

Glossary: Foreign direct investment (FDI)

Statistics Explained

Foreign direct investment , abbreviated as **FDI** , is an international investment within the balance of payment accounts. Essentially, a resident entity in one economy seeks to obtain a lasting interest in an enterprise resident in another economy. A lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise, and an investor's significant influence on the management of the enterprise.

A direct investment enterprise is one in which a direct investor owns 10 % or more of the ordinary shares or voting rights (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

FDI flows and positions: through direct investment flows, an investor builds up a FDI position that has an impact on an economy's international investment position. This FDI position (or FDI stock) differs from the accumulated flows because of revaluation (changes in prices or exchange rates), and other adjustments like rescheduling or cancellation of loans or debt-equity swaps.

Further information

- [Foreign direct investment](#) (CODED - Concepts and Definitions Database)