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# Inward FDI in Germany and its policy context

by
Thomas Jost*

*With a stable economic and political system, open capital markets, the largest domestic market in Europe, and European Union (EU) membership, Germany has attracted competitive and export-oriented multinational enterprises (MNEs) since the 1960s. In the 1990s —after German unification and the opening up of Eastern Europe— inward foreign direct investment (IFDI) grew more slowly than expected despite the increased market potential. In recent years, the German economy strengthened and the wage and cost gaps against its main competitors narrowed, contributing to higher IFDI. With the financial and economic crises, German IFDI declined considerably in 2008 but started to rise again in 2009. At the end of 2008, Germany ranked among the top four developed countries as host for IFDI. Germany's open investment regime was tightened in 2009, in reaction to the emergence of sovereign wealth funds (SWFs).*

## Trends and developments

*Country-level developments*

The successful reintegration of Germany into the world economy after the Second World War, as well as the European unification process, stimulated IFDI in Germany. Already in the 1960s, many of the largest MNEs worldwide (like General Motors or IBM) had established affiliates in Germany. In 1990, the year of the German reunification, the consolidated primary and secondary IFDI stock amounted to US$ 111 billion.[1] Since then, it has risen six-fold, to reach US$ 666

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[1] The German inward FDI stock figures that are used most for analysis in this article are consolidated primary and secondary direct investment stock figures. This is a very special calculation done by Deutsche Bundesbank, looking through dependent (majority foreign owned) holding companies in Germany and including their direct investment enterprises in Germany. These figures are not comparable with the figures of most other countries, taking only primary FDI into account. The primary FDI stock in Germany is much higher than the consolidated primary and secondary one, because FDI in dependent holding companies is much higher than the FDI stock in their direct investment enterprises, which replace the dependent holding companies by consolidation. The reason for this is that the holding companies receive more money from their foreign investors to buy the

billion at the end of 2008 (annex table 1). The primary IFDI stock at the end of 2008 amounted to US$ 911 billion; Germany therefore ranked forth among the countries listed in annex table 1. Foreign MNEs were attracted by the size of the German market (the largest market in Europe, producing 20% of the EU-27 GDP), the competitiveness of the German corporate sector with its efficient suppliers, high quality infrastructure, a skilled labor force, the country's strong trade ties, and low financing costs on German capital markets.[2]

At the end of 2008, the value of the German IFDI stock reached 50% of the value of the country's OFDI stock. From time to time, the gap between inward and outward FDI has given rise to criticism about the quality of Germany as a business location.[3] In particular, high wages, a relatively inflexible and overregulated labor market and high marginal tax rates were seen as detrimental to investing in Germany.[4] In addition, low foreign investment in the Eastern part of Germany after reunification was criticized. The IFDI stock in East Germany amounted to US$ 22 billion at the end of 2008, only 5% of the total IFDI stock in Germany, whereas the East German GDP accounted for 12% of the total German GDP.[5] IFDI in East Germany has remained low since the mid 1990s.[6] This can partially be explained by the rapid adjustment of East German wages to the West German level after reunification, despite low labor productivity, as well as by the deindustrialization process that induced MNEs to supply the East German economy via their West German affiliates.

At the end of 2008, foreign companies employed 2.6 million workers in their affiliates in Germany. This employment was therefore much lower than employment of German MNEs in their affiliates abroad (5.9 million), reflecting the gap between outward and inward FDI. However, foreign companies are very important for the German economy. In 2007, majority-owned foreign affiliates in the non-financial sectors produced 28% of the total value-added and employed 13% of the total workforce in these sectors.[7] The value-added of all foreign affiliates in Germany amounted to US$ 1.9 trillion in 2008.

Like in many other developed countries, IFDI flows in Germany evolved more irregularly than IFDI stocks and were influenced by single large transactions or tax changes (annex table 2).

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secondary foreign direct investment enterprises than these secondary FDI enterprises show in their balance sheets. FDI stocks are calculated by own funds at book value of the direct investment enterprises.

[2] Axel Jochem, "International financial competitiveness," Deutsche Bundesbank, *Discussion Paper Series 1: Economic Studies,* No. 29/2008 (Frankfurt: Deutsche Bundesbank, 2008), available at: www.bundesbank.de/download/volkswirtschaft/dkp/2008/200829dkp.pdf

[3] Thomas Jost, "Direct investment and Germany as a business location," *Discussion Paper 2/1997*, Economic Research Group of the Deutsche Bundesbank (Frankfurt: Deutsche Bundesbank, 1997).

[4] Maik Dietrich and Dirk Kiesewetter, "Schwedische Direktinvestitionen in Deutschland und in Österreich: Eine empirische Untersuchung der gefühlten Steuerbelastung", *Perspektiven der Wirtschaftspolitik*, vol. 9 (2008), pp. 62-82.

[5] The regional FDI figures should be used with care as they are assigned to that Federal State where the legal place of the enterprise is and possibly not to that Federal State where production and economic activity takes place. The Deutsche Bundesbank figures for East Germany do not include East Berlin.

[6] The stock statistics of the Deutsche Bundesbank classified by the 16 German Federal States ("Bundesländer") are not published but are available on request.

[7] These figures are the first results of the new FATS-statistics of the German Federal Statistics Office (Statistisches Bundesamt). The FATS-statistics include only majority-owned enterprises, whereas FDI figures include all interests above a 10%-threshold. Some big enterprises in Germany with a large number of employees are minority-owned by foreign investors. See Jörg Feuerhake, Alexander Schulze and Kirsten Untz, "Inward FATS: Auslandskontrollierte Unternehmen in Deutschland 2007", *Wirtschaft und Statistik*, Statistisches Bundesamt 5/2010, available at: www.destatis.de. The Federal Statistics Office is responsible for the EU-wide "Foreign affiliates statistics" (FATS) for foreign-controlled companies in Germany, whereas the Deutsche Bundesbank is responsible for the statistics on foreign affiliates of German companies abroad.

During the new technology boom at the turn of the century, the acquisition of Mannesmann by British Vodafone for US$ 202 billion led to record IFDI inflows of roughly US$ 200 billion in 2000.[8] In 2004, foreign MNEs withdrew US$ 10 billion on balance from Germany. This was mainly attributable to large net repayments of cross-border, intra-company loans by foreign affiliates, partly due to a revision of the German Corporation Tax Act, intended to encourage foreign companies to transform corporate loans to their foreign affiliates into equity capital.[9] During 2005-2009, IFDI flows increased to a relatively high annual average of US$ 60 billion in 2005-2007, and they only fell by 50% to an average of US$ 30 billion in 2008-2009, despite the economic and financial market crises.

FDI in Germany is concentrated in the services sector, with a stable share of around 65% of the total IFDI stock during the past decade (annex table 3). Privatization and liberalization in the telecommunication sector as well as in the electricity, gas and water supply sectors drove up inward investment in 2000-2009. Manufacturing accounted for roughly one third of IFDI in Germany, whereby the mere nominal investment figures fail to show the real importance of foreign affiliates for the German economy in manufacturing. In order to compete successfully with domestic German companies, these firms are often highly competitive and world market leaders.[10]

Developed economies contributed more than 96% of the IFDI stock in Germany at the end of 2008 (annex table 4). The EU partner countries alone were responsible for more than three quarters of these investments. Geographic proximity, the single European market, strong trade ties, and a common currency among sixteen EU countries are the main factors explaining the dominance of the EU. The Netherlands and Luxembourg, both important locations for holding companies, were the two countries with the largest IFDI stock in Germany (US$ 152 billion and US$ 97 billion, respectively) in 2008. Other important investors in Germany were the United States (U.S.) (US$ 67 billion) and France (US$ 62 billion). Emerging markets' FDI in Germany plays only a marginal role. It is only in recent years that MNEs from these markets, from Russia and West Asian countries, have been able to increase their FDI in the country. Investments by state-owned enterprises (SOEs) and SWFs triggered policy reactions especially from the German Government (see below).

*The corporate players*

Early after World War II, many big MNEs (foremost from the U.S.) had begun to build production facilities and distribution and service centers in Germany. Foreign MNEs therefore contributed to the rebuilding and reintegration of Germany into the world economy by transferring capital and technology. In 2008, there were 12,659 foreign direct investment enterprises in Germany, with participating interests of foreign investors of 10% or more.[11] Foreign-controlled companies in Germany that belong to the top 125 companies of the non-

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[8] UNCTAD, *World Investment Report 2001: Promoting Linkages* (New York and Geneva: United Nations, 2001), p. 244. In the year 2000, other investments and divestments of foreign companies in Germany (i.e. excluding the Vodafone-Mannesmann deal) were nearly in equilibrium.

[9] Deutsche Bundesbank, "German balance of payments for the year 2004," *Monthly Report* (March 2004), p. 39.

[10] According to a study of Eurostat, six German regions are amongst the top 20 high-tech regions in the EU. Eurostat, "Regional employment in high-tech sectors," *Statistics in Focus*, 102/2007.

[11] Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung 10* (April 20100, available at: www.bundesbank.de.

financial sector in Germany are listed in annex table 5. In the financial sector, more than 200 foreign banks and other financial institutions operate in Germany.[12]

In recent years, foreign MNEs have continued to enhance their presence in Germany by undertaking cross-border mergers and acquisitions (M&As) (annex table 6). In 2007 and 2008, a large number of mega-deals, valued US$1 billion or more, were concluded in many industries and were the main driver of IFDI. In 2009, due to the economic and financial crisis, the number of mega-deals sharply declined, like in most other developed countries. Indeed, there were only two. The most eye-catching transaction was the investment of Qatar Investment Authority in Volkswagen AG for US$ 9.6 billion, raising its capital stake to 17%.[13]

The largest greenfield investments that were announced in the past three years are listed in annex table 7. Most investors are well-known MNEs from developed countries. In recent years, MNEs from Russia and the United Arab Emirates have been emerging as important investors in Germany. Profiting from high incomes from the export of oil and other natural resources Russian and Arabian SOEs and SWFs increased their investments in Germany. Several large greenfield investments of Russia's energy giant Gazprom (motivated by a strategy to expand its downstream activities to supply gas to final consumers) drove Russia's FDI stock in Germany from US$ 1 billion in 2005 to US$ 6.3 billion at the end of 2008.

**Effects of the current global crisis**

In reaction to the global economic and financial crises, IFDI flows to Germany sharply declined in 2008, by 68%, from US$ 77 billion to US$ 25 billion. Net equity capital investments halved to US$ 23 billion, reinvested earnings turned negative and net lending of foreign MNEs to their affiliates in Germany heavily declined to a mere US$ 1.5 billion, which could point to increased financial needs of parent companies abroad. In contrast to most other developed economies (and comparable economies listed in annex table 2), IFDI in Germany already started to rise again in 2009, despite the sharp recession of the German economy (with a 5% decline of real GDP).[14] Germany profited from a general improvement of the business climate, starting in the second quarter of 2009.

Despite the strong decline in output in 2009, Germany has weathered the financial and economic crises better than many other countries and is regarded as a new "engine" of Europe.[15] Some survey results point in the same direction. UNCTAD's *World Investment Prospects Survey 2009-2011* ranks Germany among the most attractive business locations among developed countries.[16] The Global Competitiveness Report (GCR) of the World Economic Forum ranks Germany on seventh place worldwide as a preferred investment destination.[17] Recent studies of the US

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[12] In Spring 2010, the Association of Foreign Banks in Germany had more than 210 member institutions. Verband der Auslandsbanken e.V., "Pressemitteilung 1/2010," March 23, 2010, available at: http://213.83.8.9/owcms/frontend/downloads/Presse/2010/Pressemeldung%201-2010_end.pdf

[13] Volkswagen AG, "Geschäftsbericht 2009", available at: http://geschaeftsbericht2009.volkswagenag.com/anhang/sonstigeerlaeuterungen/mitteilungennachwertpapierhandelsgesetz.html

[14] Deutsche Bundesbank, "German balance of payments in 2009," *Monthly Report*, March 2010, pp. 17-31.

[15] The Economist, "Germany – Europe's engine," March 11, 2010.

[16] UNCTAD, *World Investment Prospects Survey 2009-2011* (New York and Geneva: United Nations, 2009), pp. 55 f.

[17] World Economic Forum, *Global Competitiveness Report* 2009-2010 (Geneva: WEF, 2009).

Chamber of Commerce and the Boston Consulting Group, as well as of Ernst&Young, underline the increased attractiveness of Germany as a business location.[18]

**The policy scene**

Already in the 1950s, Germany had a very open investment regime and no barriers against IFDI. Like in several other developed countries, the rise of SWFs in recent years initiated a public debate that led to a tightening of the German investment law.[19] In April 2009, Germany's Government amended the German Foreign Trade and Payments Act and its implementing regulations. According to the new law, the Federal Ministry of Economics and Technology can review a planned acquisition of an existing German company by non-EU or non-European Free Trade Area purchasers and suspend or prohibit a transaction if it threatens national security or public order.

Only in very limited cases of a potential threat of national security or public order can the Federal Ministry initiate a review process. The procedure must also be in accordance with the requirements of the European Union treaties. In an explanatory memorandum on the new law,[20] the Government refers to the European Community Treaty (EC Treaty, articles 46 and 58(1), now articles 52 and 65 of the "Treaty on the Functioning of the European Union" that is part of the Lisbon Treaty) and to the case law of the European Court of Justice.[21] A screening of foreign investments in Germany is applicable to investors from outside the EU and the European Free Trade Association who seek to acquire 25% or more voting rights of a German company.[22] It is not limited to specific sectors or size of the target company. The new law does not explicitly distinguish between private and public foreign investors, but it was clearly motivated by the emergence of SWFs as important international investors.

According to the Federal Ministry of Economics and Technology, as of May 2010, 34 foreign companies had applied for a certificate of non-objection since the new law entered into force in April 2009. All companies received the certificate within (on average) two weeks. From April 2009 to May 2010, there was not a single review initiated by the Government. Despite the rather positive experiences with the new law so far, this more restrictive investment law could send a wrong signal to potential foreign investors and was therefore heavily criticized by the German Council of Economic Advisors and the German Industry Federation.[23]

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[18] American Chamber of Commerce and Boston Consulting Group, op. cit., and Ernst&Young, "Waking up to the new economy: Ernst&Youngs 2010 European attractiveness survey", available at: www.ey.com/GL/en/Issues/Business-environment/2010-European-attractiveness-survey.

[19] Thomas Jost, "Sovereign wealth funds: size, economic effects and policy reactions," *Weidener Diskussionspapiere No. 13*, January 2009, available at: www.haw-w.de/fileadmin/user_upload/Aktuelles/Veroeffentlichungen/wen_diskussionspapier13.pdf.

[20] Federal Ministry of Economics and Technology, "Explanatory memorandum," available at: www.bmwi.de.

[21] Thomas Jost, "Sovereign wealth funds and the German policy reaction," in Karl P. Sauvant, Lisa Sachs and Wouter P.F. Schmit Jongbloed, eds, *Sovereign Investment: Concerns and Policy Reactions* (New York, forthcoming 2010).

[22] An investment by a European Union resident company of which a Community-non-resident holds at least 25% of the voting rights can also be reviewed.

[23] Sachverständigenrat, *Jahresgutachten 2007/08: Das Erreichte nicht verspielen* (Wiesbaden: 2007); Bundesverband der Deutschen Industrie, "BDI kritisiert geplante Änderungen im Außenwirtschaftsgesetz," *Pressemitteilung* 81, August 4, 2008, available at: www.bdi.eu.

Notwithstanding the change in the investment law, the German Government has repeatedly emphasized that it welcomes foreign investors,[24] and has taken several measures to attract IFDI. Germany has concluded a large number of double taxation treaties (DTTs). As of May 2010, DTTs are in effect with 108 countries.[25] In January 2009, "Germany Trade and Invest", the foreign trade and inward investment agency of the Federal Republic of Germany, was formed after the merger of the "German Office for Foreign Trade" and "Invest in Germany". Its mission is to promote Germany as a location for industrial and technological investments and to identify investors for the German market. The organization advises foreign companies looking to expand their business activities on the German market and provides comprehensive and client-oriented economic and industry data as well as information about calls for proposals in foreign countries, investment and development projects and legal and customs regulations. The promotion of economic activity in Germany's new federal states, including Berlin, also forms an integral part of the agency's external trade and business location marketing remit. Last but not least, the German corporate sector (e.g., the Federation of German Industries) favors an open investment climate.[26]

**Outlook**

With the renewed uncertainty in the wake of the debt crisis in several EU countries, it is too early to forecast the medium-term investment behavior of MNEs in general, and in Germany in particular. But the German economy has made some strong progress toward improved business conditions in the past few years and, in combination with sound economic growth, this could pave the way for new IFDI.

## 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:
www.bundesbank.de/download/volkswirtschaft/mba/2006/200609mba_en_foreign.pdf.

Deutsche Bundesbank, "German balance of payments in 2009," *Deutsche Bundesbank: Monthly Report* (March 2010), pp. 17-32, available at:
www.bundesbank.de/download/volkswirtschaft/mba/2010/201003mba_en_german.pdf.

Feuerhake, Joerg, Alexander Schulze and Kirsten Untz, "Inward FATS: Auslandskontrollierte Unternehmen in Deutschland 2007", *Wirtschaft und Statistik*, Statistisches Bundesamt, 5/2010, available at: www.destatis.de.

Jost, Thomas, "Sovereign wealth funds and the German policy reaction," in Karl P. Sauvant, Lisa Sachs and Wouter P.F. Schmit Jongbloed, eds., *Sovereign Investment: Concerns and Policy Reactions* (New York, forthcoming 2010).

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[24] Federal Ministry of Economics and Technology, "Investitionsfreiheit und Prüfung ausländischer Investitionen: kein Widerspruch," *Schlaglichter der Wirtschaftspolitik*, Monatsbericht März 2008, pp. 7-10, available at: www.bmwi.de.

[25] The most recent official list of German DDTs is published by the Bundesministerium der Finanzen, "Stand der Doppelbesteuerungsabkommen und der Doppelbesteuerungsverhandlungen am 1. Januar 2010," available at: www.bundes-finanzministerium.de/nn_318/DE/BMF__Startseite/Aktuelles/BMF__Schreiben/Internationales__Steuerrecht/009.html.

[26] Bundesverband der Deutschen Industrie, op.cit.

Jochem, Axel, “International financial competitiveness,” Deutsche Bundesbank, *Discussion Paper Series 1: Economic Studies,* No. 29/2008, available at: www.bundesbank.de/download/volkswirtschaft/dkp/2008/200829dkp.pdf

**Useful website for FDI flows and stocks statistics**

Deutsche Bundesbank, “Special statistical publication 10: foreign direct investment stock statistics,” available at: www.bundesbank.de/download/statistik/stat_soner/statso10_en.pdf.

*www.bundesbank.de/statistik/statistik_zeitreihen.en.php*

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

## Statistical annex

### Annex table 1. Germany: inward FDI stock, 1990-2008

(US$ billion)

| Economy | 1990 | 1995 | 2000 | 2005 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| Germany: consolidated primary and secondary inward FDI stock | 111 | 166 | 272 | 476 | 696 | 666[b] |
| Germany: primary inward FDI stock[a] | 120 | 193 | 471 | 640 | 952 | 911[b] |
| Memorandum: comparator economies | | | | | | |
| United States | 395 | 536 | 1,257 | 1,634 | 2,110 | 2,279 |
| United Kingdom | 204 | 200 | 439 | 841 | 1,264 | 983 |
| France | 98 | 191 | 260 | 628 | 950 | 991 |
| Japan | 10 | 34 | 50 | 101 | 133 | 203 |

*Sources*: For Germany, Deutsche Bundesbank, "Special statistical publication 10: foreign direct investment stock statistics," available at: www.bundesbank.de/download/statistik/stat_sonder/statso10_en.pdf (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, 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 (see the explanation in footnote 1 of the text).

[b] The decline of the inward FDI stock in 2008 is due to the depreciation of the Euro against the US-Dollar. Measured in Euro, the inward FDI stock increased slightly.

### Annex table 2. Germany: inward FDI flows, 2000-2009

(US$ billion)

| Economy | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| Germany | 199 | 26 | 54 | 33 | -10 | 47 | 56 | 77 | 25 | 37 |
| Memorandum: comparator economies | | | | | | | | | | |
| United States | 314 | 160 | 75 | 53 | 136 | 105 | 237 | 271 | 328 | 136 |
| United Kingdom | 119 | 53 | 24 | 17 | 56 | 176 | 156 | 183 | 92 | 47 |
| France | 43 | 51 | 49 | 43 | 33 | 85 | 78 | 158 | 98 | 64 |
| Japan | 8 | 6 | 9 | 6 | 8 | 3 | -7 | 23 | 25 | 12 |

*Sources*: For Germany, Deutsche Bundesbank, "Zahlungsbilanzstatistik, Statistisches Beiheft 3," March 2010, available at: www.bundesbank.de/volkswirtschaft/zahlungsbilanzstatistik/2010/zahlungsbilanzstatistik032010.pdf. For comparator economies, UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/; US Department of Commerce, Bureau of Economic Analysis, "Balance of Payments Statistics," available at: www.bea.gov/international/xls/table1.xls; Office for National Statistics, "Statistical Bulletin, Balance of payments, 4th quarter of 2009," available at: www.statistics.gov.uk/pdfdir/bop0310.pdf; Banque de France, "Bulletin de la Banque de France No. 178, 4éme trimester 2009," available at: www.banque-france.fr/fr/publications/telechar/ bulletin/cahier-statistiques-03-2010.pdf; JETRO (Japan External Trade Organization), "Japanese Trade and Investment Statistics," www.jetro.go.jp/en/reports/statistics/data/bpfdi02_e_1004.xls. Data converted from national currencies into US-Dollars, using annual average exchange rates from the International Monetary Fund, available at: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx).

**Annex table 3. Germany: distribution of inward FDI stock, by economic sector and industry,[a] 2000, 2008**

(US$ billion)

| Sector/industry | 2000 | 2008 |
|---|---|---|
| **All sectors/industries** | **271.6** | **666.1** |
| **Primary** | **1.4** | **5.3** |
| Agriculture, hunting, forestry, and fishing | 0.2 | 0.3 |
| Mining, quarrying and petroleum | 1.2 | 5.0 |
| **Secondary** | **86.4** | **231.6** |
| Food, beverages and tobacco | 5.1 | 20.9 |
| Chemicals and chemical products | 18.4 | 54.8 |
| Rubber and plastic products | 4.0 | 8.4 |
| Other non-metallic mineral products | 3.3 | 9.5 |
| Basic metals | 3.4 | 11.6 |
| Fabricated metal products, except machinery and equipment | 3.2 | 7.5 |
| Machinery and equipment | 8.9 | 26.7 |
| Electrical machinery and apparatus | 4.6 | 8.2 |
| Radio, television and communication equipment | 8.3 | 20.2 |
| Medical, precision and optical instruments | 3.3 | 14.3 |
| Motor vehicles, trailers and semi-trailers | 11.3 | 18.6 |
| **Services** | **183.8** | **429.2** |
| Electricity, gas, and water supply | 2.3 | 13.8 |
| Trade, repair of motor vehicles, motorcycles and personal and household goods | 35.7 | 74.6 |
| Transport and communication | 6.5 | 60.3 |
| Finance and insurance | 41.9 | 101.5 |
| of which: Monetary Intermediation | 14.2 | 54.3 |
| Other monetary intermediation | 22.2 | 18.0 |
| Insurance and pension funding (except compulsory social security) | 5.1 | 29.2 |
| Real estate, renting and business activities | 93.6 | 169.0 |
| of which: Holding companies | 75.2 | 101.2 |

*Source*: Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung*, April 10, 2010, available at: www.bundesbank.de.

[a] Primary and secondary (i.e., through dependent domestic holding companies) foreign direct investment in Germany (consolidated), by economic activity of the investment enterprise in Germany. Data converted from Euros into 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 4. Germany: geographical distribution of inward FDI stock, [a] 2000, 2008

(US$ billion)

| Region/economy | 2000 | 2008 |
|---|---|---|
| **World** | **271.6** | **666.1** |
| **Developed economies** | **264.8** | **643.0** |
| **Europe** | **.** | **557.2** |
| Austria | 6.8 | 23.0 |
| Belgium | 6.0 | 9.6 |
| Denmark | 3.7 | 5.7 |
| Finland | 1.9 | 7.1 |
| France | 26.9 | 61.9 |
| Norway | 1.6 | 2.9 |
| Ireland | 0.9 | 4.2 |
| Italy | 3.9 | 47.3 |
| Luxembourg | 41.8 | 97.3 |
| Netherlands | 57.0 | 151.8 |
| Spain | 1.7 | 10.7 |
| Sweden | 7.7 | 19.9 |
| Switzerland | 21.6 | 43.1 |
| United Kingdom | 18.2 | 57.9 |
| *Memorandum item:* | | |
| *European Union* | *176.7* | *500.2* |
| *European Monetary Union* | *146.9* | *416.1* |
| **North America** | **41.5** | **71.0** |
| Canada | 2.3 | 3.8 |
| United States | 39.2 | 67.2 |
| **Other developed economies** | **.** | |
| Australia | 0.1 | 1.3 |
| Japan | 9.5 | 19.5 |
| **Developing economies** | **7.1** | **23.1** |
| **Africa** | **0.9** | **1.8** |
| South-Africa | 0.8 | 1.7 |
| **Asia and Oceania** | **4.5** | **10.7** |
| China | . | 0.8 |
| India | 0.1 | 0.4 |
| Iran | 0.7 | 1.8 |
| Korea, Rep. of | 1.7 | 5.1 |
| **Latin America and the Carribean** | **1.7** | **4.6** |
| Bermuda | 0.4 | 1.7 |
| Brazil | 0.1 | 0.3 |
| **South-East Europe and CIS** | **.** | |
| Russia | 0.7 | 6.0 |

*Source*: Deutsche Bundesbank, "Bestandserhebung über Direktinvestitionen," *Statistische Sonderveröffentlichung*, April 10, 2010, available at: www.bundesbank.de.

[a] Primary and secondary (i.e, through dependent domestic holding companies) foreign direct investment in Germany (consolidated). Data converted from Euros into 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 foreign assets, 2008**

| Rank | Name | Industry | Value added (US$ million) | Employees |
|---|---|---|---|---|
| 1 | Shell Deutschland | Mineral oil | 44,906 | 4,300 |
| 2 | Deutsche BP AG | Mineral oil | 43,892 | 5,800 |
| 3 | Ford Werke GmbH | Automobiles | 28,944 | 29,800 |
| 4 | Adam Opel GmbH | Automobiles | 21,597 | 20,300 |
| 5 | Vattenfall Europe AG | Energy | 19,800 | 21,200 |
| 6 | Total Deutschland | Mineral oil | 18,020 | 4,000 |
| 7 | Exxon Mobil | Mineral oil | 17,800 | 3,400 |
| 8 | Vodafone D2 | Telecommunications | 13,843 | 15,000 |
| 9 | OMV Deutschland | Mineral oil | 9,293 | 610 |
| 10 | C&A | Warehouses | 9,266 | 34,000 |
| 11 | Airbus Deutschland GmbH | Aeroplanes | 8,589 | 22,000 |
| 12 | Hewlett-Packard Deutschland | Computer and electronics | 7,376 | 8,600 |
| 13 | Kion Group | Material handling | 6,698 | 21,000 |
| 14 | Sanofi-Aventis | Pharmaceutics | 5,883 | 10,000 |
| 15 | Procter & Gamble | Consumer goods | 5,516 | 15,000 |
| 16 | Telefonica O2 | Telecommunications | 5,286 | 4,700 |
| 17 | Nestlé | Food | 5,274 | 12,400 |

*Sources*: *Frankfurter Allgemeine Zeitung*, “Deutschlands größte Unternehmen in Zahlen,” July 8, 2009, available at: FAZ.net, and companies’ websites.

## Annex table 6. Germany: main M&A deals, by inward investing firm, 2007-2009

| Year | Acquiring company | Investor economy | Target company | Target industry | Shares owned after transaction (%) | Transaction value (US$ million) |
|---|---|---|---|---|---|---|
| 2009 | Qatar Investment Authority | Qatar | Volkswagen AG | Motor vehicles | 17.0 | 9,569.5 |
| 2009 | Verbund | Austria | E On AG Hydro | Electrity | 100.0 | 1,931.6 |
| 2009 | IPIC | Unitad Arab Emirates | MAN Ferrostahl AG | Machinery and equipment | 70.0 | 951.4 |
| 2009 | Electrabel SA-Coal &Electricity | Belgium | E On AG Farge und Zolling | Electricity | 100.0 | 686.1 |
| 2009 | Investor Group | Czech Republic | Mibrag | Coal mining and energy | 100.0 | 513.9 |
| 2009 | Thermo Fisher Scientific Inc | United States | Brahms AG | Medical and biotechnology | 100.0 | 470.6 |
| 2009 | Honeywell International Inc | United States | RMG Regel- und Messtechnik GmbH | Electrical machinery and apparatus | 100.0 | 400.0 |
| 2008 | Banque Federative du Credit Mutuel | France | Citibank Privatkunden AG&Co KGaA | Banking | 100.0 | 6,617.5 |
| 2008 | Whitehall Street Fund | United States | LEG Landesentwicklungs-gesellschaft NRW GmbH | Real estate | 100.0 | 5,255.0 |
| 2008 | CVC Capital Partners Ltd | Luxembourg | Evonik Industries AG | Electricity | 25.0 | 3,705.4 |
| 2008 | Cie de Saint Gobain SA | France | Maxit Holding GmbH | Building materials | 100.0 | 3,270.8 |
| 2008 | Xella International SPV | France | Xella International GmbH | Building materials | 100.0 | 3,183.7 |
| 2008 | Eaton Corp | United States | Moeller Holding GmbH & Co KG | Electrical machinery | 100.0 | 2,220.0 |
| 2008 | Unicredito Italiano SpA | Italy | Bayerische Hypo- und Vereinsbank | Finance | 100.0 | 1,891.5 |
| 2008 | HRE Investment Holdings LP | Cayman Islands | Hypo Real Estate Holding AG | Finance | 24.9 | 1,796.4 |
| 2007 | Mylan Laboratories Inc | United States | Merck KGaA-Generic Drugs | Pharmaceuticals | 100.0 | 6,627.9 |
| 2007 | Nycomed A/S | Denmark | Altana AG-pharmaceutical business | Pharmaceuticals | 100.0 | 5,753.2 |
| 2007 | UCB SA | Belgium | Schwarz Pharma AG | Biological products | 87.6 | 4,772.7 |
| 2007 | Lavena Holding 4 GmbH | United States | ProSiebenSat.1 Media AG | Media | 50.5 | 4,100.0 |
| 2007 | Red & Black Lux Sarl | Italy | Hugo Boss AG | Clothing | 88.0 | 2,842.8 |
| 2007 | Sapardis SA | France | Puma AG | Sports wear | 62.1 | 2,500.9 |
| 2007 | Investor Group | United Kingdom | Aurealis Real Estate GmbH | Real estate | 100.0 | 2,231.3 |

*Source*: Thomson ONE Banker, Thomson Reuters.

**Annex table 7. Germany: main announced greenfield projects, by inward investing firm, 2007-2009**

(US$ million)

| Year | Company name | Source economy | Investment | Industry | Business activity |
|---|---|---|---|---|---|
| 2009 | ConocoPhillips | United States | 2,500.0 | Coal, oil and natural gas | Manufacturing |
| 2009 | Texas Instruments | United States | 1,039.0[a] | Semiconductors | Manufacturing |
| 2009 | Gazprom | Russia | 986.1 | Coal, oil and natural gas | Logistics, distribution and transportation |
| 2009 | Nord Stream AG | Switzerland | 599.6[a] | Coal, oil and natural gas | Logistics, distribution and transportation |
| 2009 | Multi Development | Netherlands | 599.6 | Real estate | Construction |
| 2009 | Green Wind Energy | Denmark | 568.7[a] | Alternative/renewable energy | Electricity |
| 2009 | GDF SUEZ | France | 526.2[a] | Coal, oil and natural gas | Extraction |
| 2008 | Vattenfall | Sweden | 1557.0 | Coal, oil and natural gas | Manufacturing |
| 2008 | Blackstone Group | United States | 1544.0 | Alternative/renewable energy | Electricity |
| 2008 | Bulberry Properties | Ireland | 1240.0 | Real estate | Construction |
| 2008 | Econcern | Netherlands | 1078.0 | Alternative/renewable energy | Electricity |
| 2008 | Advanced Technology Investment Company | United Arab Emirates | 1,039.0[a] | Semiconductors | Manufacturing |
| 2008 | Minera S.A. | United States | 993.5 | Metals | Extraction |
| 2008 | Intico solar | Austria | 954.5 | Electronic components | Manufacturing |
| 2007 | Suez | France | 1,463.0 | Coal, oil and natural gas | Electricity |
| 2007 | ING Group | Netherlands | 1,262.9 | Real estate | Construction |
| 2007 | Sirenza Microdevices | United States | 1,039.2[a] | Semiconductors | Manufacturing |
| 2007 | Morgan Stanley | United States | 872.7 | Real Estate | Construction |
| 2007 | Gazprom | Russia | 616.5 | Coal, oil and natural gas | Logistics, distribution and transportation |
| 2007 | Gazprom | Russia | 542.7 | Coal, oil and natural gas | Electricity |
| 2007 | Abengoa | Spain | 525.0 | Alternative/renewable energy | Manufacturing |

*Source*: fDi Intelligence, a service from the Financial Times Ltd.

[a] Estimated.