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Monthly Report

MAY 2026

FDI in Central, East and Southeast Europe

The importance of upgrading the quality of FDI inflows

Globalisation is not ending yet

FDI in CESEE: The downward trend continues

Reinvested earnings dominate CESEE FDI

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The Vienna Institute for International Economic Studies
Wiener Institut für Internationale Wirtschaftsvergleiche

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IT WILL BECOME IMPORTANT TO UPGRADE THE QUALITY OF FDI INFLOWS

by Robert Stehrer, wiiw Scientific Director

The CESEE region has experienced a sustained decline in FDI inflows, making the quality of the remaining investment more critical than ever. Attracting FDI that drives technology and knowledge transfer, upgrades skills, deepens integration into higher value-added segments of global value chains, and generates R&D and innovation spillovers will be an important element, on which a new growth model must be built.

The investment landscape in recent years has been shaped by geopolitical tension, trade fragmentation and an intensification of industrial policy competition. Multinational companies have increasingly prioritised short-term risk management over long-term strategy, particularly in sectors that are sensitive to national security and supply-chain reconfiguration. The CESEE region is no exception to this and, in some respects, has fared worse than the global average. Preliminary data show that inward FDI flows to the region declined by around 25% last year, weighed down by elevated energy prices, ongoing conflict and rising trade barriers.

Long-term FDI trends point to a structural shift, especially in EU-CEE, that is caused by a variety of factors, including rising labour costs together with a labour-market tightness driven by demography, and the fading out of the ‘extended workbench’ model. In addition, investor confidence has been badly dented by rising uncertainty, and greenfield investment pledges – a key indicator of genuine productive investment – have shown a significant weakening across most countries of the region, which is particularly concerning for longer-term growth prospects.

This compounds a deeper structural challenge: the CESEE countries need to develop a new growth model. Though there may be signs of structural change, the region remains oriented toward cost-based, assembly-type activities in global value chains, and businesses are not yet moving up the value chain in ways that would naturally give rise to internationally competitive multinationals. The near-shoring, digital and green transition narratives offer medium-term opportunities, but seizing them will require sustained policy efforts on competitiveness, governance and skills.

These challenges are partly reflected in overall investment patterns. According to the recently published EIB Investment Survey for 2025, CESEE firms allocated 28% of investment to intangible assets like R&D, training and software. This is unchanged from 2024 and is below the EU average of 35%.

Innovation activity is nonetheless strong: 34% of CESEE businesses report innovating – broadly in line with the EU average of 32%. Awareness of climate transition risks is also rising: 45% of companies in CESEE flag this, up from 40% the previous year and above the EU average of 36%, though fewer regard it as an opportunity (only 15%, versus 27% in the EU on average). In practice, however, 91% of CESEE firms have taken steps to cut greenhouse gas emissions – a figure that is on a par with the EU.

The clearest gap lies in digital adoption: while over half of EU businesses use multiple advanced digital technologies, the same is true for only 44% of CESEE companies; meanwhile, the figure for generative AI adoption stands at 31% versus 37% in the EU. Quality FDI inflows – inflows that aim at technology and knowledge transfer, skills upgrading and training, integration into higher value-added segments of global value chains, R&D and innovation spillovers – are key in the drive to narrow these gaps.

A relatively new phenomenon that warrants closer attention is intra-CESEE FDI, which is growing – though it remains modest, relative to flows from Western Europe and, increasingly, Asia. A core group of businesses from Czechia, Hungary, Poland and Slovakia (the Visegrád 4) and Slovenia – particularly in the banking, energy, retail and telecoms sectors – is expanding across Southeast Europe and the Western Balkans, often through foreign-owned affiliates. Most EU-CEE countries have seen their outward investment stock grow since 2019, and the structural conditions for further expansion are present: the rising wages in advanced CESEE countries are creating a natural push toward lower-cost neighbours; trade links are deepening; and institutions in the Western Balkans are improving. Yet data gaps and the dominance of Western and Chinese capital mean that intra-CESEE FDI tends to remain below the radar.

Chart of the month

GLOBAL TRADE AND FDI IN 2025: GLOBALISATION IS NOT ENDING YET

by Branimir Jovanović, wiiw Economist

Recent rumours of globalisation's demise have been greatly exaggerated. Despite the war in Ukraine, geopolitical fragmentation and Trump's tariffs, the 2025 data on global trade and FDI tell a more nuanced story: globalisation may have plateaued, but has not gone into reverse.

In recent years, the future of globalisation has again surfaced as a central issue in economic and policy debate. After Russia's invasion of Ukraine, several influential voices asked whether we were seeing the end of globalisation – from Adam Posen[1] and Paolo Gentiloni[2] to Joseph Stiglitz[3] and *The Economist.*[4] Last year, after President Trump's 'Liberation Day' tariffs, the discussion returned once again, with the Levy Institute[5] arguing that the tariffs were ending globalisation, while the *Financial Times*[6] suggested that they may not have been ending globalisation as a phenomenon, but were ending globalisation as we knew it.

But what does the evidence say? Two datasets released in April 2026 – OECD data on global FDI and UNCTAD data on global trade, both covering 2025 – allow us to assess this more clearly. Both trade and FDI recorded nominal growth in 2025 (Figure 1). Global exports of goods rose by USD 1.8tn, or 7%, while global FDI increased by USD 217bn, or 16%. Goods exports reached their highest level ever in nominal terms, at USD 26.3tn. FDI, at USD 1.6tn, remained well below its 2015 peak of USD 2.6tn, but was still at its highest level for four years. With such numbers, it is difficult to argue that globalisation is coming to an end.

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1 A.S. Posen (2022). The end of globalization? What Russia's war in Ukraine means for the world economy. Foreign Affairs, 17 March. https://www.foreignaffairs.com/articles/world/2022-03-17/end-globalization

2 J. Strupczewski (2022). Ukraine war shows 'end of globalisation as we know it' – EU's Gentiloni. Reuters, 21 April. https://www.reuters.com/world/ukraine-war-shows-end-globalisation-we-know-it-eus-gentiloni-2022-04-21

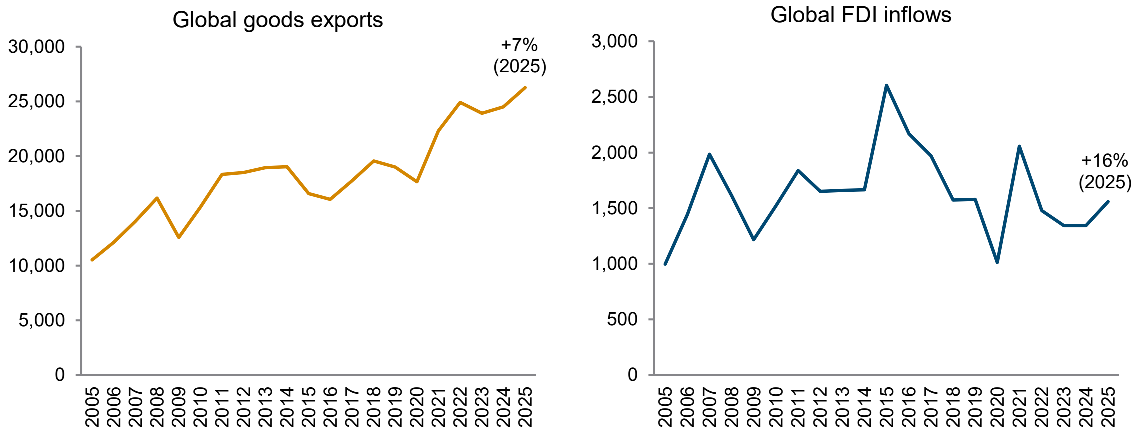
3 J.E. Stiglitz (2022). Getting deglobalization right. Project Syndicate, 31 May. https://www.project-syndicate.org/commentary/deglobalization-and-its-discontents-by-joseph-e-stiglitz-2022-05

4 The world's economic order is breaking down. *The Economist*, 9 May 2024. https://www.economist.com/briefing/2024/05/09/the-worlds-economic-order-is-breaking-down

5 D.B. Papadimitriou, G.T. Yajima & G. Zezza (2025). Trump's tariffs: Ending globalization. Levy Economics Institute of Bard College, Policy Note No. 2025/1, 21 April. https://www.levyinstitute.org/publications/trumps-tariffs-ending-globalization

6 G. Rachman (2025). Transcript: The end of globalisation as we know it. *Financial Times*, 9 April. https://www.ft.com/content/26056f56-ebaf-4a68-8b73-fd3775921862

Figure 1 / Global trade and FDI, 2005-2025 (in billion USD)

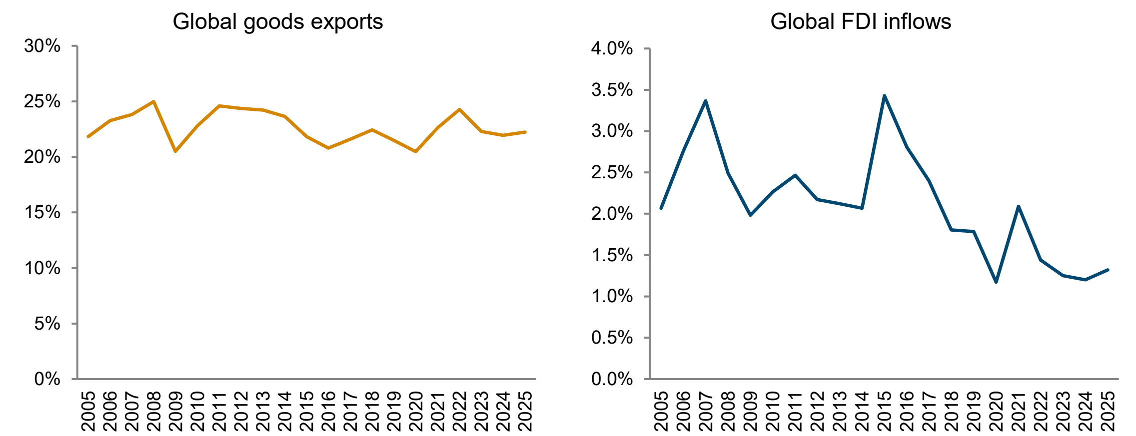


Source: OECD for FDI, UNCTAD for exports.

The picture is slightly different when these numbers are expressed as a share of global GDP, though it is still not consistent with the claim that globalisation is ending. World exports in 2025 reached 22.2% of global GDP – virtually the same level as in the previous two years, and broadly in line with the average over the past two decades (Figure 2). This is still well below the peak of 25% reached in 2008, before the global financial crisis, but there is no clear downward trend – the data suggest more of a fluctuation around a relatively stable level.

For global FDI, the decline has been more visible. In 2025, global FDI amounted to 1.3% of world GDP, again broadly the same as in the previous two years. This is far below the pre-global-financial-crisis level of 3.4% of GDP in 2007, and below the levels seen prior to 2017, when FDI was always above 2% of world GDP. Still, the 2025 figure is broadly in line with the average since 2020. It is therefore difficult to argue that global FDI has fallen substantially since the start of the war in Ukraine or Trump's tariffs.

Figure 2 / Global trade and FDI, 2005-2025 (as % of global GDP)



Source: OECD for FDI, UNCTAD for exports, IMF WEO for GDP.

Hence, the data on global trade and FDI in 2025 offer little evidence that the world is ‘deglobalising’. The trends over the past few years are more consistent with the view that globalisation has plateaued – it is certainly no longer deepening as it once did, but nor is it clearly declining.

FDI in CESEE

THE DOWNWARD TREND CONTINUES

by Olga Pindyuk, wiiw Economist

In 2025, FDI inflows fell in most CESEE countries, both in absolute numbers and as a share of GDP. Romania emerged as one of the region's prime investment destinations, while in Kazakhstan FDI inflows turned sharply negative. The latest data on greenfield project announcements indicate that investor sentiment is continuing to deteriorate, suggesting a further weakening of investment flows into the region in the near future. Important exceptions to this are metals and renewable energy.

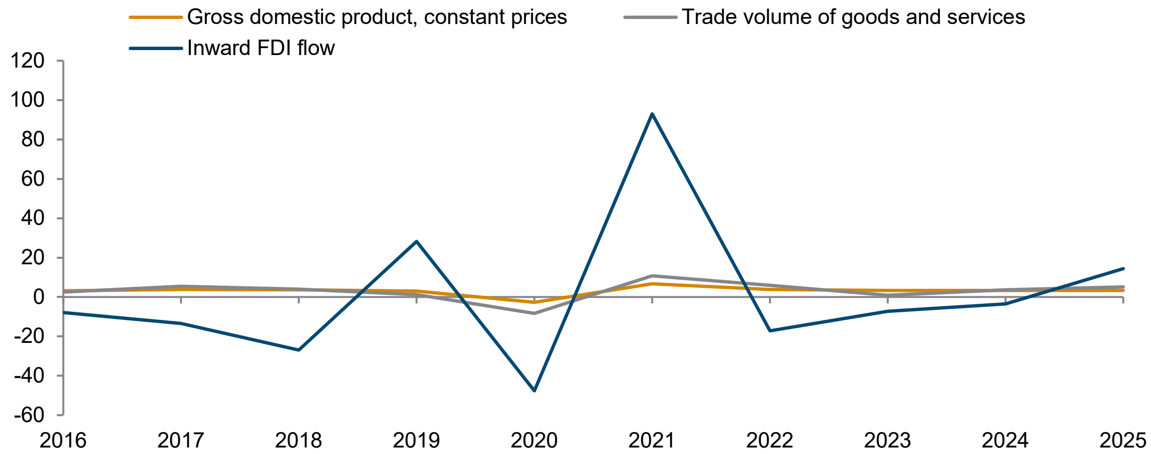
This is the first of two releases of FDI data this year, allowing members to receive data and accompanying analyses shortly after the figures are released by the national statistical data providers. Preliminary data on total inflows, outflows, inward stock and outward stock (Tables 1-4 in the Appendix), and as a breakdown by instrument (Table 5 in the Appendix) up until 2025 are currently available in the database. This spring update includes FDI breakdown by partner and by economic activity for only a few CESEE countries; in our next release of FDI data in November, we expect the final data for 2025 to be available for most of the remaining countries (including backward revisions and the breakdown by partner and economic activity).

The FDI data in Tables 1-5 in the Appendix and the database follow 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). The data are recorded in current euros and are presented in accordance with the international standard of the directional principle. Any deviation from this international standard is marked and explained in the notes to the tables. The sources of the data are the respective countries' central banks. More information on the countries covered, the content, time series, methodology and sources can be found in the detailed description of the database online https://data.wiiw.ac.at/fdi-database.html.

In 2025, FDI inflows continued to decline in most of cesee

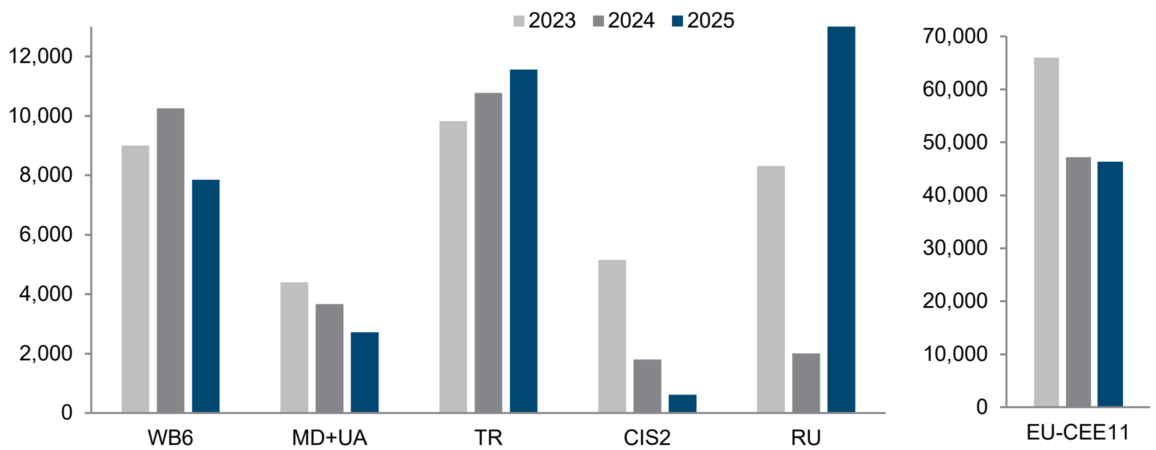
After three years of contraction, global foreign direct investment (FDI) flows finally rose in 2025 – by 14.5% year on year (Figure 1). FDI inflows grew significantly faster than global trade and overall economic activity, which recorded annual growth rates of 5.1% and 3.4%, respectively. However, the growth in FDI was concentrated in high-income countries, which benefited from 98% of the increase. Data centres, semi-conductors and telecommunications accounted for the biggest part of the growth in investment, while renewable energy, the automotive sector, machinery and equipment and the extractive industry experienced declining interest from investors (UNCTAD, 2026).

Figure 1 / Global trade, FDI inflows and GDP, annual change in %, 2016-2025



Sources: IMF World Economic Outlook, UNCTAD.

Figure 2 / FDI inflows in the main sub-regions of CESEE in 2023-2025, EUR million

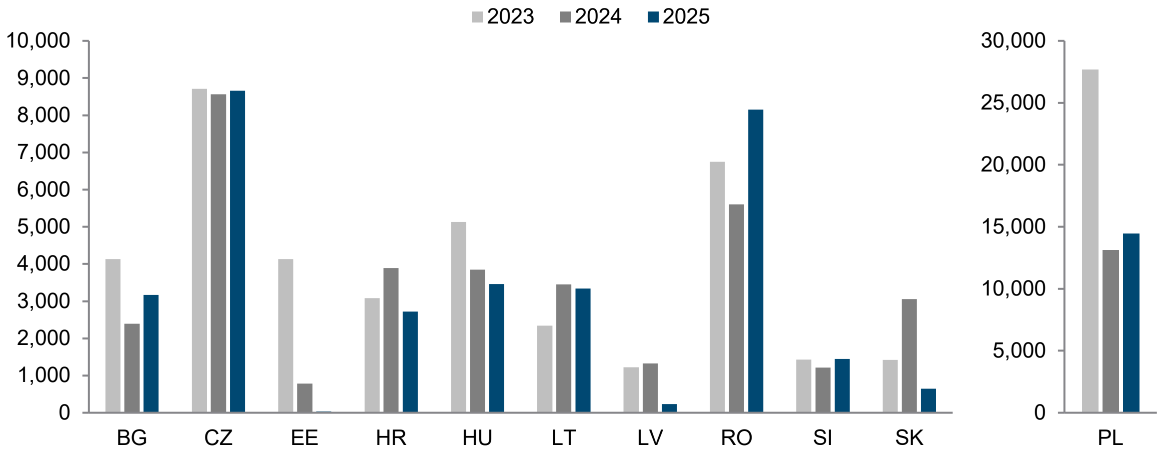


Note: CIS2 comprises Belarus and Kazakhstan; 2025 value for Russia is EUR 22.4bn.
Source: wiiw FDI Database based on direct investment statistics of the respective central banks, wiiw calculations and partly wiiw estimates for 2025.

The CESEE region experienced a decline in inward FDI flows in 2025 in all its sub-regions, except for Turkey and Russia (Figure 2). In the case of Russia, one reason for this is the restructuring of residents' foreign assets in offshore destinations – a move that is probably forced, as it does not appear to be driven by any changes in the economic fundamentals. All the other sub-regions experienced a drop in FDI inflows – most dramatically in CIS2 (Belarus and Kazakhstan), where the decline was 66% year on year. In the Western Balkans, the inflow of foreign direct investment ceased to grow altogether and fell by 23% year on year. A similar rate of contraction (26% year on year) was recorded in MD+UA. The EU member states in the region experienced the mildest drop – just 2% year on year. However, this was the third year in a row that there had been a decline, so that the value of inward FDI flows in 2025 stood at less than 60% of the 2022 level.

Zooming in on individual countries reveals a very mixed picture. In EU-CEE11, Romania, Bulgaria, Slovenia and Poland all recorded positive (double-digit) growth in inward FDI flows in 2025 – of 45%, 32%, 19% and 10% year on year, respectively (Figure 3). Notwithstanding its troubling macroeconomic situation, Romania has almost caught up with Czechia in terms of the value of FDI inflows, cementing its position as one of the key investment destinations in CESEE. At the same time, in Estonia, Latvia and Slovakia FDI inflows almost came to a standstill, having contracted by 95%, 83% and 79% year on year, respectively.

Figure 3 / FDI inflows in EU-CEE countries in 2023-2025, EUR million

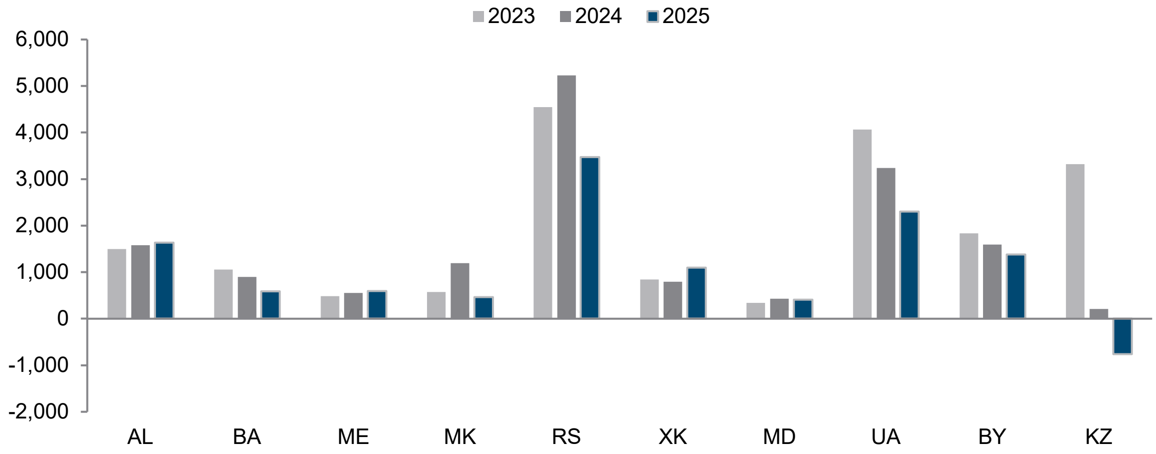


Source: wiiw FDI Database based on direct investment statistics of the respective central banks, wiiw calculations and partly wiiw estimates for 2025.

In the Western Balkans, the dynamics of FDI inflows also varied greatly from country to country. In 2005, North Macedonia, Bosnia and Herzegovina, and Serbia attracted far smaller inward FDI flows than the previous year, with the decline the steepest in North Macedonia – 61% year on year (Figure 4). At the same time, Kosovo, Montenegro and Albania managed to boost their FDI inflows last year: Kosovo recorded a 38% year-on-year increase to rank third in the region in terms of the value of the inflows (after Serbia and Albania).

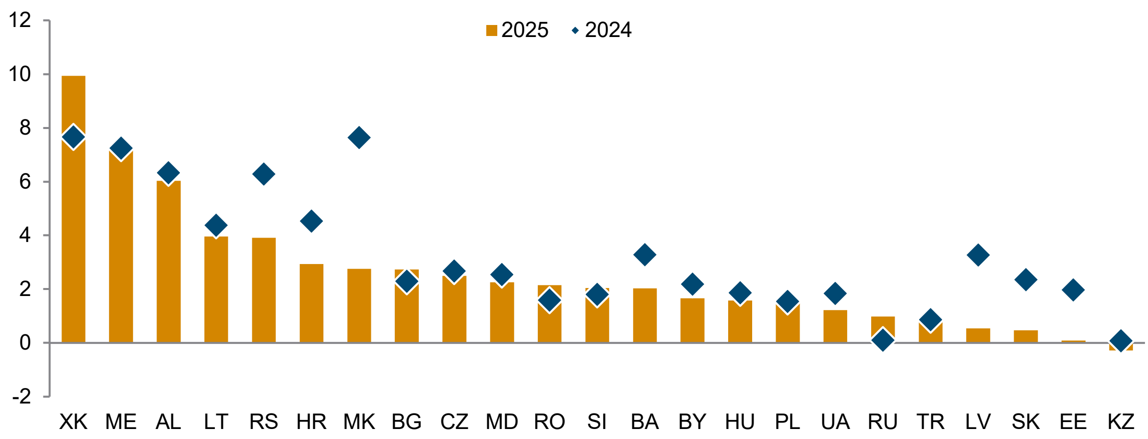
Elsewhere, Kazakhstan stood out as the worst performer in terms of FDI attraction, with negative reinvested earnings and the net repayment of intercompany loans more than offsetting positive equity inflows (see the article Macro Snapshot for further details). Ukraine suffered a double-digit contraction in FDI inflows for the second year in a row, as investor sentiment continued to be dampened by Russia's protracted war on the country. Belarus (which, like Russia, has been isolated and sanctioned) and Moldova (which is among the CESEE countries most exposed to the security risks and overall negative spillover effects of Russia's war in Ukraine) also recorded a decline in inward FDI flows in 2025.

Figure 4 / FDI inflows in non-EU CESEE countries in 2023-2025, EUR million



Note: excluding Turkey and Russia (see Figure 2).
Source: wiiw FDI Database based on direct investment statistics (balance of payments for Kosovo) of the respective central banks.

Figure 5 / FDI inflow as a percentage of GDP



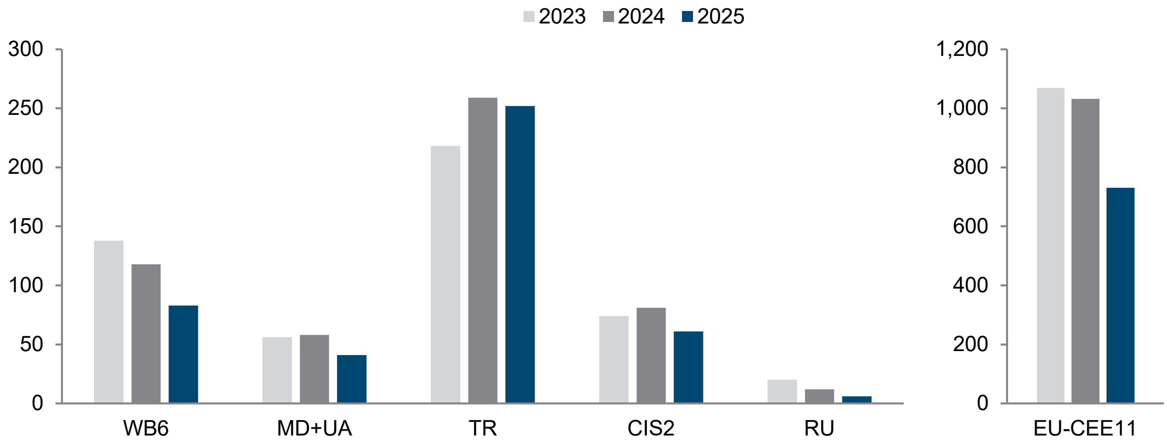
Note: Data are based on direct investment statistics (directional principle), excluding Special Purpose Entities (SPEs).
Source: wiiw FDI Database based on direct investment statistics of the respective central banks, wiiw calculations.

In 2025, FDI inflows shrank as a share of GDP compared to the previous year in most of CESEE – exceptions being Kosovo, Romania, Bulgaria and Slovenia (Figure 5). In Russia, the share of FDI inflows in GDP also increased in 2025. In EU-CEE11, the average share of FDI inflows in GDP was only 1.7% in 2025, further pointing to the change in the underlying economic model of the sub-region, which used to be centred on FDI attraction. In the Western Balkans FDI inflows are still much higher: in 2025 they accounted for 5.3% of GDP on average.

Recent greenfield project announcements paint a bleak picture

The data on greenfield investment projects announced, which can be interpreted as an indicator of investor sentiment, point to a further growth in pessimism, in line with the global trends. The number of greenfield investment projects announced fell substantially in all the individual sub-regions of CESEE in 2025; only in Turkey was the decline in single digits – 3% year on year (Figure 6). Russia saw the biggest fall in the number of greenfield projects last year – 50% year on year. However, the rest of the region performed only marginally better, with the number of greenfield investment projects announced declining by 25-30% year on year.

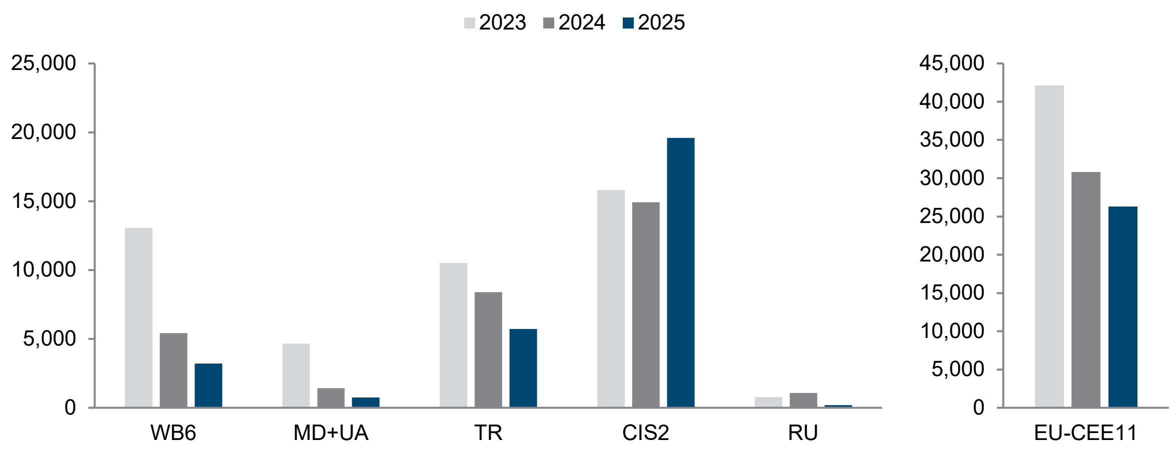
Figure 6 / Number of greenfield projects announced, by country group



Source: fDi Markets.

A similar picture emerges when we look at how much capital greenfield investors pledged in their announcements, with all the sub-regions (apart from CIS2) experiencing a sharp decline in the value of capital pledged in 2025 (Figure 7). The positive dynamics of CIS2 were entirely thanks to Kazakhstan, where investors pledged 34% more capital in 2025 than the year before. In Belarus, by contrast, greenfield investment activity appears to have ceased almost completely: capital pledged to greenfield investment projects decreased in 2025 by 95% year on year to stand at a mere EUR 17m. Russia also had a poor result, with greenfield capital pledged shrinking in 2025 by 81% year on year. Of the sub-regions, EU-CEE11 recorded the mildest decline in greenfield capital pledged – 15% year on year, suggesting that greenfield investors consider the sub-region relatively attractive, compared to the other options.

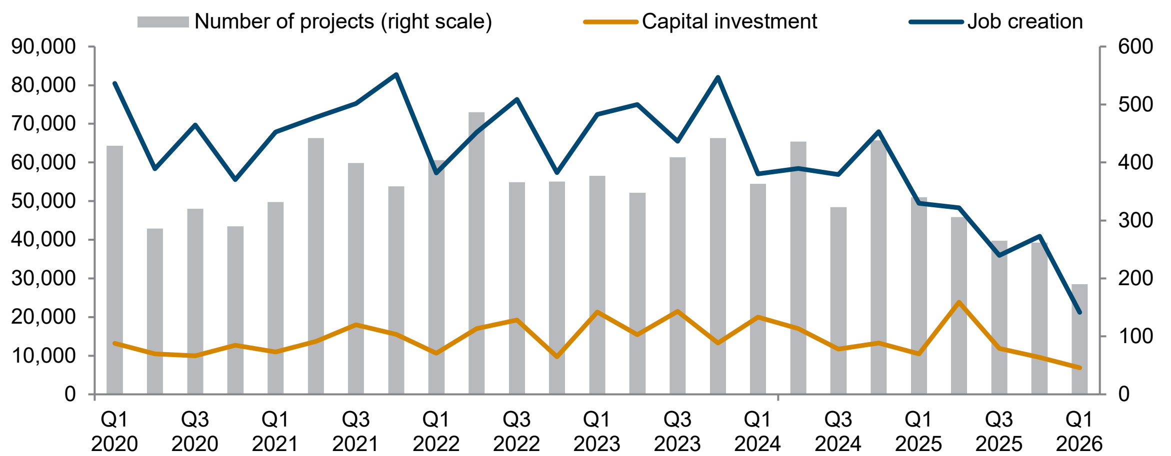
Figure 7 / Capital investment pledged in announced greenfield projects in EUR million, by country group



Source: fDi Markets.

The most recent data show that in Q1 2026, the number of greenfield projects announced in CESEE fell by 44% year on year, and pledged capital by 35% year on year (Figure 8). These are the lowest first-quarter levels recorded in the past six years – a period marked by the pandemic and the onset of Russia's full-scale invasion of Ukraine. As the region's economies face ever-increasing uncertainty (Jovanovikj and Pindyuk, 2026), investors are becoming more and more cautious and are continuing to roll back their greenfield investment activity in the region.

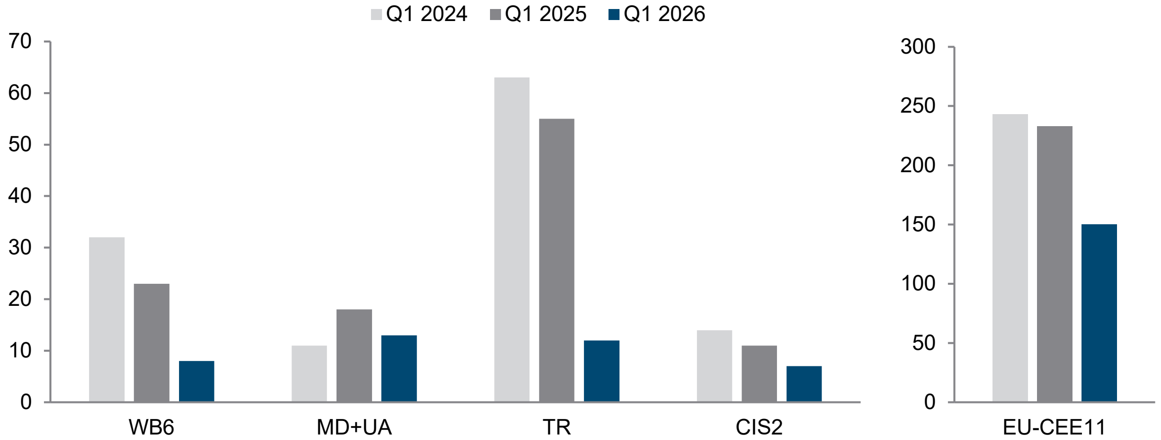
Figure 8 / Greenfield FDI projects announced in CESEE: number of projects, capital investment in EUR million and number of jobs to be created



Source: fDi Markets.

A rapid slowdown in greenfield investment activity continued in Q1 2026 across all the sub-regions, with Turkey and the Western Balkans experiencing the biggest decrease in the number of projects – of 78% and 65% year on year, respectively (Figure 9). It is likely that the numbers already reflect the initial impact on overall investor sentiment of the Middle East war, which started on 28 February, and the subsequent blockade of the Strait of Hormuz, but the full effect of the war is yet to be felt.

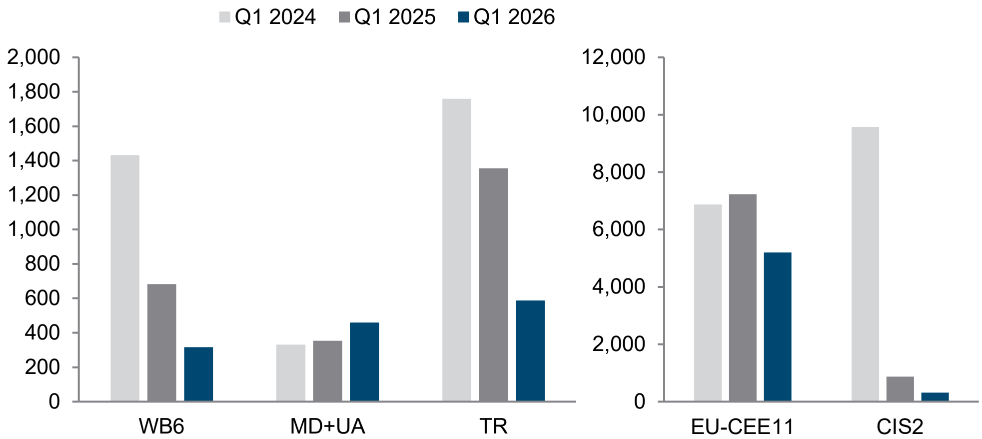
Figure 9 / Number of greenfield projects announced, by country group, in Q1 2024, Q1 2025 and Q1 2026



Note: Russia had zero projects in Q1 2024, Q1 2025 and Q1 2026.
Source: fDi Markets.

The capital pledged in those greenfield investment projects that have been announced also contracted significantly in Q1 2026 in all sub-regions – with the somewhat surprising exception of MD+UA. Although the number of greenfield projects announced in Moldova and Ukraine fell in Q1 2026, the average value of each project rose by 80% compared to Q1 2025, and therefore pledged capital recorded 30% growth. EU-CEE11 recorded a smaller decline (of 28% year on year) in pledged capital compared to other sub-regions, where the capital pledged by investors was at least 50% down on the level seen in Q1 2025.

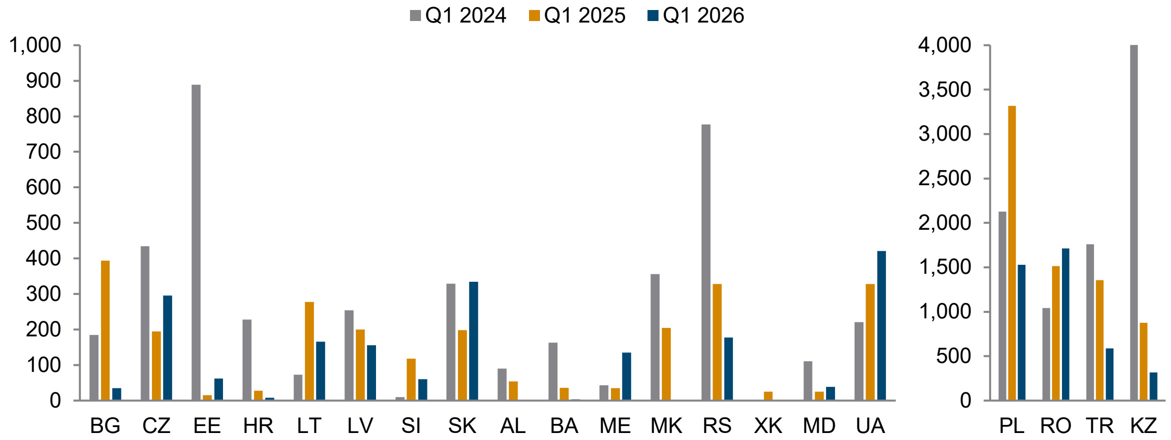
Figure 10 / Capital investment pledged in announced greenfield projects in EUR million, by country group, in Q1 2024, Q1 2025 and Q1 2026



Note: Russia had zero projects in Q1 2024, Q1 2025 and Q1 2026.
Source: fDi Markets.

A glance at the performance of individual countries reveals that in only seven CESEE countries was there an increase in the capital pledged in greenfield projects announced in Q1 2026 – Czechia, Montenegro, Estonia, Slovakia, Moldova, Ukraine and Romania (Figure 11). Other countries saw a dramatic deterioration, especially the three Western Balkan countries of Albania, North Macedonia and Kosovo: in those countries – as well as in Belarus and Russia – no greenfield investment projects at all were announced. Bulgaria and Bosnia and Herzegovina performed marginally better, with the value of pledged capital investment decreasing in Q1 2026 by about 90% year on year.

Figure 11 / Capital investment pledged in announced greenfield projects in EUR million, by country, in Q1 2024, Q1 2025 and Q1 2026



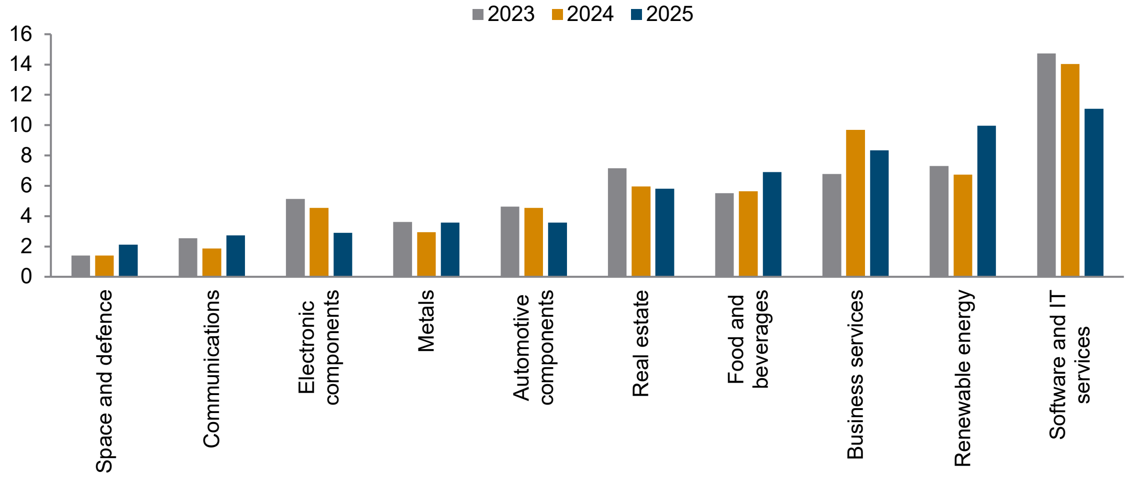
Note: There were no projects announced for Belarus and Russia in any of the quarters; Q1 2024 value for Kazakhstan is EUR 9.568bn.
Source: fDi Markets.

Investors’ interest in renewables and metals on the rise

Although globally, the renewable energy sector saw a decline in investment in 2025, in CESEE greenfield investment project announcements by companies in the renewable energy sector rose. The number of projects announced increased by 11% year on year, mostly owing to the higher number of projects in EU-CEE11; as a result, the sector accounted for 10% of all greenfield investment projects in the region – up 3 percentage points (pp) on the previous year (Figure 12).

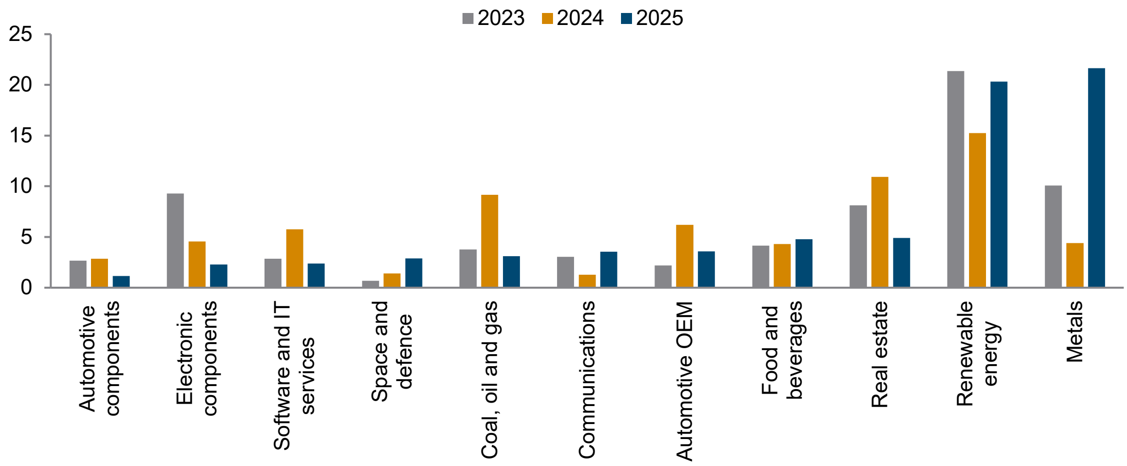
By contrast, the number of greenfield investment projects announced by companies in software and IT services fell in 2025 by 41% year on year. Nevertheless, that sector retained the highest share in the total number of projects (though it decreased by 3pp to 11%). The share of business services companies – the third-biggest sector – also decreased in 2025 as the number of greenfield investment projects announced in the sector fell by 35% year on year.

Figure 12 / Share of main sectors of investing companies in the number of greenfield projects announced in CESEE, in %



Source: fDi Markets.

Figure 13 / Share of main sectors of investing companies in the pledged capital of greenfield projects announced in CESEE, in %



Source: fDi Markets.

In terms of pledged capital, the sector structure of investing companies varied markedly from the structure of the number of greenfield projects announced, with companies from the metal sector accounting for the highest share of pledged capital in 2025 – 22% (Figure 13). This result was driven by a single USD 12.6bn greenfield investment project in Kazakhstan's green aluminium sector, announced by China's East Hope Group (EHG), one of the world's leading non-ferrous metals conglomerates.[1] This project alone accounted for 80% of the capital pledged by companies from the metals sector in the CESEE region. Investors from the renewable energy sector pledged 20% more capital in 2025 than in the previous year and accounted for the second-highest share in the structure of pledged capital – 20%.

1 https://www.alcircle.com/news/chinas-east-hope-group-investment-to-fuel-green-aluminium-boom-in-kazakhstan-114346

A significant increase in pledged capital was recorded in the communications and space and the defence sectors: investors from those sectors pledged 147% and 83% more capital, respectively, in 2025 than in the previous year.

It is worth noting that greenfield investment projects announced by software and IT and business services companies, though the most numerous, accounted for only 2% and 0.5%, respectively, of the capital pledged in 2025; this reflects the smaller project sizes and lower capital intensity of projects in those sectors.

China pledges more capital in greenfield investment projects than Austria and Germany

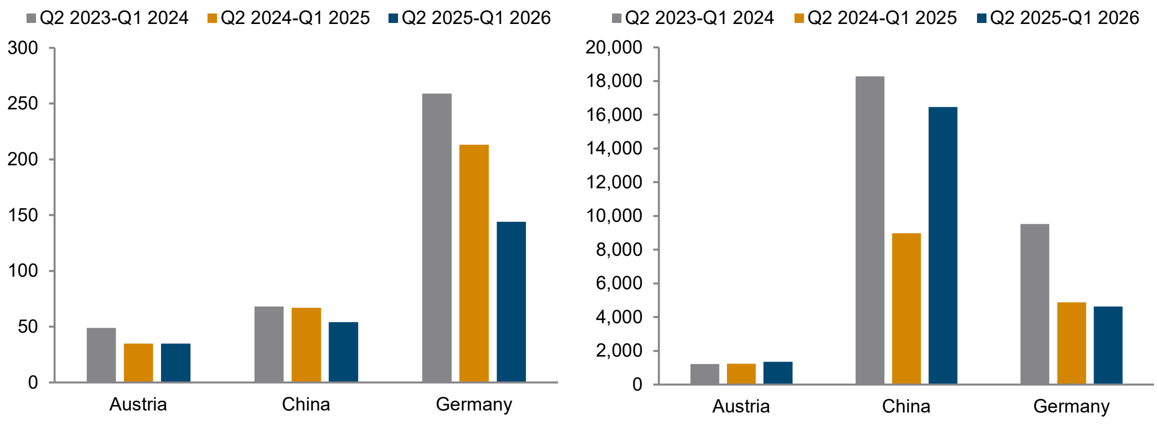
In the last four quarters (Q2 2025 to Q1 2026), Germany continued to roll back its investment activity in CESEE, as both the number of greenfield investment projects announced and the capital pledged fell – by 32% and 5% year on year, respectively. China also announced fewer greenfield investment projects during that period (down 19%, year on year); however, it pledged 84% more capital to these projects than in the previous four quarters – although the result was driven by the above-mentioned single project in the green aluminium industry in Kazakhstan. However, even without that project in Kazakhstan, the capital pledged by Chinese investors significantly exceeded the level pledged by German investors during the same period, which highlights China's growing economic influence in the region.

Austrian investors appear to have settled for a relatively modest level of greenfield activity, announcing 35 greenfield investment projects in the period Q2 2025 to Q1 2026 – the same level as in the previous four quarters, but noticeably down on the levels recorded prior to 2024.

Figure 14 / Greenfield investment commitments of Austria, Germany and China in CESEE

Number of projects

Pledged capital investment, EUR million



Source: fDi Markets.

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Macro snapshot

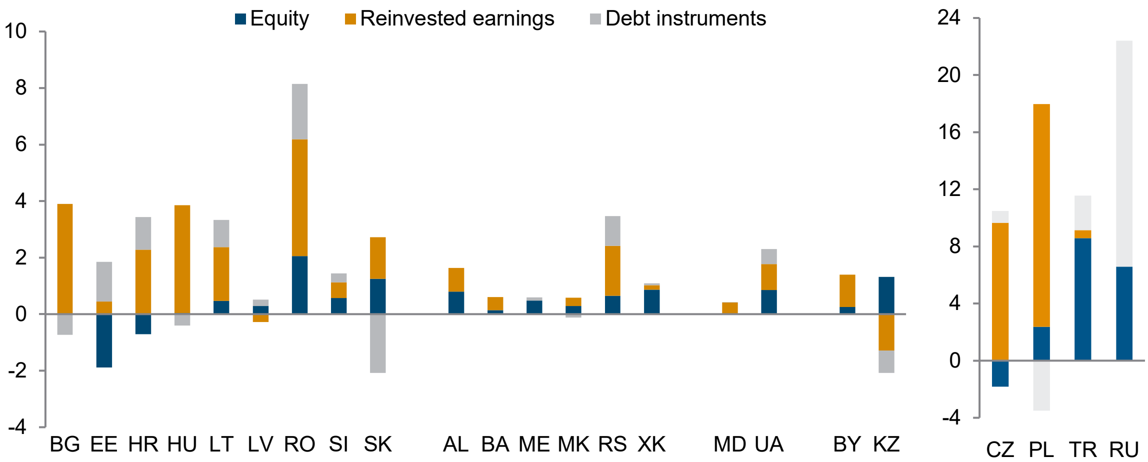
REINVESTED EARNINGS DOMINATE CESEE FDI, WHILE DIVIDENDS PAINT A FULLER PICTURE

by Beata Borosak, wiiw Statistician[1]

The newly published preliminary data on FDI trends in 2025 suggest that across most of CESEE established foreign investors continued to reinvest part of their income in equity, supporting FDI inflows especially in EU-CEE countries, even as dividend outflows remained high. This points to continued investor engagement, but also to substantial dividend distribution in many economies.

Across the broader CESEE region, FDI inflows remained very uneven last year, reflecting differences in the structure and maturity of foreign investor engagement (Figure 1). In most economies, established foreign investors continued to reinvest part of their profits locally. At the same time, dividend outflows exceeded reinvested earnings across the region, showing that dividend distribution also remained substantial.

Figure 1 / FDI inflows by component in 2025, in EUR bn



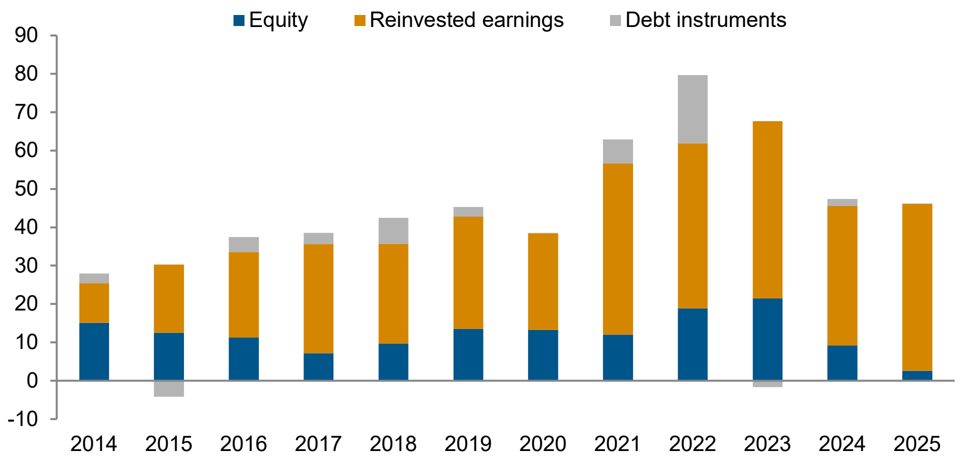
Note: Data are based on direct investment statistics (directional principle), excluding Special Purpose Entities (SPEs). For Estonia, the data include SPEs. For Hungary, the data exclude capital in transit and restructuring of asset portfolios. For Russia, wiiw estimates, equity includes reinvested earnings.
Source: wiiw FDI Database based on direct investment statistics (BOP for Kosovo and Turkey) of the respective central banks.

[1] The author thanks Gábor Hunya, wiiw, for valuable suggestions.

Reinvestment-driven pattern of FDI in EU-CEE, with a mixed picture elsewhere

The reinvestment-driven pattern was most pronounced in EU-CEE, where reinvested earnings accounted for 94% of total FDI inflows, with total inflows reaching EUR 46.3bn last year (Figure 2).[2] This aggregate, however, reflects significant variation across individual economies – from strongly positive reinvested earnings in Poland and Czechia to negative reinvested earnings in Latvia. Equity fell to just 6% of total FDI inflows, its lowest share for over a decade. In absolute terms, equity inflows into EU-CEE declined by around 70% compared to 2024, with Poland, Czechia and Croatia contributing most to the fall. This suggests investor continuity rather than a broad-based new FDI push. Fresh capital injections remained limited, suggesting that existing investors are consolidating, rather than expanding.

Figure 2 / FDI inflows in EU-CEE by component, 2014-2025, in EUR bn



Note: Data are based on direct investment statistics (directional principle), excluding Special Purpose Entities (SPEs). For Estonia, the data include SPEs. For Hungary, the data exclude capital in transit and restructuring of asset portfolios.
Source: wiiw FDI Database based on direct investment statistics of the respective central banks.

Elsewhere in the region, FDI composition varied considerably. Russia recorded the largest FDI inflow in the CESEE region, at EUR 22.4bn (Table 5), with available data pointing to a dominant role for debt instruments (EUR 15.8bn) and equity (EUR 6.6bn); reinvested earnings are not reported separately. Serbia remained the largest FDI recipient in the Western Balkans in 2025, with inflows of EUR 3.5bn, supported by all three components. Albania recorded EUR 1.6bn, with a broadly balanced composition between equity and reinvested earnings. Kosovo recorded EUR 1.1bn and had one of the highest equity shares across CESEE, although this was strongly linked to real-estate activities, which absorbed around 70% of total inflows. Elsewhere in the region, Ukraine recorded FDI inflows of EUR 2.3bn.

With 21 of the 23 CESEE economies recording positive FDI inflows last year, negative inflows remained the exception rather than the regional norm (Figure 1). Across CESEE, only Kazakhstan (with EUR -0.76bn) and Estonia (with EUR -0.03bn) recorded a negative FDI inflow in 2025, albeit for different

[2] Reinvested earnings are defined as the direct investment income on equity not distributed as dividends. They are recorded simultaneously in the current account (primary income, debit) and in the financial account (net incurrence of liabilities under direct investment) (BPM6). In extreme cases, reinvested earnings may be negative if a direct investment enterprise incurs a loss or if dividends declared in a period exceed net income in that period (BPM6, paragraph 11.46). Interest on intercompany loans is excluded from this analysis.

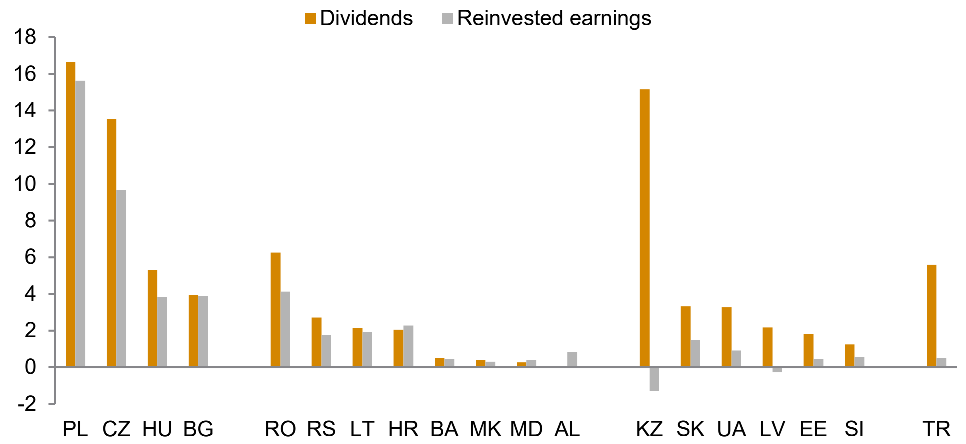
reasons. In Kazakhstan, negative reinvested earnings of EUR -1.3bn and net repayments of intercompany loans[3] of EUR -0.8bn more than offset the positive equity inflows of EUR 1.3bn (Table 5). In Estonia, large equity withdrawal of EUR -1.9bn drove the overall slightly negative result, despite positive debt inflows of EUR 1.4bn and reinvested earnings of EUR 0.45bn.

Dividend outflows exceeded reinvested earnings once again

In 2025, dividend outflows exceeded reinvested earnings in 16 of the 19 CESEE economies for which data are available (Figure 3).[4] This pattern has been a persistent feature across CESEE for over a decade. It reflects the natural evolution of FDI relationships: dividend outflows tend to gain in importance relative to reinvested earnings as investments mature. However, it has been rather more pronounced in recent years, driven partly by exceptional dividend outflows in Kazakhstan. It does not indicate the widespread withdrawal of foreign investors from the region. Positive FDI inflows confirm continued investor presence.

Eurostat data for 2019-2025 show that dividend outflows exceeded reinvested earnings across most EU economies. In mature economies – such as Germany, Austria and France – this is broadly consistent with a well-established foreign investor base. In Spain the story is different: reinvested earnings exceeded dividend outflows in every year from 2019-2025, suggesting a more investment-driven phase of foreign investor engagement.[5]

Figure 3 / Reinvested earnings and dividend outflows in 2025, in EUR bn



Source: wiiw Annual Database.

Based on the role of reinvested earnings in the composition of FDI inflows in 2025, the CESEE economies can be organised into three broad, illustrative groups: (i) reinvestment-driven, (ii) partially reinvestment-driven and (iii) distribution-oriented. In this context, profits refer to direct investment income

3 Net repayments of intercompany loans occur when subsidiaries repay more to parent companies than they receive in new lending.

4 Reinvested earnings and/or dividends data are not available for BY, ME, RU and XK. These economies are therefore not included in the group analysis.

5 Eurostat, Balance of Payments by country - annual data, bop_c6_a.

on equity, comprising reinvested earnings and dividends. Reinvestment-driven economies typically reflect a well-established foreign investor base, where foreign companies expand through profit retention, rather than fresh capital injection. Economies where equity inflows remain significant alongside reinvested earnings may represent an intermediate stage, with both established and new investors present. Distribution-oriented economies may signal a later phase in the investment cycle, where established investors prioritise profit distribution over local reinvestment. This does not necessarily reflect a structural shift, as high dividend outflows may also result from tax planning or one-off distributions.

› A first group comprises countries where reinvested earnings account for all of, or exceed, total FDI inflows, despite substantial dividend outflows (Table 5). In Czechia, dividend outflows (EUR 13.6bn) substantially exceeded reinvested earnings (EUR 9.7bn), yet reinvested earnings remained the dominant component of total FDI inflows (EUR 8.7bn). The same pattern held for Poland, Hungary and Bulgaria, where reinvested earnings ranged from 108% to 123% of total inflows.

› A second group comprises economies where reinvested earnings play a significant but not dominant role, alongside other FDI components. Last year, reinvested earnings accounted for 51% to 84% of total FDI inflows across Romania, Serbia, Lithuania, Croatia, Bosnia and Herzegovina, North Macedonia, Moldova and Albania. The dividend picture varies considerably within the group: in Albania, dividend outflows were negligible, reflecting minimal profit distribution; in Croatia, reinvested earnings slightly exceeded dividends; and in Romania, dividend outflows substantially exceeded reinvested earnings, which still represented an important share of inflows. Lithuania and Bosnia and Herzegovina represent borderline cases, where reinvested earnings remained slightly below dividend outflows.

› A third and more heterogeneous group comprises economies in which dividend outflows substantially exceeded reinvested earnings, or where reinvested earnings were negative. This group includes Latvia and Kazakhstan, as well as (though to a lesser extent) Estonia and Ukraine. Slovenia represents a milder case, where dividend outflows moderately exceeded reinvested earnings without significantly constraining total FDI. Slovakia can be considered a borderline case: although dividend outflows substantially exceeded reinvested earnings, large net repayments of intercompany loans were the primary driver of the weak FDI inflows, rather than the profit distribution patterns that characterise other economies in this group.

  Reinvested earnings may be negative due to losses or if distributions exceed income attributed to the period. In Kazakhstan, very high dividend outflows (around EUR 15.2bn) combined with negative reinvested earnings (EUR -1.3bn), suggesting that profit distribution substantially exceeded current-period income. This may partially reflect a broader structural phase transition in the mining and quarrying sector, as long-established projects move from active investment to profit distribution. Latvia presents a different configuration: despite positive equity and debt inflows, high dividend outflows (EUR 2.2bn) and negative reinvested earnings (EUR -0.28bn) resulted in only modest FDI inflows (EUR 0.23bn).

Turkey followed an entirely different model. Unlike most CESEE economies, the sizeable FDI inflows in Turkey last year were driven predominantly by equity, with reinvested earnings playing a limited role. This equity-driven profile has persisted since at least 2014. This may reflect an earlier stage of foreign investor engagement, where market entry through equity predominates over earnings reinvestment.

Concluding remarks

Foreign investors remained committed across most CESEE economies in 2025, with reinvested earnings continuing to drive FDI inflows. In EU-CEE, dividend outflows stabilised at around EUR 58bn, the same level as in 2024, while reinvested earnings rose by around 20% year on year. In the Western Balkans, reinvested earnings reached 55% of total FDI inflows in 2025, their highest share in recent years, while equity remained an important component. Dividend outflows nonetheless continued to exceed reinvested earnings in most economies.

Aside from total FDI inflows, the split between reinvested earnings and dividends carries important information for policy makers and businesses. In the case of reinvestment-driven economies, it signals a stable and self-sustaining FDI model: the investor base of those countries is deep rooted and less dependent on fresh capital. In the case of distribution-oriented economies, tracking the reinvested earnings/dividend split (alongside total FDI inflows) provides a more complete picture of whether foreign investors are deepening their local commitment or gradually shifting towards profit extraction.

Country in focus: Poland

WHY HAS FDI IN POLAND BEEN DECLINING OF LATE?

by Juliane Unger, wiiw Research Assistant

Poland's FDI boom, driven by a one-off repositioning of supply chains following Russia's invasion of Ukraine, proved short lived: inflows have since been falling. While existing investors remain profitable and committed, new investment is being held back by rising labour costs, geopolitical uncertainty and global tariff volatility. Meanwhile, defence spending continues to rise and is increasingly shaping Poland's economic landscape.

The FDI boom is over

Over the past decade, Poland has been one of the most dynamic FDI destinations in the EU-CEE region, with inward flows averaging around EUR 14bn annually. Two important things happened in 2022: inflows surged to a record EUR 34.7bn (5.2% of GDP), driven by an initial near-shoring and friend-shoring impulse, as businesses repositioned their supply chains to mitigate geopolitical risks following Russia's invasion in Ukraine,[1] and at the same time defence spending started to rise steeply due to increased rearmament.

However, over the last two to three years the picture has altered considerably. FDI inflows fell to EUR 28.5bn in 2023, EUR 13.5bn in 2024 and EUR 14.9bn in 2025. Meanwhile, Poland's economy continued to grow markedly throughout this period – by 3.2% in 2024 and 3.6% in 2025, making the country's performance one of the strongest in the EU. In absolute terms, 2024-2025 FDI inflows were in line with the pre-2021 average. Yet in a growing economy, stagnating absolute inflows translated into a declining share of GDP: in both 2024 and 2025, the figure stood at just around 1.6% of GDP – the lowest level for ten years (Figure 1).

This suggests that the recent decline in FDI inflows has not been driven by any deterioration in Poland's economic performance. So, what were the reasons for the short-lived boom in 2022?

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1 Marek Grzegorczyk, Making the most of CEE's nearshoring potential, *Emerging Europe*, 31 October 2024, https://emerging-europe.com/poland-and-cee-can-win-nearshoring-investment/.

Figure 1 / Poland: Net inward FDI flows, 2015-2025; in EUR bn (left axis), and as % of GDP (right axis)

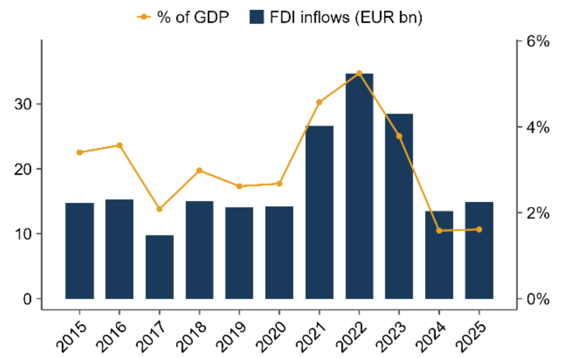
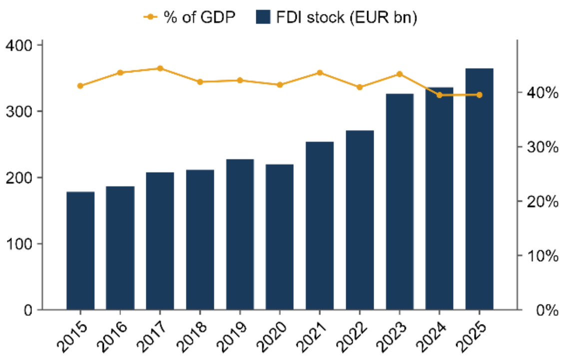


Figure 2 / Poland: Net inward FDI stock, 2015-2025; in EUR bn (left axis), and as % of GDP (right axis).

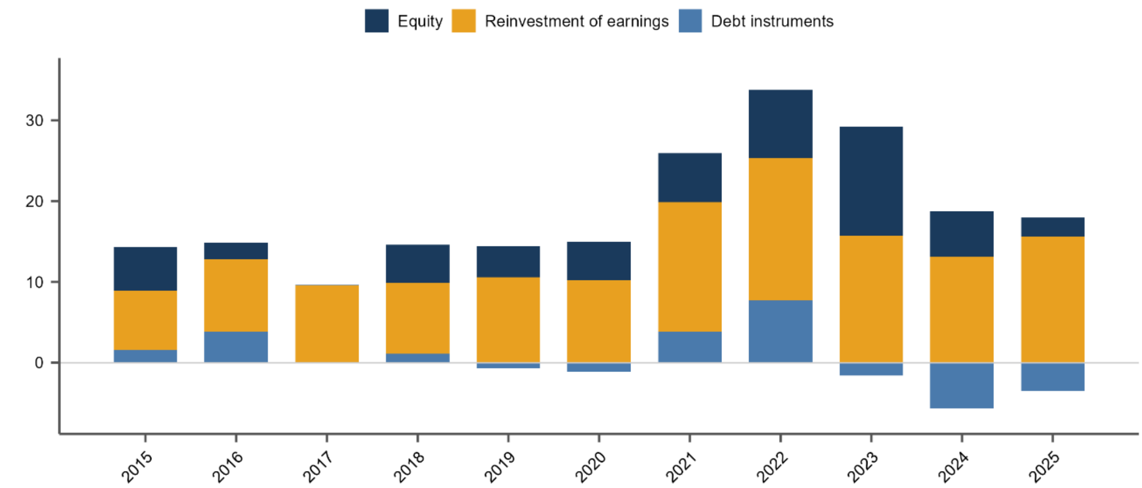


Note: According to BPM6, excluding special purpose entities.
Source: wiiw FDI Database; Eurostat.

Reinvested earnings the only stable FDI component

A closer look at the components of FDI inflows – broken down into equity, reinvestment of earnings and debt instruments – provides significant insight into investment behaviour over recent years (Figure 3). While the first phase (2015-2020) was characterised by stability and reinvestment dominance – indicating sustained structural confidence – the following phase (2021-2023) saw a broad-based surge across all three components. Most telling in the years 2021-2022 was a sharp spike in debt instruments, pointing to an increase in capital injections from parent companies to their subsidiaries – probably attributable to funding for capacity expansion, as firms repositioned their supply chains.

Figure 3 / Poland: Inward FDI flows by component, 2015-2025, in EUR bn



Source: wiiw FDI Database.

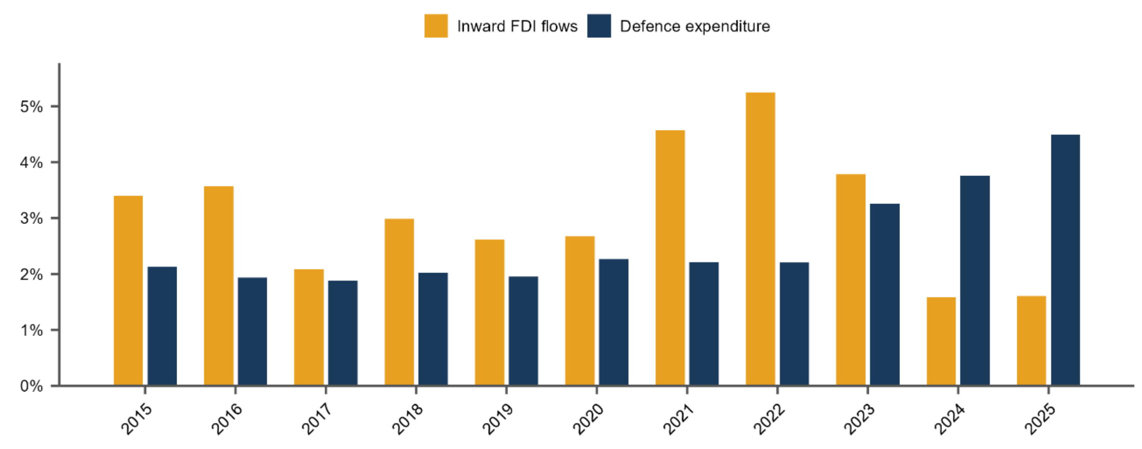
Then, in 2024-2025, FDI inflows dropped back to pre-2021 levels, although the composition did shift dramatically. Debt instruments turned sharply negative (to the tune of EUR 5.7bn in 2024 and EUR 3.5bn in 2025), which meant that intra-group loans were actively being repaid upward to the parent companies. Yet reinvestment of earnings remained robust, essentially sustaining total inflows almost single-handedly (Figure 3). This signals financial normalisation after the exceptional lending surge in 2021-2022, rather than any retreat by investors. The sustained reinvestment of earnings confirms that foreign investors remain profitable and committed to Poland. On the other hand, the collapse in fresh equity injections (from EUR 5.7bn in 2024 to EUR 2.4bn in 2025) suggests that new greenfield decisions are being delayed. This can arguably be traced back to a situation where potential new foreign investors are reluctant to enter Poland, owing to the uncertainty surrounding rising labour costs, geopolitical risk and global tariff volatility.

FDI inflows decline as defence spending is ramped up

The discrepancy between commitment and caution is perhaps best illustrated when FDI inflows are juxtaposed with another investment story that has been unfolding simultaneously in Poland: increased defence spending. While FDI inflows as a share of GDP have reached their lowest level for ten years, the share of defence spending has increased sharply since 2022. In the years following 2023, defence spending has exceeded FDI inflows, and the gap has been widening, reaching 2.89 percentage points by 2025 (Figure 4).

Although these two trends are driven by different forces (while private investors respond to cost structures, uncertainty and the expectation of returns, the state responds to an existential security imperative), they are not independent of one another. It was indeed the same geopolitical shock – the start of the Russia-Ukraine war – that initially drove both upward simultaneously. However, the FDI surge proved short lived, and once the adjustment following the shock was complete, FDI inflows fell back, whereas defence spending continued to rise, leading to the visible divergence from 2024 onward.

Figure 4 / Poland: Inward FDI flows vs defence expenditure, 2015-2025, as % of GDP



Source: wiiw FDI Database, Eurostat, SIPRI Military Expenditure Database (share of GDP, NATO definition).

Conclusions

The FDI component analysis shows that foreign investors have not abandoned Poland: the reinvestment of earnings remains robust, which confirms sustained profitability and structural commitment. However, the collapse in fresh equity injections implies that new investment decisions are being actively deferred. The 2022 boom in FDI inflows was largely a one-off response by existing investors to the geopolitical shock, reflecting a temporary surge in intra-group lending and supply chain repositioning. Furthermore, the opposing trajectories of defence spending and FDI inflows reflect a fundamental reorientation of Poland's economic model towards a more security-anchored economy. Given the current geopolitical situation, it is reasonable to assume that this trend will continue over the next few years. Apart from that, rising labour costs add a further structural headwind that is independent of geopolitics and will persist independently of how the security situation evolves.

Appendix

Table 1 / FDI inflow

EUR million

		2018	2019	2020	2021	2022	2023	2024	2025
BG	Bulgaria	968	1,639	2,312	1,147	3,760	4,130	2,396	3,172
CZ	Czechia	9,330	9,030	8,261	7,651	8,794	8,707	8,565	8,657
EE	Estonia	1,245	2,765	3,156	68	806	4,129	787	38
HR	Croatia	1,310	2,800	1,327	4,306	3,707	3,084	3,893	2,723
HU	Hungary [1)]	5,366	2,972	4,547	6,553	7,970	5,127	3,847	3,461
LT	Lithuania	827	2,699	3,083	2,197	3,593	2,343	3,455	3,338
LV	Latvia	826	828	870	2,820	1,393	1,226	1,326	232
PL	Poland	14,631	13,706	13,845	25,925	33,773	27,673	13,113	14,458
RO	Romania	5,266	5,173	3,005	8,968	10,587	6,748	5,602	8,148
SI	Slovenia	1,172	1,307	193	1,561	2,070	1,427	1,215	1,443
SK	Slovakia	1,418	2,243	-2,104	1,539	3,285	1,422	3,058	649
	EU-CEE11	**42,359**	**45,161**	**38,493**	**62,736**	**79,737**	**66,016**	**47,258**	**46,318**
AL	Albania	1,092	1,151	970	1,043	1,362	1,500	1,581	1,633
BA	Bosnia and Herzegovina	493	409	421	605	848	1,055	901	588
ME	Montenegro	415	372	466	591	833	487	554	597
MK	North Macedonia	614	399	201	471	745	578	1,197	468
RS	Serbia	3,464	3,814	3,037	3,880	4,367	4,547	5,226	3,472
XK	Kosovo	272	255	346	421	732	840	794	1,095
	WB6	**6,349**	**6,399**	**5,441**	**7,011**	**8,886**	**9,007**	**10,253**	**7,854**
MD	Moldova	265	467	132	342	562	337	427	408
UA	Ukraine [2)]	4,004	5,371	-32	6,182	331	4,067	3,242	2,305
	MD+UA	**4,269**	**5,838**	**100**	**6,524**	**893**	**4,404**	**3,669**	**2,713**
TR	Turkey	10,542	8,492	6,586	10,900	14,032	9,822	10,774	11,556
BY	Belarus	1,203	1,155	1,227	1,046	1,520	1,833	1,591	1,377
KZ	Kazakhstan	3,304	2,933	3,214	2,835	6,221	3,322	210	-761
	CIS2 [3)]	**4,507**	**4,088**	**4,441**	**3,882**	**7,741**	**5,155**	**1,801**	**616**
RU	Russia [4)]	11,222	28,638	9,110	32,636	-14,367	8,316	2,007	22,420
	CESEE23	**79,249**	**98,617**	**64,171**	**123,687**	**96,923**	**102,720**	**75,761**	**91,476**

Note: Data refer to BPM6 directional principle unless otherwise stated; data exclude Special Purpose Entities (SPEs). Grey background: data are based on asset/liability principle (balance of payments - BOP).

1) Excluding capital in transit and restructuring of asset portfolios. - 2) Excluding the territories occupied by Russia until 2022, and territories where the military actions are/were conducted in 2022-2025. - 3) Belarus and Kazakhstan. - 4) From 2022 wiiw estimate.

Source: wiiw FDI Database based on Direct Investment statistics (BOP statistics for Kosovo and Turkey) of the respective central banks.

Table 2 / FDI outflow

EUR million

		2018	2019	2020	2021	2022	2023	2024	2025
BG	Bulgaria	968	1,639	2,312	1,147	3,760	4,130	2,396	3,172
CZ	Czechia	7,341	3,688	2,624	6,538	5,396	5,520	7,978	6,661
EE	Estonia	-26	1,681	267	-857	920	1,382	656	740
HR	Croatia	198	-775	176	668	-383	1,206	2,294	-271
HU	Hungary [1)]	2,953	2,332	2,427	3,200	3,534	4,521	3,818	2,273
LT	Lithuania	596	1,560	2,546	1,134	518	1,022	-153	720
LV	Latvia	175	-93	224	1,964	103	649	161	346
PL	Poland	759	1,696	773	2,735	6,125	5,788	3,420	3,651
RO	Romania	321	324	46	120	1,232	383	861	601
SI	Slovenia	238	545	454	1,146	654	829	847	768
SK	Slovakia	272	39	305	251	648	40	515	537
	EU-CEE11	**13,037**	**11,396**	**10,081**	**17,193**	**19,648**	**21,776**	**21,104**	**16,264**
AL	Albania	70	114	77	53	172	245	241	301
BA	Bosnia and Herzegovina	2	31	64	44	45	120	85	120
ME	Montenegro	92	67	-5	9	50	53	63	67
MK	North Macedonia	10	35	47	83	91	90	160	220
RS	Serbia	307	263	98	224	39	285	624	1,194
XK	Kosovo	46	66	59	100	175	190	224	366
	WB6	**528**	**577**	**340**	**513**	**572**	**982**	**1,397**	**2,268**
MD	Moldova	32	39	-2	27	48	14	94	88
UA	Ukraine [2)]	-107	752	19	-167	330	28	-147	92
	MD+UA	**-76**	**790**	**18**	**-140**	**378**	**42**	**-53**	**180**
TR	Turkey	3,052	2,690	2,846	5,441	4,686	5,636	6,109	8,701
BY	Belarus	42	14	77	-60	162	51	143	111
KZ	Kazakhstan	-928	-2,340	-1,932	1,227	-1,324	937	-3,437	463
	CIS2 [3)]	**-886**	**-2,326**	**-1,855**	**1,167**	**-1,162**	**988**	**-3,293**	**574**
RU	Russia [4)]	30,389	19,664	5,932	54,117	10,876	27,495	10,487	11,463
	CESEE23	**46,044**	**32,791**	**17,361**	**78,292**	**34,997**	**56,918**	**35,750**	**39,450**

Note: Data refer to BPM6 directional principle unless otherwise stated; data exclude SPEs.
Grey background: data are based on asset/liability principle (BOP).

1) Excluding capital in transit and restructuring of asset portfolios. - 2) Excluding the territories occupied by Russia until 2022, and territories where the military actions are/were conducted in 2022-2025. - 3) Belarus and Kazakhstan. -
4) From 2022 wiiw estimate.

Source: wiiw FDI Database based on Direct Investment statistics (BOP for Kosovo and Turkey) of the respective central banks.

Table 3 / Inward FDI stock

EUR million

		2018	2019	2020	2021	2022	2023	2024	2025
BG	Bulgaria	968	1,639	2,312	1,147	3,760	4,130	2,396	3,172
CZ	Czechia	143,420	152,528	159,100	177,010	193,512	201,069	217,683	227,459
EE	Estonia	21,237	24,370	27,057	31,338	31,220	35,409	34,388	35,485
HR	Croatia	31,321	35,050	34,859	39,287	42,332	48,308	57,557	60,555
HU	Hungary	77,431	80,957	80,567	90,555	97,404	106,044	109,370	117,528
LT	Lithuania	16,959	20,691	25,177	28,719	33,160	35,554	39,754	43,782
LV	Latvia	15,347	16,067	16,807	21,220	22,719	24,773	26,207	27,121
PL	Poland	205,732	221,338	214,194	247,446	263,668	317,292	327,533	355,018
RO	Romania	81,124	88,304	90,773	100,264	107,944	118,231	125,035	135,252
SI	Slovenia	15,254	16,179	16,664	18,778	20,248	22,247	23,039	24,088
SK	Slovakia	52,279	53,947	52,394	52,818	56,165	60,080	62,981	63,181
	EU-CEE11	**704,150**	**755,488**	**761,178**	**851,840**	**915,044**	**1,019,607**	**1,077,393**	**1,147,078**
AL	Albania	6,693	7,289	7,830	8,641	10,410	12,610	14,763	16,345
BA	Bosnia and Herzegovina	7,539	7,844	8,017	8,617	9,170	10,102	10,851	11,242
ME	Montenegro	4,665	4,823	4,664	4,698	5,233	5,714	6,317	6,979
MK	North Macedonia	5,307	5,704	5,852	6,298	7,013	7,532	8,477	8,958
RS	Serbia	35,182	38,983	42,505	46,054	50,098	54,435	59,722	62,992
XK	Kosovo	3,692	3,969	4,229	4,648	5,359	6,240	7,019	8,127
	WB6	**63,077**	**68,612**	**73,096**	**78,957**	**87,283**	**96,634**	**107,149**	**114,643**
MD	Moldova	3,546	4,207	3,837	4,218	4,637	4,952	5,227	5,366
UA	Ukraine [1)]	37,754	48,597	42,397	57,997	48,911	50,304	53,656	50,750
	MD+UA	**41,300**	**52,803**	**46,234**	**62,215**	**53,549**	**55,255**	**58,883**	**56,116**
TR	Turkey	127,304	143,305	186,902	122,702	244,916	194,088	214,975	172,111
BY	Belarus	11,378	12,677	11,167	12,956	14,944	13,959	15,857	16,512
KZ	Kazakhstan	132,185	136,234	123,826	135,100	145,402	141,721	148,609	132,863
	CIS2 [2)]	**143,564**	**148,911**	**134,992**	**148,056**	**160,346**	**155,681**	**164,466**	**149,376**
RU	Russia	356,790	440,278	365,825	439,811	334,678	252,543	206,934	228,091
	CESEE23	**1,436,185**	**1,609,398**	**1,568,228**	**1,703,581**	**1,795,817**	**1,773,807**	**1,829,801**	**1,867,414**

Note: Data refer to BPM6 directional principle unless otherwise stated; data exclude SPEs.
Grey background: data are based on asset/liability principle (international investment position - IIP).

1) Excluding the territories occupied by Russia until 2022, and territories where the military actions are/were conducted in 2022-2025. - 2) Belarus and Kazakhstan.

Source: wiiw FDI Database based on Direct Investment statistics (IIP for Kosovo and Turkey) of the respective central banks.

Table 4 / Outward FDI stock

EUR million

		2018	2019	2020	2021	2022	2023	2024	2025
BG	Bulgaria	968	1,639	2,312	1,147	3,760	4,130	2,396	3,172
CZ	Czechia	35,809	40,181	41,790	48,981	57,027	64,016	76,486	79,177
EE	Estonia	6,388	8,407	8,493	10,327	10,949	12,338	13,495	14,370
HR	Croatia	5,110	4,327	5,465	7,040	7,715	8,754	10,773	10,679
HU	Hungary	25,772	29,047	29,908	35,775	39,082	43,349	45,381	47,869
LT	Lithuania	4,223	6,301	8,669	10,190	10,552	11,698	11,838	13,197
LV	Latvia	2,047	1,928	2,086	5,321	5,391	6,202	6,448	6,807
PL	Poland	21,757	22,428	21,701	24,549	30,292	36,297	38,606	36,392
RO	Romania	1,190	2,157	2,402	4,118	5,350	6,595	7,794	8,198
SI	Slovenia	6,107	6,840	7,016	7,868	8,568	9,458	10,588	11,365
SK	Slovakia	4,008	4,213	4,485	4,645	5,311	5,194	5,082	5,317
	EU-CEE11	**114,721**	**128,362**	**134,938**	**161,944**	**184,288**	**208,228**	**231,576**	**238,597**
AL	Albania	492	607	665	733	933	1,258	1,573	1,904
BA	Bosnia and Herzegovina	540	538	607	646	694	797	880	1,000
ME	Montenegro	83	145	128	134	208	258	306	353
MK	North Macedonia	62	61	99	124	174	293	326	430
RS	Serbia	3,323	3,624	3,706	3,997	4,229	4,512	5,125	6,364
XK	Kosovo	348	415	477	579	756	946	1,166	1,532
	WB6	**4,849**	**5,390**	**5,683**	**6,213**	**6,994**	**8,064**	**9,376**	**11,582**
MD	Moldova	227	267	243	291	357	360	489	520
UA	Ukraine [1]	474	1,563	738	-260	-803	-785	-1,161	-1,000
	MD+UA	**701**	**1,830**	**981**	**31**	**-446**	**-424**	**-672**	**-480**
TR	Turkey	40,339	45,010	41,614	46,514	52,103	58,447	62,918	63,997
BY	Belarus	1,234	1,341	1,153	1,244	1,526	1,358	1,588	1,642
KZ	Kazakhstan	14,873	13,983	11,297	13,853	15,903	15,627	14,476	15,740
	CIS2 [2]	**16,107**	**15,323**	**12,451**	**15,097**	**17,429**	**16,985**	**16,064**	**17,382**
RU	Russia	303,018	363,644	310,504	331,046	278,105	234,954	219,977	220,283
	CESEE23	**479,735**	**559,559**	**506,171**	**560,846**	**538,472**	**526,253**	**539,240**	**551,362**

Note: Data refer to BPM6 directional principle unless otherwise stated; data exclude SPEs.
Grey background: data are based on asset/liability principle (IIP).

1) Excluding the territories occupied by Russia until 2022, and territories where the military actions are/were conducted in 2022-2025. - 2) Belarus and Kazakhstan.

Source: wiiw FDI Database based on Direct Investment statistics (IIP for Kosovo and Turkey) of the respective central banks.

Table 5 / FDI inflow by components

EUR million

	2018	2019	2020	2021	2022	2023	2024	2025
Bulgaria								
FDI inflow, total	968	1,639	2,312	1,147	3,760	4,130	2,396	3,172
Equity other than reinvestment of earnings	390	-157	484	145	1,441	245	567	-17
Reinvestment of earnings	1,214	1,159	966	1,938	2,645	4,707	1,838	3,902
Debt instruments	-637	637	862	-936	-327	-822	-9	-713
Czechia								
FDI inflow, total	9,330	9,030	8,261	7,651	8,794	8,707	8,565	8,657
Equity other than reinvestment of earnings	160	3,241	2,024	-260	1,793	-193	1,410	-1,824
Reinvestment of earnings	4,316	4,601	3,902	8,247	4,579	7,580	8,003	9,660
Debt instruments	4,855	1,188	2,335	-336	2,421	1,320	-848	821
Estonia [1)]								
FDI inflow, total	1,322	2,866	3,205	203	763	4,118	903	-30
Equity other than reinvestment of earnings	-171	1,609	2,238	5,072	399	2,365	-2,953	-1,883
Reinvestment of earnings	752	885	659	776	850	1,321	-158	446
Debt instruments	741	372	307	-5,646	-486	432	4,014	1,407
Croatia								
FDI inflow, total	1,310	2,800	1,327	4,306	3,707	3,084	3,893	2,723
Equity other than reinvestment of earnings	759	922	719	1,687	1,061	1,521	1,552	-708
Reinvestment of earnings	1,233	882	705	2,038	1,762	1,989	1,923	2,275
Debt instruments	-682	996	-97	581	883	-427	418	1,156
Hungary [2)]								
FDI inflow, total	5,366	2,972	4,547	6,553	7,970	5,127	3,847	3,461
Equity other than reinvestment of earnings	-160	-691	-1,295	-5,391	1,363	146	-3,305	36
Reinvestment of earnings	5,621	4,324	3,518	5,382	4,637	5,224	3,334	3,822
Debt instruments	-95	-661	2,325	6,562	1,970	-243	3,818	-398
Lithuania								
FDI inflow, total	827	2,699	3,083	2,197	3,593	2,343	3,455	3,338
Equity other than reinvestment of earnings	177	308	2,506	439	1,717	799	1,692	469
Reinvestment of earnings	971	1,246	1,090	1,576	98	2,234	1,882	1,906
Debt instruments	-321	1,145	-513	182	1,778	-690	-119	963
Latvia								
FDI inflow, total	826	828	870	2,820	1,393	1,226	1,326	232
Equity other than reinvestment of earnings	-284	382	464	1,656	-110	345	758	290
Reinvestment of earnings	342	407	385	1,021	1,125	1,253	1,015	-280
Debt instruments	767	39	20	143	379	-372	-447	222
Poland								
FDI inflow, total	14,631	13,706	13,845	25,925	33,773	27,673	13,113	14,458
Equity other than reinvestment of earnings	4,794	3,822	4,738	6,028	8,429	13,544	5,656	2,359
Reinvestment of earnings	8,728	10,578	10,196	16,029	17,617	15,720	13,108	15,603
Debt instruments	1,108	-695	-1,089	3,869	7,727	-1,592	-5,651	-3,504
Romania								
FDI inflow, total	5,266	5,173	3,005	8,968	10,587	6,748	5,602	8,148
Equity other than reinvestment of earnings	2,973	2,238	983	2,165	1,866	2,070	1,515	2,057
Reinvestment of earnings	2,573	2,783	3,016	4,610	6,577	4,927	3,085	4,134
Debt instruments	-280	152	-994	2,193	2,143	-248	1,002	1,958
Slovenia								
FDI inflow, total	1,172	1,307	193	1,561	2,070	1,427	1,215	1,443
Equity other than reinvestment of earnings	554	1,196	338	302	967	523	983	576
Reinvestment of earnings	533	500	259	553	869	878	407	552
Debt instruments	84	-390	-404	705	233	26	-174	315
Slovakia								
FDI inflow, total	1,418	2,243	-2,104	1,539	3,285	1,422	3,058	649
Equity other than reinvestment of earnings	504	626	102	188	-72	95	1,309	1,253
Reinvestment of earnings	-238	1,969	473	2,438	2,293	373	1,917	1,474
Debt instruments	1,153	-352	-2,679	-1,087	1,064	955	-167	-2,078

(Table 5 contd.)

Table 5 / contd.

	2018	2019	2020	2021	2022	2023	2024	2025
Albania								
FDI inflow, total	1,092	1,151	970	1,043	1,362	1,500	1,581	1,633
Equity other than reinvestment of earnings	852	721	595	580	607	734	704	799
Reinvestment of earnings	224	397	384	477	732	803	852	837
Debt instruments	16	33	-9	-14	23	-36	25	-3
Bosnia and Herzegovina								
FDI inflow, total	493	409	421	605	848	1,055	901	588
Equity other than reinvestment of earnings	276	97	81	827	120	148	230	144
Reinvestment of earnings	249	225	302	294	490	487	486	459
Debt instruments	-32	87	38	-515	238	420	185	-15
Montenegro								
FDI inflow, total	415	372	466	591	833	487	554	597
Equity other than reinvestment of earnings	291	206	192	406	529	381	428	480
Reinvestment of earnings	.	.	.	.	.	.		
Debt instruments	124	166	274	185	304	105	126	117
North Macedonia								
FDI inflow, total	614	399	201	471	745	578	1,197	468
Equity other than reinvestment of earnings	183	221	99	162	305	272	352	288
Reinvestment of earnings	218	176	-1	83	31	139	177	295
Debt instruments	212	2	104	225	409	167	668	-116
Serbia								
FDI inflow, total	3,464	3,814	3,037	3,880	4,367	4,547	5,226	3,472
Equity other than reinvestment of earnings	1,840	1,906	1,247	2,060	1,842	2,344	2,310	645
Reinvestment of earnings	1,148	1,177	380	707	1,046	1,169	1,779	1,766
Debt instruments	476	731	1,410	1,113	1,479	1,034	1,137	1,061
Kosovo								
FDI inflow, total	272	255	346	421	732	840	794	1,095
Equity other than reinvestment of earnings	169	277	256	424	573	546	665	869
Reinvestment of earnings	95	-39	66	-34	46	149	103	149
Debt instruments	9	16	24	31	113	145	25	78
Moldova								
FDI inflow, total	265	467	132	342	562	337	427	408
Equity other than reinvestment of earnings	96	361	65	82	89	32	13	-12
Reinvestment of earnings	58	46	94	211	449	314	416	415
Debt instruments	111	61	-28	48	24	-8	-3	5
Ukraine [3)]								
FDI inflow, total	4,004	5,371	-32	6,182	331	4,067	3,242	2,305
Equity other than reinvestment of earnings	1,246	1,481	665	1,002	474	506	861	852
Reinvestment of earnings	2,198	2,901	-427	4,180	94	3,154	2,379	915
Debt instruments	561	989	-270	1,001	-237	408	2	538

(Table 5 contd.)

Table 5 / contd.

	2018	2019	2020	2021	2022	2023	2024	2025
Turkey								
FDI inflow, total	10,542	8,492	6,586	10,900	14,032	9,822	10,774	11,556
Equity other than reinvestment of earnings	9,988	8,846	6,811	10,536	11,516	7,814	7,797	8,590
Reinvestment of earnings	295	525	504	81	501	555	499	550
Debt instruments	259	-879	-729	282	2,015	1,454	2,479	2,416
Belarus								
FDI inflow, total	1,203	1,155	1,227	1,046	1,520	1,833	1,591	1,377
Equity other than reinvestment of earnings	495	393	256	305	385	770	250	251
Reinvestment of earnings	682	584	891	585	1,044	989	1,237	1,148
Debt instruments	26	178	79	157	90	75	104	-22
Kazakhstan								
FDI inflow, total	3,304	2,933	3,214	2,835	6,221	3,322	210	-761
Equity other than reinvestment of earnings	-3,424	-2,243	250	616	-3,294	-446	2,208	1,321
Reinvestment of earnings	5,669	8,045	4,369	8,185	9,585	6,198	300	-1,288
Debt instruments	1,059	-2,869	-1,405	-5,966	-69	-2,431	-2,298	-794
Russia 4)								
FDI inflow, total	11,222	28,638	9,110	32,636	-14,367	8,316	2,007	22,420
Equity other than reinvestment of earnings	-5,494	9,746	8,004	1,118	-10,941	6,316	4,653	6,574
Reinvestment of earnings	14,056	17,429	4,730	32,290	.	.	.	.
Debt instruments	2,661	1,463	-3,624	-772	-3,425	2,000	-2,646	15,846

Note: Data refer to BPM6 directional principle unless otherwise stated; data exclude SPEs.
Grey background: data are based on asset/liability principle (BOP).

1) Including SPEs. - 2) Excluding capital in transit and restructuring of asset portfolios. - 3) Excluding the territories occupied by Russia until 2022, and territories where the military actions are/were conducted in 2022-2025. - 4) From 2022 wiiw estimates, equity includes reinvested earnings.

Source: wiiw FDI Database based on Direct Investment statistics (BOP for Kosovo and Turkey) of the respective central banks.

Recent activities/looking back

Recent member events

- Executive Network Event, Warsaw, May 2026
- Executive Network Event, Prague, May 2026

Recent publications

- The illiberal economy: The long-term development of the Hungarian economy under Viktor Orbán, Mario Holzner, wiiw Policy Note/Policy Report No. 107, April 2026
- Executive Network CEE Exchange Podcast, Episode 5, May 2026
- Growth model adapting under pressure, Vasily Astrov, Alexandra Bykova, Selena Duraković, Meryem Gökten, Richard Grieveson, Ioannis Gutzianas, Doris Hanzl-Weiss, Gabor Hunya, Branimir Jovanović, Biljana Jovanovikj, Niko Korpar, Dzmitry Kruk, Isilda Mara, Michał Możdżeń, Emilia Penkova-Pearson, Olga Pindyuk, Sandor Richter, Marko Sošić, Bernd Christoph Ströhm and Marina Tverdostup, wiiw Forecast Report No. Spring 2026, April 2026
- Fiscal consolidation and political instability, Philipp Heimberger and Anna Matzner, wiiw Working Paper No. 274, May 2026

Recent Presentations and Public Events

- War, Power, and Markets: The Geopolitical and Economic Consequences of the US–Israeli War on Iran, Joint oiip and wiiw Seminar, 13 April 2026.
- How does industrial policy create growth in the cross-pressure of public finances?, Presentation: Future growth areas for the Finnish export sector, Francesca Guadagno, SITRA, Helsinki, 16 April 2026
- Feasibility of a 28th tax regime in supporting EU competitiveness, Study presentation, Kristijan Fidanovski, European Parliament Fiscal Committee Public Hearing, Brussels, 16 April 2026
- Mining in the Western Balkans: European Values or European Interests, Panel discussion: European Policies, Critical Raw Materials, and the Western Balkans: Between Values and Interests, Branimir Jovanovic, co-organised by European Fund for the Balkans (EFB), Balkans in Europe Policy Advisory Group (BiEPAG) and Institute for Philosophy and Social Theory (IFDT), Belgrade, 17 April 2026
- Mining in the Western Balkans: Critical raw materials, authoritarian extractivism and the test of EU credibility, Policy Dialogue, BiEPAG policy brief: Mining in the Western Balkans: How to counter authoritarian extractivism?, Speaker: Branimir Jovanovic and Kristijan Fidanovski, co-organised by EPC, Connecting Europe and BiEPAG, Hybrid Brussels, 23 April 2026
- Q2 Forecast Report, Experts Breakfast, 28 April 2026
- wiiw Q2 Economic Forecast for Central, East and Southeast Europe (CESEE), Webinar, 30 April 2026

- NLB Investor Day, Speech: Economic opportunities and challenges for South Eastern Europe, Mario Holzner. 7 May 2026
- Lecture as part of an ‘International Economics’ class for students in a Logistics master program, Speech: Trade flows and trade policy, Oliver Reiter, FH BFI Logistik, Vienna, May 2026
- Nicotine free spaces for healthier cities, 10th European Conference on Tobacco or Health, Presentation: Easier to afford, more likely to be smoked? Marlboro indices show higher cigarette affordability in the South and East of Europe, Kristijan Fidanovsky, Milan, 20-22 May
- Nicotine free spaces for healthier cities, 10th European Conference on Tobacco or Health, Poster presentation, Nora Kungl, Milan, 20-22 May
- Behind closed borders: the domestic consequences of Russia's war, Panel discussion, Vasily Astrov, International Institute for Peace (IIP), Vienna, 26 May 2026
- Infrastructure in the Western Balkans, EFC Alternates Meeting, Mario Holzner, OeNB, Vienna, 27 May 2026

Looking ahead

Upcoming member events

- Executive Network Event, Vienna, 29 May 2026
- wiiw Spring Seminar, Vienna, 28 May 2026
- wiiw Member Seminar, Vienna, 29 May 2026
- Executive Network Webinar, June 2026
- Executive Network Event, Warsaw, September 2026
- Executive Network Event, Prague, September 2026
- Executive Network Event, Vienna, October 2026

Upcoming publications

- Monthly Report 06/26, June 2026
- Executive Network Podcast Episode, June 2026
- wiiw Q3 Forecast Update, July 2026
- Working Paper, Ageing costs, public debt sustainability, and EU fiscal rules, Meryem Gökten and Philipp Heimberger, June 2026
- Working Paper, Welfare, optimal tariffs, and trade balance in a Ricardian general equilibrium framework, Robert Stehrer, June 2026
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- Statistical Report, Offshoring, reshoring, and the location of production: What can we measure in a cross-country industry-level setting?, Hylke Dijkstra, Erik Dietzenbacher and Konstantin M. Wacker, June 2026
- Policy Note, The future financing of the European Union: An analysis of options for new own resources in the EU budget 2028-2034, Bernhard Schütz, Philipp Heimberger and Mario Holzner, June/July 2026

Upcoming presentations and public events

- Ghent University Workshop on Empirical Macroeconomics, Presentation: Fiscal consolidation and political instability, Anna Matzner, Ghent, 28 May 2026
- EU-Western Balkans Civil Society High-Level Conference, Presentation of the converge2eu project, Branimir Jovanovic, organised by the European Economic and Social Committee (EESC), Vienna, 29 May 2026

- Workshop "Advances in Spatial and network Modelling for Policy Making, Presentation, Chiara Castelli, JRC Seville, 28-29 May 2026
- University of Vienna, Presentation of the paper: Endogenous money and inflation: An introductory post-Keynesian/Kaleckian conflict inflation model, Cara Dabrowski, Vienna, 2 June 2026
- Advocacy Visit Western Balkans, MFF and EU Enlargement, Presentation of findings from convereg2eu project, Branimir Jovanovic, Brussels, 2-4 June 2026
- Energy Forum 2026: Time for Energy Reset in Central and South-East Europe?, Panel participation: The future of energy independence and regional cooperation in Central and Southeast Europe, Mario Holzner, 10 June 2026
- 26th Summer Seminar for Young Public Policy Professionals, Speech: The CEE Economies between a Structural Transition and External Shocks, Branimir Jovanovic, Albena, Bulgaria, 11-12 June 2026
- 32nd International Input-Output Conference, Study presentation: Value-added exposure estimates to assess spillovers and competitiveness, Simone Grabner, Seville, Spain, 22-26 June 2026
- J.P. Morgan CEE Macro & Fixed Income Conference, Panelist Richard Grieveson, Vienna, June 2026
- Raiffeisen Bank CEE Analyst Meeting, Presentation, Richard Grieveson, Krems, June 2026
- Wiiw Q3 Forecast Update Webinar, July 2026

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IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:
Verein „Wiener Institut für Internationale Wirtschaftsvergleiche“ (wiiw),
Wien 6, Rahlgasse 3

ZVR-Zahl: 329995655

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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.