I. Global FDI and China’s Foreign Capital Intake, 2007

A. Global FDI Reached a New High

According to primary estimates by UNCTAD, global foreign direct investment (FDI) in 2007 rose continuously to US $1.54 trillion, an increase of 17.8% over the US $1.31 trillion figure in 2006. Of this, US $1 trillion flowed into developed countries, an increase of 16.8%; US $438.4 billion flowed into developing countries, an increase of 15.7%. The United States attracted the most FDI, following in sequence by the United Kingdom, France, and the Netherlands, each absorbing foreign capital of over US $100 billion. China ranked fifth, but maintained its poll position among developing countries.

B. Inward Foreign Capital Continued to Expand in Developing Countries and Soared in Countries Undergoing Structural Changes

Developing countries absorbed a total of US $438.4 billion, of which US $277 billion was absorbed in Asia and Oceania, an increase of 6.6 percentage points over 2006, remaining the major host areas for FDI. The fastest growth, however, occurred in the Latin American and Caribbean regions, with inward FDI amounting to US $125.8 billion, an increase of 50.2% over 2006. Of this, Brazil absorbed US $37.4 billion, an increase of 99.3%; Chile absorbed US $15.3 billion, an increase of 92.2%; Mexico absorbed US $36.7 billion, an increase of 92.9%. In the Asia-Pacific Region, Malaysia, Singapore, and Hong Kong enjoyed the highest FDI growth rates, with 54.4%, 52.6%, and 26.9%, respectively.

One remarkable feature of global GDP in 2007 was the high rate at which economies undergoing structural transformation absorbed foreign
capital through inward FDI, reaching a total of US $97.6 billion in 2007, an increase of 40.8% over the US $69.3 billion figure for 2006. Russia maintained its high inward FDI growth rate with US $48.9 billion in 2007, an increase of 70.3% over 2006.

C. China’s Inward FDI Rose Considerably

Against the background of a strong recovery in global outward FDI, China’s inward FDI continued to rise. According to statistics on total foreign investment, 37,888 foreign-funded enterprises were approved in 2007, with US $82.66 billion in actual investment, a decrease of 8.69% and an increase of 13.8% over 2006, respectively. Similarly, 37,871 foreign-funded non-financial sector businesses were approved in 2007 with US $74.77 billion in actual investment, a decrease of 8.69% but an increase of 13.59% over 2005, respectively (see Figure 14.1).

D. China’s Global Ranking Declined, but it Maintained its Poll Position among Developing Host Countries

A substantial increase in FDI was recorded globally in 2007. The United States absorbed FDI of US $192.9 billion, ranking first. The United