REPORT

Global FDI recovered to pre-pandemic levels but uncertainty looms

Flows of foreign direct investment (FDI) recovered to pre-pandemic levels last year, hitting nearly $1.6 trillion but the prospects for this year are grimmer the latest UNCTAD World Investment Report said. The report entitled "International tax reforms and sustainable investment" said that to cope with an environment of uncertainty and risk aversion, developing countries must get significant help from the international community.

Coming off a low base in 2020, global FDI flows rose 64 percent to US$1.58 trillion last year with momentum from booming merger and acquisition (M&A) activity and rapid growth in international project finance due to loose financing and major infrastructure stimulus packages. While the recovery benefited all regions, almost three-quarters of the growth was concentrated in developed economies as FDI flows rose 134 percent and multinational companies posted record profits. Flows to developing economies rose 30 percent to US$837 billion – the highest level ever recorded – largely due to strength in Asia, a partial recovery in Latin America and the Caribbean and an upswing in Africa. The share of developing countries in global flows remained just above 50 percent.

This year, the business and investment climate has changed dramatically as the war in Ukraine results in a triple crisis of high food and fuel prices and tighter financing. Other factors clouding the FDI horizon include renewed pandemic impacts, the likelihood of more interest rate rises in major economies, negative sentiment in financial markets and a potential recession.
Pakistan set to lift import ban on luxury items

Pakistan is set to begin removing restrictions on the import of “non-essential and luxury items” imposed on May 19 and provide energy at subsidized rates throughout the current fiscal year.

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Bangladesh seeks loan under IMF's resilience trust

Bangladesh asked the IMF to start talks on a new loan under the creditor's Resilience and Sustainability Trust (RST), which is designed to help countries ensure sustainable growth.

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Bangladesh needs full execution to qualify for GSP+

EU has stressed a full implementation of the national action plan on the labour sector of Bangladesh on time to qualify for the GSP Plus in the European Union after graduation.

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Indian importers feel the heat as rupee depreciates

India's importers including of crude oil, commodities, chemicals and electrical machinery, following a sharp depreciation of rupee against the dollar this year.

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Pakistan reach agreement to release loan tranche

The IMF has reached a staff-level agreement with Pakistan on the combined seventh and eighth reviews for a $6 billion loan facility, a development that paves the way for the release of the $1.17bn.

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China economy shrinks on zero-Covid policy

China's economy contracted sharply in the second quarter of this year as widespread coronavirus lockdowns hit businesses and consumers.

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Nepal continues import ban on 10 goods

Nepal government has continued the restriction on the imports of 10 goods, which it considers luxury, for another one and a half months, as foreign currency reserves stay low.

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Exports of all wheat products from India come to a halt

As India’s amended export policy about wheat flour kicked in traders said export of all wheat products has come to a standstill.

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Rupee payment for trade to boost exports to Russia, Iran

The Reserve Bank of India’s move to put in place a mechanism to settle international trade in rupees will boost tea and basmati rice exports to Russia and Iran.

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Events

Preparedness of Nepal’s pharmaceutical sector in the face of LDC graduation

South Asia Watch on Trade, Economics and Environment (SAWTEE) and Third World Network (TWN) organized a workshop on “Preparedness of Nepal’s pharmaceutical sector in the face of LDC graduation” on 26 July 2022 to identify the major policy and institutional challenges for the optimal use of flexibilities available under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the World Trade Organization and suggest the way forward in the context of Nepal’s graduation from the category of least developed countries in 2026.

Economic and Social Survey of Asia and the Pacific 2022

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and South Asia Watch on Trade, Economics and Environment (SAWTEE) organized a half-day policy dialogue to disseminate the findings of the ESCAP flagship report, the Economic and Social Survey of Asia and the Pacific 2022 on 1 July 2022 in Kathmandu. Economic and Social Survey of Asia and the Pacific, is one of the longest, continuously running reports in the United Nations system, providing decision makers in the region with valuable information in forming development policy for decades. The latest report, Economic and Social Survey of Asia and the Pacific 2022 was launched on 12 April 2022. The Survey 2022 highlights the role of macroeconomic and structural policies in tackling inequality and recommends a three-pronged policy agenda aimed at shaping an inclusive economy in Asia and the Pacific. The objectives of this policy dialogue are to disseminate the key messages of the report and discuss major development challenges that Nepal is facing and available policy options to address them.