

**note 1-428-827**  
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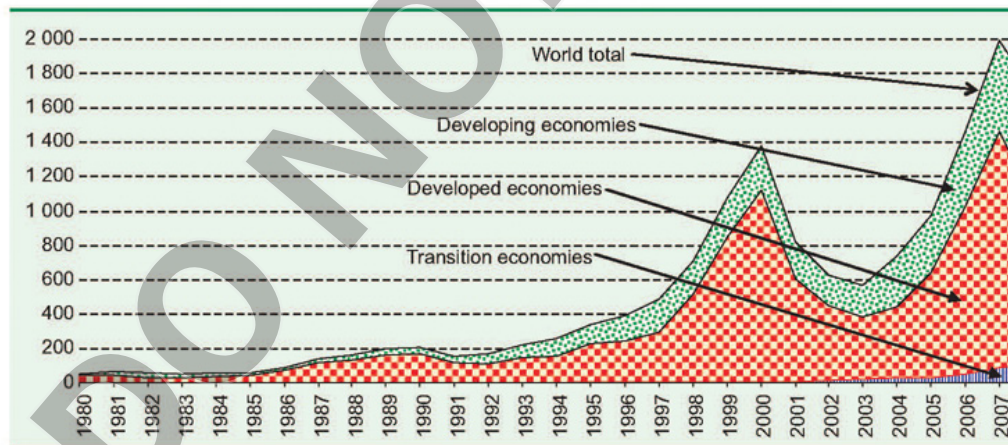
## Note on Foreign Direct Investment

*It has been said that arguing against globalization is like arguing against the laws of gravity.*

Kofi Annan

Foreign Direct Investment (FDI) and its corresponding effects have become extremely important in the public and private sectors. As the world became more globalized, the last decades of the twentieth century saw an unprecedented increase in foreign investment and growing controversy regarding the regulation of investment across borders. In 1970, total world FDI flows were \$13.4 billion (US). That figure jumped to \$54.1 billion in 1980, \$207.3 billion in 1990, \$1.38 trillion by 2000, and \$1.98 trillion in 2007 (see **Figure 1**). Many countries liberalized their economies over these decades and attracted an influx of FDI, which brought not only capital, but also advanced managerial expertise, technology, and connections to global networks. Romania, for example, received \$40 million in 1991, more than \$1 billion by 2000, and more than \$11 billion by 2006.<sup>1</sup>

**Figure 1**  
**FDI Inflows, Global and By Groups of Economies**  
*In billions of US dollars, 1980-2007*



Source: UNCTAD FDI/TNC database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics))



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