

FOREIGN DIRECT INVESTMENT 2024



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1 FOREIGN DIRECT INVESTMENT STATISTICS – METHODOLOGICAL DESCRIPTION

The foreign direct investment (FDI) statistics are compiled in accordance with international standards¹ and the requirements of the OECD, the ECB, Eurostat and the IMF for compilation of the balance of payments and the international investment position, of which they are a part.

When compiling the FDI statistics, the CNB applies the internationally accepted definition of foreign direct investment:

“Foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor (“direct investment enterprise”). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise.”

The FDI indicators provide information on international investment activities taking the form of equity participations and related loans and on income arising from such invested capital. Direct investment involves both the initial transaction between the two entities (direct investor – direct investment enterprise) and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

A direct investment enterprise includes directly and indirectly owned affiliates. These are divided – according to the investor’s percentage ownership of the ordinary shares or voting power – into subsidiaries (more than 50 %), associates (10 % – 50 %) and branches (wholly-owned permanent establishments or offices of a direct investor; land and structures directly owned by a foreign resident; or mobile equipment that operates within an economy for at least one year).

In addition to shares in equity capital, foreign direct investment covers reinvested earnings and other capital, including lending transactions with direct investors. Direct investment has three components and its composition can be expressed as:

Direct investment = equity capital + reinvested earnings + other capital

- **Equity capital** comprises non-resident investment in the equity of a company.
- **Reinvested earnings** consist of the direct investor’s share (in proportion to direct equity participation) of earnings not distributed as dividends.
- **Other capital** covers the borrowing and lending of funds, including debt securities and trade credits, between direct investors and their affiliated enterprises and fellow companies in the same enterprise group. These transactions are recorded under intercompany claims and liabilities.

When recording foreign direct investments there arises the issue of their valuation. Direct investment flows are compiled on the basis of realized investment transactions, which implies market valuation. As from the reference year 2015, cross-border equity capital stocks for quoted shares are recorded (in line with the ESA 2010 and BPM6 international manuals) at market value instead of book value. The book value of own funds is used for unquoted shares and the shares of domestic companies in foreign direct investment.

In compliance with international methodology, the main presentation of the territorial breakdown of foreign direct investment is based on the country of the immediate investor. In addition, foreign direct investment is presented by the ultimate owner for analytical purposes. The ultimate owner differs from the immediate owner in not being a subsidiary or affiliate of another entity. Both legal entities and natural persons may be ultimate owners.

The sectoral breakdown is based on a classification of economic activities consistent with the internationally used NACE Rev. 2 classification. In accordance with the sectoral breakdown and in line with international manuals, the presentation of domestic direct investment abroad is broken down by individual direct investment abroad, i.e. by the domestic investor’s foreign subsidiary or associate. In line with international manuals, the presentation of foreign direct investment in the Czech Republic is broken down by the foreign investor’s domestic subsidiary or associate.

¹ IMF Balance of Payments and International Investment Position Manual – sixth edition (BPM6)
OECD Benchmark Definition of Foreign Direct Investment – fourth edition (BD4)

In compliance with international regulations, the principle of data confidentiality is observed in data publication. Therefore, the symbols C (maintenance of primary confidentiality) and D (maintenance of secondary confidentiality) are used in the relevant statistical aggregates.

The FDI statistics are compiled using data from CNB questionnaires (Decree No. 235 of 23 July 2013 Coll.), the classifications and breakdowns used in national and international registers, estimates for sub-limit and non-responding entities, corrections of patently incorrect data (such as inconsistencies between data in reports and data in audited financial statements) and checks against mirror statistics of foreign central banks and foreign statistical offices. The quality of the statistics depends primarily on the quality, timeliness and completeness of the input data from the reports obtained from the statistical reporting agents.

1.1 PRIVATE PURCHASES & SALES OF REAL ESTATE

In connection with the introduction of NACE Rev. 2 into the FDI statistics, the publication includes data on real estate owned by non-resident natural persons.¹ The administrative source for the stock calculation is the Cadaster Information System (ISKN), which contains the number, ownership interests and area of individual sites, buildings (i.e. dwelling houses and family houses) and units (apartments) of natural persons having permanent residence abroad. The ISKN does not register the citizenship of property holders. The administrative data were assessed at market value using prices received from the CZSO.

2 FATS STATISTICS



The growth in foreign investment and its impact on the globalization of the world economy has created interest in additional information permitting a deeper analysis of the activities of foreign-controlled corporations. Providing this type of information is the goal of the statistics on the structure and activity of foreign affiliates (FATS). Since the reference year 2021 the FATS have been processed in compliance with, Regulation (EU) 2019/2152 on European business statistics (EBS). Since 2007 there has been a division of competencies – the Czech National Bank reports data for outward statistics on foreign affiliates (i.e. foreign companies under domestic ultimate control), while inward statistics on foreign affiliates (for domestic companies under foreign control) are compiled by the Czech Statistical Office.

3 DOMESTIC DIRECT INVESTMENT ABROAD

Table 3.1

Stock of domestic direct investment abroad as of 31 December 2024

	Equity capital	Reinvested earnings	Equity capital + Reinvested earnings	Other capital	TOTAL
	1.	2.	1. + 2.	3.	1. + 2. + 3.
CZK billion	658.9	1 062.2	1 721.1	169.9	1 891.0
USD billion	27.2	43.8	71.0	7.0	78.0
EUR billion	26.2	42.2	68.4	6.7	75.1

Exchange rate as of 31 December 2024:

1 USD = 24.237 CZK

1 EUR = 25.185 CZK

Note: Because of rounding to one decimal place, the sum of the individual items in this table may not correspond to the totals at book value. The rounding principle also applies to the respective charts and tables. Thus, the sum of the sub-aggregates may not correspond to the corresponding aggregate.

At the end of 2024 the stock of domestic direct investment abroad increased by CZK 308.2 billion compared to the previous year, to CZK 1 891.0 billion. The rise in investment was caused mainly by an increase in reinvested earnings.

The largest volume of domestic capital was invested in the area of Financial and insurance activities, amounting to 64.4 % of the total volume of foreign investments.

As regards the territorial breakdown of capital under domestic influence abroad, the Netherlands was again the most attractive country for foreign investment and accounted for 18.2 % of the stock of total direct investment abroad. The capital invested in Luxembourg makes up 15.8 % of foreign investment, followed by investment in Slovakia (9.1 %).

Chart 3.1

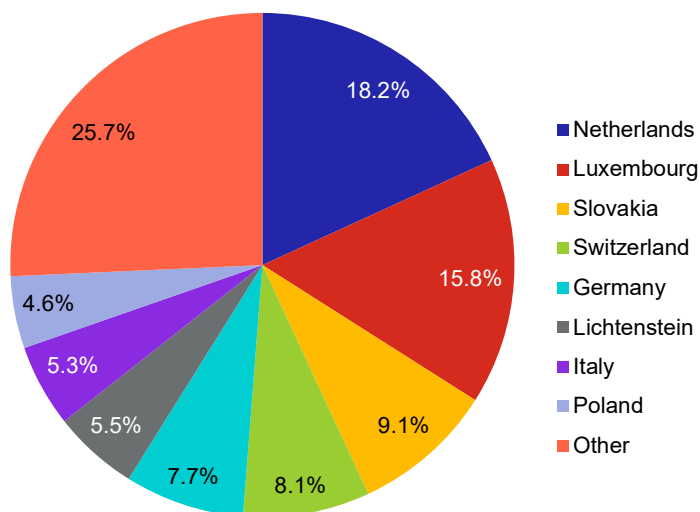
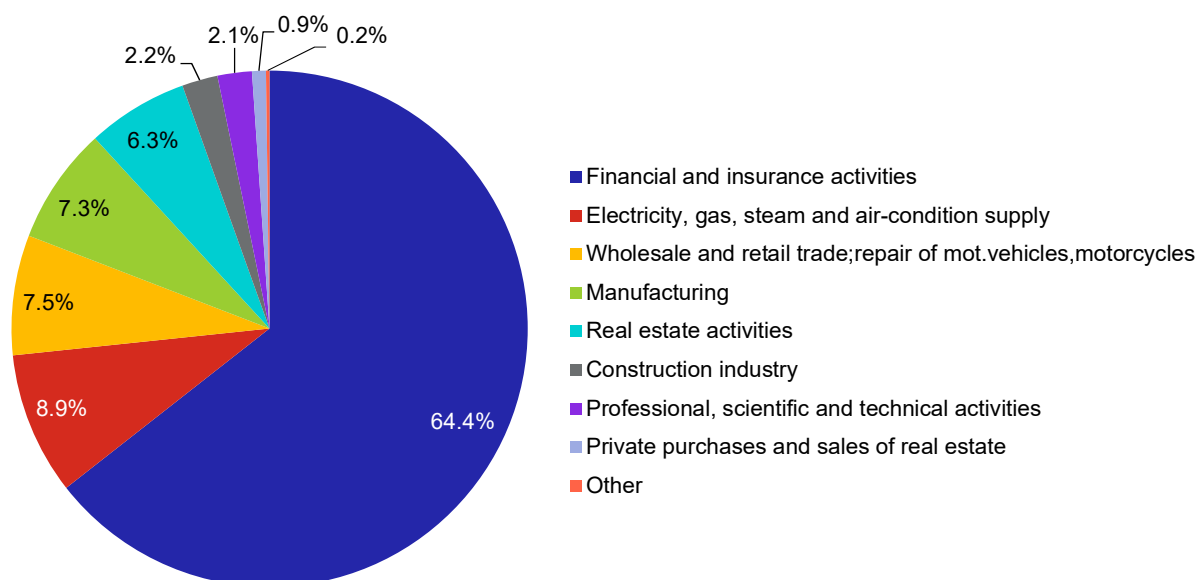
Domestic direct investment abroad as of 31 December 2024 – by country

Chart 3.2

Domestic direct investment abroad as of 31 December 2024 – by economic activity

4 FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC

Table 4.1

Stock of foreign direct investment in the Czech Republic as of 31 December 2024

	Equity capital 1.	Reinvested earnings 2.	Equity capital + Reinvested earnings 1. + 2.	Other capital 3.	TOTAL 1. + 2. + 3.
CZK billion	2 701.2	2 083.2	4 784.4	597.6	5 382.0
USD billion	111.4	86.0	197.4	24.7	222.1
EUR billion	107.3	82.7	190.0	23.7	213.7

Exchange rate as of 31 December 2024: 1 USD = 24.237 CZK 1 EUR = 25.185 CZK

Note: Because of rounding to one decimal place, the sum of the individual items in this table may not correspond to the totals at book value. The rounding principle also applies to the respective charts and tables. Thus, the sum of the sub-aggregates may not correspond to the corresponding aggregate.

At the end of 2024 the stock of foreign direct investment in the Czech Republic totaled CZK 5 382.0 billion.

As regards the individual FDI components, a change compared to the end of 2023 was recorded mainly for equity capital (up by CZK 246.1 billion year on year). The volume of dividends paid out to parent enterprises abroad reached CZK 359.7 billion in 2024.

The largest share of foreign capital within the total volume of direct investment in the Czech Republic went into Financial and insurance activities (29.0 %), followed by Manufacturing (24.7 %) and Real estate activities (11.5 %).

From the geographical perspective, the greatest share of capital invested in the Czech Republic comes from the Netherlands (16.6 %), Luxembourg (16.2 %) and Germany (13.9 %).

The share of investors from EU countries increased to 85.7 %, and almost 93.6 % of foreign investment in the Czech Republic is from Europe generally. Only 6.4 % of the foreign capital comes from countries outside Europe, with the Republic of Korea, the USA and the Japan being the most significant investors.

Chart 4.1

Foreign direct investment in the Czech Republic as of 31 December 2024 – by country

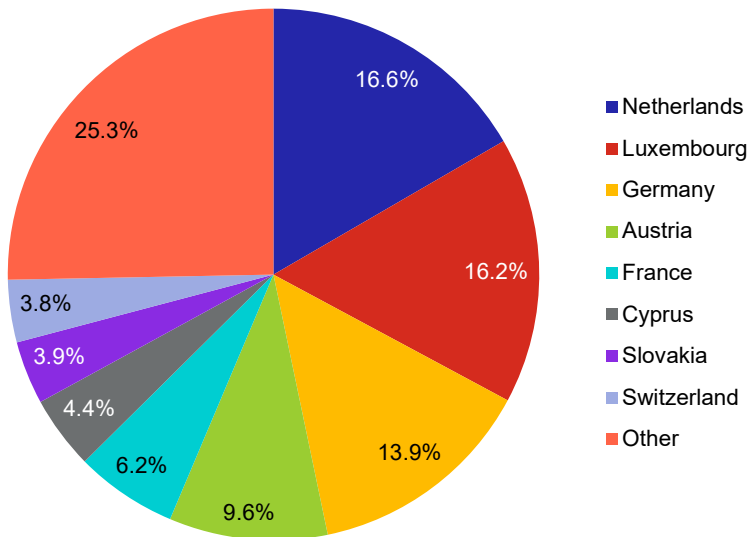
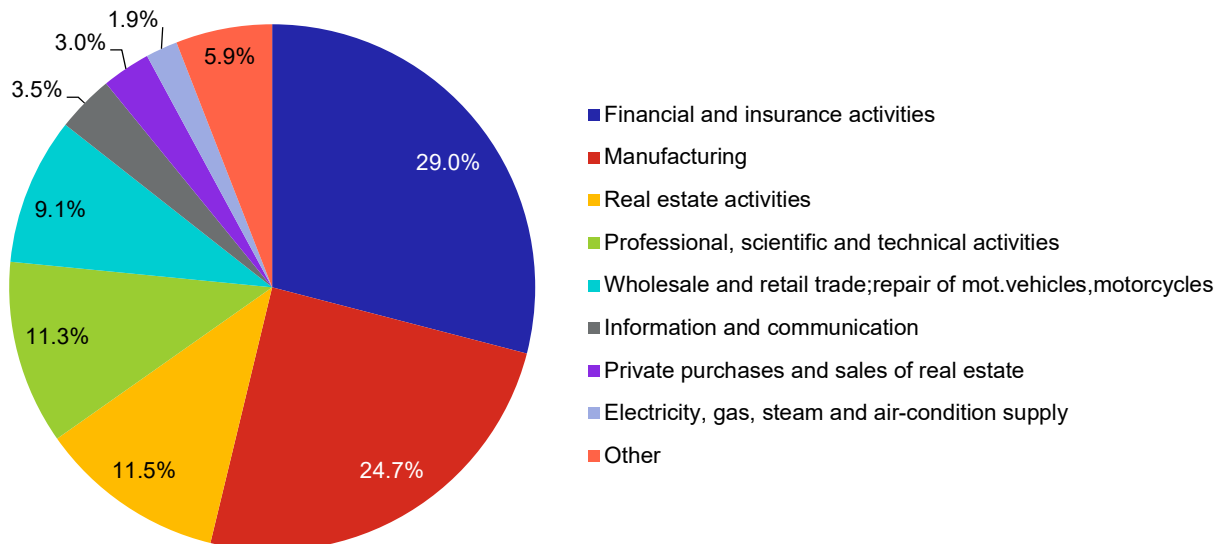


Chart 4.2

Foreign direct investment in the Czech Republic as of 31 December 2024 – by economic activity



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