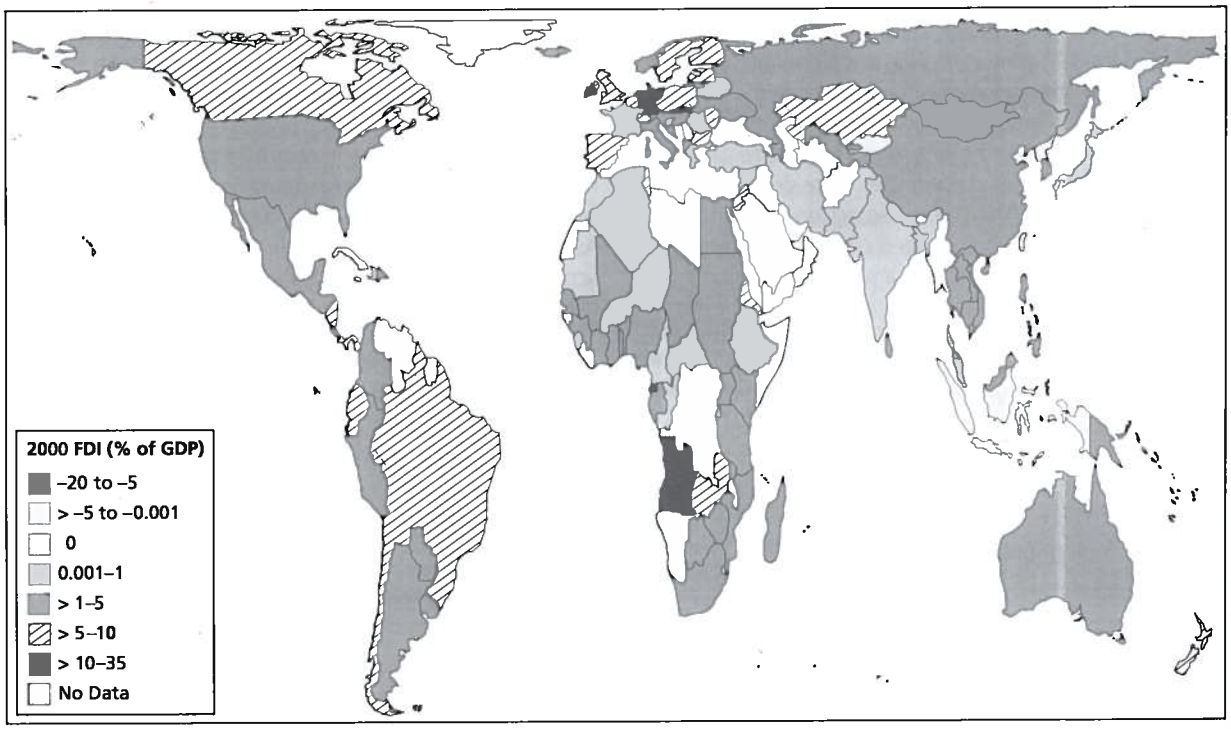
Financial flows (4)

FOREIGN DIRECT INVESTMENT

The map of global FDI shows a very varied pattern. The countries with the highest FDI with respect to GDP are Ireland, Germany, Angola and Nicaragua. Much of Europe and South America have high levels of FDI, whereas Africa, the Middle East and south-west Asia have relatively low levels of FDI. However, when the total amount of FDI is considered (as a proportion of the world total) a different pattern emerges (see table). Highest investments are in rich countries and emerging economies, while lowest investment is in poor countries and countries that are politically isolated from the rich countries.

Highest (% of world total)	Lowest (% of world total)
USA 16.75	Kenya 0.01
UK 7.54	Sri Lanka 0.02
China 5.79	Iran 0.02
France 5.22	Kuwait 0.03
Belgium 4.78	Cuba 0.04

Foreign direct investment inflows, 2007–11



Map of global FDI, 2000

Data source: *World Bank*

Nevertheless, there is evidence of change. From a low initial level of less than $25 billion in 1990, net inflows of FDI to developing countries increased tenfold by 2005. The top 10 receivers of FDI net inflows accounted for about two-thirds of total FDI inflows among developing economies in 2005. FDI inflows are dominant in Latin America and the Caribbean, and in east Asia and the Pacific. Meanwhile, some developing economies are increasingly investing overseas to expand their global operations.

EXTENSION

Choropleth maps

A choropleth is a map that uses shading to show relative density per unit area – people per km^2 is a common choropleth map. Choropleths can be used to represent percentage and per capita information. They produce a striking visual impact. Nevertheless there are important considerations. For example, the map above suggests uniform conditions throughout the USA or Australia. It exaggerates the role of boundaries e.g. between France and Spain. Data can only occur in one category. Groupings can be in arithmetic intervals (e.g. 0–4, 5–9, 10–14 etc.), geometric intervals (e.g. 1–2, 3–4, 5–8, 9–16, 17–32 etc.) or at "natural breaks", by dividing the data into roughly equal groupings and using statistical variations, such as mean and standard deviation.