



TRENDS IN FOREIGN DIRECT INVESTMENT IN ASIA

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21 July 2020 | RCI-POD No. 6 FDI in the time of COVID-19
Asian Development Bank



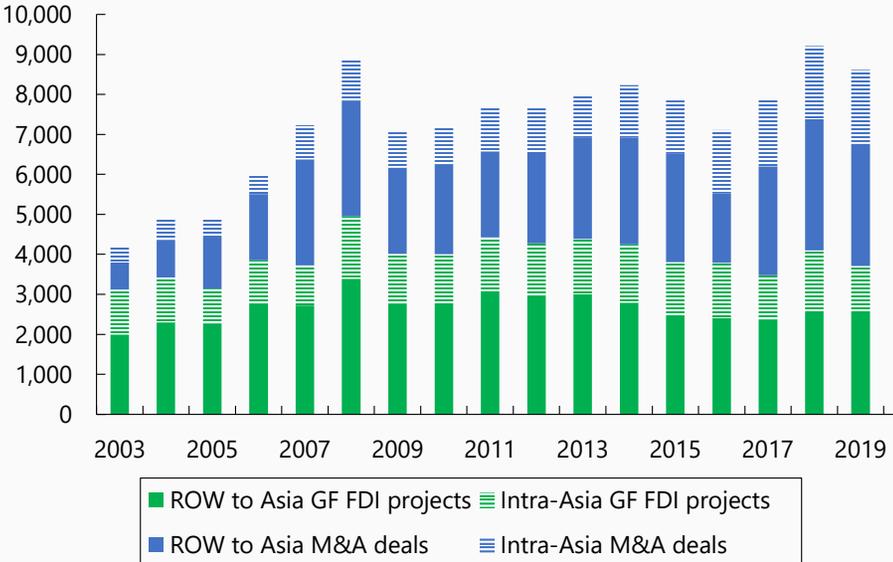
Key Messages

- The COVID-19 crisis is having strong potentially long-term effects on FDI flows globally
- In developing Asia, FDI flows may decrease between 30% and 45% in 2020, surpassing the fall during the global financial crisis.
- Delays in the implementation of investment projects, and long-term adjustments from MNEs to secure production resilience will both impact the region's investment potential.
- Asian economies are expected to endure a more difficult scenario than industrialized ones, where services FDI, such as health care, technology, telecommunications, is coping better during the pandemic.
- FDI could also play an important role in supporting Asia during the economic recovery. Actions taken today by policy makers will impact the level and quality of foreign investment in the future.

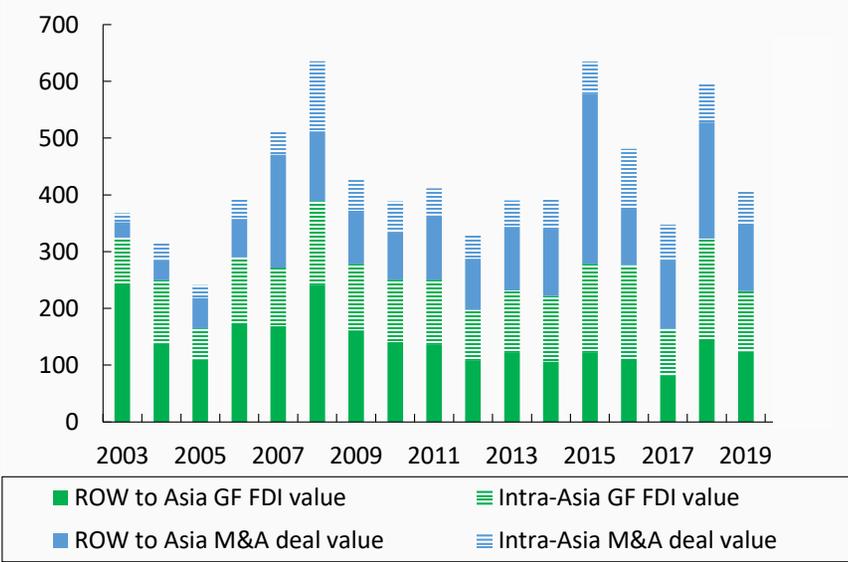
Inward FDI to Asia already declining in 2019

Inward Foreign Direct Investment in Asia, by Mode of Entry

a. Number of FDI projects in Asia (thousands)



b. Value of FDI in Asia (\$ billion)



FDI = foreign direct investment, GF = greenfield, M&A = merger and acquisition, ROW = rest of the world.

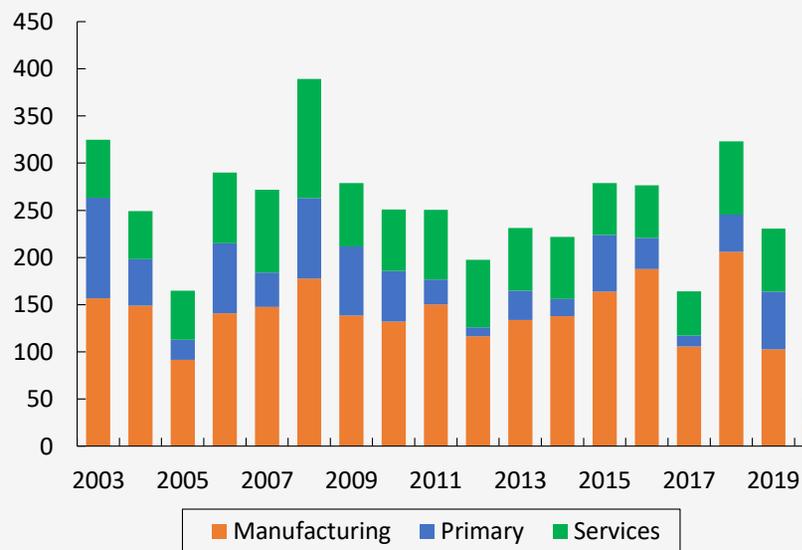
Note: Estimates for 2020 cover January to April for greenfield FDI and January to May for M&As.

Sources: ADB calculations using data from Bureau van Dijk, Zephyr M&A Database; and Financial Times. fDi Markets (both accessed June 2020).

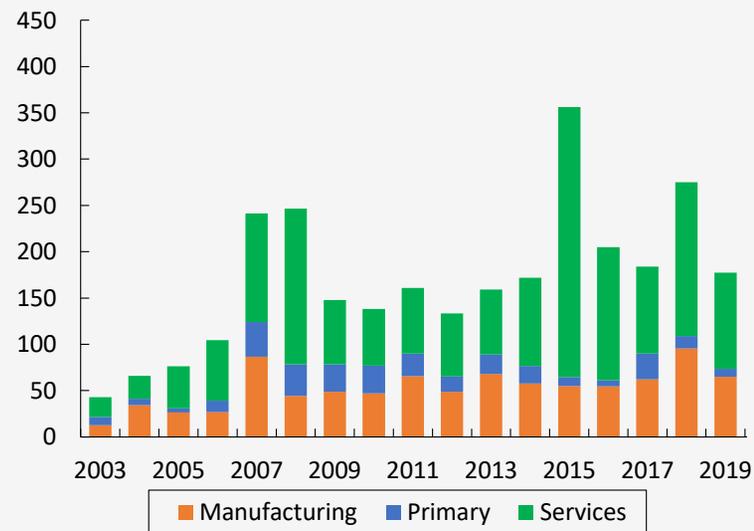
Losses in manufacturing and services in 2019

Total Inward Foreign Direct Investment to Asia, by Sector (\$ billion)

a. Greenfield FDI



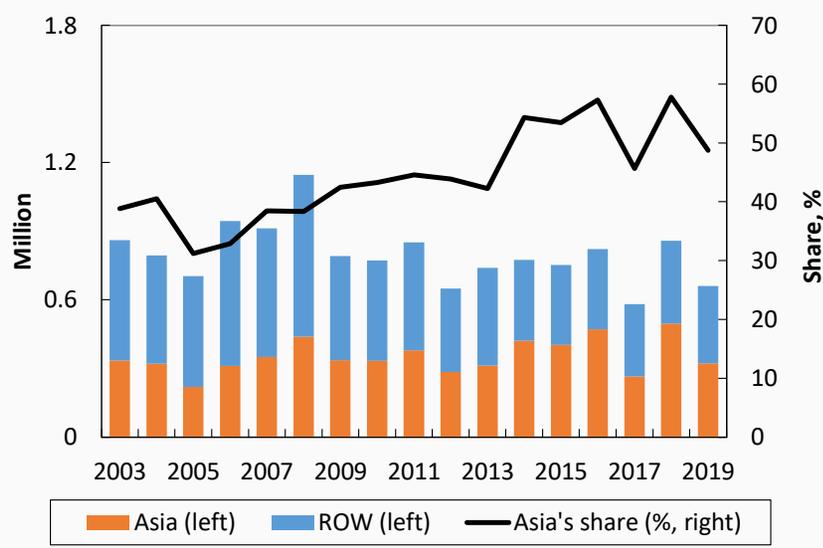
b. M&A



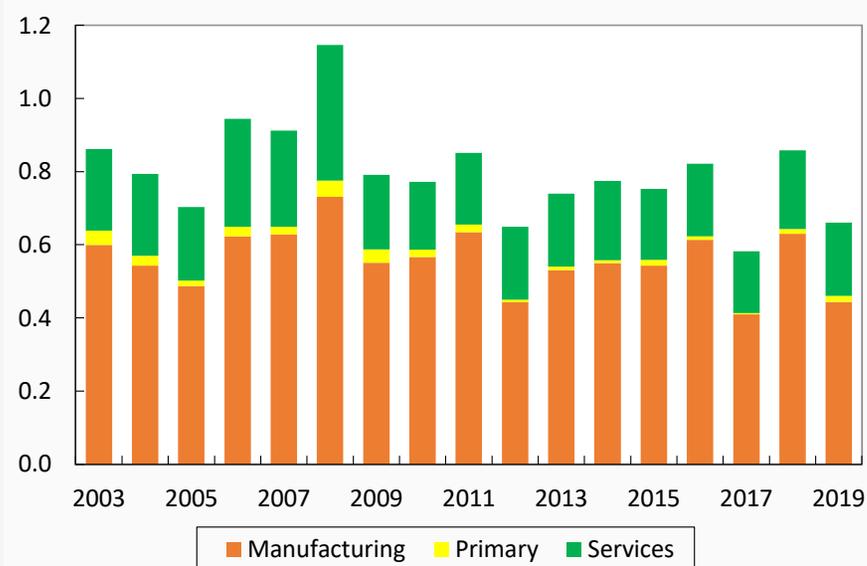
Employment linked to FDI declined in 2019

Inward Greenfield FDI Job Creation in Asia, by Source

a. Total



b. Per sector



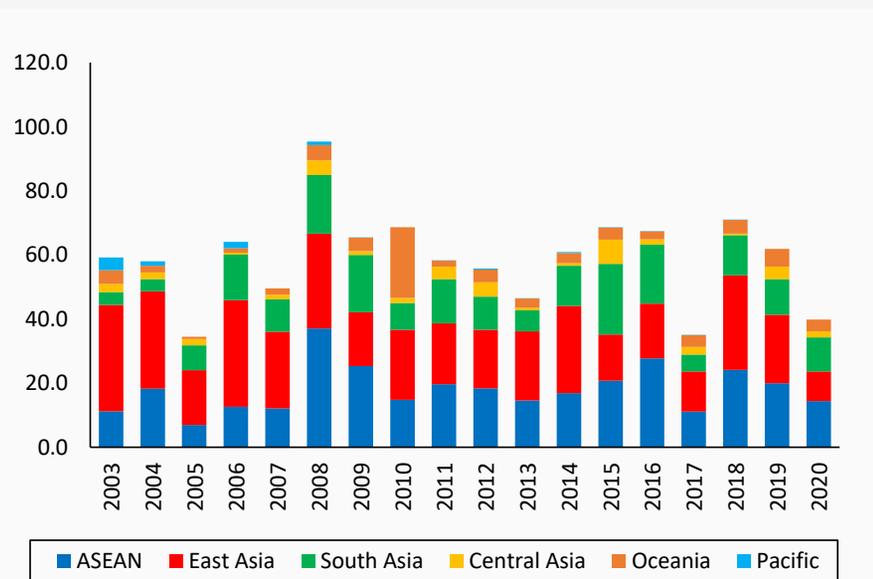
FDI early estimates 2020



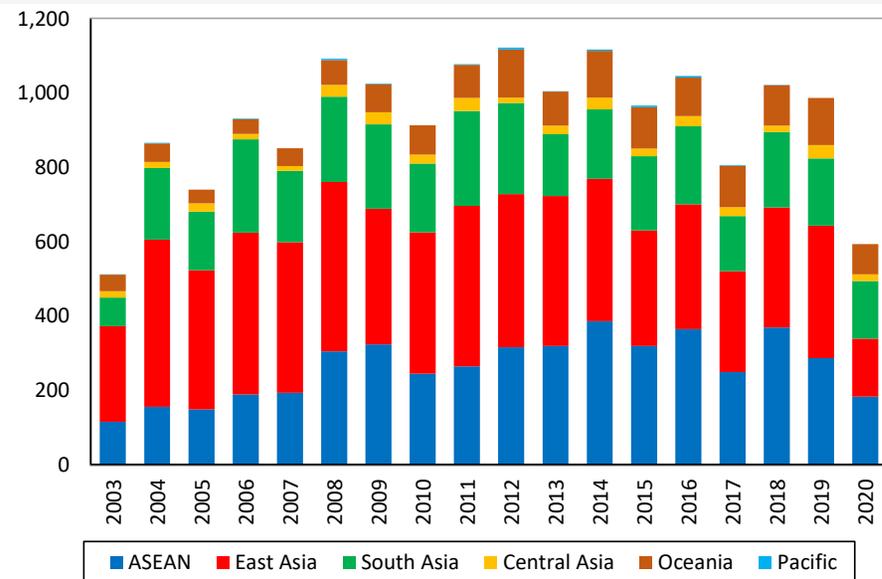
Signs of deterioration in greenfield investment in 2020

Inward Greenfield Investment to Asia Pacific by subregion—First Quarter estimates

a. Greenfield FDI—First Quarter Estimates, 2003–2020 (\$ billion)



b. Greenfield Projects—First Quarter Estimates, 2003–2020

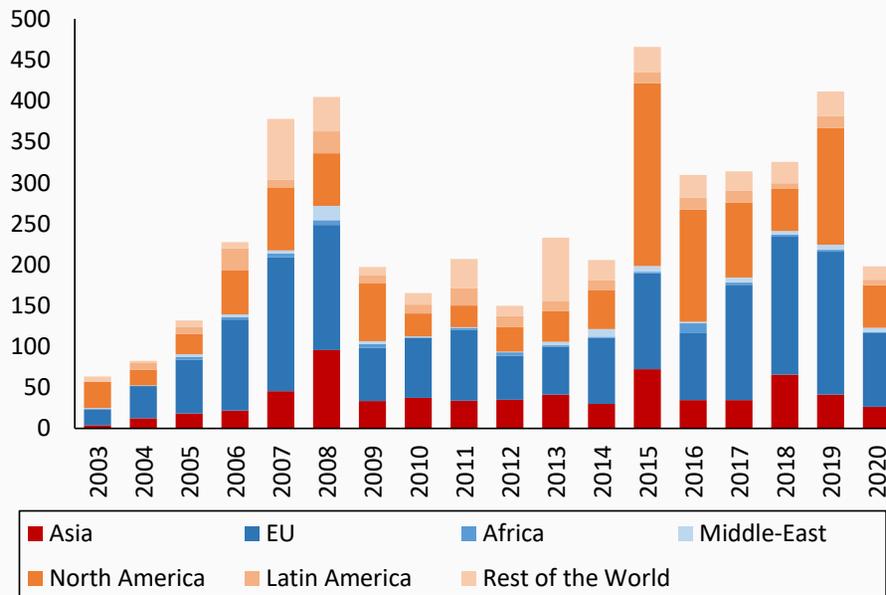


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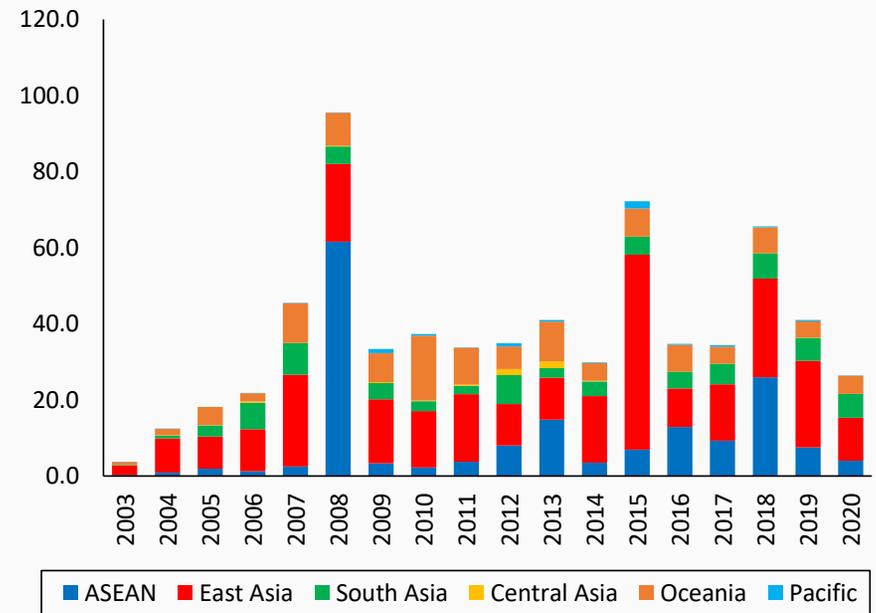
...and also M&As

Inward M&A investment to Asia—First Quarter estimates, 2003-20 (billion)

a. Global



b. Asia

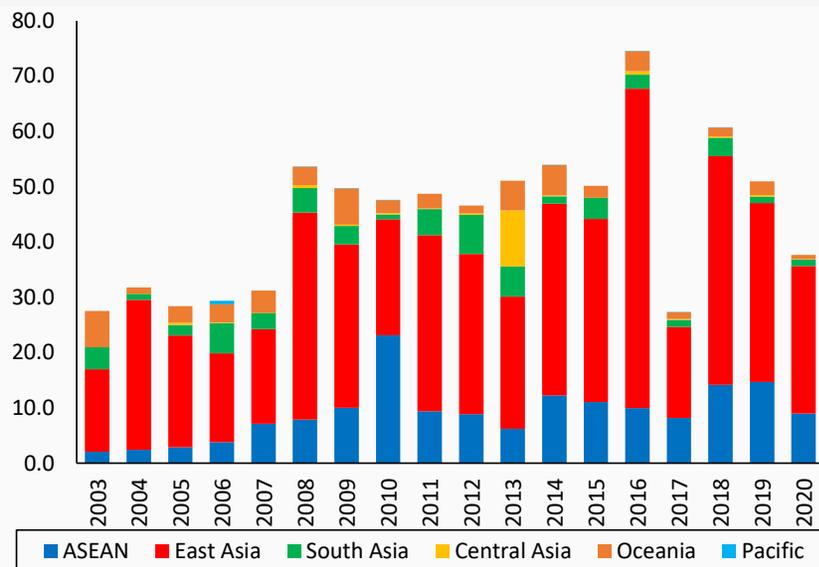


Source: Bureau van Dijk. Zephyr M&A Database.

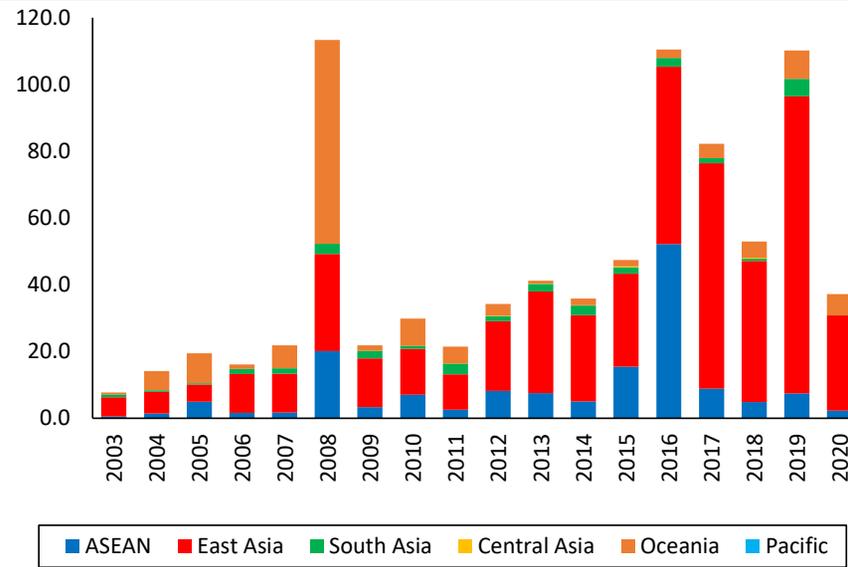
Asia's outward investment also shows signs of slowing down

Outward FDI from Asia Pacific – First Quarter estimates, 2003-20 (\$ billion)

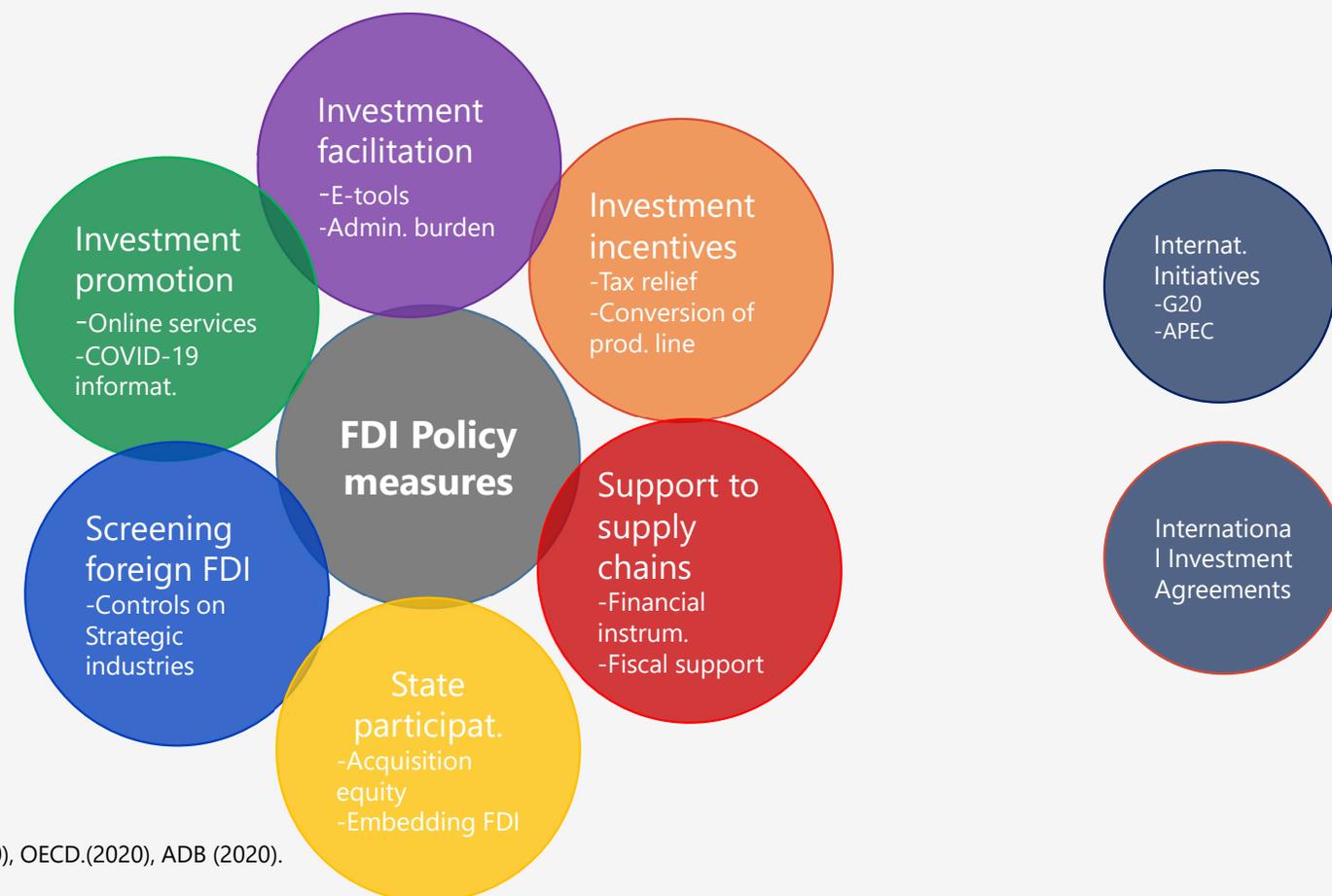
a. Greenfield



b. M&A



Asia's policy measures to support FDI



Thank you!

<https://aric.adb.org/>



Annex



Top Asia's investments Jan-May 2020 - Greenfield

Greenfield				
Inward				
Parent company	Source country	Destination country	Sector	Capital investment (USD million)
Royal Dutch Shell Plc	Netherlands	Australia	Coal, oil & gas	6,400
ChemOne	Singapore	Malaysia	Chemicals	3,380
Air Products and Chemicals	United States	Indonesia	Chemicals	2,000
IMR Metallurgical resources AG	Switzerland	India	Metals	1,622
Nippon Telegraph & Telephone (NTT)	Japan	India	Communications	1,500
Toyota Motor	Japan	PRC China	Automotive OEM	1,200
ACWA Power International	Saudi Arabia	Uzbekistan	Coal, oil & gas	1,200
China General Technology Group	PRC China	Myanmar	Coal, oil & gas	1,149
Outward				
Parent company	Source country	Destination country	Sector	Capital investment (USD million)
Taiwan Semiconductor Manuf. (TSMC)	Taipei,China	United States	Semiconductors	12,000
ChemOne	Singapore	Malaysia	Chemicals	3,380
Nippon Telegraph & Telephone (NTT)	Japan	India	Communications	1,500
Marubeni	Japan	UAE	Coal, oil & gas	1,444
Toyota Motor	Japan	PRC China	Automotive OEM	1,200
China General Technology Group	PRC China	Myanmar	Coal, oil & gas	1,149
China General Technology Group	PRC China	Myanmar	Coal, oil & gas	1,149
China General Technology Group	PRC China	Myanmar	Coal, oil & gas	1,149
Royal Golden Eagle (RGE Group)	Singapore	Indonesia	Textiles	1,100
Prime Metro Power Holdings Corporation	Philippines	Iraq	Coal, oil & gas	1,059

Top Asia's investments Jan-May 2020 – M&A

M&A				
Inward				
Target Company Name	Partner	Reporter	Sector	Deal Value (\$ mn)
GLAXOSMITHKLINE CONSUMER	United Kingdom	India	Food & Beverages	4,204
BANK PERMATA TBK, PT	Thailand	Indonesia	Financial services	2,279
HINDUSTAN UNILEVER LTD	France	India	Chemicals	1,670
SIEMENS LTD	Germany	India	Electronic components	1,123
NINTENDO CO., LTD	United States of America	Japan	Consumer products	1,114
FRASERS COMMERCIAL TRUST	Australia	Singapore	Real estate	1,106
BEIJING ZIROOM INFORMATION TECHN.	Japan	China	Communications	1,000
VIETCOMBANK CARDIF LIFE	Hong Kong	Vietnam	Financial services	1,000
ADANI GAS LTD	France	India	Coal, oil & gas	859
SHOWA AIRCRAFT INDUSTRY CO., LTD	Cayman Islands	Japan	Aerospace	836
Outward				
Target Company Name	Partner	Reporter	Sector	Deal Value (\$ mn)
ENECO GROEP NV	Japan	Netherlands	Renewable energy	4,434
AUDENTES THERAPEUTICS INC.	Japan	United States of America	Business services	3,000
ALERIS CORPORATION	India	United States of America	Metals	2,800
BANK PERMATA TBK, PT	Thailand	Indonesia	Financial services	2,279
GRIFOLS DIAGNOSTIC SOLUTIONS INC.	China	United States of America	Healthcare	1,884
YAGEO HOLDING HUNGARY LLC	Taiwan	Hungary	Business services	1,640
FINANCE TOWER IN BRUSSELS, BELGIUM	Korea, Republic of	Belgium	Real estate	1,337
LUZ DEL SUR SAA	China	Peru	Coal, oil & gas	1,197
FRASERS COMMERCIAL TRUST	Australia	Singapore	Real estate	1,106
CONTINENTAL GOLD INC.	China	Canada	Metals	1,046