

FOREIGN DIRECT INVESTMENT FLOWS

Foreign direct investment (FDI) is a key element in international economic integration. FDI creates direct, stable and long-lasting links between economies. It encourages the transfer of technology and know-how between countries, and allows the host economy to promote its products more widely in international markets. FDI is key to the creation of many global value chains by allowing firms to link and organise production across countries. FDI is also an additional source of funding for investment and, under the right policy environment, can be an important vehicle for development.

Definition

Foreign direct investment is a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy in an enterprise that is resident in an economy other than that of the direct investor. The direct or indirect ownership of 10% or more of the voting power is evidence of such a relationship.

FDI flows are cross-border financial transactions within a given period (e.g. year) and between affiliated enterprises that are in a direct investment relationship. FDI flows include equity capital, reinvestment of earnings and inter-company debt.

Overview

Despite large quarterly fluctuations, global FDI flows remained stable overall in 2014 as compared to 2013, at around USD 1 385 billion. FDI activity gained momentum in the second half of 2014 after falling sharply in the first quarter due to a single large deal which reduced both inward FDI flows in the United States and outward FDI flows from the United Kingdom. Preliminary information for 2015 indicate that global FDI flows continued to rise in the first half of 2015. However, global FDI flows have stalled at levels substantially below the peak levels reached before the financial crisis (at USD 2 077 billion) and ensuing global recession that began in 2008.

OECD investors accounted for around 65% of global FDI outflows in 2014 at USD 895 billion and were up 2% as compared to 2013. The top three investing countries were the United States, Japan and Germany, representing 40% of global FDI outflows. OECD countries received 42% of global FDI inflows at USD 588 billion, representing an 18% decrease as compared to 2013. 40% of global FDI inflows were hosted by four countries: China (the top recipient of FDI worldwide since 2010), the United States, Brazil and Canada.

Comparability

In 2014, the implementation of the latest international standards for compiling FDI statistics came into widespread use, which generally enhanced the comparability of FDI statistics across countries. However, some differences remain. For example, data for Brazil, India, Korea, Norway, South Africa and Switzerland are on an asset/liability basis while data for the other countries are on a directional basis. Implementation of the new standards also caused major changes to FDI statistics. Therefore, long historical series are not available for all countries.

Data for Austria, Chile, Denmark, Hungary, Iceland, Luxembourg, Mexico, the Netherlands, Poland, Portugal and Spain exclude resident Special Purpose Entities.

The EU28 aggregate has an evolving composition: EU15 until end 2003; EU25 in 2004-06; and EU27 for 2007-12.

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Further information

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Websites

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- OECD International Investment, www.oecd.org/daf/investment.

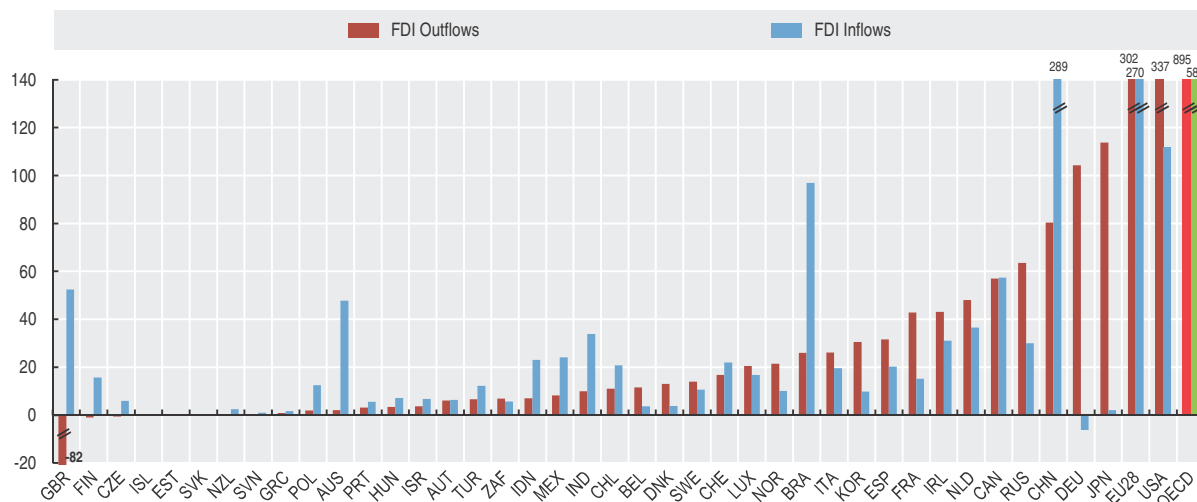

Outflows and inflows of foreign direct investment

Million US dollars

	Outflows of foreign direct investment						Inflows of foreign direct investment					
	2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
Australia	16 409	19 803	1 716	6 737	1 580	2 114	31 668	36 442	58 906	58 970	56 946	47 742
Austria	10 999	9 585	21 933	13 114	15 565	6 074	9 269	2 576	10 625	3 990	5 719	6 428
Belgium	..	..	46 413	33 834	23 063	11 611	..	..	76 938	6 518	13 678	3 655
Canada	39 660	34 721	52 144	53 948	50 521	57 043	22 733	28 399	39 667	39 273	70 545	57 376
Chile	6 487	10 226	12 470	17 252	9 217	10 994	12 051	15 220	16 815	24 924	18 071	20 820
Czech Republic	950	1 168	-328	1 794	4 021	-529	2 929	6 147	2 323	8 000	3 641	5 908
Denmark	3 689	1 382	11 278	7 359	9 534	12 984	392	-9 167	11 488	418	-742	3 859
Estonia	1 375	159	-1 476	1 032	431	-230	1 840	1 453	978	1 558	546	507
Finland	..	..	..	..	-2 686	-926	..	..	..	..	-6 609	15 726
France	100 872	48 158	51 462	31 574	24 993	42 871	30 735	13 890	31 671	16 985	42 884	15 192
Germany	..	..	..	..	34 313	104 230	..	..	..	..	22 395	-6 175
Greece	2 055	1 558	1 774	678	-785	904	2 436	330	1 144	1 741	2 817	1 671
Hungary	1 852	1 173	4 713	11 717	1 963	3 472	1 998	2 195	6 315	14 427	3 333	7 107
Iceland	2 248	-2 368	18	-3 205	460	-237	79	245	1 107	1 025	397	441
Ireland	..	..	..	22 573	29 023	43 135	..	..	..	45 276	44 890	31 133
Israel	1 753	8 657	9 165	3 255	5 499	3 667	4 605	6 335	8 727	8 469	12 449	6 739
Italy	..	..	..	..	25 107	26 137	..	..	..	..	24 268	19 538
Japan	74 699	56 276	107 550	122 514	135 745	113 699	11 939	-1 252	-1 757	1 732	2 303	2 092
Korea	17 436	28 280	29 705	30 632	28 360	30 558	9 022	9 497	9 773	9 496	12 767	9 899
Luxembourg	..	..	..	..	25 278	20 541	..	..	..	..	15 368	16 740
Mexico	9 604	15 050	12 636	22 470	13 138	8 304	17 756	26 168	23 328	19 492	44 886	24 154
Netherlands	26 267	68 363	34 818	6 174	68 856	48 046	38 748	-7 185	24 391	20 121	39 026	36 568
New Zealand	-1 002	716	2 524	-457	524	71	701	-61	4 222	3 396	1 831	2 493
Norway	12 330	30 520	14 412	27 536	8 152	21 478	8 673	21 238	10 895	26 750	1 608	10 140
Poland	1 807	6 149	1 028	2 905	1 488	1 975	10 043	12 800	15 953	12 441	3 626	12 532
Portugal	814	-9 956	13 917	-9 869	-139	3 138	1 282	1 507	5 997	8 337	1 659	5 594
Slovak Republic	..	..	..	..	-313	-123	..	..	..	..	-604	-332
Slovenia	214	-19	200	-258	-214	264	-477	106	1 088	339	-151	1 061
Spain	..	..	..	..	11 771	31 613	..	..	..	..	27 551	20 314
Sweden	26 205	20 364	29 912	28 977	29 074	13 994	10 095	141	12 946	16 349	3 673	10 697
Switzerland	44 361	73 827	44 084	53 153	10 237	16 819	48 061	17 509	24 397	25 844	-22 553	21 942
Turkey	1 553	1 469	2 330	4 106	3 525	6 656	8 585	9 086	16 136	13 283	12 355	12 198
United Kingdom	28 993	48 075	95 577	20 769	-18 770	-81 854	89 796	58 180	42 196	55 626	47 589	52 478
United States	310 383	301 080	419 061	339 694	328 628	336 935	150 442	205 850	236 068	193 795	216 576	111 577
EU 28	366 450	469 427	518 169	274 877	295 255	302 289	361 905	372 419	417 592	270 749	304 812	269 570
OECD	893 448	1 050 081	1 208 354	943 898	877 161	895 428	686 406	736 942	856 034	688 385	722 749	587 814
Brazil	-4 552	16 426	3 850	8 017	13 352	26 042	31 481	53 345	71 539	76 111	80 843	96 895
China	43 890	57 954	48 421	64 963	72 971	80 418	131 057	243 703	280 072	241 214	290 928	289 097
India	16 096	15 968	12 608	8 553	1 766	9 951	35 581	27 397	36 499	23 996	28 153	33 870
Indonesia	2 249	2 664	7 713	5 422	6 652	7 077	4 878	13 771	19 241	19 138	18 817	23 039
Russian Federation	34 450	41 116	48 635	28 423	70 685	63 513	27 752	31 668	36 868	30 188	53 397	30 011
South Africa	1 322	-84	-229	2 885	6 646	6 939	8 614	4 014	3 783	4 403	8 296	5 714

 1 2 <http://dx.doi.org/10.1787/888933336132>
FDI flows

As a percentage of GDP, 2014 or latest available year


 1 2 <http://dx.doi.org/10.1787/888933334953>



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