

DANMARKS NATIONALBANK

13 NOVEMBER 2020

DIRECT INVESTMENTS, 3RD QUARTER 2020

Decline in foreign direct investments in USA

Danish investors decreased their outward foreign investments in USA by kr. 21 billion in the first three quarters of 2020. This is mainly driven by a decline in intercompany debt in manufacturing and it is due to American subsidiaries placing excess liquidity in their Danish parent companies.

The flow of intercompany debt etc. often reflects the liquidity in single entities within a group and, therefore, intercompany debt displays much larger fluctuations than equity investments. This is especially pronounced if groups' cash management is handled by a central entity in the group.

FDI in Europe causes increases

In total, Danish investors have increased outward FDI by kr. 5 billion in the first three quarters of 2020. The increase in outward FDI is primarily due to investments in Germany, Great Britain and Norway. Besides the decline in USA, FDI in China has also decreased.

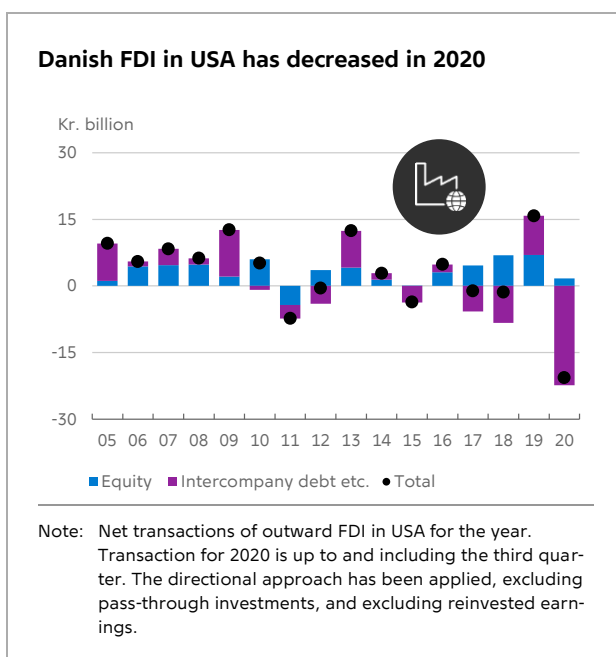
USA is the third largest country for Danish investors

The value of Danish investors' FDI in USA is kr. 166 billion.¹ This is equivalent to 11 per cent of Denmark's stock of outward FDI. This makes USA the third largest investment country for Danish FDI only surpassed by Great Britain and Sweden.

USA is the largest investor in Denmark

Kr. 220 billion of inward FDI in Denmark is ultimately controlled from USA, equivalent to 27 per cent of total inward FDI in Denmark. This makes USA the largest investor country in Denmark. Almost 90 per cent of American FDI in Denmark passes through transit countries, primarily the Netherlands and Luxembourg.²

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¹ Stock is measured end-2019.

² See Danmarks Nationalbank Statistic, Foreign Direct Investment, Stocks 2019 for further information ([link](#)).