FDI statistics
What is FDI?

Foreign direct investment (FDI) is a category of cross-border investment in which an investor resident in one economy (the direct investor) establishes a lasting interest in and a significant degree of influence (at least 10%) over an enterprise resident in another nation’s economy (the direct investment enterprise).
Typical Sources

FDI Statistics are typically compiled as part of:

Foreign Affiliate Statistics (FATS)
Balance of Payments (BoP)

Business registers also play a central role
Balance of Payments (Direct investors)

Many countries have an annual survey – Balance sheet

In some cases, this is supplemented by a quarterly survey (often transactions/payments data) – update annual stocks using ratios

Some, where FDI / globalization is very important, conduct a full quarterly survey – P&L, balance sheet, income flows
Policy perspectives

Often more interested in *ultimate* investor (immediate) investor

The immediate investor with respect to FDI, refers to the foreign firm that is investing directly into the domestic firm.

The purpose of analysing FDI on an ultimate investment basis is to see where an investment comes from and the profits from investment ultimately accrue.

* The ultimate investor or ultimate controlling parent (UCP) is the firm that has the final controlling power over the immediate investor. The purpose of analysing FDI on an immediate investment basis is to see where investment is coming from or going to - OECD Benchmark definition.
Policy perspectives

Domestic policy makers often want ‘pass through’ (SPE)* investment excluded – this is sometimes called ‘phantom’ investment – usually has no spillover to domestic economies.

* A special purpose entity (SPE) is a company set up for reasons that are beyond the production of goods and services; often they are established for financing purposes or to hold certain assets or liabilities. The present IMF guidance defines them as businesses which: have no more than five employees, very little production within their resident economy, have a foreign ultimate controlling parent, and have a high ratio of foreign assets relative to domestic.
Policy perspectives

Phantom investment sometimes this gets confused with ‘IP and intangible’ investment. But not the same

Also ‘reversible’ investment (e.g. inter company loans) excluded

This is relevant to ‘resource mobilization’ discussion
Foreign Direct Investment in Ireland 2018

Ireland: A Globalised Economy

FDI Stocks/GDP (%)

- Irish 270%
- EU 56%
- OECD 41%

Pass-Through Investment

36% Inward FDI

Greenfield Investment €17bn

US & UK Investment

- US FDI €649bn
- 132,000 Employees
- UK FDI €18bn
- 88,000 Employees

FDI Associated Employment

- 2018: 383,000
- 2017: 366,000
- 2016: 352,000

Breakdown of Employment

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<th>FDI Firms</th>
<th>Irish Firms</th>
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<td>Average Wages</td>
<td>€54,000</td>
<td>€37,000</td>
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<tr>
<td>Third level education</td>
<td>27%</td>
<td>22%</td>
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<tr>
<td>Non-national employees</td>
<td>22%</td>
<td>15%</td>
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<td>% female employees</td>
<td>42%</td>
<td>50%</td>
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When we talk about FDI what do we mean?

Source: FDI in Ireland 2008
Some recent UNCTAD results

Developed countries: FDI inflows by components 2005 – 2020 (USD Billions)
International sources

UNCTAD

OECD

IMF

IFC (World Bank Group)
UNCTAD World Investment Report 2020

Annex tables
• FDI flows and stock
• Announced greenfield investment projects
• Cross-border M&As
• Top 100 TNCs
• Bilateral investment positions

Country/regional fact sheet

Methodological Note

https://unctad.org/topic/investment/world-investment-report
The monitor analyses the most recent trends in FDI flows in developed, developing and transition economies and assesses their prospects for 2021.

UNCTADstat – global statistics

Annual datasets: 1980 – 2019 (USD / % of GDP / % of GFCF)

- Inward FDI Stocks by partner country and region
- Outward FDI Stocks by partner country and region
- Inward FDI Flows by partner country and region
- Outward FDI Flows by partner country and region

Some recent results
Global FDI inflows, 2015 - 2022

Peak
$2 trillion

Current
$1.5 trillion

Through after
global financial crisis
(2009): $1.2 trillion

-60%

-40%
Some recent UNCTAD results
FDI Inflows: global and by group of economies, 2007 – 2020 (USD Billions)
### Indicators

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[https://data.oecd.org/fdi/fdi-stocks.htm#indicator-chart](https://data.oecd.org/fdi/fdi-stocks.htm#indicator-chart)
Datasets

- FDI by partner and by industry
- FDI by partner country
- FDI by partner country and by industry
- FDI flows by industry
- FDI positions by industry
- FDI income by industry
- FDI positions by partner country
- FDI income by partner country

https://www.oecd.org/corporate/mne/statistics.htm#:~:text=New%20OECD%20data%20and%20analysis,downward%20trend%20observed%20since%202015
New data* for end-2019, show that total world portfolio holdings increased from US$ 58.9 trillion (end-December 2018) to US$66.6 trillion (end-December 2019). This comes from increases in holdings of debt securities by US$ 2.3 trillion, and in equity holdings by US$ 5.5 trillion (chart on the left). For the top ten issuers of securities, portfolio investment liabilities—mostly equity (chart on the right) — derived from counterparts’ holdings rebounded markedly in 2019 after a sharp drop in 2018.

*End-June 2019 data have also been reviewed.
Indicators

Securities held as reserve assets
International organizations portfolio investments
Total portfolio investment assets x geography
Total portfolio investment assets – top 10 economies
Top 10 economies – holders and issuers x geography
Portfolio investment assets - all
Derived portfolio investment liabilities - all

https://data.imf.org/?sk=B981B4E3-4E58-467E-9B90-9DE0C3367363&sId=1424875079575
Conclusions

FDI statistics like most statistics cover a lot of different activities.

Need to be careful what FDI would be included, as pass-through, reversible, and maybe intangible FDI doesn’t bring any immediate benefits to the host country.

Announcements NE greenfield FDI
Personal reflections…

Not clear to me that FDI should be part of ARM

If it is included, it should only be ‘residual’ FDI

I think FDI plays an important role in development – but should not be conflated with RM