

3. Global Investment Trend Monitor Report: UNCTAD

Prelims level: International organisations.

Mains level: GS-II Important International Institutions, Agencies and fora - their Structure, Mandate.

Why in News?

- “Global Investment Trend Monitor Report” was recently released by the United Nations Conference on Trade and Development (UNCTAD).
- As per the report, India was among the top 10 recipients of Foreign Direct Investments (FDI) in 2019.

Key Highlights of the Report:

1. Investment Trend at Global Level:

- ✓ The FDI at the global level has marked a decline by 1% from revised \$1.41 trillion (in 2018) to \$1.39 trillion (in 2019).
- ✓ This was against the backdrop of weaker macroeconomic performance and policy uncertainty for investors in the midst of ongoing trade tensions.
- ✓ Developing economies continued to attract more than half of global FDI flows, whereas, the FDI flows to developed countries decreased further.
- ✓ The largest recipient of FDI worldwide is the United States followed by China and Singapore.

2. South Asia & India:

- ✓ South Asia recorded a 10% increase in FDI and this growth was driven by India marking a 16% increase in FDI inflows.
- ✓ India attracted \$49 billion FDI inflows in 2019 as compared to \$42 billion (in 2018). The majority of this went into services industries, including Information Technology.
- ✓ India was also among the top 10 recipients of FDI in 2019.

3. Future Projections:

- ✓ UNCTAD expects FDI flows to rise moderately in 2020, according to current projections, the global economy is set to improve from its weakest performance since the global financial crisis in 2009.
- ✓ The GDP growth, gross fixed capital formation and trade are projected to rise, at the global level (especially in many large Emerging Markets).

- ✓ Such an improvement in macroeconomic conditions could prompt Multinational Enterprises (MNEs) to resume investments in productive assets (provided their easy access to cheap money).
- ✓ However, significant risks persist, including high debt accumulation among emerging and developing economies, geopolitical risks and concerns about a further shift towards protectionist policies.

About United Nations Conference on Trade and Development (UNCTAD):

- UNCTAD is a permanent intergovernmental body established by the United Nations General Assembly in 1964.
- It is headquartered in Geneva, Switzerland and part of the UN Secretariat. Currently, UNCTAD has 195 member states.
- UNCTAD produces a number of topical reports, including:
 1. The Trade and Development Report
 2. The Trade and Environment Review
 3. The World Investment Report
 4. The Economic Development in Africa Report
 5. The Least Developed Countries Report

