Turning from a source-based analysis to a destination-based analysis, global FDI outflows rose from US$1,189 billion in 2009 to US$1,346 billion in 2010, an increase of 13.2 percent according to the most recent UNCTAD statistics.[2] Notwithstanding the increase, outflows remain 40.6 percent below their peak level, set in 2007.

> The statistical anomaly in which global outflows do not equal global inflows is the result of various reasons, including different methods of data collection between host and home countries, different data coverage of FDI flows (i.e. treatment of reinvested earnings), and different times used for recording FDI transactions. In addition, the fact that outflows exceed inflows suggests that part of flows recorded as outflows in home countries may not be necessarily recorded as inflows of FDI in host countries.
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> UNCTAD: *Global Investment Trends Monitor No. 6*, April 27, 2011.

According to UNCTAD, the rise of FDI outflows in 2010 reflected an improvement of corporate profits and the increasing internationalization of multinational corporations. The financial crisis has caused firms to rationalize their corporate structure and increase efficiencies wherever possible, often by relocating business functions to cost-advantageous locations.

For the developed countries, FDI outflows for 2010 rose to US$969.5 billion, up 9.9 percent over the previous year. This was, however, only half of the peak level recorded in 2007. Reflecting the divergent economic situations in the major economies of the developed world, trends in FDI outflows differed markedly across countries and subregions, and also in their three components—equity investment, reinvested earnings, and other capital flows (mainly intracompany loans).

Outflows from the United States were up US$77.4 billion (31.2 percent) to US$325.5 billion. Increased cross-border M&A deals by U.S. firms, which more than tripled in 2010, accounted for about 80 percent of the overall increase.

Outflows from Europe were also up, but only slightly (2.6 percent), reaching US$516.7 billion in 2010. However, in contrast to their U.S. counterparts, cross-border M&A deals carried out by European companies fell 67.1 percent last year. In some European countries, outflows were mostly driven by intracompany financing to affiliates located abroad (for example, for Germany and Switzerland). For the United Kingdom, traditionally one of the largest investor countries, net outflows tumbled 44.1 percent to US$24.8 billion—a level last seen in 1993—as parent firms withdrew or were paid back loans from their affiliates in order to strengthen their balance sheets at home.

Similarly, for Japan, outward FDI fell by 24.1 percent to US$56.7 billion, as declining intracompany loans and reinvested earnings outweighed a 77.8-percent increase in cross-border M&As.

For the developing countries, FDI outflows were up 22.7 percent over 2009 to reach US$316.1 billion last year. However, there was an uneven pattern among regions, with Latin America and the Caribbean and developing Asia posting strong increases while outward flows from Africa and West Asia declined.

Outward FDI from South, East, and South-East Asia rose by 22.4 percent in 2010, led by Hong Kong, China, Korea, Taiwan and Malaysia. Companies from China continued on a buying spree, actively acquiring overseas assets in a wide range of industries

2 Global FDI outflows data taken from UNCTAD's *Global Investment Trends Monitor No. 6*, April 27, 2011.