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Publisher Citation

Mohs, J. N., Wnek, R. & Galloway, A., The Impact of Taxes on Foreign Direct Investments, *International Journal of Accounting and Taxation* December 2018, Vol. 6, No. 2, pp. 54-63

Comments

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The Impact of Taxes on Foreign Direct Investments

Dr. James N. Mohs¹, Robert Wnek JD, LLM, CPA² & Arthur Galloway MST, MSA(C)³

Abstract

The role of taxation in the area of foreign direct investment and economic growth has been the topic of many studies. With the effect of newly enacted corporate tax reform in the United States the impact will become the topic of many future studies. This paper will review the common factors used to correlate the impact of corporate taxation on Foreign Direct Investment decision making. The purpose of this research is to review and outline the sensitivity to taxation based on a multiplicity of economic factors that will include taxation on the return on investment and global profits. For the purposes of this research only indirect taxes have been considered. The conclusions, recommendations and implications reached in this study are generalizable and appropriate for use in developing best practice solutions.

Keywords: Multinational Corporation, Foreign Direct Investment, Tax Policies, Funding, Transfer Pricing, Tax Havens

Introduction

As organizations have strived to create global footprints and search for economies of scale, there has been a great deal of literature devoted to global expansion. As discussed in Mohs (2016) globalization includes a loosely connected set of objectives which include but are not exclusively limited to expansion, diversification, and brand establishment. Additionally, these objectives are expected to be covered with profits generated from the targeted global expansion. To the extent that globalism is dynamic, it is often studied and in a contained environment. With new forms of technology and communication, companies ranging from small privately held companies to large multinational companies are enabled to expand abroad. These opportunities are executed in the form of international trade or foreign direct investment and are exposed to foreign countries tax policies. The two major categories of Foreign Direct Investment (FDI) are investment by use of greenfield investments and acquisition. Greenfield investment is the method of establishing a whole operation in a foreign country, where Acquisitions and mergers require purchasing existing local operation. For the purposes of this study no distinction is made between partial or complete Foreign investment.

Foreign Direct Investment

FDI is generally defined as the ownership and control of foreign assets. There are a variety of reasons for multinational enterprises to participate in foreign direct investment. Some of these reasons include but are not limited to, increasing sales and profits, entering rapidly emerging markets, reducing costs, gaining a foothold in economic blocs, protecting foreign and domestic markets and acquiring technological and managerial know-how (Doupnik and Perera, 2015).

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In 2008 the Organization of Economic Cooperation and Development (OECD, 2018a) argued that virtually all governments are interested in attracting FDI as a means of generating new jobs, bringing in modern technologies and generally to promote growth and employment. As discussed in Mohs (2016) it is clear that the economic benefits derived are sufficient to entice countries to offer competitive tax environments to attract foreign direct investment. As a result, some countries appear more appealing for foreign direct investment than others. In general, “foreign direct investment is attracted to countries offering: access to markets and profit opportunities; a predictable and non-discriminatory legal and regulatory framework; macroeconomic stability; skilled and responsive labor markets; and well-developed infrastructure” (OECD, 2008b).

Income Attribution

FDI is an investment made by an enterprise that has a primary resident in one country that establishes a long-term interest in another country. In order to be considered an FDI the enterprise must establish a significant degree of influence on the management of the foreign enterprise, which is 10% or more of the voting power (OECD, 2008a). This is separate from the 50% ownership that is required to establish control.

Income attributed to the investor from the FDIs can arise from distributed or undistributed profits generated by the enterprise leading Multinational enterprises (MNE) to formulate global tax strategies to maximize their ROI, by affectedly shifting profits from high to low tax countries generating more cash available for reinvesting in the enterprise or to pay an investor dividend. Most of the income from foreign subsidiaries of U.S. MNE are deferred until reparation, allowing United States parent entities to potentially avoid the income tax indefinitely with a well-executed global strategy.

U.S. MNE shift income to lower tax jurisdictions and expense to higher tax jurisdictions through allocation of debt with interest stripping, transfer pricing, contract manufacturing and special purpose entities. These international tax strategies have been around since the inception of the United States Tax Code due in part to a distinctive feature relating to the taxation of worldwide income (Mohs, Goldberg, Butler & Heath, 2016).

Funding Foreign Direct Investment

The FDI can be funded with equity investment which would include includes stock, capital contributions and later the reinvestment of earnings. The investments can also be funded with debt instruments such as bonds, loans, promissory notes, trade credit and other accounts payable/ receivable. The type of financing of an FDI is influenced by many factors and may result in the shift from one type of funding to another type of funding. In the United States (U.S.) MNE's are taxed on the repatriation of their earnings, a natural shift from debt financing of the initial investment to equity financing of the reinvested earning can occur as a tax reduction strategy. The parent can deduct the debt expense in the beginning and then defer the income tax from its subsidiary until repatriation. In a recent OECD report, earnings reinvested in the first half of 2017 by U.S. MNE parents in their foreign affiliates represents 54% of total earnings reinvested by OECD parents (OECD, 2017a), illustrating how common this practice is today. Another method which is commonly used to finance FDI is transfer pricing policy.

Transfer Pricing

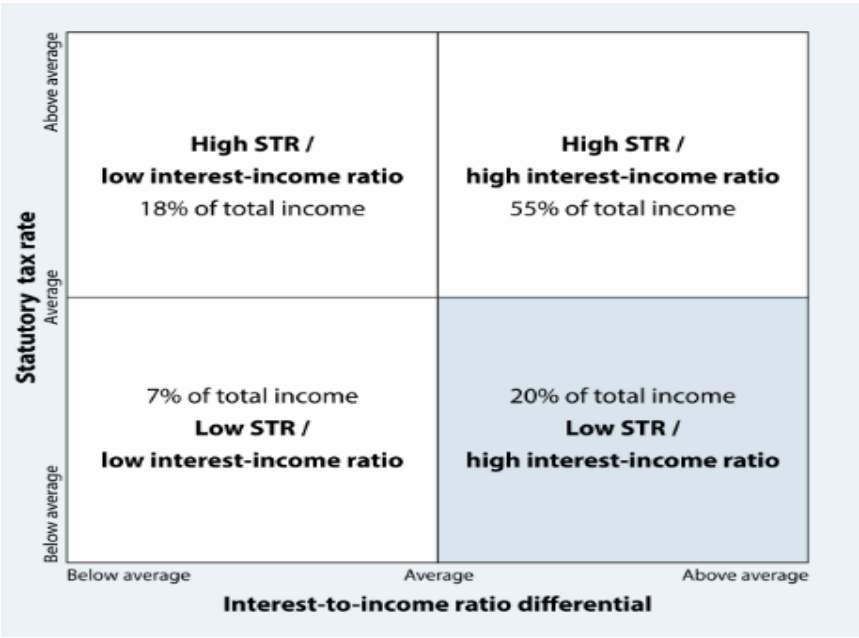
Transfer prices are broadly defined as the amounts charged for goods and services exchanged between divisions or units of the same company. To properly reflect income, prices of goods and services sold by related companies should be the same as the prices that would be paid by unrelated parties. This is referred to as an arm-length transaction. By lowering the price of goods and services sold by parents and affiliates in high-tax jurisdictions and raising the price of purchases, income can be shifted (Gravelle, 2015). Payment for services or expenses, like interest payments or payments for the purchase or use of property, can be adjusted in order to reach a desired tax result similar to transfer pricing (Mohs, Goldberg, & Buitrago, 2017). Transfer pricing for intellectual property, or intangibles can be manipulated much easier since they usually don't have anything comparable, making it almost impossible to know what a royalty would be paid in an arms-length price.

It is a well know common practice for technology and drug companies to do research and development in the U.S. to deduct the expense. Then license that patent to an affiliate in a tax haven at less than true value, paying little to no taxes on the profits.

To explain further, investments in intangibles is favorably treated in the U.S. because costs, other than capital equipment and buildings, are expensed for research and development, which is also eligible for a tax credit. Overall these treatments tend to produce an effective low, zero, or negative tax rate for overall investment in intangibles. Hence a significant incentive to make these investments in the United States. On average, the benefit of tax deductions or credits when making the investment tend to offset the future taxes and therefore the return on investment. However, for those investments that tend to be successful, it is advantageous to shift profits to a low-tax jurisdiction, so that there are tax savings on investment and little or no tax on returns.

As a result, these investments can be subject to negative tax rates, or subsidies, which can be significant (Gravelle, 2015). Earnings stripping, a potential by-product of transfer pricing, is when either debt is associated with related firms or unrelated debt is not subject to tax by the recipient. This is seen when a parent may lend to its subsidiary or an unrelated foreign borrower not subject to tax in the parent company home country lends to the subsidiary. OECD data from 2013 confirms this practice of concentrating debt in high tax countries. Illustrated in figure 1, high-interest income in high-tax jurisdictions made up 55% total interest payments, an increase from 45% in 2011. Total interest income in low-tax countries was only 7%, down from 10% in 2011 (OECD, 2017b).

Figure 1



With no allocation rule in place to address deferral, a U.S. parent can operate its subsidiary with all equity finance in a low-tax jurisdiction and take all of the interest on the overall firm’s debt as a deduction (Gravelle, 2015). In an effort to limit the scope of earnings stripping in either case, the U. S. and most trade partners have thin capitalization rules. IRC 163(j)) applies to a corporation with a debt-to-equity ratio above 1.5 to 1 and with net interest exceeding 50% of adjusted taxable income (generally taxable income plus interest and depreciation). Interest more than the 50% limit paid to a related corporation is not deductible if the corporation is not subject to U.S. income tax.

When rights to an intangible is set up in a low-tax country to shift profits they may not be suitable for manufacturing. Adding to the complexity of the issue is that the desired manufacturing location is in a high tax country. MNE have resolved to contract with a firm in the preferred location which becomes a contract manufacturer, who will produce the item for cost plus a fixed markup. Subpart F taxes on a current basis certain profits from sales income, so the arrangement must be structured to qualify as an exception from this rule (Gravelle, 2015).

Special Purpose Entities (SPE) are entities with little or no physical presence or employment in the host country but that provide important services to the MNE in the form of financing or of holding assets and liabilities. Resident SPEs in Luxembourg, the Netherlands, Hungary, Iceland, the United Kingdom and Austria account for 25% or more of their inward FDI (OECD, 2017a).

Tax Havens

As Outlined in Tax Havens: How Globalization Really Works, tax havens are “places or countries that have sufficient autonomy to write their own tax, finance, and other laws and regulations. They all take advantage of this autonomy to create legislation designed to assist non-resident persons or corporations to avoid the regulatory obligations imposed on them in the places where those non-resident people undertake the substance of their economic transaction” (Palan, Murphy, & Chavagneux, 2010). Others use a very simple definition of a tax haven as any country that offers no or lower taxes than the home country of the MNE.

With no set definition of a tax haven there are more than 10 different list of tax havens with eight countries appearing on all list: Bahamas, Bermuda, Cayman Islands, Guernsey, Jersey, Malta, Netherlands and Luxembourg (Palan et al., 2010). The congressional research service combined many published lists consolidating them to the most common 50 countries by geographical location in the table below (Gravelle, 2015);

Table 1. Countries Listed on Various Tax Haven Lists

Caribbean/West Indies	Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, ^{e,e} British Virgin Islands, Cayman Islands, Dominica, Grenada, Montserrat, ^a Netherlands Antilles, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Turks and Caicos, U.S. Virgin Islands ^{a,e}
Central America	Belize, Costa Rica, ^{b,c} Panama
Coast of East Asia	Hong Kong, ^{b,e} Macau, ^{a,b,e} Singapore ^b
Europe/Mediterranean	Andorra, ^a Channel Islands (Guernsey and Jersey), ^e Cyprus, ^e Gibraltar, Isle of Man, ^e Ireland, ^{a,b,e} Liechtenstein, Luxembourg, ^{a,b,e} Malta, ^e Monaco, ^a San Marino, ^{a,e} Switzerland ^{a,b}
Indian Ocean	Maldives, ^{a,d} Mauritius, ^{a,c,e} Seychelles ^{a,e}
Middle East	Bahrain, Jordan, ^{a,b} Lebanon ^{a,b}
North Atlantic	Bermuda ^e
Pacific, South Pacific	Cook Islands, Marshall Islands, ^a Samoa, Nauru, ^c Niue, ^{a,c} Tonga, ^{a,c,d} Vanuatu
West Africa	Liberia

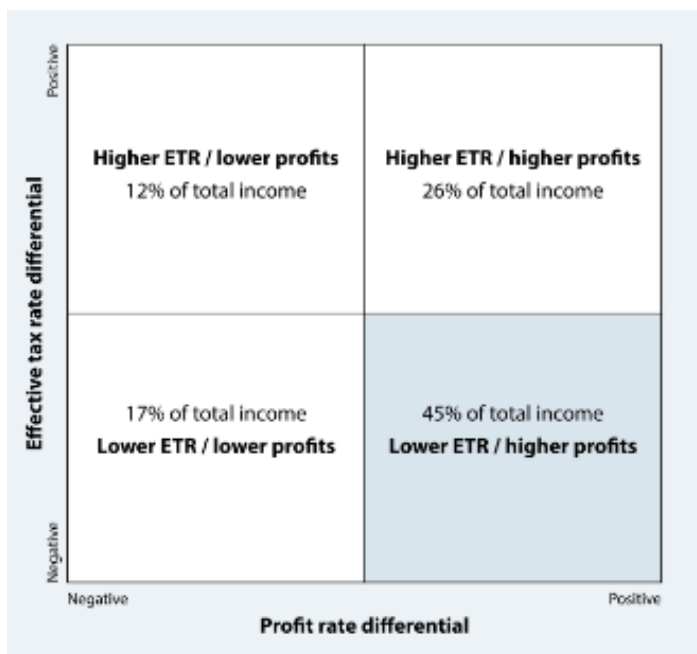
Sources: Organization for Economic Development and Cooperation (OECD), *Towards Global Tax Competition*, 2000; Dhammika Dharmapala and James R. Hines, “Which Countries Become Tax Havens?” *Journal of Public Economics*, Vol. 93, October 2009, pp. 1058-1068; Tax Justice Network, “Identifying Tax Havens and Offshore Finance Centers: http://www.taxjustice.net/cms/upload/pdf/Identifying_Tax_Havens_Jul_07.pdf. The OECD’s gray list is posted at <http://www.oecd.org/dataoecd/38/14/42497950.pdf>. The countries in Table 1 are the same as the countries, with the exception of Tonga, in a 2008 Government Accountability Office (GAO) Report, *International Taxation: Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions*, GAO-09-157, December 2008.

As noted Desai et al. (2006) One type of tax haven has the characteristic of being a small island economy regarded as “dots” by with low populations and land masses below 23,000 square kilometers, where they offer little in terms of natural resource advantages with significantly lower rates of taxation and light-touch regulation. The location of tax havens are often characterized by countries with strong institutions and good governance (Dharmapala & Hines, 2009).

The use of these type of tax havens does not involve any movement of a firm’s actual production, just intangible assets. Many technology companies such as Apple, Google and Amazon as well as pharmaceutical companies like Pfizer and Baer have been criticized for moving patents, trademarks, and other licenses to these types of countries. To demonstrate MNE use of tax havens OECD data from 2013 showed the shift of profits from high-tax countries to affiliates in low tax countries. As illustrated in figure 2, an MNE with affiliates in low tax countries saw 45% of total income while high tax countries only saw 12% of total income (figure 2). The average profit rate in low tax countries for 2013 was 2.3 times as high as the MNE average profit rate, increase from 2 times in 2011 (OECD, 2017b). But large MNE must do effective tax planning to remain competitive in a global economy and increase shareholder value.

To make debt financing and transfer pricing work a MNE move operations (tangible assets) to a foreign country that have a lower corporate tax rate. Countries with a lower tax rate than the U.S. 35%. Countries like Ireland, Poland or other eastern-bloc countries are considered opportunities for FDI for manufacturing and services. These lower tax jurisdictions appeal to MNE in a high tax country to use debt financing to fund the investment.

Figure 2



Empirical Effects of Taxes

Many studies with results in similar ranges illustrating that taxes do influence FDI. One example calculates a mean value tax elasticity of -3.3, suggesting that a 1 percent reduction in the host country rate of tax on capital would increase total FDI inflows by 3.3 percent (De Mooij and Ederveen (2003; 2008). Other studies showing an FDI can vary between 0-5% with a change in the statutory tax rate confirming that taxes are not the only factor considered. With three common methods of calculating tax rates used in the literature each with their own pros and cons: statutory tax rates, average effective tax rates (AETRs), and marginal effective tax rates (METRs). Statutory tax rates have been widely viewed as unsatisfactory compared AETRs, but the most accessible since they are published. The advantage of AETR & METR is that they provide data on taxes actually paid, incorporating firms' tax minimizing strategies where statutory tax rates ignore tax-planning effects (Beck & Chaves, 2012).

According to the Tax Foundation the U.S. has the 2nd highest statutory corporate income tax rate at 39.1% which has not changed in over 7 years (appendix A). The METR is the 5th highest among the 43 nations at 34.8 percent it surveyed in 2017 (appendix B). If bonus depreciation were made permanent the METR would be 27.3 percent. The average METR among developed nations is 19.2 percent (Bazel & Mintz, 2017). Since 2010, the average OECD corporate income tax rate has fallen by more than 1 percentage point, with the biggest reductions in Japan (8.5 points), Spain (5 points), Finland (6 points), and the United Kingdom (10 points) (Bazel & Mintz, 2017).

OCED tracks the flow of FDI in and out of countries worldwide publishing that approximately 60% of global FDI inflows are to OCED countries. Noting that the first half of 2017 and 2016 the U.S. was the largest recipient of FDI inflows worldwide, even with such a high tax burden (appendix C). The next largest recipients of FDI in 2017 then Switzerland with one of the lowest tax rates followed by China with a more moderate tax rate. The U.S followed by Japan and Canada had the largest outflow of FDI in the first half of 2017 (OECD, 2017a).

Non-Tax FDI Factors

When considering making an investment in a foreign country a MNE will assess whether their host country offers attractive risk/return opportunities, taking into account framework conditions (political/monetary/fiscal stability; legal protection; public governance), market characteristics (market size, availability/cost of labor, energy,

state of infrastructure) and the prevalence of location-specific profits (Borga, 2015) (Gravelle, 2015). How a host country in the past and current levels of public expenditures on programs such as education has a direct impact on the quality of the labor market. Implying that collecting tax is acceptable when they are used to finance public expenditures that strengthen host country (OECD, 2008b).

Tax incentive schemes are typically temporary in nature and are rarely enough to overcome an unfavorable economic or political environment. An MNE is looking to make a long-term investment, favoring a country that demonstrates convergence towards IFAB or other international standard setting organizations. The administration aspect of the account and tax systems are as important as the taxes themselves, leaves some with the viewpoint that the establishment of globally acceptable tax rules would be beneficial (Jeffrey, 2012).

Studies have shown inflation in the destination country has a statistically significant negative impact, indicating that countries with rising prices are less likely to attract FDI (Daude & Stein, 2001). Concluding that the exchange rate has no statistically significant impact on FDI flows, (Brouwer, Paap, & Viaene, 2008) & (Beck & Chaves, 2012).

Conclusion

The U.S. and other OECD countries with relatively high effective tax rates are very successful in attracting FDI. Illustrating that taxes are only one aspect of a very complex decision. The importance of market size and employee talent has a large effect on attracting FDI in the U.S. in conjunction with the tax system structure (credits, deductions, Etc...). Highlighting the fact that a host country with low tax burden cannot compensate for a generally weak or unattractive FDI environment.

The U.S. remains one of the only countries with a worldwide tax system while other countries waive taxes on foreign business profit. This allows investors to compete on equal tax terms with other investors in foreign markets, with all investors in a given host country subject to host country tax alone. Many can argue that tax credits and treaties help level the playing field but with such a high statutory and marginal effective tax rate a U.S. is still at a large disadvantage. These companies are not free to move their money back to the parent (in the U.S.) to reinvest as easily as MNE with parents in a territorial system. This has resulted in the heavy reliance on the profit shifting methods described above.

Tax havens illustrate that MNE are always focused on the bottom line to either grow the business or reward the investors. With all countries looking to improve their economic situation there is always going to be a country with lower taxes for an MNE to invest in. A U.S. MNE is going to rely more on a tax haven not only to reduce their tax bill but more for the flexibility reinvesting or distributing their profits.

Tax havens are playing a critical role in keeping U.S. MNE competitive in this global economy and will continued to be used even with a significant reduction in the U.S. Tax rate or a switch to a territorial system. That is because taxes are only one of many factors that affect the FDI decision by MNE. The U.S. has a stable political climate, an educated workforce and a large consumer market which is very attractive to foreign companies.

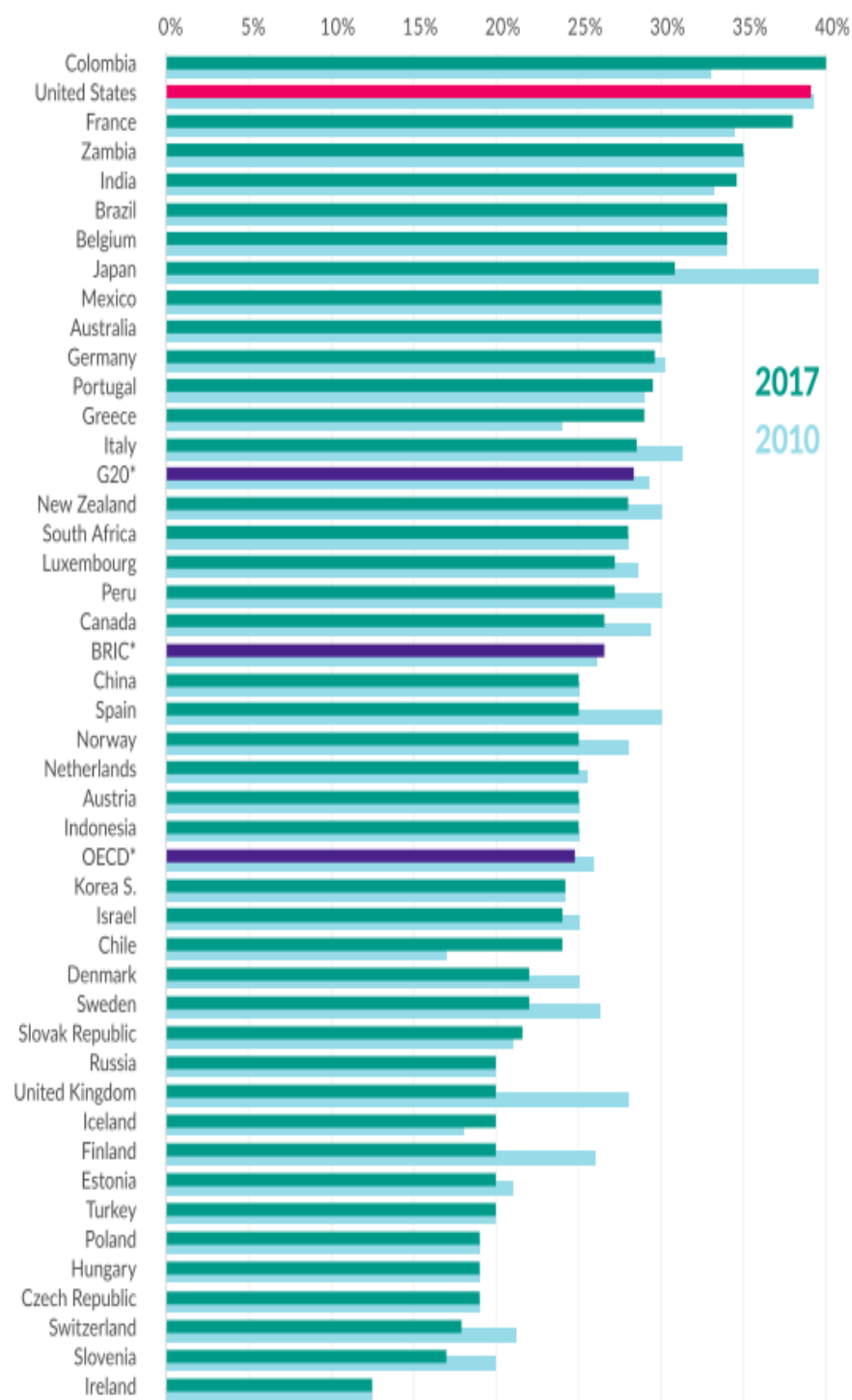
Based on the evidence from empirical studies, investors are willing to pay for services to access a countries talent or market to a point. In theory the effect of the permanent as well as the proposed tax cuts would lead to an increase in FDI in the U.S. by foreign parents to a point. With the world-wide tax system in the U.S., a reduction in the tax rate may not have the same effect as it did in the studies. U.S. parents will continue to seek foreign investment and tax havens to move their profits globally without being taxed.

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Appendix A (Bazel & Mintz, 2017)

2017 and 2010 Corporate Income Tax Rates by Country



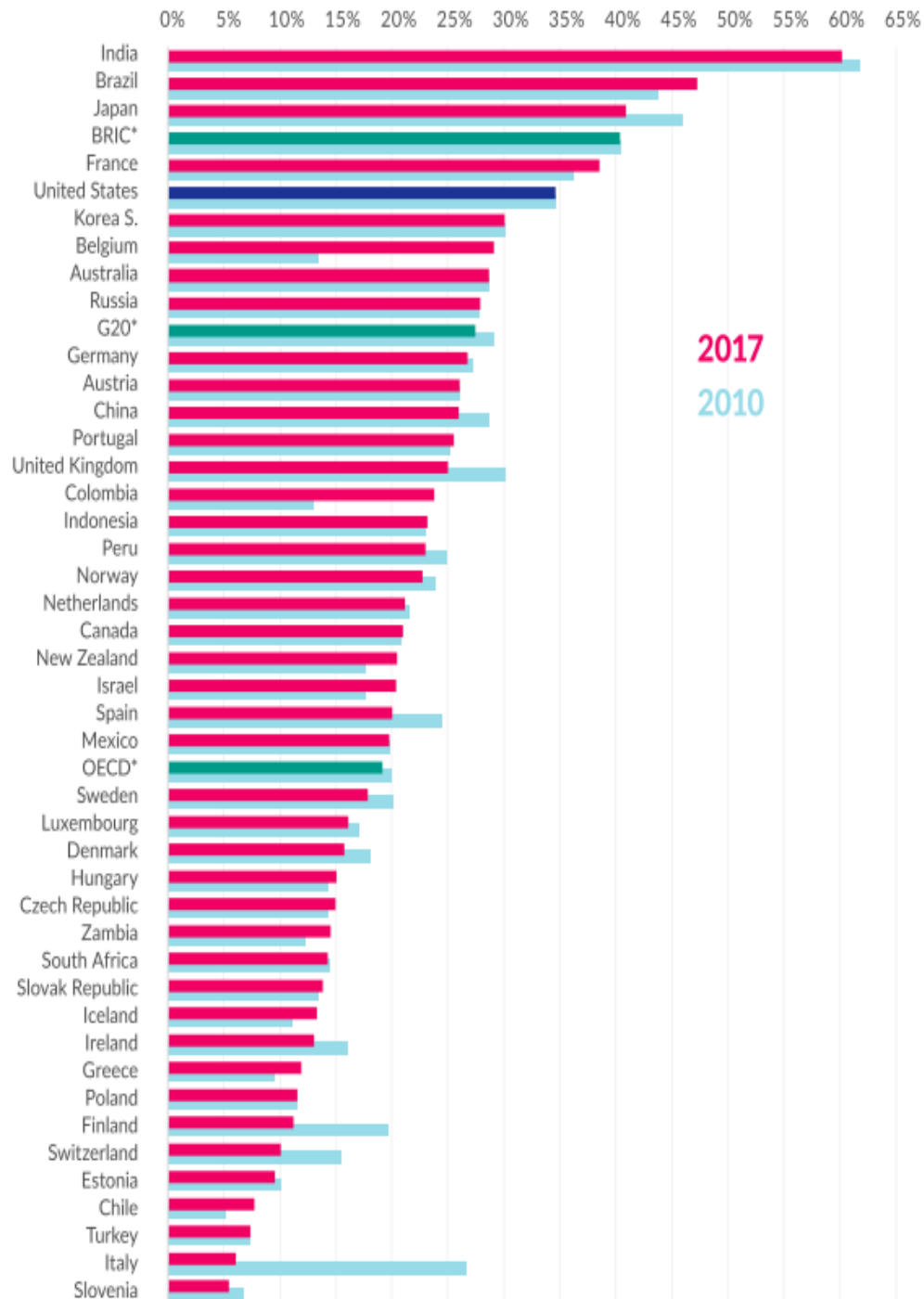
* Simple average

Note: Corporate income tax rates include central and sub-national rates and other adjustments.

Source: School of Public Policy, University of Calgary.

Appendix B (Bazel & Mintz, 2017)

2017 and 2010 Marginal Effective Tax Rates by Country



* Simple average

Source: School of Public Policy, University of Calgary

Appendix C (OECD, 2017a)

FDI outward flows

FDI inward flows

Table 1	2 016							2017 ^P						
In USD millions	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q1	Q2	Q3	Q4	Y	Q1	Q2
OECD ¹	357 564	151 568	299 310	269 629	1 078 069	349 635	273 602	393 305	225 507	256 429	245 584	1 120 827	242 069	220 267
Australia ²	722	1 263	- 862	- 727	395	- 2 988	1 258	11 701	9 624	7 497	13 285	42 107	8 775	20 188
Austria [*]	5 432	- 906	3 253	- 10 837	- 3 055	3 087	- 1 260	2 103	742	- 899	- 10 872	- 8 923	1 308	- 553
Belgium	- 31 601	- 11 184	6 365	58 716	22 296	2 157	757	784	- 14 470	5 200	38 786	30 300	7 208	- 12 951
Canada	11 746	10 773	21 020	27 010	70 549	35 371	17 938	6 978	10 108	7 614	10 557	35 257	6 553	1 473
Chile [*]	1 342	620	1 954	2 283	6 198	1 707	-123 (A)	3 861	2 608	2 221	2 480	11 170	2 402	- 313 (A)
Czech Republic	736	852	108	- 712	984	- 57	361	343	4 295	2 220	- 106	6 752	2 414	1 565
Denmark [*]	6 503	858	3 542	3 582	14 486	5 978	6 547	513	126	- 322	608	925	- 2 154	- 10 661
Estonia	- 3	159	159	37	352	80	42	185	129	173	427	915	57	245
Finland ²	16 784	- 4 422	1 230	- 206	13 386	9 831	299	3 179	- 11 800	1 000	- 1 705	- 9 327	12 234	11 040
France	2 849	23 967	8 822	21 672	57 311	- 11 406	8 660	18 532	3 307	5 758	746	28 343	13 677	3 747
Germany	15 738	- 19 627	9 102	32 052	37 265	27 555	15 801	7 619	3 867	655	102	12 243	5 930	- 2 644
Greece	537	- 2 240	235	- 10	- 1 478	663	- 529	327	530	1 160	1 101	3 118	1 146	584
Hungary [*]	- 10 225	383	300	942	- 8 600	2 630	1 159	- 9 987	- 349	1 953	1 899	- 6 483	2 963	447
Iceland [*]	- 352	49	- 298	- 599	- 1 199	- 164	47	- 46	- 356	406	- 491	- 487	- 133	- 237
Ireland	36 823	- 3 051	1 206	9 557	44 535	4 893	24 903	18 888	- 18 820	- 5 764	27 994	22 298	9 257	28 614
Israel ^{1,4}	1 638	1 194	8 060	2 180	13 072	1 424	1 200	2 846	2 690	2 796	3 571	11 903	2 303	2 134
Italy	3 686	1 791	5 697	6 480	17 653	6 450	- 1 857	3 838	1 033	4 859	11 235	20 965	3 773	3 438
Japan ⁵	34 693	19 699	51 789	39 210	145 230	54 190	32 496	3 212	1 721	6 813	- 254	11 388	4 257	119
Korea ²	5 308	5 797	5 387	10 782	27 274	11 423	5 988	42	3 903	3 090	3 791	10 827	4 441	2 687
Latvia	- 13	43	94	20	144	95	38	- 91	- 187	253	173	149	167	176
Luxembourg [*]	3 800	6 977	15 866	8 905	35 548	14 753	13 522	2 124	9 706	16 516	10 373	38 718	7 598	4 773
Mexico [*]	3 308	- 1 515	- 3 482	682	- 1 009	1 169	2 490 (A)	10 747	6 093	4 562	6 045	27 447	7 946	5 788 (A)
Netherlands [*]	88 495	17 871	51 867	8 061	166 294	17 551	- 4 215	47 809	13 875	30 488	- 17 464	74 708	19 155	6 754
New Zealand	- 11	- 386	2	457	62	336	359	935	387	868	721	2 911	350	1 089
Norway ²	12 603	7 375	- 3 388	- 7 686	8 905	- 2 286	2 429	12 429	- 1 925	- 1 884	- 24 572	- 15 953	- 1 788	135
Poland [*]	2 263	- 901	1 603	4 948	7 912	1 719	497	6 522	1 245	2 356	3 294	13 418	3 028	- 2 340
Portugal [*]	623	416	788	200	2 024	13	704	2 585	1 650	791	1 110	6 134	2 422	2 240
Slovak Republic	205	62	33	- 53	248	52	184	301	- 1 289	672	21	- 295	973	348
Slovenia	72	42	81	92	287	136	18	403	458	419	- 19	1 260	368	- 129
Spain ²	17 537	20 302	7 002	5 331	50 173	12 374	8 397	11 768	14 879	6 862	- 1 773	31 736	12 940	3 579
Sweden	8 457	5 948	2 723	3 431	20 559	4 564	12 480	4 493	3 196	9 653	1 421	18 764	3 685	3 143
Switzerland ²	38 605	- 4 687	9 015	- 2 821	40 111	12 611	- 15 128	21 343	- 11 160	- 14 691	- 12 884	- 17 392	12 568	48 825
Turkey	695	810	542	811	2 859	872	840	2 683	2 550	3 142	3 647	12 023	2 875	2 039
United Kingdom	- 3 964	- 7 903	- 4 296	2 966	- 13 196	17 623	32 560	50 127	22 619	38 081	124 756	235 583	3 497	13 743
United States	82 573	81 182	93 829	42 912	300 496	115 231	104 738	144 233	164 547	111 939	47 610	468 330	79 875	81 181
Total World^{1,3}	460 322	270 904	393 214	341 048	1 465 487	417 889	368 878	537 669	369 396	416 363	465 935	1 789 366	413 847	374 806
European Union (EU)¹	162 858	31 304	116 735	156 211	467 108	120 467	120 396	174 683	40 727	126 233	197 304	538 949	117 484	57 897
G20 countries¹	228 178	199 886	241 710	217 272	887 045	290 165	254 711	333 050	298 632	257 732	341 723	1 231 139	220 928	194 018
G20-OECD countries¹	157 315	116 195	187 508	183 810	644 828	255 490	220 913	259 686	229 346	193 984	221 493	904 511	141 598	131 758
G20-non OECD countries¹	70 863	83 691	54 202	33 461	242 218	34 675	33 798	73 364	69 286	63 748	120 230	326 628	79 330	62 260
Argentina	249	206	184	248	887	334	248	2 108	697	882	- 427	3 260	3 508	1 666
Brazil	- 3 399	2 596	- 1 743	- 4 887	- 7 433	- 4 747	1 966	12 055	14 570	10 675	20 634	57 933	18 348	14 206
China	58 793	65 408	56 609	36 393	217 203	20 519	20 541	41 133	33 652	26 194	69 578	170 557	33 072	21 926
India ²	2 588	2 014	- 3 016	3 462	5 048	4 143	3 017	11 384	5 895	13 983	13 196	44 458	9 141	10 253
Indonesia	- 56	263	- 1 578	- 11 052	- 12 423	276	1 211	2 730	3 593	4 941	- 7 744	3 521	3 030	5 786
Russia	9 057	8 270	2 701	6 923	26 951	13 129	1 686	1 298	8 445	4 886	22 547	37 176	9 816	6 381
Saudi Arabia ²	2 115	4 491	947	1 050	8 603	272	2 830	1 883	1 852	1 711	2 007	7 453	1 736	1 753
South Africa ²	1 517	443	98	1 324	3 382	749	2 298	773	582	476	439	2 270	679	288
*Data excludes SPEs. Corresponding data below including SPEs⁴:														
Austria	- 25 804	- 899	3 253	- 10 847	- 34 295	3 561	- 1 051	- 29 179	4 972	- 1 158	- 10 333	- 35 698	1 490	- 419
Chile	1 330	627	1 944	2 265	6 165	1 713	-123 (A)	3 890	2 638	2 242	2 496	11 266	2 349	- 313 (A)
Denmark	6 695	1 018	3 676	3 662	15 051	6 054	9 654	535	149	- 300	631	1 015	- 2 061	- 9 943
Hungary	- 7 863	648	282	51 825	44 892	19 995	2 028	- 7 598	- 49	2 064	52 840	47 256	20 134	1 376
Iceland	- 350	51	- 296	- 597	- 1 191	- 162	50	- 43	- 355	408	- 489	- 479	- 131	- 234
Luxembourg	- 478	45 144	99 290	66 065	210 022	- 48 009	351 718	13 500	- 14 853	109 785	307	108 739	18 283	314 010
Netherlands	107 929	17 146	108 882	5 983	239 939	128 586	- 2 597	62 472	10 765	76 514	- 8 356	141 396	102 359	- 397
Poland	2 272	- 920	1 603	5 691	8 645	1 719	468	6 531	1 227	2 356	4 037	14 151	3 028	- 2 369
Portugal	750	429	1 119	211	2 506	60	594	2 537	1 735	809	1 112	6 193	2 526	2 313

For notes to this table refer to page 12

Source: OECD and IMF

OECD Directorate for Financial and Enterprise Affairs - Investment Division