

Foreign Direct Investment BMD4 FDI by country and economic activity

■ Data source(s) used

Source: *OECD International direct investment database*

FDI data are based on

Data Characteristics

■ Other data characteristics

In 2014, many countries implemented the latest international guidelines for compiling foreign direct investment (FDI) statistics:

OECD's [Benchmark Definition of FDI, 4th edition](#) (BMD4)

IMF's [Balance of Payments and International Investment Position Manual, 6th edition](#) (BPM6)

The new OECD database for FDI statistics according to BMD4 is structured as followed:

FDI main aggregates – Summary

FDI statistics by partner country and by industry - Summary

FDI financial flows

FDI financial flows, main aggregates BMD4

FDI financial flows by partner country BMD4

FDI financial flows by industry BMD4

FDI income

FDI income, main aggregates BMD4

FDI income by partner country BMD4

FDI income by industry BMD4

FDI positions

FDI positions, main aggregates BMD4

FDI positions by partner country BMD4

FDI positions by industry BMD4

For more details on the database structure, please consult [OECD database on FDI statistics according to BMD4 - Structure and content](#).

■ Statistical population

FDI statistics cover all entities in an FDI relationship. An FDI relationship is established when an investor in one country acquires 10% or more of the voting power in a business enterprise in another country. The investor is also called a direct investor or a parent and the business enterprise is called a direct investment enterprise or an affiliate. The 10 percent criteria is used to establish that the direct investor has a significant degree of influence over the operations of the direct investment enterprise.

The FDI population includes affiliates that are directly and indirectly owned by the parent. In direct ownership, the parent owns the 10% or more voting power itself. In indirect ownership, the parent controls an affiliate that in turn owns 10 percent or more of the voting power in another enterprise.

The FDI population also includes enterprises that are not in a direct investment relationship themselves but have a direct investor in common. Called fellow enterprises, they are included because, even though there is no direct investment relationship between the two, any transactions between them likely resulted from the influence that their common direct investor has on both of their operations.

■ Concepts & Classifications

■ Key statistical concept

Reference: [Benchmark Definition of Foreign Direct Investment, 4th edition](#) and its [Glossary](#)

Foreign direct investment

Foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy ("direct investor") in an entity resident in an economy other than that of the investor ("direct investment enterprise"). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital and income transactions between them and among affiliated enterprises, both incorporated and unincorporated.

Foreign direct investor

A foreign direct investor is an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which has a direct investment enterprise - that is, a subsidiary, associate or branch - operating in a country other than the country or countries of residence of the foreign direct investor or investors.

Direct investment enterprise

A direct investment enterprise is defined as an incorporated or unincorporated enterprise in which a foreign investor owns 10 per cent or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise.

The direct investment enterprise may be a subsidiary, an associate, or a branch.

Subsidiaries, associates and branches

A direct investment enterprise may be an incorporated enterprise - a subsidiary or associate company - or an

unincorporated enterprise (branch). Direct investors may have direct investment enterprises which have subsidiaries, associates and branches in one country or in several countries. The legal structures of groups of related enterprises are very complex and may bear no relationship to the management responsibilities. It can be argued that where enterprise A has a partly owned subsidiary B, which itself has a subsidiary C whose existence depends on B, not A, that C should not be included as part of A's foreign direct investment. However, in practice it is difficult to make this type of distinction as A may have complete control of its partly owned subsidiaries and may have decided to invest in C through B rather than through some other channel. For this reason OECD considers that inward and outward direct investment statistics should, as a matter of principle, cover all directly and indirectly owned subsidiaries, associates, and branches.

Valuation

The OECD Benchmark Definition recommends market value as the conceptual basis for valuation. Market valuation places all assets at current prices rather than when purchased or last revalued, and allows comparability of assets of different vintages. It allows for consistency between flows and stocks of assets of different enterprises, industries, and countries, as well as over time. However, in practice book values from the balance sheets of direct investment enterprises (or investors) are generally utilised to determine the value of the stocks of direct investment. This approach reflects the fact that enterprise balance sheet values - whether they are regularly revalued on a current market value basis, reported on a historical cost basis, or are based on some interim but not current revaluation - represent the only source of valuation of assets and liabilities readily available in most countries. (In the first case, the balance sheet value is, in fact, the market value). The collection of data from enterprises on a current market value basis is to be encouraged, to narrow the gap between principle and practice.