

Companies in Spain took advantage of special incentives and high growth in various sectors (property, construction and banking) to invest a record of US\$89.7 billion in 2006. Of the three largest cross-border M&As in that year, two originated from Spain.

The outward FDI of Switzerland increased from an already high US\$54.3 billion in 2005 to US\$81.5 billion in 2006 – the highest level on record. A significant share of this amount reflected capital increases in foreign subsidiaries, especially by financial institutions domiciled in Switzerland. However, new acquisitions abroad were also part of the story, notably for finance and holding companies, banks, chemical industries and some other manufacturing industries.

The outflows of U.K. companies dropped by about 5.1 percent to US\$79.5 billion, placing the United Kingdom behind not only the United States but also, France, Spain, and Switzerland. This reflected partly a certain disinvestment by U.K. companies from corporate assets previously acquired, and that U.K. cross-border M&A activities were limited.

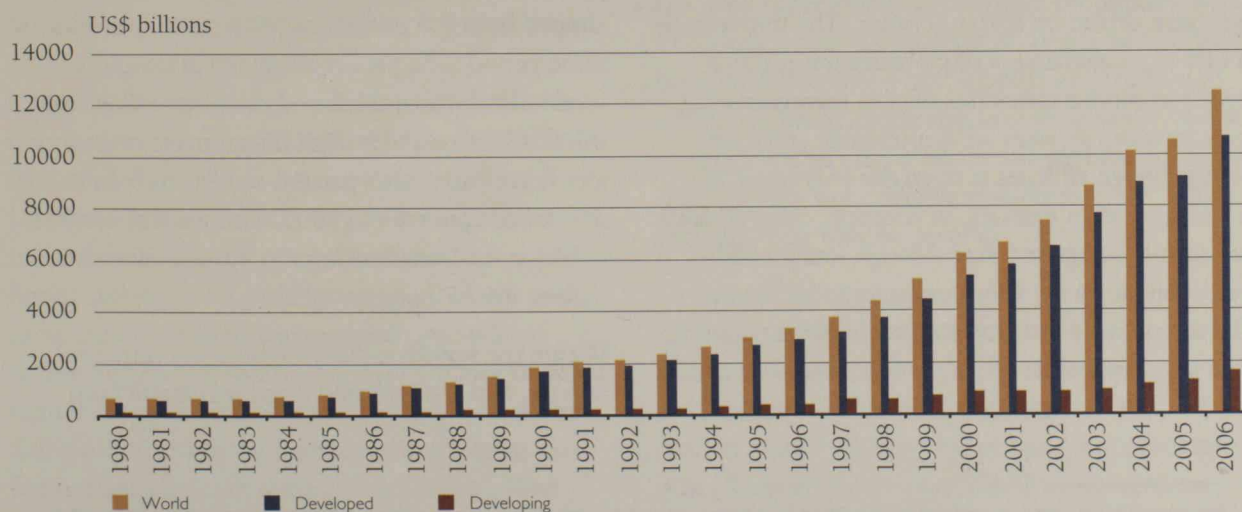
Outflows from Germany, at US\$79.4 billion in 2006, rose to their highest level since the 1990s. This partly reflected a handful of large corporate acquisitions in the United States and the United Kingdom, but also historically large reinvested earnings.

Canadian investment abroad also increased in 2006 – by more than 30 percent to reach US\$45.2 billion. While Canadian companies were relatively active in takeovers abroad, a significant part of this amount seemed to reflect capital transactions with existing subsidiaries in the United States.

Outward stock

Outward FDI stocks also increased at a robust rate of about 18 percent to reach US\$12.5 trillion in 2006 (Table 1 and Figure 2). Since 1980, outward FDI stocks have increased some 20.8 times over. Over 1990-2006, global outward FDI stocks grew at an annual average rate of 12.8 percent, outpacing both world nominal gross domestic product (4.8 percent annually) and world merchandise imports (11.8 percent annually). The United States, the United Kingdom, France, and Germany were the world's largest sources of FDI on a stock basis.

FIGURE 2
Global outward stocks, 1980-2006



Source: UNCTAD