

Direct Investment Positions on a Historical-Cost Basis, 1993: Country and Industry Detail

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THIS ARTICLE presents the country and industry detail underlying the U.S. direct investment position abroad and the foreign direct investment position in the United States for 1993 on a historical-cost, or book value, basis. This basis is the only one on which detailed estimates of the position are available by country and industry.¹ Aggregate estimates of the investment

1. Estimates on a historical-cost basis largely reflect prices at the time of investment rather than prices of the current or any other period. Historical cost is the basis used for valuation in company accounting records in the

positions on the current-cost and market-value bases are presented in the companion article "The International Investment Position of the United States in 1993," beginning on page 63 of this issue. Table 1 shows the aggregate direct investment positions on all three valuation bases.

In the analysis that follows, information from outside sources, mainly press reports, has been used to assist in the analysis and interpretation of the direct investment position data.

Table 1.—Alternative Direct Investment Position Estimates, 1992 and 1993

[Millions of dollars]

Valuation method	Position at year-end 1992 ^r	Changes in 1993 (decrease (-))			Position at year-end 1993 ^p
		Total	Capital flows	Valuation adjustments	
U.S. direct investment abroad:					
Historical cost	498,991	49,653	58,094	-8,441	548,644
Current cost	668,181	47,982	57,870	-9,888	716,163
Market value	785,903	207,248	57,870	149,378	993,151
Foreign direct investment in the United States:					
Historical cost	425,636	19,632	22,630	-2,999	445,268
Current cost	497,059	19,665	21,366	-1,701	516,724
Market value	696,846	48,790	21,366	27,424	745,636

^r Revised.

^p Preliminary.

Table 2.—U.S. Direct Investment Position Abroad and Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1982-93

[Millions of dollars]

Yearend	U.S. direct investment position abroad	Foreign direct investment position in the United States
1982	207,752	124,677
1983	207,203	137,061
1984	211,480	164,583
1985	230,250	184,615
1986	259,800	220,414
1987	314,307	263,394
1988	335,893	314,754
1989	381,781	368,924
1990	^r 430,521	394,911
1991	^r 467,844	^r 418,780
1992	^r 498,991	^r 425,636
1993	^p 548,644	^p 445,268

^r Revised.

^p Preliminary.

U.S. Direct Investment Abroad

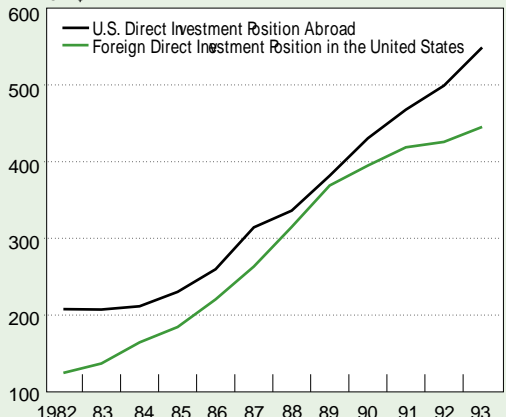
The U.S. direct investment position abroad valued at historical cost—the book value of U.S. direct investors' equity in, and net outstanding

United States and is the only basis on which companies can report data in the direct investment surveys conducted by the Bureau of Economic Analysis (BEA). (For consistency, the estimates of earnings and reinvested earnings used in analyzing changes in the historical-cost positions are also on this basis and are not adjusted to current cost; detailed estimates of these items, like the positions, are not available with such an adjustment.)

CHART 1

The Direct Investment Positions on a Historical-Cost Basis, 1982-93

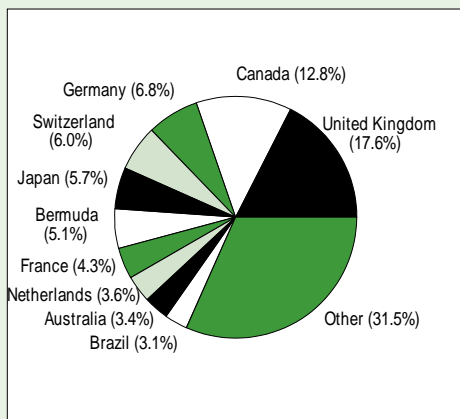
Billion \$



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

CHART 2

U.S. Direct Investment Position Abroad, 1993: Shares of Host Countries



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

economies in the Pacific Rim area and in parts of Latin America continued to attract investment by U.S. parents. Second, despite sluggish or negative economic growth in many European countries last year, expectations of a recovery, together with prospects for future growth resulting from formation of a single market in the European Union and from continued economic liberalization in Eastern Europe, may have encouraged U.S. parents to continue investing in those countries. Third, improved earnings in the United States and abroad—particularly the United Kingdom, Brazil, Switzerland, Canada, and Bermuda—strengthened U.S. parents' ability to finance investments with internally generated funds. Finally, the relaxation by some countries of restrictions on foreign investment, particularly in the financial and telecommunications services industries, increased U.S. parents' ability to invest.

Capital outflows for U.S. direct investment abroad were at a record level in 1993. About one-half of the total was accounted for by reinvested earnings, which were boosted by both strong affiliate profits and an unusually high reinvestment ratio of 0.54. (The reinvestment ratio is defined as the portion of affiliate earnings that is reinvested.) The high reinvestment ratio reflected several factors. First, U.S. parents' domestic profits grew, reducing their need for funds from abroad. Second, some parents deferred repatriation of earnings in expectation of a reduction in foreign withholding taxes on distributions, particularly in Europe. Finally, some U.S. parents reinvested a larger share of affiliate earnings in anticipation of their need to finance a planned increase in capital expenditures by foreign affiliates in 1994.⁴

4. According to a BEA survey taken in December 1993, majority-owned foreign affiliates plan to increase capital expenditures 8 percent in 1994, compared with a 2-percent increase in 1993. See "Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, Plans for 1994," SURVEY OF CURRENT BUSINESS 74 (March 1994): 36-43.

Mark W. New—assisted by Spicer V. Conant, Laura A. Downey, Marie K. Laddomada, Sherry Lee, Gary M. Solamon, and Dwayne Torney—conducted the survey from which the U.S. direct investment position abroad data were drawn. Smith W. Allnutt III programmed the tables. Gregory G. Fouch—assisted by Peter J. Fox, Nancy F. Halvorson, Tracy K. Leigh, Beverly E. Palmer, and Linden L. Webber—conducted the survey from which the foreign direct investment position in the United States data were drawn. D. Richard Mauery programmed the tables.

loans to, their foreign affiliates—was \$548.6 billion at yearend 1993 (tables 2 and 3, and chart 1).² The positions in the United Kingdom—\$96.4 billion, or 18 percent of the total—and in Canada—\$70.4 billion, or 13 percent of the total—remained by far the largest of any country (chart 2).

In 1993, the overall position increased \$49.7 billion, or 10 percent, compared with a 7-percent increase in 1992. The following tabulation shows the change in position by type of capital flow and valuation adjustment:³

Change in 1993 (Billions of dollars)

Total	49.7
Capital outflows	58.1
Equity capital	17.4
Intercompany debt	10.9
Reinvested earnings	29.8
Valuation adjustments	-8.4
Currency translation	-5.8
Other	-2.6

The increase in the 1993 position reflected several factors. First, the steadily growing

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

3. Valuation adjustments to the historical-cost position are made to reflect differences between changes in the position, measured at book value, and capital flows, measured at transaction value. (For the position on a historical-cost basis, there are no valuation adjustments due to price changes, because prices are held at historical levels.)

Currency translation adjustments to the position are made to reflect 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 translation adjustments depend on the value and currency composition of affiliates' assets and liabilities. Depreciation of foreign currencies in relation to the dollar usually results in negative translation adjustments, because it tends to lower the dollar value of net foreign-currency-denominated assets. Similarly, appreciation of foreign currencies in relation to the dollar usually results in positive adjustments, because it tends to raise the dollar value of net foreign-currency-denominated assets.

Table 3.—U.S. Direct Investment Position Abroad on a Historical-Cost Basis at Yearend

(Millions of dollars)

	1992								1993							
	All industries	Petroleum	Manufacturing	Wholesale trade	Banking	Finance (except banking), insurance, and real estate	Services	Other industries	All industries	Petroleum	Manufacturing	Wholesale trade	Banking	Finance (except banking), insurance, and real estate	Services	Other industries
All countries	498,991	57,487	186,675	52,668	24,081	135,600	17,086	25,394	548,644	62,409	199,457	57,645	26,720	155,597	18,104	28,713
Canada	68,832	8,170	33,068	6,144	874	12,625	2,869	5,081	70,395	8,840	34,062	6,653	823	12,242	2,425	5,349
Europe	246,228	23,721	94,338	29,018	9,732	72,045	11,093	6,280	269,156	24,203	96,752	32,194	11,372	85,111	12,151	7,373
Austria	1,378	(^D)	694	288	42	83	(^D)	(^D)	1,384	210	578	453	(^D)	110	12	(^D)
Belgium	11,115	194	5,698	1,845	(^D)	2,494	740	(^D)	11,552	249	5,557	2,056	97	2,794	708	91
Denmark	1,676	(^D)	315	547	(^D)	322	118	35	1,797	(^D)	206	572	(^D)	363	113	20
Finland	364	(^D)	90	183	(^D)	1	7	(^D)	336	(^D)	127	141	(^D)	1	7	(^D)
France	24,709	(^D)	13,311	4,437	336	3,838	964	(^D)	23,565	973	13,257	4,733	364	2,374	996	868
Germany	33,578	2,169	20,177	2,477	2,048	4,396	770	1,541	37,524	2,468	22,283	2,945	2,229	5,107	862	1,630
Greece	372	(^D)	134	59	(^D)	(^D)	(^D)	0	424	(^D)	125	60	(^D)	34	0	0
Ireland	7,686	173	4,737	59	9	2,415	(^D)	(^D)	9,575	(^D)	5,122	159	(^D)	3,389	684	52
Italy	13,899	403	8,664	2,025	164	1,873	527	243	13,920	352	8,745	2,086	182	1,816	513	227
Luxembourg	1,783	31	842	33	184	681	3	9	2,314	30	1,289	1	187	753	(^D)	(^D)
Netherlands	20,142	1,557	7,488	2,346	129	6,401	1,530	691	19,887	1,055	7,775	3,090	131	5,199	1,845	791
Norway	3,824	3,166	80	225	71	140	17	124	4,353	3,136	584	200	85	141	29	179
Portugal	1,225	(^D)	354	319	207	(^D)	178	36	1,162	(^D)	340	266	195	127	145	(^D)
Spain	8,345	125	5,208	1,175	1,039	169	421	209	6,437	140	3,481	984	1,090	160	405	176
Sweden	1,887	38	1,240	432	(^D)	77	61	(^D)	1,802	1	1,166	370	(^D)	167	70	(^D)
Switzerland	29,190	322	2,408	8,449	1,764	15,186	985	76	32,901	629	1,923	9,482	1,791	17,823	1,156	(^D)
Turkey	674	(^D)	444	19	114	(^D)	(^D)	(^D)	1,023	(^D)	606	23	98	(^D)	98	(^D)
United Kingdom	82,641	13,516	22,004	3,923	2,811	33,706	4,381	2,299	96,430	13,802	22,855	4,408	4,122	44,401	4,447	2,396
Other	1,741	180	450	178	(^D)	192	53	(^D)	2,770	196	734	165	604	352	60	659
Latin America and Other Western Hemisphere	90,671	4,618	26,717	4,752	8,049	40,277	1,206	5,054	101,936	5,506	29,641	4,682	8,013	46,496	991	6,607
South America	28,360	2,920	15,924	1,437	2,005	3,722	260	2,092	30,921	3,074	17,135	1,481	98	11,873	421	2,392
Argentina	3,399	515	1,326	482	427	545	58	46	4,355	566	1,993	135	552	578	77	455
Brazil	16,343	741	12,218	152	1,010	1,923	99	200	16,908	738	12,574	96	1,139	1,946	80	334
Chile	2,655	(^D)	178	304	359	1,084	(^D)	511	2,869	(^D)	229	204	374	1,185	(^D)	628
Colombia	2,436	973	741	108	(^D)	16	-6	(^D)	2,542	758	769	117	(^D)	335	13	(^D)
Ecuador	294	137	88	38	5	(^D)	0	(^D)	511	355	97	38	(^D)	0	0	(^D)
Peru	620	(^D)	18	63	(^D)	56	9	400	631	(^D)	20	51	(^D)	0	8	(^D)
Venezuela	1,977	199	1,280	200	(^D)	76	23	(^D)	2,295	198	1,371	223	(^D)	156	(^D)	281
Other	636	140	74	90	108	(^D)	(^D)	190	809	199	82	132	125	27	8	237
Central America	25,863	1,051	10,231	1,245	47	10,665	521	2,104	28,966	1,132	11,569	1,481	98	11,873	421	2,392
Costa Rica	275	-45	278	46	0	5	5	-9	385	2	339	67	0	6	-30	0
Guatemala	115	21	85	-4	2	6	3	3	138	28	102	-6	1	7	3	3
Honduras	239	(^D)	117	6	5	(^D)	37	(^D)	223	(^D)	144	15	5	23	0	(^D)
Mexico	13,723	(^D)	9,608	812	(^D)	794	335	1,947	15,413	(^D)	10,802	823	(^D)	912	316	2,258
Panama	11,329	744	132	382	(^D)	9,841	141	(^D)	12,575	724	169	578	(^D)	10,926	(^D)	(^D)
Other	182	127	11	3	2	(^D)	(^D)	(^D)	232	144	12	4	(^D)	4	(^D)	59
Other Western Hemisphere	36,448	647	562	2,070	5,997	25,890	424	858	42,049	1,300	937	2,204	5,597	30,396	271	1,344
Bahamas	4,733	67	(^D)	113	3,022	1,462	5	(^D)	4,194	471	(^D)	140	2,707	817	-38	(^D)
Barbados	494	39	7	310	0	67	0	0	644	95	7	379	0	88	0	0
Bermuda	25,668	(^D)	3	804	0	24,425	113	(^D)	28,153	(^D)	794	0	26,826	103	359	(^D)
Dominican Republic	779	(^D)	134	7	(^D)	(^D)	(^D)	(^D)	1,020	(^D)	237	5	(^D)	3	(^D)	(^D)
Jamaica	892	(^D)	160	668	(^D)	4	18	(^D)	1,077	(^D)	168	(^D)	8	20	(^D)	(^D)
Netherlands Antilles	-2,072	(^D)	12	3	-2,207	(^D)	(^D)	(^D)	20	(^D)	21	8	4	-23	0	(^D)
Trinidad and Tobago	565	(^D)	89	0	(^D)	16	1	(^D)	693	469	(^D)	0	5	(^D)	1	3
U. K. Islands, Caribbean	5,315	42	70	153	2,877	2,103	65	5	6,054	30	171	4	2,801	2,648	65	(^D)
Other	72	31	43	3	(^D)	(^D)	(^D)	(^D)	195	169	48	4	(^D)	(^D)	(^D)	(^D)
Africa	4,440	2,419	963	155	136	436	83	247	5,297	2,958	1,064	187	185	577	87	239
Egypt	1,337	1,122	74	(^D)	91	5	41	3	1,374	1,087	81	41	(^D)	(^D)	36	(^D)
Nigeria	301	198	64	(^D)	(^D)	(^D)	4	0	527	(^D)	50	(^D)	2	5	0	0
South Africa	879	(^D)	486	89	0	(^D)	5	76	925	(^D)	544	76	0	(^D)	6	32
Other	1,922	(^D)	339	(^D)	(^D)	431	32	167	2,472	1,210	389	(^D)	554	40	(^D)	(^D)
Middle East	5,644	2,007	1,762	166	141	1,085	281	201	6,459	2,225	2,091	198	216	1,185	307	237
Israel	1,358	(^D)	947	21	0	160	158	(^D)	1,660	(^D)	(^D)	25	0	202	133	(^D)
Saudi Arabia	2,351	(^D)	807	22	(^D)	69	133	(^D)	2,567	(^D)	(^D)	27	(^D)	(^D)	104	(^D)
United Arab Emirates	429	233	8	122	(^D)	29	(^D)	(^D)	537	291	(^D)	142	(^D)	23	45	(^D)
Other	1,506	1,600	(^D)	1	-153	26	(^D)	(^D)	1,695	1,730	(^D)	4	-135	16	46	34
Asia and Pacific	79,984	15,164	29,827	12,433	5,149	9,132	1,554	6,726	92,269	17,328	35,846	13,732	6,110	9,987	2,143	7,124
Australia	16,885	2,601	6,379	1,663	1,011	2,054	471	2,705	18,437	2,579	7,076	1,706	1,199	2,060	734	3,083
China	516	80	306	76	(^D)	12	(^D)	(^D)	877	223	461	144	(^D)	(^D)	(^D)	(^D)
Hong Kong	8,730	450	1,433	2,804	914	2,335	312	483	10,457	496	2,660	3,624	1,079	1,562	443	594
India	485	(^D)	203	26	233	(^D)	15	(^D)	759	(^D)	395	23	316	(^D)	18	(^D)
Indonesia	4,472	3,899	144	47	(^D)</											

Changes in the position by country

The \$49.7 billion increase in the U.S. direct investment position abroad was spread among all major geographic areas. The largest increases were in Europe, Asia and Pacific, and Latin America and Other Western Hemisphere.

Europe accounted for just under one-half of the increase. There, the position rose \$22.9 billion, or 9 percent. Capital outflows of \$30.0 billion were partly offset by a -\$7.1 billion valuation adjustment related to widespread foreign currency depreciation against the dollar. Within Europe, the increase (as well as the level of the position at yearend) was by far the largest in the United Kingdom; increases were also sizable in Germany and Switzerland.

In the United Kingdom, a \$13.8 billion increase was mainly in finance (except banking), insurance, and real estate (FIRE); it mostly reflected U.S. parents' advances to, and earnings reinvested in, investment-bank affiliates. The capital needs of these affiliates have expanded in accordance with the growing demand for global financial services, as evidenced by the record growth in cross-border sales and purchases of securities in 1993. These affiliates also have played a role in financing the continued heavy merger and acquisition activity in Europe. Equity capital outflows to the United Kingdom were particularly large in manufacturing, where they reflected several large acquisitions in "other" manufacturing and "other" transportation equipment.

In Germany, the position increased \$3.9 billion; the increase was widespread by industry and by account. In Switzerland, a \$3.7 billion increase consisted mainly of reinvested earnings of affiliates in FIRE and wholesale trade.

In Norway, the increase in position, though far smaller than that in Germany or Switzerland, was the net of large, nearly offsetting changes resulting from the same transaction: The largest single equity capital outflow in 1993, reflecting the acquisition of a food products manufacturer, was largely offset by an associated negative valuation adjustment.

In Asia and Pacific, the position increased \$12.3 billion, or 15 percent. Almost one-half of the increase resulted from reinvested earnings. Increases occurred in most countries and reflected continued robust economic growth in the area. Some of the largest increases—ranging from \$1.6 billion to \$2.1 billion—were in Australia, Hong Kong, and Singapore; they primarily resulted from reinvested earnings. However, the largest

increase in position within Asia and Pacific—\$4.8 billion—was in Japan; this increase mainly reflected positive valuation adjustments related to the appreciation of the Japanese yen against the U.S. dollar. Equity outflows also contributed to the increase in Japan; they were the largest to any Asian and Pacific country and were concentrated in manufacturing.

In Latin America and Other Western Hemisphere, the position increased \$11.3 billion, or 12 percent. The largest increases were in Bermuda, the Netherlands Antilles, and Mexico. In Bermuda, a \$2.5 billion increase mainly resulted from the reinvested earnings of finance affiliates of U.S. parents in manufacturing and petroleum. In the Netherlands Antilles, a \$2.1 billion increase mainly reflected repayments by U.S. parents of loans from their finance affiliates. In Mexico, a \$1.7 billion increase partly reflected the acquisition of minority interests in a beverage business and a telecommunications business. These acquisitions were part of a wider trend of acquisitions in those industries that reflected the industries' increasing globalization and the worldwide search by U.S. parents for growing markets. The acquisition of the telecommunications business, for example, was the largest of many new investments in that industry in 1993, including the purchase of minority interests in the newly privatized Hungarian telephone system and in a Hong Kong telecommunications company that will be used as a base to enter the burgeoning Chinese market.

The position in Canada increased \$1.6 billion, or 2 percent. The increase largely resulted from reinvested earnings, particularly in transportation equipment manufacturing, petroleum, and FIRE; also contributing was the acquisition of a minority interest in a beverage company. However, the increase was dampened by a negative valuation adjustment that resulted from the depreciation of the Canadian dollar against the U.S. dollar.

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 \$445.3 billion at the end of 1993 (tables 2 and 4, and chart 1).⁵ For the second consecutive

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

year, Japan's position—\$96.2 billion, or 22 percent of the total—was the largest. The United Kingdom had the second largest position—\$95.4 billion, or 21 percent of the total—and the Netherlands had the third largest—\$68.5 billion, or 15 percent of the total (chart 3).

In 1993, the overall position increased \$19.6 billion, or 5 percent, compared with a 2-percent increase in 1992 and a 6-percent increase in 1991. The following tabulation shows the change in position by type of capital flow and valuation adjustment:

Change in 1993 (Billions of dollars)	
Total	19.6
Capital inflows	22.6
Equity capital	21.7
Intercompany debt	9.1
Reinvested earnings	-8.1
Valuation adjustments	-3.0
Currency translation	-4
Other	-2.6

The increase in the position resulted from improvements in foreigners' incentive and ability to invest in the United States. Foreigners' incentive to invest was enhanced by the continued growth of the U.S. economy. Their ability to invest was strengthened by improved business conditions in certain major investor countries, such as the United Kingdom, which raised the earnings of foreign parents in those countries. The impact of these factors can also be seen in the total outlays by foreign investors to acquire or establish U.S. businesses: In 1993, such outlays, including those financed by equity capital inflows, rose

71 percent after having decreased 40 percent in 1992.⁶

The 5-percent increase in the position in 1993 is in line with the average rate of growth over the previous 2 years, but it remains well below the rates of growth during 1982–90, when annual increases averaged 16 percent. Among the factors limiting growth in the position in 1993 were continued economic weakness in Japan, the largest investor country, and competition for investable funds from a number of other areas, such as Europe, Latin America, and the Pacific Rim, that also offered attractive investment opportunities.

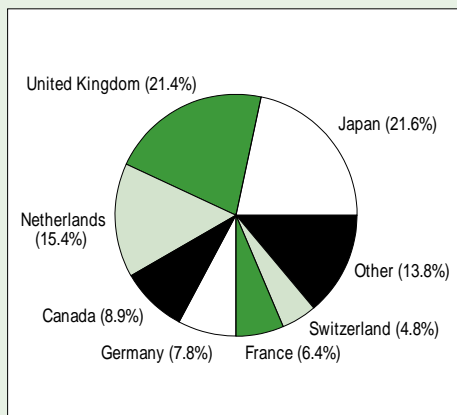
For the fifth consecutive year, growth in the position was reduced by negative reinvested earnings, which occur when affiliates incur losses or pay dividends to their foreign parents in excess

6. For a discussion of these and other factors affecting new foreign direct investment in the United States, see "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1993," SURVEY 74 (May 1994): 50–61. Preliminary data from BEA's survey of new foreign direct investments, summarized in that article, indicate that total outlays to establish or acquire U.S. businesses were \$26.2 billion in 1993, up from \$15.3 billion in 1992. These figures differ from those on changes in the foreign direct investment position presented here largely because they cover only transactions involving the acquisition or establishment of new U.S. affiliates and because they include financing other than that from the foreign parent, such as local borrowing by existing U.S. affiliates. In contrast, changes in the position reflect transactions of existing, as well as new, U.S. affiliates (but only if the transactions are with the foreign parent or other members of the foreign parent group) and valuation adjustments.

Notwithstanding their differences, the two types of data are related. Any outlays to acquire or establish U.S. businesses that are funded by foreign parents (or other members of the foreign parent group) are part of capital inflows, a component of the change in the position. Data on the sources of funding of outlays to acquire or establish new U.S. affiliates indicate that foreign parent groups funded \$11.8 billion of such outlays in 1993, compared with \$7.8 billion in 1992.

CHART 3

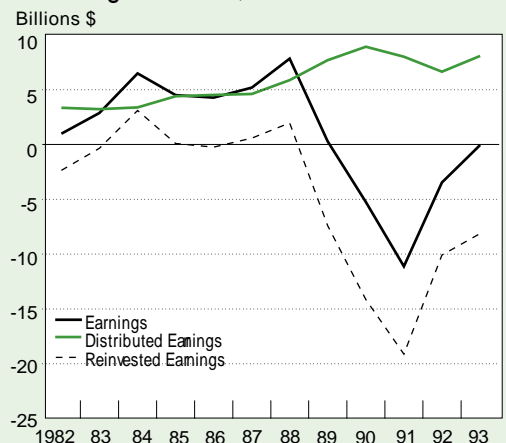
Foreign Direct Investment Position in the United States, 1993: Shares of Investor Countries



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

CHART 4

Earnings, Distributed Earnings, and Reinvested Earnings of U.S. Affiliates of Foreign Parents, 1982–93



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

of their current earnings.⁷ During the 5-year period, U.S. affiliates maintained relatively stable earnings distributions despite sharp declines in earnings, which turned to losses in 1990 (chart 4). Earnings began to recover in 1992, and by 1993 they were once again positive, though barely. Reinvested earnings also increased, but were still negative in 1993. By country, Japan accounted for over one-half of total negative reinvested earnings in 1993, as Japanese parent companies, faced

with poor business conditions at home, turned to their U.S. affiliates for funds. By industry, affiliates' negative reinvested earnings were fairly widespread, but were highest in real estate and machinery manufacturing.

Changes in the position by country

The \$19.6 billion increase in the 1993 position was fully accounted for by European investors, whose position rose 8 percent. Within Europe, parents in the United Kingdom had the largest increase, followed by parents in Germany, the Netherlands,

Table 4.—Foreign Direct Investment Position in the United States on a Historical-Cost Basis at Yearend
(Millions of dollars)

	1992									1993									
	All industries	Petroleum	Manufacturing	Trade	Banking	Finance, except banking	Insurance	Real estate	Other industries	All industries	Petroleum	Manufacturing	Trade	Banking	Finance, except banking	Insurance	Real estate	Other industries	
All countries	425,636	34,347	163,354	69,005	26,311	17,683	34,265	29,915	50,756	445,268	32,647	166,698	69,720	31,026	26,542	39,154	28,609	50,872	
Canada	37,845	1,649	17,005	2,101	2,148	2,272	2,883	4,751	5,039	39,408	1,991	16,600	1,839	2,289	3,346	4,338	4,691	4,314	
Europe	251,206	26,006	117,617	27,808	11,584	-480	28,335	11,102	29,234	270,767	24,979	122,590	27,993	14,724	7,772	30,770	10,850	31,089	
Austria	518	0	148	127	113	114	(*)	1	16	557	0	164	141	(D)	(*)	1	16	9	
Belgium	4,288	(P)	1,502	1,209	(D)	-156	-1	64	87	4,589	(D)	1,879	983	(D)	-153	(*)	61	0	
Denmark	1,508	4	549	(D)	270	(D)	0	0	319	833	5	513	(D)	241	(D)	0	0	(D)	
Finland	1,416	(P)	1,076	(D)	89	(D)	196	-2	27	1,500	50	1,087	24	104	(D)	150	0	(D)	
France	25,459	50	17,563	1,740	1,740	-2,435	1,667	122	5,011	28,470	60	16,937	1,880	2,004	-161	2,314	47	5,389	
Germany	29,803	664	15,376	7,540	961	-2,484	4,550	1,039	1,956	34,667	(D)	17,852	7,304	1,972	35	4,507	1,074	(D)	
Ireland	2,750	(P)	515	180	(D)	360	54	(P)	(P)	2,593	(D)	407	(D)	(D)	443	(D)	128	(D)	
Italy	274	132	208	432	598	(D)	(P)	22	-88	1,229	127	439	507	542	-477	(D)	(D)	-116	
Liechtenstein	40	(P)	30	48	1	(D)	0	-2	-5	-15	-6	25	46	2	-33	0	-38	-11	
Luxembourg	730	(P)	316	(D)	-2	106	10	106	(P)	990	(D)	823	(D)	-5	113	(D)	107	-250	
Netherlands	65,323	11,783	22,994	7,252	2,556	2,851	6,677	4,625	6,586	68,477	12,424	22,856	7,713	3,537	2,590	7,117	4,487	7,752	
Norway	709	38	404	(D)	19	-3	(D)	(P)	35	844	35	302	(D)	(D)	-3	(D)	(D)	255	
Spain	1,546	0	72	187	960	(D)	(D)	3	10	623	(D)	162	1,181	(D)	191	(D)	20	20	
Sweden	6,850	(P)	4,909	757	123	(D)	1,266	348	-273	8,077	(D)	5,384	765	128	-443	(D)	430	275	
Switzerland	20,635	52	11,088	782	(D)	1,423	4,005	(P)	1,775	21,384	366	11,299	709	1,610	1,061	4,417	1	1,920	
United Kingdom	89,073	10,901	40,777	6,784	1,745	1,383	9,468	4,528	13,487	95,415	9,367	42,543	6,934	2,123	6,432	10,487	4,422	13,106	
Other	485	(P)	91	196	135	(D)	0	7	8	537	(D)	76	258	153	(P)	0	6	7	
Latin America and Other Western Hemisphere	21,098	2,288	6,636	2,910	2,049	1,462	2,316	2,054	1,382	20,342	1,236	5,219	2,348	2,259	3,724	3,061	1,682	813	
South and Central America	7,790	841	1,243	215	1,749	1,127	(D)	170	(D)	6,604	-608	866	-89	1,935	1,210	(D)	221	(D)	
Brazil	574	(P)	-92	23	600	0	(D)	7	-14	714	(D)	-80	34	692	-1	(D)	7	(D)	
Mexico	1,230	2	582	193	187	12	0	54	200	1,039	(D)	453	-49	198	44	0	51	341	
Panama	5,040	(D)	734	12	(D)	1,108	(D)	56	82	4,754	(D)	453	-7	1,134	(D)	114	103	(D)	
Venezuela	440	(D)	45	-7	(D)	1	0	22	(D)	-398	(D)	50	-9	(D)	-1	0	21	(D)	
Other	507	(D)	-27	-4	535	7	(P)	31	0	494	(D)	-10	-58	559	33	(P)	29	-1	
Other Western Hemisphere	13,308	1,447	5,393	2,695	300	335	(D)	1,884	(D)	13,739	1,843	4,353	2,437	324	2,514	(D)	1,461	(D)	
Bahamas	2,779	(P)	-2	115	0	2,463	0	52	(D)	1,184	(D)	2	(D)	0	792	0	61	0	
Bermuda	1,473	-31	1,009	(D)	(D)	59	79	185	142	6	528	450	(D)	(D)	(D)	(D)	160	184	
Netherlands Antilles	8,618	1,480	4,004	1,437	164	315	(P)	604	(P)	6,984	1,593	3,270	1,319	174	178	(D)	271	(D)	
U. K. Islands, Caribbean	-38	(D)	366	763	(D)	-2,545	3	975	208	3,511	(D)	529	522	(D)	1,546	7	782	-183	
Other	476	(D)	16	(D)	(P)	(D)	47	173	(D)	617	(D)	23	(D)	(*)	(P)	(D)	187	(D)	
Africa	723	(D)	(D)	(D)	19	(D)	0	5	(D)	805	(D)	(D)	(D)	13	(D)	0	75	(D)	
South Africa	-20	0	-8	-3	0	0	0	(*)	0	-7	0	7	(D)	0	0	0	(*)	0	
Other	743	(D)	(D)	-174	22	(D)	0	5	179	812	(D)	(D)	(D)	(D)	(D)	0	75	(D)	
Middle East	4,786	(D)	(D)	(D)	789	(D)	2	1,141	(D)	5,027	(D)	(D)	(D)	775	(D)	3	1,037	(D)	
Israel	1,284	0	49	(D)	621	0	0	0	0	1,712	(D)	372	(D)	580	(D)	0	-3	(D)	
Kuwait	1,643	(D)	(D)	398	(D)	(D)	2	1,158	(P)	1,555	(D)	0	(D)	(D)	(D)	3	1,071	(D)	
Lebanon	-29	(D)	(D)	0	0	0	0	-37	0	-35	(D)	0	0	0	0	0	-44	0	
Saudi Arabia	1,688	(D)	(D)	23	0	(*)	0	27	(D)	1,591	(D)	-3	(D)	28	-1	0	21	(D)	
United Arab Emirates	93	-6	(*)	7	0	0	0	2	91	107	(D)	-3	(*)	0	0	0	1	0	
Other	106	(D)	(*)	3	(D)	4	0	-6	-7	98	2	-2	4	110	4	0	-10	-9	
Asia and Pacific	109,978	2,630	21,768	35,642	9,723	13,809	730	10,861	14,816	108,918	2,788	21,618	36,911	10,966	11,133	982	10,274	14,246	
Australia	7,069	2,493	2,124	(D)	-103	177	282	1,586	2,728	2,513	2,234	144	(D)	224	175	1,491	1,491	1,491	
Hong Kong	1,842	-3	237	832	241	237	2	230	66	2,015	7	331	893	244	328	1	233	-21	
Japan	97,537	140	18,321	33,821	8,809	13,087	486	9,909	12,964	96,213	254	17,746	34,754	9,803	11,151	686	9,460	12,359	
Korea, Republic of	823	-2	-16	(D)	169	(D)	14	(D)	(D)	795	6	-113	(D)	101	(D)	(D)	13	176	
Malaysia	73	0	22	56	1	0	0	2	-7	250	0	50	(D)	81	(D)	0	3	(D)	
New Zealand	69	0	72	-1	2	-27	(D)	28	(D)	104	0	105	(D)	(D)	-27	29	15	(D)	
Philippines	68	0	6	-2	47	0	0	-2	(D)	67	0	3	(D)	57	0	(D)	-2	(*)	
Singapore	873	4	342	53	55	(D)	372	5	228	10	434	64	62	(D)	-1	355	23	(D)	
Taiwan	1,117	0	530	192	220	(D)	19	81	1,272	-1	570	220	254	(D)	(D)	23	105	(D)	
Other	506	-2	129	43	284	28	(D)	6	(D)	694	-2	259	147	265	(D)	-3	(D)	(D)	
Addenda:																			
European Union ¹	220,628	25,577	99,870	25,769	9,781	-1,420	22,755	10,650	27,647	237,960	24,226	104,252	25,932	12,619	7,200	24,802	10,433	28,495	
OPEC ²	3,981	1,888	31	(D)	272	(D)	(*)	1,221	134	2,959	857	78	(D)	306	(D)	3	1,123	151	

* Less than \$500,000 (+/-).

^D Suppressed to avoid disclosure of data of individual companies.

NOTE.—Historical cost is the only basis on which detailed estimates of the position are available by country and by industry.

1. Prior to 1993, the European Union was known as the European Communities (12). The European Union com-

prises Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom.

2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. Prior to 1993, Ecuador was also a member of OPEC; data for it are included in the 1992, but excluded from the 1993, data in this line.

and France. Outside Europe, the position of Canada increased, while the position of Japan decreased. In Other Western Hemisphere, a relatively small increase in the position was the net result of a number of considerably larger, offsetting changes among countries in the area; most of the largest changes were in finance (except banking) (hereinafter referred to as "finance").

The position of British parents increased \$6.3 billion, or 7 percent. The largest increases were in finance, chemicals, and "other" industries. In finance, the increase was in the form of debt, as affiliates borrowed funds from their British parents. In chemicals, nearly one-half of the increase was accounted for by (positive) reinvested earnings of companies engaged primarily in the manufacture of pharmaceuticals. In "other" industries, equity capital inflows accounted for most of the increase; included in equity capital inflows was a \$0.4 billion inflow resulting from a British company's acquisition of a minority interest in an air transportation company.

The position of German parents increased \$5.1 billion, or 17 percent. The largest increases were in finance and in chemicals. In finance, the increase resulted from debt repayments by foreign parents; in chemicals, it was due to affiliates' borrowing from foreign parents.

The position of Netherlands parents increased \$3.2 billion, or 5 percent. "Other" industries and banking had the largest increases. In "other" in-

dustries, the increase was due to borrowing from foreign parents. Nearly one-half of the increase in banking resulted from the elimination of negative positions in affiliates that were liquidated.

The position of French parents increased \$3.0 billion, or 12 percent. Three-fourths of the increase was in finance and resulted from repayments by French parents of funds borrowed from their affiliates.

The position of Canadian parents increased \$1.6 billion, or 4 percent. Increases in insurance and finance were partly offset by a decrease in "other" industries. In both insurance and finance, the increases were about evenly distributed between equity inflows, debt inflows, and (positive) reinvested earnings. The decrease in "other" industries was mostly attributable to the repayment of loans from foreign parents.

The position of Japanese parents declined \$1.3 billion, or 1 percent. The decline was spread among several industries; the largest declines were in finance, real estate, and "other" industries. In finance, the decrease was more than accounted for by debt outflows, as affiliates made loans to their parents. The declines in real estate and "other" industries were more than accounted for by negative reinvested earnings, as affiliates paid dividends to their parents even though they had negative earnings. Only in wholesale trade and banking were there significant increases, which reflected sizable capital contributions by Japanese parents to their affiliates. 