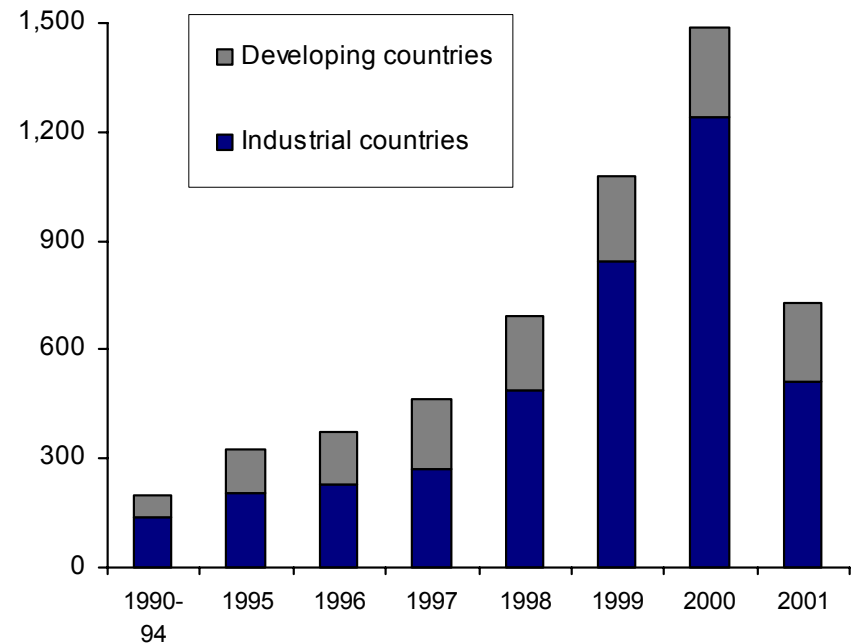


MEASURING GLOBAL FDI

- The IMF recently published a study on international Foreign Direct Investment (FDI) trends and statistics.* The work reflects the IMF's recognition that the growth of international linkages via FDI is an important part of the process of financial globalisation.
- During the 1990s FDI grew much faster than either global output or world trade, with growth particularly rapid at the turn of the century. World inflows of FDI increased by an average annual rate of 13% during 1990-1997, while for the period between 1998 and 2000 the growth rate soared to a 50% average annual rate. Total FDI inflows reached a record US\$1.5 trillion in 2000, before falling back to US\$0.7 trillion in 2001.
- The sharp increase in FDI flows reflected the global boom in mergers and acquisitions (M&A) at the end of the twentieth century. The value of cross-border M&A activity peaked at a record US\$1.1 trillion in 2000, before falling back to US\$0.6 trillion in 2001 as global share prices declined.
- Industrial economies continue to dominate FDI inflows and outflows, accounting for about 94% of outflows and more than 70% of inflows in 2001.

*Foreign Direct Investment trends and statistics. IMF. 28 October 1998.

Total FDI inflows, US\$ billions



Source: IMF