משרד האוצר
Ministry of Finance

The Chief Economist

2025 | Foreign Investments

Summary: Israel and Globally



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This document is a shortened version of a report published by the Chief Economist's Department at Israel's Ministry of Finance on foreign direct investment (FDI) data in Israel and globally in 2025.

The full report is available on the Israeli Ministry of Finance's website in Hebrew.

Global FDI Inflows - increase compared to 2024

Global foreign direct investment (FDI) inflows totaled USD 1.43 trillion in 2025, a 6% increase compared to 2024. This growth in global capital flows was driven by a global economic growth trend, despite ongoing geopolitical tensions and inflationary pressures.

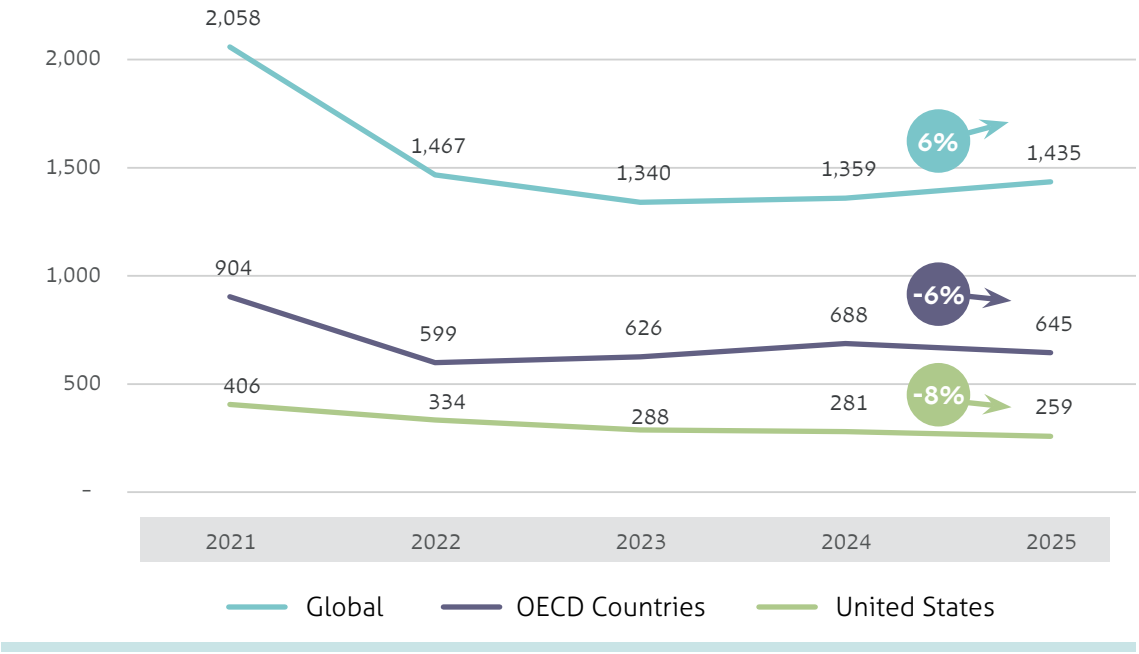
FDI inflows into OECD member countries experienced a decrease of 6%, reaching USD 645 billion in 2025 compared to USD 688 billion in 2024. Consequently, the OECD countries' share of total global investments contracted from 51% to 45%.

FDI inflows to the United States recorded a decline of approximately 8% in 2025, dropping to roughly USD 259 billion (compared to USD 281 billion in 2024).[1]

1 OECD (2026), "Foreign Direct Investment (FDI)": https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html. Accessed August 8, 2026.

Chart 1 | FDI Inflows Worldwide, 2021-2025 (Billion USD)

Increase in global investment flows



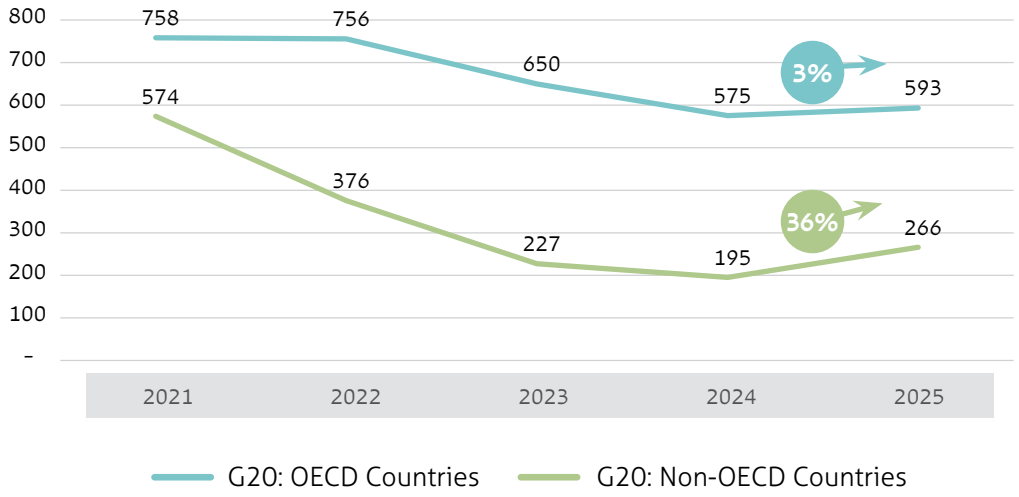
Source: Chief Economist Department adaptations to OECD FDI data.

FDI inflows to G20 economies showed an increase of 11% in 2025, amounting to roughly USD 860 billion, compared to USD 770 billion in 2024. However, significant disparities in investment trends are evident within this group: while non-OECD G20 countries recorded a substantial 36% increase in inflows, OECD-member G20 countries experienced a moderate increase of 3%.[2]

2 OECD (2026), "Foreign Direct Investment (FDI)": https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html. Accessed August 8, 2026.

Chart 2 | FDI Inflows in G20 Countries, 2021-2025 (Billion USD)

Non-OECD G20 countries experienced sharper increases



Source: Chief Economist Department adaptations to OECD FDI data.

The surge in FDI across non-OECD economies was predominantly led by increase in inflows to China (USD 80 billion, +88%), Brazil (USD 77 billion, +23%), India (USD 39 billion, +45%), and Russia (USD 13 billion, +518%), contrasting with a significant decrease in inflows in Argentina (USD 3 billion, a -73% decrease) and South Africa (negative USD 2 billion, a -196% decrease).[3,4] This growth was largely fueled by global supply chain diversification and the US-China AI race, which presumably prompted Chinese tech giants to invest heavily in computing and energy infrastructure across emerging markets offering favorable conditions.[5,6] However, China's own FDI recovery was nuanced; rather than stemming from new greenfield projects,[7] it relied heavily on intra-company loans injected into existing subsidiaries.[8]

3 Foreign investments (inward or outward) may be recorded as negative when the volume of capital withdrawals exceeds new investments during a given period. For instance, in the case of outward FDI, a negative figure indicates that domestic investors remitted more capital from abroad to the home country (e.g., through the sale of foreign assets, the repayment of intra-company loans from subsidiaries, or the withdrawal of earnings) than the volume of new capital invested overseas.

4 OECD (2026), "Foreign Direct Investment (FDI)": https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html. Accessed August 8, 2026.

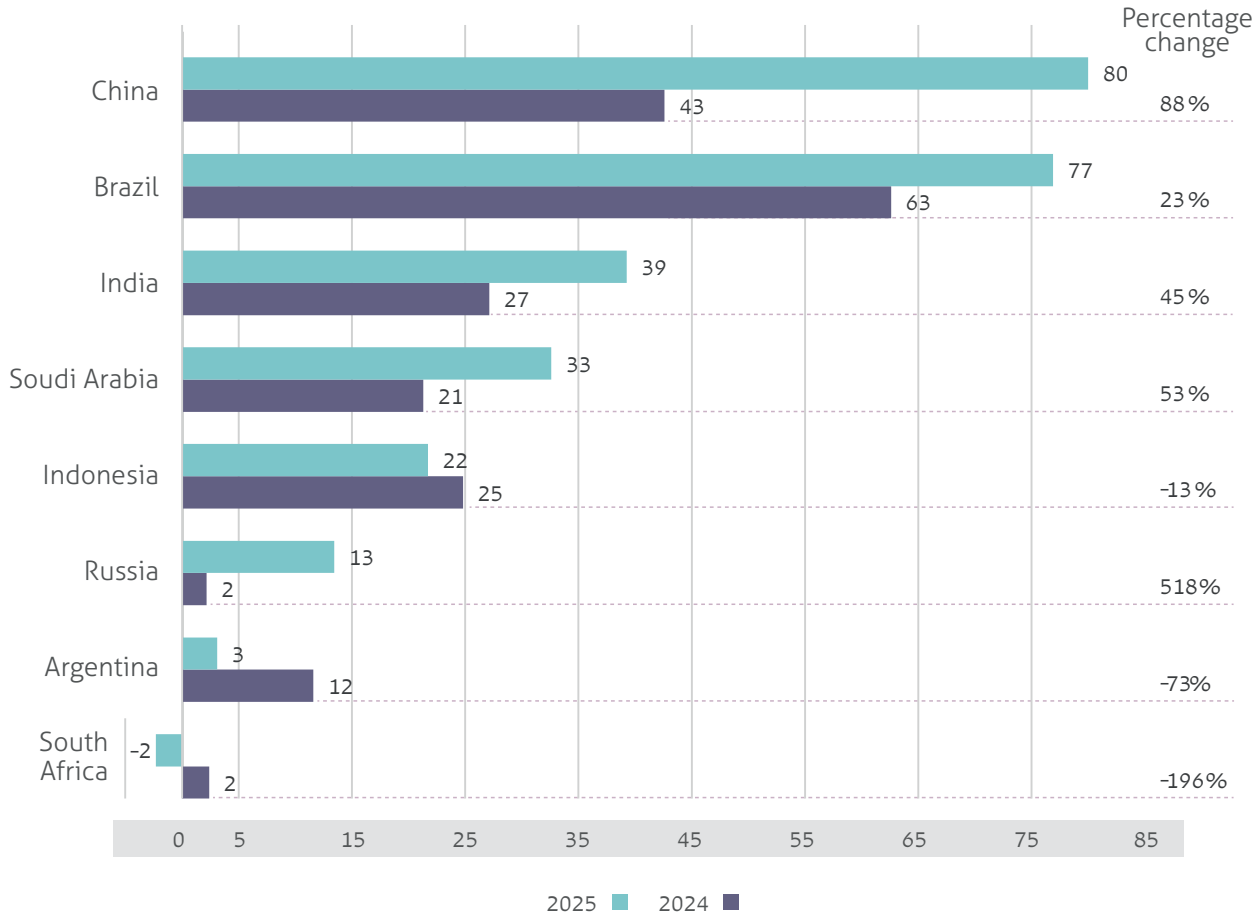
5 UNCTAD (2026), "Shifting patterns in global FDI, developed economies lead growth: UNCTAD January Investment Trends Monitor", available at Trade Treasury Payments: https://tradetreasurypayments.com/articles/shifting-patterns-in-global-fdi-developed-economies-lead-growth-unctad-january-investment-trends-monitor.

6 fDi Intelligence (2026), "The AI Race and Infrastructure FDI in Emerging Markets": https://www.fdiintelligence.com/content/25730519-9cbb-4f19-ab89-ad1e21510339.

7 In a greenfield investment, a company establishes entirely new operations in the destination country, as distinct from a merger and acquisition (M&A) transaction involving an existing local company. Examples of such investments include the establishment of a manufacturing facility or an R&D center, as well as the procurement of new equipment.

8 OECD (2026), "FDI in Figures, April 2026", OECD Publishing: https://www.oecd.org/en/publications/fdi-in-figures-april-2026_b3e12b44-en.html.

Chart 3 | : FDI Inflows in non-OECD G20 Countries (Million USD)

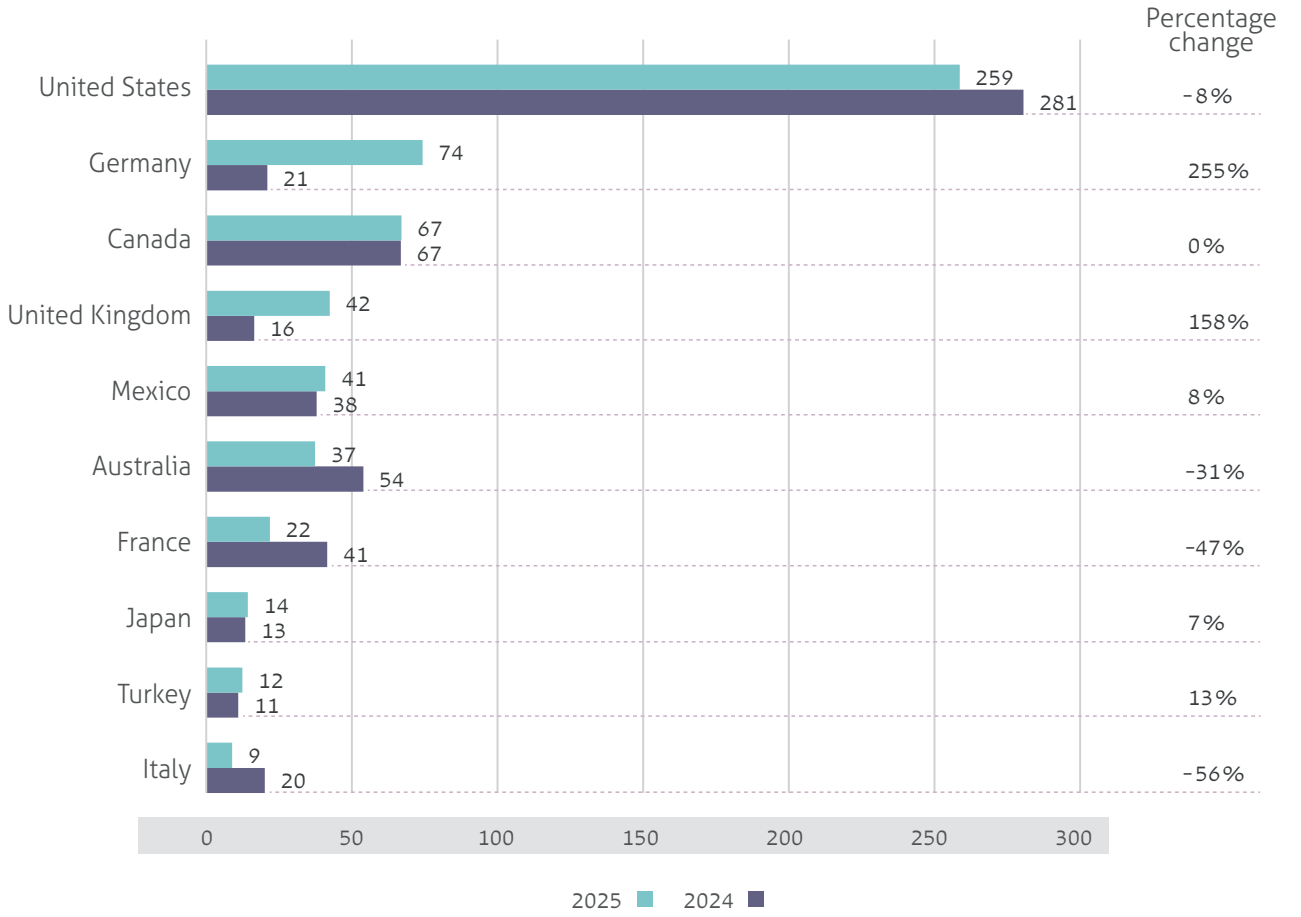


Source: Chief Economist Department adaptations to OECD FDI data.

Among OECD-member G20 countries, significant increases in FDI inflows were recorded in Germany and the United Kingdom, with growth of 255% and 158%, respectively. An OECD report notes that the surge in capital flows within the European region was largely driven by a limited number of cross-border merger and acquisition (M&A) transactions, alongside temporary accounting fluctuations in intra-company loans, rather than the establishment of new tangible projects (greenfield investments) in infrastructure or manufacturing facilities.[9]

9 OECD (2026), "FDI in Figures, April 2026", OECD Publishing: https://www.oecd.org/en/publications/fdi-in-figures-april-2026_b3e12b44-en.html.

Chart 4 | FDI Inflows in OECD G20 Countries (Billion USD)



Source: Chief Economist Department adaptations to OECD FDI data.

FDI Inflows into Israel

Foreign direct investment (FDI) inflows into Israel surged by 78% in 2025, totaling an annual record of USD 26.2 billion, compared with USD 14.8 billion in 2024. Israel ranks 8th among OECD members in FDI inflows in 2025, an improvement from its 12th place ranking in 2024.[10]

The positive momentum was evident throughout the entire year, with the third and fourth quarters recording particularly high investment volumes of USD 8.3 billion and USD 7.6 billion, respectively, reflecting levels akin to the peak years observed in 2021 and 2022.

Despite geopolitical challenges and an ongoing war through mid-2025, this growth demonstrates the relative structural resilience of the Israeli economy and signals continued foreign investor confidence, especially in the technology sector.

Chart 5

Israel FDI Inflows, 2021-2025
(Billion USD)

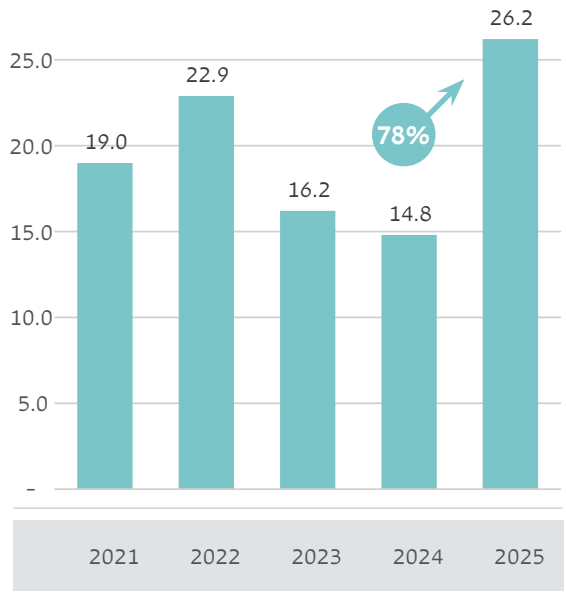
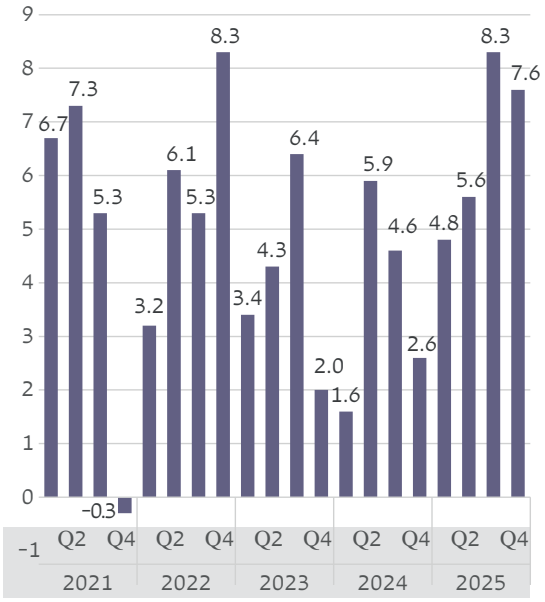


Chart 6

FDI Inflows to Israel, by Quarter, 2021-2025
(Billion USD)



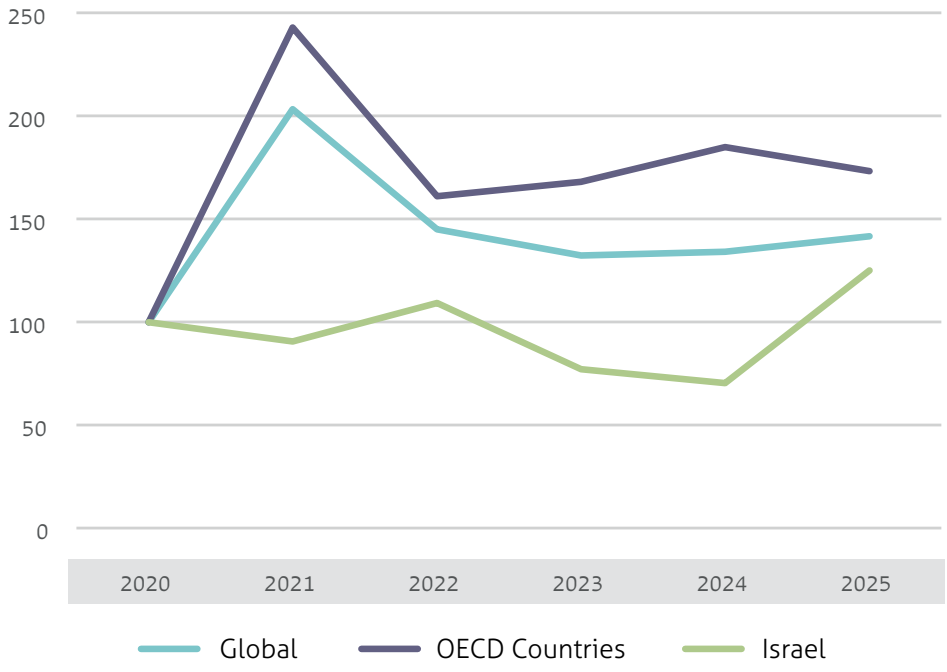
Source: Chief Economist Department adaptations to OECD FDI data.

10 OECD (2026), "Foreign Direct Investment (FDI)": https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html. Accessed August 8, 2026.

Indexed FDI Inflows

A multi-year analysis of investment flows, using a comparative index with 2020 serving as the base year, visualizes investment trends in Israel relative to global markets and OECD member countries (Chart 7). In terms of investment trends, in 2021 a global increase in investment inflows and in OECD countries is evident (driven by post-COVID-19 recovery), whereas Israel recorded a moderate decline compared to the base year. In 2022, the trend for global investment moderated, while Israel recorded a slight recovery. In 2023 and 2024, the inflow trend in Israel declined, partly due to local geopolitical challenges. In line with the trend observed globally, 2025 marks a recovery in investment flows to Israel, signaling a gradual return to a growth trajectory.

Chart 7 | Global FDI Indexed, (2020=100), 2020-2025

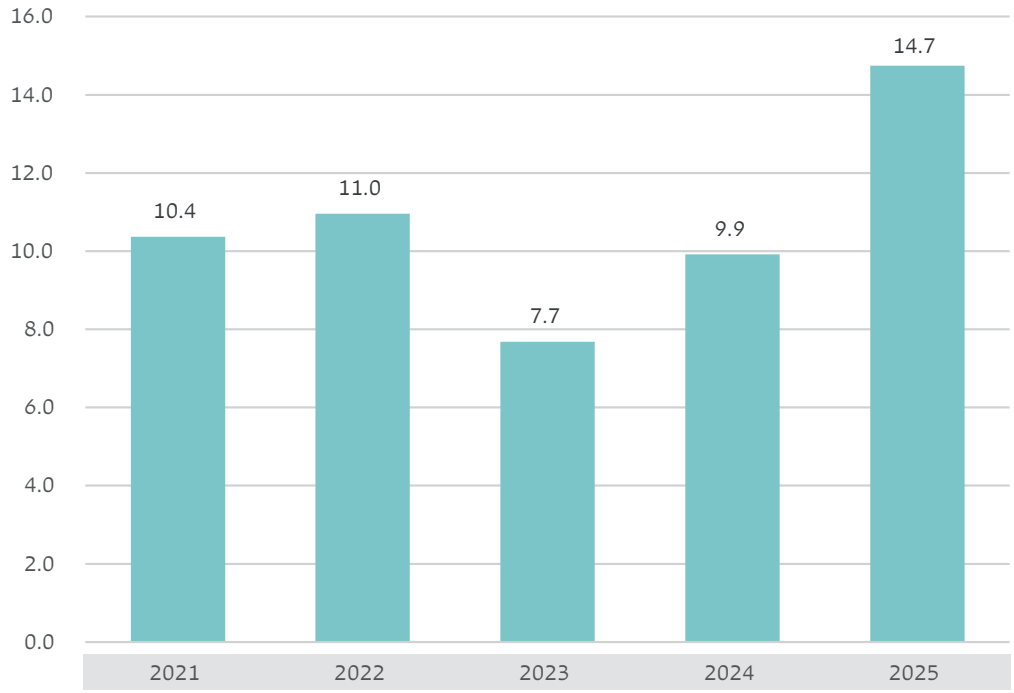


Source: Chief Economist Department adaptations to OECD FDI data.

Foreign Direct Investment Outflows from Israel

Outward direct investment from Israel surged by 48% in 2025 to a record USD 14.7 billion. Growth in both domestic capital outflows and foreign capital inflows underscores the economy's continued integration into global value chains and relative effective financial risk diversification by local firms, even amidst complex geopolitical conditions.

Chart 8 | Israel FDI Outflows, 2021-2025 (Billion USD)



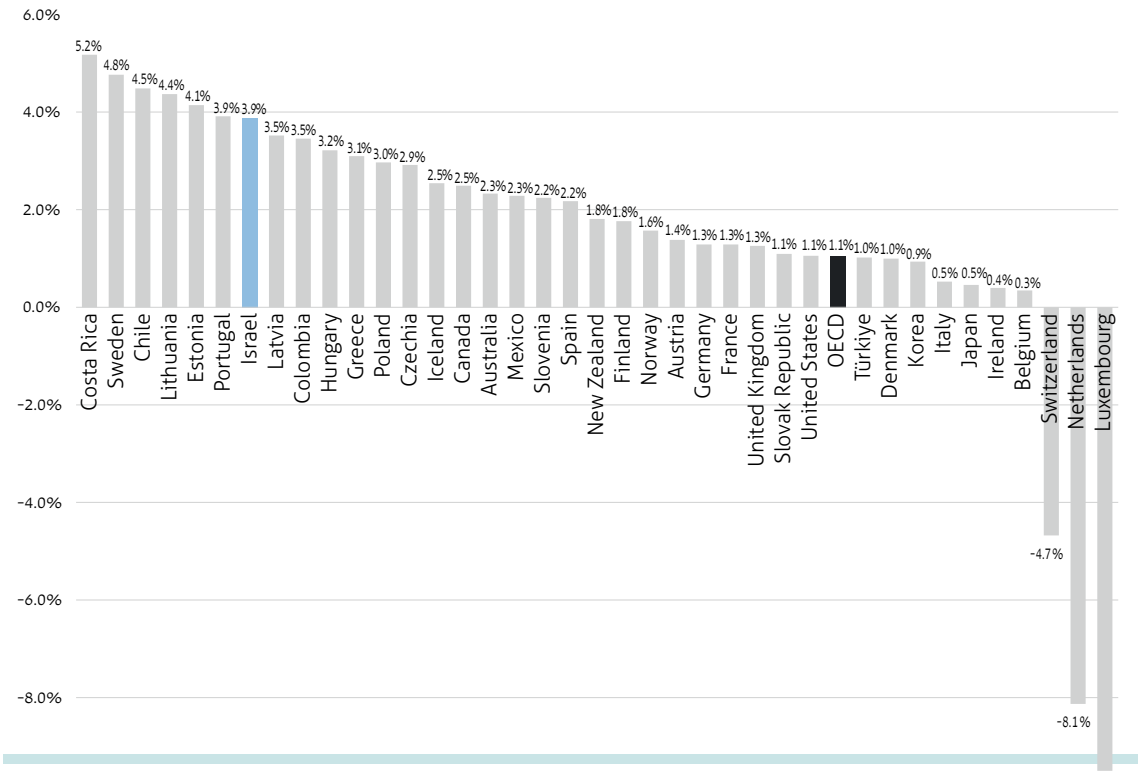
Source: Chief Economist Department adaptations to OECD FDI data.

FDI as a Share of GDP

Measuring FDI inflows as a percentage of GDP facilitates a realistic comparison of capital attraction capacity, adjusting for the absolute size of the respective economies. Chart 9 presents average FDI inflows as a percentage of GDP across OECD countries for the period 2020–2025.

Israel ranks high among the OECD member countries, placing seventh with an average rate of 3.9% of GDP, significantly exceeding the OECD average of 1.1%. The Israeli economy's relative streangth is further evident when evaluated against a benchmark group of countries, characterized by a level of economic development similar to that of Israel, such as Sweden, Germany, the United Kingdom, Austria, and Belgium.[11]

Chart 9 | FDI as a Percentage of GDP, OECD Countries, 2020–2025
Annual Average, Percentages



Source: Chief Economist Department adaptations to OECD FDI data.

* For visualization purposes, the y-axis is limited to -10%. Data for Luxembourg is -58.2%.

11 The selected benchmark countries share a GDP per capita comparable to that of Israel, based on OECD data: OECD Data Explorer • Annual GDP and components - expenditure approach. Accessed on May 5, 2026.

Foreign Investment Transactions into Israel

The Chief Economist Department's foreign investment database tracks publicly announced equity transfers into enterprises in Israel, including transactions involving less than 10% ownership that are excluded from official FDI statistics (which are collected and published by Israel's Central Bureau of Statistics and Bank of Israel). This database, which collects data since the year 2020, compiles transaction-level data, including details on specific investors and their countries of origin, thereby enabling an assessment of the actual volume of capital entering Israeli economy.[12] Tracking investment transactions at the announcement stage bypasses the time lags inherent in more traditional FDI data, enabling the early identification of emerging investment trends and market sentiment.

According to the Chief Economist Department's database, the value of foreign investment transactions into Israel reached USD 36.6 billion in 2025, reflecting a 65% increase relative to 2024 (USD 22.2 billion). The year opened with an unprecedented USD 20.2 billion in the first quarter, driven largely by Google's (Alphabet Inc.) announced USD 32 billion acquisition of Wiz. Said transaction is estimated to have generated a direct capital inflow of USD 16.8 billion into the Israeli economy based on publicly available data.[13]

The absolute number of FDI transactions in Israel decreased slightly by 4% to 1,575 deals in 2025, possibly mirroring a broader global trend. According to the OECD, while the number of global M&A transactions fell by 3% in 2025, aggregate deal value rose by 8%.[14] A July 2026 Economist[15] article noted that mega-mergers over USD 10 billion captured 48% of global M&A value. UNCTAD[16] reported that mega-projects now account for 44% of global greenfield investment value. These figures highlight a global shift where capital concentrates into a selected number of strategic mega-deals.

12 The estimation of the relative share of Israeli holdings relies on the corporate ownership and debt structures, drawing upon publicly available data such as annual financial statements, regulatory filings with the securities authority, and obligations to credit institutions and creditors. The aggregation of this data enables an approximation of the effective control held by Israeli entities prior to the transaction, thereby providing a basis for a more accurate assessment of the actual capital inflows to Israel generated by the deal.

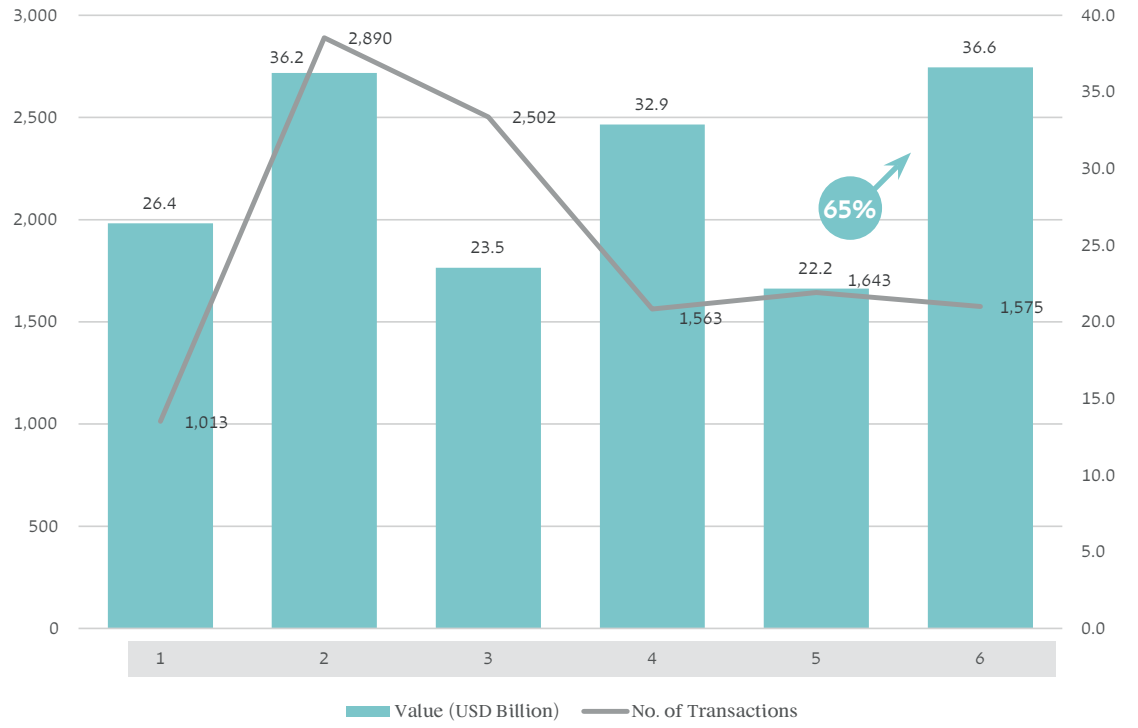
13 See footnote 12.

14 OECD (2026), "FDI in Figures, April 2026", OECD Publishing: https://www.oecd.org/en/publications/fdi-in-figures-april-2026_b3e12b44-en.html.

15 *The Economist* (2026, July 6). "Beware the top-heavy economy: Supersize capital flows are reshaping business–and building risk".

16 UNCTAD World Investment Report, 2026: https://unctad.org/publication/world-investment-report-2026-international-investment-turbulent-era

Chart 10 | Number and Value of FDI Transactions in Israel, 2021-2025
(Billion USD)

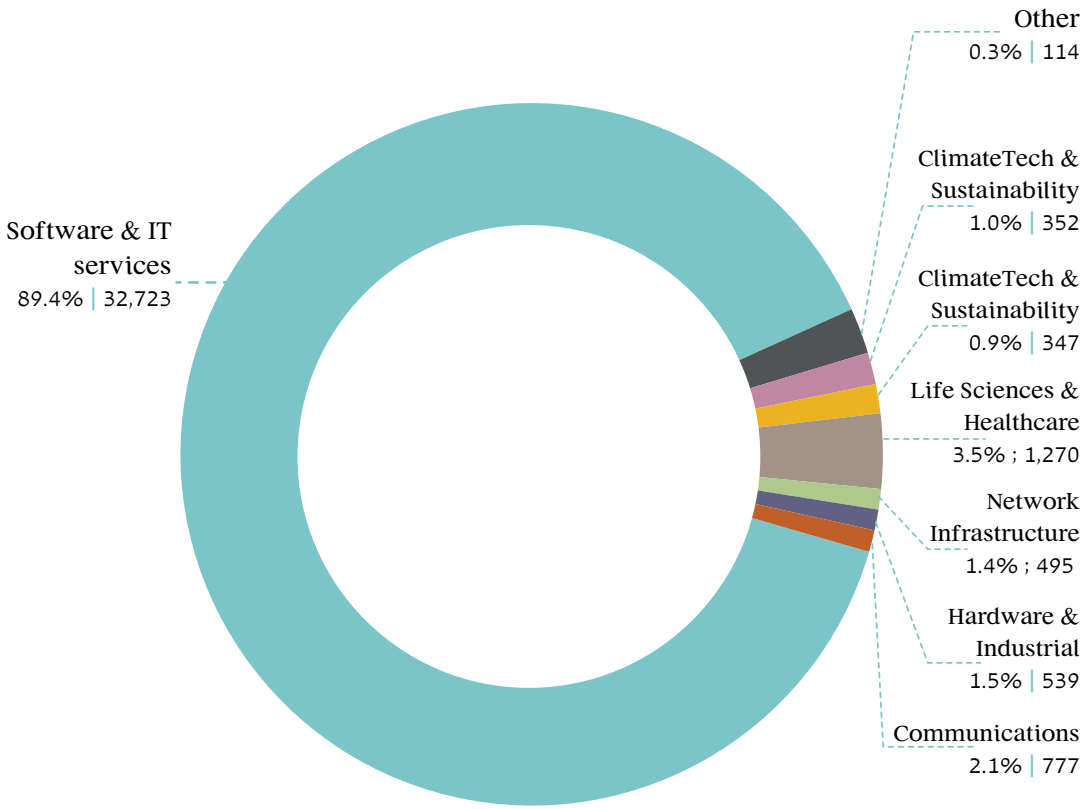


Source: Chief Economist Department adaptations to OECD FDI data.

Transaction by Sector

In 2025, foreign investments in Israel were heavily concentrated in the software and IT sector, which accounted for approximately 90% (USD 33 billion) of the total transaction value, or 80% when excluding the Wiz mega-deal. The life sciences and healthcare sector ranked a distant second, capturing 3.5% (USD 1.3 billion), a notable decline from its roughly 10% share in 2024. The remaining sectors exhibited relatively modest investment volumes, with communications, hardware and industrials, network infrastructure, and climate-tech each accounting for 2% or less of total transaction value.

Chart 11 | Foreign Investment Transactions in Israel by Prominent Sectors
(Million USD, % of total investments in 2025)



Source: Chief Economist Department adaptations to OECD FDI data.

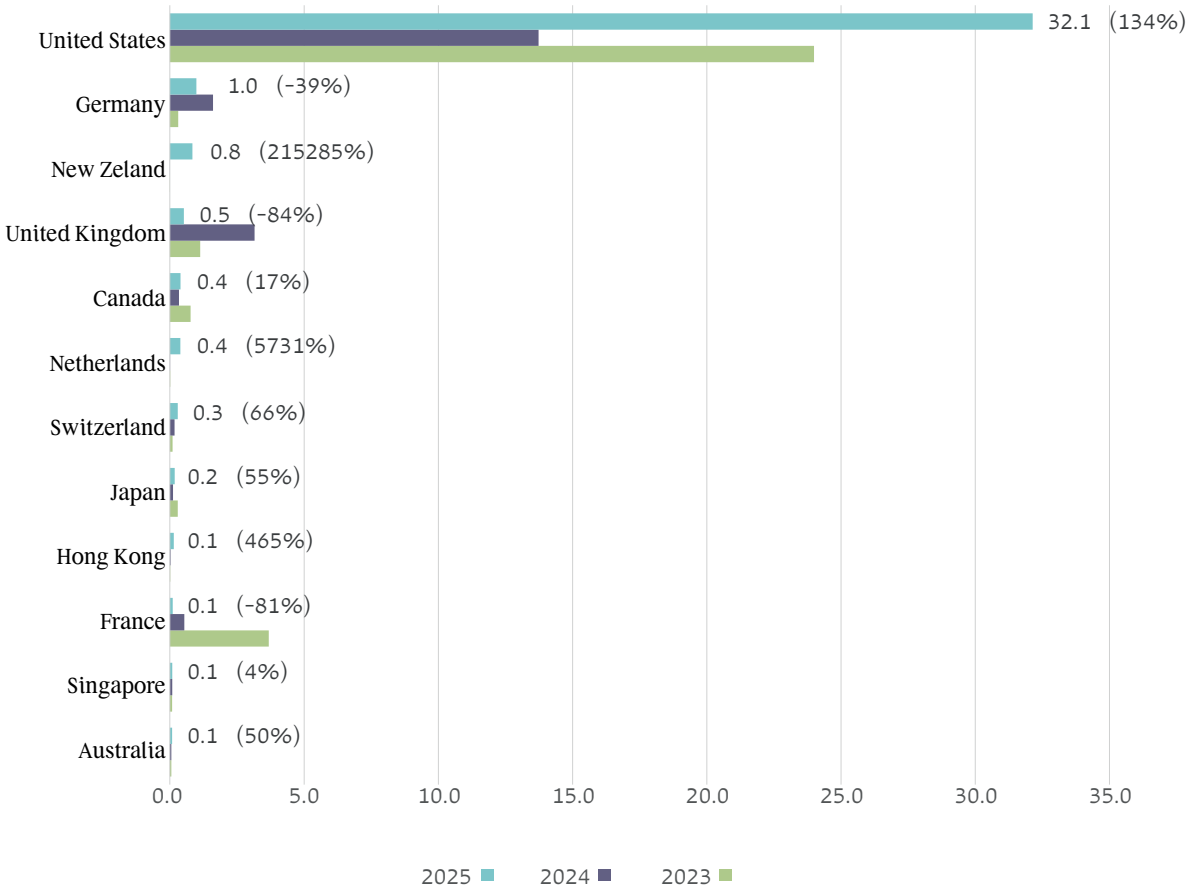
Transactions by Source Country

In 2025, the United States maintained its position as the primary investor in Israel, with transaction volumes surging to a record USD 32.1 billion. While heavily driven by the Wiz acquisition, this significant increase from USD 13.7 billion in 2024 underscores the robust economic ties and profound confidence between American investors and the Israeli high-tech sector. Similarly propelled by a single mega-deal, Xero's USD 2.5 billion acquisition of Melio Payments, New Zealand emerged as the third-largest source country, generating an estimated capital inflow of USD 840 million.[17]

Conversely, traditional European investment sources experienced a decline in total capital volume, even as their actual number of transactions remained stable. Germany remained the key European source with USD 987 million (down from USD 1.6 billion in 2024), while the UK and France saw sharper drops to USD 520 million and USD 104 million, respectively. Meanwhile, moderate growth was observed in the Netherlands, Switzerland, and Hong Kong, with countries like Singapore and Australia maintaining stable, albeit lower, investment volumes.

17 See footnote 12.

Chart 12 | Value of Foreign Investment Transactions Entering Israel by Country, 2023-2025 (Billion USD, % change from 2024)



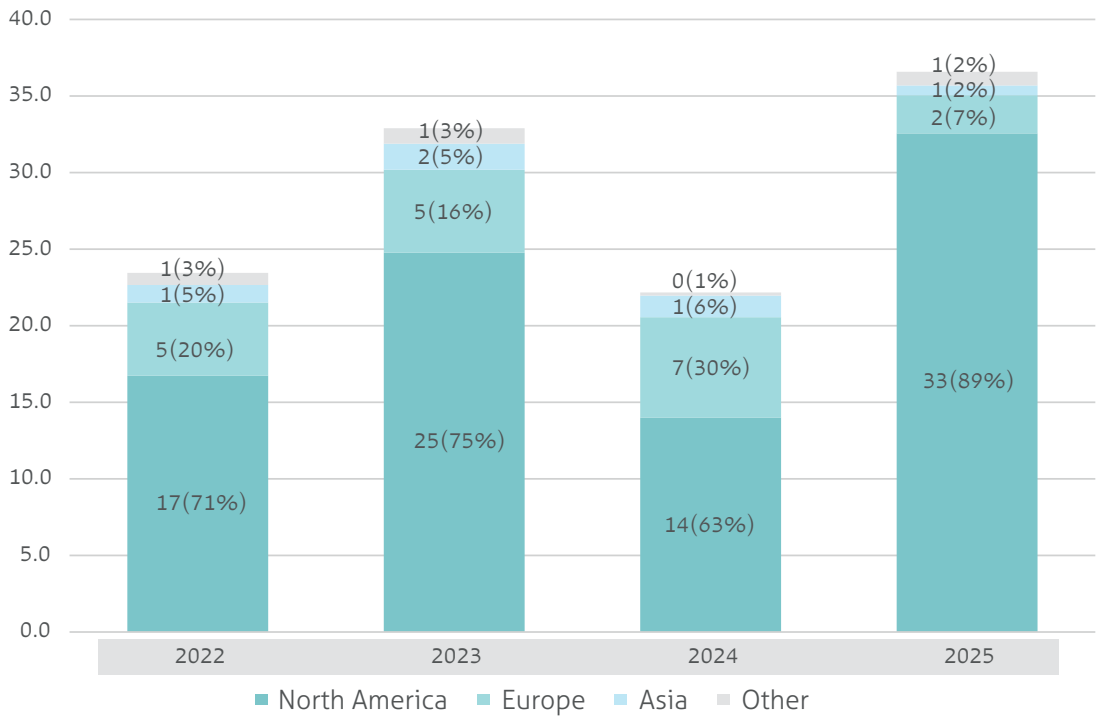
Source: Chief Economist Department adaptations to OECD FDI data.

Geographical Distribution

North American countries, led by the United States - which traditionally serves as a primary source country for foreign investment in Israel - saw their share of total transaction value increase to approximately 90% (USD 32 billion), compared to 63% in the preceding year. This increase coincided with a pullback in European investments, which dropped from 30% (USD 6.6 billion) in 2024 to a mere 7% (USD 2.5 billion) in 2025. Similarly, Asia's share contracted from 6% to 2%, while the remaining countries (such as the UAE and Australia), grouped under the "other" category, accounted for a combined share of 2%.

The contraction in European participation across funding rounds and the M&A's market in 2025 is largely reflects shifts in the sectoral investment profile within Israel. While the bulk of capital was directed toward mega-rounds in the cybersecurity, software, and AI sectors (an arena characterized by inherent dominance among U.S. investors), data indicates a decline in local fund fundraising and a slowdown in the establishment of new startups.[18] These factors diminished the pipeline of early-stage investment opportunities, which traditionally attract European investors, thereby compelling the local market, this year, to rely almost exclusively on late-stage American capital.

Chart 13 | Geographical distribution of the value of incoming foreign investment transactions to Israel, 2022-2025 (Billion USD, percentages)



Source: Chief Economist Department adaptations to OECD FDI data.

18 Israel Innovation Authority, "Annual Report: The State of High-Tech 2025": https://innovationisrael.org.il/report/the-state-of-high-tech-2025/.

FDI Inflows in 2026

2026: Preliminary OECD Data

Globally, the first quarter of 2026 indicates a significant upward trend, with total investments amounting to approximately USD 664 billion. This represents a 72% surge compared to the corresponding quarter of the preceding year (which recorded USD 385 billion), as well as a substantial increase relative to the final quarter of 2025 (which totaled USD 350 billion).

For OECD member countries, following the declines recorded in 2025, 2026 Q1 FDI inflows reached approximately USD 410 billion. This constitutes a more than twofold increase compared to the corresponding quarter in 2025 (USD 183 billion), and a more than threefold expansion relative to the preceding quarter (USD 127 billion). According to OECD reporting, this surge in investments was driven, in part, by increases recorded in the Netherlands and, to a lesser extent, in the United States and the Czech Republic.[19]

FDI inflows to Israel in the first quarter of 2026 stood at USD 14.1 billion, representing more than half of the total capital inflows recorded for the entirety of 2025, a substantial surge compared to the average activity levels observed in corresponding quarters over the current decade. These preliminary figures indicate that despite lingering geopolitical uncertainty, positive sentiment among international investors remains robust and is projected to continue bolstering domestic economic growth throughout 2026.

2026: Chief Economist Department Database

According to preliminary data from the database of the Chief Economist Division at the Ministry of Finance, the value of foreign investment transactions in Israel during the first quarter of 2026 amounted to approximately USD 6 billion. This represents a decline of roughly 70% compared to the corresponding quarter in 2025 (which totaled USD 20.2 billion, including the Wiz mega-deal). Compared to the first quarter of 2024 (USD 4.5 billion), this figure reflects an increase of approximately 33%. In terms of the number of transactions, the first quarter of 2026 recorded a decrease of roughly 10% relative to the corresponding quarter in 2025.

19 OECD (2026), "Foreign Direct Investment (FDI)": https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html. Accessed August 8, 2026.

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