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## INTERNATIONAL INVESTMENT ACTIVITY COLLAPSES IN 2009, MAJOR EMERGING ECONOMIES SUFFER THEIR FIRST SHARP DECLINES

International mergers and acquisitions are on track to decline by $56 \%$ in 2009 over 2008, which would represent the largest year-on-year decline in recent history (see figure 1).

Much of this decline was due to the $60 \%$ decline in M\&A activity by firms based in the OECD area, from over $\$ 1$ trillion to $\$ 454$ billion (see figure 2).

However, it was also due to the fact that major emerging economies, which enjoyed strong international

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## INTERNATIONAL INVESTMENT ACTIVITY

COLLAPSES IN 2009 continued..
investment performance in 2008, suffered their first sharp declines in 2009 with respect to both outward and inward M\&A activity.
Between 2007 and 2008, international M\&A activity by firms based in Brazil, China, India, Indonesia,

Russia, and South Africa increased by 30\%, from \$96 billion to $\$ 121$ billion. Between 2008 and 2009 this activity fell by $62 \%$ to $\$ 46$ billion (see figure 3 ). And while M\&A activity into these countries increased by $5 \%$ between 2007 and 2008, it is on track to decline by almost $40 \%$ this year (see figure 4).



[^1]These latest international investment figures have confirmed that the slight improvement seen in the second quarter FDI data reported by OECD countries could not be sustained (see figure 5). Indeed, despite the slight uptick in Q2, OECD FDI inflows and outflows for the first half of 2009 were both down by over $40 \%$ over the first half of 2008 (see table).

As such, the current trend continues to support our previous forecast for sharp declines in both FDI inflows and outflows in 2009, with inflows on track to tumble to $\$ 600$ billion and outflows to possibly dip below $\$ 1$ trillion (see Investment News Issues 10 and 11, June and October 2009, respectively).

## For further reading on this topic:

www.oecd.org/daf/investment
OECD FDI inflows and outflows, 2008-2009 (\$ billions)

|  | Inflows |  |  | Outflows |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2008 |  | 2009 | 2008 |  | 2009 |
|  | $1{ }^{\text {ct }}$ half | $2^{\text {nd }}$ half | $1{ }^{\text {a }}$ half | $1{ }^{\text {at }}$ half | $2^{\text {nd }}$ half | $1{ }^{\text {ct }}$ half |
| Australia | 19 | 29 | 12 | 24 | 14 | 18 |
| Austria* | 8 | 6 | 4 | 17 | 12 | 1 |
| Belgium | 27 | 35 | 21 | 46 | 29 | 14 |
| Canada | 22 | 23 | 0 | 41 | 38 | 5 |
| Czech Republic | 5 | 5 | 2 | 1 | 1 | 2 |
| Denmark | 8 | 3 | 7 | 20 | 9 | 11 |
| Finland | -10 | 2 | 1 | -6 | 9 | 1 |
| France | 60 | 40 | 37 | 128 | 77 | 88 |
| Germany | 15 | 6 | 14 | 115 | 43 | 36 |
| Greece | 4 | 1 | 2 | 2 | 1 | 1 |
| Hungary* | 2 | 4 | 0 | 0 | 2 | 1 |
| celand | 1 | -1 | 0 | -3 | -5 | 0 |
| reland | -7 | -13 | 18 | 3 | 10 | 9 |
| taly | -6 | 21 | 15 | 14 | 29 | 25 |
| fapan | 12 | 2 | 6 | 47 | 83 | 35 |
| Korea | -1 | 3 | 1 | 7 | 6 | 2 |
| fuxembourg* | 20 | 6 | 11 | 7 | 17 | 19 |
| Mexico | 13 | 9 | 10 | 0 | 1 | 3 |
| Netherlands | 36 | -39 | 10 | 24 | -4 | 24 |
| New Zealand | 2 | 1 | 0 | 0 | 0 | -1 |
| Norway | -5 | 3 | 6 | 5 | 22 | 16 |
| Poland | 11 | 6 | 1 | 3 | 1 | 1 |
| Portugal | 2 | 2 | 2 | 1 | 1 | 1 |
| Slovak Republic | 1 | 3 | -1 | 0 | 0 | 0 |
| Spain | 51 | 20 | 17 | 39 | 41 | 18 |
| Sweden | 15 | 26 | 8 | 13 | 15 | 7 |
| \$witzerland | 13 | 5 | 8 | 27 | 58 | 11 |
| Turkey | 10 | 8 | 4 | 2 | 1 | 1 |
| United Kingdom | 78 | 19 | 51 | 96 | 43 | 55 |
| United States | 162 | 158 | 51 | 204 | 128 | 95 |
| Otal OECD | 570 | 395 | 321 | 875 | 679 | 498 |

* Data exclude Special Purpose Entities.

Source: OECD International direct investment database.

## ImESTMEVNTHSS

Figure 5. OECD FDI inflows and outflows, 2007-Q2 2009 by geographical zone (\$ billions)


[^2]
[^0]:    ** Forecast based upon completed international M\&A through 26 November 2009.
    Source: Dealogic

[^1]:    * Brazil, China, India, Indonesia, Russia, and South Africa.
    ** Forecast based upon completed international M\&A through 26 November 2009.
    Source: Dealogic.

[^2]:    Source: OECD International direct investment database.

