



P-Glossary



Foreign Direct Investment (FDI)

Foreign direct investment (FDI) is defined as a company from one country making a physical investment in another country. It may mean building factories or acquiring ordinary shares or voting power in a public or private enterprise by nonresident investors. FDI does not include foreign investment in stock markets. FDI is a key component of economic development for many countries, and all try to offer incentives for FDI into their economies to boost business activities.

Compared with investments in equity of a company, FDI tends to have a longer period of relationship with an enterprise. When the economy is in recession, investment in equity tends to flee quicker than FDI. In this context, FDI is considered to be a lasting interest in the management of an enterprise.
