"At the end of 2020, the United States was the main location for the EU's outward FDI stocks and was also the principal inward investor in the EU."

"The Netherlands and Luxembourg together held approximately half of all the EU's FDI stocks at the end of 2020, for inwards and outwards stocks."

Globalisation patterns in EU trade and investment is an online Eurostat publication presenting a summary of recent European Union (EU) statistics on economic aspects of globalisation, focusing on patterns of EU trade and investment. In a globalised economy, enterprises can make investments abroad to establish a commercial/territorial presence in foreign markets, for example, by founding hotel or retail chains. Within the General Agreement on Trade in Services (GATS), this type of trade in services is referred to as mode 3 (the supply of international services). Foreign direct investment (FDI) stocks (or positions) measure the total value of direct investment at a given point in time; the statistics presented in this article focus on stocks as measured at the end of the year. The analyses of investment by partner are based on a fixed list of countries: Argentina, Australia, Brazil, Canada, China, China, Egypt, Hong Kong, India, Indonesia, Israel, Japan, Malaysia, Mexico, Morocco, Nigeria, Norway, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Taiwan, Thailand, Turkey, Ukraine, the United Arab Emirates, the United Kingdom and the United States, as well as offshore financial centres. Note that information for Hong Kong and Singapore is shown separately and hence these two countries are excluded from the offshore financial centres aggregate in this publication (to avoid double-counting). The various analyses presented in this article – by partner country, by activity and for EU Member States – are based on the latest data available: for the analysis by partner country and by EU Member State, the most recent reference period is 2020; for the analysis by activity, the latest period is 2019. FDI stocks for 2020 may differ from 2019, in part due to the onset of the COVID-19 pandemic. Furthermore, the analyses by partner country and by activity are for the EU’s FDI stocks with non-member countries (also referred to as extra-EU stocks). The analyses for EU Member States include not only such extra-EU stocks but also stocks of FDI between EU Member States (also referred to as intra-EU stocks).

EU’s inward and outward investment by partner

At the end of 2020, the United States was the main location for the EU's outward FDI stocks …

Comparing the EU's positions for inward and outward investment, it is apparent that inward investment appears to be concentrated in the hands of a relatively small number of developed economies, while the EU's outward stock of FDI was more widely distributed across a broader range of developed and emerging economies (see Figure 1). For example, while China accounted for a 0.9 % share of inward FDI positions in the EU economy, about 2.3 % of the EU's outward stocks of FDI were held in China. A similar difference (in percentage point terms) was observed for Mexico, Russia, Australia, India and Singapore.

At the end of 2020, the United States had the biggest share (24.3 %) of the EU's FDI stocks abroad, valued at € 2.1 trillion (or € 2 100 billion); the second largest partner was the United Kingdom (21.8 %). Otherwise, offshore financial centres had the third largest share (15.2 %) of the EU's outward stocks of FDI at the end of 2020, followed by Switzerland (10.7 %) and, at some distance, Canada (3.5 %). Among the selected partner countries, Asian economies together accounted for 12.4 % of the EU total (principally Singapore, China, the United Arab Emirates, Hong Kong, India and Japan).
... and was also the principal inward investor in the EU

At the end of 2020, the United States held close to one third (31.7%) of the inward investment in the EU from the rest of the world. The United States therefore maintained its position as the major holder of FDI stocks in the EU. In 2019, the United States' stock of FDI held in the EU mainly concerned investments in financial and insurance activities, followed by manufacturing, in particular, the manufacture of pharmaceuticals, chemicals, food, beverages and tobacco products, computer, electronic and optical products, and machinery and equipment. Offshore financial centres (27.3%), the United Kingdom (17.0%) and Switzerland (9.4%) were the next largest holders of FDI in the EU in 2020; a majority of the stocks of FDI in the EU held by offshore financial centres were held by investors registered in Bermuda, Jersey, the Cayman Islands and the British Virgin Islands.

![Figure 1: Extra-EU foreign direct investment positions, by partner, EU, 2020 (% of extra-EU total)](source: Eurostat (bop_fdi6_pos))

EU's inward and outward investment by activity

FDI stocks were concentrated in the services sector

An analysis of the EU's international investment position at the end of 2019 reveals that the services sector (excluding health, education, arts, entertainment and recreation) – defined here as financial and insurance
activities; professional, scientific and technical activities; distributive trades; information and communication; administrative and support service activities; real estate activities; transportation and storage; accommodation and food service activities – accounted for 59.3% of the EU’s outward investment positions (direct investment abroad) and for 71.6% of all inward investment in the EU.

Financial and insurance activities accounted for close to half of the inward FDI positions held in the EU at the end of 2019

The activity structure of the EU’s FDI positions was dominated by financial and insurance activities (for which it had a deficit, with greater investment in the EU than abroad), and by manufacturing (which had a positive balance, with higher stocks of outward rather than inward investment). Most other service and non-service activities also registered a positive balance (with higher levels of EU direct investment abroad). More than one third (35.3%) of the EU’s outward positions were held in financial and insurance activities, while nearly half (47.1%) of the EU’s inward positions were in this activity (see Figure 2). Manufacturing was the second largest activity, with 33.5% of the EU’s outward positions and 25.9% of its inward positions.

Extra-EU foreign direct investment positions, by economic activity, EU, 2019 (% of all economic activities)

![Figure 2: Extra-EU foreign direct investment positions, by economic activity, EU, 2019 (% of all economic activities) Source: Eurostat (bop_fdi6_pos)](image)

Figure 3 presents a more detailed analysis of the FDI positions abroad within manufacturing. It shows that, at the end of 2019, a majority of the EU’s outward stocks of FDI within manufacturing were held in the following activities: coke and refined petroleum products, pharmaceuticals, and chemicals1. It is also interesting to note that textiles and clothing accounted for the lowest share of the EU’s outward stock of FDI in manufacturing activities (0.8%);  

1Note that the ranking by activity for stocks of direct investment abroad is of lower quality than comparable information pertaining to inward stocks as not all of the EU Member States are able to provide a breakdown of their FDI according to the activity of non-resident enterprises.
this may suggest that enterprises involved in the manufacture of these goods resorted to alternative forms of industrial organisation (for example, outsourcing or subcontracting).

**Extra-EU foreign direct investment positions abroad, by manufacturing activity, EU, 2019**

(\% of manufacturing total)

![Bar chart showing the distribution of FDI positions by manufacturing activity.]

Source: Eurostat (online data code: bop_fdi6_pos)

**Figure 3: Extra-EU foreign direct investment positions abroad, by manufacturing activity, EU, 2019 (\% of manufacturing total) Source: Eurostat (bop_fdi6_pos)**

**FDI positions in the EU Member States**

The Netherlands and Luxembourg together held around half of all the EU’s FDI stocks at the end of 2020

Figure 4 presents the inward and outward FDI positions of the EU Member States; note the information presented includes not only stocks of FDI held in non-member countries but also stocks in other Member States. At the end of 2020, the Netherlands and Luxembourg both accounted for very high shares of the total inward and outward investment positions of the Member States. Indeed, the Netherlands (30.7 \%) and Luxembourg (23.6 \%) together held more than half of the outward stock of FDI; they were followed by Germany (10.2 \%).

The pattern for inward investment positions was quite similar, as the Netherlands (27.3 \%) and Luxembourg (22.1 \%) again held close to half of the inward FDI positions of the EU Member States at the end of 2020, followed by Ireland (8.2 \%). These high shares likely reflect the considerable stock of investment that is held in investment funds and holding companies in all three of these EU Member States.

Germany had 10.2 \% of the outward FDI positions at the end of 2020, which could be contrasted with its 6.8 \% share of the inward investment positions; it was a net investor as it had a higher stock of FDI abroad compared with the level of inward FDI that was held in the German economy. A similar pattern was observed for France, which held 8.1 \% of the outward positions, some 2.2 percentage points higher than its share of inward investment. The other EU Member States which were net investors as of the end of 2020 were the Netherlands, Luxembourg, Denmark, Italy, Finland and Austria.
Foreign direct investment positions, 2020
(% of EU total)

Figure 4: Foreign direct investment positions, 2020 (% of EU total) Source: Eurostat (bop_fdi6_pos)

Source data for tables and graphs

- Foreign direct investment – stocks: tables and figures

Other articles

- Globalisation patterns in EU trade and investment

Main tables

- Balance of payments – International transactions (BPM6) (t_bop_6)

Database

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- Balance of payments – international transactions (BPM6) (ESMS metadata file – bop_6_esms)
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Further methodological information

- Balance of payments

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