FDI WATCH

QUARTERLY REPORT

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WORLD BANK GROUP

CONTENTS

KEY MESSAGES

- **Global FDI flows:** Global foreign direct investment (FDI) flows (for countries with available data) were down 42 percent in the third quarter (Q3, Jul–Sept) of 2020 year-on-year (YoY), compared with the same period in 2019. Nevertheless, the total volume of FDI increased somewhat after the sharp contraction experienced in Q2. Declines in high-income economies drove the result, with FDI flows to developing countries rebounding more strongly to be up 21 percent YoY (for those with data available), driven mostly by inflows to China and India. This pattern primarily reflects the course of the pandemic, wherein advanced economies saw higher infection numbers during the third quarter of 2020 while select countries like China were able control the pandemic relatively earlier.

- **Regional FDI flows trends**: Across regions, significant inflows to China and India in Q3 of 2020 caused total FDI to rebound in East Asia and Pacific (up 119 percent YoY, partly reflecting lows in Q3 2019) and South Asia (up 147 percent YoY), reflecting China entering the pandemic recovery phase faster than other countries and the disproportionate amount of IT in India's FDI inflows.[1] In contrast, the crisis continued to weigh on flows to developing countries in Europe and Central Asia (down 67 percent YoY), Latin America and the Caribbean (down 59 percent YoY), Middle East and North Africa (down 84 percent YoY) and Sub-Saharan Africa (decline to the point of net disinvestment). The relatively challenging situation in these regions reflects high infection numbers as well as some regions' reliance on natural resources (for Sub-Saharan Africa, Middle East and North Africa, and Latin America and the Caribbean).

- **Greenfield FDI announcements:** The contraction in the value of greenfield FDI project announcements in developing countries eased somewhat in Q4 (Oct-Dec) 2020. Announced greenfield FDI was down 73 percent in Q3 in developing countries (51 percent globally) but improved slightly to a 56 percent YoY decline in Q4 (42 percent globally). This trend from Q3 to Q4 is largely a function of increased investor optimism as infection numbers ease globally and the rollout of vaccinations begins.

- **Cross-border mergers and acquisitions (M&A) announcements:** Cross-border mergers and acquisitions continued to rebound globally in Q4, up 33 percent YoY. However, the rebound did not translate to developing countries, which saw cross-border deal values decline 20 percent YoY for Q4. Thus far, there is limited evidence of a boom in acquisitions of distressed assets in developing countries, although an uptick in 'fire-sale' M&A may increase as governments scale back support financial support to firms.

[1] https://qz.com/india/1941596/fdi-into-india-rose-despite-coronavirus-lockdown-recession/

- **Sectoral trends:** Globally and across regions, the IT and communications sectors continued to attract FDI more successfully than other sectors amidst the pandemic. Greenfield FDI in the IT sector rose 25 percent year-over-year in Q4, and greenfield FDI in the communications rose 178 percent year-over-year. This trend reflects the resilience of such sectors to pandemic-related operational disruptions and the increasing importance of such technologies—both in general and in response to pandemic-driven trends such as remote work. Similarly, FDI in pharmaceuticals manufacturing increased 51 percent year-over-year in Q4—albeit from a low base—potentially indicating increased interest in healthcare in light of the pandemic. In contrast, the FDI situation for hospitality (greenfield FDI down 82 percent year-over-year in Q4) and extractives (down 89 percent year-over-year) remained exceptionally challenging as the pandemic and its associated economic downturn continued to depress demand for travel and commodities. Greenfield FDI in major non-pharmaceutical manufacturing sectors such as automotive manufacturing was also generally down over 20 percent year-over-year in Q4 given still-low demand for durables such as automobiles and continued supply chain disruptions related to the pandemic.

- **Investor sentiment:** Surveyed affiliates of multinational enterprises (MNEs) in developing countries continued to report widespread negative impacts due to COVID-19 in Q4, with 93 percent of surveyed firms reporting they were adversely affected on at least one business dimension (down from 97 percent in Q3). However, looking back on 2020 overall, the large majority of MNE affiliates (86 percent) reported that their operations and financial performance were less disrupted over the second half of 2020, pointing to a gradual improvement throughout the course of the year. Improvement in market conditions, easing of supply chain challenges, and more government support were key factors driving better performance of MNE affiliates in the second half of 2020.

- **Policy changes:** Most new FDI restrictions introduced since the beginning of 2020 have occurred in developed countries, many of which have introduced new FDI screening measures. Across developing countries, there was relatively little new policy activity in Q4 2020, with a mix of liberalizing and restricting measures.

This quarterly report has been prepared by the Global Investment Climate Unit of the World Bank. *The FDI Watch* presents the latest data on foreign direct investment (FDI) capital flows, investor perceptions, and policy developments. Data cover Q3 2020 (for total FDI flows) and Q4 2020 (for greenfield investment, M&A, and investor sentiment). It also highlights recent FDI publications by the World Bank and other organizations. *The FDI Watch* is prepared by Peter Kusek, Brody Viney, Ryan Kuo, and Siddharth Ramalingam under the guidance of Christine Qiang (Manager, Global Investment Climate Unit). For further information or contributions please contact Peter Kusek (**pkusek@worldbank.org**). A full list of Investment Climate resources is available at **https://www.worldbank.org/en/topic/investment-climate**.

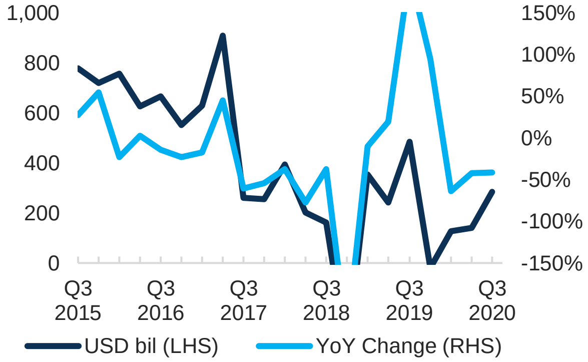
GLOBAL FDI TRENDS

FDI Inflows

After contracting in the first half of 2020, global FDI flows totaled US$284 billion in Q3 (Jul-Sept) of 2020 across the 96 countries with FDI data available. Inflows were down 42 percent YoY in Q2 and remained down by the same amount YoY in Q3, reflecting the sustained impact of COVID-19 throughout the year (Figure 1).

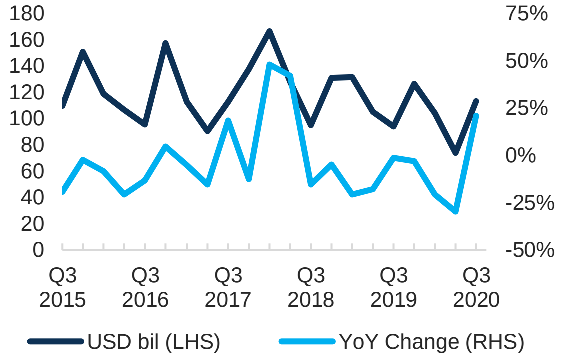
Inflows to developing (low- and middle-income) countries also contracted in the first half of 2020, totaling just US$74 billion in Q2, but rebounded somewhat to US$113 billion in Q3 for the 57 countries with available data (Figure 2). Inflows to developing countries were actually up 21 percent in Q3 YoY, reflecting in part the relatively low levels of FDI inflows that preceded the crisis in 2019 and significant Q3 inflows to China and India.

Figure 1: Quarterly FDI inflows, global[2]



Source: IMF Balance of Payments.

Figure 2: Quarterly FDI inflows, developing countries

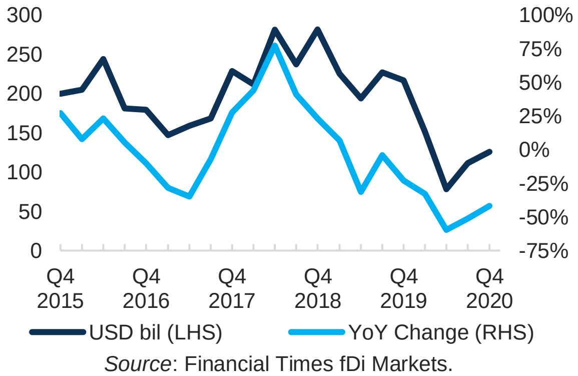


Source: IMF Balance of Payments.

Greenfield FDI

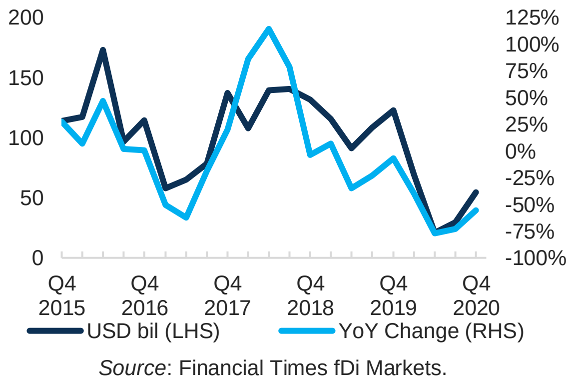
The impact of the crisis on the value of greenfield project announcements continued to ease in Q4 (Figure 3 and Figure 4). After a decline of 77 percent YoY in developing countries for Q2, the value of new announcements rose to US$29 billion in Q3 (down 73 percent YoY) and US$55 billion in Q4 (down 56 percent YoY).

Figure 3: Announced greenfield FDI, global



Source: Financial Times fDi Markets.

Figure 4:Announced greenfield FDI, developing countries



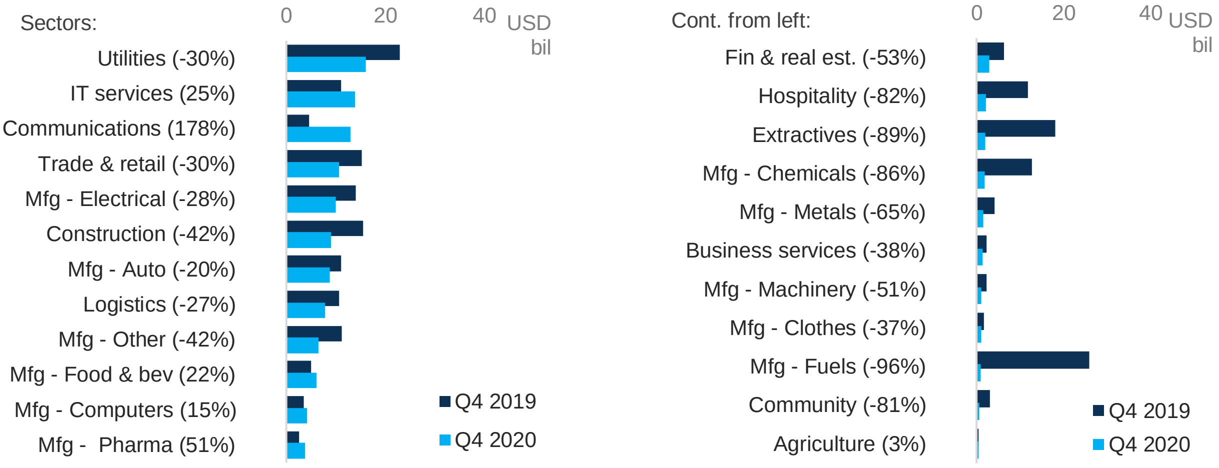
Source: Financial Times fDi Markets.

[2] Q4 2019 represents an outlier with 216 percent YoY growth in FDI flows due to an abnormally low amount of FDI in Q4 2018. The low FDI was driven by large-scale repatriations from select high-income European economies due to a change in United States tax law. This pattern is also evident to a lesser extent in other quarters of 2019.

At the global level, greenfield FDI announcements remained below 2019 levels for most sectors in Q4. The decline was sharpest in fuel manufacturing (down 96 percent YoY) and extractive industries (down 89 percent YoY), with chemicals and hospitality also well down (Figure 5).

Reflecting changes in business activities driven by the pandemic, announcements in communications and IT services were up (178 percent and 25 percent YoY, respectively). There were also significant announcements in pharmaceuticals (up 51 percent YoY), possibly reflecting global vaccine production efforts.

Figure 5: Year-on-year change in announced greenfield FDI by sector, global, Q4

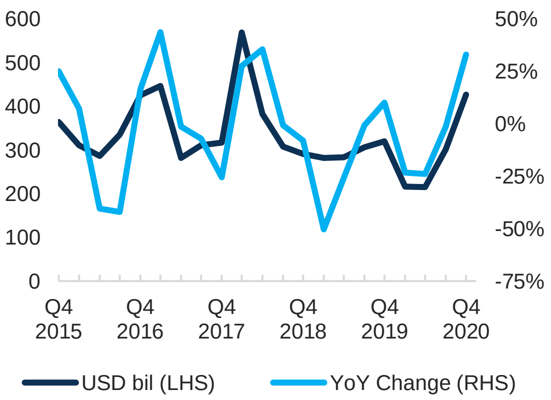


Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

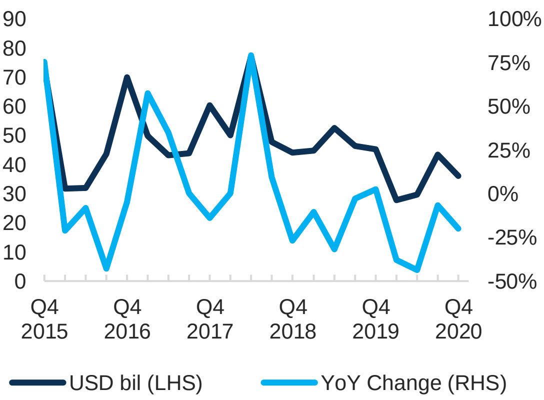
The value of cross-border M&A transactions continued to rebound globally in Q4, reaching US$426 billion to be up 33 percent YoY (Figure 6). However, this rebound did not translate to developing countries, which saw M&A values fall from US$43 billion in Q3 to US$36 billion in Q4, down 20 percent YoY (Figure 7). This divergence was primarily driven by the United States, which saw a boom in M&A towards the end of 2020 as companies rushed deals ahead of the election.[3] Thus far, there is limited evidence of a boom in acquisitions of distressed assets in developing countries, although an uptick in 'fire-sale' M&A may increase as governments scale back support.

Figure 6: Value of total cross-border M&A deals, global



Source: Refinitiv Eikon.

Figure 7: Value of cross-border M&A deals, developing countries



Source: Refinitiv Eikon.

[3] https://www.internationaltaxreview.com/article/b1q8zg4dh6ck6z/how-covid19-has-impacted-global-mampa-activity

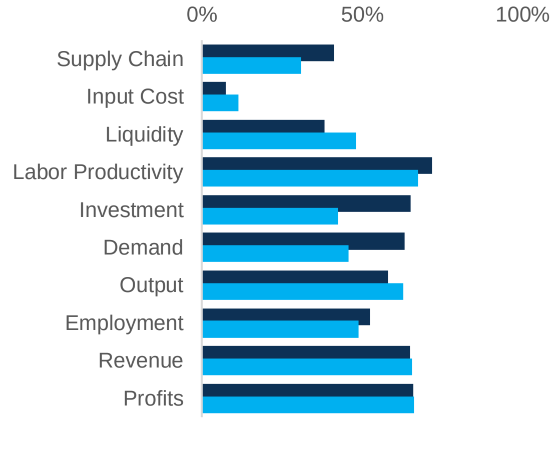
Investor sentiment

Data from the World Bank's latest global MNE pulse survey show that the adverse effects of the COVID-19 pandemic remained widespread for MNE affiliates in Q4, with 90 percent experiencing some adverse effects (Figure 8).

A smaller share of firms reported adverse supply chain impacts (31 percent, down from 41 percent in Q3) and demand impacts (46 percent, down from 63 percent). Consistent with signs of improvement, the share of firms that reported decreased investment was also lower (43 percent, down from 65 percent in Q3).

Nonetheless, financial impacts remained significant, with two-thirds of firms reporting reduced revenue and profits, largely unchanged from Q3.

Figure 8: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing countries



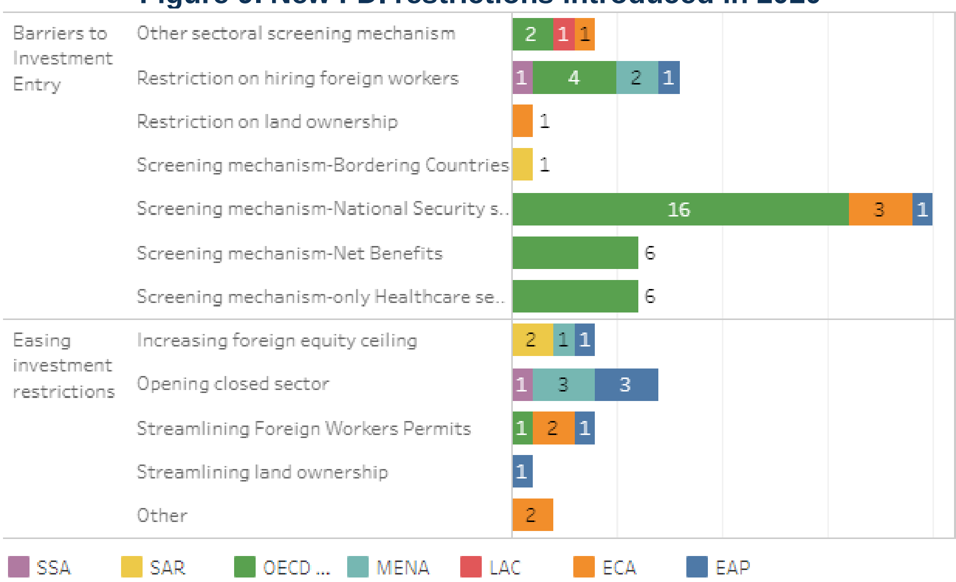
Source: Global MNE Pulse Survey.

Policy changes

Overall, new policy restrictions on FDI introduced since the beginning of 2020 have been concentrated in developed countries and driven by new screening mechanisms concerning national security. There have been 16 new screening measures in high-income countries targeting national security sectors, as well as a further 6 measures in the health care sector and 4 new measures limiting the hiring of foreign workers.

Across most developing countries, new restrictions on FDI have been more limited (see further in this report for region-specific changes). In fact, many economies have introduced measures to facilitate investment entry (Figure 9). Please see World Bank's FDI Entry and Screening Tracker for more information.

Figure 9. New FDI restrictions introduced in 2020



Source: World Bank FDI Entry and Screening Tracker, analyzing public announcements and information.

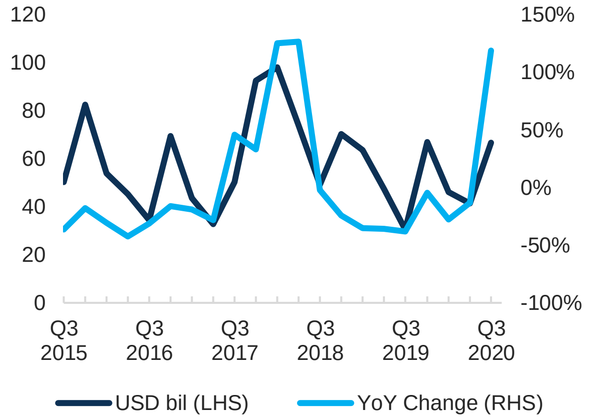
EAST ASIA AND PACIFIC

Total FDI inflows

For the eight countries in the East Asia and Pacific region with available data, total FDI inflows rebounded in Q3 2020, up 119 percent YoY (from the same period in 2019) to reach US$67 billion. This followed a sharp decline in Q1 that eased in Q2 (Figure 10).

However, the rebound was driven primarily by China, where inflows rose to US$58 billion in Q3 to be up 229 percent YoY. For the other countries in the region with data available, total inflows totaled just US$7 billion, remaining below 2019 levels (down 33 percent YoY).

Figure 10: Quarterly FDI inflows, developing countries in East Asia and Pacific with data available



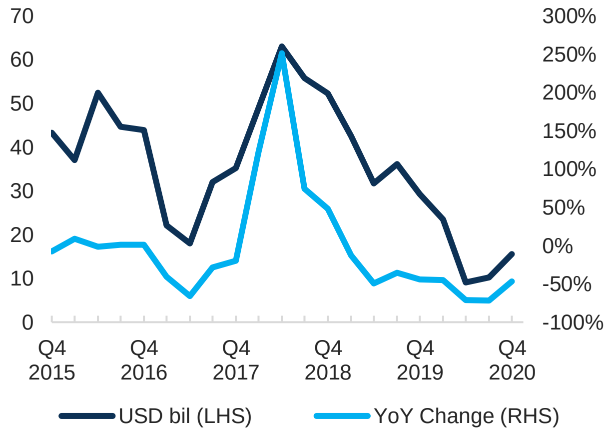
Source: IMF Balance of Payments.

Greenfield FDI

The contraction in announced greenfield FDI in the East Asia and Pacific region eased in Q4, with greenfield project announcements totaling US$15.5 billion, representing a 47 percent decline YoY. This represented an improvement after lows of around US$10 billion (over 50 percent YoY declines) in Q2 and Q3 (Figure 11).

After China drove improvements in Q3, new announcements in China totaled just US$5.1 billion in Q4, down 59 percent YoY. Instead, Q4 announcements were more concentrated across other developing countries in the region, totaling US$10.4 billion to be down 38 percent YoY (after an 88 percent YoY decline in Q3).

Figure 11: New announced greenfield FDI, developing countries in East Asia and Pacific

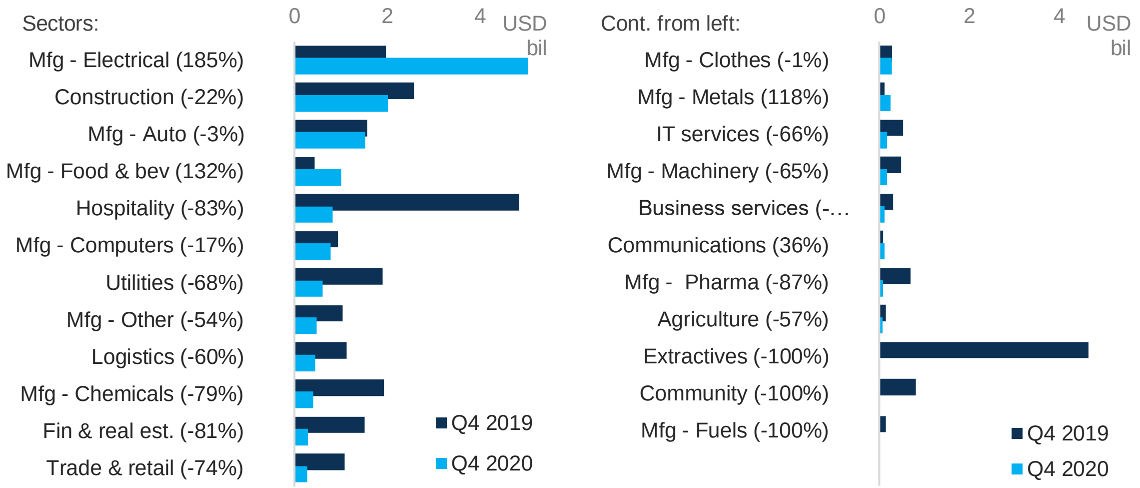


Source: Financial Times fDi Markets.

The Q4 improvement in greenfield announcements was led by projects in electrical manufacturing, which totaled US$5.6 billion to be up 185 percent YoY (Figure 12). Much of this volume was driven by China-based CATL's investment in a US$5.1 billion battery manufacturing facility in Indonesia. Food and beverages, communications, and metals manufacturing also increased YoY, albeit from relatively low levels, while key sectors such as construction and auto manufacturing remained robust in YoY terms, suggesting that adverse impacts of the crisis may be subsiding in those sectors.

As in other regions, new projects in extractives fell to zero, reflecting the significant impact of the pandemic on commodities markets. New projects in hospitality also totaled less than US$1 billion, down 83 percent YoY, reflecting the continued drop in tourism demand.

Figure 12: YoY change in announced greenfield FDI by sector, developing countries in East Asia and Pacific, Q4



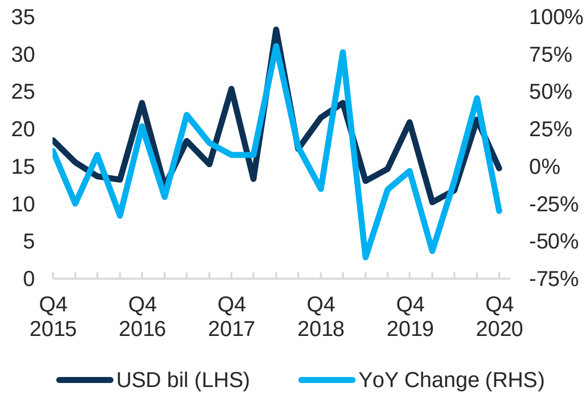
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

After rebounding sharply in Q3, the value of cross-border M&A into low- and middle-income countries in the East Asia and Pacific region fell in Q4 to US$14.7 billion (down 30 percent YoY) (Figure 13).

As was the case across the year, M&A activity was mostly concentrated in China in Q4, totaling US$12.1 billion (roughly steady YoY). M&A deals totaled just US$2.6 billion for the developing countries across the wider East Asia and Pacific region, down 69 percent YoY.

Figure 13: Value of total cross-border M&A deals, developing countries in East Asia and Pacific



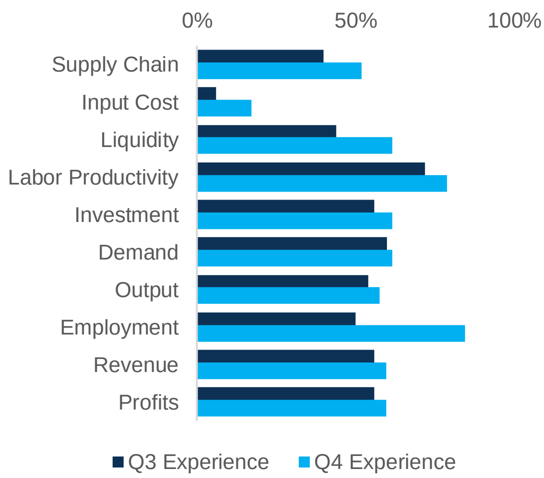
Source: Refinitiv Eikon.

Investor sentiment

Adverse effects of the pandemic remained widespread for existing MNEs in the East Asia and Pacific region widely reported experiencing in Q4 (Figure 14). While global results showed some improvements in supply chain and demand-side impacts, these improvements were not evident in this region, potentially because Q3 survey results already reflected the earlier recovery in the East Asia and Pacific region.

The majority of respondents continued to report declines in output, revenues, and profits.

Figure 14: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing countries in East Asia and Pacific



Source: Global MNE Pulse Survey.

Policy changes

In the fourth quarter of 2020, low- and middle-income countries in the East Asia and Pacific region introduced the following measures related to FDI entry and screening:

- **China (October 2020)—Opening closed sector.** The Chinese government has given the Shenzhen region more autonomy to attract investment. Restrictions on foreign ownership in telecommunications will be lifted in the region, and the region will be able to streamline visas to hire foreign workers.
- **Philippines (October 2020)—Opening closed sector.** 100% foreign ownership will be allowed for investments over US$50 million for geothermal exploration and development projects.

More information on policies for FDI entry and screening in the region can be found **here**.

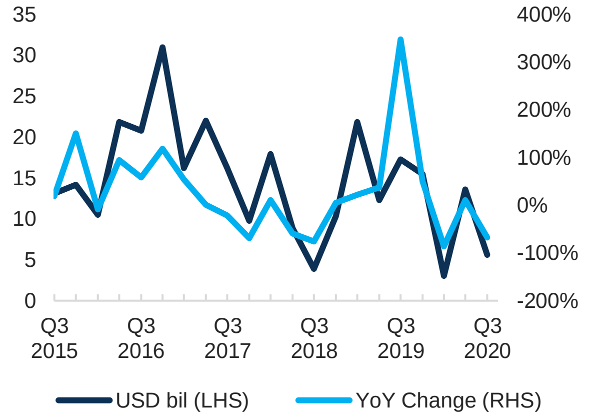
EUROPE AND CENTRAL ASIA

Total FDI inflows

After a brief rebound in Q2, FDI flows to Europe and Central Asia fell again in Q3 2020, totaling just US$5.6 billion for the 19 developing countries for which data were available. This represented a decline of 67 percent YoY (compared with the same period in 2019), similar to the decline of 86 percent YoY experienced in Q1 (Figure 15).

These effects were felt unevenly across the region. Russia experienced the most significant impact, with less than US$1 billion in inflows (down 90 percent YoY). By contrast, Turkey's US$2.2 billion inflows represented an increase of 20 percent YoY. Inflows were down 61 percent YoY across the remainder of the region.

Figure 15: Quarterly FDI inflows, developing countries in Europe and Central Asia with data available



Source: IMF Balance of Payments.

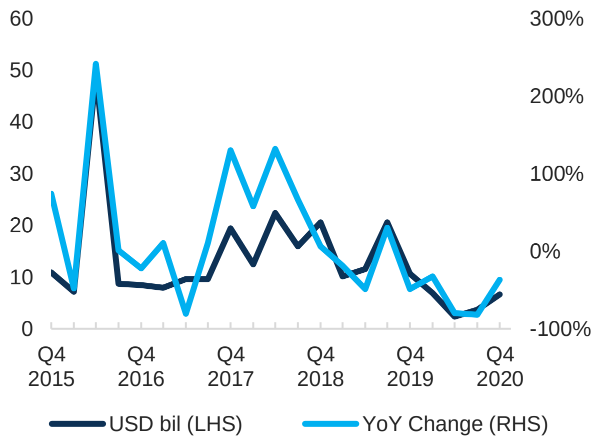
Greenfield FDI

The contraction in the value of announced greenfield FDI eased across developing countries in Europe and Central Asia in Q4 2020, compared with the same period in 2019 (Figure 16). Announced greenfield FDI totaled US$6.6 billion, down 37 percent YoY.

This followed two quarters in which announcements remained down 80 percent YoY. The contraction in greenfield announcements continued to be shared across relatively evenly across the region.

The improvement in Q4 was led by announcements in auto manufacturing (up 121 percent YoY). This improvement was primarily driven by a US$2.6 billion investment by Ford in electric battery and new-generation vehicle production in Turkey.

Figure 16: New announced greenfield FDI, developing countries, Europe and Central Asia

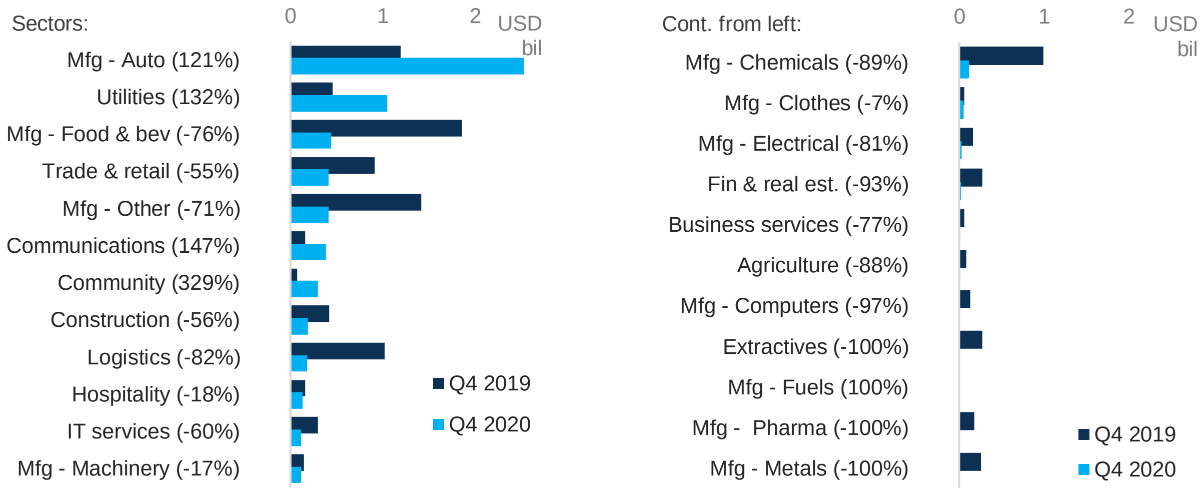


Source: Financial Times fDi Markets.

Announcements in utilities also increased (up 132 percent YoY), including a large wind power project in Ukraine by China-based Power Construction Corporation.

As in other regions, new announcements in extractives fell to zero, while there were also large declines in food and beverages (down 76 percent YoY), other manufacturing (down 71 percent YoY), logistics (down 82 percent YoY), and chemicals (down 89 percent YoY).

Figure 17: YoY change in announced greenfield FDI by sector, developing countries in Europe and Central Asia, Q4



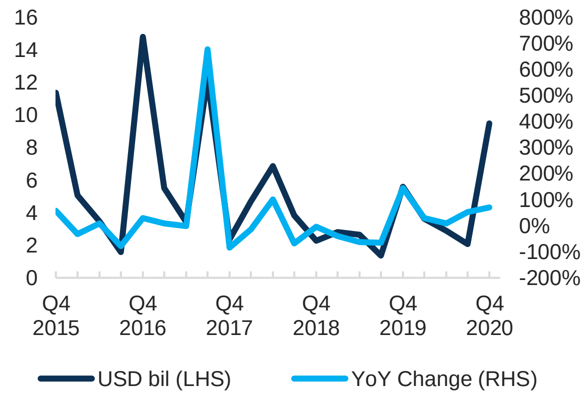
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

The value of cross-border M&A deals in the Europe and Central Asia region also rebounded in Q4, rising to US$9.5 billion after falling to just $2 billion in Q3 (Figure 18). This completed a strong second half of the year relative to 2019, with the Q4 total up 69 percent YoY.

M&A activity largely targeted Russia, with a total value of US$8.9 billion driven almost entirely by Singapore-based CB Enterprises US$8.3 billion acquisition of Vostok Oil. Deals were minimal in other developing countries in the region.

Figure 18: Value of total cross-border M&A deals, developing countries in Europe and Central Asia



Source: Refinitiv Eikon.

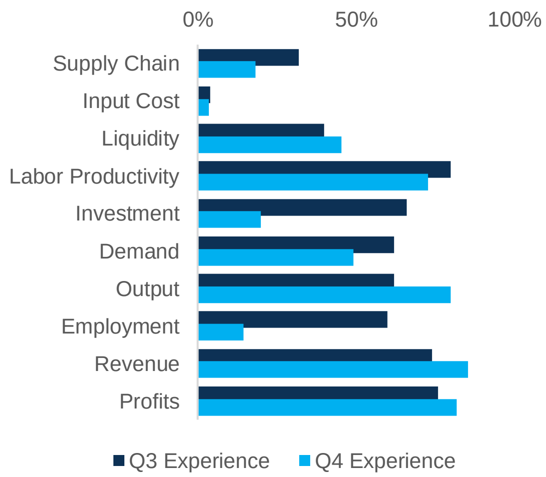
Investor sentiment

Adverse effects from the COVID-19 pandemic remained widespread for MNE affiliates in Europe and Central Asia in Q4, although there were some signs of improvement.

Only 18 percent of businesses reported adverse supply chain impacts (down from 32 percent in Q3) and the share reporting demand declines also fell slightly. Most noticeably, far fewer firms reported reduced employment (15 percent, down from 60 percent in Q4) and investment (20 percent, down from 66 percent).

Despite these encouraging signs, the vast majority (at least 80 percent) still reported reduced output, revenues, and profits.

Figure 19: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing countries in Europe and Central Asia



Source: Global MNE Pulse Survey.

Policy changes

In the fourth quarter of 2020, low- and middle-income countries in the Europe and Central Asia region introduced the following measures related to FDI entry and screening:

- **Ukraine (November 2020)—Minimum investment threshold.** The government issued a decree simplifying registration procedures for representative offices of foreign businesses. The cost for registration has been lowered from US$2,500 to US$1,930, and the timeframe for business registration has been shortened from 60 days to 20 days.

More information on policies for FDI entry and screening in the region can be found **here**.

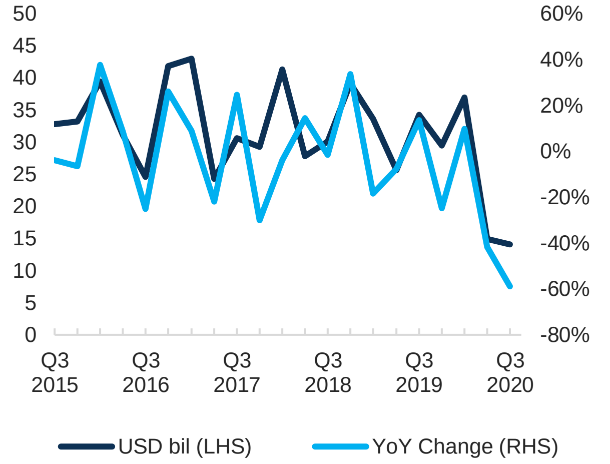
LATIN AMERICA AND CARIBBEAN

Total FDI inflows

Total FDI inflows into the 12 countries for which data were available in the Latin America and Caribbean region remained limited in Q3 2020, totaling US$14.1 billion and representing a 59 percent drop YoY (compared with the same period in 2019). This result was broadly similar to Q2, reflecting the sustained impact of the COVID crisis in the region (Figure 20).

The crisis has fallen heavily on FDI to Brazil, which totaled just US$7.5 billion in Q4 (down 66 percent YoY). Inflows were down 45 percent YoY across the wider region. Smaller countries such as Ecuador and Honduras saw relatively stronger results, up slightly YoY.

Figure 20: Quarterly FDI inflows, developing countries in Latin America and Caribbean with available data



Source: IMF Balance of Payments.

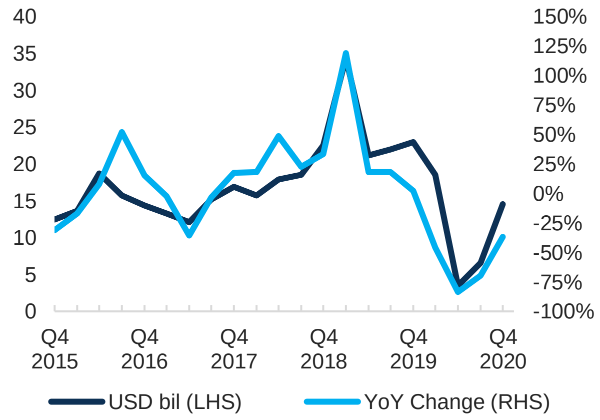
Greenfield FDI

In line with global trends, the contraction in announced greenfield FDI in the Latin America and Caribbean region eased in Q4, reaching US$14.5 billion to be down 37 percent YoY. This result followed much heavier declines sustains in Q2 and Q3 (Figure 21).

Brazil led the way, with US$4.9 billion in announcements Q4 only 16 percent below amount recorded in the same period in 2019. Across other developing countries in the region, announcements were down 44 percent YoY in Q4.

Projects in wood and paper products led the way, reaching more than US$3.2 billion (Figures 22) and almost entirely driven by a large pulp and paper production project by a Swedish firm in Paraguay.

Figure 21: New announced greenfield FDI, all developing countries, Latin America and Caribbean

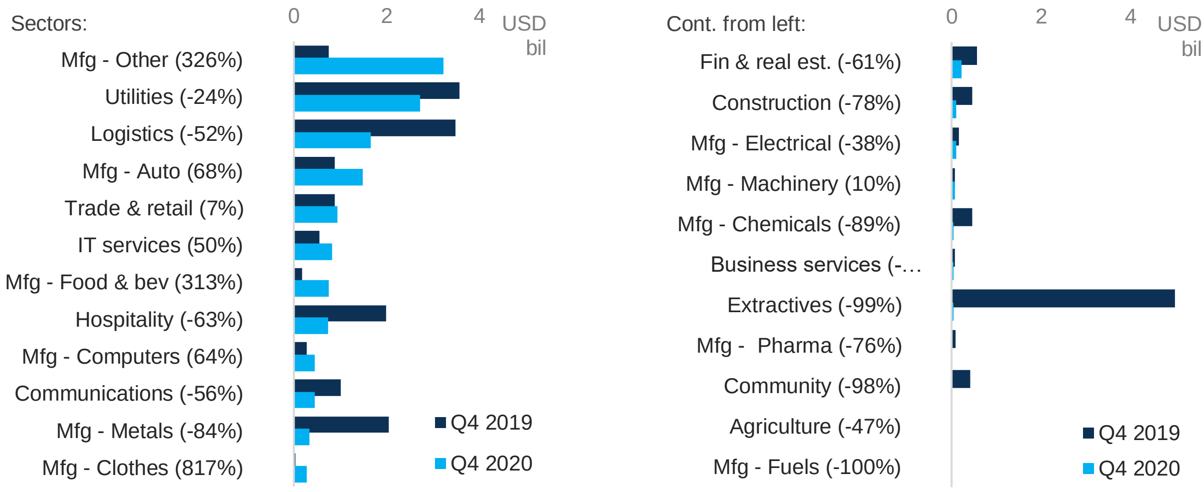


Source: Financial Times fDi Markets.

Other sectors with YoY growth included auto manufacturing, IT services, food and beverages, computer manufacturing, and clothing and apparel. For example, Ford and Volkswagen announced significant expansion projects in Mexico and Brazil, respectively.

As in other regions, there were no almost new announcements in extractives (down 99 percent YoY), and large falls in hospitality (down 63 percent YoY) and metals (down 84 percent). Announcements in key sectors including construction and utilities were also down somewhat, albeit they remained among the most prevalent.

Figures 22: YoY change in announced greenfield FDI by sector, developing countries in Latin America and Caribbean, Q4



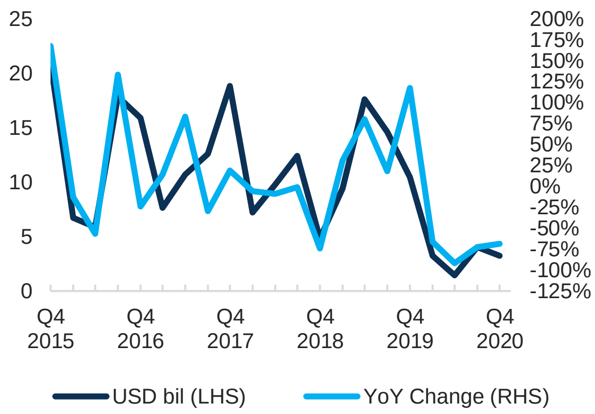
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

The value of cross-border M&A deals in the Latin America and Caribbean region remained subdued in the second half of 2020. Regionally, total values reached US$4 billion in Q3 (down 72 percent YoY) and $3.2 billion in Q4 (down 69 percent YoY), indicating a gradual easing from the impacts in Q2.

Deals in Brazil totaled US$1.9 billion for the quarter (down 24 percent YoY). By contrast, total deals were little changed across the rest of the region at $1.4 billion in Q4, down 83 percent YoY.

Figure 23: Value of total cross-border M&A deals, developing countries in Latin America and Caribbean



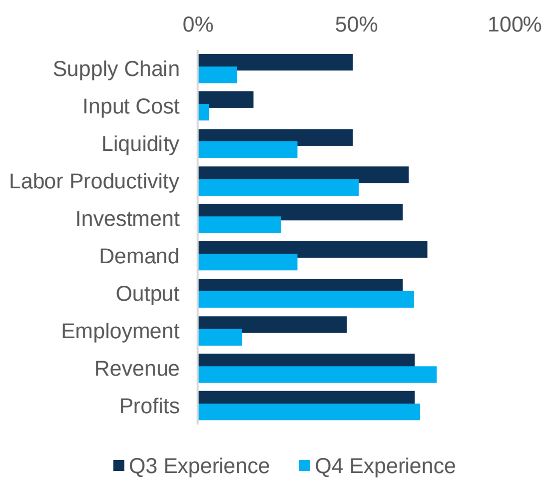
Source: Refinitiv Eikon.

Investor sentiment

Most MNE affiliates surveyed in the Latin America and Caribbean region reported experiencing adverse business impacts from the COVID-19 crisis in Q4, but as in other regions, there were some signs of improvement.

Fewer firms reported adverse supply chain impacts (12 percent, down from 49 percent in Q3), and reduced demand (32 percent, down from 73 percent). The share reporting reduced investment fell (26 percent, down from 65 percent) as did the share reporting reduced employment (14 percent, down from 47 percent). Nonetheless, 75 percent of firms still reported reduced revenues and 70 percent reduced profits for Q4.

Figure 24: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing countries in Latin America and Caribbean



Source: Global MNE Pulse Survey.

Policy changes

In the fourth quarter of 2020, low- and middle-income countries in the Latin America and Caribbean did not introduce any new measures related to FDI entry and screening.

More information on policies for FDI entry and screening in the region can be found **here**.

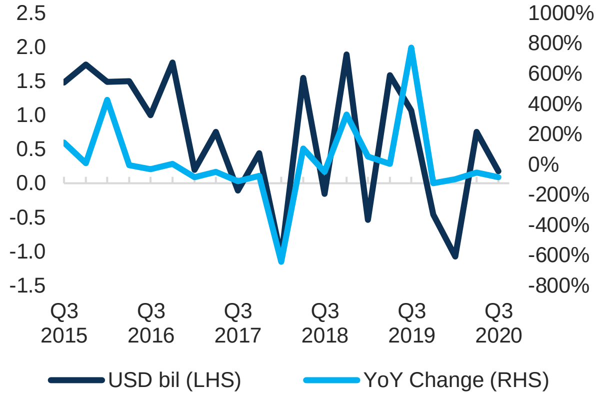
MIDDLE EAST AND NORTH AFRICA

Total FDI inflows

Total FDI flows in the Middle East and North Africa region remained limited in Q3 of 2020, when looking across the 5 countries in the region with available data, (Figure 25).[4] Inflows totaled just US$0.2 billion, down 84 percent YoY.

Inflows to Saudi Arabia totaled US$1 billion in Q3, down 10 percent YoY and largely unchanged from earlier quarters in 2020. Inflows to Algeria and Morocco were likewise positive. However, these positive inflows were offset by Qatar and Iraq, which both experienced disinvestment (negative flows) for the quarter.

Figure 25: Quarterly FDI inflows, countries in the Middle East and North Africa with available data



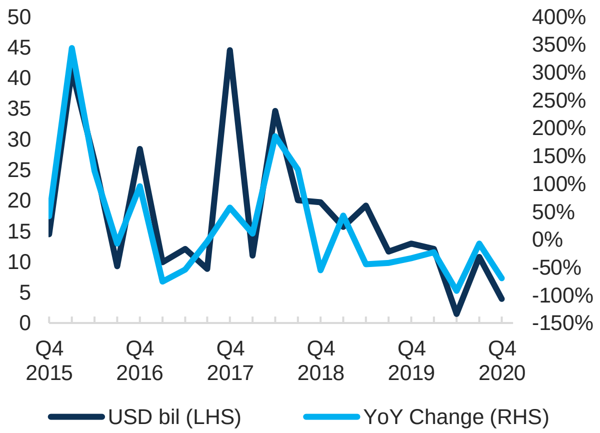
Source: IMF Balance of Payments.

Greenfield FDI

After rebounding in Q2, announced greenfield FDI fell again in Q4 in the Middle East and North Africa region (Figure 26). Projects totaled US$4 billion (down 70 percent YoY) after reaching US$10 billion in Q3.

The result was primarily driven by projects in IT services, trade and retail, extractives, hospitality, and chemicals, although the value of projects was down in YoY terms in all of these sectors (except trade and retail). Declines were particularly large in chemicals (down 86 percent YoY) and utilities (down 95 percent YoY).

Figure 26: New announced greenfield FDI, all Middle East and North Africa

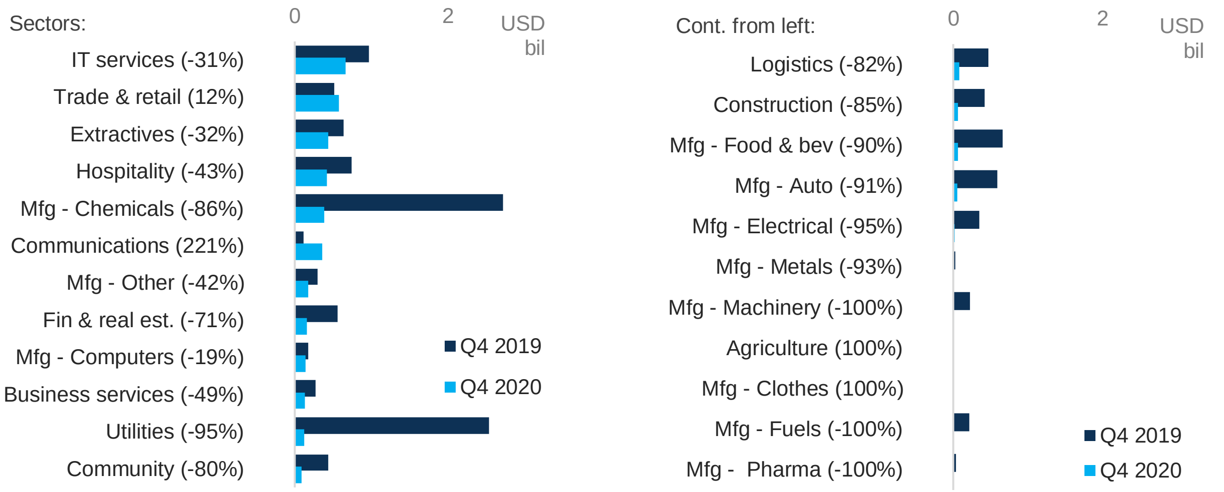


Source: Financial Times fDi Markets.

In line with other regions, communications was one of the bright spots (up 221 percent YoY, albeit from a low base). For example, UAE-based BIOS ME—a managed IT services and cloud provider—announced it would expand its cloud service operations in Saudi Arabia.

[4] This analysis excludes Israel and select other countries for which data are not available.

Figure 27: YoY change in announced greenfield FDI by sector, Middle East and North Africa, Q4



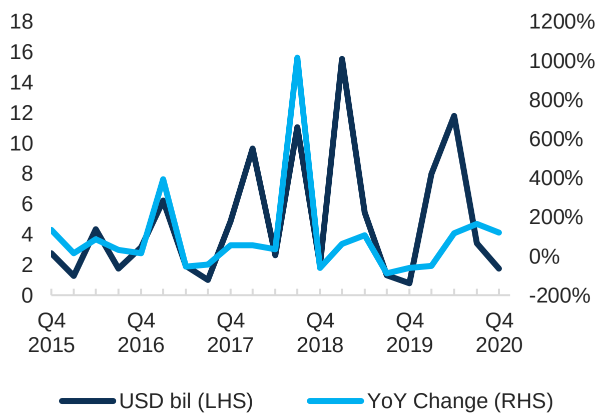
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

The total value of cross-border M&A deals targeting the Middle East and North Africa region (excluding Israel) has remained subdued in Q4 at US$1.7 billion—down from a spike experienced in Q2.

Nonetheless, the Q4 result was still up 122 percent from the same period in 2019.

Figure 28: Value of total cross-border deals, Middle East and North Africa



Source: Refinitiv Eikon.

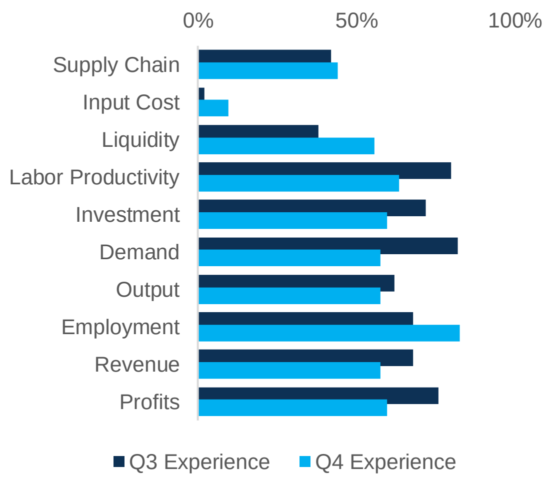
Investor sentiment

Surveyed MNE affiliates in the Middle East and North Africa region reported widespread adverse impacts in Q4, with only limited improvement from Q3.

Half were still affected by supply chain issues, while 58 percent faced reduced demand (down from 82 percent in Q3). The share reporting reduced employment actually rose somewhat to 83 percent (from 68 percent in Q3).

Impacts on revenue and profits eased only slightly, with both financial outcomes affected for around 60 percent of firms (down from around three quarters in Q3).

Figure 29: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing Middle East and North Africa countries



Source: Global MNE Pulse Survey.

Policy changes

In the fourth quarter of 2020, countries in the Middle East and North Africa region introduced the following measures related to FDI entry and screening:

- **United Arab Emirates (December 2020)—Increasing foreign equity ceiling.** Cabinet Resolution No. 16 of 2020 Article 4 allows natural and legal persons to establish companies regardless of nationality. This resolution amends Law No. 2 of 2015, which had previously limited foreign shareholders to owning a maximum 49 percent in a limited liability company (LLC) operating as an onshore UAE business.

More information on policies for FDI entry and screening in the region can be found **here**.

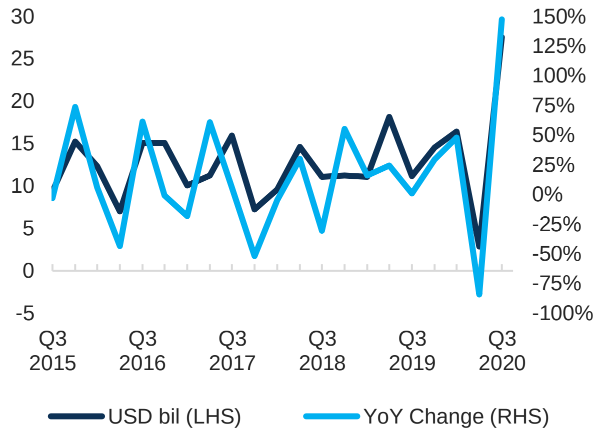
SOUTH ASIA

Total FDI inflows

After a sharp decline in Q2, FDI inflows into the South Asia region rebounded strongly in Q3 2020. For the five countries with available data, FDI inflows rose from just US$2.8 billion in Q2 to US$27.6 billion in Q3, representing an increase of 147 percent YoY (compared with the same period in 2019) (Figure 30).

This result was overwhelmingly driven by India, where inflows totaled US$27.1 billion for Q4 (up 160 percent YoY). Across other countries in the region, inflows were well down YoY in Bangladesh, Nepal, and Pakistan.

Figure 30: Quarterly FDI inflows, developing countries in South Asia with data available



Source: IMF Balance of Payments.

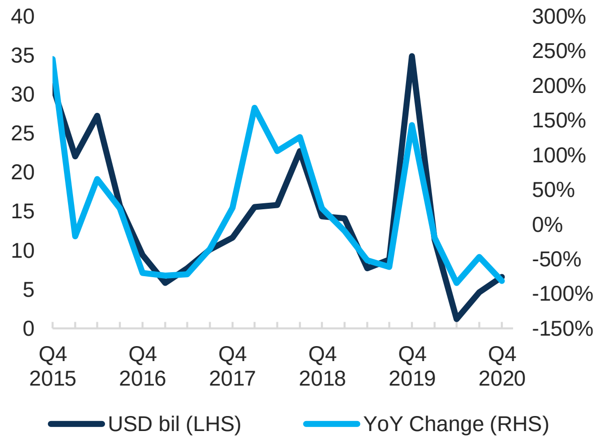
Greenfield FDI

In line with global trends, announced greenfield FDI into the South Asia region continued a partial rebound in Q4 2020, reaching US$6.6 billion (Figure 31). Nonetheless, this remained well down on the level from 2019, with the Q4 total down 81 percent YoY.

This result was primarily driven by projects in India, which totaled US$6.3 billion (down 10 percent YoY). Announced greenfield FDI was minimal across other developing countries in the region, down 99 percent YoY.

Greenfield announcements were driven by a large rise in IT services (US$3.6 billion, up 391 percent YoY). For instance, Amazon Web Services announced a US$2.8 billion data center project in India.

Figure 31: New announced greenfield FDI, all developing countries in South Asia

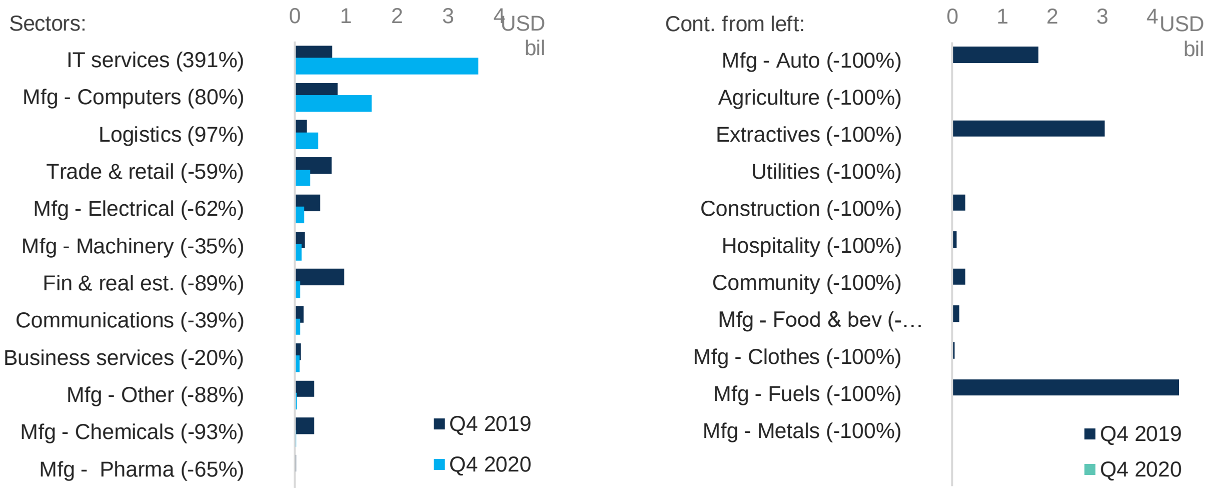


Source: Financial Times fDi Markets.

Computer manufacturing (up 80 percent YoY) and logistics (up 97 percent YoY) also saw significant project announcements.

As in other regions, new announcements in extractives and fuels manufacturing fell to zero, reflecting uncertainty over resource demand. Announcements in auto manufacturing also fell dramatically (to near zero), a sector that held up more robustly in other key regions like ECA and EAP.

Figures 32: YoY change in announced greenfield FDI by sector, developing South Asian countries, Q4



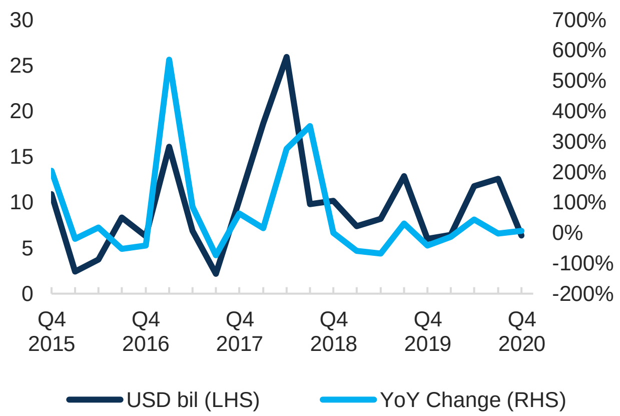
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

The value of cross-border M&A transactions continued to be robust in the South Asia region throughout 2020. M&A values totaled US$12.6 billion in Q3 (broadly unchanged YoY) and while the total dipped to US$6.4 billion in Q4, this was again in line with 2019 results (up 7 percent YoY).

Deals targeting India continued to make up the bulk of M&A value in the region, totaling US$6.2 billion.

Figure 33: Value of total cross-border M&A deals, developing South Asian countries



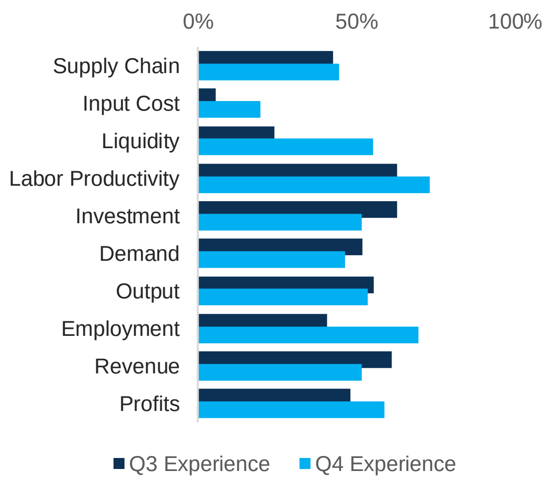
Source: Refinitiv Eikon.

Investor sentiment

MNE affiliates in the South Asia region continued to report widespread adverse effects of the pandemic in Q4, with limited signs of improvement. Supply chain disruptions remained for around half of firms, and 46 percent faced reduced demand.

The share of firms reporting reduced employment was 70 percent, up from 41 percent in Q3, and a majority of firms reported reduced output, revenue, and profits for the quarter.

Figure 34: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing South Asian countries



Source: Global MNE Pulse Survey.

Policy changes

In the fourth quarter of 2020, low- and middle-income countries in the South Asia region did not introduce any new measures related to FDI entry and screening.

More information on policies for FDI entry and screening in the region can be found **here.**

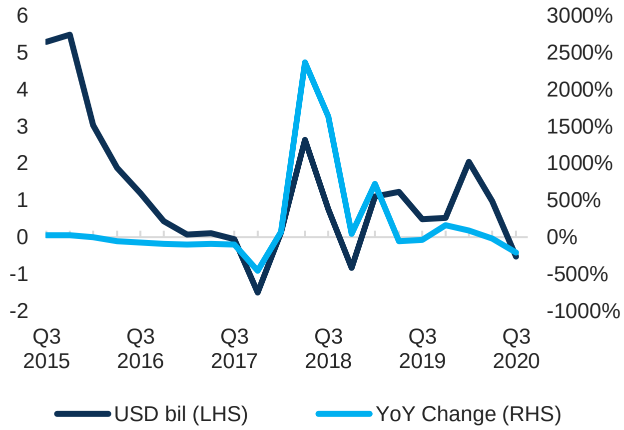
SUB-SAHARAN AFRICA

Total FDI inflows

Total FDI inflows into the eight countries for which data are available in the Sub-Saharan Africa region continued to fall in Q3 2020, becoming negative overall—indicating net withdrawal of foreign direct investments (Figure 35). The result was down 210 percent YoY (compared to the same period in 2019) and primarily driven by large output declines in commodity-centric economics such as South Africa and Angola, which translated to negative profits—and therefore a decline in retained earnings—at many MNE affiliates.[5]

Much of this decline was driven by developments in South Africa, which experienced almost US$1 billion in disinvestment (down US$2.2 billion YoY, or 183 percent). Angola and Namibia also experienced significant disinvestment, although the result in Angola was still up from 2019. Investment in Mozambique and Zambia remained more robust.

Figure 35: Quarterly FDI inflows, developing countries in Sub-Saharan Africa with available data



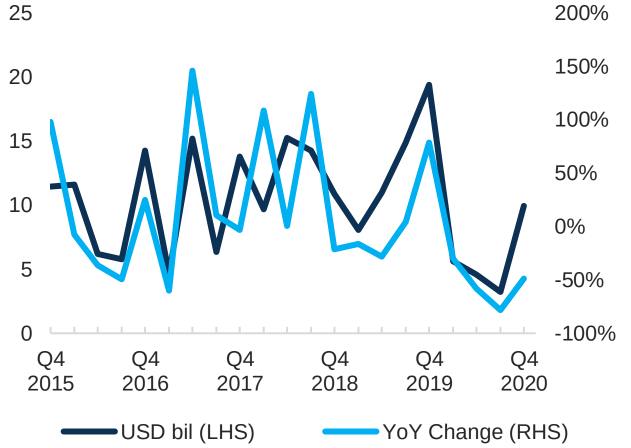
Source: IMF Balance of Payments.

Greenfield FDI

The contraction in greenfield FDI announcements in the Sub-Saharan Africa region eased somewhat in Q4 2020. Announced greenfield FDI fell to US$3.2 billion in Q3 (down 78 percent YoY), but totaled US$9.9 billion in Q4 (down 49 percent YoY) (Figure 36).

The improvement was led by new projects in communications, which totaled US$2.9 billion (up from near zero in Q4 2019). Notable projects included investments by France-based Orange and South Africa-based MTN in telecommunications network projects in Nigeria. Projects in utilities were also substantial, totaling US$2.6 billion (up 75 percent YoY).

Figure 36: New announced greenfield FDI, all developing countries in Sub-Saharan Africa

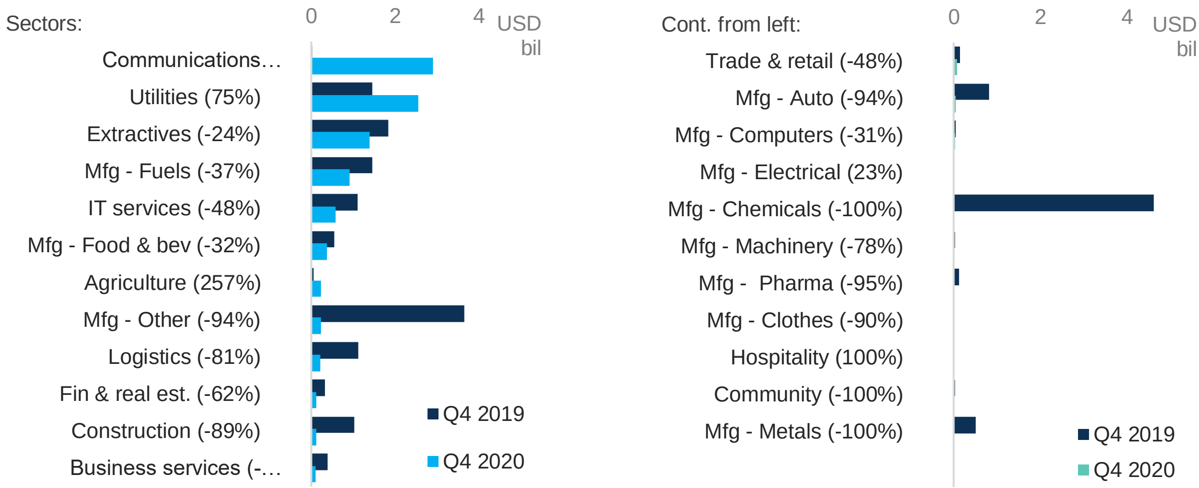


Source: Financial Times fDi Markets.

While most regions experienced sharp declines in new projects in extractives and fuel manufacturing, these sectors continued to see some new announcements in Sub-Saharan Africa, with the totals reduced by just 24 percent YoY and 37 percent YoY respectively. More significant YoY declines were seen in chemicals, auto, and other manufacturing sectors.

[5] https://blogs.worldbank.org/africacan/how-will-covid-19-impact-africas-trade-and-market-opportunities

Figures 37: YoY change in greenfield project announcements by sector, developing Sub-Saharan African countries, Q4



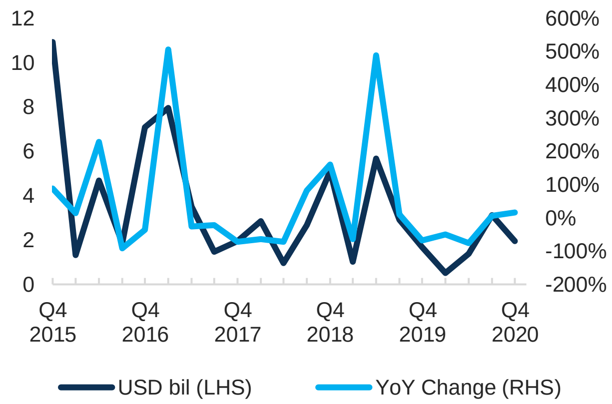
Source: Financial Times fDi Markets.

Cross-border mergers and acquisitions

The value of cross-border M&A transactions targeting countries in the Sub-Saharan Africa region rebounded across the second half of 2020 (Figure 38). M&A values were reached US$3.1 billion in Q3 (up 7 percent YoY) and US$2 billion in Q4 (up 17 percent YoY) after a sharp contraction earlier in the year.

M&A deals targeting South Africa continued to be limited, down 30 percent YoY in Q4. Improvement was driven by other countries.

Figure 38: Value of total cross-border M&A deals, developing Sub-Saharan African countries



Source: Refinitiv Eikon.

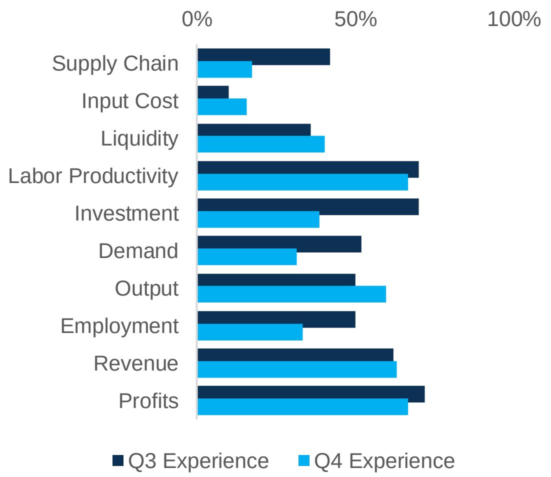
Investor sentiment

MNE affiliates surveyed in the Sub-Saharan Africa region reported widespread adverse impacts from the COVID-19 crisis in Q4, although some signs of improvement were evident.

Only 18 percent reported adverse supply chain impacts (down from 42 percent in Q3) and fewer faced reduced demand (32 percent, down from 52 percent. A smaller share reported reduced levels of employment (33 percent, down from half) and investment (39 percent, down from 70 percent).

Still, at least 60 percent of firms reported reduced output, revenues, and profits, consistent with other regions.

Figure 39: Share of surveyed MNE affiliates reporting adverse impacts relative to the same quarter in 2019, developing Sub-Saharan African countries



Source: Global MNE Pulse Survey.

Policy changes

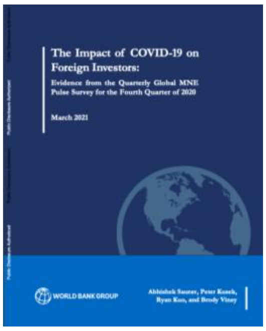
In the fourth quarter of 2020, low- and middle-income countries in the Sub-Saharan Africa region did not introduce any measures related to FDI entry and screening.

More information on policies for FDI entry and screening in the region can be found **here**.

LATEST RESEARCH AND NEWS

[Global Trade Rebound Suggests Some Lessons of COVID-19 are being Learned (EIF/World Bank: Caroline Freund)]

Despite initial concerns, trade has held up relatively well in light of the pandemic. But the trade rebound was not a foregone conclusion. Rather, it has been a function of the robustness of trading networks and the resistance of policy makers to imposing major new protectionist measures in response to what is hopefully a transitory phenomenon. Nevertheless, until the pandemic is over, the global economy will continue to experience obstacles to recovery. Investors are on the sidelines, waiting to see what sectors and markets will recover most rapidly and how trade and investment policies will adapt. Stronger global trade and investment growth would enhance the post-COVID recovery. But it will require governments in advanced countries to adhere to predictable and open policies, and governments in emerging markets and developing countries to use the crisis as an opportunity for market-opening reforms.

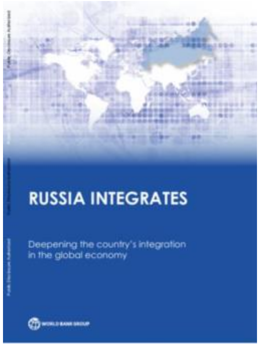


[The Impact of COVID-19 on Foreign Investors: Evidence from the Quarterly Global MNE Pulse Survey for the Fourth Quarter of 2020 (World Bank: Abhishek Saurav, Peter Kusek, Ryan Kuo, and Brody Viney)]

The World Bank Group's Global Investment Climate Unit is conducting quarterly pulse surveys of MNE affiliates to gauge the pandemic's effect on foreign investors. The surveys aim to provide insight into the impacts of the pandemic on foreign investors, as well as how their plans and strategies are evolving. The adverse effects of the pandemic were still being felt in the fourth quarter (October to December) of 2020, although the situation is gradually improving. Overall, 93 percent of the surveyed affiliates of multinational enterprises (MNEs) in developing countries reported being adversely affected on at least one business dimension in the fourth quarter of 2020, compared to 97 percent over the previous quarter.

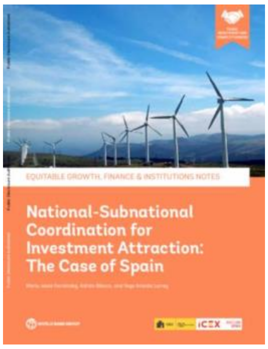
[Catalyzing Investment for Green Growth: The Role of Business Environment and Investment Climate Policy in Environmentally Sustainable Private Sector Development (World Bank: Abhishek Saurav and Brody Viney)]

Developing countries today confront an unprecedented combination of challenges of the need for inclusive growth, worsening environmental degradation, and the impacts of the Coronavirus (COVID-19) pandemic. A successful response must be founded on the principles of sustainable development, circular economic systems, and green growth. By transforming private sector activity through sustainable investment, countries can accelerate recovery and stimulate growth. Achieving this transformation will require robust environmental policies to address externalities and to drive sustainable investment. This paper considers the unique role that business environment and investment climate policy can play in meeting these goals and transitioning to green private sector growth in developing countries. The paper is organized around three key questions. First, how does a country's investment climate help enable green economic growth? Second, how can efforts to improve the domestic business environment through business regulation reform take account of the need for environmental protection and sustainability? Third, how can policies related to foreign direct investment (FDI) be adjusted to play a stronger role in promoting sustainable sectors and business practices? Together, the answers to these questions establish key concepts and principles that can make investment climate reform an effective and integral component of a green growth strategy.



Russia Integrates: Deepening the Country's Integration in the Global Economy (World Bank: Apurva Sanghi, Ian Gillson et al.)

Relying on a panel of matched firm- and customs data, the analysis highlights the overall positive contribution of multinationals to the Russian economy, in terms of more jobs, higher productivity, greater GVC participation, spillovers in competitive markets, and revealed economic resilience. It further identifies the challenges faced by Russia in FDI attraction and retention even before the Covid-19 crisis in comparison with peer countries. Building on a gravity model of "real" FDI stocks across countries and a regulatory review the analysis proposes three broad policy areas for improvement and suggests concrete reforms within those areas for Russia to stand better for a post-crisis start and realize the untapped potential of FDI.



National-Subnational Coordination for Investment Attraction: The Case of Spain (World Bank: Maria Jesus Fernandez, Adrian Blanco, Yago Arranda Larrey)

This paper has three objectives: First, to understand better the rationale behind having national and subnational IPAs. Second, to shed light on how national and subnational IPAs can cooperate to attract FDI. And third, to take a closer look at specific mechanisms that can generate significant synergies, benefits and opportunities for the host economies. In all cases this note draws on the example of the collaboration between the different Spanish national and regional administrations, a successful model showing how coordination efforts result in an improvement of the efficiency and effectiveness of overall investment policy and promotion efforts.

Making North Macedonia More Attractive for Export-oriented Investors (World Bank: Yassin Sabha, Perica Vrboski, Melanie Graeser, and Harald Jedlicka)

This short blog post reviews recent research on the perspectives of nine manufacturing MNCs on the competitiveness of North Macedonia as an investment location. Most of the manufacturing MNCs in this survey believe harmonization of import tariffs on key production inputs with European Union levels would be a very important factor for increasing investment. Other key issues listed by the firms included tax incentives, access to a competitively priced labor force, and regulatory predictability.

Enhancing Regional Investment Competitiveness: How to Make it Happen (World Bank: Harald Jedlicka, Maximilian Philip Eltgen, and Marton Kerkapoly)

In November 2020, the Prime Ministers of the Western Balkans region (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) endorsed the Regionally Accepted Standards for Negotiating International Investment Agreements. Setting a common baseline for the negotiation of future investment agreements of the Western Balkan economies. This short blog post reviews lessons learned from the negotiation and agreement process.

Global Investment Trend Monitor, No. 38 (UNCTAD)

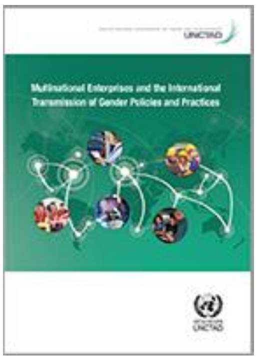
Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated $859 billion, from $1.5 trillion in 2019 (figure 1). FDI finished 2020 more than 30% below the trough after the global financial crisis in 2009 and back at a level last seen in the 1990s. The decline was concentrated in developed countries, where FDI flows fell by 69% to an estimated $229 billion. Flows to Europe dried up completely to -4 billion (including large negative flows in several countries). A sharp decrease was also recorded in the United States (-49%) to $134 billion. The decline in developing economies was relatively measured at -12% to an estimated $616 billion. The share of developing economies in global FDI reached 72% – the highest share on record. China topped the ranking of the largest FDI recipients.

Investment Policy Monitor No. 24 (UNCTAD)

UNCTAD has published its latest Investment Policy Monitor. Between May and December 2020, a total of 52 countries and the EU took 96 investment policy measures. Nearly half of these introduced new regulations or restrictions for investment - the highest ratio in almost two decades. Some 18 countries and economies – Austria, Canada, China, Finland, France, Germany, Hungary, Italy, Japan, Republic of Korea, Malta, New Zealand, Poland, Russian Federation, Slovenia, Spain, United Kingdom and the EU – reinforced the existing FDI screening regime or newly adopted such mechanisms.

Investment Policies for SDG Sectors: Recent developments in the Special Issue of the Investment Policy Monitor (UNCTAD)

The Monitor shows that in the reporting period from January to November 2020 the ongoing COVID-19 pandemic has accelerated the trend of introducing and strengthening policies for screening foreign investment for national security reasons. 58 percent of the policy measures in the reporting period fall into this category, and they particularly target the health sector. Six countries liberalized their foreign investment regimes in SDG sectors and eight provided for new instruments for investment promotion and facilitation in this area.



Multinational Enterprises and the International Transmission of Gender Policies and Practices (UNCTAD)

The gender policies and practices of multinational enterprises (MNEs) affect gender equality in the workplace in host countries of foreign affiliates. Depending on an MNE's home-country norms and values and those of its customer and stakeholder bases, outcomes in developing countries can be positive, although this is not automatic. MNEs affect gender equality in host countries directly, through employment practices in foreign affiliates, and indirectly, through spillovers in local labour markets. The direct effect is well documented – including in UNCTAD's earlier work on foreign direct investment (FDI) and gender equality. It is especially pronounced in employment opportunities for higher-skilled women. For example, on average across developing countries, foreign affiliates employ about 5 percentage points more female administrative workers (just under 40 per cent) than local firms. This report is the first to present empirical evidence on the indirect spillover effects to local firms and labour markets. It brings together a set of case studies – developed for this report and published separately – covering five countries across Africa, Asia and Latin America.

[COVID-19 and FDI: How should governments respond? (World Bank/Columbia: Ivan Anton Nimac)]

Policy responses to the unprecedented economic shocks caused by COVID-19 have given limited attention to the promotion of FDI, which can have a major role to play in the recovery. Based on good practices demonstrated by countries, there are certain actions that governments should consider during the pandemic's crisis and recovery phases. Governments' economic support to keep firms operational should be extended to both domestic firms and foreign affiliates. In the recovery phase, governments should consider resetting their FDI policy through a four-step process to help them overcome COVID-19's impact on FDI flows and to account for such preexisting transformation drivers as sustainability and technological development. Governments should: 1) review FDI strategies, 2) confirm priority segments, 3) implement FDI policy reforms to improve value propositions for priority segments, and 4) promote new segments.

[Supporting Businesses and Investors: A Phased Approach of Investment Climate Policy Responses to COVID-19 (World Bank: Global Investment Climate Unit)]

As the COVID-19 pandemic spreads and its economic impact deepens, supporting businesses and investors requires not only fiscal and financial stimulus but also complementary investment climate policies and programs to promote the flow of productive investment. As the crisis develops and eventually subsides, measures should follow a phased approach: (1) During the relief stage, policy makers should focus on supporting market functioning and firm survival via targeted services to retain investment, regulatory flexibility, and financial support; (2) In the restructuring stage, governments should focus on risk-based reopening of the economy, providing targeted support to viable firms, and strengthening insolvency regimes. They should also review and roll back select measures from the relief stage as their need expires; proactively address investor grievances related to response measures; and manage the market and institutional implications of state aid, bailouts, and nationalization; and (3) In the recovery stage, policy makers should shift their focus from undoing the damage from the pandemic toward new areas of opportunity. This entails attracting and promoting FDI in light of market shifts following the pandemic and realigning policy and regulatory environments to facilitate reallocation of resources toward long-run economic transformation, job creation, and inclusion.

[Foreign Direct Investment and Employment Outcomes in Developing Countries. A Literature Review of the Effects of FDI on Job Creation and Wages (World Bank: Abhishek Saurav, Yan Liu, Aarushi Sinha)]

This survey of literature explores the heterogeneous effect of FDI on employment outcomes in three types of domestic firms: foreign-owned local firms that are affiliates of multinational corporations (MNCs), local firms that are suppliers to or customers of MNC affiliates, and local firms that compete with MNC affiliates. Confirming expectations from FDI to create new and better paying jobs, evidence suggests that foreign-owned firms positively affect employment generation in affiliate firms. The gap between wages in domestic firms and foreign firms is larger for high skilled workers. For firms in upstream sectors (that is, suppliers of MNCs) there is a sizeable increase in jobs but only modest wage growth. The effect on domestic competitors, both in terms of jobs and wages is muted. The type of FDI, domestic firms' size, domestic ownership share, and the sector's technological capacity, are important conditioning factors.

Foreign Direct Investment and Productivity: A Literature Review on the Effects of FDI on Local Firm Productivity (World Bank: Abishek Saurav and Ryan Kuo)

This survey of literature explores the heterogeneous effect of FDI on three types of domestic firms: foreign-owned local firms that are affiliates of multinational corporations (MNCs), local firms that are suppliers to or customers of MNC affiliates, and local firms that compete with MNC affiliates. The authors find consistent evidence that foreign ownership increases the productivity of MNC affiliates in developing countries. For firms in upstream sectors (that is, suppliers of MNCs), evidence suggests significant productivity benefits, whereas the evidence is mixed for downstream sectors (that is, buyers and distributors). Competitors of MNCs generally experience insignificant and sometimes negative spillovers.

RECENT NEWS UPDATES ON FDI TOPICS

Asia benefits from sharp shift in cross-border investment flows (*Financial Times*)

Supply chain 'sovereignty' will undo globalisation's gains (*Financial Times*)

Covid-19 Is Bad News for Foreign Direct Investment, but There May Be a Silver Lining (*LSE Business Review*)

Top five ways Covid-19 influences the work of investment promotion agencies (*Investment Monitor*)

US MNCs continue to set up shop in China despite rivalry (*Investment Monitor*)

Can Caribbean economies diversify from beaches to BPO? (*Investment Monitor*)

Divestments by MNEs: What do we know about why they happen? (*Columbia FDI Perspectives*)

Room to move: Building flexibility into investment treaties to meet climate-change commitments (*Columbia FDI Perspectives*)

From investment promotion and protection to investment regulation (*Columbia FDI Perspectives*)

Proof Chinese investment can boost African economies (*FDI Intelligence*)

Gender diversity lags in global IPA leadership (*FDI Intelligence*)

US removes stumbling block to global deal on digital tax (*Financial Times*)

APPENDIX

Data sources

Total FDI inflows are from World Bank analysis of International Monetary Fund (IMF) Balance of Payments (BOP) data. To ensure year-over-year figures are calculated on a comparable basis, only countries with BOP data available for 2020 Q3 (as of 23 March 2021) are included in total FDI inflows calculations and figures. These countries are:

High-income countries		Low- and middle-income countries					
		EAP	**ECA**	**LAC**	**MNA**	**SSA**	**SAS**
Australia	Korea, Rep.	Cambodia	Albania	Brazil	Algeria	Angola	Afghanistan
Austria	Latvia	China	Armenia	Colombia	Iraq	Cabo Verde	Bangladesh
Belgium	Lithuania	Fiji	Azerbaijan	Costa Rica	Morocco	Mozambique	Nepal
Canada	Luxembourg	Indonesia	Belarus	Dominican Republic	Qatar	Namibia	Pakistan
Chile	Netherlands	Mongolia	Bosnia and Herzegovina	Ecuador	Saudi Arabia	South Africa	India
Croatia	New Zealand	Philippines	Bulgaria	El Salvador		Zambia	
Czech Republic	Norway	Thailand	Georgia	Guatemala		Lesotho	
Denmark	Poland	Malaysia	Kazakhstan	Honduras		São Tomé and Principe	
Estonia	Portugal		Kosovo	Mexico			
Finland	Romania		Kyrgyz Republic	Paraguay			
France	Singapore		Moldova	Suriname			
Germany	Slovak Republic		Montenegro	Nicaragua			
Greece	Slovenia		North Macedonia				
Hong Kong SAR, China	Spain		Russian Federation				
Hungary	Sweden		Serbia				
Iceland	Switzerland		Tajikistan				
Ireland	Trinidad and Tobago		Turkey				
Israel	United Kingdom		Ukraine				
Italy	United States		Uzbekistan				
Japan							

Figures on greenfield project announcements are from World Bank analysis of the Financial Times fDi Markets data. Greenfield project announcements include major expansions. Cross-border mergers and acquisitions data are from World Bank analysis of data from Refinitiv Eikon. All countries are included in these analyses. Investor sentiment figures come from the World Bank's quarterly Global Pulse Survey of MNE affiliates. Data on policy changes are from World Bank analysis of public announcements and information.

Sector classifications

Greenfield project announcements are classified on the basis of ISIC Revision 4 sector classifications, using the Intermediate-level SNA/ISIC aggregation (A*38). Some have been aggregated and titles abbreviated for simplicity. Sector abbreviations correspond as follows:

- "Agriculture" is code A (Agriculture, forestry and fishing);
- "Extractives" is code B (Mining and quarrying);
- "Mfg – Food & beverage" is code CA (Manufacture of food products, beverages and tobacco products);

- “Mfg – Clothes & textiles” is code CB (Manufacture of textiles, wearing apparel, leather and related products);
- “Mfg – Fuels” is code CD (Manufacture of coke and refined petroleum products);
- “Mfg – Chemicals” is code CE (Manufacture of chemicals and chemical products);
- “Mfg – Pharmaceuticals” is code CF (Manufacture of pharmaceuticals, medicinal chemical and botanical products);
- “Mfg – Metals” is code CH (Manufacture of basic metals and fabricated metal products, except machinery and equipment);
- “Mfg – Computers etc” is code CI (Manufacture of computer, electronic and optical products);
- “Mfg – Electrical” is code CJ (Manufacture of electrical equipment);
- “Mfg – Machinery” is code CK (Manufacture of machinery and equipment n.e.c.);
- “Mfg – Auto & transport” is code CL (Manufacture of transport equipment);
- “Other manufacturing” is codes CC (Manufacture of wood and paper products; printing and reproduction of recorded media), CG (Manufacture of rubber and plastics products, and other non-metallic mineral products), and CM (Other manufacturing; repair and installation of machinery and equipment);
- “Utilities” is codes D (Electricity, gas, steam and air conditioning supply) and E (Water supply; sewerage, waste management and remediation activities);
- “Construction” is code F (Construction);
- “Trade & retail” is code G (Wholesale and retail trade; repair of motor vehicles and motorcycles);
- “Logistics” is code H (Transportation and storage);
- “Hospitality” is code I (Accommodation and food service activities);
- “Communications” is codes JA (Publishing, audiovisual and broadcasting activities) and JB (Telecommunications);
- “IT services” is code JC (IT and other information services);
- “Finance & real estate” is codes K (Financial and insurance activities) and L (Real estate activities);
- “Business services” is codes MA (Legal, accounting, management, architecture, engineering, technical testing and analysis activities), MB (Scientific research and development), MC (Other professional, scientific and technical activities), and N (Administrative and support service activities); and
- “Community services” is codes O (Public administration and defence; compulsory social security), P (Education), QA (Human health), QB (Residential care and social work activities), R (Arts, entertainment and recreation), and S (Other service activities).

ABBREVIATIONS

EAP – East Asia and Pacific
ECA – Europe and Central Asia
FDI – foreign direct investment
LAC – Latin America and the Caribbean
M&A – mergers and acquisitions
MNA – Middle East and North Africa
MNE – multinational enterprise
Q1 – Quarter 1 (January to March)
Q2 – Quarter 2 (April to June)
Q3 – Quarter 3 (July to September)
Q4 – Quarter 4 (October to December)
SAS – South Asia
SSA – Sub-Saharan Africa
USD – United States Dollars (US$)
YoY – year on year