

## Foreign direct investment stock statistics: results at year-end 2005

*The latest edition of Special Statistical Publication 10 "Foreign direct investment stock statistics" giving cross-border corporate assets as at the end of 2005 has just been published on our website ([www.bundesbank.de](http://www.bundesbank.de) under Statistics / Publications / Special Statistical Publications). This special publication, which in previous years was published as an insertion to our Statistical Supplement 3 "Balance of payments statistics" under the title "International capital links", is also available in printed form from our Press Office.*

*An "annual production value" for banks is a new feature in this edition and is shown under annual turnover in billions of euro.*

Regarding the direction of foreign direct investment, developments in capital investment diverged in 2005. Whereas foreign investors' interest in enterprises in Germany was fairly muted, **German residents' primary direct investment abroad** increased significantly between the end of 2004 and the end of 2005, rising by €87 billion to €671 billion. This upturn was attributable not only to substantial growth in equity capital as a result of new investment and increased net profit for the year but also to exchange-rate-related revaluations of German corporate assets abroad.

Cross-border capital investment is often made through holding companies, and this obscures the geographical and sectoral breakdown of the "real" underlying investment in enterprises. If the "real" **primary German direct investment abroad** and the **secondary German direct investment** held through dependent holding companies are taken together, the increase during 2005 (namely €105 billion to a total of €785 billion) was even greater. Nearly

half of this increase affected capital investment in EU countries. The unwavering interest of German enterprises in foreign equity interests can also be seen in the growing number of direct investment enterprises. In 2005, for example, more than 700 additional equity interests – primarily in trading affiliates – were statistically reported by German investors (out of a total stock of approximately 23,700 direct investment enterprises).

With respect to direct investment operations in the opposite direction, the **level of primary foreign direct investment in Germany** declined – as in the previous year – in 2005 (by €8 billion to €527 billion) as foreign investors sharply reduced their loans to German direct investment enterprises. If a consolidated analysis is made beyond the holding companies, by contrast, **primary and secondary foreign direct investment in Germany increased** by approximately €14 billion. Even so, the “holding company effect” means that the consolidated stock of “real” capital investment by non-residents in Germany amounts to no more than €390 billion.