



6.7 Global financial flows

	Net private capital flows		Foreign direct investment		Portfolio investment flows				Bank and trade-related lending	
	\$ millions		\$ millions		Bonds \$ millions		Equity \$ millions		\$ millions	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Albania	31	42	0	45	0	0	0	0	31	-3
Algeria	-424	-1,321	0	5	-16	0	0	2	-409	-1,328
Angola	235	40	-335	360	0	0	0	0	570	-320
Argentina	-203	18,899	1,836	6,150	-857	9,037	13	50	-1,196	3,662
Armenia	0	232	0	232	0	0	0	0	0	0
Australia	..	..	7,465	6,165	..	..	..	..	..	..
Austria	..	..	653	6,034	..	..	..	..	..	..
Azerbaijan	..	1,081	..	1,023	..	0	..	0	..	58
Bangladesh	70	288	3	308	0	0	0	3	67	-23
Belarus	..	122	..	149	..	0	..	0	..	-27
Belgium	..	..	..	..	..	..	..	..	..	..
Benin	1	34	1	34	0	0	0	0	0	0
Bolivia	3	860	27	872	0	0	0	0	-24	-12
Bosnia and Herzegovina	..	..	..	..	..	..	..	..	..	..
Botswana	77	91	95	95	0	0	0	0	-19	-4
Brazil	562	54,385	989	31,913	129	1,409	0	542	-556	20,521
Bulgaria	-42	498	4	401	65	-57	0	66	-111	88
Burkina Faso	0	0	0	0	0	0	0	0	0	0
Burundi	-5	2	1	1	0	0	0	0	-6	1
Cambodia	0	118	0	121	0	0	0	0	0	-3
Cameroon	-125	1	-113	50	0	0	0	0	-12	-49
Canada	..	..	7,581	16,514	..	..	..	..	..	..
Central African Republic	0	5	1	5	0	0	0	0	-1	0
Chad	-1	16	0	16	0	0	0	0	-1	0
Chile	2,098	9,252	590	4,638	-7	702	320	87	1,194	3,825
China	8,107	42,676	3,487	43,751	-48	1,587	0	1,273	4,668	-3,936
Hong Kong, China	..	..	..	..	..	..	..	..	..	..
Colombia	345	3,629	500	3,038	-4	1,752	0	26	-151	-1,187
Congo, Dem. Rep.	-24	1	-12	1	0	0	0	0	-12	0
Congo, Rep.	-100	4	0	4	0	0	0	0	-100	0
Costa Rica	23	800	163	559	-42	184	0	0	-99	57
Côte d'Ivoire	57	181	48	435	-1	-23	0	6	10	-237
Croatia	..	1,666	..	873	..	89	..	205	..	499
Cuba	..	..	..	..	..	..	..	..	..	..
Czech Republic	876	3,331	207	2,554	0	837	0	129	669	-188
Denmark	..	..	1,132	6,373	..	..	..	..	..	..
Dominican Republic	130	771	133	691	0	-4	0	74	-3	10
Ecuador	183	584	126	831	0	-10	0	0	57	-238
Egypt, Arab Rep.	698	1,385	734	1,076	-1	0	0	494	-35	-186
El Salvador	8	242	2	12	0	0	0	0	6	230
Eritrea	..	0	..	0	..	0	..	0	..	0
Estonia	..	714	..	581	..	17	..	53	..	63
Ethiopia	-45	6	12	4	0	0	0	0	-57	2
Finland	..	..	812	12,029	..	..	..	..	..	..
France	..	..	13,183	27,998	..	..	..	..	..	..
Gabon	103	-57	74	-50	0	0	0	0	29	-7
Gambia, The	-8	13	0	13	0	0	0	0	-8	0
Georgia	..	57	..	50	..	0	..	0	..	7
Germany	..	..	2,532	18,712	..	..	..	..	..	..
Ghana	-5	42	15	56	0	0	0	15	-20	-29
Greece	..	..	1,005	..	..	..	..	..	..	..
Guatemala	44	621	48	673	-11	-31	0	0	7	-21
Guinea	-1	-9	18	1	0	0	0	0	-19	-10
Guinea-Bissau	2	1	2	1	0	0	0	0	0	0
Haiti	8	11	8	11	0	0	0	0	0	0
Honduras	77	193	44	84	0	-32	0	0	33	141



Global financial flows 6.7

	Net private capital flows		Foreign direct investment		Portfolio investment flows				Bank and trade-related lending	
	\$ millions		\$ millions		Bonds \$ millions		Equity \$ millions		\$ millions	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Hungary	-308	4,683	0	1,936	921	688	150	259	-1,379	1,800
India	1,872	6,151	162	2,635	147	4,120	105	342	1,458	-946
Indonesia	3,235	-3,759	1,093	-356	26	-141	312	250	1,804	-3,512
Iran, Islamic Rep.	-392	588	-362	24	0	0	0	0	-30	564
Iraq	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	627	2,920	..	..	..	..	..	..
Israel	..	..	129	1,850	..	..	..	..	..	..
Italy	..	..	6,411	2,635	..	..	..	..	..	..
Jamaica	92	586	138	369	0	250	0	0	-46	-33
Japan	..	..	1,777	3,268	..	..	..	..	..	..
Jordan	254	207	38	310	0	-10	0	11	216	-104
Kazakhstan	..	1,983	..	1,158	..	100	..	0	..	725
Kenya	122	-57	57	11	0	0	0	4	65	-72
Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..
Korea, Rep.	1,056	7,644	788	5,415	168	1,220	518	4,096	-418	-3,087
Kuwait	..	..	..	59	..	..	..	..	..	..
Kyrgyz Republic	..	108	..	109	..	0	..	0	..	-2
Lao PDR	6	46	6	46	0	0	0	0	0	0
Latvia	..	366	..	357	..	0	..	4	..	5
Lebanon	12	1,740	6	200	0	1,350	0	147	6	43
Lesotho	17	281	17	265	0	0	0	0	0	16
Libya	..	..	..	..	..	..	..	..	..	..
Lithuania	..	982	..	926	..	0	..	0	..	57
Macedonia, FYR	..	190	..	118	..	0	..	0	..	72
Madagascar	7	15	22	16	0	0	0	0	-15	-1
Malawi	2	24	0	1	0	0	0	24	2	-1
Malaysia	769	8,295	2,333	5,000	-1,239	-314	293	592	-617	3,017
Mali	-8	17	-7	17	0	0	0	0	-1	0
Mauritania	6	3	7	5	0	0	0	0	-1	-2
Mauritius	86	-79	41	12	0	0	0	8	45	-99
Mexico	8,253	23,188	2,634	10,238	661	2,428	563	730	4,396	9,792
Moldova	..	62	..	85	..	0	..	0	..	-23
Mongolia	..	7	..	19	..	0	..	0	..	-12
Morocco	341	965	165	322	0	0	0	174	176	470
Mozambique	35	209	9	213	0	0	0	0	26	-4
Myanmar	153	153	161	70	0	0	0	0	-8	83
Namibia	..	..	..	..	..	..	..	..	..	..
Nepal	-8	-1	6	12	0	0	0	0	-14	-13
Netherlands	..	..	12,352	33,346	..	..	..	..	..	..
New Zealand	..	..	1,735	..	..	..	..	..	..	..
Nicaragua	21	171	0	184	0	0	0	0	21	-13
Niger	9	-23	-1	1	0	0	0	0	10	-24
Nigeria	467	1,028	588	1,051	0	0	0	2	-121	-25
Norway	..	..	1,003	3,597	..	..	..	..	..	..
Oman	-259	-214	141	106	0	0	0	10	-400	-330
Pakistan	182	806	244	500	0	0	0	0	-63	306
Panama	127	1,459	132	1,206	-2	218	0	0	-4	34
Papua New Guinea	204	230	155	110	0	0	0	0	49	120
Paraguay	67	236	76	256	0	0	0	0	-9	-20
Peru	59	2,724	41	1,930	0	0	0	174	18	620
Philippines	639	2,587	530	1,713	395	151	0	454	-286	269
Poland	71	9,653	89	6,365	0	1,202	0	969	-18	1,117
Portugal	..	..	2,610	1,783	..	..	..	..	..	..
Puerto Rico	..	..	..	..	..	..	..	..	..	..
Romania	4	1,826	0	2,031	0	0	0	42	4	-247
Russian Federation	5,562	19,346	0	2,764	310	11,538	0	296	5,252	4,748



6.7 Global financial flows

	Net private capital flows		Foreign direct investment		Portfolio investment flows				Bank and trade-related lending	
	\$ millions		\$ millions		Bonds \$ millions		Equity \$ millions		\$ millions	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Rwanda	6	7	8	7	0	0	0	0	-2	0
Saudi Arabia	..	..	..	..	..	..	..	..	..	..
Senegal	42	24	57	40	0	0	0	0	-15	-16
Sierra Leone	36	5	32	5	0	0	0	0	4	0
Singapore	..	..	5,575	7,218	..	..	..	..	..	..
Slovak Republic	278	1,480	0	562	0	-570	0	0	278	1,488
Slovenia	..	..	..	165	..	..	..	..	..	..
South Africa	..	783	..	550	..	303	..	619	..	-689
Spain	..	..	13,984	11,392	..	..	..	..	..	..
Sri Lanka	54	325	43	193	0	65	0	6	11	61
Sudan	0	371	0	371	0	0	0	0	0	0
Sweden	..	..	1,982	19,413	..	..	..	..	..	..
Switzerland	..	..	4,961	5,488	..	..	..	..	..	..
Syrian Arab Republic	18	76	71	80	0	0	0	0	-53	-4
Tajikistan	..	-3	..	18	..	0	..	0	..	-21
Tanzania	4	157	0	172	0	0	0	0	4	-16
Thailand	4,399	7,825	2,444	6,941	-87	-632	449	2,341	1,593	-826
Togo	0	0	0	0	0	0	0	0	0	0
Trinidad and Tobago	-69	761	109	730	-52	0	0	0	-126	31
Tunisia	-122	694	76	650	-60	0	0	40	-138	4
Turkey	1,782	1,641	684	940	597	-535	35	880	466	357
Turkmenistan	..	473	..	130	..	0	..	0	..	343
Uganda	16	198	0	200	0	0	0	0	16	-2
Ukraine	..	2,087	..	743	..	1,076	..	0	..	267
United Arab Emirates	..	..	..	..	..	..	..	..	..	..
United Kingdom	..	..	32,518	67,481	..	..	..	..	..	..
United States	..	..	48,954	193,373	..	..	..	..	..	..
Uruguay	-192	496	0	164	-16	336	0	0	-176	-5
Uzbekistan	..	592	..	200	..	0	..	0	..	392
Venezuela, RB	-126	6,866	451	4,435	345	1,408	0	64	-922	959
Vietnam	16	832	16	1,200	0	0	0	0	0	-368
West Bank and Gaza	..	..	..	..	..	..	..	..	..	..
Yemen, Rep.	30	-210	-131	-210	0	0	0	0	161	0
Yugoslavia, FR (Serb./Mont.)	..	0	..	0	..	0	..	0	..	0
Zambia	194	40	203	72	0	0	0	0	-9	-32
Zimbabwe	85	-217	-12	76	-30	-30	0	3	127	-266
World	.. s	.. s	198,382 s	619,258 s	.. s	.. s	.. s	.. s	.. s	.. s
Low income	14,831	52,365	5,732	53,517	95	5,482	417	1,921	8,588	-8,556
Excl. China & India	..	..	..	..	..	..	..	..	..	..
Middle income	27,775	215,336	18,398	117,425	1,083	34,175	2,340	13,646	5,953	50,090
Lower middle income	..	..	..	..	..	..	..	..	..	..
Upper middle income	..	..	..	..	..	..	..	..	..	..
Low & middle income	42,606	267,700	24,130	170,942	1,178	39,658	2,757	15,567	14,541	41,534
East Asia & Pacific	18,720	67,249	11,135	64,162	-784	1,870	1,571	9,007	6,798	-7,790
Europe & Central Asia	7,649	53,342	1,051	24,350	1,893	14,385	185	2,904	4,520	11,704
Latin America & Carib.	12,411	126,854	8,188	69,323	101	17,627	896	1,748	3,226	38,156
Middle East & N. Africa	369	9,223	2,458	5,054	-148	1,340	0	878	-1,941	1,950
South Asia	2,174	7,580	464	3,659	147	4,185	105	351	1,458	-615
Sub-Saharan Africa	1,283	3,452	834	4,394	-31	250	0	679	480	-1,872
High income	..	..	169,252	448,316	..	..	..	..	..	..
Europe EMU	..	..	53,165	116,849	..	..	..	..	..	..



Global financial flows | 6.7

About the data

The data on foreign direct investment are based on balance of payments data reported by the International Monetary Fund (IMF), supplemented by data on net foreign direct investment reported by the Organisation for Economic Co-operation and Development (OECD) and official national sources. The internationally accepted definition of foreign direct investment is that provided in the fifth edition of the IMF's *Balance of Payments Manual* (1993).

Under this definition foreign direct investment has three components: equity investment, reinvested earnings, and short- and long-term intercompany loans between parent firms and foreign affiliates. However, many countries fail to report reinvested earnings, and the definition of long-term loans differs among countries. Foreign direct investment, as distinguished from other kinds of international investment, is made to establish a lasting interest in or effective management control over an enterprise in another country. As a guideline, the IMF suggests that investments should account for at least 10 percent of voting stock to be counted as foreign direct investment. In practice many countries set a higher threshold.

The OECD has also published a definition, in consultation with the IMF, Eurostat, and the United Nations. Because of the multiplicity of sources and differences in definitions and reporting methods, there may be more than one estimate of foreign direct investment for a country and data may not be comparable across countries.

Foreign direct investment data do not give a complete picture of international investment in an economy. Balance of payments data on foreign direct investment do not include capital raised locally, which has become an important source of financing for investment projects in some developing countries. In addition, foreign direct investment data capture only cross-border investment flows involving equity participation and thus omit non-equity cross-border transactions such as intrafirm flows of goods and services. For a detailed discussion of the data issues see the World Bank's *World Debt Tables 1993–94* (volume 1, chapter 3).

Portfolio flow data are compiled from several official and market sources, including Euromoney databases and publications, Micropal, Lipper Analytical Services, published reports of private investment houses, central banks, national securities and exchange commissions, national stock exchanges, and the World Bank's Debtor Reporting System.

Gross statistics on international bond and equity issues are produced by aggregating individual transactions reported by market sources. Transactions of pub-

lic and publicly guaranteed bonds are reported through the Debtor Reporting System by World Bank member economies that have received either International Bank for Reconstruction and Development loans or International Development Association credits. Information on private nonguaranteed bonds is collected from market sources, because official national sources reporting to the Debtor Reporting System are not asked to report the breakdown between private nonguaranteed bonds and private nonguaranteed loans. Information on transactions by nonresidents in local equity markets is gathered from national authorities, investment positions of mutual funds, and market sources.

The volume of portfolio investment reported by the World Bank generally differs from that reported by other sources because of differences in the classification of economies, in the sources, and in the method used to adjust and disaggregate reported information. Differences in reporting arise particularly for foreign investments in local equity markets because clarity, adequate disaggregation, and comprehensive and periodic reporting are lacking in many developing economies. By contrast, capital flows through international debt and equity instruments are well recorded, and for these the differences in reporting lie primarily in the classification of economies, the exchange rates used, whether particular tranches of the transactions are included, and the treatment of certain offshore issuances.

Definitions

- **Net private capital flows** consist of private debt and nondebt flows. Private debt flows include commercial bank lending, bonds, and other private credits; nondebt private flows are foreign direct investment and portfolio equity investment.
- **Foreign direct investment** is net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital, as shown in the balance of payments.
- **Portfolio investment flows** are net and include non-debt-creating portfolio equity flows (the sum of country funds, depository receipts, and direct purchases of shares by foreign investors) and portfolio debt flows (bond issues purchased by foreign investors).
- **Bank and trade-related lending** covers commercial bank lending and other private credits.

Data sources

The data in this table are compiled from a variety of public and private sources, including the World Bank's Debtor Reporting System, the IMF's International Financial Statistics and Balance of Payments databases, and other sources mentioned in *About the data*. These data are also published in the World Bank's *Global Development Finance 2000*.