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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

WIR 2008

WORLD INVESTMENT REPORT

Transnational Corporations and the Infrastructure Challenge

UNITED NATIONS

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UNITED NATIONS
New York and Geneva, 2008

NOTE

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Developing economies: in general all economies not specified above. For statistical purposes, the data for China do not include those for Hong Kong Special Administrative Region (Hong Kong SAR), Macao Special Administrative Region (Macao SAR) and Taiwan Province of China.

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The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row;

A dash (–) indicates that the item is equal to zero or its value is negligible;

A blank in a table indicates that the item is not applicable, unless otherwise indicated;

A slash (/) between dates representing years, e.g., 1994/95, indicates a financial year;

Use of an en dash (–) between dates representing years, e.g., 1994–1995, signifies the full period involved, including the beginning and end years;

Reference to "dollars" ($) means United States dollars, unless otherwise indicated;

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates;

Details and percentages in tables do not necessarily add to totals because of rounding.

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PREFACE

World foreign direct investment inflows rose last year to a record level of $1.8 trillion. Developing and transition economies attracted more flows than ever before, reaching nearly $600 billion – a 25 per cent increase over 2006, and a third of the global total. While global foreign direct investment flows are projected to decline this year, those to developing and transition economies are expected to suffer less, despite the current financial and credit crisis.

One of the main challenges for the international community is to mobilize greater financial flows for investment conducive to poverty reduction and the achievement of the Millennium Development Goals. In particular, developing countries require investments that will strengthen the infrastructure industries and services that are so essential for future growth and for the social well-being of the poor. The *World Investment Report 2008* examines the ways, extent and conditions under which transnational corporations can contribute to meeting the infrastructure challenge.

The *Report* argues that while the participation of transnational corporations in the infrastructure sector of developing countries has risen significantly, a huge gap remains between current investment levels and what is still needed. Filling the investment gap is particularly urgent in the case of essential infrastructure industries, such as water and electricity; and is critically important in sectors such as telecommunications and transport.

The *Report* cautions against unrealistic expectations about the contribution of transnational corporations. Companies will only invest in infrastructure projects that can assure adequate returns for commensurate risks. It has proven difficult for countries with small economies and weak governance systems to attract transnational corporations into infrastructure. The policy challenge is to create the appropriate conditions to facilitate investments that can contribute to poverty alleviation and accelerated development.

There is a need to encourage greater involvement by transnational corporations and to maximize host-country benefits from their technological and other assets. This implies improved governance and capacity-building in host countries, the provision of greater financial and technical support from development partners, and responsible infrastructure investors. A concerted effort by all parties is required. Toward that end, this *Report* offers valuable information and analysis, and I commend it to a wide global readership.

Ban Ki-moon
Secretary-General of the United Nations

New York, July 2008

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