

wiiw Database on Foreign Direct Investment in Central, East and Southeast Europe

This database has been established and is maintained by the Vienna Institute for International Economic Studies (wiiw).

The wiiw Database on Foreign Direct Investment in Central, East and Southeast Europe provides a systematic overview of FDI in the new EU member states, the Southeast European countries and the European CIS members. More than 3800 time series are regularly updated as soon as new data are released. A detailed description of the content is given below.

In addition to this online database, wiiw issues a yearly publication (available in hardcopy, PDF) by the same title as well as a CD-ROM in May each year, including all available FDI data plus an analysis of recent developments and prospects of FDI in the region. For details see www.wiiw.ac.at.

Description, methodological guidelines, definitions

Countries covered :

EU member states

Bulgaria
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Romania
Slovak Republic
Slovenia

Southeast Europe

Albania
Bosnia and Herzegovina
Croatia
Macedonia
Montenegro
Serbia

European CIS

Belarus
Moldova
Russia
Ukraine

FDI indicators provided:

- FDI total: inflow/outflow, inward/outward stock in EUR
- FDI by form: inflow/outflow, inward/outward stock in EUR
- FDI by country: inflow/outflow (some countries), inward/outward stock in EUR
- FDI by activity: inflow/outflow (some countries), inward/outward stock (NACE A-Q, DA-DN, 15-37) in EUR

Foreign direct investment

According to the IMF Balance of Payments Manual, Revision 5, capital investment abroad is regarded as foreign direct investment if the share of a foreign investor makes up at least 10 per cent of the target firm's equity capital; that share can be as much as 100 per cent. The purpose of direct investment is to establish and maintain permanent equity relations with a foreign company and at the same time to exercise a noticeable influence on the management of that company. This latter condition is difficult to implement and it can be assumed that more and more portfolio investment of equity funds is registered as FDI.

Currency

The main data set is in euro, independently of the currency used by the source. If not published by the source, we converted flow data by the annual average exchange rate and stock data by the end-of-year exchange rate.

Data coverage

The new EU member states (NMS) as well as the candidate countries now follow the IMF definition and methodological guidelines, but deviations were frequent in the past. Their data cover all three forms of FDI (equity investment, reinvested profits, other investment – see below). Some Western Balkan countries still fail to report all forms of FDI. Information on data coverage is given in the 'remarks' following the individual tables. These remarks also call attention to the methodological changes over time, a basic problem in preparing time series.

Forms of FDI

- Equity investment in cash and kind
- Reinvested earnings
- Other investment, mainly loans from the parent company to the subsidiary

The text of the time series provides information on what form of FDI is included in the flow and stock data of the individual countries.

Distribution of FDI by economic activity and host/home country

Economic activity is given by NACE Rev. 1 classification at 1-digit level for the whole economy (A-Q) and at 2-digit level for the manufacturing industry (DA-DN, 15-37).

The home country is the investor's country of origin, the host country is the target country of investment. These data are available based on company surveys reporting FDI stocks published by the national banks usually with one year delay. In the absence of national bank data, we rely on 'registration data' obtained from the statistical offices (this was done in the case of Albania, until 2006 Romania, and for Russia). The amount of FDI broken down by industry and investing country may, therefore, differ from National Bank data.

Host- and home-country statistics

These usually differ concerning the amount of FDI flows and stocks. Registration of flows in time may differ and the same transaction may be booked for different years. The country of destination or origin may differ as well. The *wiiw Database on FDI* only relies on host-country statistics and covers, e.g., Austrian FDI in the region in the way the individual CEECs report it.

Regions

The database covers twenty Central, East and Southeast European countries, grouped as follows:

- the new EU member states in Central Europe (NMS-5: the Czech Republic, Hungary, Poland, Slovakia, Slovenia), together with Bulgaria, Romania and the Baltic states (Estonia, Latvia, Lithuania) representing the NMS-10;
- Southeast Europe (SEE) including Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia;
- the European CIS (Commonwealth of Independent States) members Belarus, Moldova, Russia and Ukraine. Asian CIS countries are not included in the *wiiw Database on FDI*.

Time coverage

The database covers all years from 1990 onwards for which data are available.

Source of flow data

We rely first of all on the national banks of the FDI host countries. According to international standards, the balance of payments published by the national banks contains the information on FDI inflows and outflows. Both these figures are in net terms, investment minus disinvestment.

Source of stock data

FDI stock data are contained in the international investment position provided by the national banks. They rely on company surveys, which also reveal the investing country and the main economic activity of the host company. These data are usually available with one year delay. For 2008 the national banks may provide preliminary data by aggregating flows in the local currency and converting them to euro using the end-of-period exchange rate. (A strengthening euro may 'devalue' past stocks while a weak year-end euro may result in a jump in FDI stocks larger than the annual inflow.) If stock data were not yet available for 2008, they have been estimated by wiiw, based on inflows and three-quarters stock data.

Special purpose entities (SPEs)

SPEs are channelling funds (the direction and size of which are controlled by their parents) rather than being a target of direct investment (net flows on various financial instruments are close to zero taking a longer period). The most significant amounts are recorded in Hungary, some data are available for Poland as well. In accordance with the international statistical recommendations from January 2006, the Hungarian National Bank (MNB) compiles the balance of payments and the international investment statistics including SPEs. Based on economic considerations, the MNB continues to compile the balance of payments and international investment statistics excluding SPEs as readily interpretable in economic terms (www.mnb.hu).

List of abbreviations

Country codes (referring to ISO codes except for Montenegro, Serbia)

AL	Albania
BY	Belarus
BA	Bosnia and Herzegovina
BG	Bulgaria
HR	Croatia
CZ	Czech Republic
EE	Estonia
HU	Hungary
LV	Latvia
LT	Lithuania
MK	Macedonia
MD	Moldova
ME	Montenegro
PL	Poland
RO	Romania
RU	Russia
CS	Serbia
SK	Slovakia
SI	Slovenia
UA	Ukraine

Other abbreviations:

.	not available
USD mn	US dollar million (10 ⁶)
EUR mn	euro million (10 ⁶)
BOP	Balance of Payments
IIP	International Investment Position
EU-15	European Union (15 countries)
EU-25	European Union (25 countries)
EU-27	European Union (27 countries)
NACE	Nomenclature générale des activités économique dans les communautés européennes, rev. 1

Sources used

Albania: Bank of Albania (www.bankofalbania.org)

Belarus: National Bank of Belarus (www.nbrb.by)

Bosnia and Herzegovina: Central Bank of Bosnia and Herzegovina (www.cbbh.ba)

Bulgaria: National Bank of Bulgaria (www.bnb.bg)

Czech Republic: Czech National Bank (www.cnb.cz)

Croatia: Croatian National Bank (www.hnb.hr)

Estonia: National Bank of Estonia (www.eestipank.info)

Hungary: National Bank of Hungary (www.mnb.hu)

Latvia: Bank of Latvia (www.bank.lv)

Lithuania: Bank of Lithuania (www.lb.lt)

Macedonia: National Bank of Macedonia (www.nbrm.gov.mk)

Moldova: National Bank of Moldova (www.bnm.md)

Montenegro: Central Bank of Montenegro (www.cb-cg.org)

Poland: National Bank of Poland (www.nbp.pl)

Romania: National Bank of Romania (www.bnro.ro)

National Trade Register Office (www.onrc.ro)

Russia: Central Bank of Russia (www.cbr.ru)

Federal State Statistics Service (www.gks.ru)

Serbia: National Bank of Serbia (www.nbs.rs)

Slovakia: National Bank of Slovakia (www.nbs.sk)

Slovenia: Bank of Slovenia (www.bsi.si)

Ukraine: National Bank of Ukraine (www.bank.gov.ua)

State Statistics Committee of Ukraine (www.ukrstat.gov.ua)