

DANMARKS NATIONALBANK

29. NOVEMBER 2019

DIRECT INVESTMENT, STOCK 2018

The Industry's foreign subsidiaries contribute to current account surplus

Industrial Group's investments in foreign subsidiaries amount to kr. 558 billion in 2018 indicating that the industry is largely organized globally. Relatively few large groups are behind the majority of the investments.

The foreign subsidiaries are located in large parts of the world, often organized through complex corporate structures. This means that investments often pass through several countries before reaching the final investment country. New estimates of where the

investments end up show that the largest investments in subsidiaries have been made in Russia and the United States. In addition, investments in a number of emerging economies such as China and India are often made through transit countries.

Foreign subsidiaries contribute to balance of payment surplus

The industry's contribution to the Danish balance of payments surplus was a total of kr. 297 billion in 2018 and is mainly driven by export of goods.

Almost one-third of the industry's net export in 2018, is produced outside Denmark and sold directly to foreign customers. With that, the goods are exported without ever crossing the Danish border. Production is often carried out in foreign subsidiaries. Thus, there is a close connection between the industry's payment balance contribution and its investments in foreign subsidiaries.

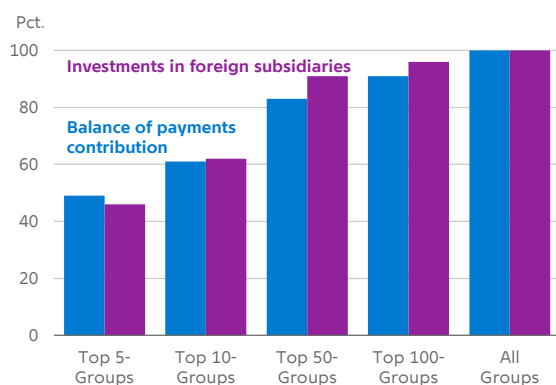
Only five industrial groups are behind approximately half of the industry's total balance of payments surplus.

Data collaboration provides insight

Danmarks Nationalbank and Statistics Denmark have prepared an analysis that examines the industrial groups' contribution to the balance of payments and their organization in foreign subsidiaries. Read more [here \(link\)](#).

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Industrial groups' foreign investments and balance of payments contributions are concentrated on a few groups



Note: Industrial Group's total direct investments in foreign subsidiaries at the end of 2018 and their total contribution to the current account balance in 2018, broken down by number of groups. The top 5 does not necessarily contain the same groups for the two inventories.