Direct Investment Positions for 1998

Country and Industry Detail

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THE POSITIONS of U.S. direct investment abroad (USDIA) and foreign direct investment in the United States (FDIUS)—whether measured on the basis of historical cost, current cost, or market value—grew strongly in 1998 (table 1). This article presents the country and industry detail underlying the two positions. The estimates are prepared on a historical-cost basis; thus, most investments reflect price levels of earlier time periods. Because of inflation, estimates on this valuation basis understate the current values of the positions. BEA's current-cost and market-value estimates correct for this downward bias, but they are only available at an aggregate level.[1]

On a historical-cost basis, the USDIA position grew 13 percent in 1998, and the FDIUS position grew 17 percent; for FDIUS, the rate of increase was the largest since 1989. For both positions, a substantial portion of the growth was attributable to a surge in capital flows for new investments, which coincided with a global boom in mergers and acquisitions. Equity capital flows for acquiring or establishing new affiliates set new records by large margins. The dollar value of acquisition-related flows was boosted by high valuations in the equity markets of the United States and a number of other countries.

Favorable economic conditions in the United States, Europe, and Canada also contributed to the strong growth in the direct investment positions. The strength of these economies created strong incentives to invest there. Additionally, the earnings of parent companies in these areas remained at high levels and provided a source of funds for investment abroad.

Unfavorable economic conditions in a number of countries in Asia and Latin America did not appear to significantly affect either of the positions. The USDIA position continued to grow in these areas, as U.S. investors acquired new affiliates and increased their funding of existing ones. Depressed asset prices in several countries were an inducement to U.S. investors, despite declines in the earnings of foreign affiliates in those countries. The FDIUS position of parents in Asia expanded as parent companies in Japan—by far the largest source of Asian direct investment in

1. The current-cost and market-value estimates are discussed in "The International Investment Position of the United States in 1998" in this issue.

Table 1.—Alternative Direct Investment Position Estimates, 1997 and 1998

[Millions of dollars]

Valuation method	Position at yearend 1997 r	Changes in 1998 (decrease (–)): Total	Capital flows	Valuation adjustments	Position at yearend 1998 p
U.S. direct investment abroad:					
Historical cost	865,531	115,034	121,644	–6,610	980,565
Current cost	1,004,228	119,213	132,829	–13,616	1,123,441
Market value	1,784,494	356,034	132,829	223,205	2,140,528
Foreign direct investment in the United States:					
Historical cost	693,207	118,549	188,960	–70,411	811,756
Current cost	764,045	114,672	193,375	–78,703	878,718
Market value	1,642,365	551,737	193,375	358,362	2,194,102

p Preliminary.
r Revised.

Acknowledgments

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The data for the foreign direct investment position in the United States were drawn from a survey that was conducted under the supervision of Gregory G. Fouch, assisted by Howard S. Chenkin, Peter J. Fox, Tracy K. Leigh, Beverly E. Palmer, and Linden L. Webber. Computer programming for data estimation and tabulation was provided by Karen E. Poffel, assisted by Fritz H. Mayhew.

the United States—continued to invest in their existing U.S. affiliates, even though problems in the Japanese economy curtailed Japanese investors' ability to finance new U.S. investments. The position of Latin American parents declined slightly; the decline was related to financial restructuring among affiliates with parents in the Caribbean.

The largest component of capital flows underlying the changes in both positions was equity capital, which includes the funds used to acquire and establish new affiliates and capital contributions to existing affiliates. Equity capital accounted for almost half of the total outflows for USDIA and over four-fifths of the total inflows for FDIUS.

Key Terms

Below are definitions and descriptions of some of the key terms used in this article. For a more detailed discussion of these terms and the methodologies used to prepare the estimates, see *Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results* (Washington, DC: U.S. Government Printing Office, 1995) and *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results* (Washington, DC: U.S. Government Printing Office, 1998).

Direct investment. Investment in which a resident of one country obtains a lasting interest in, and a degree of influence over the management of, a business enterprise in another country. In the United States, the criterion used to distinguish direct investment from other types of investment is ownership of at least 10 percent of the voting securities of an incorporated business enterprise or the equivalent interest in an unincorporated business enterprise.

U.S. direct investment abroad (USDIA). The ownership or control, directly or indirectly, by one U.S. resident of 10 percent or more of the voting securities of an incorporated foreign business enterprise or the equivalent interest in an unincorporated foreign business enterprise.

Foreign direct investment in the United States (FDIUS). The ownership or control, directly or indirectly, by one foreign resident of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or the equivalent interest in an unincorporated U.S. business enterprise.

Foreign affiliate. A foreign business enterprise in which a single U.S. investor (that is, a U.S. parent) owns at least 10 percent of the voting securities, or the equivalent.

U.S. affiliate. A U.S. business enterprise in which a single foreign investor (that is, a foreign parent) owns at least 10 percent of the voting securities, or the equivalent.

Direct investment capital flows. Funds that parent companies provide to their affiliates net of funds that affiliates provide to their parents. For USDIA, capital flows also include the funds that U.S. direct investors pay to unaffiliated foreign parties when affiliates are acquired and the funds that U.S. investors receive from them when affiliates are sold. Similarly, FDIUS capital flows include the funds that foreign direct investors pay to unaffiliated U.S. residents when affiliates are acquired and the funds that foreign investors receive from them when affiliates are sold.

Direct investment capital flows consist of *equity capital*, *intercompany debt*, and *reinvested earnings*. Equity capital flows are the net of equity capital increases and decreases. Equity capital increases consist of payments made by parents to third parties for the purchase of capital stock when they acquire an existing business, as well as funds that parents provide to their affiliates that increase their ownership interest in the affiliates. Equity capital decreases are funds parents receive when they reduce their equity interest in existing affiliates. Intercompany debt flows result from changes in net outstanding loans and trade accounts between parents and their affiliates; they include loans by parents to affiliates and loans by affiliates to parents. Reinvested earnings are the parents' claim on the undistributed after-tax earnings of the affiliates.

Direct investment position. The value of direct investors' equity in, and net outstanding loans to, their affiliates. The position may be viewed as the parents' contributions to the total assets of their affiliates or as the financing provided in the form of equity (including reinvested earnings) or debt by parents to their affiliates. Financing obtained from other sources, such as local or foreign third-party borrowing, is excluded.

BEA provides estimates of the positions for USDIA and for FDIUS that are valued on three bases—historical cost, current cost, and market value. At historical cost, the positions are valued according to the values carried on the books of affiliates; thus, most investments reflect price levels of earlier time periods. At current cost, the portion of the position representing parents' shares of their affiliates' tangible assets (property, plant, and equipment and inventories) is revalued from historical cost to replacement cost. At market value, the owners' equity portion of the position is revalued to current market value using indexes of stock prices.

Valuation adjustments to the historical-cost position. Adjustments to account for the differences between changes in the position, which are measured at book value, and direct investment capital flows, which are measured at transactions value. (Unlike the positions on a current-cost and market-value basis, the historical-cost position is not adjusted to account for changes in the replacement cost of the tangible assets of affiliates or in the market value of parent companies' equity in affiliates.)

Valuation adjustments to the historical-cost position consist of *currency translation* and *"other"* adjustments. Currency-translation adjustments are made to account for changes in the exchange rates that are used to translate affiliates' foreign-currency-denominated assets and liabilities into U.S. dollars. The precise effects of currency fluctuations on these adjustments depend on the value and currency composition of affiliates' assets and liabilities. Depreciation of foreign currencies against the dollar usually results in negative translation adjustments because it tends to lower the dollar value of foreign-currency-denominated net assets. Similarly, appreciation of foreign currencies usually results in positive adjustments because it tends to raise the dollar value of foreign-currency-denominated net assets.

"Other" adjustments are made to account for differences between the proceeds from the sale or liquidation of affiliates and their book values, for differences between the purchase prices of affiliates and their book values, for writeoffs resulting from uncompensated expropriations of affiliates, for changes in industry of affiliate or country of foreign parent, and for capital gains and losses (other than currency translation adjustments). These capital gains and losses represent the revaluation of the assets of ongoing affiliates for reasons other than exchange-rate changes, such as the partial sale of the assets for an amount different from their historical cost.

U.S. Direct Investment Abroad

The U.S. direct investment position abroad valued at historical cost—the book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates—was $980.6 billion at the end of 1998 (table 2 and chart 1). The largest positions remained those in the United Kingdom ($178.6 billion, or 18 percent of the total), in Canada ($103.9 billion, or 11 percent of the total), and in the Netherlands ($79.4 billion, or 8 percent of the total) (table 3.2 and chart 2).

Table 2.—U.S. Direct Investment Position Abroad and Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1982–98

Yearend	Millions of dollars: U.S. direct investment position abroad	Millions of dollars: Foreign direct investment position in the United States	Percent change from preceding year: U.S. direct investment position abroad	Percent change from preceding year: Foreign direct investment position in the United States
1982	207,752	124,677	....	....
1983	212,150	137,061	2.1	9.9
1984	218,093	164,583	2.8	20.1
1985	238,369	184,615	9.3	12.2
1986	270,472	220,414	13.5	19.4
1987	326,253	263,394	20.6	19.5
1988	347,179	314,754	6.4	19.5
1989	381,781	368,924	10.0	17.2
1990	430,521	394,911	12.8	7.0
1991	467,844	419,108	8.7	6.1
1992	502,063	423,131	7.3	1.0
1993	564,283	467,412	12.4	10.5
1994	612,893	480,667	(1)	(1)
1995	699,015	535,553	14.1	11.4
1996	r 795,195	r 598,021	13.8	11.7
1997	r 865,531	r 693,207	8.8	15.9
1998	p 980,565	p 811,756	13.3	17.1

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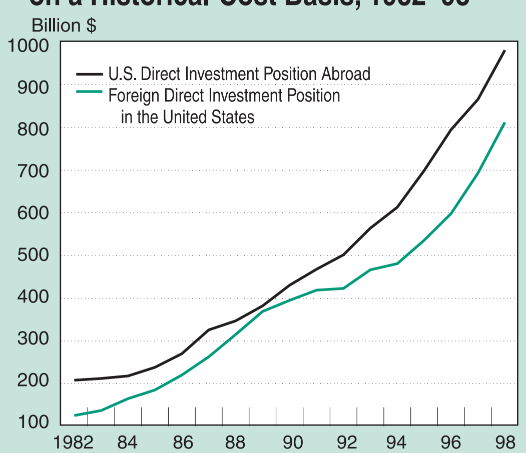
1. The USDIA and FDIUS positions reflect a discontinuity between 1993 and 1994 due to the reclassification from direct investment to other investment accounts of intercompany debt between parent companies and affiliates that are nondepository financial intermediaries.

CHART 1

Direct Investment Positions on a Historical-Cost Basis, 1982–98



U.S. Department of Commerce, Bureau of Economic Analysis

In 1998, the USDIA position increased $115.0 billion, or 13 percent, following a 9-percent increase in 1997. The following table shows the change in position in 1998 by the type of capital flow and valuation adjustment:[2]

[Billions of dollars]

Total	115.0
Capital outflows	121.6
Equity capital	59.4
Increases	79.9
Decreases	20.4
Intercompany debt	14.7
Reinvested earnings	47.5
Valuation adjustments	−6.6
Currency translation	0.7
Other	−7.3

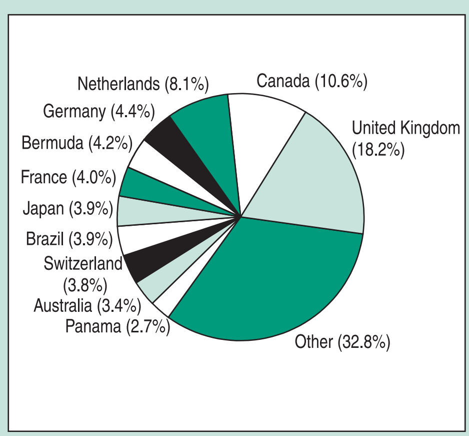
Capital outflows for USDIA were a record $121.6 billion in 1998 (the previous record of $99.5 billion was set in 1997). Almost 50 percent of the outflows were accounted for by net equity capital outflows, which were up $15.5 billion from 1997; almost 40 percent was accounted for by reinvested earnings, which were down $3.7 billion; and the remainder was accounted for by intercompany debt outflows, which were up $10.3 billion.

Equity capital outflows reached a record $59.4 billion, up 35 percent from their 1997 levels. Equity capital increases, which result from equity investments by U.S. parents in both new and existing foreign affiliates, were $79.9 billion and

2. Valuation adjustments to the historical-cost position are made to account for differences between changes in the position, measured at book value, and capital flows, measured at transactions value (see the box "Key Terms").

CHART 2

U.S. Direct Investment Position Abroad, 1998: Host-Country Shares



U.S. Department of Commerce, Bureau of Economic Analysis primarily reflected acquisitions. These increases were partly offset by equity capital decreases of $20.4 billion; equity capital decreases result when U.S. parents sell off stock or other equity in their foreign affiliates and when foreign affiliates return invested capital to U.S. parents (transactions that are recorded as U.S. capital *in*flows).

Acquisition activity by U.S. direct investors was strong in 1998. Funds available to U.S. parent companies were plentiful as a result of rising equity markets and continued strong economic growth in the United States. In addition, relatively favorable economic conditions in the United Kingdom, Canada, and Australia, where a substantial portion of the acquisition activity was concentrated, increased the attractiveness of direct investments in these countries. Finally, several large acquisitions resulted from opportunities created by privatizations of electric utilities and telecommunications companies abroad. Acquisition activity was particularly strong in the United Kingdom, where there were substantial new investments in electric utilities, manufacturing, insurance, and services.

Although down 7 percent from a record level in 1997, reinvested earnings remained high at $47.5 billion in 1998, reflecting a pattern of strong earnings and high rates of reinvestment that began in 1995. In each year during 1995–98, total earnings exceeded $85 billion, and the share that was reinvested was at least 50 percent, well above the 35-percent average share in 1982–94. In 1998, the share was 53 percent.

The 7-percent decline in reinvested earnings mirrored an even sharper decline in earnings. Both declines were centered in Asia and Latin America—particularly in some countries where economic conditions deteriorated significantly, such as Japan, Malaysia, Indonesia and Brazil. Earnings and reinvested earnings also declined in Australia and Mexico, partly because the depreciation of their currencies lowered the value of these items in terms of U.S. dollars.

The intercompany debt outflows primarily resulted from increased lending by parents to their foreign affiliates. These outflows were more than accounted for by outflows to Europe, particularly to the United Kingdom, the Netherlands, and Ireland.

The capital outflows were partly offset by a $6.6 billion downward adjustment to the value of the position. Several foreign affiliates were acquired by U.S. direct investors for more than book value, so a downward adjustment was necessary to reconcile the purchase price, which is reflected in capital outflows (and would otherwise determine the measured change in position), with the book values used in computing the historical-cost position. (See valuation adjustments in the box "Key Terms.")

Changes by country

More than half of the $115.0 billion increase in the USDIA position in 1998 was accounted for by increases in Europe. Major changes in the position by area and by country are shown in the following table:

[Billions of dollars]

All countries	115.0
Europe	69.4
Of which:	
United Kingdom	25.5
Netherlands	15.0
Switzerland	6.2
Latin America and Other Western Hemisphere	18.1
Of which:	
Panama	5.9
Bermuda	3.4
Brazil	2.7
Mexico	1.7
Asia and Pacific	15.2
Of which:	
Japan	4.4
Australia	3.8
Canada	7.9

The position in Europe increased 17 percent. Within Europe, the United Kingdom had by far the largest increase, followed by the Netherlands and Switzerland. In the United Kingdom, equity investments to acquire companies were substantial, especially in "other industries" (primarily electric utilities); manufacturing (primarily transportation equipment); finance (except depository institutions), insurance and real estate (FIRE) (primarily insurance); and services. U.S. parent companies are attracted to the United Kingdom because of its large, prosperous market and because of the similarity of its business culture, legal framework, and language to that of the United States; in addition, the United Kingdom is often used as a springboard for investing elsewhere in Europe. In both the Netherlands and Switzerland, a large portion of the increase in the position was accounted for by reinvested earnings—particularly those of holding companies classified in FIRE, which, in turn, reflected strong earnings of operating affiliates held by these companies.

The position in Latin America and Other Western Hemisphere increased 10 percent; the increase was almost entirely in capital outflows, mostly equity capital. Within the area, the largest increases were in Panama, Bermuda, Brazil, and Mexico. In Panama, the increase consisted largely of valuation adjustments, mainly reflecting capital gains in FIRE. In Bermuda, the increase consisted largely of reinvested earnings of holding companies in FIRE and reflected earnings of operating affiliates located in other countries. In Brazil, the increases were largely in new investments in electric utility and telecommunications companies (classified in "other industries") that were made in response to opportunities created by privatizations. In Mexico, the largest increases were in FIRE and in "other industries" (primarily retail trade and telecommunications) and were split between reinvested earnings and equity capital outflows.

The position in Asia and Pacific increased 10 percent; the largest increases were in Japan and Australia. In Japan, by far the largest increase was in FIRE. In Australia, most of the increase was in equity capital outflows for acquisitions of new affiliates in FIRE.

The position in Canada increased 8 percent. More than 80 percent of the increase was accounted for by equity capital. By industry, the largest increases were in "other industries" (primarily retail trade), "other manufacturing" (primarily paper and allied products), FIRE, and petroleum.

Foreign Direct Investment in the United States

The foreign direct investment position in the United States valued at historical cost—the book value of foreign direct investors' equity in, and net outstanding loans to, their U.S. affiliates—was $811.8 billion at the end of 1998 (table 2 and chart 1). The largest position remained that of the United Kingdom, ($151.3 billion, or 19 percent of the total), which widened its margin over Japan, the country with the second-largest position ($132.6 billion, or 16 percent). The Netherlands had the third largest position ($96.9 billion, or 12 percent), slightly ahead of Germany ($95.0 billion, or 12 percent) (table 4.2 and chart 3).

In 1998, the FDIUS position increased $118.5 billion, or 17 percent, following an increase of 16 percent in 1997. Two exceptionally large transactions contributed to the overall increase. The two transactions—each of which significantly exceeded the size of any previous single investment—involved the acquisition of a petroleum company and the acquisition of a motor vehicle manufacturer by foreign firms in the same industries as the acquired firms.[3] Both transactions were accomplished by exchanging stock; the shareholders of the premerger firms exchanged their stock for stock in the new foreign firms that were created through the mergers. Taken together, these exchanges resulted in large, but almost entirely offsetting, capital flows in the U.S. balance of payments: The large capital inflows on direct investment that resulted from the foreign investors' acquisition of stock of the U.S. companies were offset by the capital outflows on foreign securities that resulted from the U.S. stockholders receiving the stock of the newly established foreign firms.[4]

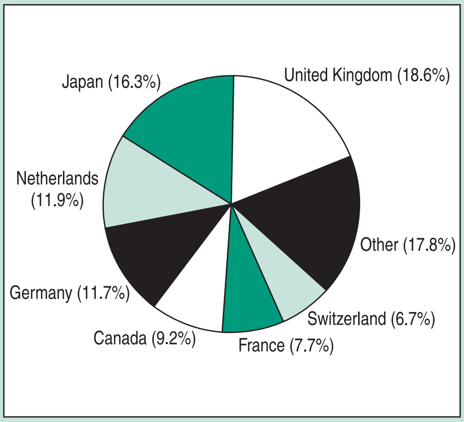
The two transactions significantly affected the positions in petroleum and manufacturing. In petroleum, the position expanded 27 percent, following several years of almost no growth. (The annual growth rate in 1987–97 was 1 percent.) The acquisition also changed the parent-country composition of the position in petroleum; roughly half was accounted for by the United Kingdom at yearend 1998, compared with slightly more than a fourth at yearend 1997. The

3. The International Investment and Trade in Services Survey Act prohibits BEA from disclosing information from its direct investment surveys in a manner that allows the data supplied by an individual respondent to be identified. The act also provides that with the prior written consent of the respondent, information supplied by the respondent may be disclosed. For these two large investments, BEA obtained consent for limited disclosure in order to present useful results from the survey.

4. The USDIA position was not affected by these two transactions, because the exchanges of stock did not result in any single U.S. investor owning as much as 10 percent of the shares of the new foreign firms.

CHART 3

Foreign Direct Investment Position in the United States, 1998: Parent-Country Shares



U.S. Department of Commerce, Bureau of Economic Analysis acquisition of the automobile manufacturer contributed to a 21-percent increase in the position in manufacturing, nearly twice the annual growth rate in 1987–97.

Although these two transactions accounted for nearly a fourth of the overall increase, growth in the position would have been 13 percent even without them. Investment in the United States was indirectly boosted by the recessionary conditions in some other parts of the world and by a perceived widening of the risk differential between investing in the United States and investing in many developing countries. In particular, economic difficulties in Asia and Latin America caused some foreign direct investors to place a high value on the "safe harbor" provided by the economic stability of the United States. Growth in the position also reflected favorable economic conditions in Europe and Canada, which helped parents from those areas to acquire affiliates in the United States and to contribute additional capital to their existing U.S. affiliates.

Although the economic situation deteriorated sharply in Japan, capital flows from Japanese parents to their existing U.S. affiliates continued, resulting in a 6-percent increase in Japan's direct investment position in the United States. However, because of the weakness of the Japanese economy, Japanese investments in new U.S. affiliates remained at historically low levels.

The following table shows the change in the FDIUS position in 1998 by type of capital flow and valuation adjustment:

[Billions of dollars]

Total	118.5
Capital inflows	189.0
Equity capital	154.2
Increases	176.0
Decreases	21.8
Intercompany debt	26.4
Reinvested earnings	8.4
Valuation adjustments	−70.4
Currency translation	(*)
Other	−70.4

* Less than $500,000.

Capital inflows for FDIUS were a record $189.0 billion in 1998 (the previous record of $105.5 billion was set in 1997). Most—82 percent—of the capital inflows were net inflows of equity capital ($154.2 billion). The rest were accounted for by intercompany debt flows ($26.4 billion) and reinvested earnings ($8.4 billion). The capital inflows were partly offset by a substantial downward adjustment—$70.4 billion—to the value of the position, which was primarily related to the two large transactions. Both the petroleum company and the motor vehicle manufacturer were acquired by foreign direct investors for considerably more than book value; the downward adjustment was made to reconcile the transactions values of the acquisitions, which are reflected in capital inflows (and would otherwise determine the measured change in position), with the much smaller book values that are recorded in the historical-cost position.

Total acquisition activity by foreign direct investors was at record levels and coincided with a sharp increase in overall merger and acquisition activity in the United States.[5] A general factor behind the surge in acquisitions was the desire to reduce costs through economies of scale in response to heightened global competition. In addition, the desire of foreign investors to gain access to the advanced and growing technological capability of the United States led to a number of acquisitions of telecommunication and information-related businesses. (Funds provided by foreign parents for such acquisitions exceeded $25 billion.) High valuations in the U.S. equity markets boosted the dollar value of acquisition-related inflows.

Equity capital inflows—the net of equity capital increases and equity capital decreases reached a record $154.2 billion, more than double the previous record of $64.7 billion in 1997. Equity capital increases—at $176.0 billion—reflected the acquisitions of U.S. businesses by foreigners and additional equity contributions to existing U.S. affiliates. These increases were partly offset by equity capital decreases—at $21.8 billion—which reflected selloffs of affiliates by, and returns of capital to, foreign direct investors (transactions that are recorded as U.S. capital *out*flows).

Intercompany debt inflows were $26.4 billion, up from $24.3 billion. More than half of the inflows were from parents in Luxembourg and

5. See Mahnaz Fahim-Nader, "Foreign Direct Investment in the United States: New Investment in 1998," SURVEY OF CURRENT BUSINESS 79 (June 1999): 16–23. Preliminary data from BEA's survey of new foreign direct investments, summarized in that article, indicate that total outlays to acquire or establish U.S. businesses, including those financed by capital inflows from foreign parents, were up 188 percent to $201.0 billion in 1998, following a 13-percent decrease in 1997. These data cover only transactions involving U.S. businesses newly acquired or established by foreign direct investors and include financing other than that from the foreign parent, such as local borrowing by existing U.S. affiliates. In contrast, the changes in the FDIUS position described in this article reflect transactions of both new and existing U.S. affiliates with their foreign parents or other members of the foreign parent group and valuation adjustments, and exclude financing not provided by the foreign parent.

Notwithstanding these differences, the two types of data are related. Any outlays to acquire or establish U.S. businesses that are funded by foreign parent groups are part of capital inflows for FDIUS, a component of the change in the position. Data from the new investments survey indicate that foreign parent groups funded $155.3 billion, or 77 percent, of outlays to acquire or establish new U.S. affiliates in 1998, compared with $37.4 billion, or 54 percent, in 1997.

were partly related to several acquisitions in manufacturing and services.

Reinvested earnings were $8.4 billion in 1998—about half their level in 1997. The decrease primarily reflected a drop in earnings, but a lower rate of reinvestment also contributed. Earnings fell $5.5 billion; the drop was more than accounted for by petroleum and finance (except depository institutions). The decrease in petroleum reflected the drop in oil prices. In finance, earnings shifted to losses; more than half of this shift was accounted for by Swiss-owned investment firms that were restructuring. The share of earnings that were reinvested was 30 percent, down from an unusually high 49 percent in 1997 but in line with an average rate of 32 percent in 1994–96. Reinvested earnings were negative in food manufacturing, finance, petroleum, real estate, and "other industries." (Negative reinvested earnings are recorded when affiliates incur losses or distribute earnings to their foreign parents in excess of their current earnings.)

Changes by country

Almost all—90 percent—of the $118.5 billion increase in the FDIUS position in 1998 was accounted for by parents in Europe. Within Europe, the largest dollar increase was in the position of parents in Germany, followed by the positions of parents in the United Kingdom, Switzerland, Luxembourg, and France. Outside Europe, the largest increases were by parents in Japan and Canada. Major changes in the positions by area and by country are shown in the following table:

[Billions of dollars]

All countries	118.5
Europe	107.3
Of which:	
Germany	23.8
United Kingdom	20.0
Switzerland	15.7
Luxembourg	14.9
France	12.7
Asia and Pacific	7.0
Of which:	
Japan	7.4
Canada	5.0

The position of Germany increased 33 percent. Most of this increase was accounted for by the acquisition of the motor vehicle manufacturer. This acquisition substantially changed the industry composition of Germany's position; more than half was accounted for by manufacturing at yearend 1998. Germany's overall position was also increased by additional equity investments in existing affiliates that are depository institutions.

The acquisition of a major petroleum company accounted for most of the increase in the United Kingdom's overall position and was the primary factor behind a more than twofold increase in its position in petroleum. The overall position was also increased by additional equity investments in existing affiliates in manufacturing, petroleum, wholesale trade, finance, and services (some of which financed acquisitions by these affiliates) and by reinvested earnings of affiliates in manufacturing (particularly chemicals), services, and wholesale trade. These increases were partly offset by equity capital outflows and downward adjustments to the position that were related to sell-offs of telecommunications and insurance affiliates.

The position of Swiss parents increased 41 percent. Nearly two-thirds of the increase was in insurance. Swiss investors acquired a number of U.S. insurance companies, some from foreign parents in other countries.[6] In addition, Swiss parents contributed substantial capital to their existing insurance affiliates. These changes—which more than doubled Switzerland's position in insurance—reflected Swiss insurers' desires to consolidate into larger, more efficient units and to become better able to spread risks.

The position of Luxembourg parents nearly quadrupled; the increase reflected intercompany borrowing by affiliates in manufacturing and—to a lesser extent—services. In both industries, the borrowing was related to the acquisitions of new U.S. affiliates.

The increase in the position of French parents was concentrated in machinery, "other manufacturing," and chemicals. The increase in machinery resulted from acquisitions of telecommunications equipment businesses; the increase in "other manufacturing" resulted from capital contributions to existing affiliates; and the increase in chemicals resulted from affiliate borrowing from foreign parents.

More than three-fourths of the increase in the position of Japanese parents was accounted for by equity capital contributions to existing affiliates. These capital contributions were concentrated in the three industries that account for the largest shares of Japan's position—wholesale trade, finance (except depository institutions), and "other

6. The acquisition of a U.S. affiliate by a foreign parent in one country from a foreign parent in another country is recorded as an upward adjustment (positive valuation adjustment) to the position of the acquiring country that is offset by a downward adjustment (negative valuation adjustment) to the position of the selling country.

manufacturing." Reinvested earnings in "other manufacturing" also boosted the position.

The increase in the position of Canadian parents was more than accounted for by equity capital inflows, which were the third largest of any country. By industry, the largest increases in the position were in "other industries," finance, real estate, and machinery.

Tables 3 and 4 follow.

Table 3.1.—U.S. Direct Investment Position Abroad on a Historical-Cost Basis, 1997

[Millions of dollars]

	All industries	Petroleum	Manufacturing								Wholesale trade	Depository institutions	Finance (except depository institutions), insurance, and real estate	Services	Other industries
			Total	Food and kindred products	Chemicals and allied products	Primary and fabricated metals	Industrial machinery and equipment	Electronic and other electric equipment	Transportation equipment	Other manufacturing					
All countries	**865,531**	**82,215**	**280,332**	**32,465**	**77,112**	**15,924**	**32,293**	**31,624**	**34,907**	**56,006**	**64,432**	**40,169**	**293,116**	**42,342**	**62,925**
Canada	**96,031**	**11,018**	**44,464**	**4,606**	**7,393**	**3,320**	**2,912**	**2,060**	**12,687**	**11,485**	**7,146**	**1,041**	**20,186**	**4,307**	**7,868**
Europe	**420,108**	**28,001**	**136,593**	**14,242**	**48,558**	**8,700**	**17,846**	**11,164**	**12,151**	**23,931**	**32,758**	**23,342**	**154,513**	**26,039**	**18,863**
Austria	2,638	(D)	913	30	44	1	92	(D)	319	(D)	464	(D)	117	146	–9
Belgium	17,430	150	8,302	734	5,276	196	375	315	488	917	2,715	252	4,603	1,543	–136
Denmark	2,173	165	580	153	64	46	(D)	178	–6	(D)	(D)	(*)	(D)	31	(*)
Finland	1,312	(D)	776	8	257	(D)	(D)	(D)	(D)	91	(D)	(D)	(D)	64	50
France	35,800	969	17,243	3,246	3,513	3,736	2,243	971	779	2,756	2,251	2,164	8,191	4,018	963
Germany	38,490	2,898	19,126	819	3,471	1,580	3,398	900	6,467	2,491	2,613	870	10,149	1,587	1,247
Greece	634	71	114	–10	65	1	0	8	0	51	93	154	106	56	40
Ireland	12,862	(D)	7,271	700	2,760	167	426	1,120	6	2,092	353	(D)	4,353	371	(D)
Italy	14,809	(D)	9,657	605	2,526	292	2,311	1,186	772	1,965	2,175	329	721	956	(D)
Luxembourg	10,109	(D)	2,243	0	0	(D)	10	9	0	(D)	82	249	7,397	63	(D)
Netherlands	64,361	2,394	14,540	1,125	8,446	506	748	1,524	611	1,580	5,848	(D)	35,850	4,772	(D)
Norway	6,934	3,662	820	(D)	20	2	(D)	5	16	94	293	(D)	1,733	196	(D)
Portugal	1,425	(D)	271	96	(D)	–2	3	(D)	(D)	8	459	220	308	75	(D)
Spain	11,232	188	6,293	1,590	1,009	179	60	890	1,577	989	1,332	2,021	574	354	469
Sweden	5,463	82	3,273	6	(D)	6	466	34	(D)	(D)	188	465	466	948	41
Switzerland	31,420	727	3,976	65	1,903	168	497	482	4	856	5,392	3,357	15,847	1,736	385
Turkey	1,041	113	535	182	88	(D)	0	–6	72	(D)	74	150	8	35	126
United Kingdom	153,108	13,850	38,839	3,802	16,266	1,597	7,049	2,916	1,021	6,189	7,319	10,201	60,708	8,992	13,199
Other	8,868	1,323	1,822	(D)	595	(D)	(D)	3	14	(D)	328	(D)	2,451	98	(D)
Latin America and Other Western Hemisphere	**178,505**	**9,917**	**46,124**	**9,491**	**10,733**	**2,125**	**1,934**	**3,637**	**6,663**	**11,542**	**6,897**	**4,685**	**87,422**	**5,921**	**17,539**
South America	68,372	7,225	29,748	4,394	7,069	1,686	1,400	2,554	4,604	8,042	2,318	3,763	10,942	2,936	11,440
Argentina	10,004	1,426	3,479	913	950	402	24	(D)	504	(D)	505	1,133	1,954	842	663
Brazil	35,091	1,888	21,848	2,429	5,013	1,249	1,335	2,403	3,296	6,123	741	1,482	4,621	1,584	2,927
Chile	8,975	(D)	756	141	390	–143	10	(D)	(D)	203	367	605	3,382	274	(D)
Colombia	4,436	1,576	1,188	344	307	49	1	29	(D)	(D)	147	(D)	529	85	(D)
Ecuador	838	461	197	66	55	(D)	0	(D)	15	58	67	(D)	23	3	(D)
Peru	2,467	150	185	57	79	(D)	(*)	0	0	(D)	102	(D)	304	39	(D)
Venezuela	5,381	1,333	1,881	366	234	121	28	89	553	490	287	(D)	90	80	(D)
Other	1,181	(D)	214	79	41	0	1	0	0	93	102	242	38	30	(D)
Central America	47,735	1,312	14,903	5,055	2,584	(D)	(D)	813	2,058	3,149	2,533	575	23,371	1,133	3,909
Costa Rica	1,544	(D)	369	82	124	15	0	74	0	74	(D)	0	6	1	56
Guatemala	357	137	160	69	50	2	0	0	0	38	20	4	8	5	22
Honduras	183	21	159	152	3	(*)	0	0	0	3	2	(D)	21	0	(D)
Mexico	24,181	217	14,080	4,715	2,376	(D)	(D)	735	2,058	2,987	931	462	3,595	1,075	3,821
Panama	21,056	665	100	28	(D)	6	0	0	0	(D)	(D)	89	19,736	(D)	(D)
Other	413	(D)	35	9	(D)	10	0	5	0	(D)	24	(D)	4	(D)	(D)
Other Western Hemisphere	62,397	1,380	1,472	41	1,080	(D)	(D)	270	0	351	2,046	347	53,109	1,852	2,191
Bahamas	1,599	57	80	0	71	0	–3	0	0	12	164	–315	1,535	28	51
Barbados	791	76	5	0	0	0	0	1	0	4	(D)	20	256	224	(D)
Bermuda	37,660	(D)	(D)	0	0	0	0	(D)	0	0	1,305	0	34,614	1,453	(D)
Dominican Republic	476	(D)	321	21	26	0	0	0	0	274	19	34	(*)	20	(D)
Jamaica	1,948	(D)	139	–1	128	0	0	0	0	12	(D)	15	6	33	(D)
Netherlands Antilles	4,423	(*)	27	(D)	0	0	0	0	0	(D)	38	4	4,355	–2	(*)
Trinidad and Tobago	651	360	62	(*)	4	(D)	6	0	0	(D)	18	(D)	(D)	1	(D)
United Kingdom Islands, Caribbean	14,051	223	668	0	(D)	0	(D)	(D)	0	2	102	532	11,983	72	471
Other	797	408	(D)	(D)	(D)	0	0	0	0	16	(*)	(D)	(D)	23	(D)
Africa	**11,157**	**6,429**	**1,967**	**491**	**368**	**236**	**88**	**168**	**120**	**496**	**234**	**299**	**998**	**157**	**1,073**
Egypt	1,612	1,294	283	(D)	(D)	(D)	28	(*)	(D)	(*)	–40	134	0	–7	–52
Nigeria	1,387	1,218	54	(D)	20	–1	0	0	(D)	0	1	(D)	(D)	0	4
South Africa	2,451	(D)	1,088	141	338	54	58	159	29	308	157	(D)	104	119	642
Other	5,706	(D)	542	107	(D)	(D)	2	8	(D)	188	116	90	(D)	45	479
Middle East	**8,803**	**2,754**	**1,654**	**75**	**98**	**62**	**32**	**988**	**9**	**390**	**262**	**738**	**1,773**	**358**	**1,265**
Israel	2,028	(D)	1,492	69	74	34	14	987	5	309	83	0	247	(D)	(D)
Saudi Arabia	3,826	259	139	(D)	56	(D)	(D)	1	4	49	97	(D)	1,444	191	(D)
United Arab Emirates	567	257	59	0	7	(D)	(D)	0	0	(D)	81	(D)	(D)	105	(D)
Other	2,382	(D)	–36	(D)	–39	0	15	0	(*)	(D)	1	–1	(D)	(D)	(D)
Asia and Pacific	**146,610**	**21,228**	**49,529**	**3,560**	**9,962**	**1,480**	**9,480**	**13,607**	**3,278**	**8,161**	**17,135**	**10,064**	**28,224**	**5,560**	**14,870**
Australia	29,910	3,020	7,592	1,128	2,525	323	711	128	1,159	1,619	1,980	2,216	6,471	1,995	6,636
China	5,071	910	2,753	252	377	154	(D)	1,110	56	(D)	353	107	619	74	254
Hong Kong	19,267	594	2,942	14	335	366	174	1,100	37	916	4,890	1,845	3,592	1,074	4,329
India	1,563	183	348	–4	145	–54	183	(D)	16	(D)	42	595	344	41	9
Indonesia	6,664	4,038	363	18	193	13	–9	62	(D)	(D)	(D)	(D)	147	36	1,891
Japan	33,725	4,222	14,218	411	2,817	344	3,849	2,282	1,731	2,784	5,088	559	8,288	1,096	255
Korea, Republic of	6,430	(D)	2,795	755	512	11	264	450	188	615	420	1,774	–15	(D)	–52
Malaysia	6,522	1,260	4,349	6	583	7	704	2,663	0	386	180	(D)	377	90	(D)
New Zealand	6,523	451	1,043	(D)	120	26	14	38	0	(D)	303	(D)	3,429	73	(D)
Philippines	3,295	342	1,657	365	414	39	5	663	0	171	228	286	(D)	(D)	–27
Singapore	17,864	3,446	7,007	(*)	310	147	2,241	3,942	62	304	2,549	717	3,480	569	97
Taiwan	4,668	40	3,020	98	1,351	57	302	869	42	300	465	619	290	157	77
Thailand	3,946	1,081	1,400	(D)	271	48	(D)	251	(D)	(D)	557	434	192	41	239
Other	1,161	(D)	42	18	9	2	–5	(D)	–5	(D)	(D)	(D)	(D)	33	94
International [1]	**4,317**	**2,869**	....	....	....	....	....	....	....	....	....	....	....	....	**1,448**
Addenda:															
Eastern Europe [2]	7,201	1,320	1,540	531	338	83	39	–17	14	551	287	705	2,223	20	1,106
European Union (15) [3]	371,846	22,177	129,440	12,903	45,952	8,367	17,191	10,680	12,044	22,304	26,670	17,944	134,475	23,974	17,165
OPEC [4]	20,466	9,530	2,466	428	471	161	32	152	531	692	505	(D)	1,795	470	(D)

* Less than $500,000 (±).

(D) Suppressed to avoid disclosure of data of individual companies.

1. ''International'' consists of affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or offshore oil and gas drilling.

2. ''Eastern Europe'' comprises Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

3. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

4. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Table 3.2.—U.S. Direct Investment Position Abroad on a Historical-Cost Basis, 1998

[Millions of dollars]

	All industries	Petroleum	Manufacturing								Wholesale trade	Depository institutions	Finance (except depository institutions), insurance, and real estate	Services	Other industries
			Total	Food and kindred products	Chemicals and allied products	Primary and fabricated metals	Industrial machinery and equipment	Electronic and other electric equipment	Transportation equipment	Other manufacturing					
All countries	**980,565**	**91,113**	**304,690**	**33,871**	**83,589**	**17,098**	**34,755**	**34,531**	**35,615**	**65,231**	**75,188**	**42,029**	**337,600**	**52,514**	**77,432**
Canada	**103,908**	**12,559**	**46,428**	**5,143**	**8,295**	**3,231**	**3,046**	**2,174**	**11,179**	**13,359**	**7,265**	**1,203**	**22,057**	**4,598**	**9,799**
Europe	**489,539**	**30,640**	**154,864**	**15,433**	**53,149**	**9,750**	**19,890**	**12,458**	**15,116**	**29,068**	**40,750**	**25,614**	**178,179**	**33,810**	**25,682**
Austria	3,838	152	1,062	30	45	2	114	(D)	295	(D)	515	(D)	(D)	200	–38
Belgium	18,920	156	8,969	1,012	5,390	189	472	361	538	1,007	2,716	321	5,262	1,684	–188
Denmark	2,628	286	638	160	60	(D)	5	216	–8	(D)	(D)	(*)	(D)	34	54
Finland	1,700	104	1,004	11	308	14	(D)	(D)	(D)	48	302	20	(D)	67	(D)
France	39,188	1,162	18,974	3,615	4,227	4,034	2,358	974	676	3,089	2,587	2,388	7,778	4,570	1,729
Germany	42,853	2,860	22,259	922	3,894	1,848	3,887	565	7,106	4,038	2,759	1,510	11,022	1,905	537
Greece	660	75	91	–9	45	2	0	9	3	41	92	166	126	59	50
Ireland	15,936	(D)	8,090	669	3,184	177	185	1,529	15	2,332	332	(D)	6,638	305	(D)
Italy	14,638	(D)	8,559	406	2,267	137	2,201	928	715	1,905	2,725	334	774	1,082	(D)
Luxembourg	14,930	58	2,556	2	0	(D)	9	4	0	(D)	(D)	289	11,596	84	(D)
Netherlands	79,386	2,826	16,242	1,078	10,212	224	993	1,860	348	1,526	9,446	(D)	42,836	6,985	(D)
Norway	7,609	4,045	831	(D)	17	3	168	7	15	(D)	303	(D)	1,881	290	(D)
Portugal	1,474	(D)	335	113	114	–5	(D)	(D)	37	9	397	239	261	98	(D)
Spain	12,807	199	7,435	1,756	1,211	933	90	863	1,453	1,128	1,470	2,124	694	475	411
Sweden	6,053	79	3,359	18	1,496	6	316	52	(D)	(D)	224	(D)	782	1,009	(D)
Switzerland	37,616	15	5,508	47	2,859	217	576	609	403	797	7,831	3,695	18,446	1,651	469
Turkey	1,069	97	604	208	53	(D)	0	–9	99	(D)	(D)	224	15	46	(D)
United Kingdom	178,648	15,603	46,436	4,371	17,345	1,658	8,464	3,509	3,433	7,655	7,772	10,365	65,846	13,144	19,483
Other	9,588	1,530	1,913	(D)	422	(D)	45	10	44	765	(D)	(D)	3,103	124	(D)
Latin America and Other Western Hemisphere	**196,655**	**9,711**	**48,008**	**9,784**	**12,250**	**2,403**	**2,009**	**3,089**	**6,478**	**11,995**	**7,997**	**3,198**	**98,845**	**6,910**	**21,986**
South America	73,290	6,967	30,325	4,590	7,690	1,898	1,549	2,215	4,412	7,973	1,900	4,738	11,444	3,057	14,859
Argentina	11,489	1,565	3,654	974	1,130	349	50	(*)	448	702	340	1,801	1,945	876	1,308
Brazil	37,802	1,825	22,292	2,472	5,524	1,324	1,463	2,097	3,390	6,022	508	1,667	4,728	1,664	5,118
Chile	9,132	18	845	162	294	39	14	(D)	(D)	204	342	627	3,429	212	3,659
Colombia	4,317	1,159	1,094	301	352	(D)	(D)	25	(D)	307	168	(D)	808	87	(D)
Ecuador	952	576	188	30	70	1	0	(D)	24	(D)	68	(D)	36	4	(D)
Peru	2,587	117	215	75	83	(D)	(*)	0	0	(D)	96	(D)	322	32	(D)
Venezuela	5,697	1,516	1,856	536	192	124	26	81	369	529	230	(D)	64	153	(D)
Other	1,315	192	183	40	43	0	(D)	0	0	(D)	148	303	112	29	348
Central America	56,387	1,407	15,188	5,156	2,444	483	814	(D)	2,066	(D)	3,233	737	29,563	1,622	4,637
Costa Rica	2,126	28	371	102	137	20	–17	(D)	0	(D)	(D)	0	(D)	(*)	(D)
Guatemala	429	(D)	191	83	58	2	0	0	0	48	26	5	(D)	5	(D)
Honduras	186	(D)	190	184	2	(*)	0	0	0	3	2	5	29	0	(D)
Mexico	25,877	235	14,267	4,744	2,203	438	831	569	2,066	3,415	1,092	591	4,206	1,108	4,378
Panama	26,957	681	137	32	28	10	0	0	0	68	(D)	118	25,145	501	(D)
Other	812	293	32	10	16	13	0	–15	0	8	25	18	(D)	8	(D)
Other Western Hemisphere	66,978	1,338	2,495	39	2,116	22	–354	(D)	0	(D)	2,864	–2,277	57,837	2,230	2,490
Bahamas	287	58	81	0	(D)	0	–3	0	0	(D)	150	–1,585	1,401	131	50
Barbados	1,077	82	5	0	0	0	0	2	0	4	305	(D)	357	275	(D)
Bermuda	41,076	(D)	(D)	0	0	0	0	(D)	0	0	2,022	0	37,519	1,591	–15
Dominican Republic	535	(D)	390	22	22	0	0	0	0	346	(D)	58	(*)	20	(D)
Jamaica	2,105	(D)	144	–5	141	0	0	0	0	9	(D)	11	6	39	1,660
Netherlands Antilles	4,472	(*)	27	(D)	0	0	0	0	0	(D)	43	5	4,400	–3	(*)
Trinidad and Tobago	1,054	697	49	(*)	5	(D)	2	0	0	(D)	20	(D)	20	1	(D)
United Kingdom Islands, Caribbean	15,713	308	1,628	0	(D)	(D)	–352	(D)	0	19	92	–814	13,711	144	645
Other	658	236	(D)	(D)	(D)	0	0	0	0	3	(*)	(D)	422	31	(D)
Africa	**13,491**	**8,984**	**1,942**	**635**	**295**	**237**	**52**	**124**	**159**	**440**	**165**	**338**	**612**	**263**	**1,187**
Egypt	1,955	1,423	435	(D)	32	7	13	(*)	(D)	(*)	–48	163	0	43	–60
Nigeria	1,925	1,696	56	(D)	20	–1	0	0	(D)	0	1	(D)	(D)	0	4
South Africa	2,363	(D)	864	139	193	(D)	37	112	(D)	293	145	(D)	247	162	(D)
Other	7,247	(D)	587	166	50	(D)	2	12	(D)	146	67	108	(D)	59	(D)
Middle East	**10,599**	**3,010**	**2,383**	**75**	**–66**	**50**	**10**	**1,710**	**11**	**592**	**319**	**814**	**2,194**	**496**	**1,382**
Israel	3,067	41	2,344	71	65	15	–11	1,709	5	490	91	0	386	(D)	(D)
Saudi Arabia	4,209	270	149	14	(D)	20	(D)	1	5	51	105	(D)	1,533	280	(D)
United Arab Emirates	710	284	83	0	8	16	3	0	0	55	122	(D)	(D)	137	(D)
Other	2,613	2,415	–193	–9	(D)	0	(D)	0	(*)	–4	1	–44	(D)	(D)	(D)
Asia and Pacific	**161,797**	**23,228**	**51,065**	**2,801**	**9,666**	**1,426**	**9,747**	**14,975**	**2,672**	**9,777**	**18,692**	**10,862**	**35,714**	**6,438**	**15,798**
Australia	33,676	4,344	6,387	662	2,749	359	586	173	581	1,278	2,057	2,595	8,347	2,198	7,748
China	6,348	911	3,729	122	325	167	463	1,472	175	1,005	372	127	771	31	407
Hong Kong	20,802	600	3,122	4	348	282	167	1,230	29	1,062	5,054	1,637	5,007	1,009	4,373
India	1,480	190	256	–40	128	–110	227	78	–61	35	54	500	356	40	83
Indonesia	6,932	4,610	197	16	131	8	–17	35	(D)	(D)	(D)	186	171	53	(D)
Japan	38,153	4,496	14,224	528	2,608	365	3,588	2,043	1,724	3,368	4,948	539	12,318	1,415	212
Korea, Republic of	7,365	(D)	2,940	380	530	22	288	558	128	1,034	(D)	2,251	38	446	–38
Malaysia	6,193	1,027	4,199	3	306	5	743	2,669	0	473	166	393	352	84	–27
New Zealand	6,136	460	1,045	(D)	122	25	15	35	0	(D)	274	(D)	3,169	60	(D)
Philippines	3,192	283	1,634	440	477	33	16	483	0	184	172	288	627	187	2
Singapore	19,783	2,920	8,438	13	255	153	2,747	4,763	106	401	3,245	727	3,769	681	4
Taiwan	4,937	49	3,258	99	1,372	45	280	1,191	(D)	(D)	368	614	337	163	148
Thailand	5,721	1,579	1,633	109	334	70	648	243	24	205	1,508	486	351	42	122
Other	1,080	(D)	4	(D)	–19	2	–4	3	(D)	(D)	(D)	(D)	103	28	98
International [1]	**4,578**	**2,981**	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	**1,597**
Addenda:															
Eastern Europe [2]	8,143	1,531	1,888	515	427	112	45	–12	44	757	264	313	2,845	41	1,260
European Union (15) [3]	433,658	24,953	146,007	14,155	49,798	9,308	19,100	11,841	14,555	27,250	32,324	20,190	154,733	31,699	23,751
OPEC [4]	23,252	11,742	2,155	599	211	167	24	117	312	725	474	(D)	2,125	685	(D)

* Less than $500,000 (±).

(D) Suppressed to avoid disclosure of data of individual companies.

1. ''International'' consists of affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or offshore oil and gas drilling.

2. ''Eastern Europe'' comprises Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

3. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

4. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Table 4.1.—Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1997

[Millions of dollars]

	All industries	Petroleum	Manufacturing: Total	Manufacturing: Food and kindred products	Manufacturing: Chemicals and allied products	Manufacturing: Primary and fabricated metals	Manufacturing: Machinery	Manufacturing: Other manufacturing	Wholesale trade	Retail trade	Depository institutions	Finance, except depository institutions	Insurance	Real estate	Services	Other industries
All countries	**693,207**	**42,085**	**273,122**	**26,710**	**88,831**	**23,366**	**46,636**	**87,580**	**87,630**	**16,718**	**38,118**	**43,413**	**70,492**	**40,060**	**38,521**	**43,049**
Canada	**69,866**	**3,177**	**27,811**	**8,017**	**2,673**	**4,569**	**4,191**	**8,361**	**4,190**	**1,023**	**2,211**	**5,382**	**7,545**	**7,805**	**2,021**	**8,701**
Europe	**432,622**	**29,750**	**197,819**	**16,430**	**78,954**	**14,317**	**31,522**	**56,597**	**39,015**	**12,901**	**21,902**	**14,071**	**55,421**	**12,756**	**22,335**	**26,653**
Austria	1,829	(D)	298	0	(D)	(D)	118	79	282	834	(D)	(D)	(D)	5	25	3
Belgium	6,438	1,221	3,529	11	2,893	(D)	(D)	248	840	837	(D)	(D)	(D)	56	–26	468
Denmark	2,929	5	708	134	7	(*)	303	265	1,782	19	(D)	136	–3	(D)	(D)	206
Finland	3,557	(D)	1,615	(D)	(D)	772	204	446	(D)	15	(D)	(D)	(D)	(D)	(D)	143
France	49,503	(D)	29,099	2,350	12,528	2,878	4,971	6,372	1,911	302	2,692	5,335	4,060	91	2,939	(D)
Germany	71,289	(D)	34,522	39	16,107	3,342	6,127	8,907	12,250	1,647	4,101	2,181	8,415	2,691	3,081	(D)
Ireland	10,493	639	2,748	400	(D)	(D)	1,056	1,148	823	267	(D)	–236	(D)	29	596	(D)
Italy	3,089	294	627	–78	211	202	–5	296	468	(D)	790	(D)	(D)	75	27	117
Liechtenstein	126	(D)	4	(*)	0	(D)	4	(D)	66	0	0	3	0	55	(D)	39
Luxembourg	5,363	0	2,941	(D)	(D)	438	(D)	1,268	1,420	(D)	0	252	(D)	157	448	–293
Netherlands	89,570	12,949	31,565	2,029	10,630	1,074	5,685	12,148	6,303	4,578	6,025	2,642	14,377	5,922	3,233	1,976
Norway	3,045	(D)	1,380	(D)	683	458	250	(D)	(D)	7	13	(D)	(D)	42	174	171
Spain	2,266	4	587	15	3	(D)	9	(D)	120	88	1,120	108	166	(D)	–5	(D)
Sweden	12,842	(D)	8,576	–1	802	533	5,034	2,208	1,171	(D)	85	(D)	(D)	688	(D)	271
Switzerland	38,281	194	21,187	(D)	13,004	417	1,516	(D)	1,801	267	1,285	3,220	7,481	707	2,039	100
United Kingdom	131,315	11,680	58,342	8,584	22,072	3,362	4,989	19,334	8,170	3,594	3,227	45	18,979	2,178	8,245	16,855
Other	688	(D)	92	(D)	(D)	(*)	7	51	311	(D)	232	6	0	5	10	5
Latin America and Other Western Hemisphere	**33,546**	**3,427**	**3,930**	**360**	**995**	**480**	**198**	**1,896**	**2,179**	**796**	**3,774**	**5,241**	**6,157**	**3,739**	**2,779**	**1,524**
South and Central America	10,212	–783	273	295	–54	–91	–193	316	425	21	2,994	642	(D)	329	1,457	(D)
Brazil	742	(D)	–198	–7	(D)	(D)	–96	–13	78	5	836	–3	(D)	11	–1	–10
Mexico	3,315	–8	631	304	–42	12	–53	410	459	8	167	334	–5	88	1,404	236
Panama	6,023	–56	–7	1	(D)	(D)	–4	–44	–48	–4	(D)	300	(D)	225	56	237
Venezuela	–376	(D)	–44	0	–14	–1	–6	–23	9	2	293	1	1	–1	0	(D)
Other	507	(D)	–109	–3	–58	2	–35	–14	–74	10	(D)	11	38	5	–2	–5
Other Western Hemisphere	23,333	4,211	3,657	66	1,050	571	391	1,580	1,754	776	779	4,598	(D)	3,409	1,323	(D)
Bahamas	1,905	(D)	127	(*)	0	125	0	2	354	(D)	0	386	0	430	293	201
Bermuda	3,092	142	423	–40	(D)	3	(*)	(D)	245	125	5	–40	1,280	173	530	208
Netherlands Antilles	5,722	2,689	1,217	–9	1,007	34	1	184	165	(D)	210	89	(D)	505	–39	108
United Kingdom Islands, Caribbean	12,022	(D)	1,867	115	(D)	(D)	394	900	687	28	564	4,169	(D)	2,386	400	399
Other	593	29	24	(*)	–3	(D)	–3	(D)	303	(D)	0	–6	(D)	–84	140	(D)
Africa	**1,465**	**(D)**	**–14**	**–47**	**(D)**	**(D)**	**–3**	**–219**	**1**	**(D)**	**(D)**	**(D)**	**(*)**	**169**	**(D)**	**155**
South Africa	–33	1	–61	–51	–8	2	–3	–1	6	0	0	0	(*)	24	–1	–1
Other	1,498	(D)	47	4	(D)	(D)	(*)	–219	–4	(D)	(D)	(D)	0	144	(D)	156
Middle East	**6,593**	**(D)**	**944**	**5**	**(D)**	**(D)**	**585**	**199**	**91**	**(D)**	**(D)**	**(D)**	**0**	**2,925**	**(D)**	**–39**
Israel	1,955	0	923	4	(D)	(D)	571	192	91	(D)	654	165	0	(D)	114	(D)
Kuwait	2,935	4	7	0	0	0	0	7	2	0	(D)	(D)	0	(D)	(D)	0
Lebanon	–14	0	(D)	0	(D)	0	(D)	0	(*)	–1	0	0	0	(D)	0	0
Saudi Arabia	1,565	(D)	1	0	–1	0	1	0	(*)	(D)	(D)	0	0	47	5	–5
United Arab Emirates	76	–4	–1	0	0	(*)	(*)	0	(*)	0	(D)	(D)	0	14	0	(D)
Other	77	(*)	(D)	1	(D)	0	(D)	0	–1	5	50	0	0	35	0	(D)
Asia and Pacific	**149,115**	**4,215**	**42,632**	**1,946**	**5,762**	**4,036**	**10,143**	**20,745**	**42,153**	**1,942**	**9,408**	**18,145**	**1,369**	**12,667**	**10,529**	**6,055**
Australia	14,703	4,522	2,414	(D)	(D)	825	325	1,201	–64	9	–25	801	440	915	1,974	3,719
Hong Kong	1,797	–16	316	(D)	–14	(D)	99	41	648	15	213	17	0	273	298	34
Japan	125,131	212	37,356	1,859	3,843	3,166	9,088	19,399	40,628	1,865	7,550	17,019	897	10,038	7,977	1,589
Korea, Republic of	–70	(D)	48	(D)	(D)	–87	46	43	28	(D)	242	(D)	(D)	51	18	–8
Malaysia	298	(D)	87	3	–7	1	69	22	18	0	(D)	(D)	0	3	174	–1
New Zealand	221	(D)	–25	3	(D)	(D)	1	–32	138	(D)	(D)	0	(D)	34	–11	46
Philippines	91	0	14	0	–1	0	14	1	15	(*)	68	0	–6	–1	0	(*)
Singapore	3,271	20	1,047	(D)	(D)	(D)	172	47	196	–1	95	48	(*)	1,243	18	605
Taiwan	2,749	–1	1,253	0	901	–1	304	49	476	8	693	167	1	43	66	44
Other	924	53	122	(D)	–22	(D)	26	–25	71	7	556	3	3	69	15	27
Addenda:																
European Union (15) [1]	390,601	28,463	175,177	13,800	65,282	13,461	29,745	52,888	36,659	12,608	20,456	10,850	47,938	11,952	20,169	26,330
OPEC [2]	4,466	793	–51	0	–8	–1	–4	–38	5	8	660	(D)	1	2,902	42	(D)

* Less than $500,000 (±).

D Suppressed to avoid disclosure of data of individual companies.

1. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Table 4.2.—Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1998

[Millions of dollars]

	All industries	Petroleum	Manufacturing: Total	Manufacturing: Food and kindred products	Manufacturing: Chemicals and allied products	Manufacturing: Primary and fabricated metals	Manufacturing: Machinery	Manufacturing: Other manufacturing	Wholesale trade	Retail trade	Depository institutions	Finance, except depository institutions	Insurance	Real estate	Services	Other industries
All countries	**811,756**	**53,254**	**329,346**	**18,112**	**101,351**	**22,512**	**59,260**	**128,112**	**96,261**	**18,778**	**44,785**	**50,858**	**80,378**	**44,436**	**50,252**	**43,409**
Canada	**74,840**	**2,633**	**26,152**	**4,268**	**2,762**	**4,872**	**5,467**	**8,783**	**5,098**	**1,039**	**2,569**	**7,130**	**7,861**	**9,084**	**2,488**	**10,786**
Europe	**539,906**	**42,771**	**252,893**	**11,589**	**91,041**	**13,250**	**41,591**	**95,423**	**43,554**	**14,479**	**26,725**	**18,914**	**65,745**	**14,303**	**36,463**	**24,059**
Austria	4,872	(D)	365	(D)	(D)	(D)	148	107	485	(D)	(D)	(D)	1	5	(D)	3
Belgium	9,577	(D)	4,232	2	3,187	(D)	(D)	654	1,018	935	(D)	306	1	51	1,489	(D)
Denmark	3,229	4	711	186	19	(*)	174	332	2,010	8	(D)	(D)	–4	(D)	167	253
Finland	4,321	(D)	2,224	(D)	(D)	(D)	233	1,357	1,012	1	(D)	–45	(D)	3	3	(D)
France	62,167	(D)	37,820	2,701	14,034	1,784	10,184	9,118	1,972	515	3,851	5,545	4,886	(D)	3,018	3,261
Germany	95,045	312	51,018	131	17,091	3,144	7,095	23,556	12,405	2,520	5,712	1,741	9,657	3,547	5,924	2,209
Ireland	13,227	739	4,874	734	(D)	(D)	378	1,584	1,980	(D)	(D)	–268	1,649	31	816	638
Italy	3,830	(D)	907	–82	284	231	5	468	423	595	1,094	(D)	(D)	65	(D)	188
Liechtenstein	118	–2	(D)	1	0	–8	4	(D)	65	0	0	1	0	47	(D)	41
Luxembourg	20,214	0	(D)	206	(D)	508	(D)	(D)	1,311	(D)	0	110	(D)	(D)	4,315	(D)
Netherlands	96,904	11,505	35,109	–1,567	11,695	1,652	7,093	16,236	5,606	4,696	6,473	4,301	16,844	6,612	3,625	2,131
Norway	3,616	(D)	1,595	(D)	901	(D)	270	38	269	2	(D)	–9	2	40	(D)	170
Spain	2,292	–3	714	19	8	(D)	10	(D)	154	84	1,135	–74	168	48	(D)	(D)
Sweden	14,564	(D)	9,065	–2	803	595	5,578	2,092	2,028	(D)	(D)	(D)	–6	744	2,036	333
Switzerland	54,011	252	26,310	2,577	16,189	564	1,854	5,126	2,579	183	(D)	2,478	17,112	211	2,341	(D)
United Kingdom	151,335	26,277	64,022	6,531	24,795	2,978	7,709	22,009	10,099	3,894	3,210	1,957	14,265	1,801	12,058	13,752
Other	584	3	128	47	–14	–2	36	61	137	(D)	243	19	(*)	1	(D)	2
Latin America and Other Western Hemisphere	**32,210**	**4,072**	**4,329**	**350**	**1,229**	**448**	**298**	**2,004**	**1,858**	**897**	**3,526**	**4,859**	**5,356**	**4,105**	**1,472**	**1,736**
South and Central America	11,916	–457	1,067	573	96	178	–216	437	270	24	2,601	2,394	(D)	232	176	(D)
Brazil	609	(D)	–173	–14	(D)	(D)	–102	8	–54	6	691	(D)	(D)	(D)	1	8
Mexico	4,029	–9	887	588	–89	20	–55	423	495	6	70	2,000	2	85	174	320
Panama	7,025	(D)	482	1	(D)	(D)	–7	–2	–108	5	(D)	284	(D)	182	17	333
Venezuela	–333	(D)	–9	1	–13	(*)	–2	6	–10	2	268	–1	6	(D)	(D)	(D)
Other	586	27	–120	–3	–72	3	–50	1	–52	6	(D)	(D)	30	2	(D)	–9
Other Western Hemisphere	20,294	4,529	3,262	–222	1,133	270	514	1,567	1,588	872	924	2,465	(D)	3,873	1,296	(D)
Bahamas	2,141	(D)	131	(D)	1	(D)	0	2	440	(D)	(D)	(D)	0	441	272	191
Bermuda	2,674	207	552	–22	(D)	3	(D)	517	226	237	5	–66	204	644	173	493
Netherlands Antilles	4,727	(D)	795	(D)	997	(D)	(D)	184	(D)	(D)	(D)	85	0	255	–55	125
United Kingdom Islands, Caribbean	10,395	1,578	1,792	219	(D)	(D)	494	867	608	25	648	(D)	(D)	2,614	791	208
Other	357	(D)	–9	2	–11	4	–1	–3	(D)	(D)	0	11	(D)	–80	116	(D)
Africa	**884**	**–4**	**–90**	**(D)**	**(D)**	**(D)**	**–14**	**–292**	**21**	**17**	**47**	**432**	**0**	**116**	**234**	**111**
South Africa	43	2	–88	(D)	–4	–1	–14	(D)	(D)	0	0	(D)	0	(D)	(D)	–1
Other	841	–6	–2	4	(D)	(D)	(*)	(D)	(D)	17	47	(D)	0	(D)	(D)	112
Middle East	**7,831**	**1,061**	**966**	**(D)**	**(D)**	**(D)**	**522**	**246**	**131**	**392**	**931**	**216**	**0**	**3,728**	**125**	**280**
Israel	2,459	–3	601	(D)	(D)	(D)	165	236	129	(D)	819	(D)	0	(D)	46	284
Kuwait	(D)	(D)	9	0	0	0	0	9	3	0	(D)	(D)	0	3,657	(D)	–2
Lebanon	–19	0	(D)	0	(D)	0	(D)	0	(*)	–2	0	0	0	(D)	0	(*)
Saudi Arabia	(D)	(D)	3	0	(*)	0	1	2	–1	(D)	(D)	0	0	(D)	(D)	–8
United Arab Emirates	57	–5	–3	0	–2	(*)	–1	0	0	(D)	(D)	0	0	13	0	(D)
Other	414	–5	(D)	0	(D)	0	(D)	0	(*)	–3	48	0	0	37	8	(D)
Asia and Pacific	**156,085**	**2,720**	**45,096**	**1,951**	**5,843**	**3,957**	**11,395**	**21,949**	**45,598**	**1,954**	**10,988**	**19,307**	**1,416**	**13,101**	**9,469**	**6,436**
Australia	14,755	3,202	2,982	–68	135	1,164	472	1,278	–55	14	157	(D)	(D)	691	(D)	4,202
Hong Kong	2,097	(D)	358	(D)	(*)	(D)	123	40	599	15	229	(D)	1	268	305	314
Japan	132,569	234	39,918	1,762	4,838	2,760	10,036	20,522	43,114	1,868	9,043	17,445	990	10,743	7,304	1,910
Korea, Republic of	285	(D)	27	(D)	55	–78	14	(D)	673	(D)	–39	(D)	(D)	45	15	2
Malaysia	89	(D)	57	2	(*)	1	43	11	16	0	(D)	(D)	0	3	207	–11
New Zealand	352	(*)	20	7	–1	(D)	(*)	(D)	179	(D)	(D)	0	(D)	71	–4	47
Philippines	69	(*)	13	–2	(*)	0	15	(*)	–6	(*)	73	0	–6	–2	0	–3
Singapore	1,813	2	244	(D)	–34	(D)	199	20	267	4	117	–1	(*)	1,258	69	–146
Taiwan	3,120	–2	1,505	–1	911	3	497	95	558	(D)	720	125	(*)	45	53	(D)
Other	936	57	–26	(D)	–61	(D)	–4	–46	254	6	672	2	2	–22	(D)	(D)
Addenda:																
European Union (15) [1]	481,731	41,330	224,885	8,978	73,967	12,296	39,429	90,214	40,509	14,272	24,095	16,441	48,631	14,008	33,837	23,722
OPEC [2]	4,939	448	–24	1	–18	(*)	(*)	–7	–2	24	649	(D)	6	3,690	66	(D)

* Less than $500,000 (±).
D Suppressed to avoid disclosure of data of individual companies.
1. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.
2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.