almost half of which are now located in developing countries (annex table A.I.8).

The role of TNCs in the world economy has thus continued to grow, as reflected in the expansion of FDI stock and in the operations of foreign affiliates (table I.3). Sales, value added (gross product), assets, employment and exports of foreign affiliates have all resumed an upward trend since 2002.

The degree of transnationality of host countries stagnated during 2000-2002 in both developed and developing countries according to the transnationality indices for host economies (figure I.6). This reflects the decline of FDI flows in these regions during that period. There are also significant differences in the degree of transnationalized economies in 2002 were Belgium and Luxembourg, among developed countries, and Hong Kong (China), among developing economies (figure I.7) – positions held by those economies since this index was developed in 1996 (*WIR99*). While India has been catching up in inward FDI, it still ranks near the bottom in 2002. The transnationality of host countries depends on the

 Table I.3. Selected indicators of FDI and international production, 1982-2004

 (Billions of dollars and per cent)

	Value at current prices (Billions of dollars)				Annual growth rate (Per cent)						
Item	1982	1990	2003	2004	1986- 1990	1991- 1995	1996- 2000	2001	2002	2003	2004
FDI inflows	59	208	633	648	22.8	21.2	39.7	-40.9	-13.3	-11.7	2.5
FDI outflows	27	239	617	730	25.4	16.4	36.3	-40.0	-12.3	-5.4	18.4
FDI inward stock	628	1 769	7 987	8 902	16.9	9.5	17.3	7.1	8.2	19.1	11.5
FDI outward stock	601	1 785	8 731	9 732	18.0	9.1	17.4	6.8	11.0	19.8	11.5
Cross-border M&As ^a		151	297	381	25.9 ^b	24.0	51.5	-48.1	-37.8	-19.6	28.2
Sales of foreign affiliates	2 765	5 727	16 963 ^c	18 677 ^c	15.9	10.6	8.7	-3.0	14.6	18.8 ^c	10.1 ^c
Gross product of foreign affiliates	647	1 476	3 573 ^d	3 911 ^d	17.4	5.3	7.7	-7.1	5.7 ^d	28.4 ^d	9.5
Total assets of foreign affiliates	2 113	5 937	32 186 ^e	36 008 ^e	18.1	12.2	19.4	-5.7	41.1 ^e	3.0 ^e	11.9 ^e
Exports of foreign affiliates	730	1 498	3 073 ^f	3 690 ^f	22.1	7.1	4.8	-3.3 ^f	4.9 ^f	16.1 ^f	20.1 ^f
Employment of foreign affiliates (thousands)	19 579	24 471	53 196 ^g	57 394 ^g	5.4	2.3	9.4	-3.1	10.8 ^g	11.1 ^g	7.9 ^g
GDP (in current prices) ^h	11 758	22 610	36 327	40 671	10.1	5.2	1.3	-0.8	3.9	12.1	12.0
Gross fixed capital formation	2 398	4 905	7 853	8 869	12.6	5.6	1.6	-3.0	0.5	12.9	12.9
Royalties and licence fee receipts	9	30	93	98	21.2	14.3	8.0	-2.9	7.5	12.4	5.0
Exports of goods and non-factor services h	2 247	4 261	9 216	11 069	12.7	8.7	3.6	-3.3	4.9	16.1	20.1

Source: UNCTAD, based on its FDI/TNC database (www.unctad.org/fdi statistics), and UNCTAD estimates.

^a Data are available only from 1987 onward.

^b 1987-1990 only.

- ^c Based on the following regression result of sales against FDI inward stock (in millions of dollars) for the period 1980-2002: Sales = 2 003.858+1.87288*FDI inward stock.
- ^d Based on the following regression result of gross product against FDI inward stock (in millions of dollars) for the period 1982-2002: Gross product = 622.0177+0.369482*FDI inward stock.
- Based on the following regression result of assets against FDI inward stock (in millions of dollars) for the period 1980-2002: Assets = -1 179.838+4.177434*FDI inward stock.
- ^f For 1995-1998, based on the regression result of exports of foreign affiliates against FDI inward stock (in millions of dollars) for the period 1982-1994: Exports = 357.6124+0.558331*FDI inward stock. For 1999-2004, the share of exports of foreign affiliates in world exports in 1998 (33.3 per cent) was applied to obtain the values.
- ^g Based on the following regression result of employment (in thousands) against FDI inward stock (in millions of dollars) for the period 1980-2002: Employment = 16 552.15+4.587846*FDI inward stock.
- ^h Based on data from the International Monetary Fund, World Economic Outlook, April 2005.
- *Note:* Not included in this table are the values of worldwide sales by foreign affiliates associated with their parent firms through non-equity relationships and the sales of the parent firms themselves. Worldwide sales, gross product, total assets, exports and employment of foreign affiliates are estimated by extrapolating the worldwide data of foreign affiliates of TNCs from Austria, Finland, France, Germany, Italy, Japan, Portugal, Sweden, Switzerland and the United States for employment; those from Austria, Finland, France, Germany, Italy, Japan, Portugal, Japan, Portugal and the United States for sales; those from Japan and the United States for exports; those from the United States for gross product; and those from Austria, Germany and the United States for assets, on the basis of the shares of those countries in worldwide outward FDI stock.