FDI IN FIGURES

October 2018

FDI falls 35% in the first half of 2018

- **Global FDI flows decreased by 35%** to USD 432 billion in the first half of 2018 compared to the second half of 2017. Compared to one year earlier, global FDI flows were 44% lower than the first half of 2017. They dropped by 9% in Q1 and by 38% in Q2.
- **The overall decrease was mostly due to the effects of the US tax reform**. Repatriations of earnings from foreign affiliates to their US parents resulted in large negative reinvested earnings. This decrease, however, is likely to have a minimal impact on the foreign operations of US MNEs in the short term because it involves the sale or disposal of financial, as opposed to real, assets.
- **FDI inflows to the G20 remained stable but FDI outflows decreased by 65%.** The drop in FDI outflows was greater in OECD G20 economies (-75%) than in non-OECD G20 economies (-19%).
- **OECD area inflows decreased by 36% and outflows by 65%.** The decrease in outflows was largely due to the effects of the US tax reform but equity capital and intercompany debt flows both contributed to the drop in FDI inflows.
- **In contrast to OECD area outflows, EU outflows increased by 7%** and EU inflows decreased more modestly than in the OECD area, by 6%.
- **OECD area FDI flows of resident special purpose entities (SPEs) remained negative for the fourth consecutive quarter in Q2 2018.**

In this issue

Find more FDI data online

Detailed FDI statistics are available from **OECD's online FDI database** (see pre-defined queries). Find information on inward and outward FDI flows, income and positions:

- by main destination or source country;
- by industry sector;
- including and excluding resident SPEs; and
- on inward FDI positions by ultimate investing country.

1 Recent developments

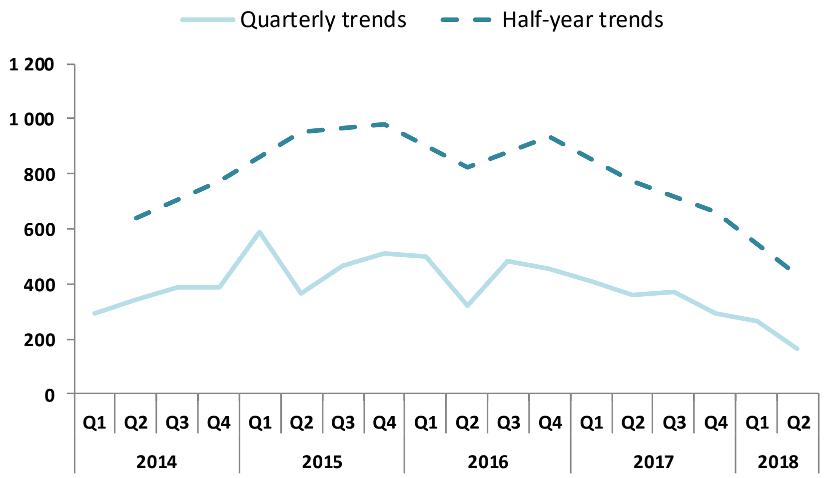
Global FDI flows[1] fell 35% to USD 432 billion in the first half of 2018 compared to the previous 6 months, hitting their lowest level since the first half of 2013. FDI flows dropped by 9% in Q1 2018 and by 38% in Q2, to USD 266 billion and USD 166 billion respectively. FDI flows in Q2 2018 reached only one to two thirds of the quarterly levels recorded over the last four years. The overall decrease in global flows in the first half of 2018 is largely due to large repatriations of earnings by US parent companies from their foreign affiliates because of tax reform in the United States (see FDI in Figures – July 2018). The 2017 US Tax Cut and Jobs Act (TCJA) contained several provisions that have both immediate and likely long term impacts on direct investment. One key provision was the one-time tax on undistributed foreign earnings levied in Q4 2017. This allowed US parent companies to repatriate cash held overseas in their foreign affiliates without additional taxes beginning in 2018. Estimates of the amount of overseas

[1] By definition, inward and outward FDI worldwide should be equal. However, in practice, there are statistical discrepancies between inward and outward FDI. Unless otherwise specified, references to 'global FDI flows' refer to the average of these two figures.

cash held by US MNEs vary, but all indications are that it is substantial.[2] Repatriations by US parents caused large, negative reinvested earnings that led to negative overall outflows from the United States in the first half of the year: outward FDI in Q1 was USD -119 billion and in Q2 USD -50 billion. The short-term impact of these repatriations on the foreign operations of US MNEs is likely to be minimal as they involve the sale or disposal of financial, as opposed to real, assets. While these repatriations show the immediate impact of the TCJA on FDI, the longer term effects are difficult to predict due to the complexity of the TCJA and uncertainty about how other countries will respond. Nevertheless, as the TCJA changes the incentives for FDI to and from the United States, the impacts could be significant and long-lasting. In addition to reinvested earnings, some large net equity divestments and movements in intercompany debt also contributed to the further drop in global flows in Q2.

Figure 1 shows global FDI flows from Q1 2014 to Q2 2018 and half-year trends.[3] The drop in the first half of 2018 continues the slowdown in global FDI flows since the post-crisis peak reached in 2015. Quarterly analysis of global FDI flows is complicated by the high volatility of the flows, which are often affected by a few very large transactions during a specific quarter. The low levels of FDI flows in the last quarter of 2017 persisted into Q1 2018 (USD 266 billion). In Q2 2018, FDI flows dropped further to USD 166 billion. Looking at half-year values, FDI flows in the first half of 2018 were 35% lower than in the second half of 2017, dropping to USD 432 billion, their lowest levels since the first half of 2013. Compared to one year earlier, global FDI flows were 44% lower than the first half of 2017.

Figure 1: Global FDI flows, Q1 2014-Q2 2018 (USD billion)



Source: OECD International Direct Investment Statistics database

Inflows

By region, FDI inflows to the **OECD area** decreased by 36% in the first half of 2018 compared to the second half of 2017, down from USD 301 billion to USD 193 billion (Figure 2). FDI flows to Ireland, Switzerland and the United States dropped by more than USD 50 billion in each economy and largely accounted for the overall decrease to the OECD area. In the first half of 2018, FDI inflows to the OECD area reached their lowest levels since the first half of 2013 and accounted for only 35% of global FDI inflows, compared to 44% in the second half of 2017 and 58% a year earlier.

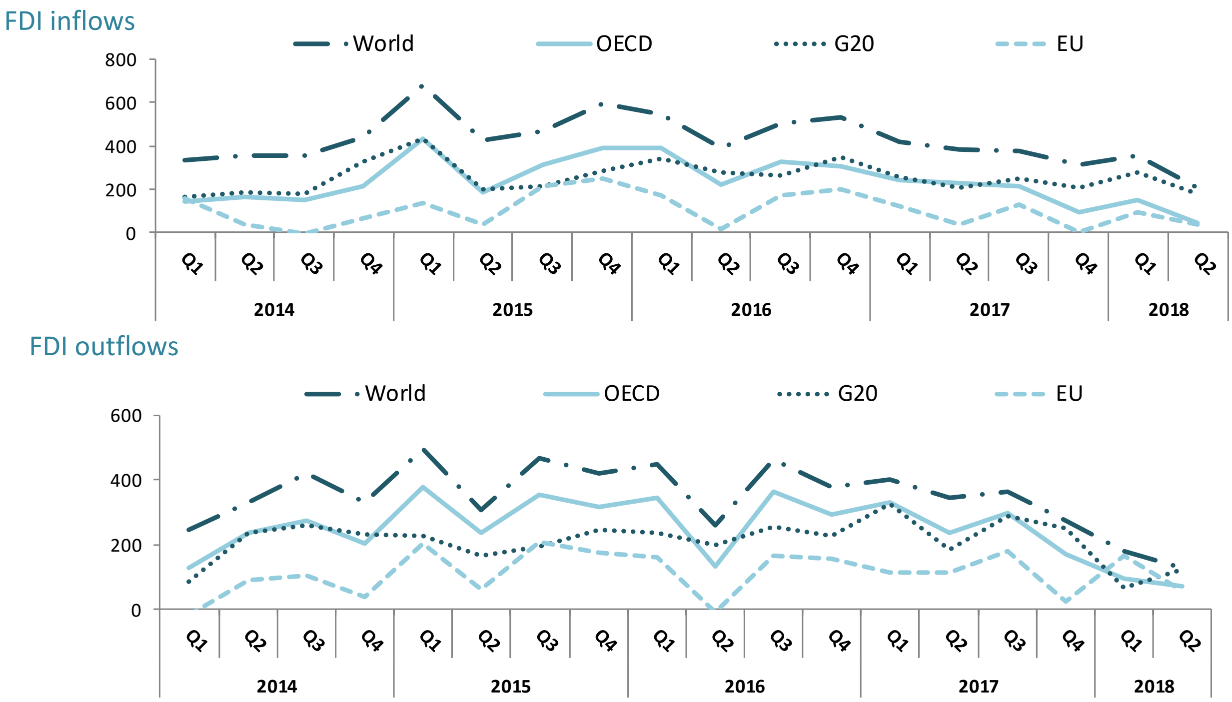
[2] Bloomberg estimates that the 50 US multinationals with the largest overseas cash holdings hold USD 925 billion outside of the United States, www.bloomberg.com/graphics/2017-overseas-profits/. Goldman Sachs estimates that US tech companies have undistributed overseas earnings of $3.1 trillion, www.bloomberg.com/news/articles/2017-12-20/what-the-largest-tax-overhaul-in-30-years-means-for-companies
[3] The measure was constructed using FDI statistics on a directional basis whenever available, supplemented by measures on an asset/liability basis when needed. See Notes for tables 1 and 2 on page 12 for details. Data are as of 12 October 2018.

FDI flows into **EU** countries decreased more modestly: by 6% (from USD 135 billion to USD 127 billion). They first increased in Q1 2018 from USD 4 billion to USD 93 billion before dropping to USD 33 billion in Q2. FDI inflows to the EU area accounted for 23% of global FDI inflows, a level comparable to the first and second halves of 2017.

FDI inflows to the **G20** remained stable at USD 453 billion but the situation varies within the G20 sub-groups: FDI inflows decreased by 5% in OECD G20 economies (to USD 247 billion) while they increased by 7% in non-OECD G20 economies (to USD 206 billion). FDI inflows to G20 countries accounted for 81% of global FDI inflows, compared to an average 62% in the first and second halves of 2017.

In the first half of 2018, China was the largest recipient of FDI inflows worldwide (at USD 126 billion), followed by the United Kingdom (USD 66 billion) and the United States (USD 57 billion).[4]

Figure 2: FDI flows, Q1 2014-Q2 2018 (USD billion)



Source: OECD International Direct Investment Statistics database

OECD area FDI inflows decreased by 36% in the first half of 2018 (to USD 193 billion) compared to the second half of 2017, but were highly volatile. OECD area FDI inflows increased by 66% in Q1 (to USD 150 billion) and then dropped by 71% in Q2 (to USD 43 billion).

In Q1, FDI inflows increased by more than USD 20 billion in Luxembourg (from USD -26 billion to USD -1 billion), Spain (from USD -13 billion to USD 12 billion), the United Kingdom (from USD 5 billion to USD 44 billion) and the United States (from USD 41 billion to USD 62 billion). These increases were partly offset by a large decrease in Switzerland (from USD 6 billion to USD -50 billion). **In Q2,** FDI inflows dropped by more than two-thirds due to widespread decreases in 24 OECD countries. Large decreases in the United States (from USD 62 billion to USD -5 billion), Ireland (from USD -28 billion to USD -52 billion) and the United Kingdom (from USD 44 billion to USD 21 billion) were only partly offset by increases in the remaining 12 countries. Belgium, Canada, Chile, Finland, Italy, Mexico, the

[4] Hong-Kong, China and Singapore are not listed as major FDI sources and recipients respectively because it is thought that these economies are not the ultimate destinations or sources of a significant amount of their flows; instead, these flows pass through on their way to other economies.

Netherlands and Poland also recorded declines of between USD 4 billion and USD 10 billion. In contrast, FDI flows increased by more than USD 10 billion in Australia (from USD 12 billion to USD 25 billion), France (from USD -1 billion to USD 14 billion), Spain (from USD 12 billion to USD 25 billion) and Switzerland (USD -50 billion to USD -27 billion).

Overall in the first half of 2018, the 36% decrease in OECD area FDI inflows was largely due to decreases in Ireland (from USD -19 billion to USD -80 billion), Switzerland (from USD -18 billion to USD -77 billion) and the United States (from USD 109 billion to USD 57 billion). In contrast, FDI flows increased by more than USD 15 billion in Australia (from USD 20 billion to USD 36 billion), Luxembourg (from USD -28 billion to USD -4 billion, excluding resident Special Purpose Entities (SPEs)), Spain (from USD -9 billion to USD 38 billion) and the United Kingdom (from USD 36 billion to USD 66 billion).

Examining financial flows by component--equity capital, reinvestment of earnings, and intercompany debt--can shed further light on FDI developments within the OECD area.[5] **FDI equity flows in OECD countries decreased by 67% in the first half of 2018 compared to the second half of 2017.** FDI equity flows accounted for 22% of total OECD area inflows compared to 44% in the second half of 2017. Net equity investment inflows of USD 203 billion were partly offset by net equity disinvestments (or negative net equity inflows) of USD -160 billion. The largest equity inflows were in the United States (USD 42 billion), the Netherlands (USD 40 billion excluding in Dutch resident SPEs), the United Kingdom (USD 28 billion) and Australia (USD 22 billion) while major net equity disinvestments were recorded in Ireland and Switzerland (around USD -74 billion each) and took place in both Q1 and Q2.

Reinvestment of earnings in foreign affiliates resident in OECD countries increased by 16% in the first half of 2018 compared to the second half of 2017.[5] Reinvestment of earnings in foreign affiliates in the United States and Ireland accounted for, respectively, 27% and 13% of total reinvestment of earnings of foreign affiliates in OECD countries. They increased by 15% in the United States (to USD 65 billion) and decreased by 4% in Ireland (to USD 30 billion) as compared to the second half of 2017. Reinvestment of earnings also increased to more than USD 10 billion in foreign affiliates in Canada, Mexico and the Netherlands (excluding resident SPEs), and they doubled in Switzerland and the United Kingdom, to USD 14 billion and USD 20 billion respectively. Reinvestment of earnings in foreign affiliates in Australia remained stable at USD 11 billion.

Intercompany debt flows remained negative in the first half of 2018 at USD -93 billion, compared to USD -40 billion in the second half of 2017.[5] The United States, Ireland and Switzerland recorded the largest negative levels of intercompany debt flows (USD -51 billion; USD -37 billion and USD -17 billion respectively). The negative levels of intercompany debt flows in the United States were largely due to resident affiliates reimbursing loans to their foreign parents. In Ireland and Switzerland, negative levels of intercompany debt flows were due to resident affiliates reimbursing loans to their foreign parents as well as extending loans to their parents. In addition to large negative levels of intercompany debt flows, there was a large decrease in Belgium from USD 28 billion to USD -4 billion.

In the first half of 2018, FDI inflows in **non-OECD G20 economies**, increased by 7% due to increases in China (from USD 113 billion to USD 126 billion), Russia (from USD 8 billion to USD 15 billion), South Africa (from USD 0.2 billion to USD 3 billion), India (from USD 21 billion to USD 22 billion) and Saudi Arabia (from USD 0.5 billion to USD 0.8 billion excluding Q2 2018). In contrast, FDI inflows dropped in Brazil (from USD 30 billion to USD 26 billion), in Indonesia (from USD 14 billion to USD 9 billion) and remained stable in Argentina at around USD 6 billion.

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[5] OECD FDI equity, reinvestment of earnings and debt flows are estimated using FDI instruments reported by OECD countries, on either the directional basis or asset/liability basis as indicated in Table 1 on page 10. For OECD countries that did not report FDI aggregates by instrument on the directional basis, instruments were estimated using equity and reinvestment of earnings reported on the asset/liability basis. For OECD countries that did not report FDI instruments to the OECD, instruments were estimated using data available from the IMF Balance of Payments database or by using average instrument shares observed in unrevised data for historical years. Missing data for instruments for Q2 2018 were collected directly from the websites of national sources where available or estimated by distributing total FDI equally among instruments. The notes on page 12 provide more information on FDI components.

Outflows

By region, FDI outflows from the **OECD area** decreased more significantly than inflows, by 65% (to USD 165 billion) in the first half of 2018 compared to the second half of 2017**.** In Q1, OECD area FDI outflows dropped by 44%, to USD 94 billion their lowest level observed since Q1 2013. In Q2, they continued to decline by 24%, to USD 71 billion (Figure 2). In the first half of 2018, FDI outflows from the OECD area represented 53% of global FDI outflows, compared to an average 74% in the first and second halves of 2017.

In contrast to OECD area outflows, **EU** outflows increased by 7% (from USD 207 billion to USD 222 billion) in the first half of 2018 compared to the second half of 2017. However, EU outflows were highly volatile across quarters: they increased six-fold in Q1 to USD 166 billion and then they dropped by 67% in Q2 to USD 56 billion.

FDI outflows from the **G20** decreased by 65%, from USD 538 billion to USD 189 billion. They decreased by 75% in G20 OECD economies and decreased more modestly, by 19%, in G20 non-OECD economies. FDI outflows from G20 economies were volatile across quarters: they dropped by 74% in Q1, to USD 65 billion, and then increased by 89% in Q2, to USD 124 billion. Despite the increase in Q2, FDI outflows from G20 economies remained lower than the average quarterly outflows observed over the past 5 years. FDI outflows from G20 OECD economies also decreased in Q1 (by 88%) before increasing four-fold in Q2. In contrast, FDI outflows from G20 non-OECD economies decreased in both quarters, by 21% in Q1 and by 15% in Q2.

In the first half of 2018, major investors worldwide were Germany (USD 76 billion), Japan (USD 74 billion), France (USD 51 billion), China (USD 46 billion) and the Netherlands (USD 44 billion, excluding resident SPEs).[4] For the first time since the second half of 2005, the United States recorded negative FDI outflows. This change was due to large repatriations of earnings by US parent companies from their foreign affiliates, resulting in large, negative reinvested earnings. However, the impact of these cash repatriations on the foreign operations of US MNEs is likely to be minimal in the short term because they likely involve the sale or disposal of financial, as opposed to real, assets (see FDI in Figures – July 2018).

In Q1, OECD area FDI outflows decreased by 44% to USD 94 billion driven by significant negative outflows from the United States (USD -119 billion). Those were only partly offset by increased FDI outflows from Ireland (from USD -66 billion to USD 4 billion), the Netherlands (from USD -4 billion to USD 28 billion, excluding resident SPEs), France (from USD 8 billion to USD 33 billion) and Spain (from USD -3 billion to USD 11 billion). **In Q2**, OECD area FDI outflows continued to decline, falling by 24% (to USD 71 billion). FDI outflows dropped by more than USD 10 billion from Ireland (from USD 4 billion to USD -40 billion), France (from USD 33 billion to USD 18 billion), Belgium (from USD 10 billion to USD -3 billion), the Netherlands (from USD 28 billion to USD 16 billion excluding resident SPEs) and from the United Kingdom (from USD 17 billion to USD 6 billion). FDI outflows from the United States increased but remained negative, at USD -50 billion.

Overall in the first half of 2018, the 65% decrease in OECD area FDI outflows was largely driven by the United States (down from USD 139 billion to USD -169 billion) and to a lesser extent by the United Kingdom (down from USD 100 billion to USD 23 billion) and Belgium (from USD 36 billion to USD 7 billion). Those decreases were partly offset by increases from Germany (from USD 35 billion to USD 76 billion), the Netherlands (from USD 14 billion to USD 44 billion, excluding from resident SPEs), Ireland (USD -57 billion to USD -36 billion) and France (from USD 31 billion to USD 51 billion).

In contrast to total outflows, equity investment flows from OECD countries increased by 51% in the first half of 2018[5] (Figure 3). The increase was particularly strong in Q1 2018 given the low levels recorded in the previous quarter. Overall in the second half of 2018, equity investment flows from Germany, the Netherlands (excluding resident SPEs), Ireland and Switzerland increased by more than

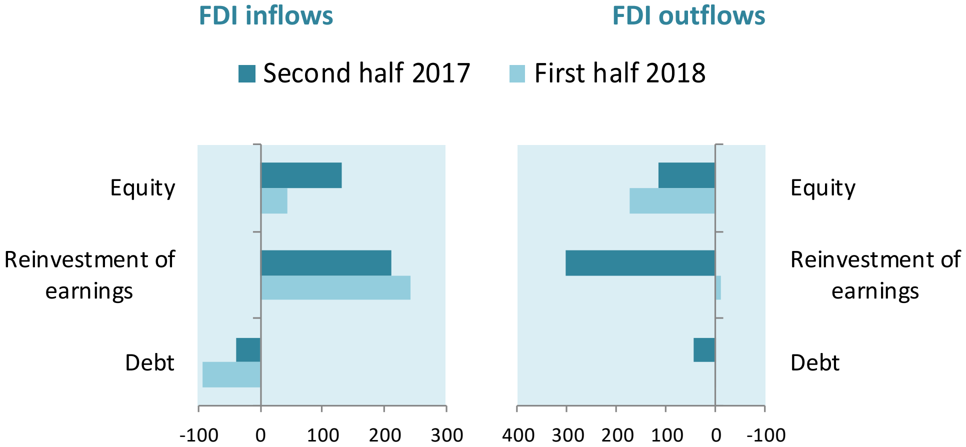
USD 20 billion from each economy. Those increases were only partly offset by a large decrease in equity investment flows from the United Kingdom (from USD 66 billion to USD 5 billion).

Earnings reinvested by OECD area parents in their foreign affiliates abroad dropped to negative levels in the first half of 2018[5] largely driven by the United States (USD -184 billion). Large repatriations of earnings by US parent companies from their foreign affiliates resulted in large negative reinvested earnings in Q1 (USD -152 billion) and to a lesser extent in Q2 (USD -31 billion). The negative reinvested earnings recorded for the United States had a strong impact on reinvestment of earnings for the OECD area as a whole, given that earnings reinvested by US parents in the foreign affiliates generally account for about 50% of the OECD area total. In contrast, parents from Canada, Germany, the Netherlands, Switzerland and the United Kingdom reinvested between USD 13 billion and USD 22 billion of earnings in their foreign affiliates in the first half of 2018.

Intercompany debt outflows from the OECD area decreased by 94% in the first half of 2018.[5] However, they were highly volatile across quarters: they increased four-fold to around USD 74 billion in Q1 2018, and then dropped to negative levels in Q2 (at USD -71 billion). The situation varies across countries. In the second half of 2018, intercompany debt outflows decreased by more than USD 20 billion from Belgium, Germany and the Netherlands. Those decreases were only partly offset by more than USD 10 billion increases of intercompany debt outflows from the United States, Luxembourg and France.

In non-OECD G20 economies, FDI outflows decreased from China (from USD 61 billion to USD 46 billion), Brazil (from USD 1 billion to USD -9 billion) and South Africa (from USD 4 billion to USD 2 billion) but increased from the other economies: Argentina (from USD 0.6 billion to USD 1 billion); India (from USD 4 billion to USD 6 billion); Indonesia (from USD 1 billion to USD 4 billion); Russia (from USD 19 billion to USD 23 billion) and Saudi Arabia (from USD 3 billion to USD 4 billion excluding Q2 2018).

Figure 3: FDI flows by instrument in the first half of 2018 (USD billion)



Source: OECD International Direct Investment Statistics database

2

FDI in resident special purpose entities

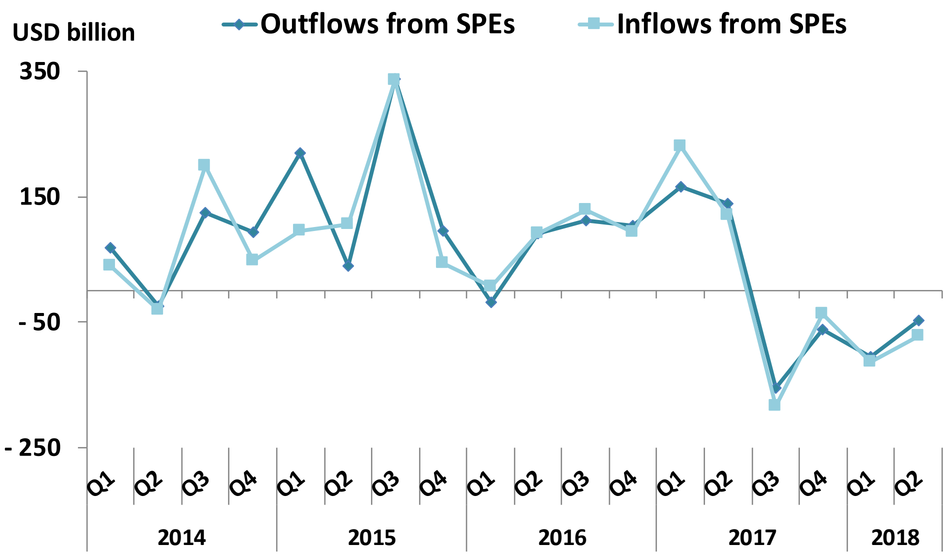
An important feature of the OECD Benchmark Definition 4th edition is to identify FDI flows and positions of resident SPEs separately. SPEs are entities with little or no physical presence or employment in the host country but that provide important services to the MNE in the form of financing or of holding assets and liabilities. MNEs often channel investments through SPEs in one country before they reach their final destination in another country. Excluding investment into resident SPEs allows a country to have a better measure of the FDI inflows likely to have a real impact on its economy.[6]

FDI flows in and from SPEs are volatile due to the role SPEs play in the internal financing of MNEs and can be particularly affected by individual large deals. Figure 4 shows quarterly trends of FDI inflows and outflows to and from SPEs of 12 OECD countries[7] which reported information for Q1 2014-Q2 2018.

In Q2 2018, FDI flows in and from SPEs remained negative for the fourth consecutive quarter. FDI flows in and from SPEs decreased to around USD -100 billion in Q1 2018 and then increased but remained negative to around USD -75 billion in Q2. Those developments are largely reflecting investments in and from Luxembourg and Dutch SPEs. **In Q1,** investments in and from Luxembourg SPEs decreased to USD -73 billion and USD -97 billion respectively. Investments in and from Dutch SPEs also decreased, to USD -42 billion and USD -9 billion respectively. **In Q2,** investments in and from Luxembourg increased to positive levels (to USD 5 billion and USD 27 billion respectively) while investments in and from Dutch SPEs continued to drop to around USD -75 billion.

Overall in the second half of 2018, FDI flows in and from SPEs of 12 OECD countries were USD -186 billion and USD -154 billion respectively compared to around USD -220 billion in the second half of 2017. As in the second half of 2017, there were large negative equity flows in and from those entities (USD -289 billion and USD -236 billion respectively). Debt flows in and from SPEs increased from negative levels to around USD 70 billion. Earnings reinvested by foreign parents in their SPEs remained stable at around USD 25 billion while earnings reinvested by parent SPEs to their affiliates abroad switched from negative to positive levels (USD 14 billion).

Figure 4: FDI inflows and outflows to and from OECD SPEs, Q1 2014-Q2 2018



Source*: OECD International Direct Investment statistics database*

[6] For more details, see the OECD note on how MNEs channel investments through multiple countries.

[7] In Table 1, FDI Series, including and excluding resident SPEs, are only shown for 9 countries, because data on SPEs for 3 countries are not available separately for years prior to 2013, or are subject to confidentiality restrictions in selected quarters.

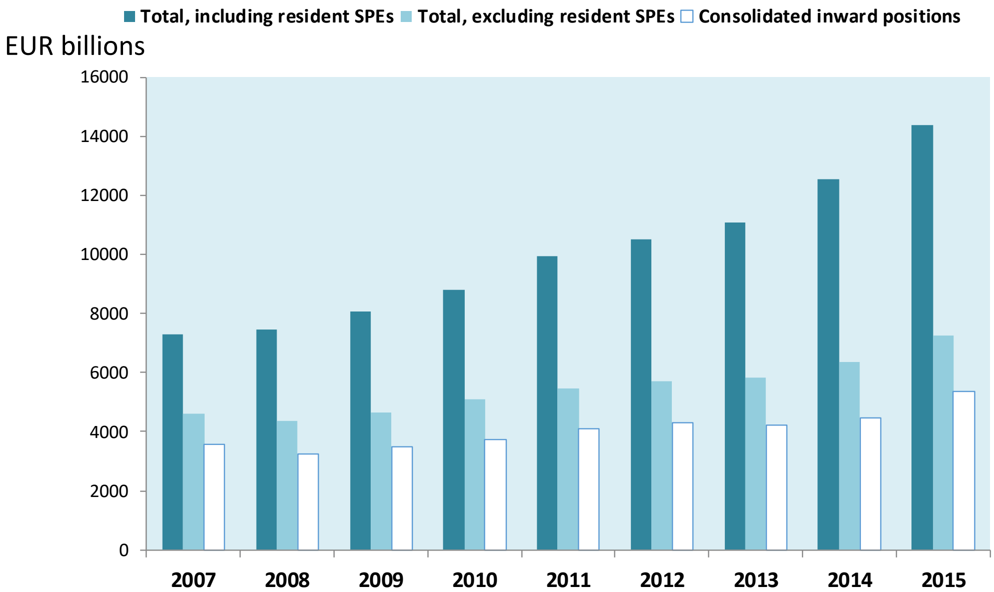
In the first half of 2018, investment flows in and from Luxembourg SPEs increased from around USD -230 billion to around USD -70 billion, largely due to equity flows that increased but remained negative. Reinvestment of earnings remained limited and intercompany debt flows switched from negative to positive levels. In contrast, FDI flows from the Netherlands SPEs decreased from USD 42 billion to USD -85 billion and FDI flows in Dutch SPEs decreased further from USD 19 billion to USD -117 billion. The decrease in FDI flows in and from Dutch SPEs to negative levels were largely due to large decreases in equity flows while reinvestment of earnings and intercompany debt flows both increased and were positive.

In the first half of 2018, FDI flows in and from SPEs also increased in Hungary and Denmark, switching from negative to positive levels. FDI flows in and from Belgian SPEs decreased from around USD 2 billion and -0.5 billion respectively to USD -3 billion and USD -2 billion respectively. FDI flows in Austrian SPEs slightly decreased from USD 0.5 to USD 0.4 billion while FDI flows from Austrian SPEs increased from USD 0.4 billion to USD 0.7 billion. FDI flows in and from Iceland SPEs were negative in the second half of 2017 (at USD -3 billion) and became insignificant in the first half of 2018. FDI flows in and from SPEs located in Chile, Poland and Portugal remained very limited.

3 Estimating pass-through capital in FDI statistics

While the separate identification of FDI to and from resident SPEs is important for removing pass-through capital in FDI statistics, it does not capture all pass-through capital because MNEs can also pass capital through operating affiliates. Unlike the case of SPEs that have pass-through capital as their main or only activity, identifying capital passing through operating affiliates is more difficult because they can use the financing they receive in a number of ways. Due to the fungible nature of capital, it is not possible to trace the source of the financing to its ultimate use. While tax and regulatory considerations often drive capital passing through SPEs, capital passing through operating affiliates may serve different purposes; for example, operating affiliates in an MNE's production network that have a significant amount of interactions with each other may find closer ownership links created by pass-through capital reduce transaction costs and facilitate these interactions.

Figure 5: Inward FDI positions excluding SPEs and capital passing through operating affiliates

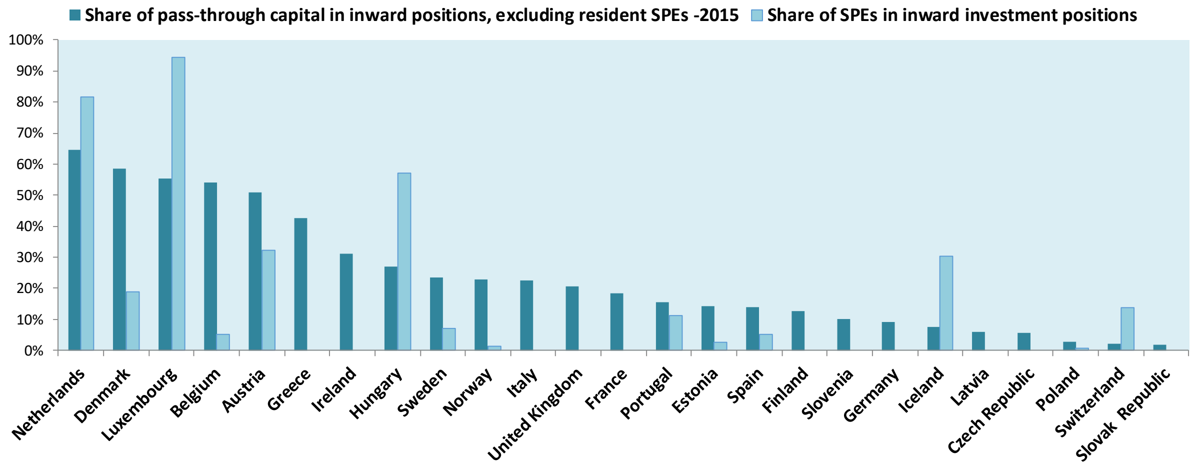


Source: OECD FDI Statistics database and author calculations based on Orbis

The OECD recently estimated pass-through capital through operating affiliates for a selection of European countries.[8] The goal of the research is to better distinguish between 'genuine' FDI flows and purely financial FDI flows. Figure 5 presents the results for the countries included in the study.[9] It shows the standard inward FDI positions including resident SPEs as reported to the OECD (dark green bars), the standard inward FDI positions excluding resident SPEs as reported to the OECD (light green bars), and the FDI positions excluding capital passing through SPEs and operating affiliates as estimated in the OECD paper (white bars).[8] While separate identification of resident SPEs captures most of the pass-through capital in FDI statistics, the amount passing through operating affiliates is estimated to be substantial, averaging more than 25% of the inward FDI positions excluding resident SPEs between 2007 and 2015. Furthermore, there is evidence that it is growing faster than 'genuine' FDI': the 2015 standard FDI position excluding resident SPEs is 58% higher than the 2007 position, but the 2015 FDI position excluding all pass-through capital is only 51% higher than the 2007 position.

In addition, some countries that report little or no FDI through resident SPEs were found to have significant amounts of capital passing through operating affiliates. Figure 6 shows the share of pass-through capital through operating affiliates (dark green bars) in inward positions and the share of SPEs in inward positions (light green bar). In some countries, including Austria, Denmark and Belgium, we estimate a greater amount of pass-through in operating affiliates than in SPEs. Some countries with little or no presence of SPEs have significant pass-through capital through operating affiliates, including Greece, Italy, and France.

Figure 6: Comparing pass-through capital in SPEs and operating affiliates, 2015



Source: OECD FDI Statistics database and author calculations based on Orbis
Note: Data on SPEs are currently not available for Ireland. The United Kingdom publishes FDI statistics on SPEs with its annual detailed statistics but not the aggregate statistic s, making it difficult to reconcile the data when they are of different vintages.

The estimates suggest that capital passing through operating affiliates is significant and should be addressed by FDI compilers. Nevertheless, there is still much work to be done to define capital passing through operating affiliates and to develop methods for its compilation.

[8] "Eliminating the Pass-through: Towards FDI Statistics that Better Capture the Financial and Economic Linkages Between Countries," by Maria Borga and Cecilia Caliandro, NBER Working Paper 25029, September 2018, Boston, MA.

[9] Estimates were prepared for the following countries: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

	FDI outward flows							FDI inward flows						
Table 1	2 017					2018[p]		2 017					2018[p]	
In USD millions	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q1	Q2	Q3	Q4	Y	Q1	Q2
OECD[1]	**329 160**	**235 024**	**296 605**	**168 065**	**1 028 848**	**93 600**	**70 979**	**239 976**	**224 744**	**211 110**	**90 208**	**766 044**	**150 178**	**43 120**
Australia[2]	- 1 927	- 15	6 535	- 316	4 278	- 94	3 970	8 987	14 072	12 537	6 968	42 564	11 711	24 563
Austria*	2 361	- 1 057	- 754	10 467	11 016	3 534	1 088	1 353	- 435	1 801	8 174	10 897	3 873	1 615
Belgium	- 9 927	- 1 853	17 270	18 721	24 208	10 136	- 3 147	1 332	- 20 931	4 342	9 490	- 5 765	2 754	- 6 947
Canada	33 833	15 728	13 172	16 338	79 072	6 548	14 604	7 051	1 391	9 448	6 845	24 736	14 213	6 872
Chile*	2 057	1 348	1 053	511	4 969	1 217	- 3 693 (A)	2 378	126	2 724	1 772	7 001	6 631	- 2 115 (A)
Czech Republic	- 62	471	828	386	1 623	943	1 819	2 619	1 592	1 344	1 855	7 409	1 407	3 972
Denmark*	5 577	1 284	730	3 984	11 575	- 207	- 2 156	- 2 515	- 1 141	9 531	- 357	5 518	1 074	473
Estonia	673	100	70	- 99	744	128	174	730	245	533	204	1 713	42	1 081
Finland	- 1 851	3 417	2 879	- 4 293	151	812	2 023	1 211	- 1 822	1 162	- 684	- 132	1 924	- 2 062
France	6 384	21 115	22 891	7 745	58 135	32 753	18 145	23 374	11 368	11 746	3 324	49 812	- 1 092	13 885
Germany	27 388	15 173	9 489	25 432	77 483	32 320	43 450	10 228	1 084	10 397	8 150	29 859	5 268	5 175
Greece	676	- 567	249	222	581	519	- 285	1 249	979	596	787	3 612	1 123	1 500
Hungary*	2 871	1 316	- 838	- 2 357	993	198	110	3 494	341	153	- 1 154	2 834	527	101
Iceland*	- 157	82	22	- 54	- 108	16	74	- 118	- 189	253	48	- 6	- 284	- 12
Ireland	143	17 380	9 151	- 65 778	- 39 104	4 327	- 40 275	5 406	12 661	4 564	- 23 881	- 1 249	- 28 039	- 52 437
Israel[2,4]	1 344	1 316	1 969	1 524	6 153	1 015	1 388	1 978	2 037	3 384	10 770	18 169	4 439	3 519
Italy	9 328	- 913	6 336	10 930	25 681	7 682	3 213	5 522	4 593	5 475	6 477	22 066	6 723	- 574
Japan[6]	54 927	32 171	34 193	35 606	160 425	38 681	35 229	4 315	117	3 445	2 509	10 428	5 303	2 878
Korea[2]	11 633	6 019	7 962	6 062	31 676	5 397	11 988	4 752	2 543	3 533	6 225	17 053	3 412	3 838
Latvia	126	77	8	- 71	140	38	26	174	159	435	- 35	733	129	27
Lithuania	29	12	197	- 205	33	309	499	273	162	331	- 114	653	504	271
Luxembourg*	17 218	25 190	1 597	467	44 472	4 361	1 217	5 049	12 239	- 1 690	- 26 380	- 10 782	- 802	- 2 964
Mexico*	1 297	1 847	- 3 815	3 162	2 492	1 706	1 336	12 719	6 346	5 705	6 464	31 234	11 115	6 727
Netherlands*	14 100	- 635	17 793	- 3 942	27 317	28 347	15 791	21 419	- 6 174	28 102	14 142	57 490	25 578	19 195
New Zealand	335	412	- 423	- 546	- 222	- 181	332	466	1 063	- 197	1 206	2 538	827	- 1 090
Norway[2]	- 1 436	2 791	- 5 531	8 275	4 099	- 5 970	1 303	3 124	- 371	886	- 1 952	1 686	- 8 984	- 4 200
Poland*	1 892	533	308	- 239	2 494	1 552	- 1 609	4 855	- 1 789	3 030	2 761	8 856	5 561	630
Portugal*	8	274	- 472	- 2 143	- 2 333	342	- 368	2 783	2 890	804	267	6 744	1 304	1 736
Slovak Republic	55	189	83	22	350	120	40	1 030	357	869	22	2 277	413	- 609
Slovenia	166	79	64	7	315	110	- 25	368	- 7	177	244	782	264	166
Spain[2]	12 801	4 904	12 152	- 3 272	26 584	11 067	10 144	16 246	458	3 942	- 13 114	7 532	12 439	25 204
Sweden	4 488	12 763	9 673	3 054	29 978	8 815	- 896	5 529	5 267	4 372	3 444	18 612	3 271	1 189
Switzerland	- 16 622	13 624	- 16 757	4 840	- 14 915	- 1 880	- 914	- 14 978	73 911	- 24 003	6 056	40 986	- 49 920	- 27 356
Turkey	871	842	105	813	2 632	1 108	988	3 031	2 050	2 649	3 089	10 820	2 161	2 676
United Kingdom	17 468	11 637	73 420	26 897	129 422	17 415	6 082	1 476	10 389	30 728	5 348	47 940	44 089	21 436
United States	130 231	47 104	74 303	64 832	316 469	- 119 273	- 50 185	93 328	89 313	68 323	41 113	292 076	61 725	- 4 972
Total World[1,3]	**401 723**	**342 083**	**365 064**	**272 362**	**1 381 228**	**179 523**	**128 520**	**421 137**	**380 912**	**374 333**	**312 303**	**1 488 692**	**353 114**	**203 839**
European Union (EU)[1]	**113 132**	**112 129**	**180 224**	**26 381**	**431 863**	**166 189**	**55 603**	**120 698**	**34 955**	**131 069**	**3 755**	**290 484**	**93 485**	**33 197**
G20 countries[1]	**326 615**	**185 663**	**287 630**	**250 415**	**1 050 323**	**65 302**	**123 654**	**253 130**	**206 065**	**245 573**	**206 967**	**911 736**	**277 596**	**175 816**
G20-OECD countries[1]	**292 316**	**151 592**	**245 474**	**198 384**	**887 764**	**24 242**	**88 820**	**174 793**	**143 278**	**163 996**	**96 522**	**578 588**	**164 629**	**82 504**
G20 -non OECD countries[1]	**34 299**	**34 071**	**42 156**	**52 032**	**162 558**	**41 060**	**34 835**	**78 337**	**62 787**	**81 578**	**110 445**	**333 148**	**112 967**	**93 312**
Argentina	334	268	288	266	1 156	556	528	3 508	2 289	3 331	2 390	11 517	2 950	2 704
Brazil	- 4 747	1 931	- 759	2 223	- 1 351	422	- 9 416	18 329	14 138	12 796	17 448	62 713	15 422	10 087
China	20 519	20 541	23 998	36 856	101 914	17 936	27 868	33 072	21 926	32 860	80 366	168 224	72 964	52 654
India[2]	4 143	3 004	2 281	1 662	11 090	2 198	3 306	9 141	10 148	14 692	5 985	39 966	8 605	13 003
Indonesia	278	968	1 346	20	2 612	559	3 013	3 081	5 325	8 697	4 925	22 029	3 490	5 500
Russia	12 748	2 581	9 243	9 581	34 153	13 569	9 276	10 186	7 971	7 713	83	25 954	7 819	6 864
Saudi Arabia[2]	186	2 397	1 380	1 662	5 625	4 107	-	337	549	271	264	1 421	838	-
South Africa[2]	838	2 380	4 379	- 238	7 360	1 713	260	683	440	1 218	- 1 016	1 325	879	2 500
***Data excludes SPEs. Corresponding data below including SPE's[4]:**														
Austria	2 847	- 1 136	- 420	10 511	11 800	3 850	1 423	1 500	- 423	1 977	8 489	11 547	4 110	1 774
Chile	2 735	1 066	1 389	226	5 416	1 422	-	2 380	135	2 730	1 767	7 011	6 632	-
Denmark	5 628	1 729	- 341	4 132	11 147	159	- 2 037	- 2 340	- 965	8 511	- 467	4 739	1 220	95
Hungary	21 080	- 527	4 433	- 26 063	- 1 078	1 352	814	21 480	- 1 459	5 276	- 24 602	696	1 779	1 429
Iceland	- 157	82	- 1 848	- 1 201	- 3 124	16	74	- 118	- 190	- 1 617	- 1 099	- 3 023	- 284	- 12
Luxembourg	- 72 939	162 123	- 187 049	- 47 970	- 145 835	- 92 182	28 982	- 8 598	144 985	- 221 279	- 32 464	- 117 357	- 73 403	2 471
Netherlands	251 131	3 103	47 605	8 154	309 992	19 451	- 60 175	245 822	- 14 268	57 180	4 526	293 260	- 15 939	- 56 361
Poland	1 892	503	308	- 239	2 464	1 552	- 1 713	4 855	- 1 819	3 030	2 761	8 827	5 561	527
Portugal	19	337	- 437	- 2 329	- 2 410	403	- 319	2 879	3 010	786	273	6 947	1 337	1 772

For notes to this table refer to page 12

Source: OECD and IMF

OECD Directorate for Financial and Enterprise Affairs - Investment Division

Table 2

	FDI outward positions						FDI inward positions					
	In USD million			As a share of GDP (%)			In USD million			As a share of GDP (%)		
	2 015	2 016	2017[p]	2 015	2 016	2017[p]	2 015	2 016	2017[p]	2 015	2 016	2017[p]
OECD[1]	**20 495 136**	**21 304 556**	**24 436 233**	**43.9**	**44.6**	**120.6**	**17 475 414**	**18 601 679**	**21 323 212**	**37.4**	**38.9**	**105.3**
Australia	390 278	401 501	-	31.3	30.8	-	535 933	576 029	-	43.0	44.2	-
Austria*	210 510	201 480	241 171	55.1	51.6	57.9	165 845	157 936	199 945	43.4	40.4	48.0
Belgium*	582 582	594 584	675 488	128.0	127.2	137.1	520 992	499 567	564 314	114.5	106.8	114.5
Canada	1 097 053	1 251 958	1 490 029	70.3	81.5	90.1	796 651	974 227	1 077 256	51.1	63.4	65.2
Chile*	105 124	114 305	119 457	43.1	45.7	43.1	229 638	247 121	272 366	94.1	98.8	98.3
Czech Republic	18 591	19 426	23 908	10.0	10.0	11.1	116 628	121 855	155 111	62.4	62.5	71.9
Denmark*	166 286	171 617	-	55.2	55.9	0.0	92 652	97 831	-	30.8	31.9	0.0
Estonia	6 084	6 450	7 810	26.6	26.9	29.3	18 956	19 741	23 896	82.8	82.3	89.8
Finland	94 545	109 851	110 401	40.7	46.0	43.8	81 627	80 563	85 836	35.1	33.7	34.0
France	1 268 228	1 279 632	1 451 697	52.0	51.9	56.2	687 394	704 872	874 542	28.2	28.6	33.9
Germany	1 336 566	1 346 911	1 606 159	39.5	38.5	43.5	786 242	790 337	950 860	23.3	22.6	25.7
Greece	27 288	18 006	19 354	14.0	9.3	9.7	26 951	24 615	32 537	13.8	12.8	16.2
Hungary*	35 608	25 034	29 786	29.0	19.9	21.4	84 856	80 721	90 991	69.1	64.2	65.4
Iceland*	7 637	6 058	5 464	45.1	29.8	22.9	7 851	9 841	10 122	46.3	48.5	42.3
Ireland	909 668	856 582	860 078	312.5	283.4	259.5	888 221	840 646	892 763	305.1	278.1	269.4
Israel[2,4]	84 696	94 633	100 260	28.2	29.6	28.4	99 313	107 483	129 143	33.1	33.7	36.6
Italy	468 366	468 533	557 035	25.6	25.2	28.8	340 515	346 771	420 447	18.6	18.6	21.7
Japan	1 228 767	1 315 221	1 494 648	28.0	26.6	30.7	174 146	196 614	200 193	4.0	4.0	4.1
Korea*	276 100	296 641	-	20.0	21.0	-	168 923	174 979	-	12.2	12.4	-
Latvia	1 542	1 601	1 908	5.7	5.8	6.3	14 743	14 234	17 517	54.7	51.6	57.9
Lithuania	2 610	2 687	3 531	6.3	6.3	7.5	14 694	14 679	17 770	35.4	34.3	37.7
Luxembourg*	192 972	211 288	244 068	334.0	360.4	391.1	200 673	202 169	178 894	347.3	344.8	286.7
Mexico*	146 824	149 178	177 143	12.6	13.9	15.4	501 999	473 512	490 604	42.9	44.0	42.7
Netherlands*	2 000 349	2 183 501	2 523 377	261.4	278.7	303.8	1 370 238	1 394 200	1 688 498	179.1	177.9	203.3
New Zealand	17 026	16 699	17 159	9.6	8.8	8.3	66 488	70 416	76 028	37.4	37.2	36.9
Norway*	172 432	192 013	199 647	44.6	51.7	50.0	147 487	147 524	144 177	38.1	39.7	36.1
Poland*	22 281	25 388	28 279	4.7	5.4	5.4	183 869	186 735	238 404	38.5	39.6	45.5
Portugal*	48 041	47 384	51 541	24.1	23.1	23.7	104 783	104 976	130 314	52.5	51.2	59.9
Slovak Republic	2 462	2 631	3 406	2.8	2.9	3.6	46 016	47 592	55 840	52.6	53.0	58.3
Slovenia	5 997	6 052	7 087	13.9	13.5	14.5	12 642	13 672	16 401	29.4	30.6	33.6
Spain*	479 531	502 084	561 402	40.0	40.6	42.7	529 476	544 505	623 970	44.2	44.0	47.5
Sweden*	352 517	357 421	372 676	70.8	69.8	69.6	290 001	283 149	330 017	58.2	55.3	61.6
Switzerland*	1 038 853	1 088 413	-	152.9	162.8	-	763 551	856 902	-	112.4	128.1	-
Turkey	35 615	38 369	45 951	4.1	4.4	5.4	158 078	148 428	194 247	18.4	17.2	22.8
United Kingdom	1 605 446	1 491 974	1 622 924	55.4	56.1	61.8	1 530 652	1 475 525	1 608 037	52.8	55.5	61.2
United States	6 059 271	6 412 138	7 828 747	33.4	34.4	40.4	5 731 383	6 586 391	7 844 202	31.6	35.4	40.5
Total World[1,3]	25 768 613	27 081 190	31 095 239	34.6	35.9	38.9	27 150 046	28 911 133	32 963 829	36.5	38.3	41.3
European Union (EU)[1]	10 133 729	10 223 472	11 505 780	61.6	61.9	66.5	8 635 013	8 583 330	9 924 582	52.5	51.9	57.4
G20 countries[1]	15 900 019	16 838 050	19 545 258	27.4	28.4	31.2	15 736 457	17 167 445	19 378 964	27.1	29.0	31.0
G20-OECD countries[1]	13 912 514	14 452 055	16 972 475	35.4	35.9	40.7	11 411 917	12 447 685	14 411 396	29.1	30.9	34.6
G20 -non OECD countries[1]	1 987 505	2 385 995	2 572 783	10.6	12.6	12.3	4 324 540	4 719 760	4 967 568	23.0	24.9	23.8
Argentina	37 843	39 735	40 930	5.9	7.2	6.4	79 773	72 110	76 240	12.4	13.0	12.0
Brazil[2]	184 909	201 767	-	10.3	11.3	-	429 842	563 291	-	23.9	31.4	-
China	1 095 909	1 357 390	1 472 982	9.9	12.1	12.3	2 696 344	2 755 147	2 901 446	24.4	24.6	24.1
India[2]	139 038	144 086	155 341	6.6	6.3	5.9	282 617	318 487	377 683	13.4	14.0	14.5
Indonesia	29 351	59 134	66 483	3.4	6.3	6.5	222 410	249 859	240 104	25.8	26.8	23.6
Russia	282 651	334 275	380 047	20.7	26.1	24.9	262 748	393 910	441 123	19.2	30.7	28.9
Saudi Arabia[2]	63 121	73 973	79 598	9.6	11.5	11.6	224 050	231 502	232 228	34.2	35.9	33.8
South Africa[2]	154 683	175 635	-	48.7	59.4	-	126 755	135 453	-	39.9	45.8	-
***Data excludes SPEs. Corresponding data below including SPE's[4]:**												
Austria	291 047	248 079	291 107	76.2	63.5	69.9	244 352	201 192	246 366	64.0	51.5	59.1
Belgium	603 571	610 043	689 742	132.6	130.5	140.0	549 359	515 044	582 585	120.7	110.2	118.2
Chile	109 798	119 045	124 271	45.0	47.6	44.9	232 214	249 707	275 281	95.2	99.9	99.4
Denmark	187 128	197 820	-	62.1	64.5	-	114 068	124 689	-	37.9	40.6	-
Hungary	146 593	193 204	195 205	119.3	153.6	140.3	196 873	238 380	246 806	160.2	189.5	177.4
Iceland	11 079	9 519	5 859	65.4	46.9	24.5	11 293	13 302	10 516	66.7	65.5	44.0
Korea	276 153	296 690	-	20.0	21.0	-	169 659	175 350	-	12.3	12.4	-
Luxembourg	4 530 030	4 563 095	4 812 285	7 839.5	7 782.7	7 711.4	3 717 774	3 789 887	3 987 928	6 433.9	6 463.9	6 390.4
Netherlands	5 048 062	5 196 698	6 174 985	659.6	663.2	743.5	4 076 032	4 132 543	5 005 469	532.6	527.4	602.7
Norway	174 388	194 524	201 737	45.1	52.4	50.5	149 473	149 611	146 202	38.7	40.3	36.6
Poland	23 589	27 507	30 507	4.9	5.8	5.8	185 177	188 853	240 632	38.8	40.1	45.9
Portugal	57 085	55 976	60 980	28.6	27.3	28.0	118 078	116 615	143 640	59.2	56.8	66.0
Spain	487 470	510 645	570 335	40.7	41.3	43.4	537 829	553 757	634 087	44.9	44.7	48.2
Sweden	369 409	372 917	385 744	74.2	72.8	72.0	311 934	300 747	355 052	62.6	58.7	66.3
Switzerland	1 136 649	1 196 781	1 272 414	167.3	179.0	187.4	886 726	985 724	1 060 321	130.5	147.4	156.2

For notes to this table refer to page 12

Source: OECD and IMF

OECD Directorate for Financial and Enterprise Affairs - Investment Division

Notes for Tables 1 to 2

Data are updated as of 12 October 2018.

p: preliminary data   **|**: break in series
(A): asset/liability figure used for 2018 only

Tables 1 and 2 show FDI statistics at the aggregate level on a directional basis, except for selected countries for which the asset/liability series is used (see number 2 below). Data for Q2 2018 for Chile correspond to asset/liability figures including resident SPEs, while data for earlier years correspond to directional figures excluding SPEs. For more information on the two presentations for FDI, see Asset/liability versus directional presentation. FDI terms are defined in the FDI Glossary.

Financial flows consist of three components: equity capital, reinvestment of earnings, and intercompany debt. Equity capital is often associated with new investments, such as greenfield or M&As, even though it can also reflect extensions of capital or financial restructuring. Nevertheless, equity capital flows are often taken as a sign of the amount of new investments related to FDI. Reinvestment of earnings is the portion of earnings that the parent decides to reinvest in the affiliate rather than receive as a dividend and can be an important source of financing for affiliates. This component of financial flows tends to be the least volatile. Changes in the reinvestment of earnings reflect both changes in the earnings of affiliates and in the amount of earnings that parents choose to distribute. The reinvestment ratio is the share of earnings that the parent reinvests. It can be an indication of the parent's perception of investment opportunities available to the affiliate: if the parent sees the opportunity to make profitable investments in its affiliates, the parent might choose to reinvest more money in them. However, many other factors can influence the share of earnings reinvested. For example, if the parent is in need of cash, they might pay higher dividends. The third component of financial flows—intercompany debt–is the most volatile component of financial flows and is often driven by the short term financing needs within a company rather than larger overall macroeconomic phenomena. As such, intercompany debt is often the most difficult aspect of financial flows to explain.

For data going back to 2005 in Tables 1 and 2,(in Excel format), see www.oecd.org/investment/statistics.htm.

1. **OECD, European Union (EU28), World, G20 aggregates**:

   FDI outward and inward flows (Table 1) were compiled using directional figures when available. Missing quarterly directional figures were approximated using the ratio between annual asset liability and directional figures; or by distributing annual directional figures equally among the four quarters; or using unrevised historical data. When directional figures were not available and could not be approximated, asset liability figures were used.

   FDI outward and inward stocks (Table 2) were compiled using directional figures when available. When directional figures were not available and could not be approximated, asset liability figures were used. Data for 2016 include positions at end-2016, or at-end 2015 when 2016 data are not available.

   Resident SPEs from Austria, Belgium (FDI positions only), Chile, Denmark, Hungary, Iceland, Korea (FDI positions only), Luxembourg, Mexico, the Netherlands, Norway (FDI positions only), Poland, Portugal, Spain (FDI positions only), Sweden (FDI positions only) and Switzerland (FDI positions only) are excluded.

   The European Union aggregate corresponds to member country composition of the reporting period: EU15 for data up to and including 2003, EU25 for data between 2004 and 2006, EU27 for data between 2007 and 2012 and EU28 starting from 2013.

   Data for Lithuania, which became an OECD member in July 2018, is not included in the OECD aggregate and will be included at the time of the publication of FDI aggregates for Q3 2018.

2. **Data series on asset/liability basis:** The data series is on an asset/liability basis as opposed to directional basis for Australia (Table 1 only), Israel, Korea (Table 1 only), Norway (Table 1 only), Spain (Table 1 only) and Switzerland (Table 1 only) and for the following non-OECD countries: India, Saudi Arabia and South Africa.

3. **World aggregate**: is based on available data at the time of update as reported to the OECD and IMF. Missing data for countries for Q1 and Q2 2018 were estimated using the overall growth rate observed between, respectively, Q4 2017 and Q1 2018 and Q1 2018 and Q2 2018. Growth rates were calculated from data for OECD countries, for non-OECD G20 countries, and for 50 non-OECD and non-G20 countries in Q1 and 20 non-OECD and non-G20 countries in Q2. World totals for FDI positions are based on available FDI data at the time of update as reported to OECD and IMF for the year ended or the latest available year. By definition, inward and outward FDI worldwide should be equal. However, in practice, there are statistical discrepancies between inward and outward FDI. Unless otherwise specified, references to "global FDI flows" refer to the average of these two figures.

4. **Special purpose entities (SPEs)**: Information on resident SPEs for Estonia and Sweden (FDI flows only) is confidential. This information is not yet available separately for Canada, Ireland and Mexico. The information is available separately for Austria, Chile, Denmark, Hungary, Iceland, Korea, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom. However, the information is not displayed in the tables for all countries, due to limited availability of historical data or to differences in data vintages. Resident SPEs are not present or not significant in Australia, the Czech Republic, Finland, France, Germany, Greece, Israel, Italy, Japan, New Zealand, the Slovak Republic, Slovenia, Turkey, and the United States.

5. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

6. Directional flows for Japan: only annual data reflect annual revisions, so the sum of quarters may not add up to the annual data.

FDI in Figures is published twice yearly. For queries, please contact **investment@oecd.org**. Find data and more detailed FDI statistics at **www.oecd.org/investment/statistics.htm**.

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