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# Inward FDI in Germany and its policy context: Update 2011

by
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*During the 2009 worldwide financial and economic crisis, Germany kept its position as the fourth largest host economy for inward foreign direct investment (IFDI) among developed countries, although its IFDI stock measured in Euros decreased slightly due to valuation effects.*[1] *IFDI flows strongly rose that year and further increased in 2010, reflecting the improved financial position of multinational enterprises (MNEs) operating in Germany and the strong economic upswing of the German economy at that time. In the first half of 2011, IFDI flows were low, as foreign parent companies sharply cut intra-company lending to their German affiliates. Economic reforms in recent years have further improved the attractiveness of Germany as a business location, reflected in excellent international competitiveness rankings. But, the ongoing European debt crisis and the economic slowdown of the European economy could dampen IFDI in the second half of 2011 and in 2012.*

## Trends and developments

*Country-level developments*

In the crisis year 2009, when the German economy – like those of most other developed economies - fell into the deepest recession since World War II, the consolidated primary and

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[1] The historical background and the longer-term development of German IFDI and its main determinants were analyzed in a previous *Columbia FDI Profile* (see Thomas Jost, "Inward FDI in Germany and its policy context," *Columbia FDI Profiles,* July 2010, available at: www.vcc.columbia.edu.) This article is an update of that *Profile* and analyzes FDI flows in 2010 and the German FDI stock at the end of 2009, as well as other recent developments relating to IFDI in Germany.

secondary IFDI stock in Germany measured in Euros slightly declined due to valuation effects.[2] Measured in US dollars, however, it rose slightly (by 1%), to US$ 677 billion (annex table 1), as the Euro appreciated against the US-dollar during 2009. The primary IFDI stock – a better measure for international comparisons - amounted to US$ 937 billion at the end of 2009; it also declined in Euro terms but rose slightly in US dollar terms. Germany therefore kept its position as the fourth largest host country for IFDI among developed economies, after the United States, the United Kingdom and France.

At the end of 2009, foreign companies employed 2.5 million workers in 13,232 German affiliates producing a turnover of US$ 1,665 billion that year.[3] In 2009, during the economic recession in Germany, employment in foreign affiliates declined by 4.7% and turnover by 11.3%.

Affiliates of foreign companies are an integral part of the German economy, contributing to employment growth, technological spillovers and enhanced competition. Although they represented only 1% of the total number of firms in Germany, majority-owned foreign affiliates in the non-financial industries accounted for 20% of total gross value-added, 27% of the total turnover and 12% of the total workforce employed in these sectors in 2008.[4] US- companies were the major foreign investors, controlling 16% of all foreign affiliates, earning 22% of the value-added and employing 630,000 workers in the non-financial industries.[5]

IFDI flows that had grown relatively strongly in 2009 continued to increase in 2010, to US$ 46 billion (annex table 2). They were driven by high long-term intra-company loans of foreign parent companies to their affiliates in Germany (US$ 28.6 billion). Equity capital investments (US$ 10.6 billion) and reinvested earnings (US$ 7.0 billion) also contributed to the rise in IFDI flows.

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[2] End-of-year German IFDI stock data are published with a time lag of 16 months; 2010 data are therefore not yet available. The German IFDI stock figures used for the analysis in this *Profile* are consolidated primary and secondary direct investment stock figures. Primary direct investment constitutes the direct capital links arising from non-residents' participating interests in enterprises in Germany. Secondary direct investment comprises foreign direct investment held via dependent holding companies in Germany. Consolidated primary and secondary direct investment is calculated by deducting the direct investment in holding companies from the total primary and secondary investment to avoid double counting of capital that is invested in holding companies and is used by them to finance their participating interests. (See Deutsche Bundesbank, "Foreign direct investment stock statistics," *Special Statistical Publication 10* (April 2011), p. 20f). These consolidated figures represent a special calculation by Deutsche Bundesbank and are not comparable with the IFDI stock figures of most other economies as these take only primary FDI into account. The primary IFDI stock in Germany is much higher than consolidated primary and secondary stock, because the FDI stock in the dependent holding companies is higher than the investments made by these holding companies in their direct investment enterprises, which replace the dependent holding companies by the consolidation. The reason for this is that the holding companies receive more money from their foreign investors to buy the secondary foreign direct investment enterprises than these secondary FDI enterprises show in their balance sheets. FDI stocks are calculated from the book values of the direct investment enterprises in Germany.

[3] Deutsche Bundesbank, *op. cit*., p. 48.

[4] These figures are drawn from the "Foreign affiliates statistics" (FATS-statistics) of the German Federal Statistics Office (Statistisches Bundesamt) available for the year 2008. The FATS-statistics include only majority-owned enterprises, whereas FDI figures include all participating interests above a 10% threshold. See, Statistisches Bundesamt, "Auslandskontrollierte Unternehmen in Deutschland (inward-FATS-Unternehmen) 2008," available at: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/UnternehmenGewerbeInsolvenzen/Auslandsunternehmen/Aktuell.psml.

[5] Statistisches Bundesamt, *op. cit*.

The upswing in IFDI flows stopped in the first half of 2011 – in fact flows fell to US$ 6.6 billion, declining by more than 70% against the first half of 2010, although the German economy performed remarkably well in the first half of 2011. Financial pressures on foreign MNEs could have caused the decline in inflows; a sharp decline of intra-company lending to their German affiliates (of only US$ 2.8 billion) and net equity divestments (of US$ 1.1 billion) suggest this. In contrast, reinvested earnings of foreign affiliates in Germany doubled, compared to the first half of 2010 (to US$ 4.9 billion).

FDI in Germany is concentrated in the services sector, which accounted for 66% of the total IFDI stock at the end of 2009 (annex table 3). During that year, the IFDI stock declined by 5% in manufacturing, whereas it rose by 11% in trade and 12% in financial services (including holding companies).[6]

In 2010, FDI flows into manufacturing were strong (38% of total inflows). Large-scale intra-company loans drove flows in the chemical industry (US$ 7.2 billion) and the motor vehicles and trailers industry (US$ 4.8 billion).[7]

Developed economies accounted for the lion's share of IFDI stock in Germany at the end of 2009, whereas the share of FDI from developing economies remained seemingly low (annex table 4). But, to the extent that investors from developing countries are channeling their investments via holding companies in developed economies, the "real" share of developing economies' FDI in Germany is higher than the rather low 4% share that is recorded in the German IFDI stock statistics.[8]

In 2010, the bulk of IFDI flows to Germany originated in developed economies. The European Union (EU) countries accounted for nearly 60% of those investments, with the largest investments being made by companies located in Belgium (US$ 12.1 billion), the Netherlands (US$ 6.1 billion) and Italy (US$ 4.2 billion).[9]

In recent years, there has been a debate about investments by sovereign wealth funds (SWFs) and a change of the investment policy regime in Germany (see section on "The policy scene" below).

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[6] Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung 10*, (April 2010), p. 55f.

[7] Deutsche Bundesbank, "Direct investment according to the balance of payments statistics (for the reporting period 2007-2010)," April 2011, available at: http://www.bundesbank.de/download/statistik/stat_direktinvestitionen_en.pdf, pp. 54f.

[8] There are no official and trustful data available on the extent to which developing economies MNEs channel there investments in Germany via holding companies in developed countries. In the financial press there are examples of such transactions, see the investment of Qatar in Volkswagen AG mentioned below. Information about the ultimate foreign owner is limited. Deutsche Bundesbank, which is responsible for the recording of the FDI stock statistics in Germany, only gets information about the immediate foreign investor. The data on foreign affiliates in Germany, on the other hand, is broader as the statistics can differentiate between primary and secondary participating interests. See the methodological notes in Deutsche Bundesbank, "Foreign direct investment stock statistics," *Special Statistical Publication 10*, op. cit*.*, pp. 18ff.

[9] Like the stock data (of annex table 1), the German balance-of-payments flow data (annex table 2) only show the direct investor economy of German IFDI. As part of inward FDI is routed via holding companies and special purpose entities abroad (trans-shipped), the ultimate investor economy can differ. This is particularly true for a large part of FDI inflows from the Netherlands and Belgium, countries that are important locations for holding companies and special purpose entities (SPEs).

FDI by SWFs is not shown separately in the German IFDI stock statistics, but IFDI flows from economies that host SWFs (e.g. China, Iran, Russia, United Arab Emirates) have raised noticeably in the past decade – from less than US$ 2 billion in 2000 to US$ 8.5 billion at the end of 2009. At the end of 2009, Qatar acquired a large stake for US$ 9.6 billion in the German Volkswagen AG, raising its share in the world's third largest car producer to 17%. This investment was routed via its SWF, the Qatar Investment Authority, and holding companies in the Netherlands and Luxembourg, and therefore cannot be identified as an investment by Qatar in Germany in the German FDI stock statistics.[10]

*The corporate players*

Foreign affiliates that rank among the top 130 companies in the non-financial sector in Germany are listed in annex table 5. The largest five foreign companies in Germany in 2010 – ranked by their turnover – were two oil companies, two automobile producers and one energy producer. These five MNEs ranked top five also in 2008.[11] Deutsche BP AG ranked first in 2010 changing its place with Shell Deutschland compared to 2008. In the financial sector, more than 200 foreign banks and other financial institutions operate in Germany.[12]

In developed economies, mergers and acquisitions (M&As) dominate as a mode of entry compared to greenfield investments,[13] and this is the case with Germany as well. In 2010, foreign MNEs continued to enhance their presence in Germany by undertaking cross-border M&As (annex table 6).[14] M&A activity was strong that year, but there were fewer large deals than in the pre-crisis period, before 2008.[15] In 2010, seven M&A transactions of US$ 1 billion or more were made. The biggest deal was the acquisition of Unitymedia GmbH by Liberty Media Corp. (United States) for US$ 5.2 billion.

The largest greenfield investments that were announced in the past three years are listed in annex table 7. In 2010, Scandinavian and US companies were very active in large-scale greenfield investments in Germany, especially in manufacturing and energy.

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[10] Volkswagen AG, *Geschäftsbericht 2010*, p. 160, available at: geschaeftsbericht2010.volkswagenag.com, and Volkswagen AG, „Sonstige Erläuterungen zum Geschäftsbericht,“ available at: http://geschaeftsbericht2010.volkswagenag.com/anhang/sonstigeerlaeuterungen/mitteilungennachwertpapierhandelsgesetz.html?cat=m.

[11] See Thomas Jost, “Inward FDI in Germany and its policy context” in *Inward and Outward FDI Country Profiles,* Karl P. Sauvant et. al., eds. (New York: 2011), available at: http://www.vcc.columbia.edu/books.

[12] During the Spring of 2011, the Association of Foreign Banks in Germany had more than 210 member institutions. See, Verband der Auslandsbanken e.V., “Pressemitteilung: Auslandsbanken stehen zu deutschem Finanzplatz,” March 23, 2011, available at: www.vab.de/Deutsch/Presse_Details/?id=Auslandsbanken_stehen_zum_Finanzplatz_Deutschland.

[13] UNCTAD, *World Investment Report 2011: Non-Equity Modes of International Production and Development* (New York and Geneva: United Nations, 2011), p. 10.

[14] The M&A data used in annex table 6 (similar to M&A data from other sources) are not compatible with the official Bundesbank FDI data. The M&A data, for example, include deals financed by both domestic and international capital markets in addition to those financed by parent companies – and only the latter are captured in the balance-of-payments FDI flow data).

[15] Deutsche Bundesbank, “The German balance of payments in 2010,” *Monthly Report,* March 2011, p. 32.

## Special developments

The German economy is a favorite business location for United States' MNEs. In a recent survey by the American Chamber of Commerce (Amcham), US companies stated that Germany is especially important as a location for innovation.[16] In the first eight months of 2011, US investors acquired 84 German companies, in many cases motivated by the innovative power of their target. Particularly in the machinery, electronics, car manufacturing, and chemical industries, German companies are among world market leaders. For instance, General Electric is currently expanding its operations in Germany with the aim to sell more on the German market than in the United Kingdom, the most important market for General Electric in Europe in past years.[17]

## The policy scene

In 2009, the German investment regime that was very investor friendly for decades was tightened in reaction to the emergence of SWFs of international investors.[18] According to the new law, the Federal Ministry of Economics and Technology (FMET) can review foreign investments and can suspend or prohibit transactions that threaten to impair national security or public order. The new law applies to a planned acquisition of an existing German company by non-EU or non-European Free Trade Area (EFTA) purchasers and does not explicitly discriminate between private or public foreign investors. It does not include measures against greenfield investments of foreign investors in Germany. The change of the German investment law was criticized by many economists and political commentators, whereas the Government argued that it only has a pre-emptive character and will not be used to discriminate against SWFs.[19] According to the Federal Ministry of Economics and Technology, as of September 2011, foreign companies had applied in 87 cases for a certificate of no-objection since the new law entered into force in April 2009. All companies received the certificate, on average, within two weeks. From April 2009 to September 2011, there was only one review process initiated by the Government. In this case, the potential foreign investor refrained from its investment for unknown reasons.[20]

Notwithstanding the tightening of the investment regime to prevent investments that could threat national security, the German Government welcomes inward FDI.[21] The economic reforms of the past ten years have improved Germany's attractiveness as a business location. The World Economic Forum's (WEF) *Global Competitiveness Report 2011-2012* ranks Germany 6th in the world on its Global Competitiveness Index rankings. The quality of its infrastructure (2nd rank),

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[16] American Chamber of Commerce and Boston Consulting Group, "Germany remains the most important investment location for US companies – but a sustained upswing is at risk," Press release, May 2010, available at: www.amcham.de.
[17] *Frankfurter Allgemeine Zeitung*, "Die Amerikaner lieben deutsche Ingenieure," September 14, 2011, p. 16.
[18] Thomas Jost, "Sovereign wealth funds and the German policy reaction," in Karl P. Sauvant, Lisa Sachs and Wouter P.F. Jongbloed, eds., *Sovereign Investment: Concerns and Policy Reactions* (New York: Oxford University Press, forthcoming 2012).
[19] Ibid.
[20] Information provided by the German Federal Ministry of Economics and Technology.
[21] Germany Trade & Invest, *Annual Report 2010*, p. 6 ff., available at: www.gtai.de.

low dominance by large companies (3rd), high spending on R&D (5th), and a strong capacity for innovation (3rd) are among its major strengths.[22]

Germany has concluded a large number of double taxation treaties (DTTs). Since January 1, 2011, and in addition to the 89 previously signed DTTs in the area of income and wealth taxation, new DTTs are in effect with Bulgaria, FYR of Macedonia, Malaysia, Syria, and the United Kingdom, bringing the total number of DTTs to 94 in October 2011.[23] With a total number of 139 signed bilateral investment treaties (BITs) in mid October 2011 (of which 130 were in effect) Germany has the widest network of BITs worldwide. In 2010, two new BITs (with Iraq and Congo, Republic of.) were concluded, and in the first nine months of 2011 one BIT (with Panama) was changed.[24]

Germany has adopted a national sustainability strategy in 2002.[25] The German Government offers a wide range of investment incentives in different sectors to promote sustainable investments (e.g. in the renewable energy, R&D and agriculture sectors). These incentives are available for domestic and foreign investors without any discrimination between them. Foreign investors profit from these incentives.[26] Many large greenfield investments, for example, were made by foreign investors in the alternative energy sector (see annex table 7).

## Conclusions

During the past few years, Germany has become more attractive for foreign investors as the country has improved its international competitiveness through economic reforms, as well as experienced relatively moderate wage and cost growth compared with its main competitors in Europe. The German economy has made a strong recovery from the crisis of 2008-2009 and developed into a growth engine within Europe in 2010. The fourth largest market worldwide and the largest in Europe should attract rising IFDI in coming years. However, the longer-run positive outlook is overcast by the continuing European debt crisis, the renewed problems of European banks and the prospect of an economic downturn. Increased uncertainties curb international investment plans of MNEs, and could lower IFDI flows to Germany in 2011 and 2012.

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[22] World Economic Forum, *Global Competitiveness Report 2011-2012*, p. 24, available at: www.weforum.org.

[23] The most recent official list of German DTTs in effect or currently being negotiated is published by the Bundesministerium der Finanzen, "Stand der Doppelbesteuerungsabkommen und der Doppelbesteuerungs-verhandlungen am 1. January 2011," available at: http://www.bundesfinanzministerium.de/nn_39818/DE/BMF__Startseite/Aktuelles/BMF__Schreiben/Internationales__Steuerrecht/007.html. This list gives also additional information on DTTs in other tax areas as well as about current negotiations on future DTTs.

[24] A list of existing BITs is available on the website of the Federal Ministry of Economics and Technology: http://www.bmwi.de/BMWi/Redaktion/PDF/B/bilaterale-investitionsfoerderungs-und-schutzvertraege-IFV,property=pdf,bereich=bmwi,sprache=de,rwb=true.pdf.

[25] Die Bundesregierung, "Perpektiven für Deutschland – Unsere Strategie für eine nachhaltige Entwicklung", Berlin 2002, available at: http://www.bundesregierung.de/Webs/Breg/EN/Issues/Sustainability/sustainability.html.

[26] German Trade and Invest, the German investment promotion agency, is giving guidance for foreign investors and informs about a wide array of funds available for investments in Germany.

## Additional readings

Deutsche Bundesbank, "German foreign direct investment (FDI) relationships: recent trends and macroeconomic effects," Deutsche Bundesbank, *Monthly Report* (September 2006), pp. 43-58, available at: http://www.bundesbank.de/download/volkswirtschaft/mba/2006/200609mba_en_foreign.pdf.

Jochem, Axel, "International financial competitiveness and incentives to foreign direct investment," Deutsche Bundesbank, *Discussion Paper Series 1: Economic Studies,* 29 (2008), available at: www.bundesbank.de.

Schmidt, Peter, Bernd Waldmüller, Joerg Feuerhake, and Beatrix Stejskal-Passler, "Die künftige Statistik über ausländisch beherrschte Unternehmen in Deutschland (Inward FATS) und Tochterunternehmen deutscher Investoren im Ausland (Outward FATS)," *ASTA Wirtschafts- und Sozialstatistisches Archiv*, vol. 3 (2009), pp. 169-186.

Weichenrieder, Alfons J., "Profit shifting in the EU: evidence from Germany," *International Tax and Public Finance,* vol. 16 ( 2009), pp. 281-297.

## ***Useful websites***

*Germany Trade and Invest at: www.gtai.de*

*Deutsche Bundesbank at: www.bundesbank.de/statistik/statistik_zeitreihen.en.php*

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## Statistical annex

### Annex table 1. Germany: inward FDI stock, 1990-2009

(US$ billion)

| Economy | 1990 | 1995 | 2000 | 2005 | 2008 | 2009 |
|---|---|---|---|---|---|---|
| Germany: consolidated primary and secondary inward FDI stock | 111 | 166 | 272 | 476 | 668 | 677 |
| Germany: primary inward FDI stock[a] | 120 | 193 | 471 | 640 | 915 | 937 |
| Memorandum: comparator economies | | | | | | |
| United States | 540 | 1,006 | 2,783 | 2,818 | 2,486 | 3,027 |
| United Kingdom | 204 | 200 | 439 | 841 | 981 | 1,056 |
| France | 98 | 191 | 391 | 889 | 921 | 1,133 |
| Japan | 10 | 34 | 50 | 101 | 203 | 200 |

*Sources*: For Germany, Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung 10* (April 2010). Data converted from Euro in US-Dollar using end of year exchange rates from the International Monetary Fund, available at: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx). For comparator economies, see UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/.

[a] For international comparisons the German primary inward FDI stock should be used . Primary direct investment constitutes the direct capital links arising from non-residents' participating interests in enterprises in Germany. Secondary direct investment comprises foreign direct investment held via dependent holding companies in Germany. Consolidated primary and secondary direct investment is calculated by deducting the direct investments in holding companies from the total primary and secondary investments to avoid double counting of the capital which is invested in holding companies and is used by them to finance their participating interests. (See Deutsche Bundesbank, "Foreign direct investment stock statistics," *Special Statistical Publication 10* (April 2011), p. 20f.). The consolidated primary and secondary inward FDI figures represent a special calculation by Deutsche Bundesbank that is not comparable with the IFDI stock figures of most other economies as these take only primary FDI into account.

## Annex table 2. Germany: inward FDI flows, 2003-2011

(US$ billion)

| Economy | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2010 1st half | 2011 1st half |
|---|---|---|---|---|---|---|---|---|---|---|
| Germany | 33 | -10 | 47 | 56 | 80 | 4 | 38 | 46 | 22.1 | 6.6 |
| Memorandum: comparator economies | | | | | | | | | | |
| United States | 53 | 136 | 105 | 237 | 216 | 306 | 153 | 228 | n.a. | n.a. |
| United Kingdom | 17 | 56 | 176 | 156 | 196 | 91 | 71 | 46 | n.a. | n.a. |
| France | 42 | 33 | 85 | 72 | 96 | 64 | 34 | 34 | n.a. | n.a. |
| Japan | 6 | 8 | 3 | -7 | 23 | 24 | 12 | -1 | n.a. | n.a. |

*Sources*: For Germany, Deutsche Bundesbank, "Zahlungsbilanzstatistik," *Statistisches Beiheft*, 3, (August 2011), available at: www.bundesbank.de/volkswirtschaft/zahlungsbilanzstatistik/2010/zahlungsbilanzstatistik032010.pdf. The annual and semiannual flow data in Euro were converted into US$ values by using annual and semiannual average US$/Euro exchange rates of the IMF (International Monetary Fund, Exchange Rate Archives by Month, available at: www.imf.org/external/np/fin/data/param_rms_mth.aspx). For comparator countries, see UNCTAD's FDI/TNC database, available at: http://unctadstat.unctad.org.

## Annex table 3. Germany: distribution of inward FDI stock by economic sector and industry,[a] 2000, 2009

(US$ billion)

| Sector/industry | 2000 | 2009 |
|---|---|---|
| **All sectors/industries** | **271.6** | **676.6** |
| **Primary** | **1.4** | **6.6** |
| Agriculture, hunting, forestry, and fishing | 0.2 | 0.3 |
| Mining, quarrying and petroleum | 1.2 | 6.3 |
| **Secondary** | **86.4** | **224.4** |
| Food, beverages and tobacco | 5.1 | 9.7 |
| Chemicals and chemical products | 18.4 | 49.6 |
| Rubber and plastic products | 4.0 | 9.2 |
| Other non-metallic mineral products | 3.3 | 10.2 |
| Basic metals | 3.4 | 8.4 |
| Fabricated metal products, except machinery and equipment | 3.2 | 8.6 |
| Machinery and equipment | 8.9 | 31.1 |
| Electrical machinery and apparatus | 4.6 | 8.9 |
| Radio, television and communication equipment | 8.3 | 9.7 |
| Medical, precision and optical instruments | 3.3 | 15.7 |
| Motor vehicles, trailers and semi-trailers | 11.3 | 15.6 |
| **Services** | **183.8** | **445.6** |
| Electricity, gas, and water supply | 2.3 | 18.7 |
| Trade, repair of motor vehicles, motorcycles | | |
| and personal and household goods | 35.7 | 88.2 |
| Transport and communication | 6.5 | 57.5 |
| Finance and insurance | 41.9 | 95.4 |
| of which: Monetary Intermediation | 14.2 | 60.8 |
| Other monetary intermediation | 22.2 | 13.7 |
| Insurance and pension funding (except | | |
| compulsory social security) | 5.1 | 18.0 |
| Real estate, renting and business activities | 93.6 | 175.2 |
| of which: Holding companies | 75.2 | 94.2 |

*Source*: Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung*, April 10, 2011, available at: www.bundesbank.de.

[a] Primary and secondary (i.e., through dependent domestic holding companies) FDI stock in Germany (consolidated), by economic activity of the investment enterprise in Germany. Data converted from Euro to US$ using end- of- year exchange rates from the International Monetary Fund (available at: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx).

**Annex table 4. Germany: geographical distribution of inward FDI stock,[a] 2000, 2009**

(US$ billion)

| Region/economy | 2000 | 2009 |
|---|---|---|
| **World** | **271.6** | **676.6** |
| **Developed economies** | **264.8** | **653.2** |
| **Europe** | **n.a.** | **578.7** |
| Austria | 6.8 | 24.9 |
| Belgium | 6.0 | 9.5 |
| Denmark | 3.7 | 6.9 |
| Finland | 1.9 | 6.6 |
| France | 26.9 | 57.6 |
| Norway | 1.6 | 3.5 |
| Ireland | 0.9 | 4.6 |
| Italy | 3.9 | 52.4 |
| Luxembourg | 41.8 | 101.3 |
| Netherlands | 57.0 | 159.3 |
| Spain | 1.7 | 14.4 |
| Sweden | 7.7 | 21.3 |
| Switzerland | 21.6 | 45.7 |
| United Kingdom | 18.2 | 57.6 |
| Memorandum item: | | |
| European Union | 176.7 | 520.6 |
| European Monetary Union | 146.9 | 433.9 |
| **North America** | **41.5** | **56.0** |
| Canada | 2.3 | 4.0 |
| United States | 39.2 | 52.0 |
| **Other developed economies** | **n.a.** | **n.a.** |
| Australia | 0.1 | 2.0 |
| Japan | 9.5 | 20.5 |
| **Developing economies** | **7.1** | **23.5** |
| **Africa** | **0.9** | **2.0** |
| South-Africa | 0.8 | 1.9 |
| **Asia and Oceania** | **4.5** | **15.0** |
| China | . | 0.9 |
| India | 0.1 | 0.4 |
| Iran | 0.7 | 2.2 |
| Korea, Rep. of | 1.7 | 6.2 |
| United Arab Emirates | **n.a.** | 1.3 |
| **Latin America and the Caribbean** | **1.7** | **4.5** |
| Bermuda | 0.4 | 1.9 |
| Brazil | 0.1 | 0.1 |
| **South-East Europe and CIS** | **n.a.** | **n.a.** |
| Russia | 0.7 | 3.9 |

*Source*: Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung*, April 10, 2011, available at: www.bundesbank.de.

[a] Primary and secondary (i.e, through dependent domestic holding companies) FDI in Germany (consolidated). Data converted from Euro to US dollars using end-of-year exchange rates from the International Monetary Fund (available at: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx).

## Annex table 5. Germany: Main non-financial foreign affiliates, ranked by turnover, 2010

| Rank | Name | Industry | Turnover (US$ billion) | Employees |
|---|---|---|---|---|
| 1 | Deutsche BP AG | Mineral oil | 53.0 | 9,700 |
| 2 | Shell Deutschland | Mineral oil | 31.7 | 4,200 |
| 3 | Ford Werke GmbH | Automobiles | 23.7 [a] | 28,800 |
| 4 | Vattenfall Europa AG | Energy | 17.2 | 20,600 |
| 5 | Adam Opel GmbH | Automobiles | 14.6 | 23,300 |
| 6 | Total Deutschland | Mineral oil | 14.6 | 3,200 |
| 7 | Vodafone D2 | Telecommunications | 12.3 | 12,000 |
| 8 | Exxon Mobil Central Europe | Mineral oil | 10.6 | 3,200 |
| 9 | Gasprom Germania GmbH | Energy | 10.6 | 500 |
| 10 | C&A | Warehouses | 8.7 | 36,000 |
| 11 | Airbus Deutschland GmbH | Aeroplanes | 8.8 [a] | 17,100 |
| 12 | OMV Deutschland | Mineral oil | 7.3 | 600 |
| 13 | Telefonica O2 | Telecommunications | 6.4 | 5,000 |
| 14 | Sanofi-Aventis | Pharmaceutics | 6.2 | 8,700 |
| 15 | Hewlett-Packard Deutschland | Computer and electronics | 5.6 | 8,500 |
| 16 | IBM Deutschland | Computer and electronics | 5.2 | 6,200 |
| 17 | Nestlé | Food | 4.6 | 12,700 |

*Sources*: *Frankfurter Allgemeine Zeitung*, "Deutschlands größte Unternehmen in Zahlen," July 6, 2011, available at: FAZ.net, and companies' websites. The data in Euro were converted into US$ values by using annual average Dollar/Euro exchange rates of the IMF (International Monetary Fund, Exchange Rate Archives by Month, available at: www.imf.org/external/np/fin/data/param_rms_mth.aspx).

[a] 2009.

### Annex table 6. Germany: main M&A deals, by inward investing firm, 2008-2010

| Year | Acquiring company | Home economy | Target company | Target industry | Shares owned after transaction (%) | Estimated/ annonounced transaction value (US$ million) |
|---|---|---|---|---|---|---|
| 2010 | Liberty Media Corp. | United States | Unitymedia GmbH | Television services | 100.0 | 5,195.2 |
| 2010 | Teva Pharmaceutical Industries | Israel | Ratiopharm Int. GmbH | Pharmaceuticals | 100.0 | 4,931.3 |
| 2010 | Investor Group | United Kingdom | Springer Science & Business | Publishing and printing | 100.0 | 3,362.6 |
| 2010 | TenneT Holding BV | Netherlands | Transpower Stromübertragungs GmbH | Electric services | 100.0 | 1,648.9 |
| 2010 | TenneTHolding BV | Netherlands | E.On AG-High Voltage Network | Electric services | 100.0 | 1,490.3 |
| 2010 | Telefonica | Spain | HanseNet Telekommunikation | Communications | 100.0 | 1,338.7 |
| 2010 | Investor Group | Belgium | 50Hertz Transmission GmbH | Electric services | 100.0 | 1,115.7 |
| 2010 | NPS | Korea (Rep. of) | Morgan Stanley RE-Sony Center | Real estate | 100.0 | 766.7 |
| 2009 | Qatar Investment Authority | Qatar | Volkswagen AG | Motor vehicles | 17.0 | 9,569.5 |
| 2009 | Verbund AG | Austria | E.On AG-Hydro Power Plants | Electric services | 100.0 | 1,931.6 |
| 2009 | IPIC | United Arab Emirates | MAN Ferrostahl AG | Construction | 70.0 | 951.4 |
| 2009 | Electrabel SA-Coal & Electric | Belgium | E.ON AG-Farge and Zolling | Electric services | 100.0 | 686.1 |
| 2009 | Investor Group | Czech Republic | Mibrag | Mining | 100.0 | 513.9 |
| 2009 | Thermo Fisher Scientific Inc | United States | Brahms AG | Medical diagnostic | 100.0 | 470.6 |
| 2009 | Ingenico SA | France | Easycash Beteiligungen GmbH | Information services | 100.0 | 425.3 |
| 2009 | Honeywell Int. Inc | United States | RMG Regel- und Messtechnik GmbH | Machinery and equipment | 100.0 | 400.0 |
| 2008 | BFCM SA | France | Citibank Privatkunden AG | Banking | 100.0 | 6,617.5 |
| 2008 | Whitehall Streetfund | United States | LEG | Real estate | 100.0 | 5,255.0 |
| 2008 | CVC Capital Parners Ltd | United Kingdom | Evonik Industries AG | Electric services | 25.0 | 3,705.4 |
| 2008 | Cie de Saint-Gobain SA | France | Maxit Holding GmbH | Clay refractories | 100.0 | 3,270.8 |
| 2008 | Xella Int. GmbH SPV | France | Xella International GmbH | Concrete block and brick | 100.0 | 3,183.7 |
| 2008 | Eaton Corp | United States | Moeller Holding GmbH& Co KG | Measuring and controlling devices | 100.0 | 2,220.0 |
| 2008 | Unicredito Italiano SpA | Italy | Bayerische Hypo- und Vereinsbank | Banking | 4.5 | 1,891.5 |
| 2008 | HRE Investment Holdings LP | Cayman Islands | Hypo Real Estate Holding | Banking | 24.9 | 1,796.4 |

*Source*: The author, based on Thomson ONE Banker, Thomson Reuters.

**Annex table 7. Germany: main announced greenfield projects, by inward investing firm, 2008-2010**

| Year | Investing company | Home economy | Industry | Business activity | Estimated/announced investment value (US$ million) |
|---|---|---|---|---|---|
| 2010 | Global Foundries | United States | Semiconductors | Manufacturing | 2,000.0[a] |
| 2010 | Vattenfall | Sweden | Alternative/renewable energy | Electricity | 1,390.0[a] |
| 2010 | Statcraft | Norway | Alternative/renewable energy | Electricity | 676.1 |
| 2010 | Vattenfall | Sweden | Alternative/renewable energy | Electricity | 560.1 |
| 2010 | Amazon.com | United States | Consumer products | Logistics, distribution and transportation | 446.2 |
| 2010 | McDonalds | United States | Food and tobaccao | Retail | 295.6 |
| 2010 | Daikin Industries | Japan | Real estate | Construction | 239.4 |
| 2010 | Dubai World | United Arab Emirates | Real estate | Construction | 235.1 |
| 2009 | Texas Instruments | United States | Semiconductors | Manufacturing | 1,039.0[a] |
| 2009 | Gazprom | Russia | Coal, oil and natural gas | Logistics, distribution and transportation | 986.1 |
| 2009 | Nord Stream AG | Switzerland | Coal, oil and natural gas | Logistics, distribution and transportation | 599.6[a] |
| 2009 | Multi Development | Netherlands | Real estate | Construction | 599.6 |
| 2009 | Green Wind Energy | Denmark | Alternative/renewable energy | Electricity | 568.7[a] |
| 2009 | GDF SUEZ | France | Coal, oil and natural gas | Extraction | 526.2[a] |
| 2009 | Electricite de France (EDF) | France | Alternative/renewable energy | Electricity | 456.3[a] |
| 2009 | Aero Simulators EU | Belgium | Industrial machinery, equipment and tools | Design, development and testing | 447.9 |
| 2008 | Vattenfall | Sweden | Coal, oil and natural gas | Manufacturing | 1557.0 |
| 2008 | Blackstone Group | United States | Alternative/renewable energy | Electricity | 1544.0 |
| 2008 | Bulberry Properties | Ireland | Real estate | Construction | 1240.1 |
| 2008 | Econcern | Netherlands | Alternative/renewable energy | Electricity | 1078.0 |
| 2008 | Advanced Technology Investment Company | United Arab Emirates | Semiconductors | Manufacturing | 1,039.0[a] |
| 2008 | Minera S.A. | United States | Metals | Extraction | 993.5 |
| 2008 | Intico solar | Austria | Electronic components | Manufacturing | 954.5 |
| 2008 | ESKE Group AIS | Denmark | Real estate | Construction | 915.5 |

*Source*: The author, based on fDi Intelligence, a service from the Financial Times Ltd. [a] Estimated.