TABLE 1
FDI in the Global Economy[2] (US$ billions and percent)

	1980	1990	2005	2006	Annual Growth 2006	Annual Average Growth over 1990-2006	Proportion 2006/1980
Outward flows							
World	54	230	837	1,216	45.2	11.0	22.6
Developed economies	51	218	707	1,023	44.7	10.2	20.2
Developing economies	3	12	116	174	50.5	18.3	55.3
Outward stocks							
World	599	1,815	6,209	12,474	17.9	12.8	20.8
Developed economies	527	1,669	5,329	10,710	17.1	12.3	20.3
Developing economies	72	146	859	1,600	24.6	16.2	22.1
World GDP	11,797	22,884	44,881	48,436	7.9	4.8	4.1
World merchandise imports	2,075	3,550	10,853	12,427	14.5	11.8	6.0

Source: UNCTAD World Investment Report WIR 2007, IMF World Economic Outlook and WTO Trade Statistics

Outward flows

Global FDI outflows in 2006 were more than 22 times larger than in 1980. Since 1990, they have expanded by 11.0 percent annually, on average (Table 1). FDI outflows grew remarkably fast in the second half of the nineties to reach a peak in 2000, then slowed for three years coinciding with the general slowdown of the global economy, and started growing again in 2004 (Figure 1). Growth rates were higher for developing countries than for developed countries. As a result, the developing countries' share went from 5.9 percent in 1980 to more than 14 percent in 2006.

Turning to main single-country investors, the United States continued to occupy the dominant position as foreign investor in 2006 (Table 2). After a drop of US$27.7 billion in outflows in 2005 due to changes in the corporate tax code, the United States resumed its position as the largest single-nation investor in 2006, with direct investment outflows of US$216.6 billion – almost twice the amount registered by the next largest investing country (France). Reinvested earnings were the major FDI component in that increase, in stark contrast to 2005 when there was a massive withdrawal of funds. Despite the global upsurge in merger and acquisition (M&A) activity in 2006, multinational enterprises based in the United States were not particularly active in acquiring new corporate assets abroad.

The large outward direct investments from France in 2006, following even higher outflows the year before (US$121.0 billion) reflected a high level of activity in foreign acquisitions. Of the estimated US$115.0 billion outflows, about one third was accounted for by five large foreign M&As by French companies, notably Alcatel's acquisition of U.S.-based Lucent and AXA's takeover of the Swiss insurer Wintherthur.

2 The sum of the developed economies and the developing economies does not equal the world total. A third category, comprised of certain transition economies, is not reported here. The missing nations are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia, Montenegro, Macedonia and the Commonwealth of Independent States (CIS) nations of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.