Our work analyses the determinants of FDI in Europe, at the end of the 20th and beginning of the 21st century. It finds out that the FDI is positively and significantly influenced by the size of the economy (GDP, growth of GDP), total size of the labor force, openness of the economy and institutional framework. The findings show the EU accession does not have an immediate effect. However, long term membership might positively affect the FDI inflow. According to our analysis the recent financial crisis has changed the main determinants of the FDI inflows. It has warned the investors it is important not to consider only immediate profits but also future prospects. Generally the investment nowadays is below its potential level and the governments should take action to change it, if the FDI is their priority.