mexico and Malaysia, 2005.....	35
II. 1.	Sectoral distribution of cross-border M&As, by group of economies, 2004-2005.....	40
11.2.	Africa: country distribution of FDI flows, by range, 2005.....	42
11.3.	Africa: distribution of cross-border M&As, by home/host region, 2004-2005.....	44
11.4.	Africa: distribution of cross-border M&As of African countries, by sector/industry, 2004-2005.....	46
11.5.	South, East and South-East Asia, and Oceania: country distribution of FDI flows, by range, 2005.....	51
11.6.	Inward FDI of South, East and South-East Asia from major country groups, 1990-2004.....	53
11.7.	Selected large M&A deals undertaken by United States private equity investors in South, East and South-East Asia, 2005-early 2006.....	53
11.8.	South, East and South-East Asia: distribution of cross-border M&A sales, by sector/industry, 2004, 2005.....	58
11.9.	West Asia: distribution of cross-border M&As, by home/host region, 2004-2005.....	63
11.10.	West Asia: distribution of cross-border M&As, by sector, 2004-2005.....	63
11.11.	Latin America and the Caribbean: distribution of cross-border M&As, by sector/industry, 2004-2005.....	70
11.12.	Latin America and the Caribbean: country distribution of FDI flows, by range, 2005.....	70
11.13.	South-East Europe and the CIS: distribution of cross-border M&As, by home/host country, 2004-2005.....	79
11.14.	South-East Europe and the CIS: distribution of cross-border M&As, by sector/industry, 2004-2005 ....	81
11.15.	Inward FDI of developed countries from major country groups, 1990-2004.....	87

## Page

11.16.	Developed countries: distribution of cross-border M&As, by home/host region, 2004-2005.....	87
11.17.	Developed countries: country distribution of FDI flows, by range, 2005.....	88
11.18.	Outward FDI from developed countries to major country groups, 1990-2004.....	90
11.19.	Developed countries: distribution of cross-border M&As, by sector/industry, 2004-2005.....	93
<b>III. 1.</b>	Top 15 acquirers based in developing economies, cumulative, 1987-2005.....	110
111.2.	Top 25 cross-border M&A deals by TNCs from developing and transition economies, 1987-2005.....	111
111.3.	Number of greenfield and expansion FDI projects by firms based in developing and transition economies, by source region, 2002-2005.....	112
<b>111.4.</b>	Top 15 developing and transition economies in terms of stocks of outward FDI, 1980, 1990, 2000 and 2005.....	113
<b>111.5.</b>	Basic facts about the outward FDI stock of major developing and transition economies, 2005 or latest year available.....	115
111.6.	Outward FDI stock of developing and transition economies, by sector, 2004.....	116
111.7.	Outward FDI stock of developing and transition economies, by sector and selected industries, 2004.....	117
111.8.	FDI from developing and transition economies, 1985-2004.....	118
111.9.	Inward FDI stock of developing and transition economies, by major country groups, 1990-2004.....	119
111.10.	FDI from developing and transition economies to selected LDCs, various years.....	121
111.11.	FDI projects undertaken by TNCs from developing or transition economies, by destination region, 2002-2005.....	121
<b>III. 12.</b>	Number of foreign affiliates of TNCs from developing and transition economies, selected developed host countries, various years.....	121
111.13.	Number of parent companies, selected developing economies, selected years.....	122
111.14.	Top 20 TNCs, ranked by revenue and their activities, 2005 or latest available year.....	123
<b>III. 15.</b>	Top South African non-financial TNCs, ranked by sales, 2004.....	125
<b>111.16.</b>	Selected large "ethnic Chinese" companies in South-East Asia, ranked by market capitalization.....	129
<b>111.17.</b>	Largest TNCs from Latin America and the Caribbean, ranked by sales, 2004.....	133
111.18.	Largest TNCs from South-East Europe and the CIS, ranked by sales, 2004.....	134
IV. 1.	Types of advantages possessed by developing-country TNCs, by sources of advantage.....	148
IV. 2.	Types of competitive advantages of developing-country TNCs, by sector.....	154
V. I.	Top 10 cross-border M&A deals in the oil and gas industry by companies from developing and transition economies, ranked by the value of sales, 1987-2005.....	173
V. 2.	Balance-of-payments impact of FDI in the United States, selected developing home economies, 1992-2002.....	179
V. 3.	Exports per unit of sales of affiliates of TNCs from developing and developed countries in 15 sub-Saharan African countries, by industry, 2005.....	192
V. 4.	Selected indicators of employment by affiliates of TNCs from developing and developed countries in 15 sub-Saharan African countries, 2005.....	194
V. 5.	Training expenditure per foreign affiliate in 15 sub-Saharan African countries, by size and origin of affiliate, 2005.....	194
VI. 1.	Economies with no controls on outward FDI, 2005.....	207
<b>VI. 2.</b>	TPOs and outward FDI promotion: results from a survey.....	214
<b>VI. 3.</b>	Services offered by TPOs promoting outward FDI.....	215
<b>VI. 4.</b>	IPAs known to have offices in developing or transition economies.....	223

## Annex A

<b>A.1.1.</b>	Greenfield FDI projects, by investor/destination region, 2002-2005.....	263
<b>A.1.2.</b>	Estimated world inward FDI stock, by sector and industry, 1990 and 2004.....	266
<b>A.1.3.</b>	Estimated world outward FDI stock, by sector and industry, 1990 and 2004.....	267
• <b>A.1.4.</b>	Estimated world inward FDI flows, by sector and industry, 1989-1991 and 2002-2004.....	268
<b>A.1.5.</b>	Estimated world outward FDI flows, by sector and industry, 1989-1991 and 2002-2004.....	269
<b>A.1.6.</b>	Number of parent corporations and foreign affiliates, by region and economy, latest available year ...	270
<b>A.1.7.</b>	Cross-border M&A deals with values of over \$1 billion completed in 2005.....	273
<b>A.1.8.</b>	Selected 50 large cross-border M&As involving collective investment funds, completed during 1987-2005.....	276
A.1.9.	Inward FDI Performance and Potential Index rankings, 1990-2005.....	277
<b>A.1.10.</b>	Top 50 economies signatories of BITs and DTTs, concluded as of end 2005.....	279
A.1.11.	The world's top 100 non-financial TNCs, ranked by foreign assets, 2004.....	280
A.1.12.	The top 100 non-financial TNCs from developing countries, ranked by foreign assets, 2004.....	283
A.1.13.	The top 10 non-financial TNCs from South-East Europe and the CIS, ranked by foreign assets, 2004.....	286

	Page
A I 14 The top 50 financial TNCs, ranked by the UNCTAD Spread Index, 2004 .....	287
AY 15. International Investment Agreements (other than BITs and DTTs) concluded in 2005.....	288
A.I. 16. International Investment Agreements (other than BITs and DTTs) under negotiation, as of end 2005.....	^ 289
A II 1 Big players in outward FDI from West Asia, 2005-June 2006.....	^
A!V. 1. Exports of foreign affiliates of developed- and developing-economy TNCs: share in host countries' total exports.....	^ ^ 293
<b>DEFINITIONS AND SOURCES.....</b>	<b>293</b>
<b>A. General definitions.....</b>	<b>293</b>
1. Transnational corporations.....	293
2. Foreign direct investment.....	293
3. Non-equity forms of investment.....	293
<b>B. Availability, limitations and estimates of FDI data presented in WIR.....</b>	<b>*TM</b>
1. FDI flows.....	295
2. FDI stocks.....	295
<b>C. Data revisions and updates.....</b>	<b>295</b>
<b>D. Data verification.....</b>	<b>295</b>
<b>E. Definitions and sources of the data in annex table B.3.....</b>	<b>295</b>
<b>F. Definitions and sources of the data in annex tables B.4-B.7.....</b>	<b>297</b>
<b>G. Definitions and sources of the data on operations of foreign affiliates in annex tables B.8-B.19.....</b>	<b>297</b>

## Annex B

B.I. FDI flows, by region and economy, 2003-2005.....	299
B 2 FDI stock, by region and economy, 1990, 2000, 2005.....	300
B 3 FDI flows as a percentage of gross fixed capital formation, 2003-2005, and FDI stocks as a percentage of gross domestic product, 1990, 2000, 2005, by region and economy.....	307
B 4 Cross-border M&As, by region/economy of seller/purchaser, 2003-2005.....	^
B 5 Cross-border M&As, by region/economy of seller/purchaser, 2003-2005.....	^
B 6 Cross-border M&As, by sector/industry, 2003-2005.....	326
B 7 Cross-border M&As, by sector/industry, 2003-2005.....	326
BY Number of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	!
B 9 Assets of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 10 Employment of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 11 Wages and salaries of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 12 Sales of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	j
B 13 Value added of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 14 Profits of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 15 Exports of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 16 Imports of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 17 R&D expenditures of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 18 Employment in R&D of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"
B 19 Royalty receipts and payments of foreign affiliates in the host economy and of foreign affiliates of home-based TNCs, 2001-2003.....	"