

EU27 Foreign Direct Investment

EU27 investment in the rest of the world down by a quarter in 2009

Investment into EU27 up by 12%

In 2009, **EU27** FDI¹ (foreign direct investment) in extra-EU27 countries (outflows) fell by 24%, from 348 billion euro in 2008 to 263 bn in 2009, while FDI into the **EU27** from the rest of the world (inflows) increased by 12%, from 199 bn to 222 bn.

These figures², published by **Eurostat, the statistical office of the European Union**, come from the first FDI results for 2009³.

USA accounted for more than 40% of investment in the EU27

The main destination for **EU27** investments in the rest of the world remained the **USA**, although **EU27** investments fell from 121 bn euro in 2008 to 69 bn in 2009. **EU27** investments also fell in **Russia** (from 26 bn to disinvestment of 1 bn), **Canada** (from 8 bn to 3 bn), **Hong Kong** (from 6 bn to 3 bn) and **Japan** (6 bn to 0.1 bn). Investments grew with **Offshore financial centres**⁴ (from 39 bn to 60 bn), **Switzerland** (from 34 bn to 45 bn) and **Brazil** (from disinvestment of 1 bn to investment of 7 bn).

The **USA** was also the main source of investment in the **EU27**, up from 50 bn euro in 2008 to 97 bn in 2009. Investments in the **EU27** also increased from **Offshore financial centres**⁴ (from 20 bn to 40 bn) and **Switzerland** (from 11 bn to 32 bn). Investments from **Canada** (from 15 bn to 11 bn), **Brazil** (from 11 bn to 3 bn) and **Japan** (from 7 bn to disinvestment of 2 bn) fell.

Luxembourg, the United Kingdom and France main actors in extra-EU27 FDI flows

Luxembourg, with outflows of 112 bn euro, a 42% share of the EU27 total, was the largest investor outside the EU27 in 2009, followed by the **United Kingdom** (31 bn or 12%) and **France** (26 bn or 10%). **Luxembourg** (88 bn or 40% of the EU27 total), was also the main recipient of FDI inflows from the rest of the world, ahead of the **United Kingdom** (34 bn or 15%) and **France** (10 bn or 5%). The role of **Luxembourg** in EU FDI is mainly explained by the importance of its financial intermediation activity⁵.

In 2009, the **EU27** was a net investor in the rest of the world, with outflows higher than inflows by 42 bn euro. In 2008 outflows were also higher than inflows, by 149 bn. Among the EU Member States, **Luxembourg** was the largest net investor outside the EU27 in 2009, with net investment of 24 bn, followed by the **Netherlands** (18 bn) and **France** (16 bn). With inflows higher than outflows by 4 bn, **Hungary** was the largest net recipient of FDI from the rest of the world.

1. **Foreign direct investment (FDI)** is the category of international investment that reflects the objective of obtaining a lasting interest by an investor in one economy in an enterprise resident in another economy. The lasting interest implies that a long-term relationship exists between the investor and the enterprise, and that the investor has a significant influence on the way the enterprise is managed. Such an interest is formally deemed to exist when a direct investor owns 10% or more of the voting power on the board of directors (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). FDI flows presented here include re-invested earnings. 2009 data are preliminary estimates. Updated detailed figures will be released by the end of 2010.
2. The figures presented for 2009 are estimates based on annualised quarterly Balance of Payments data from the Member States as of April 2010, while the data for 2008 correspond to the latest annual FDI data transmission. Data for the EU aggregate take into account confidential data, estimates for Member States missing data and data for Special Purpose Entities (SPEs), that are additionally collected by Eurostat and the ECB from Member States not including SPEs' FDI in national data. This ensures adherence to international standards, exhaustiveness of the EU aggregates and explains why the total of Member States' flows differs from the EU aggregates. SPEs are mainly financial holding companies, foreign-owned, and principally engaged in cross-border financial transactions, with no or negligible local activity in the Member State of residence.
3. **Eurostat**, Statistics in Focus, 29/2010 "**Foreign direct investment flows hit by the crisis**", available free of charge in pdf format on the Eurostat web site.
4. Offshore Financial Centres (OFC) is an aggregate used in Eurostat FDI data which includes 38 countries. As examples, the aggregate contains European financial centres, such as Liechtenstein, Guernsey, Jersey, the Isle of Man, the Faroe Islands, Andorra and Gibraltar; Central American OFC such as Panama and Caribbean islands like Bermuda, the Bahamas, the Cayman Islands and the Virgin Islands; and Asian OFC such as Bahrain, Hong-Kong, Singapore and Philippines.
5. SPEs account for most of Luxembourg's FDI.

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EU27 FDI flows: 2009 preliminary results by main partner, billion euro

	Outward flows to:											Inward flows from:										
	Extra-EU27	of which:										Extra-EU27	of which:									
		USA	Canada	Switzerland	Russia	Japan	China	Hong Kong	India	Brazil	OFC		USA	Canada	Switzerland	Russia	Japan	China	Hong Kong	India	Brazil	OFC
EU27*	263.3	69.0	2.8	44.8	-1.0	0.1	5.3	3.4	3.2	6.9	60.3	221.7	96.8	11.4	31.7	3.1	-2.3	0.3	-0.2	0.4	2.8	39.8
Belgium	13.0	4.5	4.2	-0.5	2.0	1.1	0.3	0.4	0.1	0.6	-0.3	2.3	-1.7	-0.5	3.7	0.1	-4.1	0.1	0.3	-0.2	-0.2	-0.2
Bulgaria	0.1	-	-	-	-	-	-	-	-	-	-	0.5	-	-	0.1	0.1	-	-	-	-	-	0.1
Czech Republic	0.5	-	-	-	-	-	-	-	-	-	-	0.8	0.5	-	-	-	-	-	-	-	-	0.1
Denmark	4.4	1.8	0.1	0.2	-0.3		0.1	0.1	0.1	0.1	1.4	1.4	1.4	-	0.2	0.1	-	-	-	-	-0.1	-0.1
Germany	8.3	2.7	-0.1	1.1	0.1	-0.3	2.5	0.5	0.6	0.4	-2.5	7.1	2.3	-0.1	2.4	-1.6	-0.1	0.1	-	-	-0.1	-0.5
Estonia	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	4.5	1.1	-	-0.2	-	-0.1	-	-	-	-	3.2	0.9	-11.8	0.7	1.9	-	1.4	-0.3	0.2	-	-	7.6
Greece	0.2	-	-	-	-	-	-	0.1	-	-	0.1	0.3	0.1	-	0.1	-	-	-	-	-	-	-
Spain	7.6	1.2	-	1.1	-	-	0.2	0.1	0.1	1.2	0.6	5.3	-1.7	-0.2	1.7	0.4	-	-	-	-	-	0.2
France	26.4	3.3	0.3	7.2	0.8	0.4	1.3	1.1	0.4	3.8	0.6	10.4	-1.4	0.9	2.9	0.2	0.8	0.2	0.2	-	-0.1	1.7
Italy	1.5	1.1	-	0.2	0.1	-	0.1	-	0.1	-0.9	-	3.0	0.7	-	1.0	0.9	0.1	-	-	-	-	0.2
Cyprus	2.2	0.1	-	0.1	0.4	-	-	-	0.1	-	1.2	2.3	0.1	-	-	1.6	-	-	-	-	-	0.5
Latvia	-0.1	-	-	-0.1	-	-	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	0.1
Lithuania	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-
Luxembourg	111.8	26.1	-0.3	42.7	-	-	0.1	0.2	-	1.5	39.9	87.7	70.0	8.5	0.7	-0.4	0.2	-	0.5	-	0.2	5.8
Hungary**	0.9	-	-	0.6	-0.1	-	-	-	-	-	0.2	4.9	0.6	0.1	0.7	0.8	-	-	-	-	0.1	2.8
Malta	-	-	-	-	-	-	-	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-
Netherlands**	20.3	-4.2	0.6	12.7	0.5	-1.7	-0.2	-0.2	-	-0.2	8.9	2.7	-7.8	2.2	4.9	0.0	0.5	-0.1	-0.1	-	-0.1	0.6
Austria	2.7	0.3	-0.5	-0.3	-	-	0.2	-	0.1	-	1.0	3.2	1.7	-	0.2	0.4	-	0.1	-	-	-	0.7
Poland	1.0	-	-	-	0.4	-	-	-	0.1	-	0.1	1.4	0.9	-	0.1	-	0.2	-0.2	0.1	-	-0.1	0.3
Portugal	-0.7	0.1	-	-	-	-	-	-	-	0.4	-0.5	0.7	0.1	-0.2	0.1	-	-	-	-	-	0.2	0.2
Romania	-	-	-	-	-	-	-	-	-	-	-	0.6	-	0.1	0.2	-	-	-	-	-	-	0.2
Slovenia	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-
Slovakia	0.1	-	-	-	-	-	-	-	-	-	-	0.6	-	-	-	-	-	-	-	-	0.1	-
Finland	0.2	-1.3	-0.1	1.8	-0.4	-	0.5	-	0.2	-	-0.2	-0.4	-0.7	-	-	0.1	-	-	-	-	-	-0.1
Sweden	5.3	0.6	0.2	1.3	1.3	-0.1	0.3	-0.1	0.1	0.4	-	-2.0	-3.0	-0.2	-0.3	:	-0.2	:	:	-	:	-0.7
United Kingdom	30.6	-0.4	-2.1	:	:	0.6	0.1	1.6	1.0	1.1	-8.3	34.0	27.3	-0.2	1.3	:	-4.1	:	:	-	-	7.7

OFC: Offshore Financial Centres.

Minus sign stands for disinvestment.

* Data for EU aggregates take into account confidential data, estimates for Member States missing data and data for Special Purpose Entities (SPEs) that in some cases are additionally collected by Eurostat and the ECB from Member States not including SPEs FDI in national data (see footnote 2).

** Data excluding SPEs.

: Data is confidential or not available.

- Less than 50 million euro.