1 Results of the 2020 survey and developments in selected indicators[1]

In the annual survey on Austrian foreign direct investment (FDI) covering the first year of the COVID-19 pandemic, i.e. 2020, both inward and outward FDI showed a strong decline. On December 31, 2020, the stocks of Austrian FDI abroad (outward FDI) amounted to EUR 204.7 billion, and stocks of FDI in Austria (inward FDI) came to EUR 167.7 billion. Compared to 2019, outward FDI went down by 8% and inward FDI by 5%. For the year 2021, only preliminary figures are available; they are based on carryover estimates, reported transactions, calculations of price and exchange rate changes as well as profit estimates. These preliminary figures show a strong increase in stocks for 2021; both outward FDI (EUR 229 billion) and inward FDI (EUR 188 billion) will likely reach new highs, exceeding pre-crisis levels from 2019. If we view 2020 as an outlier, the preliminary results for 2021 are broadly in line with the growth trend of the last years. In 2021, FDI surged compared to 2020, partially as a result of some catching up on investments in 2021 that had been canceled or postponed in the first year of the pandemic. On the other hand, the surge was also attributable to the economic recovery after the strong slump in 2020. In 2020, the impact of the pandemic and a strong development of the euro had led to negative changes in outward FDI stocks. Restructurings of some multinational enterprises (MNEs) likewise reduced the stock of outward FDI.

An initial assessment of 2022 shows a year that was marked by stark contrasts. The beginning of the year was characterized by strong investment activity due to favorable economic conditions, high (reinvested) profits from 2021 and some previously postponed investment projects originally scheduled in the first pandemic year. This positive dynamic ended abruptly with Russia's invasion of Ukraine and the ensuing geopolitical tensions and energy crisis. Increased commodity prices are straining industrial companies, and planning investment projects has become harder in times of geopolitical and economic uncertainty. Additionally, interest rate hikes carried out in response to inflation are making externally financed projects more difficult. We expect negative price effects due to declining company valuations seen on stock markets since the beginning of 2022. However, the euro has been developing weakly, causing positive exchange rate effects for outward FDI.

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