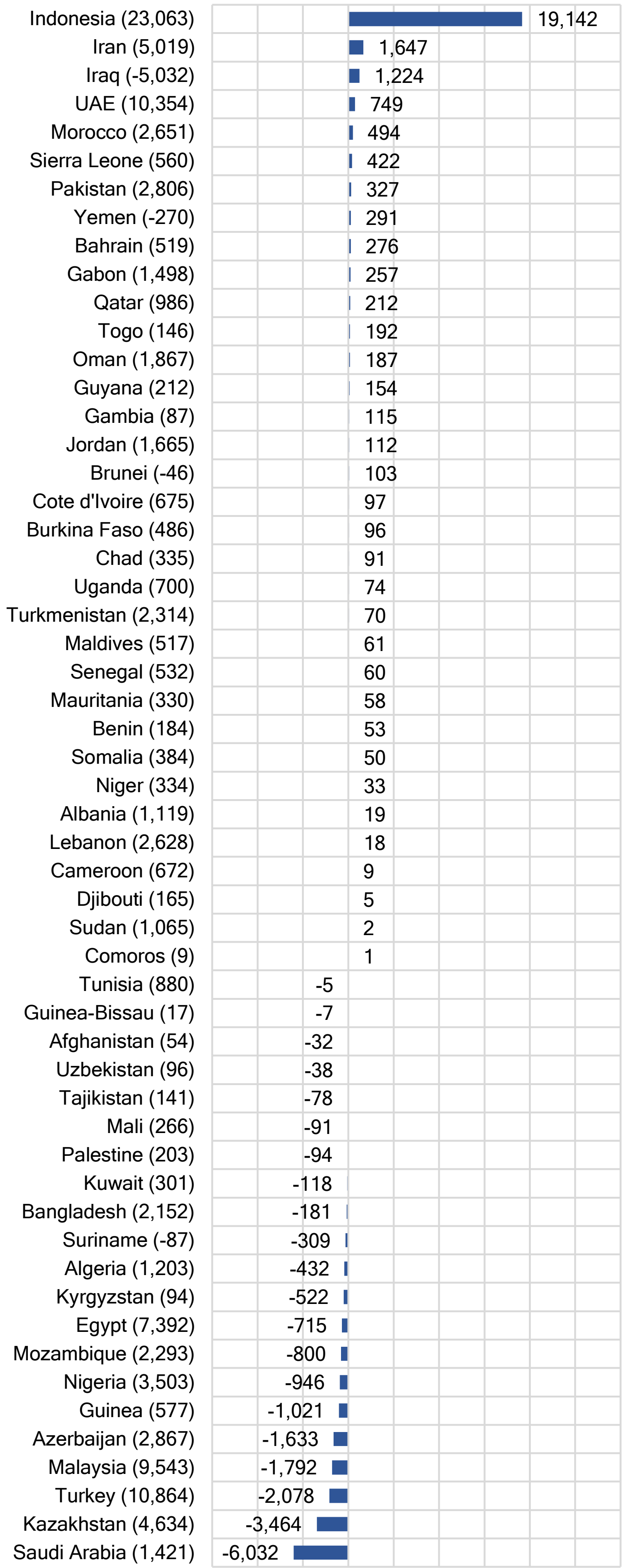
DID YOU KNOW?

2019-05

Change in Foreign Direct Investment Inflows to OIC Countries, 2016 vs. 2017, Million USD



- **Foreign direct investment** (FDI) is net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. The components of FDI are **equity capital**, **reinvested earnings**, and **other capital** (mainly intra-company loans). As countries do not always collect data for each of those components, there is an apparent lack of comparability of FDI data reported by different countries. Moreover, for a given transaction, host country and home country often do not register it in exactly the same way. In particular, data on reinvested earnings, the collection of which depends on company surveys, are often unreported by many countries. Foreign capital is highly important for developing countries especially in technology upgrading, which contribute to increasing entrepreneurship in terms of new products, services and organisational methods. Attracting international investors can also help developing countries to achieve the Sustainable Development Goal of promoting sustained, inclusive and sustainable economic growth.

- Even though, FDI inflows declined in Non-OIC Developing and Developed country groups and the World from 2016 to 2017, they increased by 6.3% in the OIC countries group, equivalent to a 6.3 billion USD FDI inflows increase from 100.6 billion USD in 2016 to 106.9 billion USD in 2017.

- Indeed, 51 OIC countries had positive FDI inflows in 2017 compared to 50 in 2016 period. Additionally, the FDI inflows of 22 OIC Member Countries were above 1 billion USD in 2017.

- 34 OIC countries managed to increase their FDI inflows by 26.7 billion USD from 2016 to 2017. On its own, Indonesia made a huge leap by 19.1 billion USD worth of FDI inflows from 2016 to 2017, followed by Iran (1.6 billion USD) and Iraq (1.2 billion USD).

- Despite the fact that their FDI inflows were positive in 2017, 20 OIC countries recorded a decrease in FDI inflows compared to 2016 figures.

- The largest FDI inflows decreases in 2017 compared to 2016 were observed in Saudi Arabia, Kazakhstan, Turkey, Malaysia, Azerbaijan, and Guinea, all above 1 billion USD. Overall, the decline in FDI inflows of 21 OIC countries amounted to 20.4 billion USD between 2016 and 2017.

Note: The values in the parentheses indicate the 2017 FDI inflows (Million USD) figures. FDI flows with a negative sign indicate that at least one of the three components of FDI (equity capital, reinvested earnings or intra-company loans) is negative and these are instances of reverse investment or disinvestment.

Source: SESRIC staff calculations based on data extracted on 06/01/2019 from UNCTADStat Database. Please visit **OIC Statistics (OICStat) Database** (http://bit.ly/2F7W8cv) for other International Finance indicators.

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