REMODELLING OF INVESTMENT ACTIVITY WORLDWIDE WITHIN THE WORLD ECONOMIC CRISIS

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Abstract

Starting from 2008 the development of investment activity worldwide has been earmarked by the world economic crisis, its effect resulting in a major decline of direct foreign investment flows, after an extremely favourable evolution in the past years.

The activity of transnational corporations, a major source of developing foreign investments in the previous years, has declined considerably. Under these circumstances, the managers of transnational corporations had to make decisions concerning activity restructuring, cost cutting by fair means or foul, or requiring the government support in order to save from bankruptcy. Some succeeded to survive, some didn't.

Information and communication technology (ICT) industry witnessed an enormous increase in the process of globalization. In the last years, the vast implementation of ICT in all levels of society represents a global tendency of world development. The ICT sector became one of the most dynamic and viable sectors of the national economy, and the investments and advanced use of technologies have generated a real revolution in this domain.

The present paper aims to emphasize some aspects related to changes occurred in the field of investment activity worldwide, subject to the impact of the current economic downturn.

Keywords*:* foreign direct investment inflows, foreign direct investment outflows, transnational corporation, ICT industry

JEL Classification: A10, F21, O16

Introduction

The most powerful and dynamic companies in the world are the transnational companies. Their strength is driven by the huge volume of goods and services carried out by them. Either they are named multinational companies, transnational corporations or international companies, they represent those firms that carry out their activity beyond the borders of a country, considered the country of origin, by means of affiliates controlled more or less by the parent company.

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The development and expansion of transnational companies is based on the foreign capital investment. In their turn, investments can be direct or portofolio. The foreign direct investments assume the investment control, and the portfolio investments enable participation in the decision making process, but not in the control exercise. Regardless its type, a foreign investment involves: time (an investment takes place and becomes profitable after a certain span), risk (any investment involves a risk related to its profitability and other elements that come from the fact that they take place outside the country of origin), profit (final goal of any activity) and foreign environment (destination of investment is different than the country of origin).

At present, the market of transnational corporations is a huge market in an on-going expansion. Its dimension is easy to guess just by noticing that in the current world economy there is a number of 82,000 TNCs, approximately 810,000 affiliates that operate abroad, wherein over 70,000,000 employees work.

1. Changes in the development of foreign direct investment flows worldwide

The current world economic crisis has resulted in the slowdown of international production of goods and services carried out by the major transnational corporations. Within these companies decreases of profits, capital recedes, redundancies as well as a number of major restructurings or even bankruptcies have been registered. Thus, starting from the middle of 2008, capital recedes rose above the foreign direct raw investment flows (FDI) in a number of countries. Nearly a third of the cross-border mergers and acquisitions in 2008 and in the first half of the year 2009 involved the sale of foreign affiliates to other companies.

The Annual Study of the United Nations Conference for Trade and Development (UNCTAD) – The World Investment Report 2009 – makes a thorough analysis of the investment landscape in the world economy. According to this report, cross-border mergers and acquisitions, a major source of rising the DFI in the previous years, has declined considerably as the financial markets blocked in the second half of the year 2008. The development of this phenomenon, as well as other world economic indicators are shown in the following table:

Table no. 1

Selected indicators of FDI and international production, 1982-2008

Item	**Value at current prices** (Billions of dollars)				**Annual growth rate** (Per cent)							
	1982	**1990**	**2007**	**2008**	**1986-1990**	**1991-1995**	**1996-2000**	**2004**	**2005**	**2006**	**2007**	**2008**
FDI inflows	58	207	1 979	1 697	23.6	22.1	39.4	30.0	32.4	50.1	35.4	-14.2
FDI outflows	27	239	2 147	1 858	25.9	16.5	35.6	65.0	-5.4	58.9	53.7	-13.5
Cross-border	..	112	1031	673	32.0	15.7	62.9	28.4	91.1	38.1	62.1	-34.7

M&As												
Sales of foreign affiliates	2 530	6026	31764	30 311	19.7	8.8	8.1	26.8	5.4	18.9	23.6	-4.6
Gross product of foreign affiliates	623	1477	6295	6 020	17.4	6.8	6.9	13.4	12.9	21.6	20.1	-4.4
Total assets of foreign affiliates	2 036	5938	73457	69 771	18.1	13.7	18.9	4.8	20.5	23.9	20.8	-5.0
Exports of foreign affiliates	635	1498	5775	6 664	22.2	8.6	3.6	21.3	13.8	15.0	16.3	15.4
Employment by foreign affiliates (thousands)	19 864	24476	80396	77 386	5.5	5.5	9.7	12.2	8.5	11.4	25.4	-3.7
GDP (in current prices)	11 963	22121	55114	60 780	9.5	5.9	1.3	12.6	8.4	8.2	12.5	10.3

Source: UNCTAD, The Annual Study of the United Nations Conference for Trade and Development (UNCTAD) – The World Investment Report 2009

As it can be noticed, the value of cross-border mergers and acquisitions in 2008 went down to $ 673 billion, compared to $ 1031 billion in 2007. The same situation is registered in the field of FDI inflows. Therefore, they registered a major decline: from $1979 billion in 2007 to $1697 billion in 2008. According to the same report, FDI inflows have started going down in 2009, too, reaching about $1200 billion. In 2010, a slight recovery is expected to take place, without exceeding the value of $ 1400 billion, but hoping that in 2011 it will come closer to $1800 billion. After a period when sales of foreign affiliates experienced a significant rise, the year 2008 is the first wherein their decline took place by 4.6% compared to the previous year. The same situation is when production is made by foreign affiliates. One of the most affected sectors was that of the labour market, 2008 being the year of massive redundancies concerning employees.

Having the USA as the country of origin, the world crisis progressively spread all over the world, having different intensities and extents from one region to another. Though it occurred later in the emerging countries, the world economic crisis affected this group of states very much. At present, while strong economies star recovering, emerging countries are still affected because of reducing the global trade, small wages of the workers and decline of tourism earnings.

Of all emerging countries, Europe and Central Asia were hit the toughest by the world crisis as it is shown in the Report of the World Bank, entitled „Financing the World Development 2009”. The same report shows that in the first quarter of 2009, Romania has registered a decline of economic activity by 6.4% compared to the similar period of the last year. Another negative aspect emphasized by the World Bank is the simultaneous diminishing of capital and export inflows, that resulted in the decrease of industrial production by 12% in the first quarter of this year, compared to the same period in 2008.

Fig. No. 1

FDI inflows, by quarter, 2007–2009
(Billions of dollars)

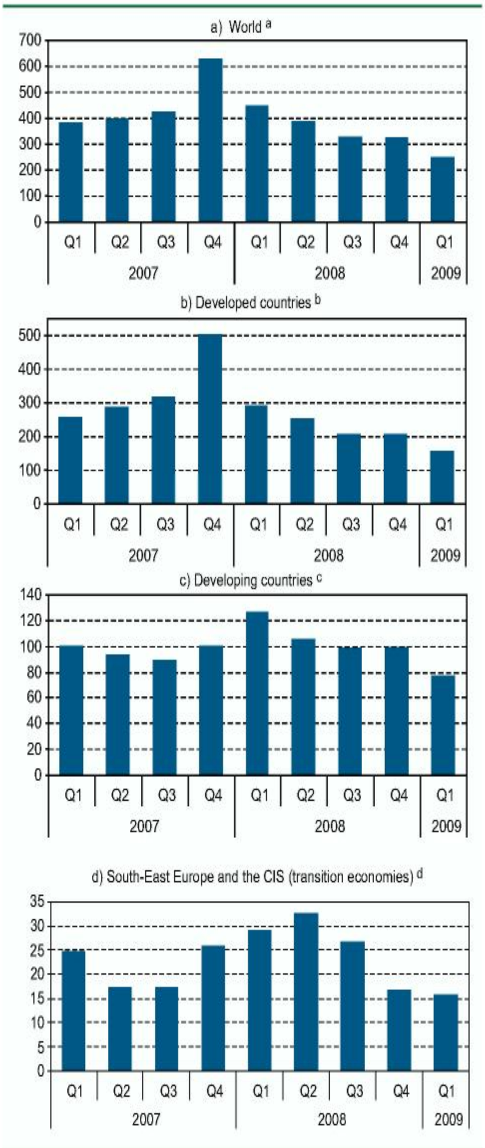
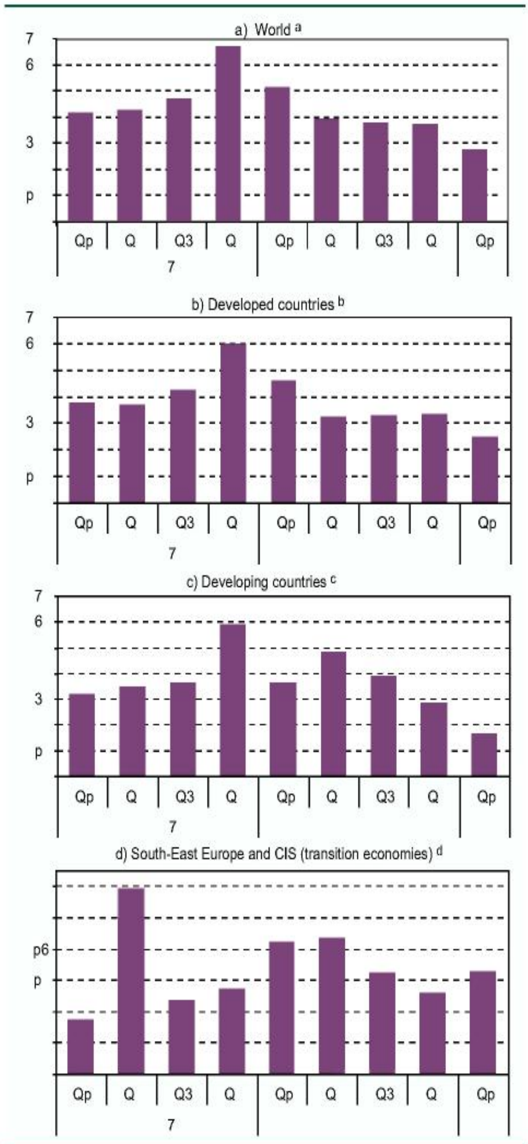


Fig. No. 2

FDI outflows, by quarter, 2007–2009
(Billions of dollars)



The development of FDI inflows and outflows, both globally, as well as on groups of states can be noticed in the figures below:

Source: UNCTAD, The Annual Study of the United Nations Conference for Trade and Development (UNCTAD) – The World Investment Report 2009

After a maximum of FDI inflows reached worldwide, in the last quarter of 2007, the trend showed, both in 2008 and in the first quarter of this year, a continuous decline (from around $ 630 billion in the last quarter of 2007, to less than $ 300 billion now). The same trend is also noticed in case of developed countries. In exchange, the situation within the other groups of countries is completely different. Thus, in the developing countries, the growth trend of FDI inflows occurred in the first half of 2008, and then its decline was slower (from $ 125 billion, the maximum level of FDI inflows reached in the first half of the last year, to $ 80 billion in 2009). A similar situation has been also registered in the Southern-Eastern European countries, where the rise of these flows took place until the half of the last year, followed by their decline.

The FDI inflows generated by the developed countries experienced a marked decrease, since early 2008. In the developing countries, these flows diminished later but more „abruptly". Sligh signs of recovery are also noticed in the Southern-Eastern European countries.

2. Aspects concerning FDI development on countries or groups of countries

Despite all predictions that were showing disfavouring the USA in the world business, at present, this country is still the most important receiver and issuer of FDI. The same annual report of UNCTAD contains the top of countries focusing on the FDI inflows and outflows in 2008. As far as the FDI inflows, the first ten places belong to the following: the USA, France, China, Great Britain, the Russian Federation, Spain, Hong Kong (China), Belgium, Austria and Brazil.

Concerning the FDI outflows, the top is the following: the USA, France, Germany, Japan, Great Britain, Switzerland, Canada, Spain, Belgium, Hong Kong (China).

The presence of China and Russia in the top of the first five beneficiaries of FDI is noticed.

Despite the crisis, China and other countries in South-East Asia succeeded to keep a high level of FDI. In China, the FDI flows increased, reaching $ 52 billion in 2008, showing a rising trend by 132% compared 2007. The Chinese companies in mining and metal industry became more and more interested in purchasing shares of foreign affiliates. Moreover, a significant fluctuation of exchange rates and prices, due to crisis, created opportunities for these firms to carry out cross-border mergers and acquisitions. Also, the active intervention of the state in the Chinese economy, including an incentive package of $580 billion contributed to keeping the confidence of foreign investors in this country and maintaining the high levels of FDI flows.

The year 2008 was the eighth successive year of rising the FDI flows for countries within the Commonwealth of Independent States (CIS). The FDI inflows were extremely dynamic in the Russian Federation, Kazakhstan and Ukraine, representing 84% from their total in 2008. The value of $ 70 billion of the FDI flows to the Russian Federation was driven by the major investments in the electric power industry, car industry and real estate.

The FDI outflows in South-Eastern Europe and CIS maintained their upward trend in 2008, amounting to $52 billion. These flows were again dominated by the Russian transnational corporations. In the first half of 2008, the Russian transnational corporations continued to search for new markets for their products. In exchange, in the second half of the last year, investment withdrawal, acquisition cancellation reduced considerably the FDI outflows.

In 2008, the development of investment activity in the European Union (EU) was severely marked by the world economic crisis, its effects resulting in a major decline of the received and generated FDI flows, after their extremely favourable evolution in the past years.

In 2008, the main member countries of the EU that generated and attracted investments outside this group were: Luxembourg, France and Great Britain. Of the former socialist countries, EU's members, Hungary remarked in 2008, as the main FDI beneficiary (with a total volume of received FDI of Euro 33 billion), being followed by Poland (Euro 11 billion) and Romania (Euro 8.9 billion).

3. Changes in the picture of transnational corporations worldwide

The most recent opinion survey carried out by UNCTAD within the managers of major TNCs in the world economy, in connection with the prospects of investments in the world (2009-2011), reveal that the main threats that could affect the investment plans now are: deepening of global economic downturn, increasing of financial instability, the states implemented protection measures, instability of oil prices, raw materials and fluctuations of exchange rates.

In the World Investment Report 2009, UNCTAD makes a top 100 of the main non-financial TNCs in the world, based on the value of foreign assets. Information focuses on the year 2007. As in the previous years, the top is dominated by manufacturing and oil companies. As the demand lowers, for both manufactured products, and fuels, the profits of these companies were affected. In this top the developed countries have the most non-financial TNCs. The European Union has 57 positions in this top, USA– 20 and Japan is present with 10 companies. It should be mentioned the presence of TNCs in the developing countries. Thus, in the top 100 carried out by UNCTAD there are 6 companies belonging to the developing countries: Hong Kong (China), Mexic, South Korea, Malaysia, China.

The first 40 places from the above mentioned top are shown in the following table:

The world's top 100 non-financial TNCs, ranked by foreign assets (Millions of dollars and number of employees)

Table no. 2

2007 ranking by foreign assets	Corporation	Home economy	Industry	Assets		Sales		Employment	
				Foreign	Total	Foreign	Total	Foreign	Total
1	General Electric	United States	Electrical & electronic equipment	400 400	797 769	97 500	182 515	171 000	323 000
2	Vodafone Group Pic	United Kingdom	Telecommunications	204 920	222 593	51 975	59 792	68 747	79 097
3	Royal Dutch/Shell Group	Netherlands/ United Kingdom	Petroleum expl./ref./distr.	222 324	282 401	261 393	458 361	85 000	102 000
4	British Petroleum Company Pic	United Kingdom	Petroleum expl./ref./distr.	187 544	228 238	283 876	365 700	76 100	92 000
5	ExxonMobil	United States	Petroleum expl./ref./distr.	161 245	228 052	321 964	459 579	50 337	79 900
6	Toyota Motor Corporation	Japan	Motor vehicles	183 303	320 243	143 886	226 221	123 580	320 808
7	Total	France	Petroleum expl./ref./distr.	141 442	164 662	189 784	250 489	59 858	96 959
8	Electricite De France	France	Electricity, gas and water	128 644	278 759	41 775	89 463	17 180	155 931
9	Ford Motor Company	United States	Motor vehicles	102 588	222 977	75 853	129 166	134 000	213 000
10	E.ON AG	Germany	Electricity, gas and water	141 168	218 573	50 437	120 742	57 292	96 573
11	ArcelorMittal	Luxembourg	Metals and metal products	127 127	133 088	124 936	124 936	248 704	315 867
12	Telefonica SA	Spain	Telecommunications	95 446	139 034	51487	80 649	197 096	251 775
13	Volkswagen Group	Germany	Motor vehicles	123 677	233 708	119 869	158 397	179 323	357 207
14	ConocoPhillips	United States	Petroleum expl./ref./distr.	77 864	142 865	74 346	240 842	15 128	33 800
15	Siemens AG	Germany	Electrical & electronic equipment	110 018	131 473	90 095	107 623	295 000	427 000
16	DaimlerAG	Germany/United States	Motor vehicles	87 927	184 021	103 070	133 435	105 463	273 216
17	Chevron Corporation	United States	Petroleum expl./ref./distr.	106 129	161 165	153 854	273 005	35 000	67 000
18	France Telecom	France	Telecommunications	81 378	132 630	34 689	74 444	79 193	182 793
19	Deutsche Telekom AG	Germany	Telecommunications	95 019	171 385	45 624	85 826	96 034	227 747
20	GDF Suez	France	Electricity, gas and water	119 374	232 718	65 631	94 536	129 134	234 653

21	BMWAG	Germany	Motor vehicles	63 201	140 690	59 093	74 039	25 467	100 041
22	Hutchison Whampoa Limited	Hong Kong, China	Divers ified	70 764	87 747	38 201	44 947	182 148	220 000
23	Honda Motor Co Ltd	Japan	Motor vehicles	96 313	130 236	89 689	110317	165 589	186 421
24	Eni Group	Italy	Petroleum expl./ref./distr.	95 818	162 269	90 799	150 519	39 400	78 880
25	Eads	Netherlands	Aircrafts and parts	66 934	105 964	55 070	60 216	73 625	118 349
26	Procter & Gamble	United States	Diversified	…	…	…	…	…	…
27	Deutsche Post AG	Germany	Transport and storage	72 135	365 990	55 597	80315	283 699	451 515
28	Nestle SA	Switzerland	Food, beverages and tobacco	66 316	99 854	66 230	103 326	274 043	283 000
29	Wal-Mart Stores	United States	Retail	62 514	163 429	98 465	401 244	648 905	2100000
30	Nissan Motor Co Ltd	Japan	Motor vehicles	61 703	112 832	67 319	92 969	81 249	159 227
31	General Motors	United States	Motor vehicles	40 532	91 047	73 597	148 979	145 229	243 000
32	Roche Group	Switzerland	Pharmaceuticals	59 572	71 532	42 886	43 370	44 922	80 080
33	IBM	United States	Electrical & electronic equipment	52 020	109 524	66 944	103 630	283 455	398 455
34	RWE Group	Germany	Electricity, gas and water	53 557	130 035	25 408	68 128	26 688	65 908
35	Endesa	Spain	Electricity, gas and water	19 112	60 199	13 009	31 783	14 170	26 908
36	Mitsubishi Motors Corporation	Japan	Motor vehicles	63 952	120 309	46 762	246 712	11 384	33 390
37	Pfizer Inc	United States	Pharmaceuticals	49 151	111 148	27 861	48 296	49 929	81 800
38	Fiat Spa	Italy	Motor vehicles	36 413	85 974	62 720	82 644	115 977	198 348
39	Sanofi-aventis	France	Pharmaceuticals	50 328	100 191	21 534	38 369	69 990	98 213
40	Rio Tinto Plc	Australia/United Kingdom	Mining & quarrying	47 064	89 616	42 061	58 065	88 356	105 785

Source: UNCTAD, The Annual Study of the United Nations Conference for Trade and Development (UNCTAD) – The World Investment Report 2009

The distribution of these companies on fields of activity is interesting. The car industry is on the first place with 10 companies in top 40, followed by oil industry with 7 companies, energy, gas and water with 5 companies, telecommunications with 4 companies, electric equipment with 3 companies.

Looking back in time we can say something about stability, about the way they have developed over the time. Therefore, the top carried out by UNCTAD for 2005 ranks for instance, General Motors on the third place, while in 2007 it is placed on the 31st place. Sudden changes occurred at other major companies such as: Chrysler, Toyota, Ford and Volkswagen.

In 2008, one of the fields most affected by the world economic crisis was the car industry. As a result of the economic slowdown generated by the credit crisis, the car companies had to fire personnel, make massive restructurings and even require government support to avoid bankruptcy.

For instance, when trying to avoid bankruptcy, in 2009, Chrysler company was involved in the alliance with the Italian Group, Fiat. The American company's restructuring process consisted in grouping the viable assets into a new company named Chrysler Group. This is the property of Fiat (20%), the USA government (9.85%), Canadian authorities (2.46%) and the Pension Fund of the Labour Union (67.69%). The new company starts its activity with considerably diminished debts, lower production costs and expenses, with a partner well capitalized and with experience in the production of low fuel consumption engines. In 2008 the losses of Chrysler amounted to $ 16.8 billion, and sales declined by 30%.

General Motors, a company that until last year was the symbol of the American industry, had to fire tens of thousands of employees and closed several plants. Therefore, the most recent restructuring plan presented by General Motors provides the voidance of 47000 jobs and the closure of 12 plants in the USA.

In Japan the main car companies – Toyota, Honda and Nissan reduced their production as the difficult lending requirements and deepening of investors hesitation have affected their car sales. Toyota Motor, the second car manufacturer in the world, estimated the first operational loss in the last 71 years, caused by the drastic decline of sales in Europe and North America.

According to analyses carried out by specialists in economy, the development of macroeconomic indicators in the main countries of the world currently registered proves the resurgence to stabilization or a moderate economic growth beginning with the last quarter of this year. The commercial and financial interactions existing in the world economy will result in the dissemination worldwide of resurgence that can be seen, it does not mean a simultaneous recovery worldwide but a different recovery in time and space.

4. The opportunities created by new technologies, Information and communication technology (ICT) industry, in this turbulent global economic environment

Our society is facing increasingly complex issues, unprecedented in the history of mankind. We are witnessing a period of instability that has called on Member States and International Institutions to invest considerable budgets to face the ongoing financial and economic crisis. These remarkable efforts were necessary to contain the economic downturn. But, what can we do more to ensure that these interventions will generate lasting and structured effects on our economies and societies?

We believe that there are three essential directions we can already identify from the ongoing crisis:

- Firstly, we need to build solid and sustainable businesses and economies based on real high-value goods and services and responding to real market needs.

- Secondly, we must reinforce our investments in research to improve our future capacity to innovate and grow. It is only through research that new technologies and innovation can be developed for the benefit of all businesses and citizens around the world.

- Lastly, we need to work all together not only to find short term remedies, but also for achieving ambitious goals that no country or region alone is strong enough to tackle by itself.

History tells us that global economic crises often occur in the context of socio-economic transformations that bring us not only risks, but also opportunities to build more solid foundations for a new phase of growth and prosperity. These opportunities lie in our capability to fully reap the benefits of scientific and technological innovations.

Because of their increasing pervasiveness in our society, we believe that Information and Communication Technologies (ICT) are main drivers of this epochal change, impacting at least three dimensions: economic, social and environmental.

ICT driving the economic transformation

ICT is the enabling technology underpinning the entire economy. Recent OECD studies [OECD. (2009)] have shown that ICT has contributed to more than 25% of GDP growth in the last 10 years.

One of the main vectors of this impressive impact is the Internet. A new economy of Internet-based services is flourishing, characterized by new trends in content creation and delivery, where services are paid as they are consumed. The emergence of Web 2.0 as a business tool and as a way of delivering government services will further accelerate this trend. The Internet will be the highway to connect and better manage all type of critical infrastructure in the field of transport, power supply, health, banking, enabling consistent cost savings and increasing quality of services.

All these new applications and services will create new opportunities and even more structural market changes that need to be tackled at global level.

ICT driving the social evolution

But the importance of ICT cannot be measured only in economic terms: think of the impact that mobile telephony, e-mail, electronic databases, and of course the Internet, has had on our way of living and interacting, on our access to knowledge, on our political choices.

ICT played its role during the last US electoral campaign, when President Barack Obama used Web 2.0 technologies to communicate with millions of Americans.

In most industrialized countries, new generations cannot even conceive a world without the Internet, and their lifestyle is strongly dependent on the Internet developments.

But, this increased freedom of communication and networking enabled:

- Firstly, the increased ability of hackers, organized crime and terrorists to attack people's identities and their online lives in cyber-space. It is detrimental to the trustworthiness of the Internet.

- Secondly, the increased anti-terrorist measures based on massive gatherings of data on individual basis poses concerns related to civil liberties and privacy protection.

In conclusion, it is therefore important to stimulate the development of new technologies that provide the required security and trust for organizations and the citizen, while respecting human values and supporting privacy.

ICT enabling a new revolution in energy efficiency and environmental sustainability

ICT and the Internet are also bringing about several other possibilities to tremendously improve the sustainability of our environment: think of the applications of ICT for improving energy efficiency, for monitoring environmental changes, for implementing smart power grids, for integrating new sources of renewable energy in the power supply.

Furthermore, ICT can enable changes in business models, working practices and lifestyles that are inherently more energy-efficient. The Internet, for example, has enabled the substitution of physical products and processes by digital ones.

The report Information Economy Report 2009: Trends and Outlook in Turbulent Times [UNCTAD, (2009)] focuses on the implications of the global economic crisis on ICT. The picture that emerges is one of great contrasts. Some parts of the industry have been seriously affected, with dramatic declines in trade and employment. At the same time, investments in telecommunications and trade in ICT-enabled services appear to be among the most resilient areas of the global economy; only one major telecommunications firm has gone bankrupt in this downturn.

Different types of ICT applications influence the performance of companies in different ways, but the use of computers, the Internet and broadband all point to beneficial effects. Mobile phones have emerged as the most widespread ICT in the developing world. In many developing countries, particularly in Africa, Asia and the Pacific, they are used extensively for voice communication and SMS (short message service), and increasingly also for other data applications such as m-commerce and m-banking. They enable users to access information, especially that relating to news, education, health, jobs and family. In a number of African countries, notably Kenya, South Africa, the United Republic of Tanzania and Zambia, mobile telephones enable individuals to gain access to banking. They provide the possibility to make person-to-person payments, transfers and pre-paid purchases without a bank account.

Data collected through the UNCTAD global survey of national statistical offices (NSOs) on ICT usage by businesses allow for a unique opportunity to compare the extent and nature of ICT use by businesses. The digital gap between companies in developing and developed countries is particularly pronounced in the case of Internet use, web presence and broadband access.

There are also wide variations within countries, such as:

- In both developed and developing countries, large enterprises use ICTs (such as computers and the Internet as well as broadband) more than SMEs (this may partly be a result of their greater financial and human resources and partly of their greater need for such technologies).

- Is also a rural/urban divide, which is more accentuated the more sophisticated the technology is (this may constitute a particular challenge given that these are typically the economies with the greatest dependence on rurally based economic activities).

- From the perspective of reaping maximum benefits from ICTs, it is important to consider how companies use them. (Even in countries where the adoption of the Internet by enterprises is relatively high, the way it is used suggests a large unexplored potential. In many developing countries, the main purpose of Internet access is to send and receive e-mails; few companies use it as a marketing tool or to make banking transactions. To leverage the Internet more effectively, enterprises need to rethink some business and productive processes around new ICT tools and invest in ICT skills development).

In view of its potential positive contributions to growth and development, there are good reasons for governments to take active steps to promote greater use of ICTs in the business sector. Although it is up to each company to decide if and in what way ICTs could enhance its business performance, governments fill a critical function in terms of creating an environment that is conducive to the greater use of ICTs, especially in developing countries. Governments' role in stimulating ICT use is especially important in times of economic crisis.

Special attention should be given to SMEs, as they are lagging behind larger firms in terms of ICT uptake. In addition, SMEs typically represent the backbone of developing economies and employ a large majority of the workforce.

Faced with the current economic crisis, many governments have identified enhanced ICT use as a strategy to quicken recovery. Several developed countries have made ICTs an integral part of their economic stimulus packages, both by stimulating the demand for ICT goods and by continuing to enhance the supply side (from infrastructure to spectrum). Measures aimed at supporting demand and shoring up the financial sector should help boost ICT use in that area. Measures targeting the rolling out of broadband to areas with low connectivity may help alleviate some infrastructure bottlenecks. Innovation through ICTs is also being encouraged, including in education, energy (for example, "smart power grids"), government, health care and transportation. While the effects of these measures remain to be seen, economic policies are increasingly looking at the cost and efficiency benefits of ICT to support the path to recovery.

Conclusions

Under the circumstances of slowing the economic growth worldwide and economic downturn in major economies of the world, the companies' capability to make investments slipped significantly. Because of shrinking

production capacities, laying-offs and cost cutting, the major TNCs had to drastically revise their global expansion projects.

These evolutions reflected on the investment flows accomplished worldwide. Under these circumstances, diminishing of the FDI flows received and generated worldwide was expected.

Concerning the prospects of FDI flows in the medium term worldwide, these flows are difficult to evaluate as they were influenced by several factors, such as: financing capability varies from one country to another, efficiency of public policies adopted by the world states in order to combat the crisis and regain the investors' confidence, countries have a different capability to prevent protection pressures and last but not least, duration of global economic downturn.

However, according to the opinion of UNCTAD specialists, there are some factors that seem to act in the direction of relaunching investment activity and companies' internationalization process. This issue will drive reentering of the global FDI flows on an upward side.

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