

FDI FLOWS AND STOCKS

Foreign direct investment (FDI) is a key element in the rapidly evolving process of international economic integration. FDI creates direct, stable and long-lasting links between economies. FDI encourages the transfer of technology and know-how between countries, and it allows the host economy to promote its products more widely in international markets. Finally, FDI is an additional source of funding for capital investment and under right policy environment it can serve as an important vehicle for enterprise development.

Definition

Foreign direct investment is defined as investment by a resident entity in one economy with the objective of obtaining a lasting interest in an enterprise resident in another economy. The lasting interest means the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the direct investor on the management of the direct investment enterprise. The ownership of at least 10% of the voting power, representing the influence by the investor, is the basic criterion used. Hence, control by the foreign investor is not required.

Inward stocks are the direct investments held by non-residents in the reporting economy; outward stocks are the investments of the reporting economy held abroad.

Long-term trends

Both inflows and outflows of FDI worldwide dropped drastically in 2001 following the spectacular investment boom of the late 1990s. FDI into the OECD area continued to decline until 2004 when inflows picked up timidly by 5% and outflows more significantly by 29%. The global environment for FDI further improved in 2006 while at the same time macro-economic growth continued, stock prices remained firm and corporate profitability was generally strong. Multinational enterprises based in emerging economies were active to acquire enterprises in the OECD area. Also, large amounts of investments by financial investors such as private equity companies were recorded in 2006. Direct investment into OECD grew by 31% in 2007 reaching 1 369 billion US dollars. The United States, the United Kingdom, Luxembourg and France were the main destinations for FDI in the OECD. Investment flows to EU countries increased by 40% to 1 080 billion US dollars. Investments into China, amongst the foremost destinations of FDI in 2005, declined by 1 billion dollars in 2006 but increased by 77% in 2007. FDI outflows from the OECD increased further by 50% to 1 819 billion US dollars in 2007. The OECD area continued to be significant net outward investor at around historically high 500 billion US dollars in 2007. However, preliminary data indicate that as the financial crisis has evolved into a global economic crisis, the outlook for FDI indicate a decline of 13% for inflows and 6% for outflows by end-2008.

The stock tables also show the distribution of stocks according to broad sectors of the industry, namely manufacturing and services.

Negative flows may generally indicate disinvestments or the impact of substantial reimbursements of inter-company loans.

Comparability

International standards call for FDI stocks to be valued at market prices but most OECD countries report their FDI stocks using book values as recorded in the balance sheets of enterprises. Book values may be substantially different from market values and the rules for estimating book values also vary between countries.

Despite improvements in recent years, there are also methodological differences between countries as regards the inward and outward flow of FDI. For more details, see the joint IMF/OECD analysis of how countries apply the international standards (see the methodological publications below).

Totals for OECD are only for the countries for which data are available. Data for 2006 and 2007 are provisional.

Source

- OECD (2005), *International Direct Investment Statistics Yearbook*, OECD, Paris.

Further information

Analytical publications

- OECD (2006), *Reviews of Foreign Direct Investment*, OECD, Paris.
- OECD (2008), *OECD Reviews of Innovation Policy: China*, OECD, Paris.
- OECD (2006), *Policy Framework for Investment: A Review of Good Practices*, OECD, Paris.
- OECD (2007), *International Investment Perspectives 2007: Freedom of Investment in a Changing World*, OECD, Paris.

Statistical publications

- OECD (2002), *Measuring Globalisation: The Role of Multinationals in OECD Economies*, OECD, Paris.
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Methodological publications

- IMF, OECD (1999), *Report on the Survey of Implementation of Methodological Standards for Direct Investment*.
- OECD (1996), *OECD Benchmark Definition of Foreign Direct Investment*, Third edition, OECD, Paris.
- OECD (2001), *Non-Tariff Measures in the ICT Sector: A Survey*, OECD, Paris.
- OECD (2005), *Measuring Globalisation: OECD Handbook on Economic Globalisation Indicators*, OECD, Paris.


Websites

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

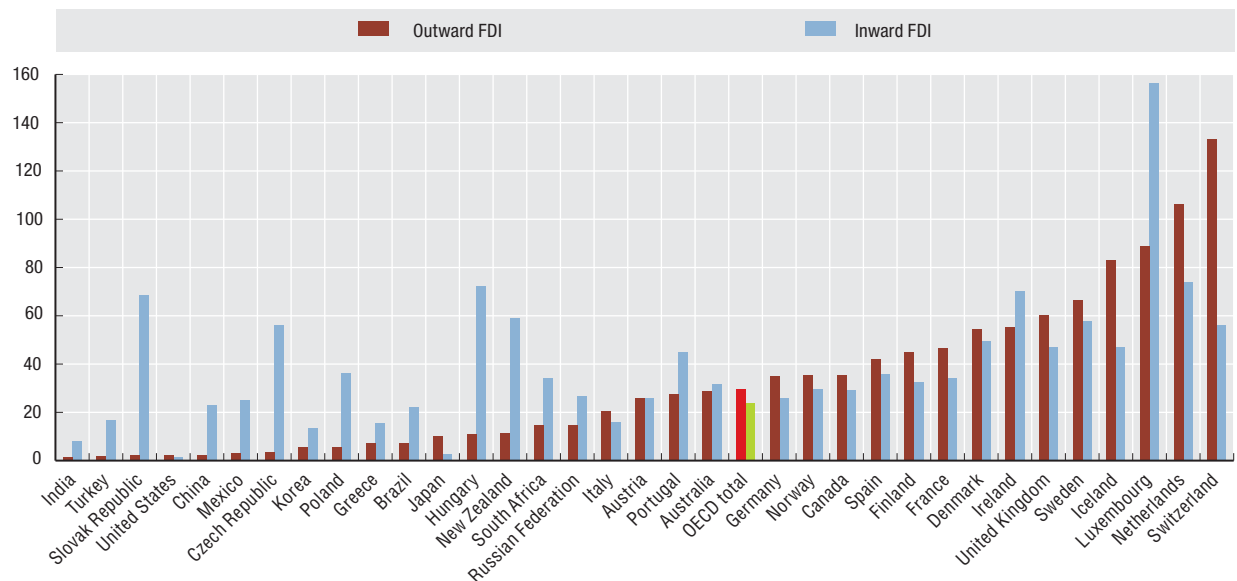

Outward and inward FDI stocks

Million US dollars

	Outward direct investment stocks						Inward direct investment stocks							
	1990	1995	2000	2003	2004	2005	2006	1990	1995	2000	2003	2004	2005	2006
Australia	30 495	53 009	85 385	161 949	204 347	178 481	227 445	73 615	104 074	111 138	199 340	261 552	207 952	249 867
Austria	4 747	11 832	24 820	55 961	67 785	65 445	83 234	10 972	19 721	30 431	53 844	62 337	69 454	84 025
Canada	84 813	118 106	237 647	318 974	372 652	390 907	454 766	112 850	123 182	212 723	289 157	315 247	339 406	376 535
Czech Republic	..	345	738	2 284	3 759	3 610	5 017	..	7 350	21 647	45 286	57 246	60 662	79 838
Denmark	..	24 703	73 074	102 587	126 298	129 584	149 194	..	23 801	73 573	100 236	116 486	115 955	135 385
Finland	11 227	14 993	52 109	76 050	85 023	81 663	94 586	5 132	8 465	24 272	50 257	57 379	54 587	67 991
France	110 121	204 430	445 087	724 445	845 451	868 495	1 054 785	84 931	191 433	259 773	527 625	641 807	628 072	771 499
Germany	130 760	233 107	486 750	720 718	814 798	843 947	1 025 167	74 067	104 367	462 529	666 174	719 260	631 176	750 196
Greece	..	..	5 852	12 337	13 791	13 602	19 560	..	..	14 113	22 454	28 482	29 189	41 317
Hungary	..	278	1 279	3 509	6 022	7 836	12 180	569	11 304	22 856	48 345	62 624	61 970	81 607
Iceland	75	177	663	1 733	4 025	10 085	13 820	147	149	491	1 190	1 998	4 696	7 833
Ireland	..	..	27 925	73 322	106 692	104 152	123 296	..	..	127 088	222 837	207 647	163 530	156 591
Italy	60 195	106 319	180 274	238 888	280 481	293 475	378 931	60 009	65 347	121 169	180 891	220 720	224 079	294 877
Japan	201 440	238 452	278 441	335 500	370 544	386 581	449 567	9 850	33 508	50 322	89 729	96 984	100 899	107 634
Korea	..	..	..	24 986	32 165	38 683	49 187	..	..	..	66 070	87 766	104 879	119 143
Luxembourg	..	4 703	7 927	21 355	27 883	33 410	..	..	18 503	23 492	41 730	49 733	43 721	66 658
Mexico	..	..	..	14 088	18 520	24 994	30 753	22 424	41 130	97 170	175 062	197 458	217 194	236 231
Netherlands	106 896	172 675	305 459	523 207	587 252	613 484	718 828	68 729	116 051	243 730	426 611	477 218	451 078	502 226
New Zealand	..	7 676	6 065	11 966	13 885	11 375	12 382	..	25 728	28 070	44 606	52 573	52 190	63 358
Norway	10 889	22 521	46 302	82 615	92 630	97 704	119 456	12 404	19 836	30 261	48 967	78 338	76 431	99 493
Poland	..	463	1 059	2 687	2 959	7 039	19 472	109	7 843	34 233	57 841	85 506	90 575	124 363
Portugal	..	..	19 793	34 443	43 940	41 966	53 814	..	18 973	32 043	60 585	66 970	63 339	87 959
Slovak Republic	..	139	379	827	842	597	1 176	..	1 297	4 761	15 738	21 881	23 656	38 334
Spain	..	36 547	167 718	292 464	370 933	375 047	517 096	..	110 291	156 347	339 652	395 984	370 997	442 787
Sweden	50 720	73 143	123 234	183 631	214 826	208 836	262 224	12 636	31 089	93 972	157 084	196 369	171 768	226 387
Switzerland	66 087	142 481	232 176	341 384	400 590	428 039	518 072	34 245	57 064	86 810	162 238	197 669	170 835	218 024
Turkey	..	..	3 668	6 138	7 060	8 315	8 866	..	..	19 209	33 537	38 522	71 297	88 309
United Kingdom	229 307	304 865	897 845	1 187 045	1 247 190	1 198 637	1 442 165	203 905	199 772	438 631	606 157	701 913	840 652	1 131 827
United States	616 655	885 506	1 531 607	2 054 464	2 498 494	2 651 721	2 935 977	505 346	680 066	1 421 017	1 576 983	1 727 062	1 874 263	2 151 616
EU27 total	..	..	..	..	7 905 820	7 482 434	9 247 518	..	..	..	..	6 903 789	6 635 656	8 338 337
OECD total	1 714 426	2 656 470	5 243 274	7 609 557	8 860 835	9 117 711	10 781 017	1 291 940	2 020 343	4 241 872	6 310 226	7 224 731	7 314 503	8 801 909
of which: Manufacturing	35%	29%	28%	22%	21%	19%	..	34%	29%	17%	12%	19%	16%	..
Services	34%	66%	67%	73%	72%	74%	..	27%	57%	74%	81%	76%	79%	..
Brazil	..	..	..	54 892	69 196	79 259	113 925	..	..	..	132 818	161 259	195 562	236 186
China	..	..	..	..	52 704	64 493	90 630	..	..	..	..	368 970	471 549	612 508
India	..	..	2 609	7 392	10 072	12 832	25 520	..	..	20 278	36 374	44 668	50 614	70 189
Russian Federation	..	2 420	20 141	90 873	107 291	146 679	216 488	..	345	32 204	96 729	122 295	180 228	265 873
South Africa	15 010	23 301	32 325	27 185	39 083	37 706	50 826	9 210	15 014	43 451	46 869	64 451	78 986	87 765

 StatLink  <http://dx.doi.org/10.1787/541738010263>
FDI stocks

As a percentage of GDP, 2006 or latest available year



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FDI FLOWS AND STOCKS

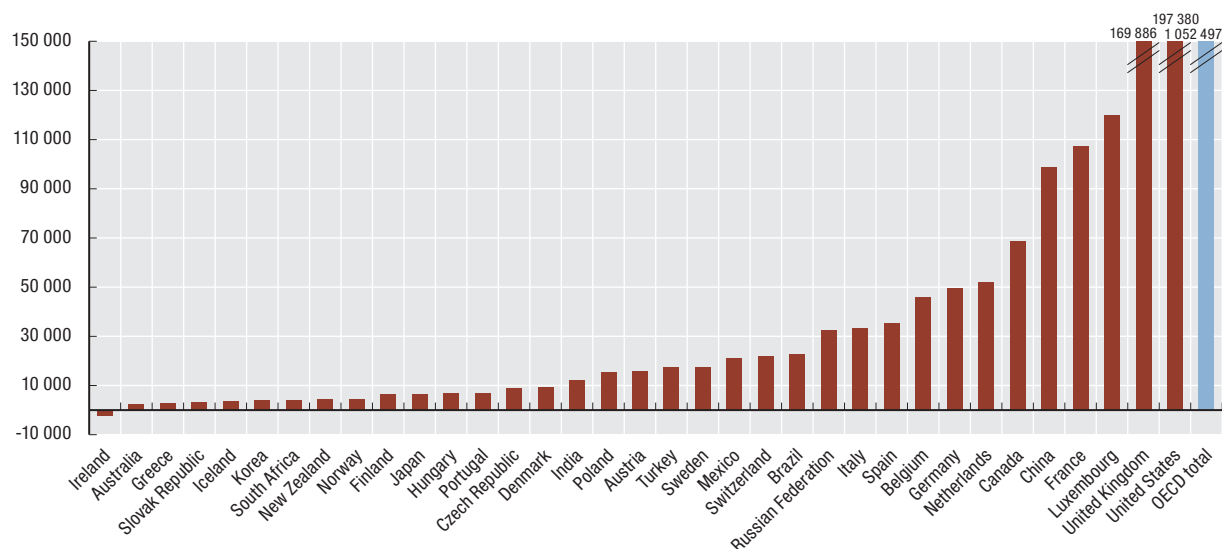

Inflows of foreign direct investment

Million US dollars

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Australia	5 025	11 963	6 111	7 633	6 003	3 268	13 950	8 297	16 996	7 975	36 105	-35 206	18 889	23 577	
Austria	2 103	1 904	4 429	2 656	4 534	2 975	8 842	5 921	357	7 151	3 892	10 777	6 191	30 680	
Belgium	..	..	..	..	..	..	..	..	16 265	33 508	43 583	34 351	63 948	39 065
Canada	8 204	9 255	9 633	11 522	22 803	24 747	66 796	27 670	22 146	7 486	-364	28 923	69 044	107 435	
Czech Republic	868	2 562	1 428	1 301	3 716	6 326	4 980	5 645	8 483	2 109	4 975	11 654	6 019	9 132	
Denmark	4 898	4 180	768	2 799	7 726	14 657	31 306	11 525	6 633	2 597	-10 721	12 891	3 625	11 218	
Finland	1 578	1 063	1 109	2 116	12 141	4 610	8 836	3 732	8 053	3 322	2 828	4 747	5 484	8 477	
France	15 574	23 679	21 960	23 171	30 984	46 546	43 258	50 485	49 079	42 538	32 585	84 887	78 198	157 974	
Germany	7 134	12 025	6 573	12 243	24 597	56 077	198 313	26 419	53 571	32 398	-10 195	41 943	55 199	50 932	
Greece	1 166	1 198	1 196	1 089	72	561	1 108	1 589	50	1 276	2 103	606	5 366	1 918	
Hungary	1 144	5 102	3 300	4 171	3 337	3 313	2 763	3 936	2 994	2 137	4 508	7 711	6 789	5 573	
Iceland	-2	9	83	148	148	67	170	173	91	328	654	3 075	3 959	3 836	
Ireland	856	1 442	2 616	2 710	8 856	18 211	25 784	9 653	29 350	22 803	-10 614	-31 670	-938	25 896	
Italy	2 236	4 816	3 535	4 962	4 280	6 911	13 377	14 873	14 558	16 430	16 824	19 959	39 261	40 209	
Japan	888	41	228	3 224	3 193	12 743	8 318	6 244	9 239	6 324	7 819	2 778	-6 503	22 548	
Korea	809	1 776	2 325	2 844	5 412	9 333	9 283	3 528	2 392	3 526	9 246	6 309	3 645	1 579	
Luxembourg	..	..	..	..	..	..	..	..	115 242	89 287	78 687	115 955	124 972	118 820
Mexico	15 069	9 679	10 087	14 165	12 409	13 734	18 001	29 528	23 017	16 591	22 876	20 823	19 225	23 230	
Netherlands	7 158	12 307	16 660	11 137	36 925	41 206	63 866	51 937	25 060	21 063	4 602	47 666	7 985	99 457	
New Zealand	2 616	2 850	3 922	1 917	1 826	940	1 344	-113	1 658	2 441	2 525	1 489	8 016	2 871	
Norway	2 773	2 409	3 207	3 982	3 935	6 792	7 095	2 122	791	3 472	2 544	5 414	6 473	603	
Poland	1 875	3 658	4 500	4 914	6 368	7 276	9 446	5 697	4 121	4 867	12 484	9 542	18 913	17 563	
Portugal	1 255	660	1 344	2 362	3 005	1 157	6 637	6 232	1 801	7 155	1 936	3 927	11 311	5 633	
Slovak Republic	273	241	396	231	707	429	2 383	1 584	4 144	2 161	3 033	2 427	4 175	2 867	
Spain	9 276	6 285	6 821	6 388	11 798	18 744	39 582	28 347	39 249	25 844	24 775	25 005	26 903	53 395	
Sweden	6 350	14 447	5 437	10 967	19 843	60 964	23 431	10 905	12 269	4 980	11 022	10 175	23 072	18 779	
Switzerland	3 368	2 224	3 078	6 642	8 942	11 714	19 266	8 859	6 284	16 505	933	-1 540	26 289	40 403	
Turkey	608	885	722	805	940	783	982	3 352	1 133	1 752	2 786	10 026	19 912	21 957	
United Kingdom	9 255	19 968	24 441	33 245	74 349	87 973	118 824	52 650	24 052	16 846	56 002	175 974	147 716	185 968	
United States	46 121	57 776	86 502	105 603	179 045	289 444	321 274	167 021	84 372	63 750	145 966	112 638	241 961	237 542	
EU27 total	303 366	719 451	771 716	1 079 243
OECD total	158 475	214 405	232 410	284 946	497 892	751 503	1 069 214	547 810	583 451	468 622	503 398	743 256	1 045 099	1 369 136	
Brazil	3 072	4 859	11 200	19 650	31 913	28 576	32 779	22 457	16 590	10 144	18 166	15 066	18 782	34 585	
China	33 787	35 849	40 180	44 237	43 751	38 753	38 399	44 241	49 308	47 077	54 937	79 127	78 095	138 413	
India	973	2 144	2 426	3 577	2 635	2 169	3 584	5 472	5 626	4 323	5 771	6 677	17 453	..	
Russian Federation	690	2 065	2 579	4 865	2 761	3 309	2 714	2 748	3 377	7 958	15 444	12 886	29 701	55 073	
South Africa	374	1 248	816	3 811	550	1 503	969	7 270	1 480	783	701	6 522	-184	5 746	

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Inflows of foreign direct investment


Million US dollars, average 2005-2007


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Outflows of foreign direct investment

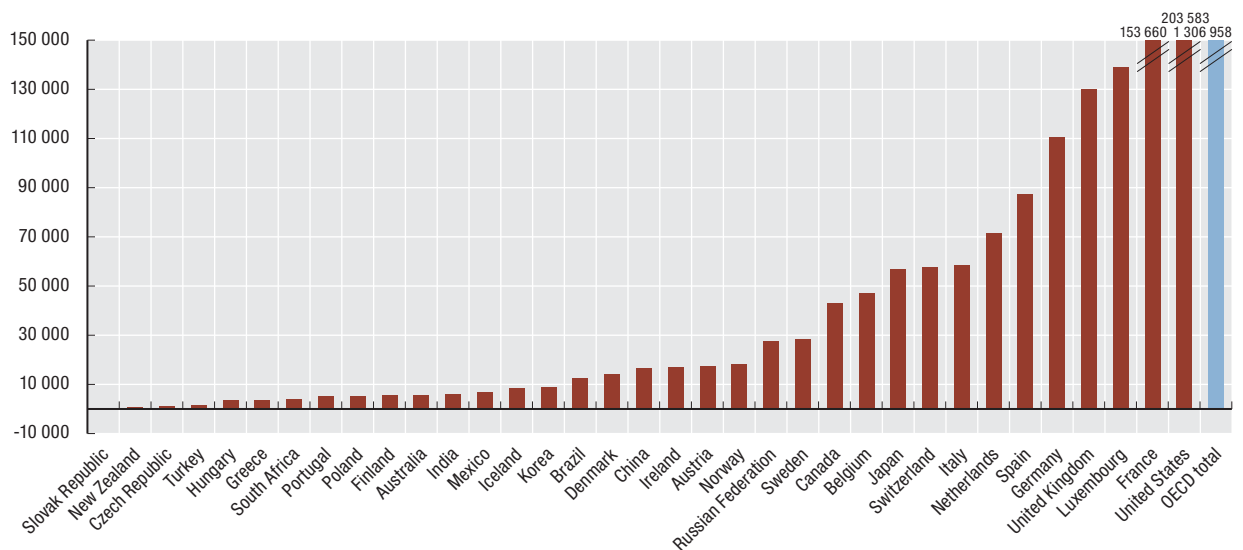

Million US dollars

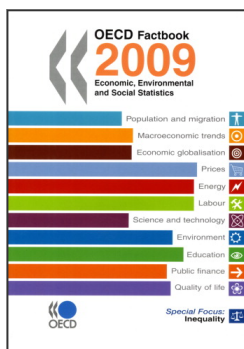
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	2 817	3 282	7 088	6 428	3 345	-421	3 158	11 962	7 852	16 205	10 960	-33 438	23 816	25 689
Austria	1 257	1 131	1 935	1 988	2 745	3 301	5 741	3 138	5 812	7 143	8 305	11 198	9 665	31 443
Belgium	..	..	..	..	..	..	..	..	12 288	38 359	34 038	32 640	56 202	51 855
Canada	9 294	11 462	13 094	23 059	34 349	17 250	44 678	36 037	26 761	22 935	43 684	33 544	45 246	49 460
Czech Republic	120	37	153	25	127	90	43	165	206	207	1 014	-19	1 469	1 335
Denmark	3 955	3 063	2 519	4 207	4 477	16 434	23 093	13 376	5 695	1 124	-10 371	16 196	8 498	16 989
Finland	4 298	1 497	3 597	5 292	18 642	6 616	24 035	8 372	7 378	-2 282	-1 080	4 220	3 163	8 624
France	24 372	15 758	30 419	35 581	48 613	126 859	177 482	86 783	50 486	53 197	56 762	114 964	121 376	224 640
Germany	18 858	39 052	50 806	41 794	88 837	108 692	56 567	39 691	18 963	5 827	20 559	68 834	94 753	167 454
Greece	..	..	..	..	-276	552	2 137	616	655	413	1 030	1 450	4 169	5 339
Hungary	48	59	-4	462	278	250	620	368	278	1 644	1 119	2 206	3 622	4 117
Iceland	24	25	63	56	74	123	393	342	320	373	2 553	7 063	5 319	12 476
Ireland	436	820	728	1 014	3 902	6 109	4 630	4 066	11 035	5 555	18 079	14 304	14 743	22 052
Italy	5 109	5 731	6 465	12 245	16 078	6 722	12 318	21 476	17 138	9 079	19 273	41 795	42 091	90 797
Japan	18 117	22 628	23 419	25 991	24 155	22 747	31 539	38 349	32 280	28 799	30 963	45 830	50 244	73 545
Korea	2 461	3 552	4 670	4 449	4 740	4 198	4 999	2 420	2 617	3 426	4 650	4 291	7 126	15 276
Luxembourg	..	..	..	..	..	..	..	..	125 770	99 863	84 083	124 544	110 675	181 882
Mexico	..	..	..	..	..	..	..	4 404	891	1 253	4 432	6 474	5 758	8 256
Netherlands	17 554	20 176	32 098	24 522	36 475	57 611	75 649	50 602	32 046	44 076	29 181	135 723	47 121	31 169
New Zealand	2 008	1 783	-1 240	-1 566	401	1 073	609	-1 082	372	879	-523	-1 665	374	2 810
Norway	2 172	2 856	6 098	5 290	2 542	5 834	9 510	807	5 760	6 065	5 317	21 970	21 138	11 174
Poland	29	42	53	45	316	31	17	-89	229	305	767	3 395	8 878	3 229
Portugal	283	685	729	2 092	4 029	3 191	8 134	6 263	-149	6 590	7 457	2 110	6 975	6 218
Slovak Republic	18	43	63	95	147	-377	29	65	11	247	-21	149	369	204
Spain	4 111	4 158	5 590	12 547	18 938	44 384	58 224	33 113	32 744	28 745	60 567	41 804	100 305	119 628
Sweden	6 701	11 214	5 025	12 648	24 379	21 929	40 976	7 328	10 596	21 129	20 758	26 577	22 049	36 696
Switzerland	10 797	12 214	16 150	17 748	18 769	33 264	44 698	18 326	8 212	15 443	26 282	51 341	69 890	50 984
Turkey	49	113	110	251	367	645	870	497	175	499	780	1 064	924	2 101
United Kingdom	32 206	43 560	34 056	61 620	122 861	201 437	233 488	58 885	50 347	62 439	91 083	80 818	79 470	229 872
United States	80 167	98 750	91 885	104 803	142 644	224 934	159 212	142 349	154 460	149 564	316 223	36 235	241 244	333 271
EU27 total	..	..	..	..	..	..	..	..	..	..	458 609	826 602	916 733	1 330 483
OECD total	247 259	303 690	335 570	402 686	621 953	913 476	1 022 848	588 630	621 228	629 100	887 925	895 618	1 206 670	1 818 586
Brazil	1 037	1 384	-467	1 042	2 721	1 690	2 282	-2 258	2 482	249	9 471	2 517	28 203	7 067
China	2 000	2 000	2 114	2 563	2 634	1 775	916	6 884	2 518	-152	1 805	11 306	21 160	16 995
India	83	117	239	113	48	79	510	1 398	1 678	1 879	2 179	2 495	9 670	..
Russian Federation	281	605	922	3 185	1 270	2 208	3 177	2 533	3 966	9 727	13 782	12 768	23 151	45 916
South Africa	1 261	2 494	1 048	2 324	1 634	1 584	277	-3 515	-402	553	1 305	909	6 536	3 757

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Outflows of foreign direct investment

Million US dollars, average 2005-2007

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