



# Understanding Foreign Direct Investment and Fixed Assets Investment Commitments



**Foreign Direct Investment (FDI)** in Singapore refers to cross-border investment where a foreign direct investor owns 10% or more of the ordinary shares or voting power in a Singapore enterprise. The components of **FDI** comprise equity investment (i.e., equity capital and retained earnings) attributable to the foreign direct investor and net inter-company loans between the Singapore enterprise and its related entities overseas.

**Fixed Assets Investment (FAI) commitments** refer to incremental capital investment in facilities, equipment, and machinery. **FAI commitments** are recorded when a company has made a firm undertaking to implement a project in Singapore, although the actual transaction(s) may take place in subsequent period(s).

Key differences between **FDI flows** and **FAI commitments** are:

 Statistics on **FDI flows** compiled by the Singapore Department of Statistics covers the various sectors of the Singapore economy, whereas statistics on **FAI commitments** compiled by the Economic Development Board covers investments in Singapore facilitated by the board.

 **FDI flows** are recorded only when a direct investment transaction takes place whereas **FAI commitments** are recorded during the period when the undertaking to implement the project is made (regardless of whether the actual investment on fixed assets has taken place during the period).

 **FDI flows** only include the financing from the direct investor and related entities, and not the external financing (e.g., borrowings from banks) whereas **FAI commitments** do not take into consideration the source of the financing.

## Illustration



1  
A foreign investor has committed **S\$100 million** to set up a manufacturing plant in Singapore.

FAI commitments or intentions amounting to **S\$100 million**



2  
During the year, the investor injected funds amounting to **S\$30 million** ...



3  
... of which **S\$20 million** was borrowings by the manufacturing plant from a local bank.

FDI flows of **S\$10 million**

... will be recorded for the year.

## For More Information

Access data tables on **Foreign Direct Investment Flows in Singapore** in the SingStat Table Builder:

 [by Broad Industry](#)

 [by Source Economy](#)

Explore data trends via Foreign Direct Investment Flows in Singapore dashboard 



View video that explains the key concepts of FDI 



Access data tables on Singapore's **FAI commitments** in the SingStat Table Builder:

 [by Country of Origin](#)

 [by Industry](#)

 [by Industry Cluster](#)

