

2016

FDI Report

FDI in Central, East and Southeast Europe: Slump despite Global Upturn

**FDI**

FDI in Central, East and Southeast Europe: Slump despite Global Upturn

WIIW FDI REPORT 2016

Concept and analysis: Gábor Hunya

Database and layout: Monika Schwarzhappel

Gábor Hunya is research economist at wiiw, and Monika Schwarzhappel is head of the statistics department at wiiw.

Abstract

In 2015, the FDI inflow to the Central, East and Southeast European (CESEE) countries fell to its lowest level since 2008, while global FDI recovered. The decline was especially severe in the EU Member States of Central and Eastern Europe, as well as in Russia, while expansions were recorded in the Western Balkans and Turkey. The first part of this report provides an analysis of the 2015 FDI trends in 23 countries, highlighting uneven developments.

New features of FDI have appeared recently in the Central European countries, which are deeply integrated into multinational production networks. FDI inflows fluctuate more wildly than before and have lost their close connection with economic growth or changes in the business environment. Capital relations between subsidiaries and parent companies have become more complex: capital reserves, losses and profits are shifted around within multinational conglomerates in various forms of FDI and income. Moreover, tax optimisation by multinational enterprises has become one of the main factors determining the economic sector or the immediate host country chosen by investors when they reorganise their assets into holdings. Round-tripping domestic capital distorts the FDI statistics, of Russia in particular.

Special sections of this report analyse the Russian FDI collapse, the Chinese expansion, and the position of Austria as investor and investment destination of CESEE countries. A further section presents new features of greenfield investments in 2015: a declining number of projects and lower capital investments that increasingly focus on the manufacturing sector. Forecasts for FDI in 2016 point downwards again, because the international environment may not support capacity expansions, and also economic growth in most of the CESEE will be less robust than last year.

The second part of this report contains two sets of tables: Tables I cover FDI flow and stock data, FDI flows by components and related income; Tables II provide detailed FDI data by economic activity and by country. The main sources of data are the central banks of the individual Central, East and Southeast European countries. Methodological explanations highlight important recent changes in reporting standards and their application in the *wiiw FDI Database* and *wiiw FDI Report*.

Keywords: foreign direct investment, balance of payments, FDI by form, income repatriation, statistics, new EU Member States, Central Europe, Southeast Europe, Western Balkans, China, Turkey, CIS, Russia, Ukraine

JEL classification: C82, F21, O57, P23

CONTENTS

Abstract	1
Introduction	11
Overview: Slump despite Global Upturn	12
FDI is not as it was before the financial crisis.....	12
Global FDI upturn in 2015.....	13
FDI fell in the EU-CEE and the CIS; recovered in the Western Balkans and Turkey	13
The Russian FDI collapse.....	17
Greenfield investment projects: shift to manufacturing.....	21
FDI stocks by investing country change slowly	25
The changing position of Austria as an investor in the CESEE	26
China's star rising slower than expected	29
Impact of FDI on the balance of payments – the role of FDI income.....	31
Outlook 2016: no recovery despite stable business conditions	32
Methodological explanations	36
Balance of Payments and International Investment Position Manual Edition 6 (BPM6).....	36
Directional principle – the main presentation form to support FDI analysis.....	37
Reporting standards in the <i>wiiw FDI database</i> and <i>wiiw FDI report</i>	39
Tables I. Foreign direct investment data on Central, East and Southeast European countries	41
Tables II. Foreign direct investment data of individual countries by economic activities and by home and host countries	71

TABLES AND FIGURES

Table 1 / Foreign Direct Investment in 2015	14
Table 2 / Austrian inward FDI stock in CESEE, 2008 and 2014	27
Table 3 / Austrian greenfield FDI projects in 2013–2015	28
Table 4 / Top CESEE host countries of Austrian greenfield projects 2013–2015.....	28
Table 5 / CESEE countries with the highest shares of Chinese and Hong Kong capital in inward investment stock, in %.....	29
Table 6 / Chinese greenfield projects 2013–2015.....	30
Table 7 / FDI and current account positions	31
Table 8 / FDI inflow (asset/liability principle) and the number of greenfield projects in the first quarter of the year.....	33
Figure 1 / FDI inflows in the main regions of the CESEE, EUR million.....	15
Figure 2 / Russia: FDI inflows and outflows, EUR million	17
Figure 3 / Russia: FDI flows by components.....	18
Figure 4 / Russia: FDI Inflow and outflow by countries, in % of total	19
Figure 5 / Russia: FDI inward and outward stock, in % of total.....	20
Figure 6 / Greenfield FDI projects 2010–2015: number of projects, announced capital investment in EUR million and number of jobs to be created.....	21
Figure 7 / FDI inflow and greenfield investment capital pledged in CESEE and Russia, EUR million.....	22
Figure 8 / Number of announced greenfield projects, by country, 2013–2015	22
Figure 9 / Pledged investment capital in new greenfield projects, 2013–2015, EUR million	23
Figure 10 / Number of greenfield projects, by activity and capital investment pledged in greenfield projects, EUR million, 2010–2015.....	25
Box 1 / Revisions of FDI data.....	15
Box 2 / Database on greenfield FDI projects	21
Box 3 / Large projects to be implemented over several years and incorrect estimation of missing data distort greenfield FDI statistics.....	24
Box 4 / Largest Austrian greenfield FDI projects announced in 2015	29
Box 5 / Largest Chinese greenfield FDI projects announced in 2015.....	30

Tables I. Foreign direct investment data on Central, East and Southeast European countries

Table I/1 / FDI inflow, directional principle, EUR million, 2008-2015	42
Table I/2 / FDI inflow, asset/liability principle, EUR million, 2008-2015	43
Table I/3 / FDI outflow, directional principle, EUR million, 2008-2015	44
Table I/4 / FDI outflow, asset/liability principle, EUR million, 2008-2015	45
Table I/5 / FDI net, directional principle, EUR million, 2008-2015	46
Table I/6 / Inward FDI stock, directional principle, EUR million, 2008-2015	47
Table I/7 / Inward FDI stock, asset/liability principle, EUR million, 2008-2015	48
Table I/8 / Outward FDI stock, directional principle, EUR million, 2008-2015	49
Table I/9 / Outward FDI stock, asset/liability principle, EUR million, 2008-2015	50
Table I/10 / FDI inflow per capita, directional principle, in EUR, 2008-2015	51
Table I/11 / Inward FDI stock per capita, directional principle, in EUR, 2008-2015	52
Table I/12 / FDI inflow as a percentage of gross fixed capital formation, directional principle, 2008-2015	53
Table I/13 / Inflow as a percentage of GDP, directional principle, 2008-2015	54
Table I/14 / Inward FDI stock as a percentage of GDP, directional principle, 2008-2015	55
Table I/15 / FDI inflow by components, directional principle, EUR million, 2008-2015	56
Table I/16 / FDI outflow by components, directional principle, EUR million, 2008-2015	59
Table I/17 / FDI income debit, asset/liability principle, EUR million, 2008-2015	62
Table I/18 / FDI income credit, asset/ liability principle, EUR million, 2008-2015	64
Table I/19 / FDI income net, asset/liability principle, EUR million, 2008-2015	66
Table I/20 / Inward FDI stock in EU-CEE by major home countries, share in per cent, 2014	67
Table I/21 / Inward FDI stock in Western Balkans and Turkey, Belarus, Kazakhstan, Russia and Ukraine by major home countries, share in per cent, 2014	68
Table I/22 / Inward FDI stock in EU-CEE by economic activities, share in per cent, 2014	69
Table I/23 / Inward FDI stock in Western Balkans and Turkey, Kazakhstan, Russia and Ukraine by economic activities, share in per cent, 2014	70

Tables II. Foreign direct investment data of individual countries by economic activities and by home and host countries

Table II/1.1 / Bulgaria: Inward FDI stock by economic activities (NACE Rev. 1), 2011-2014.....	72
Table II/1.2 / Bulgaria: Inward FDI stock by home countries, 2011-2014	73
Table II/1.3 / Bulgaria: Outward FDI stock by host countries, 2011-2014	74
Table II/2.1 / Croatia: Inward FDI stock by economic activities (NACE Rev. 1), 2012-2015	75
Table II/2.2 / Croatia: Outward FDI stock by economic activities (NACE Rev. 1), 2012-2015	76
Table II/2.3 / Croatia: Inward FDI stock by home countries, 2012-2015.....	77
Table II/2.4 / Croatia: Outward FDI stock by host countries, 2012-2015	78
Table II/3.1 / Czech Republic: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	79
Table II/3.2 / Czech Republic: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014....	80
Table II/3.3 / Czech Republic: Inward FDI stock by home countries, 2011-2014	81
Table II/3.4 / Czech Republic: Outward FDI stock by host countries, 2011-2014	82

Table II/4.1 / Estonia: Inward FDI stock by economic activities (NACE Rev. 2), 2012-2015	83
Table II/4.2 / Estonia: Outward FDI stock by economic activities (NACE Rev. 2), 2012-2015	84
Table II/4.3 / Estonia: Inward FDI stock by home countries, 2012-2015.....	85
Table II/4.4 / Estonia: Outward FDI stock by host countries, 2012-2015.....	86
Table II/5.1 / Hungary: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	87
Table II/5.2 / Hungary: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	88
Table II/5.3 / Hungary: Inward FDI stock by home countries, 2011-2014	89
Table II/5.4 / Hungary: Outward FDI stock by host countries, 2011-2014	90
Table II/6.1 / Latvia: Inward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	91
Table II/6.2 / Latvia: Outward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	92
Table II/6.3 / Latvia: Inward FDI stock by home countries, 2012-2015	93
Table II/6.4 / Latvia: Outward FDI stock by host countries, 2012-2015	94
Table II/7.1 / Lithuania: Inward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	95
Table II/7.2 / Lithuania: Outward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	96
Table II/7.3 / Lithuania: Inward FDI stock by home countries, 2012-2015	97
Table II/7.4 / Lithuania: Outward FDI stock by host countries, 2012-2015	98
Table II/8.1 / Poland: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014	99
Table II/8.2 / Poland: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014	100
Table II/8.3 / Poland: Inward FDI stock by home countries, 2011-2014	101
Table II/8.4 / Poland: Outward FDI stock by host countries, 2011-2014.....	102
Table II/9.1 / Romania: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	103
Table II/9.2 / Romania: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	104
Table II/9.3 / Romania: Inward FDI stock by home countries, 2011-2014	105
Table II/9.4 / Romania: Outward FDI stock by host countries, 2011-2014.....	106
Table II/10.1 / Slovakia: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2013.....	107
Table II/10.2 / Slovakia: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2013.....	108
Table II/10.3 / Slovakia: Inward FDI stock by home countries, 2011-2014	109
Table II/10.4 / Slovakia: Outward FDI stock by host countries, 2011-2014	110
Table II/11.1 / Slovenia: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014	111
Table II/11.2 / Slovenia: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	112
Table II/11.3 / Slovenia: Inward FDI stock by home countries, 2011-2014.....	113
Table II/11.4 / Slovenia: Outward FDI stock by host countries, 2011-2014	114
Table II/12.1 / Albania: Inward FDI stock by economic activities (NACE Rev. 1), 2011-2014	115
Table II/12.2 / Albania: Inward FDI stock by home countries, 2011-2014.....	116

Table II/13.1 / Bosnia and Herzegovina: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014	117
Table II/13.2 / Bosnia and Herzegovina: Inward FDI stock by home countries, 2011-2014.....	118
Table II/14.1 / Kosovo: FDI inflow by economic activities (NACE Rev. 1), 2012-2015.....	119
Table II/14.2 / Kosovo: Inward FDI stock by home countries, 2013-2015	120
Table II/15.1 / Macedonia: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014	121
Table II/15.2 / Macedonia: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014	122
Table II/15.3 / Macedonia: Inward FDI stock by home countries, 2011-2014.....	123
Table II/15.4 / Macedonia: Outward FDI stock by host countries, 2011-2014	124
Table II/16.1 / Montenegro: Inward FDI stock by home countries, 2011-2014	125
Table II/17.1 / Serbia: FDI inflow by economic activities (NACE Rev. 2), 2012-2015.....	126
Table II/17.2 / Serbia: Inward FDI stock by home countries, 2012-2015.....	127
Table II/17.3 / Serbia: Outward FDI stock by host countries, 2012-2015	128
Table II/18.1 / Turkey: Inward FDI stock by economic activities (NACE Rev. 2), 2011-2014.....	129
Table II/18.2 / Turkey: Outward FDI stock by economic activities (NACE Rev. 2), 2011-2014	130
Table II/18.3 / Turkey: Inward FDI stock by home countries, 2011-2014	131
Table II/18.4 / Turkey: Outward FDI stock by host countries, 2011-2014.....	132
Table II/19.1 / Belarus: Inward FDI stock by home countries, 2011-2014	133
Table II/19.2 / Belarus: Outward FDI stock by host countries, 2011-2014	134
Table II/20.1 / Kazakhstan: Inward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	135
Table II/20.2 / Kazakhstan: Outward FDI stock by economic activities (NACE Rev. 2), 2012-2015	136
Table II/20.3 / Kazakhstan: Inward FDI stock by home countries, 2012-2015	137
Table II/20.4 / Kazakhstan: Outward FDI stock by host countries, 2012-2015.....	138
Table II/21.1 / Russia: Inward FDI stock by economic activities (NACE Rev. 1), registration data, 2010-2013	139
Table II/21.2 / Russia: Inward FDI stock by home countries, 2011-2014	140
Table II/21.3 / Russia: Outward FDI stock by host countries, 2011-2014.....	141
Table II/22.1 / Ukraine: Inward FDI stock by economic activities (NACE Rev. 2), 2012-2015	142
Table II/22.2 / Ukraine: Outward FDI stock by economic activities (NACE Rev. 2), 2012-2015.....	143
Table II/22.3 / Ukraine: Inward FDI stock by home countries, 2012-2015.....	144
Table II/22.4 / Ukraine: Outward FDI stock by host countries, 2012-2015	145

Remark: Data on NACE Rev. 1 are available in the online wiiw FDI Database.

ABBREVIATIONS

AL	Albania
BY	Belarus
BA	Bosnia and Herzegovina
BG	Bulgaria
CZ	Czech Republic
EE	Estonia
HR	Croatia
HU	Hungary
KZ	Kazakhstan
XK	Kosovo
LT	Lithuania
LV	Latvia
MD	Moldova
ME	Montenegro
MK	Macedonia
PL	Poland
RO	Romania
RS	Serbia
RU	Russia
SI	Slovenia
SK	Slovakia
TR	Turkey
UA	Ukraine
CESEE	Central, East and Southeast Europe
CIS	Commonwealth of Independent States
EU	European Union
EU-CEE	European Union-Central and Eastern Europe
WB	Western Balkans
A/L	asset/liability principle
BOP	balance of payments
BPM5	Balance of Payments Manual Fifth Edition
BPM6	Balance of Payments and International Investment Position Manual Sixth Edition
DP	directional principle
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ER	exchange rate
ESA 2010	European system of accounts (version 2010)
EUR	euro
FDI	foreign direct investment
GDP	gross domestic product
GFCF	gross fixed capital formation

IIP	international investment position
IMF	International Monetary Fund
M&A	merges and acquisitions
NACE	Nomenclature statistique des activités économiques dans la Communauté européenne (Statistical classification of economic activities in the European Community)
NACE Rev. 1	first revision of the original NACE (1970)
NACE Rev. 2	revised classification, introduced in 2008
NB	national bank
OECD	Organisation for Economic Co-operation and Development
OeNB	National Bank of Austria
RoW	rest of the world
SNA	system of national accounts
SPE	special purpose entity
wiiw	The Vienna Institute for International Economic Studies
.	not available (in tables)
bn	billion
mn	million

Introduction

The *wiiw FDI Report* is an annual publication based on the freshly updated online *wiiw FDI Database*. It provides a presentation and analysis of foreign direct investment (FDI) flows and stocks in Central, East and Southeast Europe (CESEE) and keeps track of their most important features. Both report and database use – as far as the data are available – the *OECD Benchmark Definition of Foreign Direct Investment 4th edition* and the International Monetary Fund's (IMF) *Balance of Payments and International Investment Position Manual* (BPM6). Following international practice, FDI data are primarily presented on the basis of the directional principle (see the section 'Methodological Explanations'). FDI flow data based on the asset/liability principle are also included for comparison and in relationship to other balance of payments positions. Deviations from the international standards are marked and explained in footnotes in the statistical part.

The *wiiw FDI Report 2016* starts with an analysis of recent developments in, and prospects of, FDI in the CESEE region. The aim is to explain the rather erratic changes in recent years in terms of both FDI inflow and attractiveness to greenfield projects. Readers interested in longer-term trends may consult previous editions of the *wiiw FDI Report*. In addition, this report also provides an outlook for 2016 FDI inflows, based on the trends in overall economic development and on first-quarter 2016 statistics.

Data coverage and methodological explanations, which are crucial for understanding the meaning of the data, and which also help in accurately assessing them, are provided before the datasheets. **The statistical part includes** Tables I (FDI flow and stock data according to the respective countries' central banks) and Tables II (FDI data by economic activity and by investing country, based on information from the central banks or statistical offices). Account has been taken of the most recent updates and backward revisions of data published up to mid-May 2016.

The *wiiw FDI Report 2016* is available in printed format and as a PDF. The data can be accessed online from the *wiiw FDI Database* on the wiiw website, <http://data.wiiw.ac.at/fdi-database.html>. This database contains the whole FDI dataset from 1990 onwards (as far as data availability allows), with more than 8,600 time series. A user-friendly and convenient query tool allows users to download longer and additional time series (including FDI by components, countries and activities) and to save queries.

The *wiiw FDI Report 2016* and the *wiiw FDI Database* are the joint products of several wiiw specialists: Gábor Hunya developed the concept and prepared the analysis, and Monika Schwarzhappel developed the database and the layout. Under her guidance, wiiw statisticians Alexandra Bykova, Simona Jokubauskaite, Nadya Heger, Beate Muck, Renate Prasch and Galina Vasaros took care of the data compilation. wiiw country analysts provided valuable input. The online database query tool has been developed by wiiw software specialists Goran Paunovic and Johannes Pöschl, with the help of the wiiw statistical department.

Methodological explanations

BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION MANUAL EDITION 6 (BPM6)

based on <http://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm>

BPM6 updates the fifth edition of the *Balance of Payments Manual* (BPM5). Also the corresponding *OECD Benchmark Definition of Foreign Direct Investment*, 4th edition 2008 replaces the 3rd edition. In BPM6, direct investment is presented on an assets and liability (A/L) basis, instead of on the directional principle (DP) used in BPM5. This increases both the net acquisition of financial assets and the net incurrence of liabilities. Netting out assets and liabilities results in the same amount as netting inflows and outflows in the (new) directional principle (FDI net is the same). The directional principle under BPM6 is used for FDI analysis and is provided in the *wiiw FDI Database* and the *wiiw FDI Report*.

The concepts of direct investor and direct investment enterprise remain broadly unchanged from BPM5. Under 'Direct investor in direct investment enterprises', the reporting economy of the direct investor records the assets of the direct investor. The reporting economy of the direct investment enterprises records the (mirror) liabilities of the direct investment enterprises.

In **the standard components**, direct investment is classified according to the relationship between the investor and the entity receiving the investment as equity, reinvested earnings and debt instruments. The *wiiw FDI Database* and the *wiiw FDI Report* provide these data for the countries covered.

In BPM6 the separate category of 'Investment in fellow enterprises' is included. Fellow enterprises are those entities under the control or influence of the same immediate or indirect investor, but which do not control or influence each other (i.e. they are not themselves in a direct investment relationship). Financing between fellow enterprises is reclassified in BPM6 from other investment to direct investment. The *wiiw FDI Database* and the *wiiw FDI Report* do not separate out data on fellow enterprises.

The concept of pass-through funds is introduced. Data compilers in economies that have large values of pass-through funds are encouraged to consider the compilation of supplementary data on funds in transit, based on national definitions. The *wiiw FDI Database* and the *wiiw FDI Report* do not provide data pass-through funds because CESEE central banks either do not report it or the reported values are very small (with the exception of Hungary).

BPM6 prescribes market prices for the valuation of international accounts. However, market prices are not readily available for many assets/liabilities including for unlisted and other equity. For EU Member States the application of the 'Own Funds at Book Value' derived from the balance sheet of the direct investment enterprise is recommended by Eurostat in case a market price (listing on a stock exchange) is not available. The *wiiw FDI Database* and the *wiiw FDI Report* comply with Eurostat standards.

Changes in FDI stocks (positions) other than those due to transactions (flows), occur due to exchange rate movements, as well as other price changes resulting from holding gains or losses and other changes e.g. reclassifications from portfolio investment to direct investment.

DIRECTIONAL PRINCIPLE – THE MAIN PRESENTATION FORM TO SUPPORT FDI ANALYSIS

based on <http://www.oenb.at/en/Statistics/Reporting/New-Balance-of-Payments-Manual-in-2014.html>

The directional principle, in which outward direct investments of the reporting country abroad and inward direct investments of non-residents in the reporting country are recorded on a net basis, serves for more detailed analyses by the main international institutions publishing data on FDI (Eurostat, OECD, UNCTAD). In the new ‘extended’ directional principle, debt instruments (loans) between fellow enterprises are treated according to the location of the headquarters (residents vs. non-residents). **Net basis means gross investment minus disinvestment; as a consequence, both FDI inflows and outflows can take a negative sign.**

The main difference between the two presentational styles (A/L and DP) stems from the treatment of ‘reverse investments’, i.e. receivables of a foreign subsidiary vis-à-vis the parent (in the reporting country). According to the assets/liabilities concept, these receivables are added to the payables of the reporting country (FDI outflow), whereas according to the directional principle, they are subtracted from active direct investments (reduces the FDI inflow). **In case reverse investments are higher than the assets/liabilities, negative FDI flow and stock figures may appear.**

In order to enhance the analytical value of FDI data, **Special Purpose Entities (SPEs)** – i.e. entities owned by foreigners without economic activity, most of whose assets consist of foreign equity holdings – have to be recorded separately. Two countries in the *wiiw FDI Database* and the *wiiw FDI Report* publish FDI flow and stock data excluding SPEs: namely Hungary and Poland (for Poland all breakdowns by components, activities or countries include SPE). All data available in the *wiiw FDI Database* and the *wiiw FDI Report* exclude SPEs.

The box below, taken from the IMF’s BPM6,²⁷ summarises the major components of FDI and the difference between the asset/liability and the directional principle. Leaving aside fellow enterprises, the simplified presentation of the components by the two principles looks as follows:

Asset/liability principle

Assets = FDI outward assets + (reverse) assets of inward investment

Liabilities = FDI inward liabilities + (reverse) liabilities of outward investment

Directional principle

FDI outflow = FDI outward assets – (reverse) liabilities of outward investment

FDI inflow = FDI inward liabilities – (reverse) assets of inward investment

²⁷ <https://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm>, Chapter 6, p. 109.

DERIVATION OF DATA UNDER THE DIRECTIONAL PRINCIPLE

The standard components for direct investment positions and transactions are shown in the table below. They may be rearranged to support different kinds of presentation and analysis.

Components of Direct Investment (Asset/Liability Presentation)

Assets	Liabilities
Of direct investors in direct investment enterprises	Of direct investment enterprises to direct investor
A1 Equity	L1 Equity
A2 Debt instruments	L2 Debt instruments
Of direct investment enterprises in direct investor— Reverse investment	Of direct investor to direct investment enterprises— Reverse investment
A3 Equity	L3 Equity
A4 Debt instruments	L4 Debt instruments
Of resident fellow enterprises in fellow enterprises abroad	Of resident fellow enterprises to fellow enterprises abroad
A5 Equity	L5 Equity
A5.1 Equity (if ultimate controlling parent is resident ¹)	L5.1 Equity (if ultimate controlling parent is nonresident ²)
A5.2 Equity (if ultimate controlling parent is nonresident ²)	L5.2 Equity (if ultimate controlling parent is resident ¹)
A6 Debt instruments	L6 Debt instruments
L6.1 Debt instruments (if ultimate controlling parent is resident ¹)	A6.1 Debt instruments (if ultimate controlling parent is nonresident ²)
L6.2 Debt instruments (if ultimate controlling parent is nonresident ²)	A6.2 Debt instruments (if ultimate controlling parent is resident ¹)

¹That is, resident in the compiling economy.

²That is, not resident in the compiling economy.

Asset/liability presentation

Direct investment assets:

Equity: $A1 + A3 + A5$;

Debt instruments: $A2 + A4 + A6$

Direct investment liabilities:

Equity: $L1 + L3 + L5$;

Debt instruments: $L2 + L4 + L6$

Directional principle presentations

In principle:

Direct investment abroad (outward direct investment):

Equity: $A1 - L3 + A5.1 - L5.2$;

Debt instruments: $A2 - L4 + A6.1 - L6.2$

Direct investment in the reporting economy (inward direct investment):

Equity: $L1 - A3 + L5.1 - A5.2$;

Debt instruments: $L2 - A4 + L6.1 - A6.2$

Acceptable practical alternative:

Direct investment abroad:

Equity: $A1 - L3 + A5$;

Debt instruments: $A2 - L4 + A6$

Direct investment in the reporting economy:

Equity: $L1 - A3 + L5$;

Debt instruments: $L2 - A4 + L6$

REPORTING STANDARDS IN THE *WIIW FDI DATABASE* AND *WIIW FDI REPORT*

REPORTING PRINCIPLE

The basic principle in the *wiiw FDI Database* and the *wiiw FDI Report* is to cover FDI by the directional principle, based on the IMF's *Balance of Payments and International Investment Position Manual* (BPM6); the assets/liability principle is used only if data based on the directional principle are unavailable (see section 'Methodological Explanations' for details). For comparative purposes, FDI flow data are provided using both principles.

CONTENT OF TABLES

› Tables I:

- FDI total inflow/outflow by directional principle and asset/liability in EUR, 2008–15
- FDI total inward/outward stock by directional principle and asset/liability in EUR, 2008–15
- FDI per capita (flow, stock) and other selected reference parameters by directional principle, 2008–15
- FDI inflow/outflow by components by directional principle, in EUR, 2008–15
- FDI income debit and credit by asset/liability principle in EUR, 2008–15

› Tables II:

- FDI inward/outward stock data by activity (NACE Rev. 2 or NACE Rev. 1 at the 1- and 2-letter code, respectively), 2011–14 or 2012–15
- FDI inward/outward stock data by partner, 2011–14 or 2012–15

Users interested in complete time series from 1990 onwards should refer to the online *wiiw FDI Database* at <http://data.wiiw.ac.at/fdi-database.html>

COUNTRIES COVERED

The database covers 23 Central, East and Southeast European countries, grouped as follows:

- › the EU Member States of Central and Eastern Europe: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, comprising the EU-CEE;
- › Western Balkans (WB), including Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia, plus Turkey; and
- › selected Commonwealth of Independent States members: Belarus, Kazakhstan, Moldova, Russia (CIS-4), plus Ukraine.

All 23 countries are covered in the overview tables (Tables I); however, Tables I/21 and I/24 do not include Moldova on account of lack of data. The available data are added up, in order to arrive at regional totals, irrespective of country differences concerning coverage and methodology.

CURRENCY

All data are in euro, whatever the currency used by the source. Unless published by the source, flow data are converted by the annual average exchange rate and stock data using the end-of-year exchange rate.

DISTRIBUTION OF FDI BY HOST/HOME COUNTRY AND BY ECONOMIC ACTIVITY

The home country is the investor's immediate country of origin; the host country is the target country of investment. These data are available on the basis of company surveys reporting FDI stocks and published by the central banks, usually with a one-year delay. In the absence of central bank data, we rely on 'registration data' obtained from the statistical offices (this was done in the case of Romania until 2006, and is still the case for Russia). In the event of missing stock data, we cumulate available flow data (for Montenegro until 2009, for Serbia until 2007). The amount of FDI broken down by industry and investing country in Tables II may differ from the data in Tables I due to different coverage, as indicated in footnotes.

Most of the countries report FDI by economic activities according to the NACE Rev. 2 classification. The *wiiw FDI Report* provides 1-letter code data for the whole economy and 2-letter code data at manufacturing industry level (data on 2-digit manufacturing code is available in the online *wiiw FDI Database*). For some countries, only NACE Rev. 1 data are available. Tables I/20 to I/23 disregard differences in coverage and should therefore be treated as indicative only.

SOURCE OF DATA

The *wiiw FDI Database* and the *wiiw FDI Report* rely on the FDI statistics, balance of payments statistics and international investment position statistics of reporting countries' national banks.

DATA REVISIONS

FDI flow data for the latest year are reported by the central banks on provisional basis. Annual surveys of direct investment enterprises provide the final data for flows and stocks. Revisions of data are published for the previous 2–3 years before they become final. The *wiiw FDI Database* includes all published revisions up to mid-May of the current year.

IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:

Verein „Wiener Institut für Internationale Wirtschaftsvergleiche“ (wiiw),
Wien 6, Rahlgasse 3

ZVR-Zahl: 329995655

Postanschrift: A 1060 Wien, Rahlgasse 3, Tel: [+431] 533 66 10, Telefax: [+431] 533 66 10 50
Internet Homepage: www.wiiw.ac.at

Nachdruck nur auszugsweise und mit genauer Quellenangabe gestattet.

Offenlegung nach § 25 Mediengesetz: Medieninhaber (Verleger): Verein "Wiener Institut für Internationale Wirtschaftsvergleiche", A 1060 Wien, Rahlgasse 3. Vereinszweck: Analyse der wirtschaftlichen Entwicklung der zentral- und osteuropäischen Länder sowie anderer Transformationswirtschaften sowohl mittels empirischer als auch theoretischer Studien und ihre Veröffentlichung; Erbringung von Beratungsleistungen für Regierungs- und Verwaltungsstellen, Firmen und Institutionen.



wiiw.ac.at

ISBN-978-3-85209-050-4