

FOREIGN DIRECT INVESTMENT

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 also an additional source of funding for investment and, under the right policy environment, it can be an important vehicle for development.

Definition

FDI is defined as cross-border 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 implies 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 enterprise. Ownership of at least 10% of the voting power, representing the influence by the investor, is the basic criterion used.

Overview

FDI activity slowed down in 2011 following a brief period of recovery in 2010. FDI outflows world-wide increased in 2011 by 12% to USD 1 558 billion as opposed to 24% increase in 2010 and remained well below the historically high level in 2007 (USD 2 170 billion). OECD investors accounted for around 83% of global FDI outflows (USD 1 293 billion), representing a 20% increase from 2010. The top three investing countries were the United States (USD 419 billion), Japan (USD 114 billion) and the United Kingdom (USD 107 billion) which made a spectacular recovery from very low levels of investments observed since 2009. Investors from the European Union (EU) as a whole accounted for 36% of global outflows in 2011, at USD 557 billion maintaining its steady share since 2009 but well below investments in 2008 when EU accounted for 51% of world outflows.

OECD countries hosted only 56% (USD 826 billion) of global FDI inflows (as compared to 87% of inflows in 2000). The United States by itself received 28% (USD 234 billion) of the OECD total, slightly above the combined inflows to Belgium, the United Kingdom, France and Germany (USD 225 billion in aggregate or USD 89 billion, USD 54 billion, USD 41 billion and USD 40 billion, respectively). OECD investors have continued diversifying the destination of their investments, with around 36% of their investments hosted outside the OECD area.

Inward stocks at a given point in time refer to all direct investments by non-residents in the reporting economy; outward stocks are the investments of the reporting economy abroad. Corresponding flows relate to investment during a period of time. Negative flows generally indicate disinvestments or the impact of substantial reimbursements of inter-company loans.

The FDI index gauges the restrictiveness of a country's FDI rules through four types of restrictions: foreign equity limitations; screening or approval mechanisms; restriction on key foreign employment; operational restrictions.

The OECD FDI regulatory restrictiveness indexes presented here demonstrate that the services sector tend to have higher FDI restrictions across countries, followed by primary sectors. The manufacturing sector remains the most open economic sector.

Comparability

In recent years the comparability of FDI statistics has improved significantly but asymmetries remain between inward and outward FDI.

Sources

- OECD (2012), *OECD International Direct Investment Statistics* (database).
- Foreign Direct Investment Statistics – OECD Data, Analysis and Forecasts, www.oecd.org/investment/statistics.

Further information

Analytical publications

- OECD (2012), *Annual Report on the OECD Guidelines for Multinational Enterprises*, OECD Publishing.
- OECD (2012), *OECD Investment Policy Reviews*, OECD Publishing.
- OECD (2009), *OECD Investment Policy Perspectives*, OECD Publishing.

Statistical publications

- OECD (2010), *Measuring Globalisation: OECD Economic Globalisation Indicators*, OECD Publishing.

Methodological publications

- Kalinova, B., A. Palerm and S. Thomsen (2010), "OECD's FDI Restrictiveness Index: 2010 Update", *OECD Working Papers on International Investment*, No. 2010/03.
- OECD (2008), *OECD Benchmark Definition of Foreign Direct Investment*, Fourth edition, OECD Publishing.
- OECD (2005), *Measuring Globalisation: OECD Handbook on Economic Globalisation Indicators*, OECD Publishing.

Websites

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



FOREIGN DIRECT INVESTMENT

Outward and inward FDI stocks

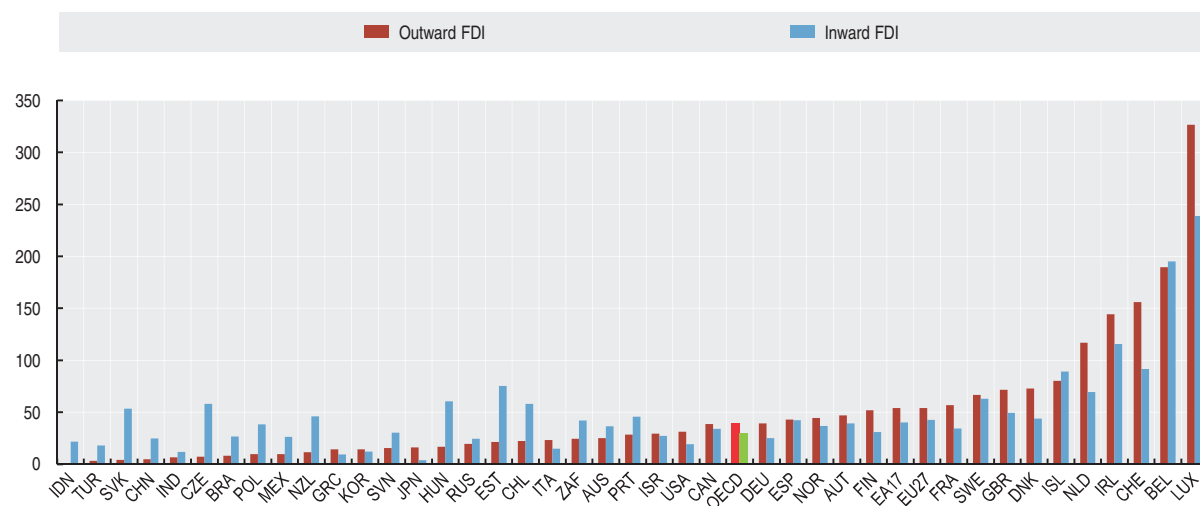
Million US dollars

	Outward direct investment stocks						Inward direct investment stocks					
	1990	1995	2000	2009	2010	2011	1990	1995	2000	2009	2010	2011
Australia	37 491	60 484	95 978	343 908	414 298	382 197	80 333	111 310	118 858	428 611	515 981	554 987
Austria	4 747	11 832	24 820	163 233	170 363	195 756	11 098	21 363	31 165	172 598	167 958	164 704
Belgium	40 636	80 690	179 773	891 802	901 924	970 371	58 388	112 960	181 650	946 549	899 252	998 836
Canada	84 813	118 106	237 647	593 580	616 134	670 417	112 850	123 182	212 723	523 247	561 111	595 002
Chile	..	..	11 154	41 339	49 838	55 602	..	..	45 753	121 395	139 538	144 729
Czech Republic	..	345	738	14 805	14 923	15 470	..	7 350	21 647	125 829	128 505	125 245
Denmark	..	..	73 117	213 099	219 900	242 243	..	..	73 585	154 052	138 747	145 719
Estonia	..	..	256	6 410	5 698	4 740	..	..	2 611	16 222	16 474	16 726
Finland	11 227	14 993	52 109	129 195	137 042	138 703	5 132	8 465	24 272	84 668	85 588	82 864
France	110 121	204 430	445 087	1 492 563	1 536 081	1 581 384	84 931	191 433	259 773	985 236	948 442	953 182
Germany	130 760	233 107	486 750	1 346 227	1 405 807	1 406 650	74 067	104 367	462 564	944 747	910 381	902 187
Greece	..	..	5 852	39 457	42 623	42 936	..	..	14 113	42 101	35 025	28 079
Hungary	..	278	1 279	19 244	19 954	23 756	569	11 304	22 856	99 091	90 783	84 447
Iceland	75	179	663	10 180	11 887	11 302	147	129	497	8 622	11 784	12 541
Ireland	..	..	27 925	289 333	348 733	313 746	..	..	127 088	247 466	247 094	251 660
Israel	..	758	9 091	57 371	68 973	71 870	365	5 741	22 367	55 797	60 237	66 554
Italy	60 195	106 319	180 274	486 424	487 610	512 175	60 009	65 347	121 169	364 456	331 960	332 647
Japan	201 440	238 452	278 441	740 965	831 110	962 790	9 850	33 508	50 322	200 151	214 890	225 785
Korea	..	..	..	120 440	143 160	160 640	..	..	..	121 100	134 230	135 730
Luxembourg	..	..	..	192 381	194 257	194 469	..	..	..	150 594	138 172	142 089
Mexico	..	..	..	81 216	104 302	112 088	22 424	41 130	97 170	277 898	330 161	302 309
Netherlands	105 085	172 348	305 458	956 506	961 526	978 994	68 699	115 756	243 730	660 507	593 101	582 216
New Zealand	3 320	7 676	6 065	14 737	16 101	18 979	8 065	25 728	28 070	64 801	67 706	74 299
Norway	10 889	22 521	22 937	168 871	185 827	..	12 404	19 836	25 282	148 315	154 558	..
Poland	..	539	1 018	29 304	39 029	50 044	109	7 843	34 233	185 182	201 003	197 538
Portugal	..	..	19 793	68 477	66 732	68 048	..	18 973	32 043	114 718	111 685	109 028
Slovak Republic	..	139	373	3 152	3 334	4 209	..	1 297	4 761	52 541	50 283	51 290
Slovenia	..	727	870	9 055	8 175	7 802	..	2 617	3 278	15 186	14 466	15 107
Spain	15 652	31 037	129 192	625 849	651 314	640 276	65 916	110 291	156 347	632 296	640 799	634 497
Sweden	50 720	73 143	123 260	353 376	368 785	358 886	12 636	31 089	93 998	332 108	349 777	338 484
Switzerland	66 087	142 481	232 176	826 780	934 126	991 966	34 245	57 064	86 810	492 346	559 333	583 455
Turkey	..	..	3 668	22 250	22 509	26 398	..	..	19 209	143 724	185 806	138 752
United Kingdom	236 118	330 665	923 366	1 579 715	1 626 819	1 731 065	233 305	226 626	463 134	1 104 273	1 162 649	1 198 850
United States	616 655	885 506	1 531 607	4 029 457	4 306 843	4 681 569	505 346	680 066	1 421 017	2 398 208	2 597 707	2 908 791
Euro area	..	..	..	6 713 441	6 934 737	7 068 109	..	..	..	5 457 875	5 224 897	5 281 510
EU 27	..	..	..	8 928 974	9 230 199	9 495 659	..	..	..	7 605 056	7 438 191	7 515 827
OECD	1 786 030	2 736 756	5 410 736	15 960 699	16 915 737	..	1 460 888	1 861 984	4 502 095	12 414 636	12 795 187	..
Brazil	..	..	..	164 523	188 637	202 586	..	..	..	400 808	674 764	669 670
China	..	..	..	245 800	310 800	364 200	..	..	..	1 314 800	1 476 400	1 804 200
India	..	..	2 609	80 943	96 431	111 267	..	..	20 278	171 437	204 715	201 743
Indonesia	..	..	0	33	1 731	..	..	..	..	108 795	154 158	..
Russian Federation	..	2 420	20 141	302 542	366 301	362 101	..	345	32 204	378 837	490 560	457 474
South Africa	15 010	23 301	32 325	72 583	89 453	..	9 198	15 014	43 451	117 434	153 133	..

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FDI stocks

As a percentage of GDP, 2011 or latest available year


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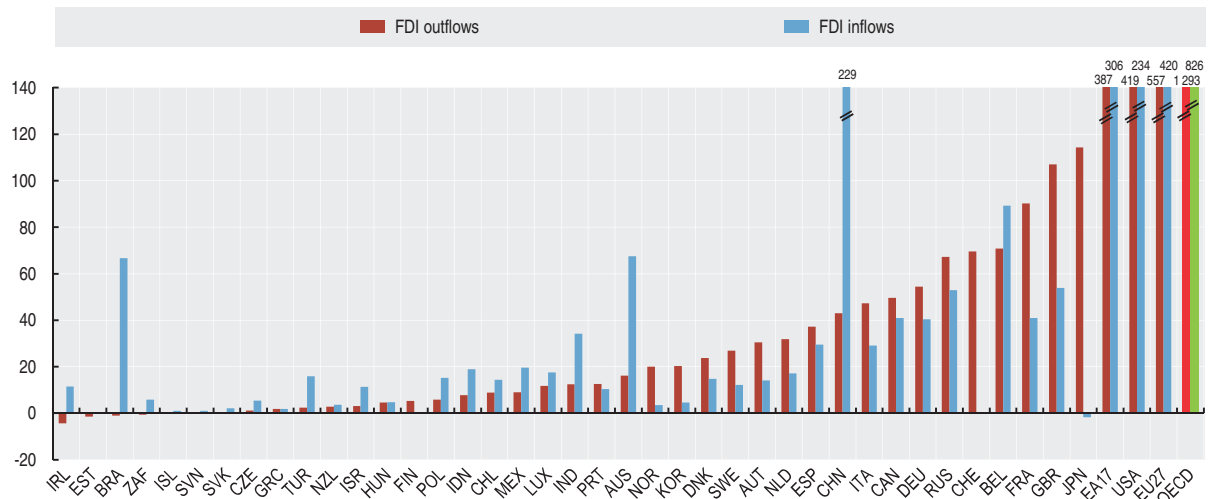
Outflows and inflows of foreign direct investment

Million US dollars

	Outflows of foreign direct investment						Inflows of foreign direct investment					
	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
Australia	25 411	16 855	33 469	16 693	27 279	16 197	31 070	45 530	47 008	26 554	33 969	67 471
Austria	13 678	39 034	29 395	10 007	7 732	30 479	7 936	31 159	6 845	9 304	4 265	14 141
Belgium	50 713	80 141	220 595	9 207	55 710	70 772	58 926	93 448	193 575	61 748	81 197	89 222
Canada	44 404	57 719	79 752	41 728	38 583	49 566	59 765	114 642	57 147	21 438	23 412	40 929
Chile	2 171	2 573	8 041	8 061	8 743	8 847	7 298	12 534	15 150	12 874	15 095	14 324
Czech Republic	1 469	1 621	4 322	950	1 168	1 155	5 465	10 446	6 449	2 929	6 147	5 417
Denmark	8 438	20 624	13 264	6 320	3 471	23 677	2 715	11 815	1 827	3 942	-7 404	14 806
Estonia	1 107	1 746	1 112	1 549	142	-1 460	1 797	2 725	1 729	1 839	1 600	257
Finland	4 808	7 202	9 279	4 917	10 472	5 333	7 656	12 455	-1 142	398	6 733	-47
France	110 734	164 341	154 747	107 142	76 878	90 228	71 888	96 240	64 060	24 216	30 634	40 982
Germany	118 767	170 650	72 617	75 395	109 328	54 418	55 657	80 223	8 093	24 158	46 863	40 439
Greece	4 047	5 247	2 413	2 055	978	1 790	5 358	2 112	4 490	2 435	373	1 825
Hungary	3 877	3 622	2 230	1 987	1 308	4 541	7 021	5 447	6 313	2 051	2 276	4 709
Iceland	5 555	10 181	-4 206	2 291	-2 357	-29	3 858	6 822	917	86	246	1 013
Ireland	15 332	21 150	18 912	26 617	22 350	-4 294	-5 545	24 712	-16 421	25 717	42 807	11 478
Israel	15 462	8 604	7 210	1 695	9 088	3 080	15 296	8 798	10 877	4 438	5 510	11 374
Italy	42 089	90 795	66 870	21 277	32 657	47 253	39 259	40 209	-10 814	20 078	9 179	29 086
Japan	50 243	73 545	127 981	74 698	56 276	114 300	-6 503	22 548	24 417	11 938	-1 251	-1 758
Korea	11 175	19 720	20 251	17 197	23 278	20 355	3 586	1 784	3 311	2 249	1 094	4 661
Luxembourg	7 183	73 364	11 737	7 213	15 124	11 751	31 803	-28 265	11 195	22 478	9 211	17 546
Mexico	5 758	8 256	1 157	7 019	13 570	8 946	20 119	31 492	27 140	16 119	20 709	19 554
Netherlands	71 214	55 618	68 202	28 182	55 220	31 896	13 984	119 406	4 540	36 044	-8 967	17 145
New Zealand	182	3 702	-239	-308	591	2 798	4 689	3 440	4 984	-1 293	636	3 591
Norway	21 321	13 595	17 298	30 688	23 085	20 020	6 413	5 803	12 254	14 570	17 518	3 573
Poland	8 864	5 410	4 413	4 701	5 488	5 870	19 599	23 582	14 833	12 936	8 861	15 165
Portugal	7 143	5 494	2 736	817	-7 494	12 650	10 914	3 063	4 656	2 707	2 646	10 353
Slovak Republic	512	600	529	432	328	491	4 700	3 583	4 685	-50	526	2 145
Slovenia	862	1 865	1 465	260	-212	112	644	1 515	1 944	-653	359	1 000
Spain	104 306	137 078	74 573	13 072	38 343	37 290	30 819	64 277	76 843	10 406	40 764	29 504
Sweden	26 613	38 811	31 298	25 910	17 969	26 896	28 908	27 740	37 120	10 024	-1 348	12 111
Switzerland	75 863	51 036	45 312	27 845	64 793	69 545	43 740	32 446	15 137	28 696	20 385	-196
Turkey	924	2 106	2 549	1 554	1 464	2 464	20 185	22 047	19 504	8 409	9 038	15 878
United Kingdom	82 808	325 473	182 437	39 325	39 489	107 076	156 218	200 068	88 678	76 375	50 587	53 944
United States	244 922	414 039	329 080	289 450	327 877	419 332	243 151	221 166	310 091	150 443	205 831	233 988
Euro area	553 411	855 577	738 200	308 638	418 323	386 918	339 469	550 093	356 525	245 128	269 999	306 340
EU 27	686 543	1 252 669	977 776	387 804	487 525	556 613	582 075	855 856	538 685	361 775	334 791	419 796
OECD	1 187 954	1 931 815	1 640 800	905 945	1 078 720	1 293 347	1 008 391	1 355 010	1 057 433	645 847	679 498	825 630
Brazil	28 202	7 067	20 457	-10 084	11 589	-1 029	18 822	34 585	45 058	25 949	48 506	66 661
China	21 200	17 000	53 500	43 900	60 100	43 000	124 100	160 100	175 100	114 200	185 000	228 600
India	14 344	17 281	19 257	15 928	14 789	12 416	20 336	25 483	43 407	35 597	25 882	34 247
Indonesia	2 726	4 675	5 900	2 249	2 664	7 771	4 914	6 929	9 318	4 878	13 771	18 906
Russian Federation	23 151	45 916	55 594	43 666	52 523	67 283	29 701	55 073	75 002	36 500	43 288	52 878
South Africa	6 063	2 966	-3 134	1 151	-76	-635	-527	5 695	9 007	5 696	1 228	5 807

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FDI flows
Billion US dollars, 2011



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FDI Regulatory Restrictiveness Index

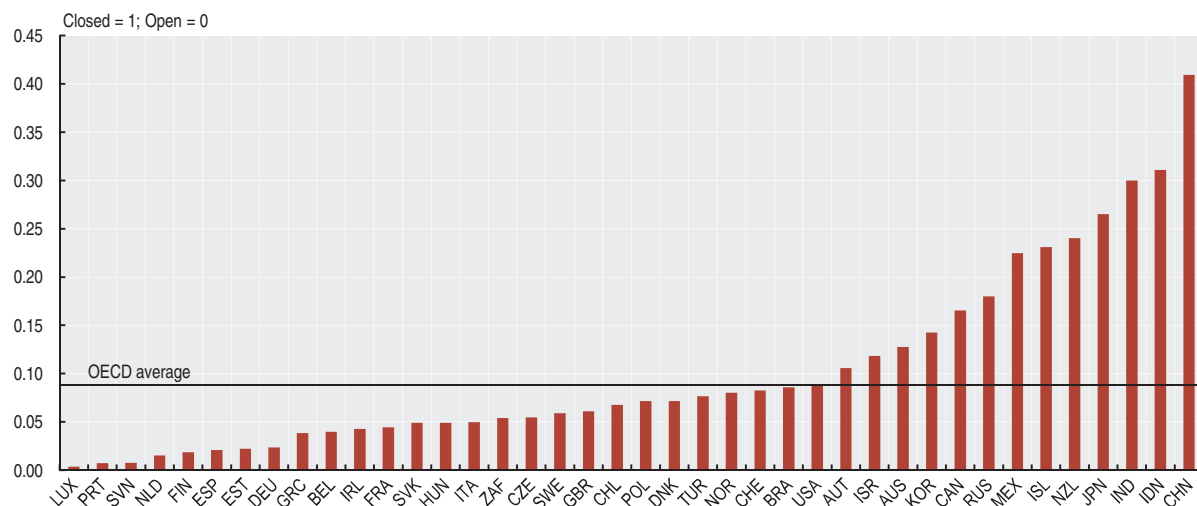
2011

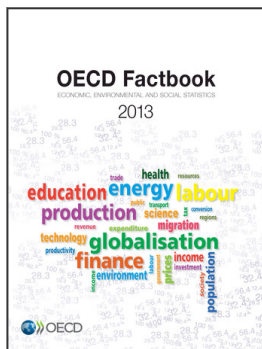
	Total FDI Index	Primary sector	Manufacturing	Electricity	Distribution	Transport	Media	Communications	Financial services	Business services
Australia	0.128	0.078	0.075	0.075	0.075	0.267	0.200	0.400	0.133	0.078
Austria	0.106	0.150	0.000	1.000	0.000	0.182	0.000	0.000	0.002	0.322
Belgium	0.040	0.035	0.023	0.023	0.023	0.114	0.023	0.023	0.024	0.248
Canada	0.166	0.188	0.100	0.100	0.100	0.267	0.700	0.625	0.067	0.100
Chile	0.068	0.150	0.000	0.000	0.000	0.413	0.413	0.000	0.017	0.013
Czech Republic	0.055	0.025	0.000	0.000	0.000	0.075	0.000	0.000	0.010	0.000
Denmark	0.072	0.056	0.000	0.000	0.000	0.083	0.000	0.000	0.002	0.363
Estonia	0.022	0.000	0.000	0.000	0.000	0.150	0.000	0.000	0.002	0.000
Finland	0.019	0.015	0.009	0.084	0.009	0.092	0.009	0.009	0.011	0.046
France	0.045	0.155	0.000	0.000	0.000	0.150	0.048	0.000	0.054	0.003
Germany	0.023	0.069	0.000	0.000	0.000	0.200	0.025	0.000	0.005	0.000
Greece	0.039	0.079	0.000	0.000	0.000	0.150	0.113	0.000	0.020	0.056
Hungary	0.049	0.000	0.000	0.000	0.000	0.167	0.000	0.000	0.005	0.000
Iceland	0.231	0.463	0.112	1.000	0.112	0.295	0.112	0.112	0.119	0.112
Ireland	0.043	0.135	0.000	0.000	0.000	0.125	0.000	0.000	0.009	0.000
Israel	0.118	0.060	0.020	0.770	0.020	0.403	0.264	0.396	0.037	0.020
Italy	0.050	0.130	0.000	0.000	0.000	0.150	0.363	0.000	0.018	0.000
Japan	0.265	1.000	0.077	0.000	0.000	0.667	0.200	0.480	0.000	0.000
Korea	0.143	0.250	0.000	0.417	0.000	0.508	0.563	0.500	0.050	0.000
Luxembourg	0.004	0.000	0.000	0.000	0.000	0.075	0.000	0.000	0.002	0.000
Mexico	0.225	0.394	0.103	0.100	0.175	0.528	0.663	0.350	0.133	0.100
Netherlands	0.015	0.062	0.000	0.000	0.000	0.083	0.000	0.000	0.002	0.000
New Zealand	0.240	0.325	0.200	0.200	0.200	0.283	0.200	0.400	0.233	0.200
Norway	0.080	0.156	0.000	0.000	0.000	0.350	0.125	0.000	0.033	0.313
Poland	0.072	0.050	0.000	0.000	0.000	0.092	0.298	0.075	0.003	0.000
Portugal	0.007	0.006	0.000	0.000	0.000	0.083	0.000	0.000	0.017	0.000
Slovak Republic	0.049	0.000	0.000	0.000	0.000	0.075	0.000	0.000	0.002	0.000
Slovenia	0.007	0.000	0.000	0.000	0.000	0.150	0.000	0.000	0.002	0.000
Spain	0.021	0.011	0.000	0.000	0.000	0.075	0.225	0.000	0.002	0.113
Sweden	0.059	0.138	0.000	0.000	0.000	0.292	0.200	0.200	0.002	0.051
Switzerland	0.083	0.000	0.000	0.500	0.000	0.250	0.467	0.000	0.067	0.000
Turkey	0.077	0.013	0.000	0.000	0.000	0.383	0.125	0.000	0.000	0.125
United Kingdom	0.061	0.160	0.023	0.023	0.023	0.114	0.248	0.023	0.024	0.023
United States	0.089	0.181	0.000	0.197	0.000	0.550	0.250	0.110	0.042	0.000
EU 27	..	..	..	..	..	..	..	..	..	..
OECD	0.081	0.133	0.022	0.132	0.022	0.231	0.171	0.109	0.034	0.067
Brazil	0.086	0.188	0.025	0.025	0.025	0.275	0.488	0.025	0.025	0.025
China	0.409	0.454	0.193	0.463	0.238	0.633	1.000	0.750	0.525	0.350
India	0.300	0.405	0.053	0.050	0.431	0.263	0.463	0.425	0.313	0.563
Indonesia	0.311	0.286	0.070	0.110	0.435	0.423	1.000	0.410	0.206	0.579
Russian Federation	0.180	0.150	0.092	0.030	0.050	0.350	0.117	0.100	0.515	0.175
South Africa	0.054	0.010	0.010	0.010	0.010	0.193	0.298	0.010	0.043	0.260

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FDI regulatory restrictiveness index

2011


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