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CURRENT TRENDS AND DYNAMICS OF THE FOREIGN DIRECT INVESTMENT IN THE INTERNATIONAL ECONOMY

The article analyses the global FDI flows in developed economies, developing economies and transition economies. It is established that the global FDI flows in 2015 reached their highest level since the global economic and financial crisis of 2008-2009. The main engine for the growth of FDI was the huge increase in cross-border mergers in developed countries. However, the Asian countries, which in 2014 were recognized as the largest FDI recipient region, in 2015 have suffered a decline (TNCs reduced their infusion by 17%).

The global economic crisis of 2008 caused a significant drop in the world market of foreign investment. However, in 2013, the investment processes began to revive and returned to an upward trend. In particular, global FDI inflows rose by 9 per cent to $1.45 trillion in 2013. It should be noted that FDI inflows increased in all major economic groupings − developed, developing, and transition economies. But in 2014, due to the global economy weakness, geographical risks and policy uncertainty, foreign direct investment fall to $ 1.26 trillion. Analysing the UNCTAD report on investment published in 2016, we can notice that the forecast for 2015 is fully consistent with the real indicators of investment that rotated on the global market. In 2015, global FDI flows rose by 38 per cent to $1.76 trillion. So, they reached their highest level since the period of the global economic and financial crisis of 2008-2009 but they still fall by 10 per cent behind the 2007 peak. The key factor of the global growth was a sharp increase in the number of cross-border mergers and acquisitions, which in terms of value amounted $ 721 billion compared with the index of $ 432 billion in 2014.

It should be noted that in 2015, there was a growth in greenfield investments, which reached $766 billion – an 8 per cent rise. The rise was more pronounced in developed economies (up to 12 per cent), signalling a potential rebound in FDI in productive assets resulting from the macroeconomic and financial conditions improvement. In this context, a concern is an apparent pullback in productive investments by TNCs. During 2015, capital expenditures of the 5,000 largest TNCs declined by 11 per cent after posting a drop by 5 per cent in 2014.

The increase of investment by European multinational corporations, initiated by the increasing number of mega agreements has led to the rearrangement of forces in the ranking of the top 20 investors in 2015. In particular, Switzerland has moved from the 153 position in 2014 to 7, Belgium from 32 to 11, and Ireland from 9 to 5. Displacement of the FDI tendencies of TNCs from developed countries regarding FDI of TNCs from developing countries is reflected in the structure of the flows. In 2015, more than half of FDI TNCs from developed countries came in the form of new equity investments, reflecting the surge in cross-border acquisitions.

Having analysed the general trend, we can conclude that only the limited number of developing countries were able to increase their investment capacity.

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