Global Investment Trends

Where Is The World's Capital Moving?

Emerging Markets, Artificial Intelligence, Infrastructure and the Future of International Investment



Global investment is entering a new phase. Capital is flowing towards technology, artificial intelligence, energy transition, advanced manufacturing and strategic infrastructure, while geopolitical uncertainty, trade restrictions and higher financing costs are changing the way investors choose markets. The central question is no longer simply where returns are highest, but where capital can find scale, resilience, predictable rules and long-term opportunity.

1. Artificial Intelligence Is Reshaping Investment Priorities

Artificial intelligence has moved from a technology theme to a major destination for global capital. Investors are funding data centres, cloud infrastructure, semiconductor capacity, advanced networking, cybersecurity, power systems and specialist software. These investments are connected: a data centre requires land, electricity, cooling, fibre connectivity, chips, construction services and long-term operating capability.

The scale of investment is changing the geography of digital infrastructure. UNCTAD's World Investment Report 2026 found that announced greenfield investment in five strategic sectors—including AI infrastructure, semiconductors, energy-transition technologies, critical minerals and other advanced technologies—rose from US$109 billion in 2020 to US$576 billion in 2025. AI infrastructure was the largest component.

This creates opportunities for countries with reliable electricity, digital connectivity, skilled engineers, predictable regulation and access to large markets. It also creates challenges. Data centres consume significant amounts of power and water, and their benefits may be limited if local economies do not develop domestic suppliers, technical skills and research ecosystems.

The Semiconductor Race

Semiconductors are essential to smartphones, vehicles, industrial equipment, medical devices, defence systems and AI computing. Their production depends on complex international networks involving chip design, fabrication, specialised machinery, materials, packaging and testing. A disruption in one part of the chain can affect industries across the world.

Governments are using incentives, research funding and industrial policy to attract semiconductor investment. However, a fabrication plant alone does not create a complete ecosystem. Skills, supplier development, reliable power, water, logistics, intellectual property protection and long-term customer demand are all essential.

Investment Beyond the Technology Giants

The AI investment cycle can benefit smaller economies and businesses if they participate in supporting activities: electrical equipment, cooling systems, construction, data security, software services, precision components, renewable power and maintenance. Local companies can capture value even when the most advanced chips or cloud platforms are produced elsewhere.

Investors should also distinguish between durable infrastructure demand and speculative expectations. Projects must be assessed for utilisation, energy costs, customer contracts, financing structure, technology obsolescence and realistic cash flows.

2. Energy Transition and the New Infrastructure Economy

The transition towards lower-carbon energy is creating investment demand across renewable generation, electricity grids, storage, electric mobility, hydrogen, energy efficiency and critical-mineral processing. Capital is moving not only into power plants but also into the infrastructure that connects, stores and manages electricity.

Solar and wind projects require transmission networks, land, storage and stable regulatory frameworks. Electric-vehicle production depends on batteries, charging systems, minerals, software and recycling. Countries that build integrated industrial ecosystems may capture more value than those that focus on a single project.

Energy security has become a central investment consideration. Manufacturers need dependable and affordable electricity. Data centres require uninterrupted power. Countries that can combine reliable supply with cleaner generation may attract energy-intensive industries.

Critical Minerals and Resource Investment

Lithium, copper, nickel, cobalt, graphite and rare earth elements are important inputs for batteries, electronics, power systems and advanced manufacturing. Resource-rich countries have an opportunity to attract exploration, processing and downstream manufacturing investment.

The challenge is to avoid remaining only a supplier of raw materials. Transparent licensing, environmental safeguards, local workforce development, infrastructure and predictable fiscal rules can help resource economies move into higher-value activities.

3. Global Investment Flows: The 2026 Picture

UNCTAD's World Investment Report 2026 described a fragile and uneven recovery in global FDI. The top 20 host economies attracted more than 80% of global inflows in 2025. This concentration matters because it shows that investment is not distributed evenly across the world. Economies with established infrastructure, deep markets and strong investor networks continue to enjoy advantages.

The report placed the United States as the largest FDI destination in 2025, with inflows of about US$277 billion. Developing Asia remained the largest developing recipient region. India's FDI inflows rose 44% to approximately US$39 billion, highlighting its growing position in international investment flows.

More recent preliminary UNCTAD monitoring for the first half of 2026 showed a rise in global FDI values compared with the average half-year level in 2025. However, announced greenfield projects and cross-border deal numbers weakened. This reinforces the distinction between capital values and actual new productive activity.

Why Investors Choose Particular Countries

Investors compare markets using a combination of commercial and strategic factors. A large consumer base can justify local production. Skilled workers can support advanced services and manufacturing. Strong ports and roads reduce delivery time. Stable regulation lowers uncertainty. Trade agreements can improve access to customers in other markets.

Other factors include tax treatment, currency convertibility, access to finance, contract enforcement, political stability, availability of industrial land, energy costs, local supplier capability and the ease of repatriating profits. No single factor determines the decision; investors evaluate the complete operating environment.

Developed Markets and Emerging Markets

Developed economies attract capital through deep financial markets, established institutions, advanced technology ecosystems and predictable legal frameworks. They also have the fiscal capacity to offer incentives for strategic industries. This can make it difficult for lower-income countries to compete for large technology and manufacturing projects.

Emerging markets offer different advantages: faster demand growth, young populations, natural resources, competitive production costs and expanding infrastructure. However, they may face higher borrowing costs, currency volatility, policy uncertainty and gaps in logistics or skills.

The most successful emerging markets are those that convert their advantages into reliable operating conditions. Investors may tolerate some cost disadvantages when they see a growing market, capable suppliers and a credible long-term policy framework.

4. The Rise of Strategic and State-Backed Investment

Governments are increasingly active investors and market shapers. Sovereign wealth funds, development banks, state-owned enterprises and public investment institutions are financing infrastructure, technology, energy and strategic industries. Their

6. India: A Major Destination in the New Investment Landscape

India's investment proposition combines a large domestic market, a young workforce, expanding infrastructure, digital capabilities, a strong services sector and a growing industrial base. Its position across the Indo-Pacific and relationships with major economies provide access to multiple trade and investment networks.

UNCTAD reported that India's FDI inflows rose 44% to approximately US$39 billion in 2025. This is an important signal, but sustaining the momentum will require more than headline announcements. Investors look for projects that can be executed on schedule, supplied competitively and operated under predictable rules.

Manufacturing, Electronics and Industrial Supply Chains

India has opportunities in electronics, automotive components, pharmaceuticals, chemicals, industrial machinery, defence production, renewable-energy equipment and food processing. The opportunity is not simply to attract assembly plants; it is to develop domestic component suppliers, engineering capabilities, testing facilities and research partnerships.

Manufacturing investment creates stronger spillovers when domestic companies participate in supply chains. This requires reliable quality, cost competitiveness, skilled technicians, timely delivery, access to working capital and compliance with international standards.

Infrastructure and Logistics

Roads, railways, ports, airports, industrial corridors, warehouses and power networks are essential to investment competitiveness. Efficient logistics reduce inventory costs and help companies meet delivery schedules. Digital infrastructure also matters, from broadband and data centres to interoperable payment and customs systems.

Infrastructure projects need robust appraisal. Demand forecasts, land acquisition, environmental approvals, financing costs, construction risk and long-term maintenance should be evaluated before capital is committed. A completed asset must provide measurable economic value, not merely add to the project pipeline.

Services, Finance and Digital Investment

India's services ecosystem is an established source of international competitiveness. IT services, business-process management, financial services, engineering design, consulting, education and professional services connect Indian firms with global customers.

The next phase may involve higher-value work in AI implementation, cybersecurity, analytics, fintech, research services and specialised engineering. Investment in skills, data protection, intellectual property and international compliance will help Indian firms move up the value chain.

What Can Improve India's Investment Attractiveness?

- Reduce logistics costs and improve the reliability of transport and power infrastructure.
- Strengthen contract enforcement, regulatory predictability and transparent approvals.
- Expand technical education, apprenticeships and industry-linked skill development.
- Improve access to long-term finance for infrastructure and manufacturing.
- Support research, design, innovation and domestic supplier development.
- Help MSMEs meet quality, certification, digital and sustainability requirements.

7. The Role of Indian MSMEs in Global Investment

Large investments often depend on a broad network of smaller suppliers. MSMEs can provide components, packaging, fabrication, logistics, maintenance, software, testing and specialised services. When local suppliers become part of multinational value chains, investment can create a wider economic impact.

However, smaller businesses may struggle to finance machinery, certification, inventory and longer payment cycles. They may also lack information about international standards or procurement systems. Supplier-development programmes, shared testing facilities, cluster infrastructure and receivables financing can help close these gaps.

A country's investment success should therefore be measured not only by the amount of foreign capital received, but also by the number of domestic enterprises that gain contracts, technology, skills and access to new markets.

8. Investment Opportunities Across Key Regions

United States: Technology, Energy and Advanced Industry

The United States remains a major destination for investment in technology, AI infrastructure, semiconductors, clean energy, healthcare and advanced manufacturing. Its capital markets, research universities, venture ecosystem and consumer demand are powerful attractions. Investors must also assess policy changes, labour costs, regulatory approvals and geopolitical restrictions.

Europe: Green Industry and Strategic Manufacturing



Europe offers opportunities in clean technology, industrial automation, pharmaceuticals, aerospace, advanced engineering and infrastructure. Its regulatory standards influence global markets, creating both compliance obligations and opportunities for companies able to deliver high-quality, sustainable products. Energy costs and fragmented capital markets remain important considerations.

Middle East: Diversification and Global Capital

Gulf economies are investing to diversify beyond oil and gas. Infrastructure, logistics, tourism, finance, renewable energy, data centres and industrial development are important areas. Sovereign wealth funds and regional investors are also active internationally. Investors should assess project execution, local partnerships, regulatory requirements and exposure to regional geopolitical risk.

Southeast Asia: Manufacturing and Regional Supply Chains

Vietnam, Indonesia, Malaysia, Thailand and Singapore occupy different positions in regional production and finance networks. Electronics, automotive components, batteries, logistics, digital services and consumer markets offer investment opportunities. Regional integration and access to global shipping routes support the region's attractiveness.

Africa: Demographics, Resources and Infrastructure

Africa offers long-term opportunities in energy, mining, agriculture, telecom, financial inclusion, transport and consumer markets. Its young population and urbanisation create demand, but investment outcomes depend on infrastructure, currency stability, regulatory clarity, local skills and the ability to manage country-specific risks.

Latin America: Food, Minerals and Clean Energy

Brazil, Chile, Argentina, Mexico and other economies have opportunities in agriculture, critical minerals, renewable energy, manufacturing and near-shoring. The region's resource base is strategically important, but investors need to consider political cycles, logistics, commodity volatility and local regulatory conditions.

9. Sustainable Investment: From ESG Commitments to Measurable Impact

Sustainability is increasingly relevant to investment decisions because climate risks, energy costs, resource scarcity and supply-chain transparency affect long-term returns. Investors are assessing emissions, water use, labour practices, governance, biodiversity and the resilience of physical assets.

The quality of sustainability information matters. Companies should avoid unsupported claims and develop credible measurement, reporting and assurance processes. For investors, green labels are not a substitute for due diligence on technology, project economics and environmental impact.

Developing countries need access to affordable finance and technology to build cleaner infrastructure. Blended finance—combining public, concessional and private capital—can support Developing countries need access to affordable finance and technology to build cleaner infrastructure. Blended finance—combining public, concessional and private capital—can support projects that deliver public benefits but may not initially attract sufficient commercial funding.

10. Risks That Investors Must Navigate

Global investment offers opportunities, but returns can be affected by a range of risks. Investors should evaluate these risks before committing capital and monitor them throughout the life of a project.

Geopolitical and Trade Policy Risk

Tariffs, sanctions, export controls, investment screening and changing trade agreements can alter project economics. Businesses with concentrated suppliers or customers may be particularly exposed. Scenario planning and alternative sourcing can reduce vulnerability.

Currency and Interest-Rate Risk

A project may earn revenue in one currency while borrowing or purchasing inputs in another. Exchange-rate movements can reduce margins and increase debt-servicing costs. Interest-rate changes can also affect valuations, refinancing and the affordability of long-term infrastructure.

Regulatory and Tax Risk



Investors need clarity on licensing, taxation, labour rules, environmental standards, data governance and repatriation of earnings. Sudden or inconsistent policy changes can undermine confidence. At the same time, responsible regulation protects public interests and supports fair competition.

Execution and Counterparty Risk

Land, construction, procurement, technology integration and project approvals can cause delays. Contractors may fail, customers may not honour commitments, and projected demand may not materialise. Independent technical, legal, financial and commercial due diligence is essential.

Climate and Physical Risk

Floods, heatwaves, water stress, storms and other climate-related events can disrupt factories, ports, energy systems and supply chains. Investors should assess location-specific exposure, insurance availability, adaptation requirements and business-continuity plans.

11. The Role of Finance Professionals in International Investment

Cross-border investment requires disciplined financial analysis and strong governance. Chartered Accountants, Cost Accountants, investment analysts and other finance professionals play a critical role in evaluating whether a project is commercially viable, financially sustainable and compliant with relevant laws.
Their contribution includes:

- Financial modelling: forecasting revenue, operating costs, capital expenditure, cash flows and returns under multiple scenarios.
- Due diligence: reviewing financial statements, tax exposures, liabilities, contracts, internal controls and contingent risks.
- Valuation: assessing businesses, assets, intellectual property and acquisition opportunities using appropriate methods.
- Cost management: analysing landed costs, production economics, supplier pricing, logistics and operational efficiency.
- Tax and transfer pricing: evaluating cross-border tax obligations, related-party transactions and documentation.
- Risk management: assessing currency, interest-rate, credit, liquidity, project and country risks.
- Governance and reporting: strengthening transparency, audit readiness, compliance and investor confidence.

A sound investment decision must look beyond projected profit. It should test whether cash flows are realistic, financing is sustainable, risks are properly allocated and the project can withstand adverse scenarios.

12. A Practical Checklist for Businesses Seeking Foreign Investment

- Define the business objective: capital for expansion, technology, market access or a strategic partnership.
- Prepare audited financial statements, credible projections and a clear business plan.
- Identify suitable investors whose sector expertise and time horizon match the company.
- Complete legal, tax, regulatory, intellectual-property and operational due diligence.
- Understand valuation, dilution, governance rights, exit terms and reporting obligations.
- Assess foreign-exchange exposure and the rules governing cross-border capital flows.
- Develop a realistic plan for local jobs, supplier development, technology and market growth.

13. What the Next Investment Cycle May Look Like

The next phase of global investment is likely to be shaped by a combination of technology demand, strategic competition, energy transition, infrastructure needs and demographic change. Capital may continue to flow towards AI-related infrastructure and semiconductors, but the durability of these investments will depend on commercial returns, electricity availability and actual demand for computing.

Manufacturing investment may become more selective. Companies will continue to balance cost efficiency with resilience, market access and policy risk. Some production may move closer to consumers, while other supply chains remain concentrated where specialist skills and supplier ecosystems are strongest.

Infrastructure investment will remain important, especially in power, transport, water, digital networks and urban systems. Yet high borrowing costs and public debt constraints may limit the ability of governments to finance projects alone. Mobilising private capital will require bankable projects, credible regulation and transparent procurement.

Emerging markets will compete for investment by improving fundamentals rather than relying only on tax incentives. Skills, logistics, legal certainty, energy reliability and domestic supplier networks can provide more durable advantages than temporary subsidies.

14. How Countries Can Attract Better-Quality Investment

Attracting capital is only the first step. Governments should seek investment that creates productive capacity, decent employment, technology transfer, export capability and stronger domestic enterprises. This requires a coordinated strategy.

- Build infrastructure before bottlenecks become a barrier to growth.
- Maintain stable, transparent and predictable rules for investors.
- Invest in education, vocational training and advanced technical skills.
- Develop industrial clusters and supplier networks around priority sectors.
- Strengthen financial markets and access to long-term project finance.
- Use incentives transparently and link them to measurable public benefits.
- Promote competition while protecting national security and legitimate public interests.
- Measure investment outcomes through jobs, productivity, exports and domestic value addition.

Conclusion: Capital Follows Confidence, Capability and Opportunity

Global investment is not simply moving from one country to another. It is being reorganised around new priorities. Artificial intelligence, semiconductors, clean energy, critical minerals, infrastructure and advanced manufacturing are attracting growing attention. At the same time, traditional industries and many developing economies face a more difficult environment in which to compete for capital.



For India, the opportunity is substantial. The country can strengthen its position as a destination for manufacturing, technology, infrastructure and services investment. But long-term success will depend on improving logistics, skills, regulation, innovation, financing and the competitiveness of domestic suppliers. MSMEs must be included in this growth story so that foreign investment creates broader industrial capability.

For investors, the new landscape demands deeper analysis. Financial returns must be assessed alongside geopolitical exposure, currency risk, sustainability, regulatory certainty and supply-chain



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