Direct Investment Positions for 1999

Country and Industry Detail

By Sylvia E. Bargas

IN 1999, the historical-cost position of foreign direct investment in the United States (FDIUS) grew 24 percent, while that of U.S. direct investment abroad (USDIA) grew 12 percent. The difference between the two growth rates was the largest since 1988.

This article presents the country and industry detail underlying the two positions. The estimates are prepared on a historical-cost basis, which is not adjusted for inflation. Because most investments reflect price levels of earlier periods, the estimates on this valuation basis understate the current values of the positions. Current-cost and market-value estimates of the positions are also prepared, but only at an aggregate level. The revised estimates of the positions for 1998 and preliminary estimates for 1999 are shown on all three valuation bases in table 1.[1]

The strong growth in both positions reflected a global boom in merger and acquisition activity, favorable economic conditions in the United States, Europe, and Canada, and improved economic conditions in the Asia and Pacific area. The favorable conditions enhanced the profit potential of direct investments and boosted the earnings of affiliates and their parents. Strong earnings by affiliates and high rates of reinvestment led to high levels of reinvested earnings. Strong earnings by parents provided a source of funds for new investments and reduced the parents' need to draw funds from their affiliates.

The much larger increase in the position of FDIUS than in that of USDIA primarily reflected the strength of the U.S. economy. Propelled by technological innovation and strong gains in productivity, the U.S. economy has been growing rapidly in recent years, enhancing the attractiveness of potential investments in the United States. Change has been especially dramatic in the communications industry, which accounted for much of the growth in the FDIUS position in 1999. Acquisition activity for FDIUS was heavily tilted towards the communications and related industries and included some unusually large transactions. Acquisitions of communications-related firms played a less prominent role in the increase in the USDIA position. In addition, some large foreign affiliates were sold off in 1999, which dampened the growth of the USDIA position.

The composition of capital flows underlying the changes in the two positions differed. As in most previous years, the largest component of capital outflows for USDIA was reinvested earnings, which tend to be used mainly to finance the ongoing operations of foreign affiliates. The largest component of capital inflows for FDIUS continued to be equity capital, which consists of funds used to acquire and establish new U.S. affiliates and of capital contributions to existing U.S. affiliates. To some extent, this difference in composition reflects the greater average maturity of foreign affiliates relative to U.S. affiliates and the relatively greater role of acquisitions in recent growth in FDIUS. Many foreign affiliates of U.S. companies were acquired or established decades ago and can now be sustained largely through the retention of

1. The current-cost and market-value estimates are discussed in "The International Investment Position of the United States in 1999" in this issue.

Table 1.—Alternative Direct Investment Position Estimates, 1998 and 1999

[Millions of dollars]

Valuation method	Position at yearend 1998 r	Changes in 1999 (decrease (–)): Total	Capital flows	Valuation adjustments	Position at yearend 1999 p
U.S. direct investment abroad:					
Historical cost	1,014,012	118,610	138,510	–19,901	1,132,622
Current cost	1,207,059	124,128	150,901	–26,773	1,331,187
Market value	2,173,547	441,985	150,901	291,084	2,615,532
Foreign direct investment in the United States:					
Historical cost	793,748	192,920	271,169	–78,249	986,668
Current cost	928,645	196,569	275,533	–78,964	1,125,214
Market value	2,190,990	609,746	275,533	334,213	2,800,736

p Preliminary.
r Revised.

Key Terms

The key terms used in this article are described in this box. 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). The methodologies are also available at BEA's Web site at <www.bea.doc.gov>.

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.

Ultimate beneficial owner (UBO). That person (in the broad legal sense, including a company), proceeding up the affiliate's ownership chain beginning with the foreign parent, that is not owned more than 50 percent by another person. The UBO ultimately owns or controls the affiliate and derives the benefits associated with ownership or control. Unlike the foreign parent, the UBO of a U.S. affiliate may be located in the United States.

Foreign parent group. Consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, up to and including the UBO, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it. (For FDIUS, the term "parent" in the definitions below refers to both the foreign parent and other members of the foreign parent group.)

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. FDIUS capital flows also include debt and equity transactions between U.S. affiliates and other members of their foreign parent groups.

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 historical-cost position, which are measured at book value, and direct investment capital flows, which are measured at transaction 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 sale of assets (other than inventory) for an amount different from their book value.

their own earnings. In contrast, U.S. affiliates of foreign companies tend to be of more recent vintage and to rely more heavily on contributions of equity capital from their foreign parents to build their operations. The less prominent role of reinvested earnings in FDIUS also reflects relatively lower profitability for U.S. affiliates than for foreign affiliates.[2]

U.S. Direct Investment Abroad

The position of USDIA valued at historical cost—the book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates—was $1,132.6 billion at the end of 1999 (table 2 and chart 1). The largest positions remained those in the United Kingdom ($213.1 billion, or 19 percent of the total), Canada ($111.7 billion, or 10 percent), and the Netherlands ($106.4 billion, or 9 percent) (table 3.2 and chart 2).

The USDIA position increased $118.6 billion, or 12 percent, in 1999, less than the 16-percent increase in 1998 but in line with the 12-percent average increase in the preceding 3 years. The growth in the position reflected reinvested earnings and the global boom in mergers and acquisitions.

Acquisition activity by U.S. direct investors was below the unusually high level of 1998, but it remained strong. Rising equity markets and the continued expansion of the U.S. economy increased the wealth of U.S. investors, enhancing their ability to fund acquisitions. Additionally, the appreciation of the U.S. dollar against several European currencies made acquisitions in these countries less expensive for U.S. investors in dollar terms. Relatively favorable economic conditions in the United Kingdom and Canada (where a substantial portion of the acquisition activity took place) increased the attractiveness of direct investments in these countries.

Several large acquisitions in retail trade, in automobile and automobile parts manufacturing, and

2. For a discussion of the profitability of U.S. affiliates, see Raymond J. Mataloni, Jr., "An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies," Survey of Current Business 80 (March 2000): 55-73.

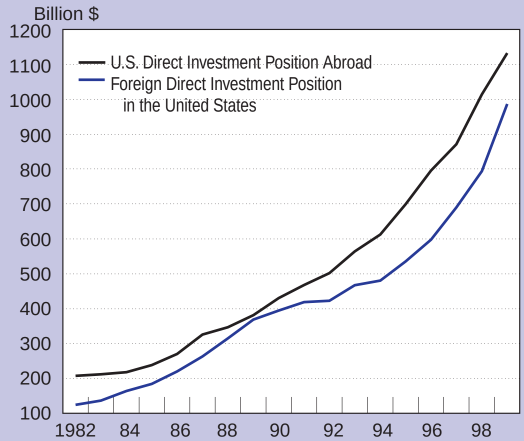
Table 2.—U.S. Direct Investment Position Abroad and Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1982–99

Yearend	Millions of dollars		Percent change from preceding year	
	U.S. direct investment position abroad	Foreign direct investment position in the United States	U.S. direct investment position abroad	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	795,195	598,021	13.8	11.7
1997	r 871,316	r 689,834	9.6	15.4
1998	r 1,014,012	r 793,748	16.4	15.1
1999	p 1,132,622	p 986,668	11.7	24.3

p Preliminary.
r Revised.
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

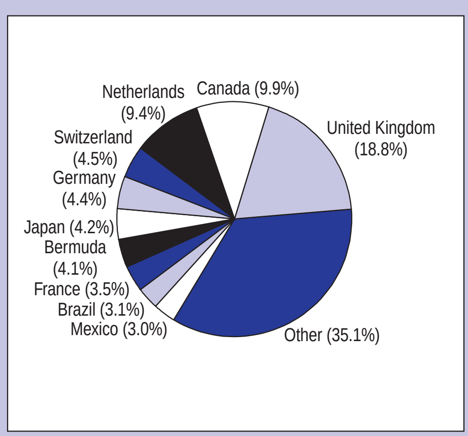
Direct Investment Positions on a Historical-Cost Basis, 1982–99



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

CHART 2

U.S. Direct Investment Position Abroad, 1999: Host-Country Shares



U.S. Department of Commerce, Bureau of Economic Analysis in telecommunications resulted from industry-specific factors. Acquisitions in retail trade reflected a mature retail market in the United States and attractive opportunities to capture market share overseas through, for example, distribution efficiencies and price competition. The acquisitions in automobile manufacturing, some of which were made through holding companies in finance (except depository institutions), insurance, and real estate ("FIRE"), were part of a wave of consolidations in the global automobile industry.[3] U.S. investors also made acquisitions in automobile parts (in transportation equipment manufacturing), where pressure from carmakers to cut prices has squeezed profit margins and led to consolidations. In telecommunications, rapidly changing industry dynamics—brought about by new technologies and deregulation—and a desire to achieve economies of scale led to acquisitions of foreign communications companies.

Among the foreign affiliates that were sold to foreign firms in 1999, the largest were in tobacco products and in communications.

The following table shows the change in position in 1999 by the type of capital flow and valuation adjustment:

[Billions of dollars]

Total	118.6
Capital outflows	138.5
Reinvested earnings	57.3
Equity capital	52.1
Increases	80.7
Decreases	28.6
Intercompany debt	29.2
Valuation adjustments	-19.9
Currency translation	-12.5
Other	-7.4

Capital outflows for USDIA were $138.5 billion in 1999. By account, the largest share of the outflows—41 percent—was accounted for by reinvested earnings. Net equity capital outflows accounted for 38 percent of outflows. Intercompany debt accounted for the remainder.

Reinvested earnings, at $57.3 billion, were up 61 percent from 1998. The sharp rise resulted primarily from an increase in the share of earnings that were reinvested (rather than distributed to owners) from 40 percent to 56 percent. The increase in reinvested earnings also reflected a 13-percent rise in the overall earnings of foreign affiliates. More than half of the rise in affiliate earnings was accounted for by affiliates in the Asia and Pacific area—particularly in Japan and Hong Kong; the rest was mostly accounted for by affiliates in Canada. The large increase by affiliates in the Asia and Pacific area reflected improved economic conditions after the financial crisis of 1997-98 and the substantial appreciation of several Asian currencies, particularly the Japanese yen, against the U.S. dollar, which raised the value of the affiliates' earnings in dollar terms. The increase by affiliates in Canada reflected economic growth both in Canada and in the United States—Canada's largest export market. Despite recent growth in the number of affiliates in Europe, the earnings of European affiliates were flat in 1999, partly as a result of the appreciation of the U.S. dollar against the currencies of several major European countries—particularly those participating in the European Monetary Union (EMU).

Equity capital outflows, at $52.1 billion, were down 29 percent from the record level in 1998, reflecting fewer large acquisitions and some large selloffs. Acquisitions by U.S. parents and equity investments in existing foreign affiliates resulted in equity capital increases of $80.7 billion. (The increases mostly reflected the acquisitions discussed earlier.) These increases were partly offset by decreases in equity capital (which are recorded as U.S. capital *inflows*) of $28.6 billion, which resulted from selloffs of a number of foreign affiliates and—to a lesser extent—from the return of invested capital from existing foreign affiliates to their U.S. parents.

Acknowledgments

The data for the U.S. direct investment position abroad were drawn from BEA's quarterly survey of transactions between U.S. parent companies and their foreign affiliates. The survey was conducted under the supervision of Mark W. New, assisted by Howard S. Chenkin, Jennifer C. Chilzer, Laura A. Downey, Javier J. Hodge, Marie K. Laddomada, Sherry Lee, Leila C. Morrison, and Dwayne Torney. Computer programming for data estimation and tabulation was provided by Marie Colosimo.

The data for the foreign direct investment position in the United States were drawn from BEA's quarterly survey of transactions between U.S. affiliates of foreign companies and their foreign parents. The survey was conducted under the supervision of Gregory G. Fouch, assisted by Peter J. Fox, Michelle L. Granson, Tracy K. Leigh, Watthana Lim, Beverly E. Palmer, Christine L. Perrone, and Linden L. Webber. Computer programming for data estimation and tabulation was provided by Karen E. Poffel, assisted by Neeta B. Kapoor and Fritz H. Mayhew.

3. The acquisitions made by holding companies were financed by capital outflows from the U.S. parents to the holding companies.

Intercompany debt outflows increased 16 percent, primarily reflecting debt repayment by parents to their foreign affiliates. The largest outflows were to Japan, the United Kingdom, Switzerland, and Singapore.

The capital outflows were partly offset by a $19.9 billion downward adjustment to the value of the position: nearly two-thirds of the adjustment was accounted for by negative currency-translation adjustments that resulted from the U.S. dollar's appreciation against several foreign currencies—particularly those of the EMU participants. In addition, acquisitions made for more than book value required downward adjustments to reconcile the purchase prices, which are 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

Major changes in the position by area and by country are shown in the following table:

[Billions of dollars]

All countries	118.6
Europe	53.7
Of which:	
United Kingdom	20.4
Netherlands	12.8
Switzerland	11.1
Asia and Pacific	30.5
Of which:	
Japan	12.2
Singapore	6.4
Latin America and Other Western Hemisphere	22.7
Of which:	
Panama	7.4
Mexico	5.9
Bermuda	5.6
Canada	9.8

The position in Europe increased 10 percent and accounted for nearly half of the increase worldwide. Part of the increase for Europe was accounted for by holding companies. Holding companies are classified in FIRE, but their operating affiliates may be in other industries; additionally, the operating affiliates may be located in countries other than those of the holding companies.[4] Thus, the increases accounted for by holding companies reflected strong earnings and reinvested earnings by existing operating affiliates in several industries and countries and capital outflows to the holding companies that were used to finance acquisitions of new operating affiliates.

Within Europe, the United Kingdom had the largest increase, followed by the Netherlands and Switzerland. Most of the increase in the United Kingdom was in the form of equity capital and reflected acquisitions. 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 an entry point for investing elsewhere in Europe. The largest acquisitions were in retail trade (in "other industries") and automobile parts (in transportation equipment manufacturing).

In the Netherlands, most of the increase in the position was accounted for by reinvested earnings, which were the highest of all countries. Reinvested earnings were concentrated among holding companies (in FIRE), reflecting the earnings of operating affiliates, many of them outside the Netherlands. The increase resulting from reinvested earnings was partly offset by a shift to equity capital inflows that resulted from selloffs.

The position in Switzerland increased 28 percent, reflecting reinvested earnings in FIRE and intercompany lending in wholesale trade.

The position in Asia and Pacific increased 20 percent. Japan and Singapore accounted for most of the increase. The position in Japan increased 34 percent, reflecting U.S. parent lending to affiliates in FIRE, acquisitions of affiliates in communications and wholesale trade, and positive currency translation adjustments. The position in Singapore also increased 34 percent, reflecting lending to affiliates in FIRE, repayment of debt to affiliates in industrial machinery, and the reinvested earnings of affiliates in electronic equipment.

The position in Latin America and Other Western Hemsiphere increased 11 percent. Panama, Mexico, and Bermuda accounted for most of the increase. In Panama, the increase largely reflected capital gains (which are recorded as valuation adjustments) in FIRE. The increase in Bermuda—also concentrated in FIRE—reflected reinvested earnings and capital contributions to existing affil-

4. Transactions between U.S. parents and their foreign affiliates that enter the U.S. international transactions accounts and the related positions are classified according to the countries and industries of the affiliates with which the U.S. parents had direct transactions—in this case, those of the holding companies. However, when the direct transaction is with a holding company, the transaction may create indirect claims on, or liabilities to, affiliates in other countries and industries, or provide a channel for income to flow from the indirectly held affiliate to the parent. In contrast, the financial and operating data on foreign affiliates (for example, total assets, sales, and employment) are classified by the country of location and industry of operation of each affiliate. For the most recent financial and operating data for U.S. parents and their foreign affiliates, see "U.S. Multinational Companies: Operations in 1998" in this issue.

iates. In Mexico, the increase mostly reflected the reinvested earnings of affiliates in several industries.

The position in Canada increased 10 percent. The increase reflected acquisitions of telecommunications companies and petroleum firms and the reinvested earnings of affiliates in several industries.

Foreign Direct Investment in the United States

The position of FDIUS valued at historical cost—the book value of foreign direct investors' equity in, and net outstanding loans to, their U.S. affiliates—was $986.7 billion at the end of 1999 (table 2 and chart 1). The largest positions remained those of the United Kingdom ($183.1 billion, or 19 percent of the total), Japan ($148.9 billion, or 15 percent), the Netherlands ($130.7 billion, or 13 percent), and Germany ($111.1 billion, or 11 percent) (table 4.2 and chart 3).

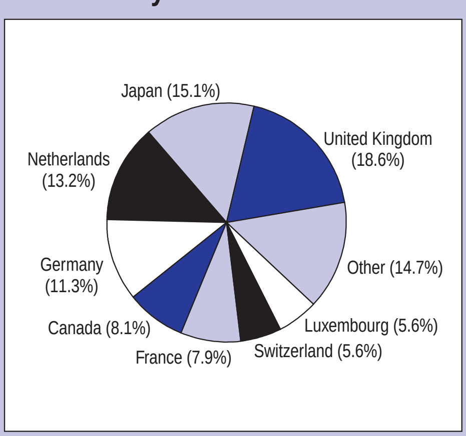
The FDIUS position increased $192.9 billion, or 24 percent, in 1999, the fastest rate of increase since 1981 and well above the 15-percent rate in 1998. The growth in the position reflected the global boom in merger and acquisition activity, which also affected the growth in the USDIA position. However, the growth in the FDIUS position was particularly large because of several general and industry-specific factors. Propelled by technological innovation and strong gains in productivity, the U.S. economy continued to grow rapidly; real GDP increased more than 4 percent for the third consecutive year. The strong economy enhanced the attractiveness of potential investments in the United States, partly because it led to improved earnings of U.S. businesses. Favorable business conditions in most major investor countries increased the funds available to foreign investors to acquire new U.S. affiliates and to contribute additional capital to their existing U.S. affiliates. Capital flows from British parents were especially large and were mostly used for acquisitions.

Total acquisition activity for FDIUS reached a record level in 1999.[5] Many acquisitions reflected industry-specific factors, the most important of which was the rapidly changing dynamics of the communications industry. The desire to gain access to advanced communications-related technologies and to the large and growing U.S. market for communications services led foreign communications firms to acquire U.S. firms that are involved in a range of communications-related activities, including telecommunications services (in "other industries") and manufacturing of fiber optic, Internet, and other communications equipment (in machinery manufacturing).[6]

Foreign investors also acquired several U.S. depository institutions and insurance firms and several firms that provide products and services related to water purification. The acquisitions of depository institutions and insurance firms reflected the strong demand for financial services in the United States and the need to remain competitive in an industry that is becoming increasingly dominated by large institutions. The acquisitions of water purification-related companies (in "other

CHART 3

Foreign Direct Investment Position in the United States, 1999: Parent-Country Shares



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

5. See Ned G. Howenstine and Rosaria Troia, "Foreign Direct Investment in the United States: New Investment in 1999," SURVEY 80 (June 2000): 55-63. According to the preliminary data from BEA's survey of new foreign direct investments, total outlays to acquire or establish U.S. businesses, including those financed by capital inflows from foreign parents, were up 31 percent to $282.9 billion in 1999 after tripling in 1998. 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 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 group.

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 $226.9 billion, or 80 percent, of outlays to acquire or establish new U.S. affiliates in 1999, compared with $159.8 billion, or 74 percent, in 1998.

6. These industry classifications are based on the 1987 Standard Industrial Classification (SIC). In the article on new foreign direct investments, the data on acquisitions and establishments by foreign investors in 1999 are presented using new classifications derived from the 1997 North American Industry Classification System (NAICS); under the NAICS-based classifications, many of the communications-related investments are included in the sector "Information." (See Howenstine and Troia, "New Investment in 1999.") In coming years, BEA will begin publishing the FDIUS and USDIA position and related capital-flow and income data on a NAICS basis.

industries”) were prompted by a recent increase in Federal water quality standards, which is expected to lead to large expenditures in infrastructure replacement by municipal water suppliers.

In 1999, as in 1998, several of the largest acquisitions were through exchanges of stock; the shareholders of the U.S. firms exchanged their stock for stock in the foreign firms. These self-financing transactions resulted in large, but almost entirely offsetting, financial flows in the U.S. international transactions accounts: The large inflows on direct investment that resulted from the foreign investors’ acquisition of stock of the U.S. companies were offset by the outflows on foreign securities that resulted from the U.S. stockholders receiving the stock of the foreign firms.[7]

The following table shows the change in the FDIUS position in 1999 by type of capital flow and valuation adjustment:

[Billions of dollars]

Total	192.9
Capital outflows	271.2
Equity capital	212.1
Increases	235.3
Decreases	23.1
Intercompany debt	40.2
Reinvested earnings	18.8
Valuation adjustments	-78.2
Currency translation	-5.2
Other	-73.0

Capital inflows for FDIUS were a record $271.2 billion in 1999 (the previous record was $181.8 billion in 1998). Most—78 percent—of the inflows were net inflows of equity capital ($212.1 billion). The rest were intercompany debt inflows ($40.2 billion) and reinvested earnings ($18.8 billion).

Equity capital inflows—the net of equity capital increases and equity capital decreases—reached a record $212.1 billion, 40 percent higher than the previous record of $151.7 billion in 1998. Equity capital increases—at $235.3 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 of $23.1 billion, which reflected selloffs of affiliates by, and returns of capital to, foreign direct investors (transactions that are recorded as U.S. capital *outflows*).

Intercompany debt inflows were a record $40.2 billion, up from $30.7 billion. More than a third of the inflows were from parents in Luxembourg and were used to finance acquisitions in manufacturing.

Reflecting a sizable dropoff in distributions and a 58-percent increase in earnings, reinvested earnings shifted $19.5 billion to a record positive reinvested earnings of $18.8 billion.[8] The share of earnings that were reinvested was 53 percent. Earnings rose $13.1 billion; almost all of the rise was accounted for by affiliates in “other manufacturing,” petroleum, and wholesale trade. The increases in “other manufacturing” and in petroleum partly reflected the earnings of U.S. companies that were acquired by foreign investors in late 1998 (and thus did not significantly affect affiliate earnings until 1999). In wholesale trade, the increase primarily reflected growth in the earnings of Japanese-owned affiliates. Losses—and thus negative reinvested earnings—occurred in “other industries” and finance.

The capital inflows were partly offset by a substantial downward adjustment—$78.2 billion—to the value of the position; the adjustment was primarily related to acquisitions. As is usually the case, the acquired firms were purchased by foreign direct investors for more than their book values: In 1999, transaction values were boosted by high valuations in the communications-related sectors of the U.S. equity markets and by substantial premiums, in relation to preacquisition market prices, that foreign investors paid for many of the acquired firms. The downward adjustment reconciled the transaction values of the acquisitions, which are reflected in capital inflows (and would otherwise determine the measured change in position), with the smaller book values that are recorded in the historical-cost position.

Changes by country

Most—82 percent—of the $192.9 billion increase in the FDIUS position in 1999 was accounted for by affiliates with parents in Europe. Within Europe, the largest dollar increase was in the position of parents in the United Kingdom, followed by the positions of parents in the Netherlands, Luxembourg, France, and Germany. After Europe, the largest increases were by parents in Latin America and Other Western Hemisphere, in Asia and Pacific, and in Canada. The increase in position by parents in Latin America and Other Western

7. The outflows were recorded as foreign securities transactions rather than as U.S. direct investment abroad 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 foreign firms.

8. Reinvested earnings were negative in 1998, because the affiliates’ distributions to their foreign parents exceeded their current earnings.

Hemisphere was concentrated in Bermuda and in U.K. Islands, Caribbean. The increase in position by parents in Asia and Pacific was more than accounted for by Japan. Major changes in the positions by area and by country are shown in the following table:

[Billions of dollars]

All countries	192.9
Europe	157.2
Of which:	
United Kingdom	40.0
Netherlands	31.8
Luxembourg	28.2
France	19.6
Germany	16.7
Latin America and Other Western Hemisphere	16.7
Of which:	
Bermuda	9.3
U.K. Islands, Caribbean	4.9
Asia and Pacific	11.9
Of which:	
Japan	14.4
Canada	5.6

The position of parents in the United Kingdom increased 28 percent. A substantial portion of the increase was accounted for by one very large transaction—the acquisition of a wireless communications company by a British firm in the same industry; partly reflecting this acquisition, the United Kingdom's position in "other industries" more than doubled.[9] Partly due to acquisitions of communications equipment firms, the United Kingdom's position in machinery manufacturing more than tripled. Substantial reinvested earnings of affiliates in petroleum, which partly reflected increased profits resulting from higher oil prices, also raised the position of the United Kingdom.

9. 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 written consent of the respondent, information supplied by the respondent may be disclosed.

The position of parents in the Netherlands increased 32 percent; the increase mostly reflected acquisitions of insurance companies and of depository institutions. The position of Luxembourg parents more than doubled, reflecting acquisitions in manufacturing by existing affiliates ultimately owned by investors in other countries.[10] The acquisitions were financed through loans to the U.S. affiliates as well as through equity capital.

The position of French parents increased 34 percent, primarily reflecting acquisitions of companies that provide products or services related to water purification. The position of German parents increased 18 percent; the increase reflected acquisitions of depository institutions, communications firms, and air freight companies. Germany's position was also boosted by reinvested earnings in manufacturing.

The position of parents in Bermuda more than tripled, and that of parents in the U.K. Islands, Caribbean increased 54 percent. Both increases reflected acquisitions by firms ultimately owned by investors in other countries. These acquisitions included telecommunications and Internet services firms and property and casualty insurance companies.

The position of parents in Japan increased 11 percent. The increase primarily reflected lending to affiliates and valuation adjustments; Japanese investments in new U.S. affiliates remained well below their peak levels of the late 1980's. By industry, the largest increase was in wholesale trade.

The position of Canadian parents increased 8 percent. By industry, increases in "other manufacturing," finance, and insurance were partly offset by decreases in food.

10. BEA also prepares data on the FDIUS position by country of ultimate beneficial owner; the data are included in the detailed tables on FDIUS that are usually published in the September SURVEY.

Tables 3 and 4 follow.

Table 3.1.—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	**1,014,012**	**92,964**	**294,129**	**35,074**	**79,868**	**18,776**	**31,348**	**32,398**	**33,939**	**62,725**	**70,014**	**40,582**	**375,965**	**60,696**	**79,663**
Canada	**101,871**	**13,573**	**41,780**	**4,997**	**7,989**	**3,128**	**2,915**	**2,138**	**10,057**	**10,557**	**7,376**	**1,199**	**22,860**	**4,783**	**10,300**
Europe	**528,113**	**33,824**	**150,714**	**16,431**	**50,041**	**11,256**	**18,516**	**11,704**	**13,066**	**29,702**	**39,073**	**23,874**	**214,000**	**37,377**	**29,251**
Austria	3,850	152	1,060	30	45	2	107	395	295	186	504	(D)	(D)	203	–31
Belgium	18,637	156	8,497	1,194	5,214	133	254	335	458	909	2,617	321	4,748	2,365	–67
Denmark	2,854	582	589	120	60	51	(D)	209	–8	(D)	(D)	(*)	(D)	151	54
Finland	1,695	40	994	11	309	(D)	3	(D)	(D)	48	296	20	(D)	70	(D)
France	42,067	1,083	19,826	3,539	4,331	4,462	2,492	892	928	3,182	2,720	1,688	9,689	5,094	1,967
Germany	46,405	3,245	22,219	1,035	2,619	2,016	4,187	675	7,292	4,396	3,173	1,507	12,153	2,082	2,025
Greece	639	(D)	90	–9	43	1	0	9	0	46	93	155	128	46	(D)
Ireland	16,991	(D)	7,915	572	2,908	175	122	1,382	15	2,741	276	(D)	7,170	1,103	(D)
Italy	16,008	(D)	8,309	806	3,124	97	863	757	757	1,905	2,631	334	882	2,448	(D)
Luxembourg	14,524	(D)	2,563	2	0	(D)	9	4	0	(D)	(D)	257	11,089	37	17
Netherlands	93,592	2,831	15,643	1,139	9,623	387	1,007	1,372	310	1,806	7,799	93	59,154	7,220	852
Norway	7,015	3,801	841	(D)	17	2	180	7	15	(D)	229	(D)	1,549	309	(D)
Portugal	1,476	(D)	359	113	114	–5	(D)	(D)	37	25	344	239	262	122	(D)
Spain	13,676	199	8,414	1,684	1,320	1,593	167	984	1,565	1,099	1,525	2,115	515	548	361
Sweden	5,339	79	1,809	18	202	6	187	114	(D)	(D)	298	(D)	1,500	1,059	(D)
Switzerland	40,144	5	5,197	47	2,911	172	551	607	267	642	8,128	2,588	22,268	1,519	438
Turkey	1,074	82	594	211	59	(D)	0	–17	99	(D)	–18	224	(D)	57	(D)
United Kingdom	192,663	18,372	43,633	4,840	16,661	1,879	8,025	3,337	981	7,909	7,000	10,491	79,208	12,844	21,116
Other	9,465	1,665	2,163	(D)	481	(D)	361	17	58	557	400	(D)	(D)	100	1,335
Latin America and Other Western Hemisphere	**200,477**	**8,275**	**49,627**	**10,114**	**11,202**	**2,583**	**2,966**	**2,957**	**7,700**	**12,104**	**6,840**	**3,429**	**103,899**	**6,972**	**21,436**
South America	74,254	5,541	30,872	4,726	7,652	2,087	1,595	2,464	4,233	8,114	1,999	4,782	13,689	3,334	14,038
Argentina	12,834	677	3,600	976	1,112	351	50	(*)	445	667	423	1,840	3,533	905	1,856
Brazil	38,195	1,728	22,760	2,654	5,507	1,348	1,530	2,333	3,190	6,199	517	1,662	5,173	1,777	4,577
Chile	9,351	18	1,022	162	294	209	21	(D)	(D)	205	380	636	3,634	201	3,461
Colombia	3,732	954	1,092	302	352	(D)	–7	24	(D)	307	154	180	807	59	486
Ecuador	1,017	577	196	(D)	70	(D)	0	(D)	24	61	66	21	86	4	67
Peru	2,088	122	210	75	83	(D)	1	0	0	(D)	102	54	279	32	1,288
Venezuela	5,729	1,298	1,802	479	190	124	–1	94	393	522	261	85	64	327	1,891
Other	1,308	167	189	(D)	43	0	1	0	0	(D)	96	304	112	28	412
Central America	57,764	1,245	17,057	5,348	2,532	(D)	1,373	(D)	3,466	3,601	2,843	844	29,362	1,725	4,689
Costa Rica	2,080	28	619	87	135	20	(D)	78	0	(D)	(D)	0	(D)	(*)	(D)
Guatemala	405	134	189	83	58	2	0	0	0	46	26	5	12	5	34
Honduras	117	(D)	190	185	2	(*)	0	0	0	3	2	5	29	0	(D)
Mexico	28,396	(D)	15,891	4,951	2,292	428	(D)	(D)	3,466	3,421	989	699	4,946	(D)	4,589
Panama	25,982	620	137	32	28	10	0	0	0	68	(D)	118	24,103	(D)	(D)
Other	785	(D)	30	10	16	(D)	0	–15	0	(D)	25	18	(D)	8	(D)
Other Western Hemisphere	68,459	1,489	1,698	40	1,018	(D)	–1	(D)	0	389	1,999	–2,198	60,848	1,914	2,710
Bahamas	160	58	81	0	(D)	0	–3	0	0	(D)	98	–1,551	1,306	117	51
Barbados	950	82	5	0	0	0	0	2	0	4	189	(D)	308	313	(D)
Bermuda	40,403	(D)	3	0	0	0	0	3	0	0	1,122	0	37,788	1,277	(D)
Dominican Republic	653	(D)	371	22	22	0	0	0	0	327	22	(D)	(*)	(D)	105
Jamaica	2,100	(D)	144	–5	141	0	0	0	0	9	(D)	11	6	39	1,648
Netherlands Antilles	4,372	(D)	27	(D)	0	0	0	0	0	(D)	(D)	5	4,299	(D)	(*)
Trinidad and Tobago	1,005	703	54	(*)	6	(D)	2	0	0	(D)	20	(D)	(D)	1	(D)
United Kingdom Islands, Caribbean	18,203	306	(D)	1	(D)	(D)	0	(D)	0	1	315	–769	16,677	114	(D)
Other	614	167	(D)	(D)	(D)	0	0	0	0	3	(*)	7	(D)	35	(D)
Africa	**14,241**	**9,806**	**1,829**	**567**	**301**	**235**	**58**	**87**	**161**	**421**	**204**	**338**	**627**	**178**	**1,257**
Egypt	2,036	1,452	430	(D)	32	5	13	(*)	(D)	(*)	28	163	0	–48	13
Nigeria	1,788	1,559	55	(D)	19	–1	0	0	(D)	0	1	(D)	(D)	0	4
South Africa	2,312	(D)	855	165	199	(D)	43	75	(D)	281	111	(D)	245	168	(D)
Other	8,105	(D)	489	75	50	(D)	2	12	(D)	140	64	(D)	(D)	59	(D)
Middle East	**10,632**	**2,951**	**2,376**	**75**	**88**	**44**	**5**	**1,541**	**11**	**612**	**296**	**850**	**2,300**	**428**	**1,430**
Israel	2,922	41	2,191	71	67	(D)	–16	1,539	(D)	509	(D)	0	389	(D)	(D)
Saudi Arabia	4,276	272	154	14	65	(D)	(D)	1	5	52	(D)	687	1,621	270	(D)
United Arab Emirates	687	277	80	0	(D)	(D)	(D)	0	0	(D)	112	(D)	(D)	71	(D)
Other	2,747	2,361	–48	–9	(D)	0	16	0	(D)	(D)	1	(D)	(D)	(D)	(D)
Asia and Pacific	**155,364**	**22,546**	**47,803**	**2,890**	**10,247**	**1,531**	**6,888**	**13,972**	**2,946**	**9,330**	**16,225**	**10,892**	**32,278**	**10,957**	**14,663**
Australia	31,150	4,100	6,952	830	2,494	424	636	165	1,041	1,361	2,210	2,585	6,222	2,299	6,782
China	6,481	938	3,785	170	327	189	643	1,757	–8	706	222	127	795	44	570
Hong Kong	18,421	598	3,292	9	355	380	244	1,206	29	1,068	4,319	1,766	4,604	997	2,844
India	1,460	190	367	–40	106	–43	234	75	–61	95	93	402	343	38	26
Indonesia	7,916	5,019	203	(D)	137	8	–17	35	(D)	(D)	(D)	186	207	58	(D)
Japan	35,633	4,402	12,053	777	3,133	322	997	1,944	1,653	3,226	3,823	551	8,649	5,785	370
Korea, Republic of	7,395	(D)	2,818	379	529	28	322	554	119	887	638	2,243	23	453	(D)
Malaysia	5,743	833	3,705	3	288	6	548	2,624	0	235	183	393	352	276	(*)
New Zealand	6,041	330	797	(D)	95	25	15	35	0	(D)	245	(D)	3,491	36	(D)
Philippines	3,930	283	1,564	337	398	33	13	599	0	183	157	288	1,204	199	234
Singapore	18,427	2,695	7,085	13	412	40	2,328	3,651	176	466	2,786	735	4,419	627	79
Taiwan	6,262	49	3,450	51	1,680	45	289	1,100	(D)	(D)	487	611	1,449	77	138
Thailand	5,383	1,211	1,732	109	316	70	639	222	(D)	(D)	1,003	485	452	39	461
Other	1,123	(D)	(*)	(D)	–23	2	–5	3	(D)	(*)	(D)	(D)	66	28	31
International [1]	**3,315**	**1,990**	....	....	....	....	....	....	....	....	....	....	....	....	**1,325**
Addenda:															
Eastern Europe [2]	7,902	1,666	2,140	571	491	117	361	–6	58	548	238	313	2,221	17	1,307
European Union (15) [3]	470,416	28,271	141,920	15,093	46,573	10,852	17,423	11,090	12,626	28,261	30,334	19,560	187,688	35,392	27,252
OPEC [4]	25,298	12,773	2,254	542	368	160	–2	130	336	719	479	1,160	2,257	787	5,588

* 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, the 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, 1999

[Millions of dollars]

	All industries	Petroleum	Manufacturing: Total	Manufacturing: Food and kindred products	Manufacturing: Chemicals and allied products	Manufacturing: Primary and fabricated metals	Manufacturing: Industrial machinery and equipment	Manufacturing: Electronic and other electric equipment	Manufacturing: Transportation equipment	Manufacturing: Other manufacturing	Wholesale trade	Depository institutions	Finance (except depository institutions), insurance, and real estate	Services	Other industries
All countries	**1,132,622**	**99,925**	**318,121**	**36,126**	**82,794**	**18,803**	**37,833**	**38,449**	**36,013**	**68,103**	**80,148**	**39,937**	**436,024**	**68,763**	**89,705**
Canada	**111,707**	**16,416**	**44,023**	**4,983**	**7,637**	**3,123**	**3,269**	**2,455**	**9,965**	**12,592**	**8,982**	**1,977**	**25,084**	**6,438**	**8,785**
Europe	**581,791**	**33,990**	**161,627**	**17,366**	**51,743**	**10,730**	**20,116**	**15,386**	**14,869**	**31,417**	**46,466**	**23,368**	**237,659**	**42,379**	**36,301**
Austria	3,696	(D)	1,115	31	53	1	67	413	351	198	603	(D)	140	158	–65
Belgium	17,285	109	7,176	1,037	4,176	132	205	328	331	966	3,456	365	3,728	2,593	–142
Denmark	3,887	762	1,449	148	78	(D)	(D)	260	–11	(D)	(D)	(*)	869	99	(D)
Finland	1,355	32	486	7	357	(D)	3	33	–2	(D)	351	20	259	64	143
France	39,984	1,044	17,210	3,246	3,947	4,322	1,282	819	527	3,067	2,839	1,652	10,583	5,400	1,257
Germany	49,617	2,683	24,351	500	3,929	1,531	4,605	1,735	7,481	4,571	3,197	1,388	14,131	2,373	1,493
Greece	602	(D)	66	–32	47	1	0	11	0	39	85	138	146	(D)	(D)
Ireland	19,823	(D)	8,949	621	3,172	184	158	1,570	38	3,206	235	–7	7,960	1,994	(D)
Italy	17,595	(D)	9,394	813	3,394	98	1,019	996	913	2,162	2,129	390	1,656	2,397	(D)
Luxembourg	15,263	53	2,569	–2	0	(D)	9	–1	0	(D)	(D)	228	11,700	(D)	18
Netherlands	106,436	3,296	19,508	2,311	10,603	256	694	3,636	112	1,895	8,498	(D)	64,199	9,031	(D)
Norway	6,601	4,078	871	(D)	17	9	216	7	(D)	(D)	314	(D)	640	273	(D)
Portugal	1,478	(D)	436	110	103	–8	(D)	192	65	(D)	355	(D)	173	158	69
Spain	12,456	200	7,786	1,579	1,507	1,191	125	1,015	1,346	1,022	1,245	2,022	435	465	304
Sweden	9,595	86	2,207	6	269	418	192	140	–132	1,313	–41	(D)	5,604	1,039	(D)
Switzerland	51,227	271	5,702	(D)	3,051	178	480	754	(D)	769	14,289	2,844	25,684	1,865	571
Turkey	1,299	79	736	186	88	173	0	–10	173	125	–27	292	7	67	146
United Kingdom	213,070	17,443	49,699	5,795	16,582	1,953	10,066	3,562	3,213	8,528	7,175	9,778	86,659	14,285	28,031
Other	10,522	2,028	1,918	339	369	151	413	–73	(D)	(D)	494	(D)	3,085	50	(D)
Latin America and Other Western Hemisphere	**223,182**	**8,715**	**51,294**	**9,966**	**11,759**	**3,055**	**3,141**	**2,906**	**7,648**	**12,818**	**7,620**	**2,371**	**124,072**	**6,203**	**22,908**
South America	74,839	6,364	28,491	4,109	6,895	2,472	1,744	1,988	3,367	7,915	1,761	5,595	15,365	2,222	15,041
Argentina	14,187	601	3,537	876	1,299	361	62	–20	187	773	488	2,205	4,837	597	1,922
Brazil	35,003	1,703	20,225	2,149	4,617	1,359	1,647	1,850	2,764	5,839	355	2,034	5,225	848	4,613
Chile	9,886	33	1,323	192	231	(D)	20	(D)	(D)	195	365	656	3,404	211	3,893
Colombia	4,029	973	1,212	305	304	(D)	–7	(D)	(D)	(D)	130	(D)	929	62	(D)
Ecuador	1,202	639	285	76	94	–1	0	(*)	37	78	66	(D)	123	4	(D)
Peru	2,532	268	192	66	83	(D)	1	0	0	(D)	81	133	293	48	1,516
Venezuela	6,750	2,048	1,538	414	230	104	21	122	214	434	149	50	434	428	2,104
Other	1,250	98	178	32	37	0	1	0	3	105	126	302	121	24	401
Central America	70,774	1,288	20,265	5,707	3,331	562	1,396	597	4,281	4,390	2,534	1,342	38,395	1,599	5,350
Costa Rica	1,646	30	663	111	158	24	(D)	85	0	(D)	867	0	4	–2	83
Guatemala	453	146	217	91	74	2	0	0	0	50	25	(D)	(D)	4	(D)
Honduras	56	(D)	212	201	2	(*)	0	0	3	6	2	5	4	0	(D)
Mexico	34,265	188	18,861	5,257	3,037	511	(D)	(D)	4,278	4,198	1,167	1,182	6,308	1,303	5,257
Panama	33,429	648	157	36	31	17	0	0	0	72	442	131	31,805	285	–38
Other	924	(D)	156	11	30	8	0	(D)	0	(D)	31	(D)	(D)	9	190
Other Western Hemisphere	77,569	1,063	2,537	149	1,532	21	1	320	0	514	3,325	–4,567	70,312	2,382	2,516
Bahamas	1,065	15	89	0	76	0	–1	0	0	14	75	–2,193	2,871	154	55
Barbados	1,131	(D)	22	(D)	0	0	0	2	0	(D)	268	25	389	289	(D)
Bermuda	45,959	(D)	(D)	0	(D)	0	0	(D)	0	0	1,901	0	42,367	1,657	(D)
Dominican Republic	952	156	470	26	26	0	0	0	0	419	29	71	(*)	20	205
Jamaica	2,469	(D)	262	(D)	(D)	0	0	0	0	6	266	14	(D)	46	(D)
Netherlands Antilles	4,377	(D)	27	(D)	0	0	0	0	0	(D)	20	0	4,311	(D)	(*)
Trinidad and Tobago	1,094	790	48	(*)	5	(D)	2	0	0	(D)	21	(D)	(D)	1	(D)
United Kingdom Islands, Caribbean	19,948	304	1,271	1	(D)	(D)	0	(D)	0	35	743	–2,561	19,867	154	171
Other	573	50	(D)	0	(D)	0	0	0	0	3	3	(D)	(D)	(D)	(D)
Africa	**15,062**	**9,629**	**1,964**	**714**	**351**	**251**	**50**	**75**	**168**	**357**	**179**	**363**	**905**	**307**	**1,715**
Egypt	2,213	1,485	573	(D)	91	(D)	14	–2	(D)	2	48	177	0	–81	11
Nigeria	1,375	1,148	65	(D)	26	–1	0	0	(D)	0	5	(D)	(D)	0	5
South Africa	3,258	372	836	166	191	(D)	34	60	76	(D)	87	(D)	605	317	(D)
Other	8,216	6,623	490	115	43	197	3	17	(D)	(D)	39	119	(D)	72	(D)
Middle East	**11,137**	**3,246**	**2,321**	**71**	**18**	**35**	**38**	**1,536**	**–12**	**636**	**335**	**834**	**2,448**	**777**	**1,177**
Israel	3,199	4	2,168	78	14	7	14	1,534	6	514	130	0	405	381	111
Saudi Arabia	4,231	237	144	(D)	74	15	(D)	2	(D)	(D)	97	(D)	1,701	290	(D)
United Arab Emirates	543	221	90	0	(D)	13	4	0	0	(D)	107	(D)	(D)	65	–36
Other	3,163	2,785	–81	(D)	(D)	0	(D)	0	(D)	–3	1	–39	(D)	41	(D)
Asia and Pacific	**185,912**	**25,347**	**56,891**	**3,027**	**11,287**	**1,609**	**11,219**	**16,090**	**3,376**	**10,283**	**16,566**	**11,025**	**45,856**	**12,659**	**17,568**
Australia	33,662	3,344	7,646	862	2,924	471	693	166	957	1,573	2,146	2,705	8,465	2,190	7,167
China	7,766	991	4,789	150	259	203	946	2,343	123	765	201	69	784	260	673
Hong Kong	20,848	398	3,798	–21	393	396	381	1,444	27	1,178	4,851	1,873	5,766	1,141	3,022
India	1,189	–386	466	–65	92	–31	355	131	–123	108	128	420	263	50	247
Indonesia	10,504	7,378	66	20	79	5	–21	19	(D)	(D)	8	287	287	53	2,424
Japan	47,786	4,419	13,332	850	3,397	323	1,049	2,054	2,044	3,615	5,429	608	14,928	7,132	1,938
Korea, Republic of	8,749	1,550	3,651	479	665	25	409	930	175	968	810	2,110	47	533	48
Malaysia	5,989	1,041	3,555	5	253	–6	419	2,589	0	296	139	440	483	343	–13
New Zealand	6,080	177	768	221	92	44	17	41	0	355	255	(D)	3,676	32	(D)
Philippines	3,792	601	1,270	351	419	41	19	258	0	181	184	283	1,028	223	203
Singapore	24,781	2,815	11,367	–4	628	23	5,280	4,637	230	573	1,354	532	8,103	519	91
Taiwan	6,860	60	3,631	44	1,804	(D)	317	1,109	(D)	(D)	614	691	1,577	101	185
Thailand	6,966	2,529	2,571	113	312	70	1,359	366	40	311	416	625	385	49	391
Other	940	430	–18	22	–27	(D)	–5	3	(D)	0	31	(D)	62	33	(D)
International [1]	**3,832**	**2,580**	....	....	....	....	....	....	....	....	....	....	....	....	**1,252**
Addenda:															
Eastern Europe [2]	8,840	2,071	1,878	339	364	151	413	–103	145	568	335	469	2,792	–23	1,319
European Union (15) [3]	512,141	27,534	152,400	16,173	48,218	10,218	19,007	14,708	14,234	29,842	31,396	18,442	208,242	40,124	34,003
OPEC [4]	28,260	15,284	1,838	481	339	136	19	143	60	661	367	(D)	2,793	904	(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, the 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, 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	**793,748**	**51,729**	**334,898**	**22,026**	**95,662**	**19,340**	**62,067**	**135,803**	**89,980**	**21,090**	**43,804**	**45,895**	**77,785**	**43,558**	**41,271**	**43,741**
Canada	**74,143**	**2,526**	**26,507**	**4,402**	**2,425**	**3,274**	**5,327**	**11,079**	**4,216**	**988**	**2,664**	**7,874**	**7,624**	**9,080**	**1,491**	**11,171**
Europe	**528,601**	**46,008**	**251,750**	**15,734**	**85,933**	**11,840**	**36,590**	**101,653**	**45,513**	**16,723**	**25,547**	**16,817**	**63,117**	**11,869**	**29,861**	**21,396**
Austria	1,969	(D)	360	(D)	(D)	(D)	142	108	393	(D)	(D)	(D)	1	7	(D)	–1
Belgium	10,966	(D)	4,068	3	3,173	(D)	(D)	599	1,096	735	(D)	2,108	2	49	1,420	(D)
Denmark	3,312	5	831	180	19	(*)	359	273	1,871	8	(D)	(D)	–4	(D)	10	316
Finland	4,106	(D)	1,262	(D)	(D)	(D)	110	582	1,799	115	(D)	–46	(D)	15	13	(D)
France	58,051	(D)	38,087	2,538	13,919	1,753	10,839	9,038	2,426	21	2,598	5,140	4,715	(D)	2,034	2,552
Germany	94,404	138	54,392	141	18,052	2,790	6,738	26,671	9,226	2,504	5,644	1,673	10,196	3,002	5,750	1,878
Ireland	12,484	739	2,674	896	(D)	(D)	381	1,298	3,433	(D)	(D)	–203	1,799	33	358	1,347
Italy	4,143	(D)	918	–51	182	278	41	467	329	609	1,089	(D)	(D)	72	(D)	213
Liechtenstein	109	0	(D)	–1	0	–9	4	(D)	56	0	0	4	0	42	(D)	37
Luxembourg	26,650	93	(D)	206	(D)	501	(D)	(D)	1,326	(D)	0	116	(D)	(D)	3,236	(D)
Netherlands	98,926	11,400	38,041	2,731	11,311	1,299	6,065	16,635	5,755	7,098	7,089	3,451	16,855	5,561	2,273	1,405
Norway	3,833	(D)	1,938	(D)	929	(D)	304	38	161	2	(D)	–5	2	44	(D)	204
Spain	2,285	–3	728	19	9	(D)	5	(D)	151	84	1,111	–75	168	48	(D)	(D)
Sweden	15,139	(D)	7,335	0	801	592	3,644	2,299	4,350	(D)	(D)	(D)	831	924	950	343
Switzerland	48,403	243	24,253	2,360	14,978	401	1,483	5,031	2,307	258	(D)	1,232	15,021	230	2,150	(D)
United Kingdom	143,165	30,069	54,765	6,520	21,337	2,223	4,571	20,115	10,692	4,265	3,382	2,933	12,266	1,452	11,055	12,284
Other	654	11	389	47	–6	(*)	266	81	139	(D)	11	4	(*)	111	(D)	–1
Latin America and Other Western Hemisphere	**27,854**	**917**	**4,351**	**643**	**1,038**	**503**	**771**	**1,397**	**2,109**	**909**	**3,728**	**2,013**	**5,620**	**4,057**	**1,261**	**2,888**
South and Central America	9,819	–693	1,159	1,069	–201	236	–236	290	283	16	2,802	428	(D)	190	109	(D)
Brazil	635	(D)	–176	–11	(D)	(D)	–100	22	–30	1	680	(D)	(D)	(D)	–4	23
Mexico	2,432	–8	1,315	1,082	–107	68	–58	330	451	5	75	26	2	54	173	340
Panama	6,504	(D)	165	1	(D)	(D)	–10	–58	–104	3	(D)	290	(D)	148	–45	342
Venezuela	–529	(D)	–23	(*)	–12	(*)	–14	3	–2	2	260	–1	6	(D)	(D)	(D)
Other	778	10	–123	–3	–62	2	–53	–7	–32	5	(D)	(D)	11	6	(D)	–9
Other Western Hemisphere	18,034	1,611	3,192	–426	1,238	267	1,007	1,107	1,826	893	925	1,585	(D)	3,867	1,152	(D)
Bahamas	2,077	(D)	147	(D)	1	(D)	0	4	474	(D)	(D)	(D)	0	385	309	108
Bermuda	3,740	182	219	–22	(D)	3	(D)	35	213	307	5	–21	597	594	40	1,606
Netherlands Antilles	2,844	(D)	788	(D)	1,004	(D)	(D)	163	(D)	(D)	(D)	21	–2	331	–45	114
United Kingdom Islands, Caribbean	9,009	506	2,054	6	(D)	(D)	981	907	820	38	642	(D)	(D)	2,652	715	308
Other	363	(D)	–16	–3	–11	2	–1	–3	(D)	(D)	3	24	(D)	–94	134	(D)
Africa	**862**	**3**	**–92**	(D)	(D)	(D)	**–14**	**–293**	**98**	**17**	**47**	**445**	**0**	**115**	**116**	**114**
South Africa	121	2	–85	(D)	–2	0	–14	(D)	(D)	0	0	(D)	0	(D)	(D)	–1
Other	741	(*)	–7	4	(D)	(D)	(*)	(D)	(D)	17	47	(D)	0	(D)	(D)	115
Middle East	**6,346**	**925**	**691**	(D)	(D)	(D)	**333**	**164**	**157**	**23**	**904**	**201**	**0**	**3,297**	**138**	**10**
Israel	2,084	–3	867	(D)	(D)	(D)	509	162	156	(D)	793	(D)	0	(D)	54	15
Kuwait	(D)	(D)	1	0	0	0	0	1	0	0	(D)	(D)	0	3,222	(D)	(*)
Lebanon	–19	0	(D)	0	(D)	0	(D)	0	(*)	–2	0	0	0	(D)	0	(*)
Saudi Arabia	(D)	(D)	–6	0	0	0	–7	2	0	(D)	(D)	2	0	(D)	(D)	–4
United Arab Emirates	43	–11	–2	0	–2	(*)	–1	0	0	(D)	(D)	1	0	12	0	(D)
Other	–102	0	(D)	0	(D)	–1	(D)	0	1	–3	48	–5	0	42	11	(D)
Asia and Pacific	**155,943**	**1,350**	**51,691**	**1,294**	**5,793**	**3,741**	**19,060**	**21,803**	**37,887**	**2,430**	**10,913**	**18,545**	**1,423**	**15,139**	**8,404**	**8,161**
Australia	12,883	780	2,142	–67	247	546	581	836	–37	14	157	(D)	(D)	744	(D)	6,285
Hong Kong	1,578	(D)	385	(D)	–8	(D)	183	28	413	11	224	(D)	1	204	323	12
Japan	134,590	734	47,347	1,158	4,671	3,127	17,600	20,791	35,462	2,331	8,803	16,518	991	12,688	7,564	2,152
Korea, Republic of	974	(D)	15	(D)	54	–42	–32	(D)	844	(D)	35	(D)	(D)	46	15	2
Malaysia	100	(D)	54	2	1	1	39	11	22	0	(D)	(D)	0	74	130	–8
New Zealand	337	0	23	7	–2	(D)	5	(D)	176	(D)	(D)	0	(D)	71	–4	23
Philippines	93	(*)	11	–2	1	0	12	(*)	–4	(*)	102	0	–6	–2	0	–8
Singapore	1,561	–11	243	(D)	–39	(D)	217	48	299	4	118	–3	(*)	1,303	12	–404
Taiwan	3,144	–2	1,454	–1	928	1	437	89	595	(D)	857	20	7	35	53	(D)
Other	683	–22	16	(D)	–58	(D)	19	–31	117	7	600	5	2	–24	(D)	(D)
Addenda:																
European Union (15) [1]	475,725	44,637	225,196	13,276	70,032	10,833	34,535	96,520	42,856	16,463	22,912	15,581	48,095	11,681	27,431	20,874
OPEC [2]	4,132	113	–55	(*)	–15	(*)	–21	–19	4	25	595	(D)	6	3,290	71	(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, the 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, 1999

[Millions of dollars]

	All industries	Petroleum	Manufacturing						Wholesale trade	Retail trade	Depository institutions	Finance, except depository institutions	Insurance	Real estate	Services	Other industries
			Total	Food and kindred products	Chemicals and allied products	Primary and fabricated metals	Machinery	Other manufacturing								
All countries	**986,668**	**55,940**	**391,013**	**16,717**	**103,465**	**21,808**	**76,584**	**172,440**	**108,936**	**23,386**	**60,118**	**52,133**	**101,760**	**44,720**	**57,558**	**91,106**
Canada	**79,716**	**2,836**	**26,270**	**610**	**2,286**	**3,832**	**5,109**	**14,433**	**4,467**	**982**	**2,905**	**10,718**	**9,712**	**9,925**	**1,375**	**10,526**
Europe	**685,845**	**49,642**	**305,543**	**13,716**	**93,358**	**12,576**	**54,183**	**131,710**	**49,312**	**18,991**	**43,815**	**18,630**	**78,355**	**13,252**	**45,623**	**62,682**
Austria	2,483	(D)	674	(D)	(D)	(D)	150	318	425	(D)	(D)	(D)	1	7	26	–8
Belgium	11,448	204	3,972	1	3,195	(D)	(D)	518	1,516	(D)	(D)	2,465	1	46	1,719	536
Denmark	4,959	3	956	194	9	0	363	392	3,617	7	(D)	(D)	–4	(D)	8	265
Finland	4,816	(D)	1,435	(D)	(D)	(D)	129	623	(D)	(D)	(D)	(D)	5	18	20	(D)
France	77,622	(D)	39,087	2,777	11,829	1,005	13,377	10,099	2,191	159	2,778	5,093	4,827	(D)	3,687	18,513
Germany	111,138	173	59,303	98	20,236	2,003	7,188	29,778	10,013	2,149	15,073	–712	10,882	3,802	4,509	5,948
Ireland	17,969	699	3,868	917	(D)	(D)	654	2,147	3,534	(D)	(D)	–49	5,930	40	440	1,233
Italy	4,982	(D)	1,050	32	172	293	63	490	292	1,299	1,199	(D)	317	76	170	218
Liechtenstein	135	0	–1	–2	0	(D)	5	(D)	88	0	0	(D)	0	64	(D)	41
Luxembourg	54,894	(D)	45,305	66	(D)	428	(D)	(D)	1,565	(D)	0	1,024	(D)	145	5,536	734
Netherlands	130,703	11,083	42,922	1,745	15,833	1,345	8,353	15,647	6,659	(D)	14,257	3,578	30,577	5,754	5,958	(D)
Norway	4,201	1,240	2,044	(D)	951	(D)	354	66	221	2	(D)	(D)	1	41	364	264
Spain	2,629	–6	1,014	15	–23	(D)	–1	(D)	160	82	1,177	(D)	162	(D)	–12	62
Sweden	17,904	(D)	6,856	0	688	334	3,545	2,290	4,856	7	–24	(D)	(D)	990	(D)	370
Switzerland	55,280	572	27,814	1,453	15,824	696	1,989	7,852	2,386	888	(D)	1,020	15,538	140	3,134	(D)
United Kingdom	183,145	33,446	68,242	6,195	21,973	4,328	15,780	19,966	8,751	4,820	3,322	6,056	8,683	1,716	16,851	31,257
Other	1,537	8	1,000	(D)	–13	2	182	(D)	(D)	0	180	4	(D)	125	–10	–3
Latin America and Other Western Hemisphere	**44,591**	**1,836**	**6,028**	**962**	**751**	**1,652**	**750**	**1,914**	**2,402**	**948**	**2,750**	**2,332**	**12,170**	**4,012**	**1,589**	**10,524**
South and Central America	10,606	–370	1,980	1,022	–390	1,479	–290	158	328	113	1,868	709	(D)	81	283	(D)
Brazil	651	(D)	–157	–14	–110	30	–128	65	43	2	425	(D)	(D)	–6	–1	–22
Mexico	3,612	–3	2,243	1,034	(D)	(D)	–66	141	348	(D)	199	(D)	1	57	229	440
Panama	5,896	13	89	1	(D)	(D)	–3	–46	56	3	108	300	(D)	90	(D)	(D)
Venezuela	–170	(D)	–42	1	–27	0	–20	5	2	2	271	–2	7	–64	1	(D)
Other	617	9	–154	1	–77	1	–73	–6	–122	(D)	865	(D)	11	4	(D)	–143
Other Western Hemisphere	33,984	2,206	4,048	–61	1,141	172	1,040	1,756	2,075	835	882	1,623	(D)	3,932	1,305	(D)
Bahamas	2,163	(D)	136	(D)	1	(D)	0	–2	511	(D)	(D)	(D)	0	371	305	106
Bermuda	13,054	153	862	–73	(D)	3	(D)	847	(D)	268	4	53	1,646	591	29	(D)
Netherlands Antilles	2,695	607	1,268	(D)	1,055	(D)	(D)	169	(D)	(D)	113	11	–2	278	–66	98
United Kingdom Islands, Caribbean	13,883	1,247	1,789	–11	(D)	(D)	1,014	745	1,552	330	587	(D)	(D)	2,603	992	(D)
Other	2,189	(D)	–6	18	–23	2	(*)	–3	(D)	–12	(D)	23	(D)	88	45	2
Africa	**1,545**	**20**	**–172**	(D)	(D)	(D)	**–6**	**–361**	**426**	**22**	**41**	**494**	(*)	**168**	**235**	**311**
South Africa	427	1	–103	(D)	–6	0	–6	(D)	(D)	0	0	(D)	0	–6	(D)	(D)
Other	1,118	19	–69	5	(D)	(D)	(*)	(D)	(D)	22	41	(D)	(*)	173	(D)	(D)
Middle East	**7,087**	**868**	**1,150**	(D)	(D)	(D)	**530**	**155**	**164**	**22**	**934**	**330**	**0**	**3,371**	**145**	**104**
Israel	2,680	0	1,144	(D)	(D)	(D)	522	153	174	(D)	848	(D)	0	(D)	49	(D)
Kuwait	3,391	(D)	1	0	0	0	0	1	0	0	(D)	(D)	0	3,305	(D)	(*)
Lebanon	–21	0	(D)	0	0	0	(D)	0	(*)	–2	0	0	0	(D)	0	(*)
Saudi Arabia	949	(D)	–3	0	(*)	0	–4	2	(D)	(D)	9	2	0	38	(D)	–9
United Arab Emirates	16	(D)	–4	0	–3	0	–1	0	0	(D)	(D)	1	0	11	0	6
Other	72	(D)	(D)	0	0	(D)	(D)	0	(D)	–3	44	(D)	0	43	12	(D)
Asia and Pacific	**167,884**	**737**	**52,195**	**1,483**	**6,310**	**3,794**	**16,019**	**24,590**	**52,165**	**2,419**	**9,673**	**19,629**	**1,523**	**13,992**	**8,592**	**6,958**
Australia	10,818	763	2,574	–145	276	551	623	1,270	–1	17	(D)	2,094	(D)	483	334	4,118
Hong Kong	1,210	(D)	484	(D)	–2	(D)	198	34	362	10	206	(D)	1	175	51	–91
Japan	148,947	165	47,277	1,348	5,166	3,116	14,572	23,075	49,454	2,345	7,478	17,593	1,074	11,836	7,995	3,729
Korea, Republic of	1,520	(D)	234	(D)	(D)	4	74	89	1,205	33	36	146	(D)	36	1	–8
Malaysia	–20	(*)	38	1	(*)	1	22	15	8	0	(D)	(D)	0	3	125	–7
New Zealand	329	0	20	3	(D)	(D)	10	–5	138	(D)	0	0	(D)	102	–6	23
Philippines	116	(*)	15	–2	1	(*)	11	5	–19	0	142	0	–8	–2	0	–11
Singapore	1,049	(*)	237	(D)	–49	(D)	212	45	234	(D)	114	–26	(*)	(D)	35	–879
Taiwan	2,983	–4	1,257	1	913	(*)	270	72	565	10	953	15	9	33	60	84
Other	932	–17	60	(D)	–52	(D)	27	–11	219	6	693	5	(D)	(D)	–3	1
Addenda:																
European Union (15)[1]	624,807	47,831	274,729	12,138	76,593	11,288	51,658	123,052	46,427	18,102	40,239	17,619	62,782	13,130	42,185	61,764
OPEC[2]	4,528	398	–29	1	–32	0	–17	19	2	25	591	(D)	7	3,331	(D)	98

* 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.