

Goeconomic Fragmentation and FDI Reallocation in Emerging Economies: The Role of Political Alignment

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ABSTRACT: This study investigates whether the relationship between foreign direct investment (FDI) inflows and political alignment between countries has changed due to goeconomic fragmentation in emerging market and developing economies. A source-host-year panel combines United Nations General Assembly ideal-point distances with the International Monetary Fund Direct Investment Positions by Counterpart Economy dataset. The main sample spans 2010-2024 and includes 125,239 annual observations, 86 emerging/developing host economies, 192 investor economies, and 12,787 bilateral dyads. The preferred specification transforms officially reported inward FDI positions using an inverse hyperbolic sine transformation and includes dyad, host-year, and investor-year fixed effects. The post-2022 marginal effect is estimated imprecisely but is statistically significant and negative ($\beta = -0.0536$; clustered $p = 0.037$), and it captures the incremental interaction between political distance and the post-2022 period. In 2024, FDI inflows and announced greenfield capital expenditure (capEX) followed a similar trajectory of selective reallocation, though not deglobalization, with India reporting a 13% increase in FDI, China a 29% decrease, and ASEAN a record US\$235 billion. Digital-economy investment reached US\$360 billion globally during 2020-2024, with India, Malaysia, Indonesia, Viet Nam, Mexico, Brazil and Thailand among the top developing-country destinations. A connector screen highlights economies where weak bilateral FDI exposure converged with high geopolitical distance after 2022 among emerging economies. The evidence is descriptive, not causal. Overall, findings support a qualified fragmentation interpretation: productive investment remained driven by market fundamentals, sectoral opportunities and connection roles, while political alignment grew in significance after 2022.

KEYWORDS: Goeconomic Fragmentation, Foreign Direct Investment, Political Alignment, UN General Assembly, Emerging Markets, Friend-shoring, Connector Economies

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Introduction

Geeconomic fragmentation has become a more concrete aspect of the international investment environment than a mere theoretical concern. Multinational companies are increasingly impacted by trade, technology, sanctions, investment screening, and strategic subsidies and supply-chain security policies that are impacting geographic decisions. Multinational companies are growing increasingly sensitive to impacts of trade, technology, sanctions, investment screening, and strategic subsidies and supply-chain security policies on geographic decisions. The main question is not just whether the volume of global FDI is increasing or decreasing, but whether it is shifting from one pair of politically aligned countries to another pair of politically distant ones. Evidence from the IMF has found that there is a tendency for FDI to be increasingly concentrated within geopolitically aligned economies and that emerging market and developing economies could be particularly vulnerable to relocation risk. (Ahn et al., 2023; Ahn, 2023)

Recent studies also warn against reading fragmentation as a broad-based deterioration in international investment. Tan identifies some areas of strategic industries where FDI fragmentation is occurring and where this phenomenon is particularly evident in the reorientation of US FDI investment in trade away from China, while Gopinath and co-authors highlight that trade and FDI ties have become weaker over the past two decades within and between geopolitically distant blocs, and that there are increasing signs of non-aligned connector economies. (Tan, 2024; Gopinath et al., 2024)

In this paper, we make a contribution by creating an original bilateral panel consisting of the IMF Direct Investment Positions by Counterpart Economy and the annual UNGA ideal-point distances. Bilateral positions allow one to focus on both the host and immediate investor economy, allowing for a test of whether the same host economy receives systematically different investment from politically closer and more distant partners, unlike aggregate FDI-to-GDP measures. The empirical strategy also removes dyad fixed effects and host-year and investor-year fixed effects. This is challenging: After conditioning on time-invariant dyad characteristics, and on the individual host and investor annual shocks respectively, political distance is identified.

There is qualified evidence of change post 2022. The incremental coefficient for political distance after 2022 is negative and statistically significant in the strongest specification, but is not significant in the post-2018 specification. This implies that the most relevant break in the time series shown here is not that of the post-2018 era as a whole, but that of the post-2022 era. Concurrently, the effect of the post-2022 marginal change is estimated with low precision, and other measures of outcome have lower power. The paper therefore concludes the result is a sign of evolving allocation patterns and not a sign of universal decoupling.

Literature Review

FDI Location

The traditional FDI literature focuses on market size, relative production costs, trade costs, institutions, political risk, and multinational-firm strategy. Dunning's eclectic paradigm and Helpman's theory of multinational activity laid the foundation for a fundamental set of mechanisms that relate ownership, location, and internalization advantages to cross-border production (Dunning, 1988; Helpman, 1984).

All the empirical studies have consistently confirmed that institutional and political factors do impact investment decisions. The political hazards are related to multinational entry strategies as discussed by Henisz; democratic governance and multinational investment as discussed by Jensen; government stability, conflict, law and order, democratic accountability, and bureaucratic quality as significant correlates of FDI discussed by Busse and Hefeker;

and the broader empirical determinants literature discussed by Blonigen (Henisz, 2000; Jensen, 2003; Busse & Hefeker, 2007; Blonigen, 2005).

Gravity, Bilateral Allocation and Zero-heavy Investment Data

The data on gravity, bilateral allocation, and zero-heavy investments are also included. Data on gravity, bilateral allocation, and zero-heavy investments are also included. FDI is a bilateral economic relationship, and gravity-style empirical methods are natural for such a relationship. Anderson and van Wincoop summarize the structural gravity model for bilateral flows, and Head and Mayer summarize the modern estimation and identification of gravity. The problems of log-linear estimation under heteroskedasticity are illustrated by the case of Santos Silva and Tenreyro and are the motivation for Poisson pseudo-maximum-likelihood methods for non-negative bilateral outcomes (Anderson & Van Wincoop, 2003; Head & Mayer, 2014; Silva & Tenreyro, 2006).

Goeconomic Fragmentation and Friend-shoring

Geopolitical distance is added to the traditional location framework in the recent fragmentation literature. The IMF World Economic Outlook chapter on goeconomic fragmentation reveals that the share of FDI has increased among geopolitically aligned economies, and that emerging economies could experience significant declines if investment blocs become more fragmented (Ahn et al., 2023). Following Russia's invasion of Ukraine, after all, the authors note that trade and reported FDI between geopolitically distant blocs dropped in importance compared to the flows within each bloc, whereas non-aligned “connector” countries increased in significance. But Tan notes that the fragmentation of FDI is not yet complete and is largely in certain strategic industries and specific relationships. These results suggest a hypothesis of selective rather than complete fragmentation (Tan, 2024; Gopinath et al., 2024).

A study of the supply chain comes to a similar conclusion. Alfaro and Chor report a “great reallocation” in U.S. sourcing that saw a decline in direct sourcing from China and increases in sourcing from other countries, including Vietnam and Mexico, but also noted that reallocation does not mean that indirect sourcing from China becomes irrelevant (Alfaro & Chor, 2023).

The recent investment-oriented reports by UNCTAD confirm the importance of this separation. Global FDI continued to be weak and uneven in 2024 and grew but slowly to approximately US\$1.6 trillion in 2025, although investment in 2025 tended to be concentrated in a limited number of host economies and strategic activities that require a high level of capital investment (UNCTAD, 2025b, 2026).

Conceptual Framework and Hypotheses

Project returns can be influenced by political distance, including sanctions exposure, investment screening, technology-transfer restrictions, and national-security regulation and expectations about future market access. The more the fragmentation increases, the higher the cost might be for a given level of political distance. The empirical evidence is not merely a negative level effect of distance, but an effect on the coefficient value at significant geopolitical change points.

H1: The bilateral FDI positions are negatively correlated with greater political distance.

H2: Political distance has a greater negative impact after 2018.

H3: Political distance has a negative impact that grows stronger beyond 2022.

H4: The relationship is not strictly linear, with room for some non-aligned connector-economies to grow and/or attract investment.

Data

IMF Bilateral Direct-investment Positions, in Thousands of Dollars

The data on FDI source is from the IMF Direct Investment Positions by Counterpart Economy (DIP) database, which was previously linked to the Coordinated Direct Investment Survey. All the extraction data is taken from the annual official data, reported in US\$ millions, for inward direct investment, all financial instruments, all entities, and net liabilities less assets. Mirror observations are not included in the baseline as they would be a mix of official host reporting with imputed counterpart values. The yearly observations in this release span from 2009 to 2024, and the analysis period is from 2010 to 2024, to align with the study design and the political-alignment coverage.

UNGA Political Distance

Political alignment is quantified with the annual ideal point data based on the dyadic estimates of state preferences that were developed by Bailey, Strezhnev, and Voeten for the UN General Assembly (Bailey et al., 2016). Political distance is the absolute difference in annual foreign-policy ideal points for each investor-host pair and year. The values near zero indicate higher political alignment, while the higher the value, the greater the political distance. In the bilateral file, country-pair identifiers are matched regardless of sequence – it is a symmetric file.

Sample Construction

The classification of emerging market and developing host economies is based on the IMF classification of the world in the World Economic Outlook, which distinguishes advanced economies from emerging market and developing economies. In 43 advanced economies and 154 emerging market and developing economies, the April 2026 WEO shows (IMF, 2026).

Following the restriction to the baseline FDI concept, reshaping to annual data, matching the sovereign ISO3 to the UNGA file, and excluding advanced economy country pairs, the final panel comprises 125,239 observations, 86 host economies, 192 investor economies and 12,787 dyadic observations spanning the period 2010-2024. The panel is unbalanced due to the fact that reporting is not equal across hosts and years.

Empirical Strategy

The baseline outcome is IHS(FDI), a transformation of the bilateral inward FDI position using the inverse hyperbolic sine (IHS) function. IHS is defined for negative and zero values, and is approximately a logistic function for sufficiently large positive values, so that it can be used for net direct-investment positions that may include negative and zero observations. The recommended specification is:

$$\text{IHS}(\text{FDI}_{ijt}) = \beta_1 \text{Distance}_{ijt} + \beta_2 (\text{Distance}_{ijt} \times \text{Post2018}_t) + \beta_3 (\text{Distance}_{ijt} \times \text{Post2022}_t) + \mu_{ij} + \varphi_{jt} + \psi_{it} + \varepsilon_{ijt}$$

where μ_{ij} is a dyad fixed effect, φ_{jt} is a host-year fixed effect, and ψ_{it} is an investor-year fixed effect. Post2018 is 1, and Post2022 is 1 after 2018 and 2022, respectively. With host-year and investor-year effects, all host-specific and investor-specific macroeconomic variables in each year—including market size, growth, inflation, exchange-rate conditions, and common institutional changes—are absorbed. Standard errors are grouped at the dyad level. The robustness checks comprise: a positive-position log specification, a large-margin linear probability model of positive position, and a nonlinear distance specification that contains squared distance and period interactions. Due to the absence of a sector variable in the DIP extract, strategic-sector heterogeneity is not estimated based on these data and is left to an extension based on sector-level project data.

Empirical Results

Descriptive Statistics

Table 1

Descriptive Statistics

Variable	N	Mean	SD	Min	Median	Max
FDI position (US\$ mn)	125,239	631.582	5680.273	-47712.895	0.000	283871.412
IHS(FDI position)	125,239	1.793	2.889	-11.466	0.000	13.249
Political distance	125,239	0.779	0.650	0.000	0.581	4.224
Positive-position indicator	125,239	0.484	0.500	0.000	0.000	1.000

The bilateral distribution of FDI flows is very uneven. The median reported position is 0, the mean reported position is US\$631.6 million, and the maximum is more than US\$283 billion. About 48.4% of the matched observations have a positive position. The average absolute ideal-point distance for UNGA is 0.779.

Table 2

Correlation Matrix

	IHS(FDI)	Political distance	Positive position
IHS(FDI)	1.000	0.109	0.681
Political distance	0.109	1.000	0.106
Positive position	0.681	0.106	1.000

The unconditional correlation between political distance and IHS(FDI) is positive (0.109), which demonstrates that raw correlations are not informative for fragmentation, as high-distance dyads can also be large markets or financial centres. These level differences are designed to be eliminated by the fixed-effects design.

Figure 1

Mean Bilateral HIS(FDI) Position, 2010-2024

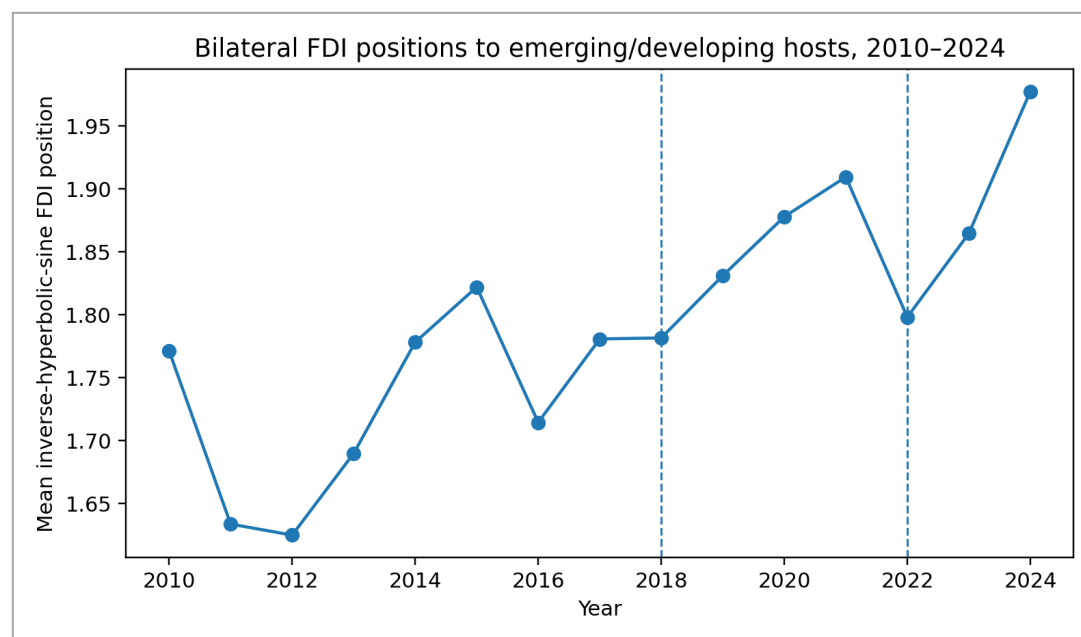
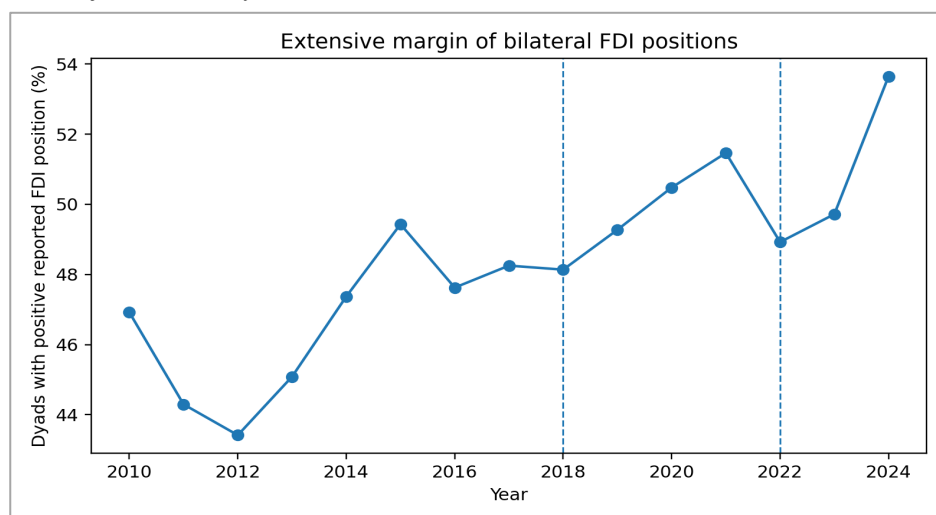
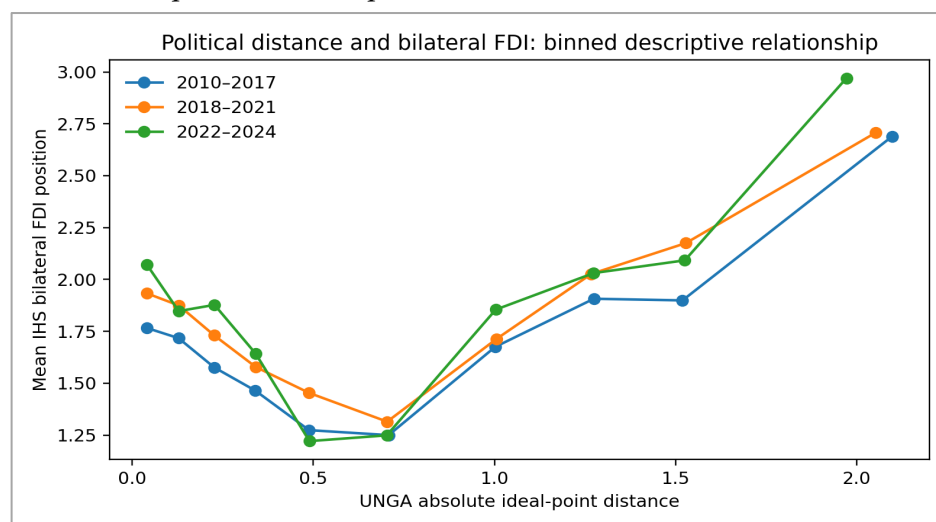


Figure 2

Share of Matched Dyads with a Positive FDI Position


Figure 3

Binned Descriptive Relationship between Political Distance and Bilateral FDI by Period



Fixed Effects Estimates

Table 3

Political Distance and Bilateral FDI Positions

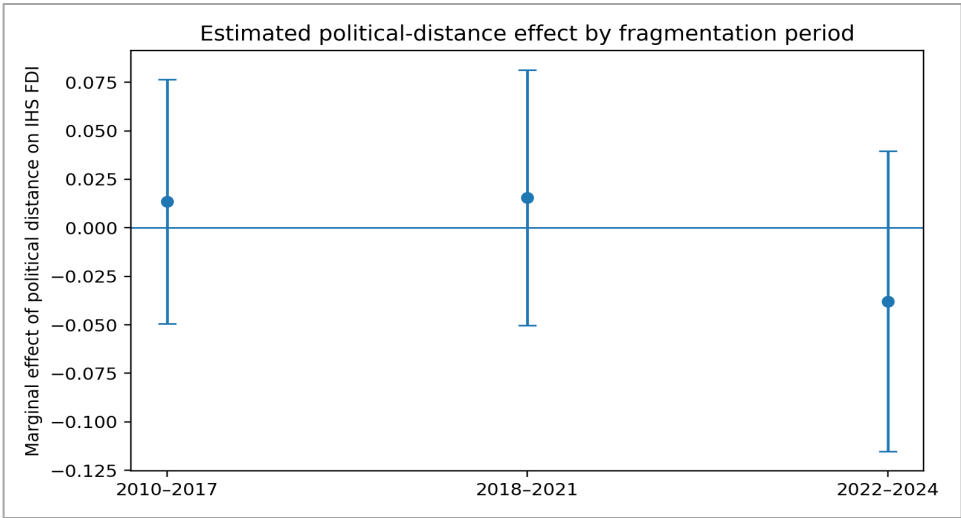
Variable	(1)	(2)	(3)	(4)
Political distance	0.0366* (0.0204)	0.0251 (0.0225)	0.0253 (0.0224)	0.0134 (0.0321)
Distance × Post-2018	—	0.0290 (0.0200)	0.0277 (0.0192)	0.0023 (0.0284)
Distance × Post-2022	—	—	0.0034 (0.0185)	-0.0536** (0.0257)
Observations	125,239	125,239	125,239	125,239
Dyad FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	No
Host-year FE	No	No	No	Yes
Investor-year FE	No	No	No	Yes

Note. IHS of the officially reported inward FDI position is the dependent variable. Standard errors are cluster-robust (at the dyad level). * $p<0.10$; ** $p<0.05$; *** $p<0.01$. There is no statistically significant increment in post-2018 or post-2022 for columns (1)-(3). The favored column (4) also captures the host-year and investor-year shocks. The post-2022 incremental interaction is -0.0536 (SE 0.0257; $p=0.037$), and the post-2018 incremental interaction is essentially zero and not statistically significant. This suggests that after controlling for the shocks to the economy at the host and investor country level that occurred each year, increased political distance became more strongly associated with a decrease in bilateral investment after 2022.

It is important to note that the results should be interpreted with caution. The overall linear combination of distance in 2022-2024 is approximately -0.0380 with a 95% confidence interval of -0.115 to 0.039 ($p=0.336$). Therefore, the data indicate that the distance coefficient has changed in a statistically significant manner after 2022, but the distance coefficient after 2022 is not well estimated. This is meant as evidence of reallocation in relative terms and not an assertion that, for every politically distant dyad, FDI was lower.

Figure 4

Marginal Effect of Political Distance by Period in the Preferred Fixed-effects Specification



Robustness and Connector-economy Test

Table 4

Robustness and Nonlinear Specification

Specification	Term	Coef.	SE	p-value	N
R1 Positive log	Political distance	0.0131	0.0282	0.642	60,566
R1 Positive log	Distance × Post-2018	-0.0132	0.0189	0.484	60,566
R1 Positive log	Distance × Post-2022	-0.0059	0.0156	0.706	60,566
R2 Positive indicator	Political distance	0.0154***	0.0045	0.001	125,239
R2 Positive indicator	Distance × Post-2018	-0.0050	0.0037	0.171	125,239
R2 Positive indicator	Distance × Post-2022	-0.0040	0.0036	0.270	125,239
R3 Nonlinear	Political distance	0.0052	0.0447	0.908	125,239
R3 Nonlinear	dist2	0.0138	0.0191	0.471	125,239
R3 Nonlinear	Distance × Post-2018	-0.0762	0.0516	0.139	125,239
R3 Nonlinear	dist2_post2018	0.0487**	0.0234	0.037	125,239
R3 Nonlinear	Distance × Post-2022	-0.0610	0.0532	0.252	125,239
R3 Nonlinear	dist2_post2022	0.0380	0.0252	0.132	125,239

If you restrict the sample to the positive side, the positive-position log specification does not yield any statistically significant period interactions, indicating that the positive-position change after 2022 is not stable on the intensive margin. The large margin model gives only a few post-period interactions which are unimportant anyway. A positive and statistically significant squared-distance $\times$ Post-2018 term ($p \approx 0.037$) is, however, obtained for the nonlinear specification. This pattern can be captured in a manner other than a straightforward monotonic friend-shoring reaction, and with the post-2022 nonlinear terms not having any individual meaning. The word 'suggestive' is applied to the interpretation of the word 'connective' in the economy industry instead of the word 'definitive'.

Connector-economy Screen

The paper proposes a descriptive host-level screen in addition to inferring connector status from the quadratic regression to enhance the transparency of the connector argument. A connector-like host is one that has a mean position of 2022-2024 in the bilateral IHS(FDI) scale, and has a mean political distance in 2022-2024 that is equal to or greater than the sample median. This rule is not intended to define causal relationships or strategic neutrality, but rather to differentiate economies that shift to be relatively more exposed to bilateral investment after 2022, and those that are placed in relatively large geopolitical distance regions.

Table 5

In 2022, these Hosts were Listed as Descriptive Connector-like Hosts

Host	2018-21 mean IHS(FDI)	2022-24 mean IHS(FDI)	Change	2022-24 mean political distance
Honduras	1.176	4.171	2.994	0.731
Bolivia	0.961	3.486	2.525	1.337
Bhutan	1.004	2.435	1.431	0.993
Mali	0.826	1.707	0.881	0.818
Azerbaijan, Republic of	3.113	3.845	0.732	0.869
Namibia	6.248	6.975	0.727	1.070
Armenia, Republic of	2.678	3.342	0.664	0.945
Moldova, Republic of	0.858	1.512	0.654	0.864
Romania	3.990	4.609	0.619	0.760
Solomon Islands	3.413	3.873	0.460	0.990

Note. Connector-like = descriptive and not structural. Political distance is the absolute UNGA ideal-point distance. The screen needs to be located at a 2022-2024 distance from the sample median, and the mean IHS(FDI) needs to be increased from 2018-2021. There are 25 hosts identified in the screening. The highest growth in the screened economies is found in Honduras, Bolivia, Bhutan, Mali, Azerbaijan, Namibia, Armenia, Moldova, Romania, and the Solomon Islands. The rule is also fulfilled in Türkiye. India, Indonesia, and Mexico, on the other hand, experience increases in host-level descriptive series after 2022, but are marginally below the sample-median political-distance threshold, which explains the importance of not mechanically equating 'connector' status with FDI growth. The screen thus reinforces the paper's argument of the heterogeneity of the nation, while maintaining a cautious view.

Flow and Greenfield Investment Corroboration

Position-based bilateral estimates are supplemented by evidence on FDI flows and announced greenfield projects that are independent of quantity. The overall trend of FDI inflows to developing economies decreased in 2024 according to UNCTAD, but the pattern was far from even, with the inflows to Mexico advancing by 11%, those to India by 13%, to ASEAN by a record US\$235 billion, and to China by 29%. Meanwhile, greenfield project activity

was in strong shape in some emerging markets. In developing Asia, total announced greenfield capital expenditure was roughly US\$363 billion in 2024, with India having an announced capital expenditure of around US\$110 billion. These flow and project metrics align with reallocations to destinations, not with a widespread international capital exit (UNCTAD, [2025a](#), [2025b](#)).

The fragmentation mechanism is further qualified by the sectoral evidence of greenfield investment. UNCTAD estimated that in 2024, US\$360 billion was announced in greenfield investment in the digital economy. India (US\$114 billion), Malaysia (US\$74 billion), Indonesia (US\$39 billion), Viet Nam (US\$32 billion), Mexico (US\$29 billion), Brazil (US\$23 billion), Saudi Arabia (US\$23 billion) and Thailand (US\$16 billion) were the major destinations in the developing economies over the period 2020-24. These data are not suitable for re-estimating the political-distance model presented in this paper, but they do stand on their own to confirm that new productive investment is focussing on a subset of emerging economies and strategic activities (UNCTAD, [2025c](#)).

Bilateral evidence of annual flows is also available from the OECD FDI-by-counterpart database, which documents cross-border direct-investment transactions at the bilateral level by partner economy in US\$ millions. It has a reporting universe focused on OECD reporting economies, and is not the same as the wide sample of 86-host economies that is used in the IMF. Therefore, the OECD series is not selectively merged into the baseline panel. The separation from the estimand does not inadvertently introduce a change in the estimand in order to get the flow variable (OECD, [2024](#)).

Discussion

The largest distance effect is the negative one post-2022, which is robust to the inclusion of dyad and host-year and investor-year fixed effects. It is also similar to what Gopinath et al. report as the decline in trade post-invasion and in FDI declaration between geopolitically remote countries and blocs compared to FDI between bloc countries (Gopinath et al., [2024](#)).

Concurrently, the small and mixed robustness results and marginal effect are both consistent with Tan's conclusion that "FDI fragmentation is not a widespread phenomenon yet." The present findings thus support a selective-fragmentation interpretation: political alignment became more relevant at the margins since 2022, while investment allocation remains diverse due to a range of economic and institutional factors (Tan, [2024](#)).

The distinction is important for developing economies. A universal friend-shoring policy would suggest that friends dictate who gets access to capital. Those findings are not consistent with that. The shift identified after 2022 is relative to the state of particular hosts at that time, given the host-year fixed effects that absorb all annual characteristics of the hosts. However, countries can be appealing to both blocs if they have a mix of market access, productive capacities, and trustworthy institutions, along with enough flexibility in their external relations.

The connector-economy mechanism is one to take special note of. The host-level screen in Section 6.4 allows a look at the present data and reveals the mechanism of an increase in bilateral FDI exposure for a subset of relatively politically distant hosts after 2022. The screen is therefore intentionally descriptive; the DIP data provide information on where the investments go, and not on who owns them, and also do not give information about whether the investments are channeled through a host or in new production capacity. As noted above, the non-linear results in this paper are consistent with heterogeneity, but the DIP data used in this paper do not help identify industry or ultimate ownership, and as such cannot distinguish between the diversification node and an intermediary in a longer investment chain.

Policy Implications

A geopolitical alignment should never be a replacement for fundamentals of the investment. The empirical results suggest that political distance has gained in importance since 2022 but that its impact is not universal nor strong enough and well-defined to outweigh all other factors. Support for improved infrastructure, logistics, skills, regulatory predictability, and investment facilitation/access to regional markets are central to policies. The policy goal should be to create credible multi-market access, and not a strategy for opportunistic circumvention, for economies that follow a connector strategy. Compliance with rules of origin, sanctions screening, transparent ownership, and domestic value addition will be of greater significance as the major economies focus on indirect supply chains. Those countries that simply pass on transactions without developing productive capacity may be subjected to policy tightening in the future. Last but not least, the promotion of investments should be focused on internal spillovers. With the environment being fractured, big announcements of FDI can be focused on capital-intensive strategic projects. Instead of the gross value of the project, the government should consider factors such as employment, linkage with suppliers, technology transfer, training, and fiscal costs.

Limitations and Reproducibility

There are five major limitations of the analysis. First, the IMF DIP measure is a stock/position measure and not a pure annual flow measure. Independent UNCTAD flow and greenfield indicators are thus employed as corroborating evidence, but are not used in a bilateral political-distance regression. Second, the DIP data do not reflect ultimate ownership of the capital and thus conduit structures may mask the ultimate source of capital. Thirdly, the official-only restriction facilitates conceptual consistency but diminishes the coverage as compared with mirror observations. Fourth, UNGA ideal-point distance reflects general foreign-policy similarity and does not necessarily reflect alignment of each country's foreign policies on issues of security. Fifth, there is no sector dimension for the DIP release uploaded, which is suitable for a bilateral strategic-industry test; hence, the sectoral greenfield evidence reported here is not a replacement for source-host-industry microdata.

The deterministic construction in this paper, which includes annual official inward positions, all financial instruments, all entities, net liability less asset, US\$ millions, 2010-2024, self-dyads removed, political distance defined as *AbsIdealDiff*, and IMF advanced hosts excluded, enhances the reproducibility of the results. There are 125,239 observations in the final merged data set. Replication files should contain the filtered bilateral panel, the code for the fixed-effects transformation, the regression output, and the scripts to generate the figures.

Conclusion

This paper offers fresh bilateral evidence for the effect of political affiliation in FDI destination selection for emerging markets and developing countries. It integrates IMF direct-investment positions with annual UNGA political-distance measures and goes beyond mere aggregate FDI indicators to directly examine the source-host relationships. This specification controls for dyad, host-year, and investor-year fixed effects, and is a challenging test of the importance of changes in political distance, in a context where bilateral persistence and country-specific annual shocks are also accounted for. The results suggest that a statistically significant negative effect on political distance existed after 2022, whereas the one after 2018 was not significant.

The current episode is characterised by selective reallocation, which is confirmed by independent UNCTAD flow and greenfield indicators: some emerging economies have seen an increase in inflows and new projects while other economies have seen investment decline, and greenfield investment has become highly concentrated in a limited number of developing destinations.

The overall post-2022 marginal effect in the bilateral model is still poorly estimated, and a few other specifications of the outcome are weaker. It is thus not the creation of a clear dichotomy of political sides, but the emergence of a more relevant dimension of FDI allocation, namely political alignment, in the broader sorting process as to destinations and sectors. It would be beneficial to replicate this analysis with data on greenfield projects at the sector level, and to include data on ultimate investors and explicit values of connector status. Those additions would enable the paper to separate out real productive friend-shoring from financial intermediation, and determine whether politically non-aligned economies were being more resilient and establishing multi-bloc production networks, or simply just moving capital around.

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Appendix A

Sample and Variable Definitions

Item	Definition
Sample	86 IMF emerging/developing host economies; 192 investor economies; 12,787 dyads; 2010–2024
FDI	Official inward direct-investment position, all financial instruments, all entities, net liabilities less assets, US\$ millions
Political distance	Absolute annual difference in UNGA foreign-policy ideal points (AbsIdealDiff)
Post-2018	1 for 2018–2024
Post-2022	1 for 2022–2024
Primary outcome	asinh(FDI position)
Clustering	Bilateral dyad
Preferred fixed effects	Dyad + host-year + investor-year

Appendix B

Main Sample Hosts

ISO3	Host Economy	Observations	Investors	Coverage
ALB	Albania	746	112	2011–2024
ARG	Argentina	886	147	2015–2024
ARM	Armenia, Republic of	679	59	2010–2024
AZE	Azerbaijan, Republic of	1,475	122	2010–2024
BEN	Benin	1,475	191	2011–2022
BFA	Burkina Faso	1,742	191	2012–2024
BGD	Bangladesh	1,718	191	2010–2024
BGR	Bulgaria	2,708	191	2010–2024
BHR	Bahrain, Kingdom of	956	123	2010–2024
BIH	Bosnia and Herzegovina	1,851	190	2010–2024
BLR	Belarus, Republic of	2,859	191	2010–2024
BOL	Bolivia	1,220	191	2010–2024
BRA	Brazil	2,100	191	2010–2024
BRB	Barbados	617	183	2010–2013
BRN	Brunei Darussalam	63	7	2016–2024
BTN	Bhutan	86	10	2010–2024
BWA	Botswana	2,133	191	2010–2024
CHL	Chile	2,028	158	2012–2024
CHN	China, People's Republic of	2,809	191	2010–2024
CIV	Côte d'Ivoire	554	191	2016–2022
CPV	Cabo Verde	1,853	180	2012–2022
CRI	Costa Rica	2,593	191	2010–2024
DOM	Dominican Republic	550	189	2019–2024
DZA	Algeria	1,332	191	2018–2024
FJI	Fiji, Republic of	136	17	2014–2021
GEO	Georgia	1,501	138	2010–2024
GHA	Ghana	2,859	191	2010–2024
GIN	Guinea	700	190	2018–2024
GNB	Guinea-Bissau	1,706	191	2011–2023
GTM	Guatemala	2,795	191	2010–2024
HND	Honduras	1,145	191	2010–2024

HUN	Hungary	2,187	188	2010–2024
IDN	Indonesia	2,534	191	2010–2024
IND	India	2,859	191	2010–2024
KAZ	Kazakhstan, Republic of	2,857	191	2010–2024
KGZ	Kyrgyz Republic	1,224	180	2010–2024
KHM	Cambodia	2,828	191	2010–2024
KIR	Kiribati	2	2	2024–2024
KWT	Kuwait	191	27	2010–2024
LBN	Lebanon	2,359	191	2011–2024
LKA	Sri Lanka	643	55	2013–2024
MAR	Morocco	1,244	191	2010–2024
MDA	Moldova, Republic of	2,635	191	2010–2024
MDG	Madagascar, Republic of	250	50	2014–2018
MEX	Mexico	2,311	181	2010–2024
MKD	North Macedonia, Republic of	2,072	191	2010–2024
MLI	Mali	1,440	191	2011–2024
MMR	Myanmar	157	45	2015–2019
MNE	Montenegro	1,989	191	2010–2024
MNG	Mongolia	1,663	191	2010–2024
MOZ	Mozambique, Republic of	2,705	191	2010–2024
MUS	Mauritius	1,884	191	2010–2024
MYS	Malaysia	210	14	2010–2024
NAM	Namibia	45	8	2015–2024
NER	Niger	1,130	191	2012–2024
NGA	Nigeria	2,073	191	2010–2024
NPL	Nepal	577	62	2010–2024
PAK	Pakistan	1,278	191	2010–2024
PAN	Panama	2,016	189	2010–2024
PER	Peru	763	191	2010–2013
PHL	Philippines	2,494	191	2010–2024
PLW	Palau, Republic of	32	4	2014–2021
POL	Poland, Republic of	2,318	191	2010–2024
PRY	Paraguay	2,858	191	2010–2024
ROU	Romania	989	121	2010–2024
RUS	Russian Federation	2,180	191	2010–2021
RWA	Rwanda	1,396	191	2011–2024
SAU	Saudi Arabia	1,016	127	2010–2023
SEN	Senegal	719	191	2011–2022
SLB	Solomon Islands	123	13	2014–2024
SLV	El Salvador	2,265	191	2010–2024
SWZ	Eswatini, Kingdom of	1,101	175	2017–2023
SYC	Seychelles	706	191	2010–2024
TGO	Togo	1,562	191	2011–2022
THA	Thailand	2,859	191	2010–2024
TJK	Tajikistan, Republic of	488	114	2015–2024
TTO	Trinidad and Tobago	20	5	2020–2023
TUR	Türkiye, Republic of	2,859	191	2010–2024
TZA	Tanzania, United Republic of	1,115	190	2010–2023
UGA	Uganda	2,271	190	2010–2024
UKR	Ukraine	1,159	103	2010–2024

URY	Uruguay	391	32	2010–2024
VEN	Venezuela, República Bolivariana de	694	191	2011–2017
WSM	Samoa	17	4	2010–2023
ZAF	South Africa	2,859	191	2010–2024
ZMB	Zambia	747	97	2010–2024