

**Developing countries leading FDI recovery: Unctad
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Developing and transition economies are leading foreign direct investment (FDI) recovery expected to touch US\$1.2 trillion this year and will remain a favourable destination for inflows.

United Nations Conference on Trade and Development (UNCTAD) in its World Investment Report 2010 said the global FDI inflows are expected to rise further to US\$1.3-US\$1.5 trillion next year and US\$1.6-US\$2 trillion in 2012.

Most regions are to see a rebound in FDI inflows this year, it said.

"However, the FDI prospects are fraught with risks and uncertainties, including fragility of the global economic recovery," it said.

NONEThe global FDI saw a modest but uneven recovery in the first half of this year, with developing and transition economies attracting half of the global FDI inflows, and investing one quarter of the global FDI outflows.

The United States remained the largest FDI recipient last year (US\$130 billion) while China ranked second with US\$95 billion.

The United States, China, France, Hong Kong, Britain and Russia are now the developing or transition economies gaining grounds as important sources of global FDI inflows, said the report.

UNCTAD said following a five-year upward trend, FDI outflows from developing and transition economies contracted by 21 per cent last year.

Overcoming barriers for wooing FDI remains a key challenge for small, vulnerable and weak economies, it said.

It said Official Development Assistance (ODA) can serve as a catalyst for boosting FDI's role in least-developed countries.

For land-locked developing countries to succeed in attracting FDIs, they need to shift their strategies to focus on distance to markets than distance to the port, said UNCTAD in the report released in Geneva on Thursday.

"Focusing on key niche sectors is crucial if small island developing states are to succeed in attracting substantial investments," it said.

Going forward, global initiatives such as investments in agriculture, global financial system reforms and climate change are increasingly having a direct impact on investment policies, it added.

- Bernama

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