

Emerging Market Global Players

CONTEXT

In 2018, approximately 45% of global FDI outflows came from developing countries. This is the largest share ever recorded, and reflects the steadily growing importance of emerging market enterprises (EMEs) in the global economy (Figure 1). These trends are prompting questions within and among countries about the implications of these new players for a range of economic and policy issues.

Developed and developing country host states – recipients of this investment – are, for instance, raising national security concerns in light of the fact that state-ownership is relatively prevalent in many major EMEs, especially as compared to large developed country firms. Emerging market home countries are asking whether and in what circumstances they should actively promote, or seek to rein in, firms’ moves abroad. Catalyzing outward expansion may help increase a company’s competitiveness, potentially benefiting the broader home economy; but outward investment can also result in job losses at home, and can raise challenges for the home country’s ability to effectively tax its firm. These issues are particularly important for countries with high levels of inequality and unemployment, and for resource-constrained tax departments.

Various international initiatives have been launched, including at UNCTAD, the WTO and OECD, to monitor, support and govern international investment by EMEs (and other firms). But gaps in knowledge regarding the identities, activities, and impacts of these relatively new important players hinders robust development of policy approaches. Gaps in understanding also hinder private sector investment and partnerships across borders.

In 2007, as outward investment from emerging markets was just starting to take off, the Columbia Center on Sustainable Investment founded the **Emerging Market Global Players (EMGP) project** to better understand these EMEs. For more than 10 years, the EMGP project has been gathering, compiling, distilling, and distributing information on EMEs that is not otherwise publicly available. More recently, this project has focused on understanding and helping to advance the overall positive impact of EMEs on sustainable development objectives.

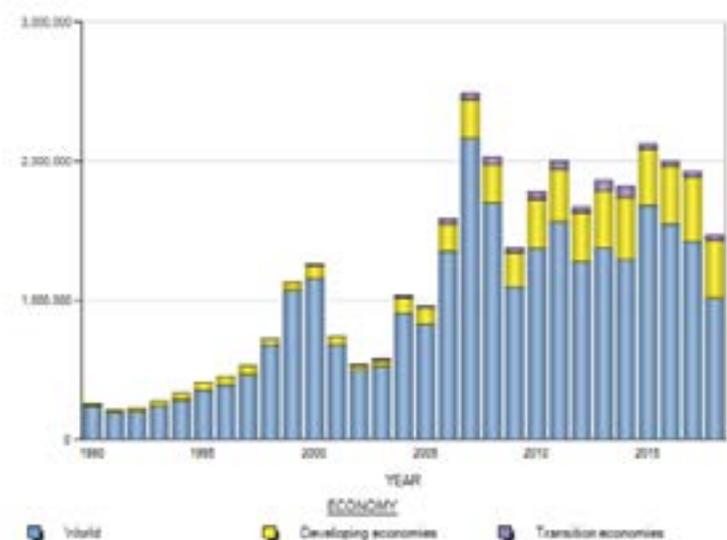


Figure 1 Developing and transition economies: FDI outflows, and share in world outflows, (UNCTAD, 2018).

EMGP Partners

EMGP involves researchers on FDI from leading private sector, government, and academic institutions in emerging markets who prepare reports on the top outward-investing multinationals from each participating country. To date, reports have been published on 17 economies: Argentina, Brazil, Chile, Colombia, China, Hungary, India, Israel, Mexico, Poland, Russia, Slovenia, South Africa, South Korea, Taiwan, Turkey, and the United Arab Emirates.



Using a standard methodology, this unique global network of researchers gathers such information as:

- **how many assets are held,**
- **employees employed at home and abroad,**
- **sectors and industries of operation,**
- **gender composition of boards of directors and management,**
- **degree of state ownership,**
- **opportunities and challenges relating to overseas investment, and**
- **home country policies regarding promotion of outward investment.**

Importantly, these reports also uncover barriers to corporate transparency and consequent difficulties in understanding the reach and impact of firms – particularly privately held firms.

A data repository

EMGP launched a [website](#) in 2018, centralizing first-hand data on the leading firms from emerging markets and analysis of a host of issues related to the characteristics of EMEs. The website provides a range of ways to visualize and manipulate the data to gain a better understanding of large firms from emerging markets, and how those firms differ within and across home countries, sectors and industries, ownership structures, and practices.

Promoting sustainable investment

EMGP assesses the influence of EME performance on various economic and non-economic indicators. It aims to deepen and broaden understanding of these firms, their activities, and impacts – a key prerequisite for informed evidence-based policy dialogues at national and international levels on EME conduct and sustainable development.

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