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Evaluation and Appraisal of FDI Outflows from Developed and Developing Economies from 1990-2021

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ABSTRACT

In the beginning of 21st century FDI started attracting more economies of the world and play a major role in economic growth of the developed economies, developing economies and transition economies. In the present era to compete in the international market the domestic capital is not sufficient that can boost the growth of economies at high growth rate. But FDI has become a cradle of investment and fill the gap between the domestic saving and capital requirement. It has become a important sources of private external finance to both the developed and developing economies. All the economies of the world tries to attract more and more FDI by formulating investors friendly polices, developing better infrastructure and provide conducive business environment to new private investors to invest more in different sectors in their countries. In this research paper attempt has been made to analyse and evaluate the outflow of FDI from developed and developing countries from 1990-2021.

Keywords: Developed, Developing, Economies, Outflow, FDI, MNE, TNC

INTRODUCTION

FDI play a significant role in fostering and maintaining the economic growth of both the recipient and the country making investment."FDI is the sum of equity capital, long term capital and short term capital as shown in the balance of payment and involves participation in management, joint venture, transfer of technology and expertise."[1]

The total FDI comprise of three components is as under:-

Equity Capital:- It is the total value of inventors company's investment into the share of the business entity into which the FDI is being made. This generally form a major share of the total FDI.

Reinvestment Earning:- These are the earnings on the investment which is not distributed to the investors but is retained. In simple term, these earnings from a business do not go back to the foreign investors but it is being invested back into the business thereby becoming a form of FDI.

Other Capital:- This comprise of debt securities lending of funds etc. done between the investors and subsidiaries in the country. As per definitions of IMF[2] the components of FDI are:

- Non cash acquisition of equity tangible and intangible components (technology fees and brand name etc).
- Equity capital, inter company debt transactions.

- Reinvested earnings by foreign companies.
- Short term and long term loans.
- Non-competition fees, control premium, earning data.
- Investment made by foreign venture capital investors.
- OCB's trade, credit, financial leasing, grants, bonds.

FDI net outflows are the value of outward direct investment made by the residents of the reporting economy to external economies, including reinvestment earning and intra-company loans, net of receipts from the repatriation of capital and repayment of loans. The outward foreign investments includes assets and liabilities exchanged between investor based in a domestic country or reporting economy to foreign business based out in different countries.

REVIEW OF LITERATURE

Prema (2013)[3] stated that Indian MNE are still at its formation stage of their global operation. Their competitiveness edge based on country specific rather than firm specific.

Ali. J. Al- Sadiq (2013)[4] concluded that effect of outward FDI on home country's domestic investment rate depends upon the motives of investing and also find that relationship between outward FDI and rate of domestic investment is negative.

A.M. Khalel (2010)[5] conducted a study of role of inward and outward FDI with economic growth and find that FDI has positive impact on the GDP in long run whereas outward FDI has no direct impact on GDP.

Yonus, Roshna (2019)[6] examined and analyse the impact of FDI inflows and outflows on the economic growth and find that inflow and outflow has positive impact on US & UK economy and inflow has negative impact on France economy and Malaysia, Turkey and Iran economies have positive impact of inflows and outflows.

Omar, Alzhoul, Khaled (2022)[7] made an attempt to find the determinants of FDI, channels of inflows and outflows, growth pattern and Covid-19 effect on FDI and stated that pandemic wave affected all economies at global level and have negative effect on the economic growth and recommended that the economies must frame robust reform to attract more FDI.

Namita Rajput (2022)[8] studied the pattern of FDI in developed and developing economies and find that the pattern and trend of FDI flows in both the economies is different and vary from country to country regions and sub-regions.

OBJECTIVES OF THE STUDY

- To analyse and evaluate the flows of outward FDI from developed and developing countries.
- To know and study the driving factors which stimulate the developed and developing economies for outward FDI.

RESEARCH METHODOLOGY

The data for the current study is secondary and the sample for the study has been taken from 1990-2021. The secondary data has been collected from the different reports of IMF, world bank reports, world investment reports, UNCTAD statistics reports, global and monitor reports, FDI wikipedia, journals, magazines, newspapers, books, research papers and various other different websites etc. For the analysis and evaluation of the data time series method and percentages techniques has been applied. Data tables, graphs and trend line, piegraph etc. has been used for the analysis and interpretation of trend of FDI outflow from the developed and developing economies.

ANALYSIS AND INTERPRETATION

From the table-1 it is clear that the share of global outflow declined in 1991. The effect of economic slow down in 1990 remain continue and have negative impact on all regions. North America show only slight rise where as the outflow FDI from Europe and other developed countries decreased in 1991. The slow down in Japan was due to the loss to main financer bank during the crumbling of the stock market and real estate market in 1990. The outflow from East, South and South East Asia fell slightly from the previous year high record. China remain the major investor from the Asia. The main factors of slow down were weak financial system, under performance, economic slow down and various other cyclical factors.The outflow FDI from the developed countries continue declining in 1992. The weaker financial system in various countries encourage the TNC to improve their existing performance rather than making more investment. The main decline was in Japan and Western Europe but inspite of decline in outflow the share of the developed countries remain 89% in 1992.The outflow from Japan reduced for the first time after 1983. The fall was due to domestic economic slowdown, declining profit, & difficulties in financial market etc. were the main reasons for less outflow by Japan as the companies remain with less capital for investment abroad. The outflow from most of the Western Europe also declined. Less favourable prospects for growth, higher investment rate, tight monetary policies, higher stock market valuation, etc. remain as main causes of continue fall down of outflow.

The outflow from the developing countries grew almost twice as fast as those from the developed countries from 1991-1992. Although their share in global investment remain small."Investment outflows from East, South and South-East Asia fell by a third in 1991. This reflect a decline of about 65% in outflows from Taiwan between 1990-91 and further decline registered in 1992."[9]By the end of 1993 the global economy has recovered from the recession. The recovery improves as the firm started expansion of business and started the process of making investment abroad. The global FDI outflow shows the rising trend in 1993. The outflow from European countries has maintained their risingmomentum. A notable aspect of the increase in FDI outflow from North America and other developed countries was also noticed but the amount was little. The FDI has became a single most important components of private external resources flow of developing economies.

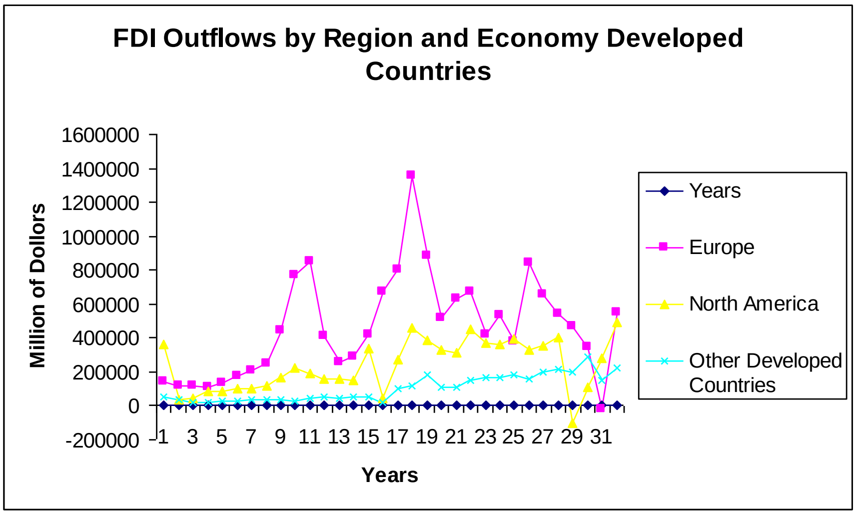
FDI OUTFLOWS BY REGION AND ECONOMY DEVELOPED COUNTRIES (Millions of Dollars)

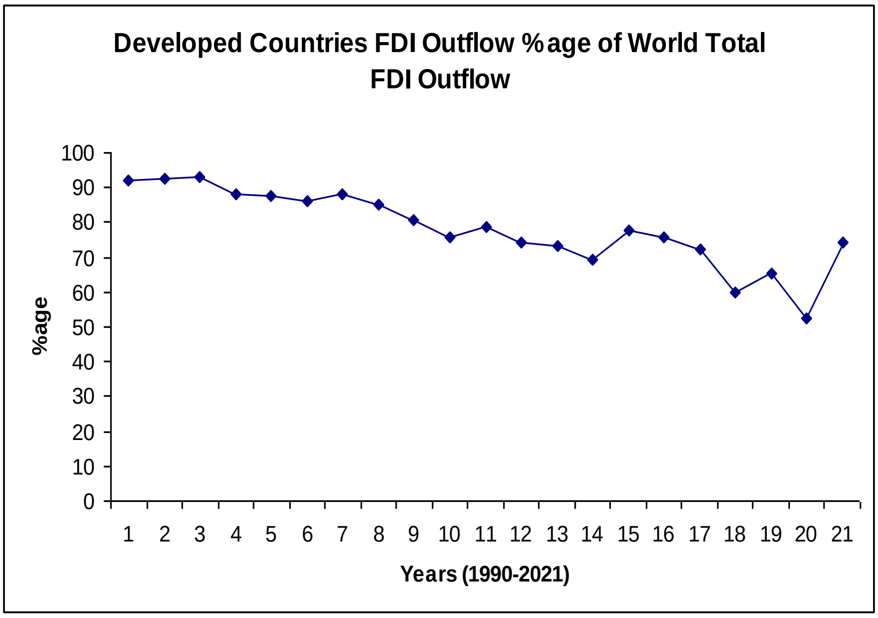
TABLE-1

Years	Europe	North America	Other Developed Countries	%age of Total World FDI Outflow	Total FDI Outflow in Developed Economies
1990	140954.9	362185	54726.6	95.09	231900.0
1991	115353.0	38530.1	35470.7	95.22	189353.8
1992	114893.3	46238.1	23918.7	89.09	185051.1

1993	105635.1	82949.0	16122.1	86.18	204706.2
1994	136072.0	82545.5	25581.3	85.01	244198.8
1995	178042.1	103535.6	31389.5	86.64	312967.3
1996	207854.1	97522.2	33753.6	85.98	339130.0
1997	251371.4	118834.5	35411.3	87.18	405617.2
1998	444405.7	165354.1	32531.4	94.52	642291.2
1999	771547.7	226638.4	28627.5	-	-
2000	848016.5	187304.2	43222.5	-	-
2001	414548.7	160901.8	51163.7	91.94	626614.2
2002	254867.1	161718.7	43632.0	92.68	460217.9
2003	287682.9	152276.2	51870.9	93.23	491830.0
2004	416009.3	338251.9	50066.8	88.28	804327.8
2005	671133.7	42907.5	19968.8	87.68	734010.0
2006	804028.5	270433.7	99325.4	86.13	1173787.7
2007	1357156.6	458145.1	119238.4	88.30	1934540.2
2008	883493.5	387573.3	186584.5	85.00	1457651.2
2009	516820.8	327502.1	109305.6	80.49	953628.5
2010	629559.5	312501.8	112969.8	75.78	1055031.1
2011	673089.6	448716.9	148714.9	78.50	1270521.4
2012	421841.1	374060.4	163122.6	74.22	959024.1
2013	530189.2	360794.1	169946.6	73.23	1060929.3
2014	375896.9	393284.6	182143.2	69.15	951324.8
2015	845959.2	331799.3	161423.2	77.73	1339182.1
2016	653726.2	353975.6	202976.8	75.82	1210678.6
2017	544011.8	403968.4	214267.3	72.18	1162247.5
2018	467785.3	-99357.0	196771.7	60.05	565200.1
2019	342647.6	107985.2	286206.9	65.56	736839.7
2020	-20571.6	281446.1	147320.9	52.30	408195.4
2021	551598.5	492975.0	224638.3	74.33	1269211.9

Source: UNCTAD FDI/MNE Data Base (www.unctad.org/fdistatistics)





During 1994 the overall share of global FDI rise by 19% as compare to previous year and it reached at 244198.8 USD. The share of Europe and other developed countries gone towards upward trend whereas the share of North America remain stable. There was also upward in FDI outflow in the developing countries and their overall global share rise by 1% as there was slight rise of outflow from all the regions. "In 1994 over 900 Chinese TNC had established over 4600 foreign affiliated in 130 countries with outflow between $5.2 and $16 billion."[10] Hong-Kong absorbed a significant share of China's outflow.
The global outflow of FDI during 1995 was just 312967.3USD and the share of developed countries was 86.64% where as the share of developing countries was very less i.e. 13.34%. There was increase of FDI outflow in all the regions, sub regions. Germany outflow was the largest in United States followed by United Kingdom where as Japancompanies ranked at fourth position for outflow of FDI. On the other hand "The share of United States in the global FDI outflow was 30% in 1995, twice as large as that in the latest half of 1980."[11]The favourable location for outward FDI from United States, Europe and Japan was United Kingdom. The low rate of tax and less corporate tax play vital role for flow of FDI toward United Kingdom. The firms from Germany made more FDI outflow due to increasing cost and appreciation of currency at home and avail the opportunity to compete in the global market "Germany imbalance between outflows and inflows reached $26 millions in 1995 exceeding the Japan imbalance in FDI by $5 billion and rekindling in some quarter a fear of rob exports and hollowing out."[12]

The share of outflow FDI in developing economies was just 13.36% decreased form 14.99% in the previous year but overall outflow increased to 48276 USD. The outflow increased from Africa and Asia but decreased in Latin America and Caribbean. After the recovery from 1991-92 recession Asia development economy has played significant role in outward investments. Hong Kong was at the top in outflow FDI among the developing countries and most of the outflow of FDI was towards those regions/countries where the cost was less, liberate trade policies, and where export outward was encouraged by providing the incentives.

The twenty countries from the developed and developing countries set a new record of outward FDI in 1996. The outward FDI from the developed countries was 85% where as inward flow was just

60% in 1996. Sustainable economic growth, prospect in future and new consumer market encouraged the developed countries to invest abroad. The outward investment from Asia increased by 21% and its share in total developing economies outflow FDI was 91%. Hong Kong again remain at the top in outflow FDI and main destination was Australia and North America. The firm from newly industrialized economy of Korea which have most advanced technology, skill and industrial base make investment in electronics, automobiles and petroleum sector. The FDI outflow from European union member states increased towards developingcountries in 1997. The share of Germany towards developing countries also increased between 1991-97 on the other hand the outflow share of Japan was smaller towards developing countries. The share of developing countries in total FDI increased by 7% in 1997. Inspite of financial crisis in number of East and South East economies the share of Asia increased whereas the outflow from Africa and Latin America decreased in 1997. In 1998 the FDI outflow from United States was stimulated by expanding economy and rising assets price but the rise was marginal. The main outflow from United States was towards European Union and Latin America. European Union remain in world most important outward investor in 1998. The outflow registered for the period was more than 76% up as compare to previous year. United Kingdom and Germany also maintained their position of largest investors and increase in outflow FDI by small countries was also pronounced. Japan outflow declined by 5% and decline was due to low profitability and depressed domestic demand. The share of Africa decrease in the global FDI outflow and represent only a small fraction but the investment was oriented towards other African countries. The outflow from Asia as a whole decreased in 1998 by a little margin due to financial crisis and measured discouraged the outward investment. The outflow from Latin America remain strong in the year. The speedy growth in United States was slow in 1999 but outward FDI increases continuously. Europe has reconfirmed its position as world strong investor of outflow. The outflow from Japan decrease due to reconstruction of financial service and decrease of merger and acquisition. Outflow from Africa stood low as compare to previous year. The outflow from Asia also recovered from recession. Hong-Kong remain as most investor outside the region. During 2000 European Union and Japan contribute 82% of the global outflow. The outflow from the developing countries also pick up the speed and Hong-Kong made more investment in China. The outflow from India and China also picked up. The FDI outflow from the developing countries shot up. The share of the developing countries in global outflow during 2001 was 91.94%. The outflow from Europe fall down followed by North America where as there was upward trend in other developed countries. Japan outflow rebounded for the second year and outflow from Australia also turn around as compare to the previous year. The outflow from Africa slide down in negative form and Asia and Latin America also have little slide.

The outflow from the developed countries falls in 2002 where as their share in global FDI outflow shows a little upward trend i.e. 1%. The share of Europe declined by more than 50% followed by North America but there was rise in the share of other developed countries by 20%. The overall declined was due to the "the largest EU outward investor in 2001 was France the second largest investor but its outflows fell by over half as compared to 2000. "United States outflow rose by 3.2% in 2002 and its global share shot up by 25% from 19% in previous year."[13]

The outflow from the developed countries rise by 6% in 2003. The outward investment from North America decline whereas outflow from Europe and other developed countries rise by 12% and 18% respectively.

France and United Kingdom also recorded the increasing trend."Annual FDI outflow from the developing countries have grown faster over the past fifteen years then those from developed countries. Negligible until the beginning of 1990, outward FDI from developing countries accounted for over one tenth the world total flow in 2003"[14]

Asia was the largest outward investor in the developing world followed by Latin America."In Africa five countries South Africa, Nigeria, Libyan Arab, Liberia and Botswana dominated in outward outflow in 2003."[15]There was shot up in the share of the developed countries in 2004 as their share rise by 63%. "The outflow from US increased by 90% Canada by 121% and Switzerland by 67%."[16]The outflow the developing countries also jump by more than 40%. The share of Africa and Latin America increase by double, Asia by three fold in 2004 and the overall share in global FDI outflow increase from 6.77% to 11.78%. "The rise from negligible amount in early 1980 to $83 billion in 2004."[17]

The decline was recorded in the overall global outflow FDI in 2005 and this declining trend also have the same effect on the outflow FDI in both the developed and developing countries. The amount of outflow FDI increase in Europe and North America but the share of other developed countries decreased. The outflow from France was double due to the increase in profit and more efforts to reduce the cost. The increase in the profit of German companies also encouraged for FDI outflow. The distribution of profit and less amount for reinvestment cause the decline of outflow in United States. The share of developed countries in global outflow was just 12.3% in 2005 and there was decline in all the regions except little rise in Latin America in developing countries. However the outflow from South Asia rise due to the oil producing countries making investment abroad.

The developed countries still remain in dominating position with 86% share at global level. The share of North America was rebounded by more than six fold as compare to the previous year. United States was the main contributor of outward FDI. There was also increase in the share of developing countries i.e. 82% in 2006 as compare to the previous year. The outflow from Africa reached at top uptill now and it shot up by four time. The main outflow was in exploitation and exploration of natural resources. The outflow from Asia region also soared by 61%. The rise was from all three sub-regions particularly from India, China and Hong Kong and India outflow was four times highest than in 2005. The increase was driven by greenfield projects, larger merger and acquisition generally by state owned enterprises. Latin America and Caribbean share also rise mostly in resources based manufacturing and telecommunication sector.The outflow from the developed countries remain increasing for the second year. "28 out of 38 countries experienced the upward trend in outward FDI in 2007, the seven countries, United States, United Kingdom, France, Germany, Spain, Italy and Japan amounted 74% of the total outflow FDI." [18]

United State maintain the position of largest outward investor. European countries record more outflow due to contribution from all components of FDI i.e. equity capital, intra-companies loans and reinvestment. The overall outflow from the developing countries remain large as compare to the previous year but overall share in global level falls from 13% to 11% in 2007. "The outflow from Africa region which shows the rising trend comprise of ten contributors i.e. South Africa, Egypt, Morocco, Liberia, Angola, Algeria, Nigeria, Mauritius, Gabon and Bolswang."[19] The major sectors of investment were the natural resources exploitation and service sector. The outflow from Asia rise by 59% and main flow was from West Asia. The outflow from Latin America falls in 2007.

In 2008 the share of the developed economies was 85% a decrease of 3 % as compare to the previous year. The share of Europe andNorth America declined but the share of other developed countries show the upward trend. The outflow from the developing countries reached at the 257061.3 USD in 2008 and increase of 1% as compare to the previous year. The outflow from Africa declined due to divestment. South Africa MNE main focus was to make investment abroad in manufacturing and service sector. The outflow from South East and South-East Asia shows the upward trend.

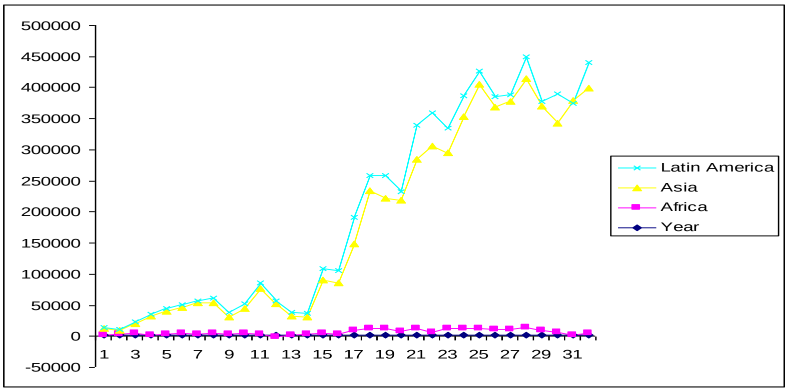
FDI OUTFLOWS BY REGION & ECONOMY DEVELOPING COUNTRIES (Millions of Dollars)

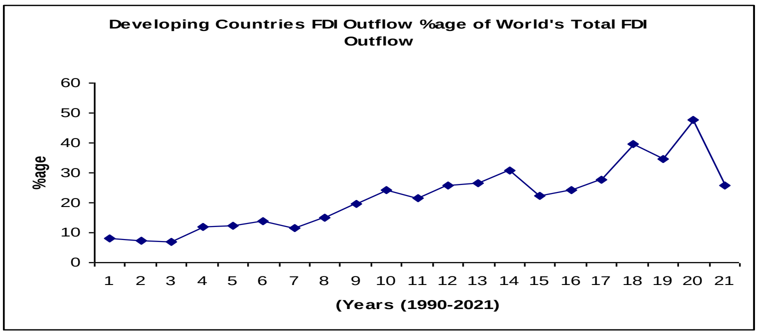
TABLE-2

Year	Africa	Asia	Latin America	Oceans	Total FDI Outflow from Developing Economies	%age of World Total FDI Outflow	World Total FDI Outflow
1990	658.3	9942.6	1363.9	9.9	11974.8	4.91	243874.7
1991	1336.1	6518.0	1619.2	9.7	9503.0	4.78	198856.8
1992	2385.0	15796.0	2630.9	86.9	20998.8	10.91	206048.8
1993	575.6	29681.6	2563.3	0.8	32821.4	13.82	237526.6
1994	1912.4	36924.3	4242.5	-3.6	43075.7	14.99	287274.5
1995	2975.6	41565.5	3756.0	-20.5	48276.6	13.36	361243.8
1996	1817.4	50262.7	3203.0	31.5	55314.6	14.02	394444.5
1997	3557.0	48300.5	7752.0	58.7	59668.2	12.82	465285.4
1998	1618.9	27020.9	8677.2	-110.5	37206.5	5.48	679497.7
1999	2603.1	40242.4	7527.9	-25.4	50348.0	-	-
2000	1348.1	74168.8	8211.5	20.0	83948.4	-	-
2001	-2639.5	53114.9	4445.4	15.4	54936.2	8.06	681550.4
2002	367.8	30505.8	5468.3	23.2	36365.2	7.32	496583.0
2003	1376.7	27540.9	6770.0	21.5	35709.1	6.77	527539.1
2004	3404.9	85823.7	18113.4	34.8	107376.8	11.78	911704.6
2005	2124.2	82162.5	18788.5	70.5	103145.7	12.32	837155.7
2006	8282.3	138603.3	42063.8	49.8	188999.2	13.87	1362786.9
2007	10914.1	220948.9	24402.2	37.5	256302.7	11.70	2190842.9
2008	9949.7	209639.4	37377.7	94.5	237061.3	15.00	1714712.5
2009	6395.3	209849.7	14762.8	83.1	231135.9	19.51	1184764.4
2010	10355.1	271633.8	54911.5	126.6	337027.0	24.22	1392058.1
2011	5276.2	299067.7	53526.1	90.1	357960.2	21.50	1628481.6
2012	10500.8	283142.8	39365.5	264.9	333274.0	25.78	1292298.1
2013	11002.1	340253.2	34158.5	142.1	38555.9	26.67	1446485.2
2014	10531.4	392338.8	21498.7	143.9	424512.8	30.85	1375837.6
2015	9548.8	357577.7	16555.7	-110.3	383571.7	22.27	1722753.8
2016	8425.1	366618.8	10886.7	106.7	386037.3	24.18	1596715.9

2017	11813.3	400135.1	35814.9	102.4	447865.8	27.82	1610113.3
2018	8189.3	360653.1	7514.9	-264.5	376092.8	39.5	941292.8
2019	4914.1	336212.8	46766.2	-838.7	387054.4	34.44	1123894.0
2020	-622.5	378381.9	-4663.8	-811.3	372284.4	47.70	780479.7
2021	2653.1	394118.3	41770.2	-160.0	438381.6	25.67	1707593.5

Source: UNCTAD FDI/MNE Data Base (www.unctad.org/fdistatistics)





The global FDI outflow falls by 31% in 2009 due to economic and financial crisis throughout the global. The share of outward FDI in developed countries decline from 85% to 80% in 2009 whereas total outflow fall by 31%. The decline in the developed countries was due to falling profit, less reinvestment due to financial pressure, withdraw of intra companies loans, re-channelled divide and decrease in the purchase and sale of merger and acquisition etc. Most of the countries tightened the rules and regulation for screening the projects and some implemented the economic and individual stimulating packages.The outflow from the developing countries also decline but their share in the global outflow was increased to 19% from 15% in 2008. The decrease was in all sub regions except South Africa, because it keep the abroad investment continue in natural resources and service sector. The outflow from Asia remain stagnant. The outflow from China and Hong Kong rise in non financial sector where as the outflow from West Asia decreased followed by Latin America and Caribbean. In order to promote the investment reduction in corporate tax was done but regulation frame work was tightened by adding local contents.

The outflow FDI share from the developed countriesin 2010 was 75.78% slight rise as compare to previous year. All the regions except North America recorded jump in the outward FDI. The corporate industrial restructuring, record cash holding by TNC, rising stock market valuation and new investment opportunities were the driving factors which encourage for outward FDI. Although future uncertainty was also expected due to unpredictable global economic governance, debt crisis and fiscal and financial sector imbalance etc. The outflow from the developing countries also rise by 17% in 2010 followed by rise in all regions but occeans shows the declining trend. The outflow from South East and South-East Asia rose by 19%. Outflow from China and Hong-Kong&India was high and China exceeded to Japan in outflow for the first time. The outflow trend was upward due to various corporate motiveand strategies and diversified investment pattern adopted by various economies to attract FDI. The outflow from the developed countries rose by 16% in 2011 and little upward in their global share. Reinvestment earning, cross border merger and acquisition and appreciation of Yen in Japan werethe main forces of exceeding outward FDI. The out ward FDI from the developing economies also increased but rise was only in Asia and all other region shows the declining trend. However the flow from East and South East Asia remain stagnant where as outflow from Latin America also fell down.

The outflow from developed countries decline from 1270521.4USDto 959024USD close to the level during 2009. "In 2012; 22 out of the 38 developed countries experienced a decline in outward FDI which leads to a decline of 24%."[19] The wait and watch policy was adopted by the transnations corporation for investment abroad in future. The outflow from Africa and Asia increased but Latin America recorded downfall. There was moderate increase in East and South East Asia but some decrease in South Asia. The outflow from China grew followed by Malaysia and Thailand.The recovery of outflow from the developed countries was noticed with an increase of more than 20% rise of outflow from Europe whereas North America recorded the slowdown and slipped down to 360794USD. The outflow from the other developed countries also rose and FDI from Japan rose for the third year. The outflow from Africa increased due to outflow towards the neighbouring countries. The companies from South Africa also expand their business in the neighbouring countries and whole continent. The China share of outflow also strengthened as compare to the previous year. The Indian domestic problems leads to drop in Indians outflow share to $1.7 billion in 2013. "High inflation and other micro economic problems have cast-doubts on prospects for FDI despite government ambitious to boost foreign investment."[21]

There was again downfall in the overall global FDI outflow share in 2014 and it fall by 49%. The fall was recorded only in the developed economies whereas there was 7% rise in the developing economies outflow. The outflow from European countries also declined but the outflow from Germany and Japan jumped. In North America the outflow camedown but outflow in United States increased modestly. The natural resources based companies in Russia reduce their outward investment due to constraints in intra companies finance, low commodities price and depreciated ruble etc. The outflow from the other developed countries increased but there was decrease in outflow from Japan. The outflow from Africa and Latin America decline where as Asia&Oceans shows the upward trend. The decline in Latin America was due to intra company loan and investment in off share financial centre's. The FDI outward flow at the global level jumped by 25% and due to which the outflow from the developed countries also rise and their share in global outflow reached at 77% from 69% in previous year. There was decline of FDI outflow from the developing countries and their share declined to 22%. In 2015 from 30% in 2014. The rise from the developed countries was 40% followed by more than double rise from the Europe and became the largest investing region in outflow FDI. The increase was also noticed in United Kingdom and Switzerland. The outflow from North America fall due to declining overseas earnings but outflow from Canada rise. The outflow from Japantargetted the developed countries for investment.

There was overall decline in Asia's outflow for the fourth consecutive year but outflow from China, Hong-Kong, Singapore and Korea increased. South, East and South East Asia outflow show the declining trend. The outflow from Africa fall due to reduction of investment by South Africa and other neighbouring countries due to fall in commodities price and depreciation in national currency. The companies from North Africa show the more interest in investment in financial services, telecommunication and other sectors. The overall FDI outflow at the global level remain weak and leads to drop the FDI outflow from the developed and developing countries in 2016. The fall in Europe was due to diminishing intra companies loans and decline was for the third consecutive year. The outflow from the more countries in Europe such as Germany and Luxemburg also decline due to purchase of merger & acquisition turned negative and equity value also turned negative. The overall outflow from North America rise very slightly. The outflow form Asia slide up and where as India's outflow fall by one third "The signing of tax treaty by India government in 2016 'might have contributed to reduce tripping FDI."[22]The outflow in Latin America was plunged due to effect of swings in intra companies loans and repayment of outstanding liabilities.

The overall level of FDI outflow at global level remain close to the level of 2013 in 2017 and there was decline as compare to previous year. In Europe the outflow decline by 16% where as the share of outflow from North America and other developed countries increased by 14% and 6% respectively. The increase of outflow from North America was due to increase in reinvestment earning. The flow of FDI from Japan was toward United States and United Kingdom.After the continue fall for three years the outflow from Africa rise and this rise was due to more outflow from African and Nigeria firms.Major African MNE other than “South Africa firm have in the last few years expanded their international foot print both within region and both in developed and developing economies."[23] The outflow from Asia shot up by 9% but there was decline in the outflow from China due to policies of China to clamp down on outward FDI. West, East Asia experienced down fall, where as South East Asia and South Asia experienced upward trend. The outflow from India also double to $11billion.

“India's state owned company ONGC had 39 projects in 18 countries producing 2,85,000 barrels of oils and oil equivalent gas per day."[24]The share of the developed countries in the global outflow share was 60.05% in 2018 and there was more than 51% decline in their share. The outflow from Europe decline by 14% due to decrease of outflow from Japan and Germany. The outflow from North America was negative during the year. The slump of FDI in North America also affected the Europe, Caribbean and Singapore. The outflow from Japan also fell down due to the cancellation of its projects i.e. construction of nuclear power plant. The ‘Toshiba’ United States nuclear plant construction business house become bankrupt and sold to private equity group. The increasing cost, fall of re-earnings and negative flows from intra-companies loan were the driving factors for declining trend. The outflow from the developing countries dropped by 15% whereas their share also declined from 1610113 USD in 2017 to 941222 USD in 2018. The overall percentage share of the developing countries also declined. The decline was in all regions. The outflow from Latin America was nearly half and decline was 79%. Although outflow deals were made by South Africa but not matured in time.

The share of developed countries during 2019 rise to 65% from 60% in the previous year and overall increase was 30%. The outflow from Europe falls as compared to previous year whereas the outflow from North America jumped more than doubled. The main outflow from Japan was in retail, wholesale, pharma and chemical sectors. The outflow from North America was in telecommunication and electronics sector. The rise was seen due to United States reform and fall in the purchase of merger and acquisition. The share of developing countries in 2019 shows the slight down fall. The outflow from South Africa reached at its bottom point after 2005. The outflow from Asia also decline by a little margin. The decline from East Asia remain continue for the third year followed by China and Hong-Kong decline for two years. The outflow from South, West and South-East Asia also face the declining trend. The companies from India have made more than 90% investment in the sub-regions of Asia. The outflow from Latin America take a very high jump i.e. more than six times as compared to previous year. The continue restriction on outflow, decrease of merger and acquisition by China, geopolitical tension, falling commodities price, decrease of outward investment by MNE and challenging environment of business at the global level were also main factors of downfall of outward FDI.

The global FDI outflow fall both in developed and developing countries in 2020. The main fall was concentrated in developed countries as their share fall from 65% in 2019 to 52% in 2020. The outflow from developing countries fall by a little margin but their share in global FDI outflow rise by 13% as compared to previous year. The outflow from Africa fall for the two continuous year and converted to negative in 2020. The outflow from Asia increased due to continue expansion of China MNE. The outflow from Latin America and Caribbean collapse in 2020 after more than six-fold jump in the previous year i.e. 2019. The overall fall due to the contraction of economic activities and fixed capital formation and withdraw of outflow by Brazil firms. The global outflow FDI was changed in 2021 due to change in global investment environment and there was strong recovery in all the economies and regions. The developed countries accounted for strong growth both in inflows and outflows. The FDI outflow from the developed countries increase by more than 200%. United States, Germany, Japan, United Kingdom and China were the top five sources of outflow in 2021 after the Covid-19 pandemic. The negative outflow from Europe rebounded due to positive outflow from Untied Kingdom, Russia and Germany. The outflow from North America also recorded a jump of more than 40% in 2021. The outflow from the developed countries rose by more that 40% due to rise of outflow from Japan MNE. The outflow from the developing countries MNE also take a jump toward upward by 17% but the share of developing countries in global share went down from 47% to 25% as compare to previous year. Asia remain as the strongest region for investment outside even during Covid-19 pandemic. The FDI outflow increase by 40% although the outflow from China and Hong-Kong fall during the year.

CONCLUSION

The developed countries remain as the leading investors of outward FDI from beginning whereas the developing countries emerged as new investors of outward FDI after 2001. The FDI inflow and outflow have the positive, negative and neutral effect on the home and host countries development and domestic investment. The outward FDI play a significant role in increasing competitiveness, influence the domestic capital formation, sustainable growth, increasing and improving the training and qualification of local workforce, promote learning skill, access distribution network, access new market, augment managerial skill and moreover it can be used as “springboard” and “stepping stone”.

The FDI inflow and outflow may have the profit or loss to the home or host countries, but the cost benefit analysis must be done before allowing inward or making outward investment by taking into consideration the regulation frame work, incentive and short term and long term effects.

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