

EU27 Foreign Direct Investment

Strong decline in EU27 investment flows with the rest of the world in 2010

Following the economic crisis, **EU27** FDI¹ (foreign direct investment) in the rest of the world (outflows) declined significantly in 2010, falling by 62%, from 281 billion euro in 2009 to 107 bn in 2010, while FDI into the **EU27** from the rest of the world (inflows) dropped by 75%, from 216 bn to 54 bn. This continues the trend of recent years, with **EU27** outflows in 2010 standing at more than five times lower than in 2007, and inflows around eight times lower.

These figures², published by **Eurostat, the statistical office of the European Union**, come from the first FDI results for 2010³.

USA and Canada main investors in the EU27

The strong fall in **EU27** investments in the rest of the world in 2010 is explained by the significant declines recorded with the **Offshore financial centres**⁴ (from 89 bn euro in 2009 to 21 bn in 2010), the **USA** (from 79 bn to 12 bn) and **Switzerland** (from 44 bn to disinvestment of 7 bn).

The **USA** was the main source of investment in the **EU27**, although down strongly from 97 bn euro in 2009 to 28 bn in 2010. Investments in the **EU27** also decreased significantly from **Switzerland** (from 25 bn to 6 bn) and **Offshore financial centres**⁴ (from 46 bn to a disinvestment of 4 bn). However, investments increased strongly from **Canada** (from 12 bn to 28 bn), **Hong Kong** (from 1 bn to 11 bn) and **Brazil** (from 0.4 bn to 4 bn), and to a lesser extent from **Japan** and **China**.

Belgium largest net investor and the United Kingdom largest net recipient

Luxembourg, with outflows of 38 bn euro, was the largest investor outside the EU27 in 2010, followed by **Belgium** (36 bn), **Germany** (29 bn) and **France** (23 bn). **Luxembourg** (48 bn) was also the main recipient of FDI inflows from outside the EU27, ahead of the **United Kingdom** (28 bn), **Ireland** (21 bn) and **Germany** (14 bn). The role of **Luxembourg** in EU FDI is mainly explained by the importance of its financial intermediation activity⁵.

As in previous years, the **EU27** was in 2010 a net investor in the rest of the world, with outflows higher than inflows by 53 bn euro. Among the EU Member States, **Belgium** was the largest net investor outside the EU27 in 2010, with net investment of 38 bn, followed by **Sweden** (22 bn), the **Netherlands** (19 bn), **France** (15 bn) and **Germany** (14 bn). With inflows higher than outflows by 16 bn, the **United Kingdom** was the largest net recipient of FDI from outside the EU27, followed by **Ireland** (14 bn) and **Luxembourg** (9 bn).

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. 2010 data are preliminary estimates. Updated detailed figures will be released by the end of 2011.
2. The figures presented for 2010 are estimates based on annualised quarterly Balance of Payments data from the Member States as of April 2011, while the data for 2007-2009 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, 25/2011 "**Foreign direct investment flows still influenced 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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Louise CORSELLI-NORDBLAD
Tel: +352-4301-33 444
eurostat-pressoffice@ec.europa.eu

Eurostat news releases on the internet:
<http://ec.europa.eu/eurostat>

For further information on data:

Luis DE LA FUENTE
Tel: +352-4301-35 583
luis.de-la-fuente-layos@ec.europa.eu

Radoslav ISTATKOV
Tel: +352-4301-30 101
radoslav.istatkov@ec.europa.eu

EU27 FDI flows by partner, billion euro

	Outward FDI flows				Inward FDI flows			
	2007	2008	2009	2010	2007	2008	2009	2010
Extra EU27	550.7	387.3	280.6	106.7	423.8	170.7	215.7	54.2
Europe (non EU), of which	85.2	65.3	38.8	:	20.7	29.0	16.8	:
<i>Switzerland</i>	39.6	25.2	43.9	-7.4	29.6	8.4	24.7	6.2
<i>Russia</i>	18.2	27.3	0.7	-0.4	10.5	0.5	2.7	-0.4
<i>Croatia</i>	2.5	2.2	2.5	:	0.0	-0.1	-0.1	:
<i>Turkey</i>	15.7	6.5	4.2	:	0.6	-0.3	1.2	:
<i>Ukraine</i>	5.3	7.3	3.0	:	0.4	0.5	0.0	:
Africa, of which	17.0	24.1	21.0	:	3.9	7.2	0.9	:
<i>Egypt</i>	1.5	10.6	2.1	:	-0.5	0.8	0.1	:
<i>South Africa</i>	5.1	3.0	5.9	:	1.9	2.5	1.0	:
North America, of which	204.4	154.9	78.3	:	201.3	57.7	108.8	:
<i>Canada</i>	30.6	6.7	-0.9	-4.1	6.3	13.3	11.5	27.7
<i>United States</i>	173.8	148.2	79.2	11.9	195.0	44.4	97.3	28.5
Central America, of which	108.5	0.0	61.0	:	78.2	-15.3	30.7	:
<i>Mexico</i>	5.8	5.6	4.0	:	0.4	0.7	2.7	:
South America, of which	19.2	19.1	9.4	:	27.9	12.0	0.8	:
<i>Argentina</i>	2.4	4.1	0.8	:	-0.2	-0.3	0.4	:
<i>Brazil</i>	14.9	9.1	8.8	6.2	24.7	10.0	0.4	3.8
Asia, of which	55.0	72.9	28.1	:	39.9	72.5	18.2	:
<i>Gulf Arabian countries*</i>	4.7	19.5	3.9	:	2.7	51.2	10.6	:
<i>China**</i>	7.2	5.2	5.8	4.9	0.8	-0.2	0.3	0.9
<i>Hong Kong</i>	7.2	5.6	2.0	3.0	5.9	2.7	1.3	11.3
<i>Japan</i>	10.2	2.5	-0.2	-4.1	18.6	2.8	-0.8	1.5
<i>India</i>	4.6	3.7	3.4	3.0	1.2	3.6	0.9	0.6
<i>Singapore</i>	8.7	21.7	1.7	:	10.6	2.2	2.8	:
Oceania, of which	10.2	18.5	-1.6	:	7.1	-0.4	5.8	:
<i>Australia</i>	9.6	17.3	-2.7	:	7.1	-0.3	5.8	:
Offshore financial Centres	158.4	39.4	89.5	21.1	105.8	16.8	46.1	-3.9

* including Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates and Yemen

** excluding Hong Kong

: Data not available

Minus sign stands for disinvestment

2007-2009: annual FDI data. Preliminary figures for 2010 are based on annualised quarterly data

The sum of continents does not always equal total extra-EU because of not allocated flows

EU27 FDI flows: 2010 preliminary results by main partner and Member State, 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*	106.7	11.9	-4.1	-7.4	-0.4	-4.1	4.9	3.0	3.0	6.2	21.1	54.2	28.5	27.7	6.2	-0.4	1.5	0.9	11.3	0.6	3.8	-3.9
Belgium	35.9	24.0	0.6	-	1.3	-0.1	-	0.5	-	1.0	1.5	-2.4	-1.6	-	2.4	-	-0.2	-	0.9	-	-	-0.1
Bulgaria	0.1	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	-	-	0.1	-	-	-	-	-	-0.1
Czech Republic	0.1	-	-	-	0.1	-	-	-	0.1	-	-	0.2	-	-	0.3	0.1	-	-	-	-	-	-
Denmark	-0.3	0.9	-	-4.3	0.1	0.1	0.4	0.5	0.2	0.3	1.2	1.9	0.9	-	0.3	-	-	-	0.2	-	-0.1	0.4
Germany	28.7	10.7	0.4	2.6	0.3	1.8	1.6	0.9	0.7	0.9	2.2	14.5	5.3	-0.7	1.4	0.3	0.2	0.3	0.3	0.1	0.1	6.0
Estonia	-	-	:	:	-	:	:	:	:	:	-	-	-	:	:	-	:	:	:	:	:	-
Ireland	7.4	1.6	:	-0.7	:	:	-	0.1	-0.1	-	10.2	21.5	8.3	:	-0.3	0.1	:	:	0.5	-0.1	0.1	13.5
Greece	0.3	-	-	-	-	-	-	0.1	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Spain	7.9	2.4	0.7	0.4	0.1	:	1.4	0.4	0.1	-0.8	0.5	5.6	1.4	-0.2	1.7	0.5	:	:	:	:	0.7	-0.1
France	22.7	1.2	-1.6	7.8	1.7	-0.4	1.3	0.9	0.2	2.1	3.0	8.0	0.2	1.0	1.2	0.3	-0.3	0.1	0.3	-	-	2.9
Italy	6.0	0.8	0.1	-3.0	0.8	-0.2	0.5	0.1	0.4	-0.2	0.1	2.5	0.5	-	0.8	0.1	0.2	0.1	-	-	0.1	-
Cyprus	2.3	-	-	0.1	1.1	-	-	-	-	-	0.5	2.4	0.1	-	-	0.6	-	-	-	-	-	1.6
Latvia	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	0.2	-	-	-	-	-	-
Luxembourg	38.3	5.7	3.9	0.4	0.7	0.2	-3.2	0.4	-	6.6	24.3	47.6	23.2	21.8	3.8	-1.7	-0.2	-	5.7	-	1.3	-3.8
Hungary**	0.5	0.2	-0.1	0.3	-	-	-	-	-	-	1.0	0.4	0.2	0.1	0.3	0.2	-	0.1	-0.1	-	-	0.1
Malta	-	-	:	:	:	-	:	-	:	-	-	0.5	-	-	:	:	-	-	-	-	:	-
Netherlands**	13.5	-9.5	0.5	6.7	-0.5	0.8	-	-0.1	0.1	0.6	11.0	-5.3	-3.0	0.4	-1.5	-	0.1	0.2	-0.5	0.1	-	-2.1
Austria**	5.3	0.2	-	:	0.7	-	-0.2	-0.1	0.1	0.1	0.5	-0.7	-0.6	-	-0.1	-	-	-	-	-	0.1	-1.1
Poland	0.6	0.2	-	0.9	-0.2	-	-	-0.2	-	-0.1	-0.5	1.3	-	-	0.5	-	-0.2	-	-	-	-0.1	0.3
Portugal	-0.7	0.2	-	-	-	-	-	:	-	-0.6	0.2	1.1	-0.2	0.2	-	-	-	-	:	-	0.8	0.1
Romania	-	-	-	-	-	-	-	-	-	-	-	-0.3	-	-	-0.3	0.1	-	-	-	-	-	-
Slovenia	0.2	-	-	-	0.1	-	-	-	-	-	-	0.2	-	-	-0.1	-	-	-	-	-	-	-
Slovakia	0.1	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-	-	-0.1	0.1	-	-	-	-0.2	-
Finland	1.2	-0.8	-	-1.1	0.4	-	1.4	-	0.3	-	0.6	-0.1	-0.1	-	-	-	0.1	-	-	-	-	-0.2
Sweden	16.2	7.4	-	0.5	1.8	-0.2	0.4	-0.2	0.1	0.2	0.1	-5.5	-3.3	-0.5	0.3	-0.3	-0.2	0.8	-	-	-	-2.6
United Kingdom	12.5	-20.9	-9.2	9.4	:	0.4	:	-0.4	0.2	:	17.6	28.5	20.6	14.2	2.4	:	3.2	:	3.8	0.2	:	13.5

OFC: Offshore Financial Centres.

Minus sign stands for disinvestment.

* Data for EU aggregates take into account confidential 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.

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- Less than 50 million euro.