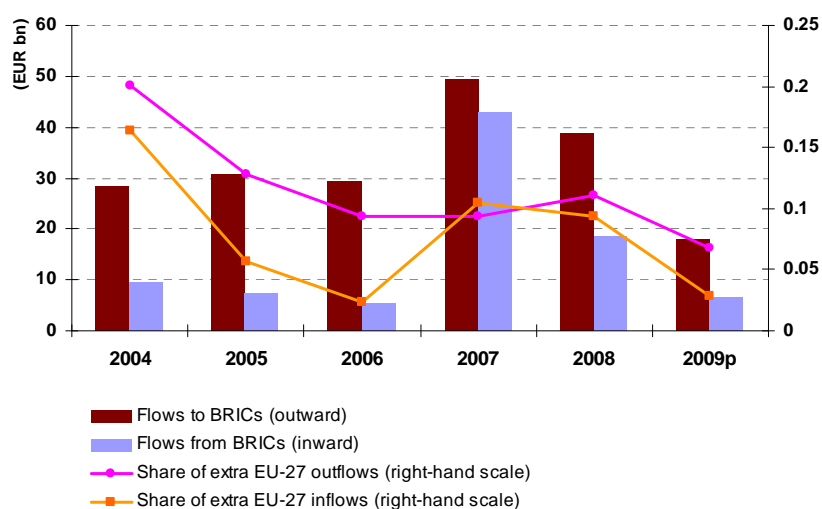


EU-27 Foreign Direct Investment in BRIC¹ countries

EU inflows and outflows with BRIC countries declined after 2007

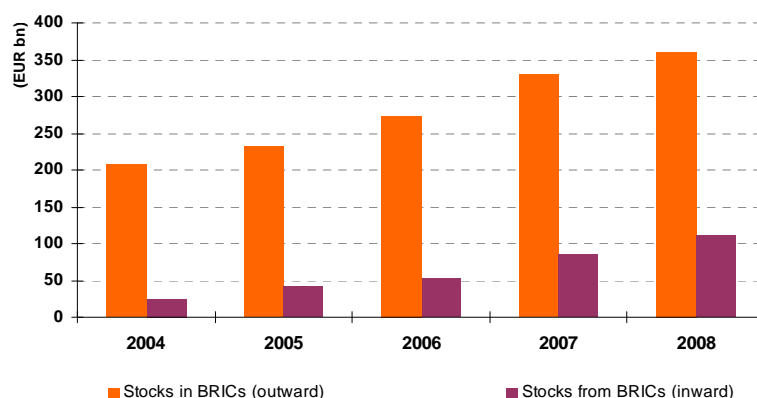
Figure 1: EU-27 FDI flows with BRIC countries, 2004-2009p



Source: Eurostat ([bop_fdi_main](#))

Inward and outward stocks maintained growth in 2008

Figure 2: EU-27 FDI stocks with BRIC countries, 2004-2008



Source: Eurostat ([bop_fdi_pos](#))

¹ The BRIC countries are composed of Brazil, Russia, India and China. China includes Hong Kong throughout this publication.

Flows peaked in 2007 and then declined in line with the financial crisis

Table 1: EU FDI outflows and inflows with BRIC countries, 2007-2009p

(EUR billion) reporter : EU-27	OUTWARD				INWARD			
	2007	2008	2009p	Growth Rate 2007-2009	2007	2008	2009p	Growth Rate 2007-2009
Extra EU-27	530.7	347.7	263.3	-50%	411.4	198.7	221.7	-46%
BRIC	49.4	38.7	17.9	-64%	43.0	18.6	6.4	-85%
Brazil	14.3	-1.1	6.9	-52%	24.7	10.7	2.8	-89%
Russia	17.2	25.6	-1.0	-106%	9.9	2.3	3.1	-69%
India	4.0	3.3	3.2	-20%	1.0	3.7	0.4	-56%
China (including Hong Kong) <i>of which:</i>	13.9	10.9	8.7	-37%	7.4	1.9	0.1	-99%
Hong Kong	7.3	6.2	3.4	-53%	6.7	2.0	-0.2	-103%

Source: Eurostat ([bop_fdi_main](#))

UK was the biggest EU investor in Russia and China while Spain leads in Brazil and Germany in India, in 2008

Figure 3: EU FDI outflows by main investor in BRAZIL, 2008

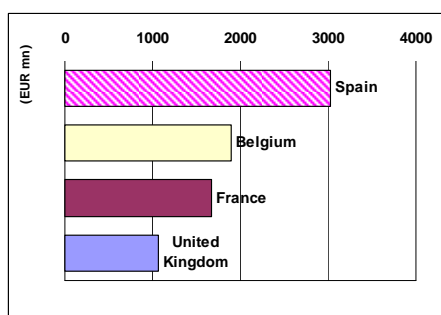


Figure 4: EU FDI outflows by main investor in RUSSIA, 2008

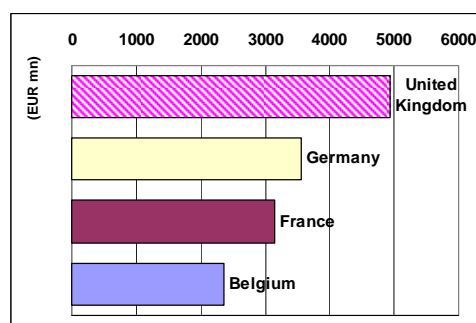


Figure 5: EU FDI outflows by main investor in INDIA, 2008

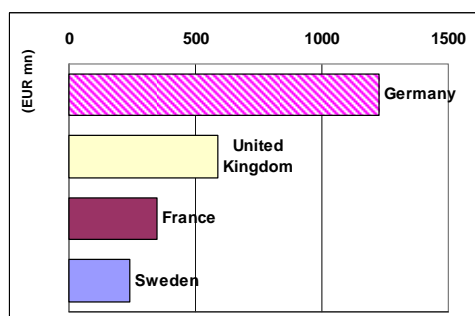
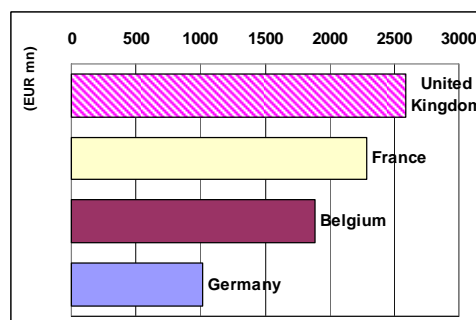


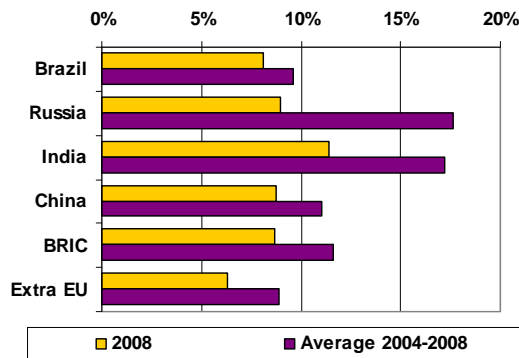
Figure 6: EU FDI outflows by main investor in CHINA, 2008



Source: Eurostat ([bop_fdi_flows](#))

Higher profitability of EU FDI in BRIC countries compared to overall partner Extra-EU

Figure 7: Rate of return² on EU FDI outward stocks in BRIC countries



Source: Eurostat ([bop_fdi_flows](#), [bop_fdi_pos](#))

Inward and outward FDI stocks consolidated their growth in 2008

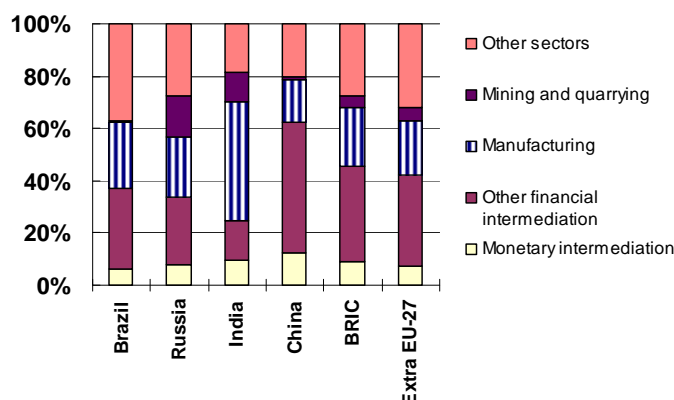
Table 2: EU FDI stocks in BRIC countries, 2006-2008

(EUR billion) reporter : EU-27	OUTWARD					INWARD				
	2006	2007	2008	Growth Rate 2006-2008	Share in Extra- EU, in 2008	2006	2007	2008	Growth Rate 2006-2008	Share in Extra- EU, in 2008
Extra EU-27	2746.0	3108.2	3252.9	5%	100%	2022.7	2346.1	2421.4	3%	100%
BRIC	274.0	329.6	360.0	31%	3%	52.5	85.1	110.5	110%	2%
Brazil	92.4	114.4	112.5	22%	3%	14.6	36.2	42.1	188%	1%
Russia	50.5	70.4	92.0	82%	1%	14.6	23.6	28.4	95%	0%
India	12.4	16.0	19.4	57%	4%	2.3	4.4	7.0	204%	1%
China (including Hong Kong) of which:	118.7	128.9	136.1	15%	0%	21.0	20.9	33.0	57%	0%
Hong Kong	86.1	88.8	88.9	3%	0%	17.4	16.2	19.1	10%	0%

Source: Eurostat ([bop_fdi_pos](#))

Financial services were the most attractive sector for EU investors in the BRIC countries followed by Manufacturing, in 2007

Figure 9: EU FDI stocks by main activity in BRIC countries, in 2007



Source: Eurostat ([bop_fdi_pos](#))

² The FDI rate of return is measured as (FDI income of year t) / (stock of FDI at the end of year $t-1$)

Methodological Notes

Foreign Direct Investment statistics in the EU are collected according to [Regulation \(EC\) No 184/2005](#) of the European Parliament and of the Council on Community statistics concerning balance of payments, international trade in services and foreign direct investment. The methodological framework used is that of the OECD Benchmark Definition of Foreign Direct Investment Third Edition, a detailed operational definition fully consistent with the IMF Balance of Payments Manual, Fifth Edition (BPM5).

Foreign Direct Investment (FDI) is the category of international investment made by an entity resident in one economy (*direct investor*) to acquire a lasting interest in an enterprise operating in another economy (*direct investment enterprise*). The lasting interest is deemed to exist if the direct investor acquires at least 10% of the voting power of the direct investment enterprise.

FDI flows and stocks. Through outward FDI flows, an investor country builds up FDI assets abroad (outward FDI stocks). Correspondingly, inward FDI flows cumulate into liabilities towards foreign investors (inward FDI stocks). However changes in FDI stocks differ from FDI flows because of the impact of revaluation (changes in prices and, for outward stocks, exchange rates) and other adjustments such as catastrophic losses, cancellation of loans, reclassification of existing assets or

liabilities. FDI flows are components of the financial account of the Balance of Payments, while FDI assets and liabilities are components of the International Investment Position.

FDI flows and positions are recorded according to the immediate host/investing country criterion. The economic activity for both flows abroad and flows in the reporting economy are classified according to the economic activity of the resident enterprise. The same applies to FDI positions in the reporting economy while FDI positions abroad are classified according to the activity of the non-resident enterprise.

Data availability

This article is based on FDI data that were published in Eurostat's database as of end of May 2010, where the series cover 1992-2008 with detail by partner, activity and type of investment (equity capital, loans and reinvested earnings). In addition, the less detailed FDI for 2009 are provisional results based on annualised quarterly Balance of Payments data.

EU aggregates include Special Purpose Entities (SPEs), which are a particular class of enterprises (often empty shells or holding companies) not included in all countries' national statistics. Therefore, the EU aggregates are not simply the addition of national figures.

Further information

Eurostat Website: <http://ec.europa.eu/eurostat>

Data on "Balance of payments – European Union Direct investments"
http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/data/database

More information about "Balance of payments – European Union Direct investments"
http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/introduction

European Statistical Data Support:

Contact details for this support network can be found on our Internet site:
<http://ec.europa.eu/eurostat/>