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# INTERNATIONAL ECONOMIC REVIEW

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**USITC Publication 3090**



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## OFFICE OF ECONOMICS

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# COUNTRY AND REGIONAL DEVELOPMENTS

## *At A Glance. . .*

### **WTO**

The WTO agreement to liberalize international trade in basic telecommunications services will come into effect on February 5, 1998. The 72 WTO member governments, which have agreed to open their domestic markets to foreign companies, account for nearly 93 per cent of the total domestic and international revenue of \$600 billion generated in this sector annually. Examples of the services covered under the telecommunications services agreement include voice telephony, data transmission, telex, telegraph, facsimile, private leased circuit services (i.e. the sale or lease of transmission capacity), fixed and mobile satellite systems and services, cellular telephony, mobile data services, paging and personal communications systems.

### **OECD**

The OECD Economic Outlook (No 62) from December 15, 1997, recently published, appraised current economic trends and projections for the

next two years. It concluded that financial market tensions in Asia did not appear to fundamentally alter the relatively favorable outlook for the OECD area as a whole— at least as of the mid-November cut-off date for the Outlook's projections— although since then, financial problems have intensified in Japan and Korea. Prospects for 1998-99 looked on average better for both the United States and Europe, but significantly worse for Japan. Elsewhere, the Outlook concluded—

—In the United States and countries where a prolonged phase of business upswing has been maintained with low inflation and robust employment growth, the pace of activity— while decelerating somewhat— should remain close to potential rates;

—In countries that might participate in the European Economic and Monetary Union (EMU), expansions appear increasingly solid, and they should gather pace over the next two years;

—In Japan, where the expansion that started in 1996 faltered during 1997, the recovery has become increasingly fragile; and

—Finally, in a number of other countries in East Asia, including Korea, prospects will be negatively affected by the financial crisis, implying in some cases much lower growth rates in the short run than those experienced over the past decade.

### **EU**

On January 15, the Appellate Body of the WTO ruled for the second time that the EU's ban on meat from animals treated with growth-promoting hormones is inconsistent with the Agreement on Application of Sanitary and Phytosanitary Measures (SPS Agreement) because there is no scientific basis for the ban. It is currently unclear how the EU intends to proceed. Although past studies could not link the hormone's use with a health risk, the EU may try to maintain the ban for 15 months while it again conducts a risk assessment study. □



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# INTERNATIONAL TRADE DEVELOPMENTS

## Russia's WTO Application Advances

Despite an increased level of bilateral and multilateral consultations during the past year, Russia's application for WTO membership made only limited headway during 1997. Russia's delayed submission of an initial market-access offer in February 1998 was a significant step in launching the formal stage of the country's bid to join the WTO, although the Russian WTO application process is far from complete. Meanwhile, the Russian economy, which grew in 1997 for the first time since the Soviet Union's collapse, appears geared for increased integration into the global economy and further consolidation of market-oriented economic reforms. This article provides an update of the status of Russia's WTO application. For background information on this topic, see "United States Engaged in Application of Russia to WTO," *IER*, May/June 1997, p. 3.

## *Russia's WTO Application*

Accession to the World Trade Organization (WTO) during 1998 remains a key objective of the Russian government. Russia began the accession process with a June 1993 application to the General Agreement on Trade and Tariffs (GATT), supplemented by a December 1995 application for WTO membership (the WTO superseded the GATT on January 1, 1995). WTO accession will require Russia to (1) bind all tariffs to an agreed-upon level; (2) remove all nontariff trade barriers such as quotas, licensing, and state trading restrictions; and (3) extend these concessions to all contracting parties through adherence to the most favored nation (MFN) clause, which is based on the principles of nondiscrimination and reciprocity. Russia also faces higher standards for offering improved market access in basic telecommunications services and financial services under new WTO agreements in those two sectors.

## *Russian Economy Gearing for Global Integration*

WTO accession is part of Russia's overall efforts to achieve increased integration into the global economy. The Russian economy may finally be poised for an economic growth upturn in 1998. Currently available data indicate that Russia's economy, as measured by real gross domestic product (GDP), grew by 0.2 percent during the first nine months of 1997 over the same period of 1996 (see the Economist Intelligence Unit, *Country Report: Russia, 4<sup>th</sup> quarter 1997*). If this trend holds for the balance of the year, Russia will have experienced during 1997 its first full year of economic growth during the 1990s, and its first ever economic growth during the post-Soviet era.

Also supporting Russia's efforts to insert itself into the international economic arena is the country's increasingly visible role in international economic, financial, and trade organizations. Russia has signed free trade agreements with each of the other Commonwealth of Independent States (former Soviet bloc republics), and efforts are underway to eventually create a regional customs union based on the European Union (EU). A Russia-EU trade agreement entered into force in 1996, providing reciprocal MFN tariff treatment. The Russia-EU agreement aims to abolish EU quotas on most industrial imports from Russia (except textiles, steel, and nuclear materials); the accord also includes a provision to create an EU-Russia free-trade area some time in the future. Russia also has been invited to join the Asia Pacific Economic Cooperation (APEC).

As a significant global creditor-nation, Russia also has increased its visibility in international financial fora. According to its own statistics, Russia is owed \$111 billion by other countries, mostly as a result of loans extended by the former Soviet government. Russia joined the Paris Club of global official creditors in September 1997, placing Russia in the company of other industrialized countries who are working to ease the financial burden of debtor nations.

## WTO Accession Developments

A WTO working party has been established to conduct a detailed examination of Russia's accession request. Three such working party meetings were held during 1997 including the seventh such meeting in December. In addition to the WTO working party efforts, Russia also is engaged in bilateral negotiations with interested WTO members to establish its list of concessions and commitments on goods and services (the "market access offer"). The United States launched a series of bilateral consultations with Russia in 1997, and the European Union (EU) started its own bilateral consultations with Russia in January 1998.

Russia tabled its initial market access offer to the WTO on February 16, 1998. This offer covers approximately 10,000 tariff lines and constitutes the list of tariff line items Russia commits to be bound to global trade rules (some 500 tariff lines will be excluded). The market access offer helps pave the way for the results of the WTO working party's deliberations (the basic terms of accession) and the agreed schedules resulting from the bilateral negotiations eventually to be presented to the full WTO for approval.

The WTO working party meetings and bilateral consultations have addressed a wide range of topics and areas of concern about Russia's trade regime. Among the issues that have emerged are the following:

- *Concerns about the stability and transparency of the Russian tariff regime.* Russia has significantly raised import duties in recent years, beginning from zero duties at the time the Soviet Union collapsed. Russia currently has an average weighted tariff of 13.3 percent. In response concerns raised by Russia's trading partners that its tariff regime changes too frequently and that rates may vary widely, the Russian government adopted resolution 1347 in October 1997. Resolution 1347 stipulates that tariffs may be raised no more frequently than once every six months and by no more than 10 percentage points at a time, with the higher rates taking effect six months after the changes are published.
- *New import licensing requirements.* An import licensing regime for color television imports was proposed by a Russian government agency in November 1997. This licensing regime reportedly is intended to combat the smuggling of color televisions, rather than to restrict

legal imports. The regime has not yet been received final approval by the prime minister.

- *Customs irregularities.* Complaints are reported that Russian customs regulations change frequently, without sufficient notice, are subject to arbitrary application by each port of entry, and can be burdensome. In the near term, problems facing the Russian economy and government revenue shortfall make difficult the task of providing stable funding for the customs service.
- *Standards, testing, labeling, and certification.* These areas have been cited as barriers to exports to Russia also have been cited as a market entry barrier. Russia's 1993 consumer protection law requires official certification of imported products for conformity to Russian technical, safety, and quality standards. Certification is based on a combination of international and Russian standards. Some such requirements also are implemented at the city and *oblast* (district) level and run counter to federal regulations (for example, effective February 15, 1998 the city and *oblast* of Moscow require that all bottled vodka and other spirits undergo product quality testing at city-run laboratories; this measure is being challenged by the Russian Federal Anti-Monopoly Committee on the grounds that local government authorities do not have the right to impose such requirements). U.S. companies have complained of costly procedures and arbitrary certification practices for many products, particularly telecommunications equipment. Russia is establishing reciprocal standardization with the United States and other countries.
- *Subsidies.* Direct subsidies provided by the Russian government, non-budgetary subsidies (such as preferential pricing of inputs and duty exemptions on machinery), and subsidies provided by regional governments remain problematic.
- *Services.* The relatively immature current state of service industries in Russia and absence of a domestic legislative framework make difficult the Russian government's efforts to negotiate a WTO schedule of commitments in services.



- *Intellectual property rights (IPR)*. Russia has taken several steps to strengthen IPR protection and has passed laws that generally meet world standards. Enforcement of domestic laws protecting IPR is problematic, however, with piracy of intellectual property (affecting among other things broadcast and cable TV signals, sound recordings, videos and video games, and software) a significant concern. The U.S.-Russia Bilateral Investment Treaty calls for a side letter on mutually acceptable provisions on compulsory licensing. The text of a letter was agreed in September 1997, but the Russian Government has not signed the letter.

### ***Russian Concerns***

From Russia's perspective, two trade irritants continue to plague its relations with the United States and the EU. Russia opposes the U.S. MFN restrictions under the freedom-of-emigration (Jackson-Vanik) amendment imposed since 1974 on nonmarket economy countries, even though the United States has afforded conditional MFN treatment to products of Russia on an annual basis since 1992 by Presidential certification to the Congress that Russian policy meets the U.S. standard. During its WTO accession talks, Russia has endeavored to move the issue of MFN treatment from bilateral discussions with the United States to the multilateral forum of the WTO.

Russia also has long objected to the EU's classification of it as a non-market economy. Classification as a non-market economy means that, in cases of alleged dumping, the EU determines whether a Russian product has been dumped by comparing the Russian export price with the price of a similar product in a comparable third country market economy rather than with the price in Russia itself. In December 1997, the European Commission proposed removing both Russia and China from its list of non-market economies for antidumping purposes.

### ***Outlook***

Russia's WTO market access offer was long overdue by all accounts. However, Russia will need to submit initial offers in agriculture and services before its WTO application can significantly advance. According to numerous press reports, Russia's delays in submitting its WTO offers have been due to, among other things, infighting between factions of the Duma (Russia's parliament) lobbying for increased protection for domestic industries, and pro-market reformers in President Boris Yeltsin's Cabinet. Indeed, it was reported that Russia seeks to bind its tariffs in the WTO at higher levels than the currently applied rates because of the country's still-fragile economy. Moreover, the Russian government undoubtedly will face increased pressure from WTO members to follow through on its WTO commitments with appropriate domestic legislative changes, and to enforce these new regulations at the sub-federal level.



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# INTERNATIONAL ECONOMIC COMPARISONS

## Summary of U.S. Economic Conditions

Major indicators for the U.S. economy signal that moderate growth in real output will continue throughout 1998. GDP growth will be underpinned, as in the past year, by increased consumer and investment spending and a rise in exports.

GDP growth rates recently released by the Department of Commerce show that real output increased at an annual rate of 3.8 percent in 1997, up from 2.8 percent in the previous year. Despite the fall in the unemployment rate to below 5 percent, a level considered "full employment" by most economists, inflation as measured by GDP deflator rose at 1.7 percent, the smallest increase since 1963. Increases in personal consumption expenditures, exports of goods and services, and residential fixed investment fueled 1997 growth.

Consumer spending increased by 3.3 percent in 1997, up from 2.8 percent increase in 1996. Gross private fixed investment grew by 7.7 percent, following a 8.3 percent increase in the previous year. Exports rose by 12.5 percent to \$964.4 in 1997 following a 8.3 percent increase in 1996. Imports increased by 13.9 percent to \$1106.6 billion, following an increase of 9.1 percent in 1996. The trade deficit rose to \$142.2 billion, from \$114.5 billion.

Growth accelerated in the final quarter of the year, increasing at an annual rate of 4.3 percent following a 3.1 percent annual rate of increase in the third quarter. The GDP deflator, the price index which measures prices paid by U.S. residents, increased by 1.5 percent, compared with an increase of 1.3 percent in the third quarter. Real consumption expenditures increased at a slower rate of 3.2 percent in the fourth quarter from a 5.6 percent increase in the third quarter and real nonresidential fixed investment declined by 3.6 percent in the fourth quarter, following a hefty increase of 19.2

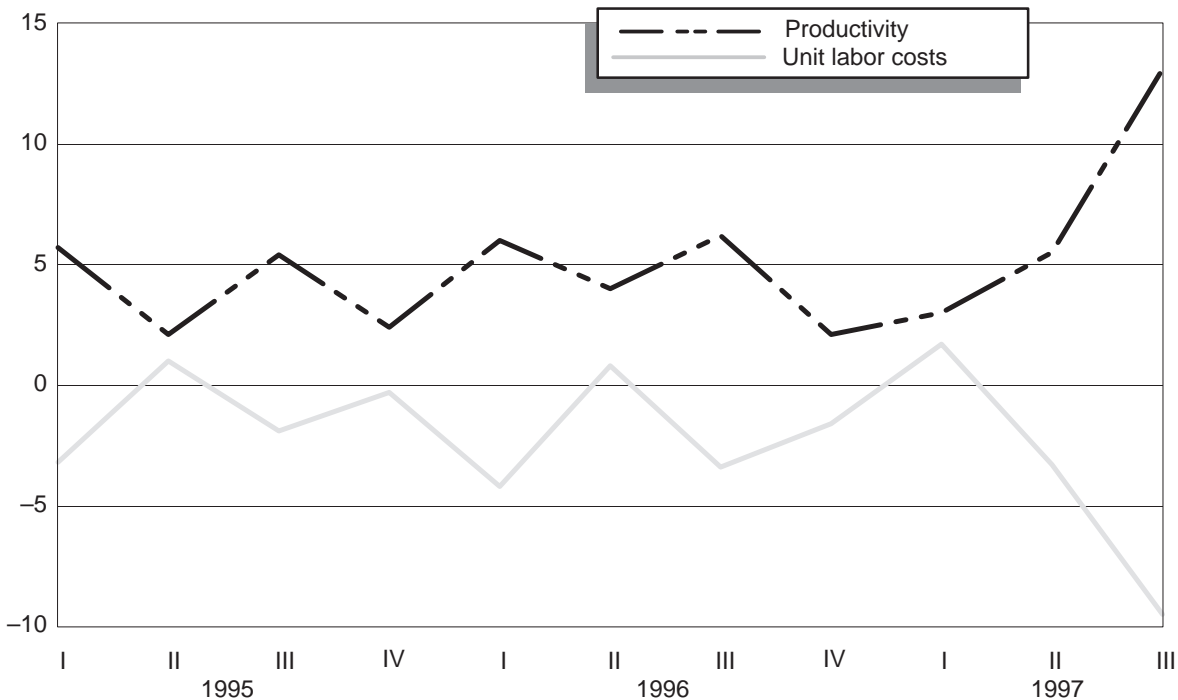
percent in the third quarter. Real exports of goods and services increased by 11.3 percent to \$999.3 billion, compared with 4.4 percent increase in the third quarter to a record \$973.0 billion. Real imports of goods and services increased at a slower rate of 1.3 percent, compared with an increase of 14.6 percent in the third quarter. As a result, the trade deficit on goods and services fell to \$141.4 billion in the fourth quarter from \$164.1 billion in the third quarter.

GDP growth in 1998 will be supported by continuing favorable monetary and fiscal conditions and rising personal incomes. Long term interest rates are lower than they have been in a decade, and credit is readily available to borrowers. The U.S. stock market is still at an all-time high, despite sporadic volatility, boosting personal incomes. Rising consumer confidence and spending should trim down any excess business inventory, thus propelling new investment, production and hiring. Prudent fiscal policies and a likely federal budget surplus will add to the positive economic conditions.

Despite the decline in the unemployment rate to its lowest level in decades, labor market flexibility has kept wage-driven inflation at bay. U.S. labor productivity has been on the rise and unit labor costs on the decline. Labor productivity rose in the third quarter of 1997 by 9.3 percent in manufactures and by 13.1 percent in durable manufactured goods (figure 1). Compared with the corresponding quarter of the previous year, productivity rose by 5.8 percent. Unit labor costs fell by 9.5 percent from the second quarter to the third quarter and by 3.2 percent from the corresponding quarter of the previous year.

Such gains in efficiency in product and labor markets will continue to cause upward shifts in long-range output potential and should mean that any extra growth in aggregate demand can be accommodated without forcing the general price level to rise.

**Figure 1**  
**U.S. labor productivity and unit labor costs in manufactures durable sector, percent change from previous quarter (at annual rates), 1995-97**



Source: U.S. Department of Labor.

## U.S. Economic Performance Relative to other Group of Seven (G-7) Members

### *Economic growth*

U.S. real GDP—the output of goods and services produced in the United States measured in 1992 prices—grew at a revised annual rate of 4.3 percent in the fourth quarter following a 3.1 percent increase in the third quarter of 1997. For the year real GDP increased by 3.8 percent in 1997 following an increase of 2.8 percent in 1996.

The annualized rate of GDP growth in the fourth quarter of 1997 was 2.1 percent in the United Kingdom. In the third quarter of 1997, real GDP increased 4.1 percent in Canada, 3.5 percent in France, 3.2 percent in Germany, 1.8 percent in Italy, and 3.1 percent in Japan.

### *Industrial production*

The Federal Reserve Board reported that U.S. industrial production (IP) increased by 0.5 percent in December 1997 with wide spread gains among major industry groups. The December gain followed an increase of 0.8 percent in November. The December total IP was held back by a decline in the production of motor vehicles from the November high level. Total output in December 1997 was 5.9 percent higher than in December 1996. Manufacturing output increased by 0.5 percent in December 1997 and was 6.5 percent higher than in December 1996. For the fourth quarter as a whole IP increased by 7.4 percent at an annual rate following an increase of 6.0 percent in the third quarter. Total industrial capacity utilization increased by 0.1 percentage point to 83.4 percent in December 97 and was 4.7 percent higher than in December 96.

For other Group of Seven (G-7) member countries the latest annual rates of increase in industrial production were: 0.8 percent increase in the United Kingdom (November), 5.7 percent in Canada (October), 5.4 percent in France (November), 3.6

percent in Germany (November), 4.9 percent in Italy (November), and 1.3 percent in Japan (November).

## **Prices**

The seasonally adjusted U.S. Consumer Price Index (CPI) rose 0.1 percent in December 1997 following a similar increase in November. For the 12-month period ended in December 1997, the CPI increased by 1.7 percent.

For other G-7 countries the latest annual price increases were 3.6 percent in the United Kingdom (December), 1.5 percent in Italy (December), 0.7 percent in Canada (December), 1.1 percent in France (December), 1.8 percent in Germany (December) and 2.1 percent in Japan (November).

## **Employment**

The Bureau of Labor Statistics reported that the unemployment rate remained unchanged at 4.7 percent in December 1997.

Among the major demographic groups, the jobless rate for black workers was 9.9 percent, for adult women (4.0 percent), adult men (4.1 percent), teenagers (14.3 percent), whites (3.9 percent), and Hispanics (7.5 percent).

Among the major educational attainment categories, the jobless rate for persons 25 years and over who had not completed high school (7.2 percent) continued its year long decline. Rates for those with higher levels of educational attainments—including high school graduate with no college experience (3.9 percent), high school graduates with some college experience but no bachelor's degree (3.2 percent) and college graduates (1.9 percent)—were essentially unchanged over the month.

In other G-7 countries, their latest unemployment rates were as follows: Canada, 8.6 percent (December); Germany, 11.9 percent (December); France, 12.4 percent (November); Italy, 12.2 percent (October); Japan, 3.5 percent (November); and the United Kingdom, 5.0 percent (December).

## **The Impact of the Asian Financial Crisis on the World Economy**

Although the outlook for overall U.S. economic growth is assuring, the outlook for the U.S. trading position is not as clear. Financial markets instability

and substantial depreciation of currencies of several Asian emerging markets could lead to an increase in the U.S. trade deficit. As the dollar strengthens against these currencies arises, exports to these markets decline and imports from these markets increase. Imports from these areas could rise both because of the relatively high growth rates in the United States and cheaper import prices. As these countries try to earn foreign currency to pay off maturing debts, U.S. exports to these areas could decline due to the impact of the liquidity crunch and austerity measures these Asian markets have been advised to administer to restore investor confidence and to avoid sharply lower or negative growth.

The Asian financial crisis started on July 2, of last year, when the government of Thailand abandoned its efforts to maintain a fixed exchange rate of the baht. The baht quickly depreciated by more than 20 percent. Within a few days most neighboring countries had been forced to abandon their fixed exchange rates.

Massive speculation against the baht and other Asian currencies forced Thailand and several others to devalue their currencies. Speculative activity over the next few months had consumed most of the foreign exchange reserves amassed to defend exchange rates.

Investors, ordinarily, flee a currency because they expect it to be devalued due to persistent imbalances in the economic fundamentals of the country in question. These include large and persistent deficits in the current account, the erosion of a country's foreign reserves, budget deficits and the accumulation of foreign debts and domestic bad debts. Investors lack of confidence in a country's economic fundamentals is the main reason of currencies crises.

Currency crises have destabilizing effects on trade and investment and much depends on the size of the economies involved. However, the impact of the financial imbalances in the Pacific Rim on the U.S. and other economies is a matter of debate. Economic activity continues to expand in China. In Japan, the recent tax cut by the Japanese government is expected to stimulate the Japanese economy and help pull other Asian economies out of their slump. Nevertheless, Asian financial and economic crisis have caused jitters throughout East Asia as currency traders reassessed their positions and foreign investors withdrew short-term investment funds. A massive flight of foreign capital has already been registered, if persisted, could push several area banks into default. Asian stock markets turmoil could have sent shock waves to other financial markets.

According to a testimony of the US Trade Representative to the Congress on this subject, the

causes of the Asian financial crisis are complex and multifaceted. However, in each country across the region, observers find common features—inadequate supervision of Asian financial institutions, speculative real estate and equity booms, excessive close ties between governments, banks and corporations. These ties together with the deep seated resistance to competition including open trade and investment resulted in a misallocation of capital. Many investments that have led to insolvency would never have been made under more competitive conditions. Foreign investment flowed into the region, quadrupling in less than a decade to expand capacity well in excess of current or projected global demand. Also there have been a fundamental mismatch between short-term bank funding, fueled by foreign investment, and long-term lending transactions for projects of dubious merit, a phenomenon called “a pattern of conspicuous construction”.

In Korea, for example, the relationship between government, banks and commercial enterprises resulted in misallocating capital in Korea to ventures of questionable merits. This misallocation of capital fueled the expansion of some kind of conglomerates into lines of business of dubious value, in routine overproduction, and in excessive exports in such targeted industries as autos, steel, semiconductors and ships. This misallocation exacerbated in turn, market access problems in Korea, including import clearances for imports licensing procedures, anti-competitive practices, and other barriers to market access.

South East Asia's financial imbalances could prove to be of longer duration than have been thought, despite the loans provided by the IMF to help these countries pay off maturing foreign debts. Traditional economic adjustments, such as raising taxes, cutting spending, and raising interest rates could prove to be ineffective if not hard to apply in such a deflationary economic environment. Market forces played too little a role in allocating a spurt of foreign investment funds. The speculative bubble and favoritism were evident in

huge public works monuments and over speculation in real estate. Construction of an enormous overcapacity in cars, chips, steel, textiles and electronics also left the region with an overhang of debt and shrinking profits. Structural economic changes seem to be required to open Asian economies wider to disciplinary market forces that promote efficiency and discourage misallocation of resources. More generally, greater transparency and increased efficiency are required. These changes usually are of long gestation periods.

The Organization of Economic Cooperation and Development (OECD) assessed the impact of Southeast Asian financial problems on other countries economies in their latest *Economic Outlook* report. According to OECD estimates, the crisis will shave 0.3 percent off U.S. GDP growth rate in 1997 and 0.7 percent in 1998. Net U.S. exports will decline by 0.1 percent in 1997 and by 0.3 percent in 1998, table 1. The negative impact of the crisis will be higher on Japan's economy than on other countries, says the OECD. OECD, however, emphasizes that the final outcome is uncertain. Much depends on the direct effects of the crisis on the Asian economies themselves, the extent of the economic adjustments implemented in an environment of falling equity prices, and the subsequent negative impact on wealth and incomes. The impact of the crisis on world trade is even harder to assess because of the large changes in relative prices of currencies and the difficulty of assessing the speed and magnitude of adjustments of trade flows to exchange rate changes.

Unlike the OECD, the International Monetary Fund (IMF), updating its September *World Economic Outlook*, stated that, “although financial crisis is inherently nonforecastable because their occurrence and especially their timing are intimately linked to sudden changes in investor confidence, the financial tumult in Southeast Asia and South Korea will batter the region's economies in 1998 but leave the United States, Canada, and Europe largely undisturbed.”

**Table 1**  
**Potential macroeconomic impact of the Southeast Asian financial turbulence on the OECD area**

Country/area	Real GDP		Net exports		Inflation	
	1997	1998	1997	1998	1997	1998
United States .....	-0.3	-0.7	-0.1	-0.3	0.0	-0.3
Japan .....	-0.6	-1.4	-0.2	-0.5	0.0	-0.9
EU .....	-0.3	-0.8	-0.2	-0.5	0.0	-0.3
Korea, Australia, New Zealand .....	-0.5	-1.4	-0.3	-0.7	-0.1	-0.5
Total OECD .....	-0.3	-0.9	-0.2	-0.5	0.0	-0.5

Source: *OECD Economic Outlook*, 62 December 1997.

The IMF predicted that the global economy will grow by 3.5 percent in 1998, 0.8 percent lower than predicted in September. The effect of the Asian turmoil will differ by region. Asian developing economies will slow down sharply. According to the IMF, Thailand's economy will not grow at all in 1998, Indonesia will grow at 2 percent, Malaysia at 2.5 percent, and South Korea at 2.5 percent. As to developed economies, the IMF downgraded its September forecast by 0.2 percentage point predicting that the U.S. economy will grow by 2.4 percent in 1998, Canada by 3.2 percent, Germany by 2.6 percent, France by 2.7 percent and the United Kingdom by 2.4 percent. Buoyant domestic demand in those nations will outweigh the negative effects of diminished trade and investment in Asia, the IMF stated.

The IMF predicted that the impact of the Asian turmoil will be felt most in the U.S. current account, the broadest measure of a nation's foreign trade in goods and services and investment income. The U.S. current account deficit could swell to \$230.2 billion in 1998 from \$177.5 billion in 1997, and that could trigger protectionist measures.

The IMF predicted that the Japanese economy will be hurt much more than other nations because of Japan's much larger share in trade and investment in distressed Asian nations. Fully 18.2 percent of Japan's trade is conducted with emerging economies in Asia. The comparable figure for the United States is 11.3 percent and for Germany's, it is, 3.8 percent. Japan's economy will grow by a meager 1.1 percent in 1998, a full percent below its September forecast, the IMF said.

## OECD World Economic Outlook

Notwithstanding the impact of the Asian financial problems on the economies of the western world, the OECD's semi-annual report the *OECD Economic Outlook*, 62, issued in December 1997, projects moderate growth rates for 1997 and 1998 with low rates of inflation.

According to the report, the tensions in the financial markets and the considerable increase in other OECD stock markets volatility have not fundamentally affected the favorable outlook for the OECD area as a whole. OECD projections signal better prospects for

the United States and Europe, but significantly worse prospects for Japan's economy. Unemployment rates are projected to remain high in the EU.

For the United States, the OECD report recognizes the positive impact of the upswing in business investment on U.S. economic growth, and of the labor market flexibility which has been a major factor in keeping inflation down. Low inflation and robust rates of employment are expected to continue. The pace of economic activity, while decelerating somewhat in 1998, should remain close to potential rates.

For countries that might participate in the common currency "euro", expansions appear increasingly solid, and should gather pace over the next two years. For Japan, where the expansion that started in 1996 faltered during 1997, recovery has become increasingly fragile, according to OECD report.

For a number of other countries in South East Asia including Korea, prospects of growth will be negatively affected by the financial crisis, involving in some cases much lower growth rates in the short-run than those experienced in the past decade. The OECD report recommended that adjustment policies to tackle problems at their roots be implemented as rapidly and as effectively as possible. These adjustments include providing adequate liquidity, speeding up financial market liberalization, restructuring the corporate sector and improving governance structures. World trade is projected to grow by 8.2 percent in 1998 and by 7.4 percent in 1999 compared with 9.2 percent growth in 1997. Tables 2 and 3 show selected OECD economic projections.

## U.S. Productivity and Costs

The Bureau of Labor Statistics reported that seasonally-adjusted annual rates of productivity growth in the third quarter—as measured by output per hour of all persons—for the third quarter of 1997 were: 4.0 percent in the business sector, and 4.1 percent in the nonfarm business sector. The third-quarter increase in labor productivity in the nonfarm business sector was the largest since the fourth quarter of 1992. In manufacturing, revised productivity increases in the third quarter were 9.3 percent in manufacturing, 13.1 percent in durable goods manufacturing, and 5.2 percent in nondurable goods manufacturing.

**Table 2**  
**Macroeconomic indicators and projections for the prospective euro-area**

	1994	1995	1996	1997	1998	1999
	<i>Percent change from previous period</i>					
Real total domestic demand .....	2.4	2.2	1.1	1.7	2.5	2.7
Real exports of goods and services .....	9.1	8.1	4.3	8.6	8.0	7.3
Real imports of goods and services .....	8.2	7.6	2.4	6.3	6.9	6.9
Real GDP .....	2.6	2.4	1.6	2.4	3.0	2.9
Private consumption deflator .....	2.7	2.9	2.2	1.6	1.8	1.9
Unemployment rate (percent) .....	12.2	12.0	12.3	12.5	12.1	11.6
	<i>Percent of GDP</i>					
Output gap .....	-1.5	-1.3	-1.8	-1.7	-1.1	-0.6
Current balance of payments .....	0.4	0.9	1.4	1.8	2.3	2.7
General government financial balances ..	-5.6	-3.1	-4.4	-3.0	-2.7	-2.4

Note.—The Euro area includes 11 countries prospective participants in the European Monetary Union in 1999: Germany, France, Italy, Austria, Belgium, Finland, Ireland, Luxembourg, Netherlands, Portugal, and Spain.

Output Gap=deviation of actual GDP, from nominal G.P. as a percentage GDP.

Source: *OECD Economic Outlook*, 62, December 1997.

The third-quarter productivity increase in manufacturing occurred as output rose at a 7.2 percent rate and hours of all persons working in the sector fell 1.9 percent. Output and hours in manufacturing, which includes about 18 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the more aggregate business and nonfarm business sectors. Third-quarter measures are summarized in table 4.

## *Business*

From the second quarter to the third quarter of 1997, business sector productivity rose 4.0 percent as output increased 3.8 percent but hours of all persons engaged in the sector fell off slightly. Employment in the business sector rose in the third quarter by 0.9 percent, but this increase was offset by a 1.0 percent decline in average weekly hours at work. In the second quarter, productivity had risen 2.4 percent, reflecting increases in output and hours of all persons of 3.9 and 1.5 percent, respectively (table 4). Hourly compensation increased 4.3 percent during the third quarter of 1997; it had increased 3.3 percent one quarter earlier. This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Unit labor costs in

both the second and third quarters rose modestly—0.3 percent in the third quarter and 0.9 percent in the second quarter. Real hourly compensation, rose 2.3 percent in the third quarter and 2.2 percent in the second quarter of 1997.

## *Nonfarm business*

Nonfarm business productivity increased 4.1 percent during the third quarter of 1997 as output rose 4.0 percent and hours of all persons declined 0.1 percent. As in the larger business sector, an employment increase, 1.0 percent, was more than offset by a decline in average weekly hours at work, 1.1 percent. During the second quarter of 1997, productivity in the nonfarm business sector had increased 2.4 percent, reflecting a gain of 3.8 percent in output and a 1.4 percent rise in hours (table 4). Hourly compensation increased at a 3.9 percent annual rate in the third quarter, compared with a 3.3 percent increase one quarter earlier. Real hourly compensation rose at a 1.9 percent annual rate in the third quarter, following a 2.2 percent rise during the second quarter of the year. Unit labor costs fell slightly by 0.2 percent, in the third quarter of 1997 after having risen 0.9 percent in the second quarter.





**Table 4**  
**Productivity and costs: Revised third-quarter 1997 measures, seasonally adjusted annual rates**

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
<i>Percent change from preceding quarter</i>						
Business .....	4.0	3.8	-0.2	4.3	2.3	0.3
Nonfarm business .....	4.1	4.0	-0.1	3.9	1.9	-0.2
Manufacturing .....	9.3	7.2	-1.9	3.4	1.4	-5.4
Durable .....	13.1	12.1	-0.9	2.4	0.4	-9.5
Nondurable .....	5.2	1.6	-3.4	5.0	2.9	-0.2
<i>Percent change from same quarter a year ago</i>						
Business .....	2.5	4.8	2.2	3.8	1.6	1.3
Nonfarm business .....	2.4	4.7	2.2	3.8	1.5	1.3
Manufacturing .....	4.6	5.2	0.6	3.1	0.9	-1.4
Durable .....	5.8	7.6	1.7	2.4	0.2	-3.2
Nondurable .....	3.3	2.4	-0.9	4.0	1.8	0.7

Source: U.S. Bureau of Labor Statistics.

## Manufacturing

Productivity increased 9.3 percent in manufacturing in the third quarter of 1997, as output rose 7.2 percent and hours of all persons fell 1.9 percent (seasonally adjusted annual rates), table 5. This increase in labor productivity was the largest in the manufacturing sector in more than 15 years (since the second quarter of 1982) when it rose 12.5 percent. In the second quarter of 1997, productivity rose 2.8 percent, reflecting an output increase of 3.9 percent and an increase in hours of 1.1 percent.

In durable goods industries, productivity grew 13.1 percent in the third quarter as output rose 12.1 percent and hours fell 0.9 percent. In the nondurable goods industries, third-quarter productivity grew 5.2 percent as output rose 1.6 percent and hours dropped 3.4 percent (table 6). Hourly compensation of all manufacturing workers rose 3.4 percent during the third quarter, compared with an increase of 2.6 percent during the second quarter (seasonally adjusted annual rates). In durable goods manufacturing, hourly compensation rose 2.4 percent during the third quarter of 1997, and real hourly compensation rose 0.4 percent.

The increases in nondurable goods manufacturing were higher—hourly compensation rose 5.0 percent and real hourly compensation rose 2.9 percent.

Because the large increase in labor productivity more than offset the rise in hourly compensation in the

manufacturing sector, unit labor costs fell at a 5.4 percent annual rate in the third quarter of 1997. This decline was the largest recorded in the manufacturing sector in 34 years—since a 5.5 percent drop in the second quarter of 1963. Unit labor costs fell in both durable and nondurable goods manufacturing in the third quarter of 1997.

Unit labor costs fell 9.5 percent in durable goods industries and declined 0.2 percent in nondurable goods industries. In the second quarter, unit labor costs in manufacturing fell 0.2 percent.

## Forecasts

Six major forecasters expect real annual growth in the United States to average around percent in the first quarter of 1998, then moderating to an average of 2.2 percent in the second quarter. Table 7 shows macroeconomic projections for the U.S. economy from January to December 1998, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are quarterly averages. The average of the forecasts points to an unemployment rate ranging around 4.7 percent to 4.9 percent in the first half of 1998. Inflation (as measured by the GDP deflator) is expected to remain subdued at an average rate of 2.1 percent to 2.3 percent in the first two quarters of 1998.

**Table 5**  
**Manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted**

Year	Productivity	Output	Hours of all persons	Compensation per hour	Real compensation per hour	Unit labor costs
<i>Percent change from previous quarter at annual rate</i>						
1995:						
Jan.-March .....	3.8	4.4	0.6	2.1	-0.6	-1.6
April-June .....	3.5	-1.2	-4.5	3.8	0.7	0.3
July-Sept. ....	4.3	2.7	-1.5	3.9	1.7	-0.4
Oct.-Dec. ....	1.7	1.0	-0.7	3.2	0.7	1.4
Total annual .....	3.2	3.5	0.3	2.9	0.1	-0.3
1996:						
Jan.-March .....	4.0	1.1	-2.7	2.5	-0.8	-1.4
April-June .....	2.4	6.3	3.8	4.7	1.3	2.2
July-Sept. ....	5.5	5.0	-0.5	3.2	0.5	-2.2
Oct.-Dec. ....	3.7	4.3	0.6	1.9	-1.4	-1.7
Total annual .....	3.3	2.8	-0.5	3.2	0.2	-0.1
1997:						
Jan.-March .....	2.5	5.4	2.8	4.4	2.0	1.8
April-June .....	2.8	3.9	1.1	2.6	1.5	-0.2
July-Sept. ....	9.3	7.2	-1.9	3.4	1.4	-5.4
<i>Percent change from corresponding quarter of previous year</i>						
1995:						
Jan.-March .....	2.9	5.7	2.8	2.0	-0.9	-0.9
April-June .....	2.7	3.5	0.9	2.8	-0.2	0.1
July-Sept. ....	3.4	3.1	-0.3	3.1	0.5	-0.3
Oct.-Dec. ....	3.3	1.7	-1.6	3.3	0.6	-0.1
Total annual .....	3.2	3.6	0.3	2.9	0.1	-0.3
1996:						
Jan.-March .....	3.4	0.9	-2.4	3.3	0.6	0.0
April-June .....	3.1	2.8	-0.3	3.6	0.7	0.5
July-Sept. ....	3.4	3.3	-0.1	3.4	0.4	0.0
Oct.-Dec. ....	3.9	4.1	0.3	3.1	-0.1	-0.8
Total annual .....	3.3	2.8	-0.5	3.2	0.2	-0.1
1997:						
Jan.-March .....	3.5	5.2	1.7	3.5	0.6	0.0
April-June .....	3.6	4.7	1.0	3.0	0.6	-0.6
July-Sept. ....	4.6	5.2	0.6	3.1	0.9	-1.4

Source: Bureau of Labor Statistics.

**Table 6**  
**Durable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted**

Year	Productivity	Output	Hours of all persons	Compensation per hour	Real compensation per hour	Unit labor costs
<i>Percent change from previous quarter at annual rate</i>						
1995:						
Jan.-March .....	5.7	6.7	0.9	2.3	-0.4	-3.2
April-June .....	2.1	-1.4	-3.4	3.0	-0.1	1.0
July-Sept. ....	5.4	5.3	-0.1	3.4	1.2	-1.9
Oct.-Dec. ....	2.4	3.4	0.9	2.1	-0.3	-0.3
Total annual .....	4.0	5.3	1.3	2.6	-0.2	-1.3
1996:						
Jan.-March .....	6.0	3.7	-2.2	1.6	-1.7	-4.2
April-June .....	4.0	10.3	6.1	4.8	1.4	0.8
July-Sept. ....	6.2	6.0	-0.2	2.7	0.0	-3.4
Oct.-Dec. ....	2.1	2.8	0.7	0.5	-2.7	-1.6
Total annual .....	4.3	5.0	0.7	2.5	-0.4	-1.7
1997:						
Jan.-March .....	3.0	8.3	5.7	4.7	2.3	1.7
April-June .....	5.5	7.4	1.8	2.0	0.9	-3.3
July-Sept. ....	13.1	12.1	-0.9	2.4	0.4	-9.5
<i>Percent change from corresponding quarter of previous year</i>						
1995:						
Jan.-March .....	4.1	8.0	3.7	1.7	-1.1	-2.3
April-June .....	3.4	5.4	1.9	2.5	-0.6	-0.9
July-Sept. ....	3.9	4.7	0.7	0.8	0.2	-1.1
Oct.-Dec. ....	3.9	3.4	-0.4	2.7	0.1	-1.1
Total annual .....	4.0	5.3	1.3	2.6	-0.2	-1.3
1996:						
Jan.-March .....	4.0	2.7	-1.2	2.5	-0.2	-1.4
April-June .....	4.4	5.6	1.2	3.0	0.1	-1.4
July-Sept. ....	4.6	5.8	1.1	2.8	-0.2	-1.8
Oct.-Dec. ....	4.6	5.7	1.1	2.4	-0.8	-2.1
Total annual .....	4.3	5.0	0.7	2.5	-0.4	-1.7
1997:						
Jan.-March .....	3.8	6.8	2.9	3.2	0.2	-0.6
April-June .....	4.2	6.1	1.9	2.5	0.1	-1.7
July-Sept. ....	5.8	7.6	1.7	2.4	0.2	-3.2

Source: Bureau of Labor Statistics.

**Table 7**  
**Projected changes in U.S. economic indicators, by quarters, Jan.98-Dec. 98**

(Percentage)

Period	Confer- ence Board	E.I. Dupont	UCLA Business Forecasting Project	Merrill Lynch Capital Markets	Data Resources Inc. (D.R.I.)	Wharton WEFA Group	Mean of 6 fore- casts
<b>GDP current dollars</b>							
1998:							
Jan.-March . . . . .	6.1	5.2	5.2	3.8	5.7	4.1	5.0
Apr.-June . . . . .	4.8	4.9	5.1	4.1	4.1	4.2	4.5
July-Sept. . . . .	5.1	4.5	5.3	4.5	4.4	4.7	4.8
Oct.-Dec. . . . .	5.1	5.1	4.9	4.5	4.4	4.0	4.8
Annual average . . .	5.3	6.6	5.1	4.2	4.7	4.5	5.1
<b>GDP constant (chained 1992) dollars</b>							
1998:							
Jan.-March . . . . .	4.0	2.4	2.4	1.7	1.7	2.3	2.4
Apr.-June . . . . .	2.2	2.3	2.3	2.0	2.0	2.1	2.2
July-Sept. . . . .	2.2	2.6	2.2	2.6	2.6	2.0	2.4
Oct.-Dec. . . . .	1.8	1.8	1.9	2.6	2.6	1.9	2.1
Annual average . . .	2.6	2.3	2.2	2.2	2.2	2.1	2.3
<b>GDP deflator index</b>							
1998:							
Jan.-March . . . . .	2.0	2.5	2.7	1.8	1.8	1.8	2.1
Apr.-June . . . . .	2.3	2.5	2.8	2.1	2.1	2.1	2.3
July-Sept. . . . .	2.8	2.5	3.0	1.8	1.8	2.7	2.4
Oct.-Dec. . . . .	3.2	2.8	3.0	1.8	1.8	3.0	2.6
Annual average . . . . .	2.6	2.6	2.9	1.9	1.9	2.4	2.4
<b>Unemployment, average rate</b>							
1998:							
Jan.-March . . . . .	4.6	4.7	4.8	4.8	4.8	4.5	4.7
Apr.-June . . . . .	4.5	4.7	5.0	5.1	4.9	4.5	4.8
July-Sept. . . . .	4.5	4.8	5.2	5.2	5.0	4.6	4.9
Oct.-Dec. . . . .	4.5	4.9	5.5	5.2	5.1	4.7	5.0
Annual average . . .	4.5	4.8	5.1	5.1	5.0	4.6	4.8

Note.—Except for the unemployment rate, percentage changes in the forecast represent annualized rates of change from preceding period. Quarterly data are seasonally adjusted. Forecast date, Dec. 97.

Source: Compiled from data of the Conference Board. Used with permission.

## U.S. International Transactions: Third Quarter 1997 Current Account

The U.S. current-account deficit increased to \$42.2 billion in the third quarter from \$37.9 billion in the second, according to preliminary estimates of the Commerce Department. An increase in the merchandise trade deficit more than accounted for the increase. Only small, and nearly offsetting, changes occurred in the services, income, and net unilateral

transfers components of the current account as illustrated in table 8.

### *Goods and services*

The deficit on goods and services increased to \$29.6 billion in the third quarter from \$25.6 billion in the second. The deficit on goods increased to \$51.5 billion in the third quarter from \$47.1 billion in the second. Goods exports decreased to \$170.6 billion from \$171.4 billion. The decrease was more than accounted for by nonagricultural exports. Goods imports increased to \$222.1 billion from \$218.5 billion. The increase was more than accounted for by nonpetroleum imports.

The surplus on services increased to \$21.9 billion in the third quarter from \$21.5 billion in the second. Service receipts increased to \$64.4 billion from \$63.3 billion. Most of the increase was accounted for by "other" private services (which include business and professional services, financial services, education, and other unaffiliated services) and by travel. Service payments increased to \$42.5 billion from \$41.8 billion. Most of the increase was accounted for by "other" private services, by royalties and license fees, and by travel.

### ***Investment income***

The deficit on investment income increased to \$3.3 billion in the third quarter from \$3.2 billion in the second. Income receipts on U.S. assets abroad increased to \$60.6 billion from \$59.1 billion. Most of the increase was accounted for by "other" private receipts. Income payments on foreign assets in the United States increased to \$63.9 billion from \$62.4 billion. All major components increased.

### ***Unilateral transfers***

Net unilateral transfers were \$9.2 billion in the third quarter, compared with \$9.0 billion in the second.

### ***Capital transactions***

Net recorded capital inflows were \$68.0 billion in the third quarter, compared with \$52.1 billion in the second. The step-up in net inflows from the second to the third quarter reflects a larger step-up in foreign assets in the United States than in U.S. assets abroad.

### ***U.S. assets abroad***

U.S. assets abroad increased \$101.6 billion in the third quarter, compared with an increase of \$90.9 billion in the second. U.S. claims on foreigners reported by U.S. banks increased \$22.8 billion in the third quarter, following an increase of \$27.9 billion in the second. Banks' own claims on banking offices abroad shifted to large inflows, while claims on other foreigners increased sharply, largely from lending to finance securities transactions. Banks' domestic customers' claims rose sharply as a result of increased deposits abroad and purchases of foreign commercial paper. Net U.S. purchases of foreign securities were \$38.0 billion in the third quarter, up from \$21.8 billion in the second. Net U.S. purchases of foreign stocks strengthened as a result of stepped-up investment in Western Europe, while net purchases from Japan declined. Net U.S. purchases of foreign bonds rose

sharply as a result of record new issues placed in the U.S. market and a resumption of strong net purchases from the United Kingdom.

Net capital outflows for U.S. direct investment abroad were \$24.7 billion in the third quarter, compared with \$36.7 billion in the second. A large shift to net intercompany debt inflows and a small decrease in reinvested earnings were partly offset by an increase in net equity capital outflows.

U.S. official reserve assets increased \$0.7 billion in the third quarter, following a \$0.2 billion increase in the second.

### ***Foreign assets in the United States***

Foreign assets in the United States increased \$169.5 billion in the third quarter, compared with an increase of \$143.0 billion in the second. U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$14.1 billion in the third quarter, following an increase of \$28.1 billion in the second. Banks' own liabilities to foreign banks and other foreigners changed little, while banks' custody liabilities increased sharply.

Net foreign private purchases of U.S. Treasury securities and U.S. currency flows were \$43.5 billion in the third quarter, down from \$49.9 billion in the second. Net U.S. currency flows were \$6.6 billion, compared with \$4.8 billion. Net foreign purchases of U.S. Treasury securities were \$36.9 billion, down from \$45.1 billion. A sharp reversal to net sales of U.S. Treasury bonds by Japan was mostly offset by record net purchases from Western Europe. Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$60.8 billion in the third quarter, up from the previous record of \$51.7 billion in the second. Net foreign purchases of U.S. stocks rose to a second consecutive quarterly record, and net foreign purchases of U.S. bonds also reached a record, largely as a result of record new issues abroad by U.S. corporations.

Net capital inflows for foreign direct investment in the United States were \$21.1 billion in the third quarter, down from \$26.6 billion in the second. The slow-down was more than accounted for by a decrease in net intercompany debt inflows, which were partly offset by increases in net equity capital inflows and reinvested earnings.

Foreign official assets in the United States increased \$22.5 billion in the third quarter, following a \$5.4 billion decrease in the second. Much of the increase was accounted for by a few non-OPEC developing countries.

**Table 8**  
**U.S. International Transactions, millions of dollars, seasonally adjusted**

(Credit +, debits -)

	1996	1996				1997		
		Jan.-Mar.	April-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	April-June <sup>1</sup>	July-Sept. <sup>2</sup>
Exports of goods, services & income .....	-1,055,233	256,382	262,335	261,979	274,545	279,521	293,8685	295,597
Goods, adjusted, excluding military <sup>1</sup> .....	612,069	150,048	153,411	150,764	157,846	162,527	171,411	170,579
Services <sup>2</sup> .....	236,764	57,057	58,736	59,322	61,656	61,725	63,328	64,410
Income receipt U.S. assets abroad .....	206,400	49,277	50,188	51,893	55,043	55,269	59,129	60,608
Direct investment receipts .....	98,890	23,389	23,929	24,675	26,898	25,872	27,970	28,088
Other private receipts .....	102,866	24,643	25,053	25,938	27,232	28,544	30,151	31,643
U.S. Government receipts .....	4,644	1,245	1,206	1,280	913	853	1,008	877
Imports of goods, services & income .....	-1,163,450	-278,860	-2899,231	-295,865	-299,493	-310,811	-322,760	-328,549
Goods, adjusted, excluding military <sup>1</sup> .....	-803,239	-192,973	-200,973	-203,257	-206,036	-212,314	-218,545	-222,128
Services <sup>2</sup> .....	-156,634	-38,671	-38,953	-39,345	-39,664	-41,238	-41,839	-42,492
Income payments on foreign assets in the								
United States .....	-203,577	-47,216	-49,305	-53,263	-53,793	-57,259	-62,376	-63,929
Direct investment receipts .....	-32,132	-6,842	-7,873	-9,612	-7,805	-8,539	-10,241	-10,701
Other private receipts .....	-100,103	-24,210	-24,600	-25,158	-26,135	-27,581	-29,341	-29,759
Unilateral transfers, net .....	-39,968	-10,406	-8,689	-8,947	-11,926	-8,682	-8,960	-9,204
U.S. assets abroad, net (increase/capital								
outflow (-)) .....	-352,444	-70,768	-49,698	-77,542	-154,436	-127,969	-90,935	-101,564
U.S. private assets, net .....	-358,422	-70,575	-48,817	-85,193	-153,837	-132,428	-90,431	-101,316
Direct investment .....	-87,813	-22,210	-23,634	-11,104	-30,865	-26,426	-36,659	-24,661
Foreign securities .....	-108,189	-34,455	-20,328	-23,206	-30,200	-14,510	-21,841	-37,995
U.S. claims on unaffiliated foreigners								
reported by U.S. nonbanking								
concerns .....	-64,234	-15,778	-5,047	-17,294	-26,115	-29,466	-3,984	-15,900
U.S. claims reported by U.S. banks,								
not included elsewhere .....	-98,186	1,868	192	-33,589	-66,657	-62,026	-27,947	-22,760
Foreign assets in the United States, net								
(increase/capital inflow(+)) .....	547,555	88,233	106,114	158,629	194,579	182,238	143,015	169,540
Foreign official assets in the								
United States, net .....	122,354	52,014	13,154	24,089	33,097	28,891	-5,374	22,498
U.S. Government securities .....	115,634	55,652	-2,125	26,689	35,418	23,940	-11,464	9,148
U.S. Treasury securities .....	111,253	55,600	-3,383	25,472	33,564	23,289	-12,108	6,485
Other .....	4,381	52	1,258	1,217	1,854	651	644	2,663
Other foreign assets in the U S, net .....	425,201	36,219	92,960	134,540	161,482	153,347	148,389	147,042
Direct investment .....	76,955	15,877	17,440	25,977	17,661	30,641	26,608	21,076
U.S. Treasury securities and U.S.								
currency flows .....	172,878	10,602	36,152	50,798	75,326	51,289	49,915	43,494
U.S. securities other than U.S.								
Treasury securities .....	133,798	36,475	29,761	35,115	32,447	38,820	51,682	60,770
U.S. liabilities to unaffiliated foreigners								
reported by U.S. nonbanking concerns ..	31,786	6,800	7,288	20,610	-2,912	15,210	-7,916	7,600
U.S. liabilities reported by U.S. banks,								
not included elsewhere .....	9,784	33,535	2,319	2,040	38,960	17,387	28,100	14,102

**Table 8—Continued**  
**U.S. International Transactions, millions of dollars, seasonally adjusted**

(Credit +, debits -)

	1996					1997		
	1996	Jan.-Mar.	April-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	April-June <sup>1</sup>	July-Sept. <sup>2</sup>
Statistical discrepancy (sum of above items with sign reversed) .....	46,927	15,419	-20,831	-38,254	-3,269	-14,297	-14,228	-25,820
Memoranda:								
Balance on goods .....	191,170	-42,925	-47,562	-52,493	-48,190	-49,787	-47,134	-51,549
Balance on services .....	80,130	18,386	19,783	19,977	21,992	20,487	21,489	21,918
Balance on goods & services .....	111,040	-24,539	-27,779	-32,516	-26,198	-29,300	-25,645	-29,631
Balance on investment income .....	2,824	2,061	883	-1,370	1,250	-1,990	-3,247	-3,321
Balance on goods, services, & income ....	-108,216	-22,478	-26,896	-33,886	-24,948	-31,290	-28,892	-32,952
Memoranda:								
Unilateral transfers, net .....	39,968	-10,406	-8,689	-8,947	-11,926	-8,682	-8,960	-9,204
Balance on current account .....	148,184	-32,884	-35,585	-42,833	-36,874	-39,972	-37,852	-42,156

<sup>1</sup> Revised.

<sup>2</sup> Preliminary.

<sup>3</sup> Adjusted for timing, valuation, and coverage to balance of payments basis; excludes exports under U.S. military agency sales contracts and imports of U.S. military agencies.

<sup>4</sup> Includes some goods that cannot be separately identified from services.

Note.—Details may not add to totals because of rounding.

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



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## U.S. TRADE DEVELOPMENTS

The U.S. Department of Commerce reported that seasonally adjusted exports of goods and services of \$80.0 billion and imports of \$90.8 billion in December 1997 resulted in a goods and services trade deficit of \$10.8 billion \$2.1 billion, more than the \$8.7 billion in November. The December 1997 deficit on goods and services was \$0.2 billion higher than the deficit registered in December 1996 of \$10.6 billion and approximately \$1.5 billion more than the average monthly deficit registered during the previous 12 months of approximately \$9.3 billion).

The December 1997 trade deficit on goods was \$17.6 billion, approximately \$1.9 billion more than the November 1997 deficit of \$15.7 billion. The December 1997 services surplus was \$6.9 billion, slightly lower than the November October services surplus.

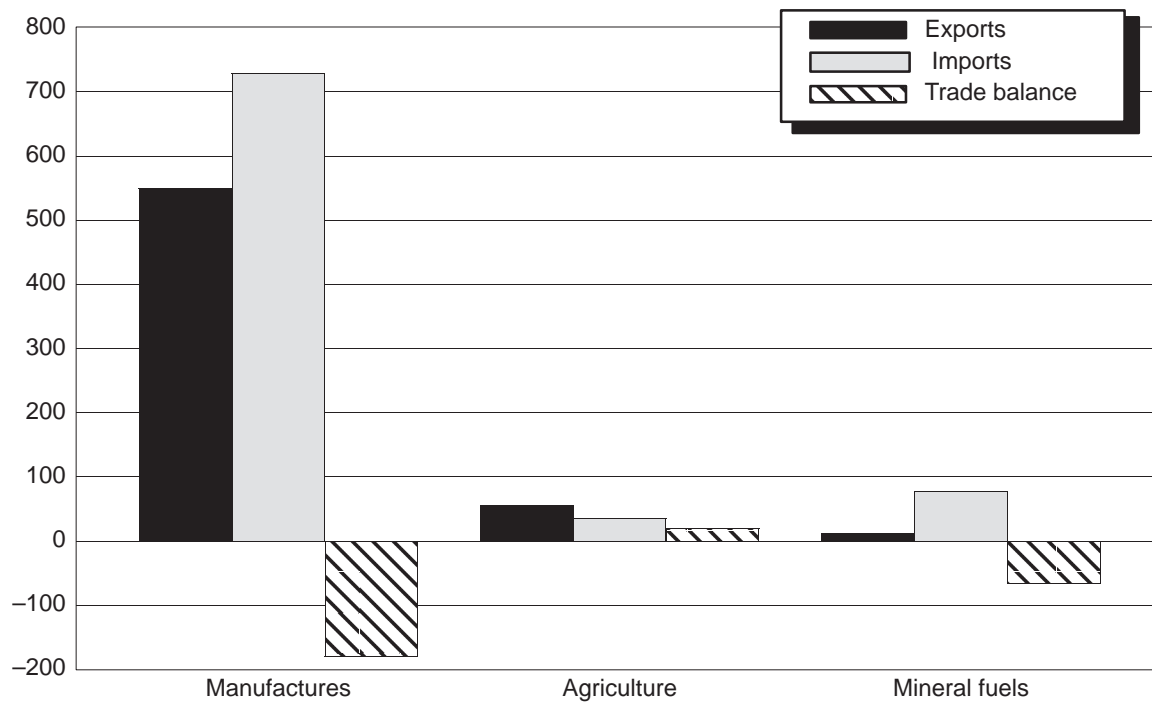
Exports of goods increased in December 1997 to \$58.7 billion from \$57.6 billion, imports of goods increased to \$76.3 billion from \$73.3 billion. Most of the November to December increase in exports occurred in capital goods (primarily civilian aircraft, and other goods. Exports of automotive vehicles, parts, and engines of passenger cars decreased. The import increases reflected increases in imports of capital goods (primarily civilian aircraft), consumer goods automotive vehicles, parts and engines and industrial supplies, and foods.

In the period January-December 1997, U.S. exports of goods and services increased to a record \$932.3 billion from \$848.8 billion in January-December 1996. However, in the same period total imports of goods and services increased to \$1046.1 billion from \$959.9 billion. The deficit on goods and services was \$113.8 billion compared with \$111.0 billion in January-December 1996, the highest level in 9 years.

U.S. exports to the Pacific Rim countries increased in December to \$16.3 billion from \$16.1 billion in November, imports increased to \$26.8 billion from \$26.0 billion and the trade deficit increased to \$10.6 billion from \$9.9 billion. The trade surplus with Hong Kong rose to \$0.5 billion from \$0.4 billion, the deficit with Korea and Singapore rose slightly but the deficit with Taiwan declined to \$0.7 billion from \$1.0 billion. U.S. trade deficit with Other Pacific Rim declined slightly to \$1.3 billion.

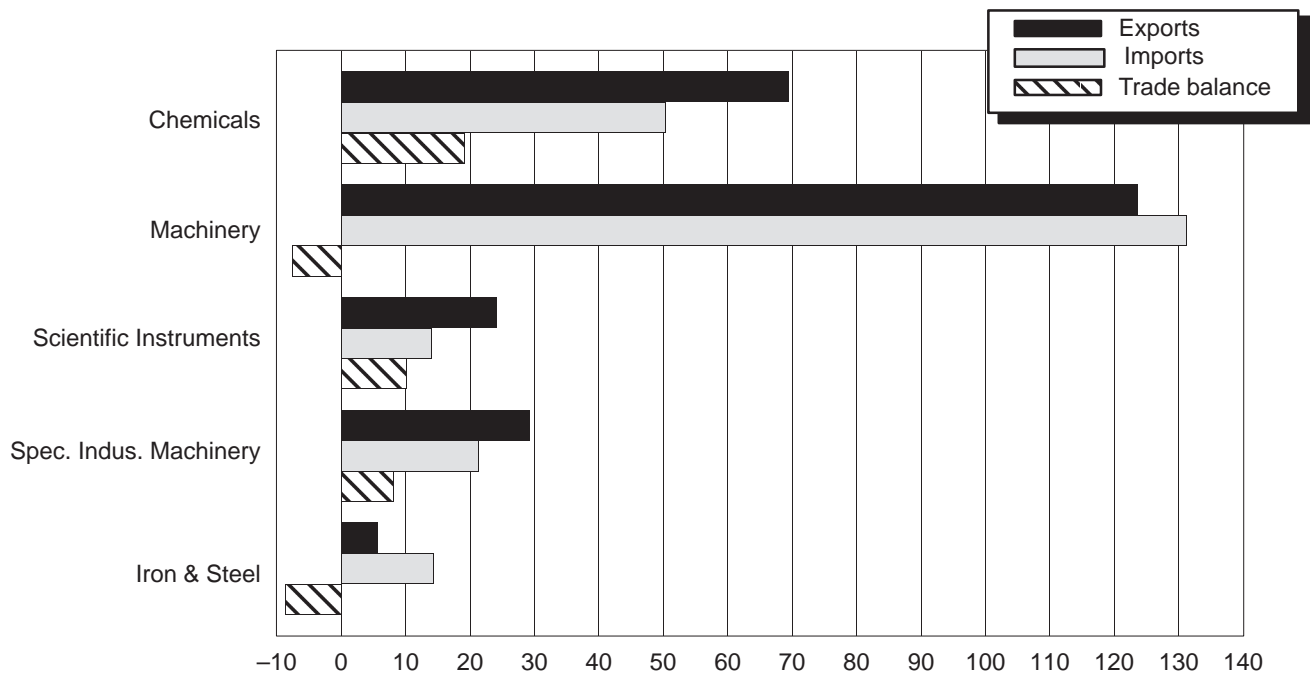
Major U.S. trade developments are highlighted in figures 2, 3, and 4. Seasonally adjusted U.S. trade in goods and services in billions of dollars as reported by the U.S. Department of Commerce is shown in table 9. Nominal export changes and trade balances for specific major commodity sectors are shown in table 10. U.S. exports and imports of goods with major trading partners on a monthly and year-to-date basis are shown in table 11, and U.S. trade in services by major category is shown in table 12.

**Figure 2**  
**U.S. trade by major commodity, billion dollars, Jan.-Dec. 97**



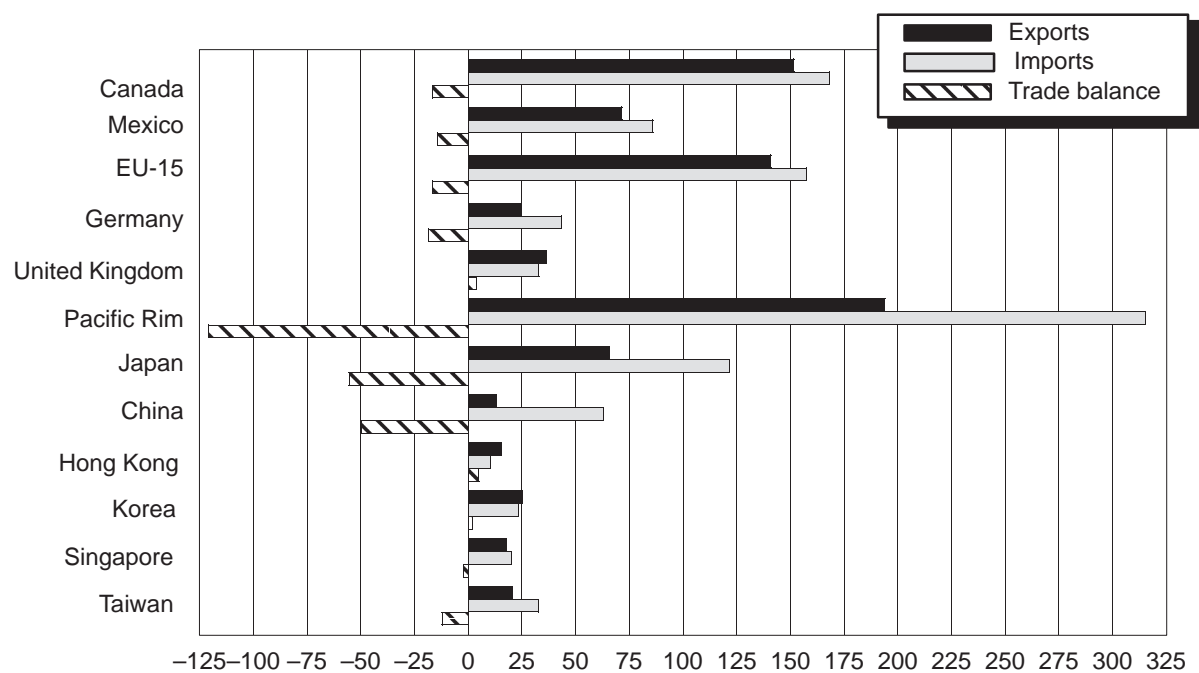
Source: U.S. Department of Commerce.

**Figure 3**  
**U.S. trade in principal goods, billion dollars, Jan.-Dec. 97**



Source: U.S. Department of Commerce.

**Figure 4**  
**U.S. trade with major trading partners, billion dollars, Jan.-Dec. 1997**



Source: U.S. Department of Commerce.

**Table 9**  
**U.S. trade in goods and services, seasonally adjusted, Nov.-Dec. 1997**  
*(Billion dollars)*

Item	Exports		Imports		Trade balance	
	Dec. 1997	Nov. 1997	Dec. 1997	Nov. 1997	Dec. 1997	Nov. 1997
Trade in goods (BOP basis)						
Current dollars—						
Including oil	58.7	57.6	76.3	73.3	-17.6	-15.7
Excluding oil	58.6	57.4	70.3	67.4	-11.7	-10.0
Trade in services						
Current dollars	21.4	21.4	14.5	14.3	6.9	7.1
Trade in goods and services						
Current dollars	80.0	79.0	90.8	87.7	-10.8	-8.7
Trade in goods (Census basis)						
1992 dollars	73.8	72.2	93.5	89.8	-19.7	-17.6
Advanced-technology products (not seasonally adjusted)	17.6	14.7	13.6	12.1	4.0	2.7

Note.—Data on goods trade are presented on a balance-of-payments (BOP) basis that reflects adjustments for timing, coverage, and valuation of data compiled by the Census Bureau. The major adjustments on BOP basis exclude military trade but include nonmonetary gold transactions, and estimates of inland freight in Canada and Mexico, not included in the Census Bureau data.

Source: U.S. Department of Commerce News (FT 900), Feb. 19, 1998.

**Table 10**  
**Nominal U.S. exports and trade balances, of agriculture and specified manufacturing sectors,**  
**Jan. 1996-Dec. 1997**

	Exports		Change	Share	Trade balances	
	Dec.	Jan-Dec.	Jan.-Dec.	of	Jan.-Dec.	Jan.-Dec.
	1997	1997	over	total,	1997	1996
	— Billion dollars —		Percentage		— Billion dollars —	
ADP equipment & office machinery .....	4.0	43.6	9.8	6.3	-31.4	-26.8
Air planes .....	3.9	25.5	34.2	3.7	20.8	15.1
Airplane parts .....	1.2	13.3	13.7	1.9	8.4	8.2
Electrical machinery .....	5.4	65.8	15.0	9.6	-14.5	-18.3
General industrial machinery .....	2.5	30.6	14.6	4.4	4.3	1.4
Iron & steel mill products .....	0.5	5.6	16.7	0.8	-8.7	-8.6
Inorganic chemicals .....	0.5	5.3	12.8	0.8	0.2	-0.2
Organic chemicals .....	1.3	16.4	5.8	2.4	-0.1	-0.3
Power-generating machinery .....	2.2	27.1	21.0	3.9	2.6	-0.1
Scientific instruments .....	2.2	24.0	15.9	3.5	10.0	8.3
Specialized industrial machinery .....	2.6	29.2	13.6	4.2	8.0	7.2
TVS, VCRs, etc .....	2.3	24.0	20.6	3.5	-12.7	-14.3
Textile yarns, fabrics and articles .....	0.7	9.0	15.4	1.3	-3.0	-2.5
Vehicle parts .....	4.3	55.3	10.2	8.0	-57.5	-52.4
Manufactured exports not included above .....	14.2	174.4	8.9	25.3	-105.5	-90.2
Total manufactures .....	47.8	549.1	12.9	79.7	-179.5	-172.6
Agriculture .....	5.2	55.7	-6.2	8.1	20.5	26.8
Other exports not included above .....	6.7	84.1	5.8	12.2	-22.8	-24.4
Total exports of goods .....	59.7	688.9	10.2	100.0	-181.8	-170.2

Note.—Because of rounding, figures may not add to the totals shown. Data are presented on a Census basis.

Source: U.S. Department of Commerce News (FT 900), Feb. 19, 1998.

**Table 11**  
**U.S. exports and imports of goods with major trading partners, Jan. 1996-Dec.97**

(Billion dollars)

Country/areas	Exports			Imports			Trade Balances	
	Dec. 1997	Jan.-Dec. 1997	Jan.-Dec. 1996	Dec. 1997	Jan.-Dec. 1997	Jan.-Dec. 1996	Jan.-Dec. 1997	Jan.-Dec. 1996
Total .....	59.7	688.9	625.1	75.2	870.7	795.3	-181.8	-170.2
North America .....	18.4	222.8	191.0	21.2	253.9	230.2	-31.1	-39.2
Canada .....	12.1	151.5	134.2	14.3	168.1	155.9	-16.6	-21.7
Mexico .....	6.3	71.4	56.8	6.9	85.8	74.3	-14.4	-17.5
Western Europe .....	13.6	155.4	141.5	16.1	172.9	157.6	-13.5	-12.7
European Union (EU-15) .....	12.5	140.8	127.7	14.6	157.5	143.0	-16.7	-15.3
France .....	1.5	16.0	14.5	2.0	20.7	18.7	-4.7	-4.2
Germany .....	2.0	24.5	23.5	4.1	43.1	39.0	-18.6	-15.5
Italy .....	0.8	9.0	8.8	1.7	19.4	18.2	-10.4	-9.4
Netherlands .....	1.8	19.8	16.7	0.7	7.3	6.6	12.5	10.1
United Kingdom .....	3.3	36.4	31.0	3.1	32.7	29.0	3.7	2.0
Other EU .....	1.0	9.0	7.4	0.9	9.8	8.7	-0.8	-1.3
EFTA <sup>1</sup> .....	0.7	10.2	10.2	1.2	12.5	12.1	-2.3	-1.9
FSR/Easter Europe .....	0.6	7.7	7.3	0.9	8.5	7.0	-0.8	0.3
Russia .....	0.3	3.3	3.4	0.5	4.3	3.6	-1.0	-0.2
Pacific Rim Countries .....	16.3	193.9	188.2	26.8	315.0	290.0	-121.1	-101.8
Australia .....	1.0	12.0	12.0	0.4	4.6	3.9	7.4	8.1
China .....	1.2	12.8	12.0	5.1	62.6	51.5	-49.8	-39.5
Japan .....	5.3	65.7	67.6	10.4	121.4	115.2	-55.7	-47.6
NICs <sup>2</sup> .....	6.7	78.3	75.8	7.5	86.2	82.8	-7.9	-7.0
South/Central America .....	5.6	63.0	52.6	4.6	53.7	49.6	9.3	3.0
Argentina .....	0.6	5.8	4.5	0.2	2.2	2.3	3.6	2.2
Brazil .....	1.5	15.9	12.7	0.7	9.6	8.8	6.3	3.9
OPEC .....	3.4	25.6	22.3	3.7	46.1	44.3	-20.5	-22.0
Other Countries .....	2.7	31.2	30.2	3.7	42.5	38.1	-11.3	-7.9
Egypt .....	0.3	3.8	3.2	0.1	0.7	0.7	3.1	2.5
South Africa .....	0.3	3.0	3.1	0.2	2.5	2.3	0.5	0.8
Other .....	2.1	24.3	24.0	3.4	39.3	35.1	-15.0	-11.1

<sup>1</sup> EFTA includes Iceland, Liechtenstein, Norway, and Switzerland.

<sup>2</sup> The newly industrializing countries (NICs) include Hong Kong, the Republic of Korea, Singapore, and Taiwan.  
 FSR Former Soviet Republics.

Note.—Country/area figures may not add to the totals shown because of rounding. Exports of certain grains, oilseeds, and satellites are excluded from country/area exports but included in total export table. Also some countries are included in more than one area. Data are presented on a Census Bureau basis.

Source: U.S. Department of Commerce News (FT 900), Feb. 19, 1998.

**Table 12**  
**Nominal U.S. exports and trade balances of services, by sectors, Jan. 1996-Dec. 1997, seasonally adjusted**

	Exports		Change	Trade balances	
	Jan.- Dec. 1997	Jan.- Dec. 1996	Jan.-Dec. 1997 over Jan.-Dec. 1996	Jan.- Dec. 1997	Jan.- Dec. 1996
	<i>Billion dollars</i>		<i>Percentage</i>	<i>Billion dollars</i>	
Travel .....	74.9	69.9	7.2	22.1	21.2
Passenger fares .....	21.9	20.6	6.3	4.7	4.8
Other transportation .....	28.5	27.2	4.8	-1.5	-1.3
Royalties and license fees .....	30.5	30.0	1.7	22.9	22.7
Other private services .....	83.0	73.6	12.8	35.4	30.8
Transfers under U.S. military sales contracts .....	14.4	14.7	-2.0	3.6	3.8
U.S. Govt. miscellaneous service .....	0.8	0.9	-11.1	-1.9	-1.8
Total .....	254.0	236.9	7.2	85.3	80.2

Note.—Services trade data are on a balance-of-payments (BOP) basis. Numbers may not add to totals because of seasonal adjustment and rounding.

Source: U.S. Department of Commerce News (FT 900), Feb. 19, 1998.

## SPECIAL FOCUS

### World Direct Investment in 1996

Foreign direct investment (FDI) has played an important role in increasing world output and disseminating technological advances. FDI has become an engine of growth and a driving force of the globalization. Liberalization of foreign investment policies has led to large increases in foreign investment flows. A UN report on foreign direct investment flows in 1996<sup>1</sup> shows that the global FDI stock—a measure of the investment underlying international production—increased fourfold between 1992 and 1996. In 1996, the global FDI stock was valued at \$3.2 trillion.

FDI flows and increasing flows of portfolio equity investments has increased global production and underscored the importance of transnational corporations (TNCs) roles in developed and developing countries. The value of goods and services produced by some 280,000 foreign affiliates is estimated to have reached \$7 billion in global sales in 1995, exceeding the growth of exports of goods and services that year.

FDI flows reached a record \$350 billion in 1996, an increase of 10 percent over 1995. FDI outflows increased by 2 percent to \$347 billion. Fifty four countries received FDI inflows and twenty countries were on the outflow side (Appendix A). The United States was the largest FDI recipient and investor abroad in 1996. Two waves of FDI preceded the 1996 wave. The 1979-81 first wave of FDI concentrated on investment in oil producing countries. The 1987-90 second wave concentrated on investment in developing countries. Unlike the two previous waves, the 1996 FDI boom was largely driven by investments originated in the United States and the United Kingdom. Mergers and acquisitions especially between the United States and Western Europe, have boosted

enjoyed by developing countries aside from natural resources such as oil and mineral deposits.

Cross border agreements increased from 1,760 agreements in 1990 to 4,600 agreements in 1995. These agreements include arrangements involving joint ventures, licensing, subcontracting, franchising, marketing, manufacturing, research and development (R&D) and exploration agreements. These take place mainly between firms based in developed countries and may be equity-based or may entail no equity participation. U.S., European and Japanese firms were the largest participants in these agreements. Also, R & D partner agreements have been on the rise in core technologies such as information technology and biotechnology.

Developed countries investment abroad reached an all-time high \$295 billion in 1996. The U.S. share, at \$85 billion, is by far the largest. Two-fifths of U.S. outflows went to the EU and around 30 percent went to developing countries. Inflows, mostly in mergers and acquisitions, were stimulated by the inherent capacity of the U.S. economy to generate sustained rates of economic growth and high profit potential. The United Kingdom is the second home country with FDI abroad of \$54 billion. The United States was the largest recipient of FDI followed by China.

According to the UN report, liberalization of FDI regimes has been a major factor in boosting world production. This involved the opening of industries previously closed for FDI, and it has resulted in the dramatic increase in FDI agreements between governments to abolish cumbersome approval procedures and to protect the rights of foreign investors.

### Transnational Companies (TNCs)

The largest 100 transnational companies (TNCs) ranked on the basis of the size of foreign assets own \$1.7 trillion assets in their foreign affiliates, controlling an estimated one-fifth of global foreign assets. TNC's had total annual sales of \$2 trillion and employment close to 6 million persons in 1995. The United States, the EU and Japan are homes of the top 100 TNCs and

<sup>1</sup> *World Investment Report, Transnational Corporations, Market Structure and Competition Policy, 1997, United Nations, New York and Geneva, 1997.*

FDI flows in 1996 to an estimated value of \$163 billion, 37 percent of total FDI. In 1995-96 the share of developing countries in global FDI inflows was only 34 percent, and reflected location specific advantages

account for 88 percent of their foreign assets. China, Korea, Hong Kong, and Mexico are homes for 56 percent of the top 50 firms based in developing countries. Electronics, automotive and chemicals, and petroleum account for the major portion in the foreign assets.

## Regional trends

Developed countries invested abroad \$295 billion and received \$208 billion of FDI inflows in 1996, accounting for 60 percent of global inflows and 85 percent of global outflows.

### *United States*

In 1996, the United States was the largest host and home country of FDI. U.S. FDI inflows and outflows both reached about \$85 billion in 1996. EU countries accounted for about 68 percent of U.S. FDI inflows in 1996 and received 43 percent or more than two-fifths of U.S. FDI outflows, more than any other region in the developed world. Japan's share in U.S. FDI inflows doubled in 1996 to 16.2 percent of total.

U.S. FDI outflows increased in 1996 to \$85.4 billion in 1996 from \$83.3 billion in 1995. Developed countries received 66.5 percent of total U.S. FDI outflows, with Canada receiving 9.4 percent, the EU receiving 43 percent, and Japan receiving 3.9 percent of total U.S. FDI. The share of developing countries in total U.S. FDI outflows increased in 1996 to 29.1 percent from 27.4 percent in 1995. Latin America and South, East, and South East Asia received the bulk (27.2 percent) of U.S. FDI outflows to developing countries. Africa received 1 percent; West Asia, 0.7 percent; and Central and Eastern Europe, 1.9 percent.

FDI equity inflows into the United States were stimulated by the continued strength of the U.S. economy and the high profit margins. Equity inflows accounted for nearly two thirds of total U.S. FDI inflows. More than half of U.S. FDI equity outflows was financed by reinvested earnings because high profit margins in the United States has reduced the need for U.S. affiliates abroad to send earnings back to their parent firms.

### *Western Europe and the EU*

Western Europe received \$105 billion FDI inflows and invested \$176 billion abroad in 1996. Almost one half of EU's FDI outflows and inflows were related to cross-border mergers and acquisitions (M&A). M&As

figured far less in the EU than acquisitions and mergers in non-EU countries.

The largest share (48.8 percent) of Germany's FDI outflows (of a total of DM 38.8 billion) went to other EU countries, mainly Austria, Finland and Sweden. Other Western European countries received about 3.4 percent, Japan received 4.4 percent, North America received 22.7 percent, developing countries received 9.8 percent and Central and Eastern Europe 11.3 percent. Germany's FDI inflows decreased considerably in 1996 from DM 17.2 billion in 1995 to DM 1.1 billion in 1996, probably because of the economic downturn in the EU and the uncertainties surrounding the European monetary union (EMU). The bulk of Germany's inflows came from EU countries themselves. Japan's and North America's FDI inflows into Germany fell drastically.

### *Japan*

Japan's FDI outflows recovered in 1996 reaching about \$23 billion. Japan's FDI outflows were concentrated on Asia and the United States. While some Asian host countries shares increased, China's share decreased from 9 percent to 5 percent. Of the \$23 billion of Japanese FDI outflows, 58 percent went to developed countries and 42 percent went to developing countries. The United States attracted a large share of Japanese FDI outflows of about 39 percent. The EU attracted 14 percent. South, East, and South East Asia attracted 35 percent and China alone attracted 12 percent. In recent years Japanese FDI changed patterns, shifting from investing heavily in the United States towards South, East, and South East Asia. Some large investments made in the United States proved to be unprofitable and were disposed of such as Rockefeller Center and MCA. In 1995, 75 Japanese affiliates in the United States were sold out or closed and 103 affiliates were established.

Japan is a small recipient of FDI. In 1996, FDI inflows were about \$220 million. European TNCs, notably of Germany, were the largest investors in Japan followed by Hong Kong. Although foreign investment in Japan is low, foreign affiliates make higher profits than domestic Japanese firms.

### *Developing countries*

Economic liberalization and the development of large markets with increasing numbers of middle class consumers have increased the attractiveness of investing in developing countries. Developing countries received \$129 billion of FDI inflows in 1996



and invested \$51 billion abroad. The share of developing countries in total global inflows increased substantially, to 37 percent in 1996 from 30 percent in 1995. China was the largest recipient.

Least developed countries' share in FDI inflows rose by 56 percent, reaching \$1.6 billion. Despite the rise in FDI inflows to least developed countries, performance disparities between regions are large. Asian least developed countries benefitted the most, as low cost labor and proximity to Asian industrializing economies boosted FDI inflows. Least developed countries in Africa, in contrast, received less FDI.

### ***South, East, and South East Asia***

South, East and South East Asia received about two-thirds of developing countries' FDI, a record of \$81 billion in 1996. This was a 25 percent increase over 1995 despite the large decline in GDP and export growth of this region. China received \$42 billion in 1996 and was the largest recipient among developing Asian countries and the second in the world. Liberalization of China's foreign investment regime and the opening of industries and regions previously closed to foreign investors were major factors in the increase in China's inflows. Singapore was the second largest recipient in the region, with inflows of about \$9 billion. Electronics was the largest recipient industry in South Korea, Taiwan, and Singapore, and services were the leading recipient in Hong Kong. Indonesia, Malaysia, Philippines, and Thailand received about \$17 billion in 1996, an increase of 43 percent over 1995. The share of ASEAN members in the region's FDI inflows, however, declined to 30 percent from 61 percent during 1990-91. This was attributed to domestic capacity constraints, infrastructure bottlenecks and stiff competition from other economies. Vietnam experienced a dramatic decrease of FDI during the first 11 months of 1996, but later two large projects pushed total FDI to Vietnam to \$9 billion, a 29 percent increase over the previous year. FDI plays an important role in gross domestic capital formation, accounting for about a quarter in China, Singapore, and Malaysia, Indonesia and Hong Kong.

India received \$2.6 billion in FDI inflows in 1996, and for the first time in years, FDI overtook portfolio investment as a share of private capital inflows. India has stepped up its efforts to attract FDI, with the goal of achieving annual inflows of \$10 billion a year. India has become a more attractive FDI location for Asian newly industrializing economies. The pace of investment from the Republic of Korea in India has

outstripped that of the United States and the United Kingdom, traditionally India's largest trading and investment partners. FDI flows to the rest of the economies in South Asia are low but growing. South, East, and South East Asia have emerged as sources of FDI. Outflows to developing countries from this area increased by 10 percent over 1995 to \$46 billion. Hong-Kong is the single largest outward investor of \$27 billion in 1996. Outward flows from these regions have expanded to cover nontraditional FDI recipients like the EU, Central and Eastern Europe, and Africa. UNCTAD estimated that investment from developing Asian countries accounted for over 20 percent of total inflows in South Africa during 1996.

Firms from South Korea and Taiwan are setting up global production facilities in capital and technology-intensive industries, notably electronics, automobiles, petrochemicals and oil refineries. Firms from Singapore and Hong Kong tend to invest in high value-added services like trade finance and tourism and some manufacturing. Several Asian countries are also involved in real estate development and infrastructure building.

### ***Latin America and the Caribbean***

Over the past few years Latin American and Caribbean countries have taken steps to increase FDI flows. FDI inflows to Latin America and the Caribbean increased by 52 percent in 1996 to a record of about \$39 billion. Latin America and the Caribbean now account for 30 percent of all developing countries inflows. In Argentina, FDI inflows tripled to \$4.3 billion in 1996 encouraged by the country's membership in MERCOSUR. Brazil, with FDI inflows of \$10 billion has surpassed Mexico's inflows by about \$8 billion in 1996 ranking the first in FDI inflows to this area. The upswing in Brazil's FDI inflows is due to large investments in automobiles, the reactivation of privatization programs and the rationalization of intra-regional production triggered by MERCOSUR membership, UNCTAD reports.

### ***Africa***

FDI inflows in Africa increased by 5.3 percent to about \$5 billion in 1996. Nigeria, Egypt and Morocco were the largest recipients in 1996. Africa's share of developing countries inflows was 3.8 percent in 1996, the lowest level since the early 1980s. The absolute level of FDI to Africa, however, is increasing from an annual average of \$800 million in 1975-80 to an annual average of \$3.9 billion in 1990-96.

Prospects of FDI inflows to Africa are also improving. Favorable growth performance started in 1994. In 1996, output rose by 4.4 percent, the biggest increase since 1988. Several African countries have removed ownership restrictions, reduced tax rates and abolished price controls and encouraged private sector initiatives. Mozambique and Zambia have large privatization programs. The privatization process which involved foreign investors has led to the upgrading of technological know-how and led to the transformation of state owned firms into profitable and dynamic enterprises.

The conversion of economic policies in several African countries has led to improving regional cooperation. Governments are harmonizing their investment codes and custom duties with a view towards attracting TNCs. Regional cooperation and integration also will increase the size of the market and

allows large scale production. Within the South African Development Community (SADC), a group of countries with strong links to South Africa hope that post-apartheid South Africa could emerge as a "growth pole" for the region that could lead to a regional restructuring process similar to that between Japan and South East Asia.

In January 1997, 45 African countries had concluded bilateral investment treaties. Free trade agreements also have been negotiated or concluded with several industrialized countries. The most important free trade and investment agreements were those held between the North African countries and the EU. The African Growth and Opportunity Act was introduced in the U.S. Congress in April 1997. These agreements would allow for enlarged trade and investment between African countries and other markets.

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# Appendix A

**Annex table A-1**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>World</b> .....	<b>1419,30</b>	<b>158936</b>	<b>173761</b>	<b>218094</b>	<b>238738</b>	<b>316524</b>	<b>349227</b>
<b>Developed countries</b> ....	<b>116744</b>	<b>114792</b>	<b>119692</b>	<b>138762</b>	<b>142395</b>	<b>205876</b>	<b>208226</b>
<b>Western Europe</b> .....	<b>55625</b>	<b>81627</b>	<b>85861</b>	<b>83979</b>	<b>77120</b>	<b>115589</b>	<b>105379</b>
<b>European Union</b> .....	<b>52685</b>	<b>78777</b>	<b>83793</b>	<b>81029</b>	<b>72395</b>	<b>110884</b>	<b>99416</b>
Austria .....	407	360	947	977	1311	639	3806
Belgium and Luxembourg .....	4069	9363	11286	10750	8514	10299	13920
Denmark .....	514	1553	1017	1713	5006	4139	773
Finland .....	427	-233	396	864	1496	1044	1227
France .....	7161	15153	21840	20754	16628	23735	20809
Germany .....	2338	4110	2640	1820	810	8940	3851
Greece .....	711	1135	1144	977	981	1053	1004
Ireland .....	192	1062	1438	1113	934	2317	1455
Italy .....	3409	2401	3950	4383	2163	4878	3739
Netherlands .....	5558	6372	7850	8756	7382	10766	6290
Portugal .....	1041	2448	1873	1534	1270	653	607
Spain .....	6570	12493	13276	8144	9359	6118	6396
Sweden .....	1264	6351	-5	3705	6241	14273	5486
United Kingdom .....	19023	16210	16140	15540	10300	22030	30053
<b>Other Western     Europe</b> .....	<b>2940</b>	<b>2850</b>	<b>2068</b>	<b>2950</b>	<b>4725</b>	<b>4705</b>	<b>5963</b>
Gibraltar .....	27	37	89	40	-1	1	1
Iceland .....	-1	33	14	8	-1	4	4
Norway .....	597	-398	716	2003	623	2100	3424
Switzerland .....	2317	3178	1249	899	4104	2600	2534
<b>North America</b> .....	<b>53858</b>	<b>25539</b>	<b>23402</b>	<b>48531</b>	<b>57202</b>	<b>71634</b>	<b>91310</b>
Canada .....	5235	2740	4517	4997	7299	10786	6681
United States .....	48623	22799	18885	43534	49903	60848	84629
<b>Other developed countries</b> .....	<b>7261</b>	<b>7626</b>	<b>10429</b>	<b>6252</b>	<b>8073</b>	<b>18653</b>	<b>11536</b>
Australia .....	5377	4044	5091	3012	3881	14251	6043
Israel .....	155	350	539	580	442	1525	2015
Japan .....	375	1730	2756	210	888	41	220
New Zealand .....	1474	1290	2086	2469	2524	2509	2928
South Africa .....	-119	212	-42	-19	338	327	- 33
<b>Developing countries</b> ....	<b>24736</b>	<b>41696</b>	<b>49625</b>	<b>73045</b>	<b>90462</b>	<b>96330</b>	<b>128741</b>
<b>Africa</b> .....	<b>2869</b>	<b>2752</b>	<b>3151</b>	<b>3691</b>	<b>5496</b>	<b>4699</b>	<b>4949</b>
<b>North Africa</b> .....	<b>1285</b>	<b>886</b>	<b>1582</b>	<b>1679</b>	<b>2364</b>	<b>1265</b>	<b>1633</b>
Algeria .....							
Egypt .....	1086	253	459	493	1256	598	740
Libyan Arab Jamahiriya .....	35	180	165	120	110	105	110
Morocco .....	83	317	422	491	551	290	400
Sudan .....	-4	-1	-	-	-	-	-
Tunisia .....	80	125	526	562	432	264	370

**Annex table A-1—Continued**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>Other Africa .....</b>	<b>1584</b>	<b>1866</b>	<b>1569</b>	<b>2012</b>	<b>3132</b>	<b>3434</b>	<b>3316</b>
Angola .....	105	665	288	302	340	300	290
Benin .....	-	13	1	-	-	1	1
Botswana .....	69	-8	-2	-287	-14	70	23
BurkinaFaso .....	2	1	-	13	4	2	3
Burundi .....	1	1	1	1	1	2	-
Cameroon .....	39	-15	29	5	43	52	35
Cape Verde .....	-	1	-1	3	2	10	8
Central African Republic .....	4	-5	-11	-10	4	4	2
Chad .....	21	4	2	15	27	13	18
Comoros .....	3	3	3	2	3	3	2
Congo .....	16	5	4	149	3	8	9
Côte d'Ivoire .....	51	16	-231	88	27	19	21
Djibouti .....	-	-	2	1	1	3	4
Equatorial Guinea .	3	42	1	1	-	3	4
Ethiopia .....	1	1	-	-	3	8	5
Gabon .....	65	-55	127	-114	-103	95	65
Gambia .....	2	10	6	11	10	8	12
Ghana .....	8	20	23	125	233	240	255
Guinea .....	11	39	20	3	-	1	1
Guinea-Bissau ....	1	2	6	-2	-	-	-
Kenya .....	37	19	6	2	4	33	37
Lesotho .....	11	8	3	15	19	23	28
Liberia .....	196	8	-11	30	14	21	17
Madagascar .....	9	14	21	15	6	10	12
Malawi .....	13	18	2	10	9	13	17
Mali .....	-	4	-8	-20	45	17	23
Mauritania .....	4	2	8	16	2	7	5
Mauritius .....	22	19	15	15	20	19	21
Mozambique .....	4	23	25	32	28	33	29
Namibia .....	9	120	104	39	52	47	52
Niger .....	12	15	56	-34	-11	-	-
Nigeria .....	690	712	897	1345	1959	1830	1720
Rwanda .....	16	5	2	6	-1	-	-
Senegal .....	12	-8	21	-1	67	57	53
Seychelles .....	19	20	9	19	30	40	47
Sierra Leone .....	-17	8	-6	-8	-4	2	-
Somalia .....	-2	-	-	-	-	1	1
Swaziland .....	42	79	81	60	81	58	67
Togo .....	12	7	-2	1	2	-	1
Uganda .....	-1	1	3	55	88	121	135
United Republic of Tanzania .....	2	3	12	20	50	150	190
Zaire .....	-1	12	-1	7	-2	-	-
Zambia .....	103	34	45	52	56	67	58
Zimbabwe .....	-10	3	15	28	35	43	47
<b>Latin America and the Caribbean .....</b>	<b>8145</b>	<b>15356</b>	<b>16204</b>	<b>18072</b>	<b>26974</b>	<b>25424</b>	<b>38563</b>
<b>South America .....</b>	<b>3764</b>	<b>6782</b>	<b>7391</b>	<b>8411</b>	<b>11874</b>	<b>14432</b>	<b>26237</b>
Argentina .....	914	2439	2555	3482	603	1319	4285
Bolivia .....	8	52	93	123	145	393	527
Brazil .....	1315	1103	2061	1292	3072	4859	9500
Chile .....	700	523	699	809	1773	1695	3140
Colombia .....	549	457	729	959	1667	2501	3000
Ecuador .....	118	160	178	469	531	470	447
Guyana .....	1	13	147	70	107	74	81
Paraguay .....	17	84	137	111	180	184	225
Peru .....	30	-7	136	670	2859	1895	3556

**Annex table A-1—Continued**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>South America—Continued</b>							
Suriname .....	-67	10	-30	-47	-30	19	7
Uruguay .....	36	32	58	102	155	124	169
Venezuela .....	143	1916	629	372	813	900	1300
<b>Other Latin America and the Caribbean .....</b>							
	<b>4381</b>	<b>8574</b>	<b>8814</b>	<b>9661</b>	<b>15100</b>	<b>10991</b>	<b>12326</b>
Antigua and Barbuda .....	36	55	20	15	25	27	31
Aruba .....	22	185	-37	-18	-73	-6	30
Bahamas .....	2	55	73	118	137	171	210
Barbados .....	8	7	14	9	13	12	22
Belize .....	11	14	16	9	15	21	26
Bermuda .....	1143	2489	3231	2707	1079	1350	2100
Cayman Islands ...	121	-9	27	447	447	470	510
Costa Rica .....	100	178	226	247	298	396	410
Cuba .....	-	10	7	3	14	9	12
Dominica .....	11	15	21	13	22	25	19
Dominican Republic .....	87	145	180	91	132	271	160
El Salvador .....	15	25	15	16	23	38	25
Grenada .....	10	15	23	20	19	16	19
Guatemala .....	122	91	94	143	65	75	100
Haiti .....	7	14	8	8	2	2	3
Honduras .....	40	52	48	27	35	50	35
Jamaica .....	37	133	142	78	117	167	175
Mexico .....	2618	4762	4393	4389	10972	6963	7535
Netherlands Antilles .....	-22	33	40	11	22	10	11
Nicaragua .....	-1	1	15	39	40	70	45
Panama .....	-111	41	139	156	549	-20	18
Saint Kitts and Nevis .....	23	21	13	14	15	20	17
Saint Lucia .....	22	58	41	34	32	35	39
Saint Vincent and the Grenadines .....	7	9	19	31	51	31	45
Trinidad and Tobago .....	57	169	178	379	516	299	320
Virgin Islands .....	17	5	-131	675	532	490	410
<b>Developing Europe .....</b>							
	<b>49</b>	<b>195</b>	<b>231</b>	<b>269</b>	<b>369</b>	<b>369</b>	<b>571</b>
Bosnia and Herzegovina .....	—	—	—	—	—	—	—
Croatia .....	—	—	16	74	98	81	300
Malta .....	33	77	40	56	120	98	103
Slovenia .....	—	—	111	113	128	176	160
TFYR Macedonia ..	—	—	—	—	24	14	8
Former Yugoslavia 15	118	64	25	—	—	—	—
<b>Asia .....</b>							
	<b>13492</b>	<b>23129</b>	<b>29632</b>	<b>50924</b>	<b>57507</b>	<b>65249</b>	<b>84283</b>
<b>West Asia .....</b>							
	<b>1135</b>	<b>1900</b>	<b>1823</b>	<b>3452</b>	<b>1396</b>	<b>-763</b>	<b>1893</b>
Bahrain .....	-72	-7	-9	-5	-31	-27	47
Cyprus .....	69	82	107	83	75	119	100
Iran, Islamic Republic of .....	-130	23	-170	-50	2	17	10
Iraq .....	3	-3	-1	1	-	-	-
Jordan .....	25	-12	41	-34	3	43	5
Kuwait .....	-	1	35	13	16	15	20

**Annex table A-1—Continued**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>West Asia—Continued</b>							
Lebanon .....	4	2	4	6	7	35	30
Oman .....	114	132	101	147	62	35	80
Qatar .....	-2	43	40	29	37	35	35
Saudi Arabia .....	586	160	-79	1369	350	-1877	100
Syrian Arab Republic	62	62	67	176	143	65	120
Turkey .....	340	810	844	636	608	885	1116
United Arab Emirates	8	26	130	183	113	110	130
Yemen .....	-17	583	714	897	11	-218	100
<b>Central Asia .....</b>	<b>-</b>	<b>-</b>	<b>140</b>	<b>195</b>	<b>393</b>	<b>836</b>	<b>1149</b>
Armenia .....	—	—	—	—	8	12	34
Azerbaijan .....	—	—	—	—	22	275	601
Georgia .....	—	—	—	—	8	6	40
Kazakstan .....	—	—	100	150	185	280	310
Kyrgyzstan .....	—	—	—	—	10	30	16
Tajikistan .....	—	—	—	—	10	13	13
Turkmenistan .....	—	—	—	—	100	100	80
Uzbekistan .....	—	—	40	45	50	120	55
<b>South, East and South-East Asia .....</b>	<b>12357</b>	<b>21228</b>	<b>27668</b>	<b>47278</b>	<b>55718</b>	<b>65175</b>	<b>81241</b>
Afghanistan .....	—	—	—	—	—	—	—
Bangladesh .....	2	1	4	14	11	2	9
Brunei Darussalam .....	-	1	4	14	6	7	9
Cambodia .....	—	—	33	54	69	151	350
China .....	2654	4366	11156	27515	33787	35849	42300
Hong Kong .....	1597	538	2051	1667	2000	2100	2500
India .....	169	155	233	574	1314	1929	2587
Indonesia .....	551	1482	1777	2004	2109	4348	7960
Korea, Democratic People's Republic of .....	95	-	42	6	7	3	4
Korea, Republic of .....	705	1180	727	588	809	1776	2308
Lao People's Democratic Republic .....	2	7	8	30	59	88	104
Macau .....	-	3	2	3	-	2	—
Malaysia .....	1054	3998	5183	5006	4342	4132	5300
Maldives .....	4	7	7	7	6	5	7
Mongolia .....	—	—	2	8	7	10	5
Myanmar .....	28	238	171	149	91	115	100
Nepal .....	2	2	1	4	6	5	5
Pakistan .....	167	257	335	347	419	639	690
Philippines .....	413	544	228	1238	1591	1478	1408
Singapore .....	2952	4887	2204	4686	5480	6912	9440
Sri Lanka .....	37	48	123	195	166	63	170
Taiwan Province of China .....	879	1271	879	917	1375	1559	1402
Thailand .....	1017	2014	2114	1730	1322	2003	2426
Viet Nam .....	30	229	385	523	742	2000	2156
<b>The Pacific .....</b>	<b>181</b>	<b>264</b>	<b>407</b>	<b>89</b>	<b>116</b>	<b>590</b>	<b>375</b>
Fiji .....	28	15	51	29	65	67	47
Kiribati .....	-	-	-	-1	-	-	-
New Caledonia .....	7	3	17	20	10	17	13
Papua New Guinea .....	130	203	294	-2	-5	453	230
Solomon Islands .....	6	15	14	13	11	18	21
Tonga .....	-	-	1	2	2	1	23

**Annex table A-1—Continued**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>The Pacific—Continued</b>							
Vanuatu .....	9	25	26	26	30	31	36
Western Samoa .....	1	3	4	2	3	2	4
<b>Central and Eastern Europe</b>	<b>449</b>	<b>2448</b>	<b>4444</b>	<b>6287</b>	<b>5882</b>	<b>14317</b>	<b>12261</b>
Albania .....	—	-1	20	58	53	70	72
Belarus .....	—	—	7	10	15	7	18
Bulgaria .....	1	56	42	55	105	90	150
Czech Republic .....	—	—	—	654	878	2568	1200
Czechoslovakia (former) .....	77	600	1103	—	—	—	—
Estonia .....	—	—	82	162	215	202	138
Hungary .....	345	1462	1479	2350	1144	4519	1982
Latvia .....	—	—	29	45	214	180	292
Lithuania .....	—	—	10	30	31	73	152
Moldova, Republic of .....	—	—	17	14	12	64	46
Poland .....	26	291	678	1715	1875	3659	5196
Romania .....	—	40	77	94	341	419	624
Russian Federation ...	—	—	700	700	637	2017	1800
Slovakia .....	—	—	—	199	203	183	150
Ukraine .....	—	—	200	200	159	267	440
<b>Memorandum:</b>							
<b>Least developed countries<sup>b</sup></b>							
Total .....	555	1830	1459	1743	994	1024	1603
Africa .....	511	936	470	540	696	823	865
Latin America and the Caribbean .....	7	14	8	8	2	2	3
Asia .....	21	837	937	1155	252	148	674
West Asia .....	-17	583	714	897	11	-218	100
South, East and South-East Asia	37	255	224	258	242	366	574
The Pacific .....	17	44	45	40	44	51	62
<b>Oil-exporting countries<sup>c</sup></b>							
Total .....	7321	14797	14987	17318	24039	19080	27172
Africa .....	2121	1883	2505	2876	4055	3260	3352
North Africa .....	1206	570	1160	1188	1813	975	1233
Other Africa .....	915	1313	1345	1688	2242	2285	2119
Latin America and the Caribbean .....	2944	7059	5471	5732	12977	9025	10129
South America .....	269	2128	900	964	1489	1763	2274
Other Latin America and the Caribbean .....	2674	4931	4571	4768	11488	7262	7855
Asia .....	2256	5855	7011	8711	7006	6795	13691
West Asia .....	651	374	47	1687	549	-1692	422
South, East and South-East Asia .....	1605	5481	6964	7024	6457	8487	13269



**Annex table A-1—Continued**  
**FDI inflows, by host region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>All developing countries minus China . . . . .</b>	22082	37330	38469	45530	56675	60481	86441

<sup>a</sup> Estimates. For details, see definitions and sources.

<sup>b</sup> Includes Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Western Samoa, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania, Vanuatu, Yemen, Zaire and Zambia.

<sup>c</sup> Includes Algeria, Angola, Bahrain, Brunei Darussalam, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Malaysia, Mexico, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, Tunisia, United Arab Emirates and Venezuela.

Source: UNCTAD, FDI/TNC database.

**Annex table A-2**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>World</b> .....	<b>155578</b>	<b>198143</b>	<b>201465</b>	<b>239090</b>	<b>251117</b>	<b>338729</b>	<b>346824</b>
<b>Developed countries</b> .....	<b>145005</b>	<b>189782</b>	<b>179671</b>	<b>204818</b>	<b>209726</b>	<b>291271</b>	<b>294732</b>
<b>Western Europe</b> .....	<b>86589</b>	<b>114690</b>	<b>116609</b>	<b>106239</b>	<b>125306</b>	<b>163822</b>	<b>176181</b>
<b>European Union</b> .....	<b>80285</b>	<b>106362</b>	<b>110521</b>	<b>96596</b>	<b>112836</b>	<b>149118</b>	<b>160372</b>
Austria .....	597	1293	1872	1465	1203	1046	1410
Belgium and Luxembourg .....	3564	6271	11407	4904	1371	11399	8983
Denmark .....	975	1852	2236	1373	4162	2969	2510
Finland .....	1780	120	757	1401	4354	1678	3538
France .....	14279	23932	31269	20605	22801	18734	25186
Germany .....	12858	23720	19670	15280	16690	34890	28652
Greece .....	-	-2	-44	29	-4	-6	6
Ireland .....	340	195	215	220	438	820	493
Italy .....	3424	6928	6502	9271	5639	6925	5866
Netherlands .....	8810	13576	14349	12258	17188	13250	19984
Portugal .....	57	463	687	147	287	685	770
Spain .....	1267	4442	2192	2652	3831	3635	4629
Sweden .....	7157	7262	419	1471	6596	10733	4847
United Kingdom .....	25177	16310	18990	25520	28280	42360	53499
<b>Other Western Europe</b> .....	<b>6304</b>	<b>8328</b>	<b>6088</b>	<b>9643</b>	<b>12470</b>	<b>14704</b>	<b>15809</b>
Gibraltar .....	—	—	—	—	—	—	—
Iceland .....	3	5	6	3	3	6	4
Norway .....	1264	1782	411	877	1628	2847	5320
Switzerland .....	5037	6541	5671	8763	10839	11851	10484
<b>North America</b> .....	<b>26442</b>	<b>39111</b>	<b>42613</b>	<b>80662</b>	<b>58454</b>	<b>98690</b>	<b>92445</b>
Canada .....	4846	5655	3635	5825	7447	5761	7543
United States <sup>b</sup> .....	21596	33456	38978	74837	51007	92929	84902
<b>Other developed countries</b> .....	<b>31975</b>	<b>35981</b>	<b>20449</b>	<b>17917</b>	<b>25966</b>	<b>28759</b>	<b>26106</b>
Australia .....	3144	3022	854	1768	5243	4092	1343
Israel .....	76	423	651	736	735	671	762
Japan .....	27812	31620	17390	13830	18090	22510	23440
New Zealand .....	867	690	792	1300	1571	924	-157
South Africa .....	77	226	762	283	327	562	718
<b>Developing countries</b> ....	<b>10554</b>	<b>8324</b>	<b>21695</b>	<b>34067</b>	<b>40711</b>	<b>47034</b>	<b>51469</b>
<b>Africa</b> .....	<b>1081</b>	<b>962</b>	<b>441</b>	<b>750</b>	<b>627</b>	<b>647</b>	<b>768</b>
<b>North Africa</b> .....	<b>71</b>	<b>138</b>	<b>41</b>	<b>23</b>	<b>73</b>	<b>110</b>	<b>115</b>
Algeria .....	5	50	—	—	—	—	—
Egypt .....	13	62	4	—	43	93	90
Libyan Arab Jamahiriya .....	53	—	—	—	—	—	—
Morocco .....	—	23	32	23	24	12	20
Sudan .....	—	—	—	—	—	—	—
Tunisia .....	—	3	5	—	6	5	6

**Annex table A-2—Continued**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>Other Africa</b> .....	<b>1010</b>	<b>824</b>	<b>400</b>	<b>727</b>	<b>554</b>	<b>537</b>	<b>671</b>
Angola .....	—	—	2	-2	—	—	—
Benin .....	—	—	—	—	—	—	—
Botswana .....	1	9	10	10	10	41	20
Burundi .....	—	—	—	—	—	1	—
Cameroon .....	18	22	33	22	26	27	25
Cape Verde .....	—	—	—	—	1	—	—
Central African Republic .....	3	4	6	5	7	6	6
Chad .....	6	11	14	11	1	12	8
Comoros .....	—	—	—	—	—	—	—
Congo .....	—	—	—	—	—	—	—
Cote d'Ivoire .....	—	—	—	—	—	—	—
Djibouti .....	—	—	—	—	—	—	—
Equatorial Guinea .....	-	—	—	—	—	—	—
Ethiopia .....	—	—	—	1	-1	—	—
Gabon .....	11	15	26	3	1	10	4
Gambia .....	—	—	—	—	—	—	—
Ghana .....	—	—	—	—	—	—	—
Guinea .....	—	—	—	—	—	—	—
Guinea-Bissau .....	—	—	—	—	—	—	—
Kenya .....	7	—	—	—	—	—	—
Lesotho .....	—	—	—	—	—	—	—
Liberia .....	42	348	-30	-4	47	4	16
Madagascar .....	—	—	—	—	—	—	—
Malawi .....	—	—	—	—	—	—	—
Mali .....	—	—	—	—	—	—	—
Mauritania .....	—	—	—	—	—	—	—
Mauritius .....	—	11	43	33	1	4	13
Mozambique .....	—	—	—	—	—	—	—
Namibia .....	-	6	-2	11	4	6	7
Niger .....	8	3	41	6	-2	—	—
Nigeria .....	902	390	176	593	386	385	455
Rwanda .....	—	—	—	—	—	—	—
Senegal .....	2	-19	51	-	17	23	14
Seychelles .....	5	1	1	1	1	2	1
Sierra Leone .....	—	—	—	—	—	—	—
Somalia .....	—	—	—	—	—	—	—
Swaziland .....	8	25	31	29	58	17	103
Togo .....	—	—	—	—	—	—	—
Uganda .....	—	—	—	—	—	—	—
United Republic of Tanzania .....	—	—	—	—	—	—	—
Zaire .....	—	—	—	—	—	—	—
Zambia .....	—	—	—	—	—	—	—
Zimbabwe .....	-4	—	—	5	—	—	—
<b>Latin America and   the Caribbean</b> .....	<b>1354</b>	<b>-453</b>	<b>2561</b>	<b>2264</b>	<b>4171</b>	<b>3919</b>	<b>3850</b>
<b>South America</b> .....	<b>546</b>	<b>1313</b>	<b>685</b>	<b>2108</b>	<b>2919</b>	<b>2822</b>	<b>3022</b>
Argentina .....	32	-41	-7	—	126	155	246
Bolivia .....	1	2	2	2	2	2	2
Brazil .....	288	1014	137	491	1037	1384	971
Chile .....	8	123	378	434	925	687	956
Colombia .....	26	24	50	240	152	284	225
Ecuador .....	—	—	—	—	—	—	—
Guyana .....	—	—	-2	2	—	—	—
Peru .....	—	—	—	-1	21	—	7
Suriname .....	—	—	—	—	—	—	—
Uruguay .....	4	3	-28	32	—	—	—
Venezuela .....	188	188	156	886	677	1097	622

**Annex table A-2—Continued**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>Other Latin America and the Caribbean .....</b>	<b>808</b>	<b>-1766</b>	<b>1876</b>	<b>156</b>	<b>1252</b>	<b>1097</b>	<b>828</b>
Antigua and Barbuda .....	—	—	—	—	—	—	—
Aruba .....	—	—	—	—	—	—	—
Bahamas .....	266	-2533	1359	646	-146	620	373
Barbados .....	2	1	1	3	2	2	2
Belize .....	—	2	2	2	2	2	2
Bermuda .....	143	28	-471	-35	479	-9	145
Cayman Islands .....	—	—	—	—	—	—	—
Costa Rica .....	4	6	4	2	5	6	4
Cuba .....	—	—	—	—	—	—	—
Dominica .....	—	—	—	—	—	—	—
Dominican Republic .....	—	—	-1	7	—	2	—
El Salvador .....	—	—	—	—	—	—	—
Grenada .....	—	—	—	—	—	—	—
Guatemala .....	—	—	—	—	—	—	—
Haiti .....	-1	-14	—	—	—	—	—
Honduras .....	—	—	—	—	—	—	—
Jamaica .....	—	—	—	—	—	—	—
Mexico .....	155	167	730	16	1045	597	553
Netherlands Antilles .....	1	1	2	-2	1	1	—
Nicaragua .....	—	—	—	—	—	—	—
Panama .....	237	576	250	-486	-141	-126	-251
Saint Kitts and Nevis .....	—	—	—	—	—	—	—
Saint Lucia .....	—	—	—	—	—	—	—
Saint Vincent and the Grenadines ...	—	—	—	—	—	—	—
Trinidad and Tobago .....	2	—	—	3	5	3	—
Virgin Islands .....	—	—	—	—	—	—	—
<b>Developing Europe .....</b>	<b>—</b>	<b>—</b>	<b>-4</b>	<b>4</b>	<b>-4</b>	<b>22</b>	<b>11</b>
Bosnia and Herzegovina .....	—	—	-2	2	—	7	4
Croatia .....	—	—	—	—	—	—	—
Malta .....	—	—	—	1	-1	9	3
Slovenia .....	—	—	-2	1	-3	6	4
TFYR Macedonia .....	—	—	—	—	—	—	—
Former Yugoslavia ...	—	—	—	—	—	—	—
<b>Asia .....</b>	<b>8109</b>	<b>7819</b>	<b>18695</b>	<b>31042</b>	<b>35913</b>	<b>42437</b>	<b>46816</b>
<b>West Asia .....</b>	<b>731</b>	<b>-332</b>	<b>1315</b>	<b>762</b>	<b>1109</b>	<b>809</b>	<b>1141</b>
Bahrain .....	7	-8	—	-20	6	-5	-6
Cyprus .....	1	15	15	12	6	7	8
Iran, Islamic Republic of .....	—	—	—	—	—	—	—
Iraq .....	—	—	—	—	-8	-3	-10
Jordan .....	-2	14	-3	-53	-23	-32	-36
Kuwait .....	467	-186	1211	848	1031	717	865
Lebanon .....	6	6	7	6	7	7	7
Oman .....	—	-2	-1	-4	7	1	1
Qatar .....	—	—	—	—	—	—	—
Saudi Arabia .....	248	-198	5	-49	82	13	15
Syrian Arab Republic .....	-1	27	65	14	49	113	312

**Annex table A-2—Continued**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>West Africa—Continued</b>							
Turkey .....	—	—	—	—	—	—	—
United Arab Emirates .....	5	1	17	8	-48	-8	-16
Yemen .....	—	—	—	—	—	—	—
<b>Central Asia .....</b>							
Armenia .....	—	—	—	—	—	—	—
Azerbaijan .....	—	—	—	—	—	—	—
Georgia .....	—	—	—	—	—	—	—
Kazakstan .....	—	—	—	—	—	—	—
Kyrgyzstan .....	—	—	—	—	—	—	—
Taikistan .....	—	—	—	—	—	—	—
Turkmenistan .....	—	—	—	—	—	—	—
Uzbekistan .....	—	—	—	—	—	—	—
<b>South, East and South-East</b>							
<b>Asia .....</b>	<b>7378</b>	<b>8151</b>	<b>17380</b>	<b>30280</b>	<b>34804</b>	<b>41627</b>	<b>45675</b>
Afghanistan .....	—	—	—	—	—	—	—
Bangladesh .....	—	—	—	—	—	—	—
Brunei Darussalam ..	—	—	—	—	—	—	—
Cambodia .....	—	—	—	—	—	—	—
China .....	697	913	4000	4400	2000	2000	2200
Hong Kong .....	2062	2825	8254	17713	21437	25000	27000
India .....	6	-11	24	41	49	38	43
Indonesia .....	11	13	52	356	609	603	512
Korea, Democratic People's Republic of .....	—	—	—	—	—	—	—
Korea, Republic of ...	771	1500	1208	1361	2524	3529	4188
Lao People's Democratic Republic .....	—	—	—	—	—	—	—
Macau .....	—	—	—	—	—	—	—
Malaysia .....	281	389	514	1325	1817	2575	1906
Maldives .....	—	—	—	—	—	—	—
Mongolia .....	—	—	—	—	—	—	—
Myanmar .....	—	—	—	—	—	—	—
Nepal .....	—	—	—	—	—	—	—
Pakistan .....	11	-4	-12	-2	1	6	2
Philippines .....	3	-26	5	374	302	399	182
Singapore .....	610	526	1317	2021	3104	3906	4800
Sri Lanka .....	1	5	2	7	8	7	8
Taiwan Province of China .....	2861	1854	1869	2451	2460	2678	3096
Thailand .....	64	167	147	233	493	886	1740
Viet Nam .....	—	—	—	—	—	—	—
<b>The Pacific .....</b>							
<b>Fiji .....</b>	<b>13</b>	<b>-4</b>	<b>2</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>6</b>
Kiribati .....	—	—	—	—	—	—	—
New Caledonia ...	—	—	—	—	—	—	—
Papua New Guinea .....	-2	—	—	—	—	—	—
Solomon Islands .....	—	—	—	—	—	—	—
Tonga .....	—	—	—	—	—	—	—
Vanuatu .....	—	—	—	—	—	—	—
Western Samoa .....	—	—	—	—	—	—	—

**Annex table A-2—Continued**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
<b>Central and Eastern Europe</b> .....	<b>18</b>	<b>37</b>	<b>99</b>	<b>205</b>	<b>679</b>	<b>424</b>	<b>623</b>
Albania .....	—	—	20	7	9	12	10
Belarus .....	—	—	—	—	—	—	—
Bulgaria .....	—	—	—	—	—	8	-27
Czech Republic .....	—	—	—	90	116	37	80
Czechoslovakia (former) .....	4	14	30	—	—	—	—
Estonia .....	—	—	2	6	2	3	40
Hungary .....	—	27	28	11	49	43	58
Latvia .....	—	—	2	5	65	65	1
Lithuania .....	—	—	—	—	—	1	1
Moldova, Republic of .....	—	—	—	—	—	1	1
Poland .....	12	-7	13	18	29	42	30
Romania .....	3	3	4	7	1	2	5
Russian Federation ...	—	—	—	—	386	191	406
Slovakia .....	—	—	—	61	14	10	-6
Ukraine .....	—	—	—	—	8	10	24
<b>Memorandum:</b>							
<b>Least developed countries<sup>c</sup></b>							
Total .....	59	351	30	21	51	23	30
Africa .....	60	365	30	21	51	23	30
Latin America and the Caribbean ....	-1	-14	—	—	—	—	—
Asia .....	—	—	—	—	—	—	—
West Asia .....	—	—	—	—	—	—	—
South, East and South-East Asia ...	—	—	—	—	—	—	—
The Pacific .....	—	—	—	—	—	—	—
<b>Oil-exporting countries<sup>d</sup></b> .....							
Total .....	2367	907	2930	3991	5685	5318	5024
Africa .....	1001	541	244	620	460	520	580
North Africa .....	71	115	9	—	49	98	96
Other Africa .....	930	426	235	620	411	422	484
Latin America and the Caribbean .....	347	357	888	907	1729	905	1177
South America .....	189	190	158	888	679	305	624
Other Latin America and the Caribbean .....	158	167	730	19	1050	600	553
Asia .....	1019	9	1798	2464	3496	3893	3267
West Asia .....	727	-393	1232	783	1070	715	850
South, East and South-East Asia .....	292	402	566	1681	2426	3178	2418
<b>All developing countries minus China</b> .....	<b>9857</b>	<b>7411</b>	<b>17695</b>	<b>29667</b>	<b>38711</b>	<b>45034</b>	<b>49269</b>

**Annex table A-2—Continued**  
**FDI outflows, by home region and economy, 1985-96**

(Millions of dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996 <sup>a</sup>
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<sup>a</sup> Estimates. For details, see definitions and sources.

<sup>b</sup> Excluding FDI in the financial sector of the Netherlands Antilles. For details, see definitions and sources.

<sup>c</sup> Includes Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Western Samoa, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania, Vanuatu, Yemen, Zaire and Zambia.

<sup>d</sup> Includes Algeria, Angola, Bahrain, Brunei Darussalam, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Malaysia, Mexico, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, Tunisia, United Arab Emirates and Venezuela.

Source: UNCTAD, FDI/TNC database.

**Annex table A-3**  
**FDI inward stock, by host region and economy, 1980, 1985, 1990, 1995, and 1996**  
*(Millions of dollars)*

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>World</b> .....	<b>479175</b>	<b>745171</b>	<b>1726199</b>	<b>2865839</b>	<b>3233228</b>
<b>Developed countries</b> .....	<b>372857</b>	<b>537718</b>	<b>1370597</b>	<b>2042058</b>	<b>2269313</b>
<b>Western Europe</b> .....	<b>200287</b>	<b>244950</b>	<b>757970</b>	<b>1192155</b>	<b>1302485</b>
<b>European Union</b> .....	<b>184960</b>	<b>226613</b>	<b>711481</b>	<b>1114812</b>	<b>1219179</b>
Austria .....	4459	6122	10765	18636	19886
Belgium and Luxembourg .....	7306	8840	36635 <sup>b</sup>	86847 <sup>b</sup>	100767 <sup>b</sup>
Denmark .....	4193	3613	9192	22620	23393
Finland .....	540	1339	5132	8465	9401
France .....	22617	33392	86514	147623 <sup>d</sup>	168432 <sup>d</sup>
Germany .....	36630	36926	111231	167137 <sup>d</sup>	170989 <sup>d</sup>
Greece .....	4524	8309	14016 <sup>b</sup>	19306 <sup>b</sup>	20310 <sup>b</sup>
Ireland .....	3749	4649	5634 <sup>e</sup>	12498 <sup>e</sup>	13953
Italy .....	8892	18976	57985	63455	74991
Netherlands .....	19167	25071	73337	112336 <sup>d</sup>	118626 <sup>d</sup>
Portugal .....	1102	1339	5132	6139 <sup>f</sup>	6747
Spain .....	5141	8939	65234	98580	104976 <sup>g</sup>
Sweden .....	3626	5071	12461	36521 <sup>d</sup>	42007 <sup>d</sup>
United Kingdom .....	63014	64028	218213	314650	344703 <sup>g</sup>
<b>Other Western Europe</b> .....	<b>15328</b>	<b>18337</b>	<b>46489</b>	<b>77343</b>	<b>83306</b>
Gibraltar <sup>h</sup> .....	—	32	197	363	364
Iceland <sup>i</sup> .....	123	226	198	256	259
Norway .....	6699 <sup>j</sup>	8021 <sup>j</sup>	12402	19652	23076 <sup>g</sup>
Switzerland .....	8506	10058	33693	57073	59607 <sup>g</sup>
<b>North America</b> .....	<b>137209</b>	<b>249272</b>	<b>507965</b>	<b>682557</b>	<b>773867</b>
Canada .....	54163	64657	113054	122469	129150 <sup>g</sup>
United States .....	83046	184615	394911	560088	644717 <sup>g</sup>
<b>Other developed countries</b> .....	<b>35361</b>	<b>43496</b>	<b>104662</b>	<b>167345</b>	<b>192961</b>
Australia .....	13173	25049	76359	107419	123853
Israel <sup>i</sup> .....	727	1132	1963	5398	7413
Japan .....	3270	4740	9850	17814	18029
New Zealand .....	2363	2043	8065	26237	32858
South Africa .....	15827	10533	8425	10477 <sup>d</sup>	10807 <sup>d</sup>
<b>Developing countries</b> .....	<b>106241</b>	<b>207283</b>	<b>352751</b>	<b>789743</b>	<b>917553</b>
<b>Africa</b> .....	<b>11454</b>	<b>21323</b>	<b>35580</b>	<b>54688</b>	<b>59528</b>
<b>North Africa</b> .....	<b>4546</b>	<b>9273</b>	<b>15472</b>	<b>22568</b>	<b>24091</b>
Algeria <sup>i</sup> .....	1320	1281	1315	1373	1386
Egypt <sup>k</sup> .....	2256	5700	11039	14098	14838
Libyan Arab Jamahiriya .....	—	—	—	—	—
Morocco <sup>l</sup> .....	189	441	918	2989	3389
Sudan <sup>h</sup> .....	—	29	7	7	7
Tunisia <sup>i</sup> .....	781	1822	2193	4102	4472
<b>Other Africa</b> .....	<b>6908</b>	<b>12050</b>	<b>20109</b>	<b>32121</b>	<b>35437</b>
Angola <sup>i</sup> .....	61	675	1024	2919	3209
Benin <sup>1</sup> .....	32	34	36	52	53
Botswana <sup>k</sup> .....	266	515	877	636	659
Burkina Faso .....	18	25	38	58	61
Burundi <sup>i</sup> .....	7	23	29	34	34
Cameroon .....	330	1125	1044	1159	1194
Cape Verde <sup>1</sup> .....	—	—	3	18	26



**Annex table A-3—Continued**  
**FDI inward stock, by host region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Other Africa—Continued</b>					
Central African Republic <sup>i</sup>	50	77	96	78	80
Chad <sup>r</sup>	123	186	255	317	335
Comoros <sup>m</sup>	—	—	15	29	31
Congo <sup>n</sup>	—	—	—	—	—
Côte d'Ivoire <sup>i</sup>	—	—	—	—	—
Djibouti <sup>o</sup>	3	3	6	14	18
Equatorial Guinea <sup>p</sup>	—	5	23	70	74
Ethiopia <sup>i</sup>	110	114	120	133	138
Gabon <sup>i</sup>	511	833	1208	1159	1224
Gambia <sup>i</sup>	21	21	36	81	93
Ghana <sup>i</sup>	229	272	316	956	1211
Guinea <sup>o</sup>	2	2	70	132	132
Guinea-Bissau <sup>k</sup>	—	4	8	14	15
Kenya <sup>i</sup>	344	434	626	689	726
Lesotho <sup>q</sup>	5	24	84	150	178
Liberia <sup>h</sup>	—	104	1297	1360	1377
Madagascar <sup>i</sup>	36	47	103	169	181
Mahwi <sup>i</sup>	100	143	215	267	284
Mali <sup>n</sup>	13	35	29	67	90
Mauritania <sup>i</sup>	-11	33	51	86	91
Mauritius <sup>i</sup>	20	37	162	249	270
Mozambique <sup>i</sup>	15	17	42	183	212
Namibia <sup>i</sup>	—	16	53	415	467
Niger <sup>i</sup>	188	203	284	310	311
Nigeria <sup>i</sup>	2406	4418	8073	14816	16536
Rwanda <sup>i</sup>	54	133	213	224	224
Senegal <sup>i</sup>	150	191	277	414	467
Seychelles <sup>s</sup>	37	87	187	304	351
Sierra Leone <sup>i</sup>	77	66	-3	-11	-11
Somalia <sup>i</sup>	29	4	-7	-6	-6
Swaziland <sup>t</sup>	149	184	426	785	852
Togo <sup>i</sup>	176	210	264	271	272
Uganda <sup>i</sup>	9	7	4	272	407
United Republic of Tanzania <sup>i</sup>	47	91	89	324	514
Zaire <sup>k</sup>	440	351	277	293	293
Zambia <sup>i</sup>	25	121	684	938	996
Zimbabwe <sup>u</sup>	—	2	-62	61	108
<b>Latin America and the Caribbean</b>	<b>47800</b>	<b>76836</b>	<b>126050</b>	<b>278073</b>	<b>316120</b>
<b>South America</b>	<b>29329</b>	<b>42116</b>	<b>68066</b>	<b>168558</b>	<b>194689</b>
Argentina	5344	6563	8778	24630	28915 <sup>g</sup>
Bolivia	420	592	708	1554	2063
Brazil	17480	25665	37143	98839	108339 <sup>g</sup>
Chile	886	2321	10067	15547	18687 <sup>g</sup>
Colombia	1061	2231	3500	9813 <sup>c</sup>	12813 <sup>c</sup>
Ecuador	719	982	1370	3178	3625
Guyana	—	—	—	—	—
Paraguay <sup>i</sup>	218	298	401	1095	1321
Peru	898	1152	1254	5477	9033
Suriname	—	—	—	—	—
Uruguay <sup>u</sup>	700	766	980	1450	1618
Venezuela	1604	1548	3865	6975	8275 <sup>g</sup>
<b>Other Latin America</b>	<b>18470</b>	<b>34720</b>	<b>57984</b>	<b>109515</b>	<b>121431</b>
Antigua and Barbuda <sup>u</sup>	23	94	292	433	464
Aruba <sup>v</sup>	—	—	131	182	212
Bahamas <sup>o</sup>	298	294	336	890	1099
Barbados <sup>i</sup>	102	123	169	225	246
Belize <sup>i</sup>	12	10	72	146	172
Bermuda <sup>i</sup>	5132	8052	13849	24705	26805
Cayman Islands <sup>v</sup>	223	1479	1749	3132	3642

**Annex table A-3—Continued**  
**FDI inward stock, by host region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Other Latin America—Continued</b>					
Costa Rica	672	957	1447	2791 <sup>c</sup>	3201 <sup>c</sup>
Cuba <sup>q</sup>	1	3	45		57
Dominica <sup>h</sup>	—	6	66	163	182
Dominican Republic	239	265	572	1390 <sup>c</sup>	1550 <sup>c</sup>
El Salvador	154	181	212	293	318 <sup>g</sup>
Grenada <sup>h</sup>	1	13	70	164	183
Guatemala <sup>i</sup>	701	1050	1723	2190	2290
Haiti <sup>i</sup>	79	112	149	183	186
Honduras <sup>i</sup>	93	172	383	594	629
Jamaica <sup>i</sup>	501	458	690	1327	1502
Mexico <sup>i</sup>	8105	18802	32523	64002	71537
Netherlands Antilles <sup>w</sup>	568	55	206	321	332
Nicaragua <sup>i</sup>	109	109	105	270	315
Panama	387	533	624 <sup>b</sup>	1488 <sup>b</sup>	1506 <sup>b</sup>
Saint Kitts and Nevis <sup>q</sup>	1	32	160	243	260
Saint Lucia <sup>s</sup>	94	197	315	515	554
Saint Vincent and the Grenadines <sup>x</sup>	1	9	48	189	234
Trinidad and Tobago	976	1719	2093	3634 <sup>c</sup>	3954 <sup>c</sup>
Virgin Islands	—	—	—	—	—
<b>Developing Europe</b>	<b>297</b>	<b>465</b>	<b>722</b>	<b>1691</b>	<b>2262</b>
Bosnia and Herzegovina	—	—	—	—	—
Croatia <sup>y</sup>	—	—	—	268	568
Malta <sup>i</sup>	156	286	465	856	959
Slovenia <sup>y</sup>	—	—	—	529	689
TFYR Macedonia <sup>z</sup>	—	—	—	38	46
Former Yugoslavia <sup>i</sup>	141	179	257	—	—
<b>Asia</b>	<b>45524</b>	<b>107489</b>	<b>188271</b>	<b>451697</b>	<b>535674</b>
<b>West Asia</b>	<b>13221</b>	<b>43103</b>	<b>48172</b>	<b>55978</b>	<b>57861</b>
Bahrain <sup>aa</sup>	—	306	638	559	606
Cyprus <sup>i</sup>	460	789	1146	1613	1713
Iran, Islamic Republic of <sup>i</sup>	1106	925	184	—	—
Iraq	—	—	—	—	—
Jordan <sup>w</sup>	155	493	615	656	661
Kuwait <sup>o</sup>	30	33	26	106	126
Lebanon <sup>n</sup>	20	34	53	107	137
Oman <sup>t</sup>	476	1195	1716	2193	2273
Qatar <sup>o</sup>	83	77	55	239	274
Saudi Arabia <sup>i</sup>	10306	38217	41241	41164	41264
Syrian Arab Republic <sup>f</sup>	—	37	374	887	1007
Turkey	107	360	1320	5103 <sup>c</sup>	6219 <sup>c</sup>
United Arab Emirates <sup>i</sup>	409	482	751	1312	1442
Yemen <sup>n</sup>	68	155	53	2039	2139
<b>Central Asia</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1564</b>	<b>2713</b>
Armenia <sup>z</sup>	—	—	—	20	54
Azerbaijan <sup>z</sup>	—	—	—	297	898
Georgia <sup>z</sup>	—	—	—	14	54
Kazakhstan <sup>y</sup>	—	—	—	715	1025
Kyrgyzstan <sup>z</sup>	—	—	—	40	56
Tajikistan <sup>z</sup>	—	—	—	23	36
Turkmenistan <sup>z</sup>	—	—	—	200	280
Uzbekistan <sup>y</sup>	—	—	—	255	310
<b>South, East and South-East Asia</b>	<b>32302</b>	<b>64386</b>	<b>140099</b>	<b>394154</b>	<b>475100</b>
Afghanistan <sup>i</sup>	11	12	12	12	12
Bangladesh	63	112	147 <sup>ab</sup>	180 <sup>ab</sup>	189 <sup>ab</sup>
Brunei Darussalam <sup>i</sup>	19	33	30	62	71

**Annex table A-3—Continued**  
**FDI inward stock, by host region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>South, East and South-East Asia—Continued</b>					
Cambodia <sup>y</sup>	—	—	—	307	656
China	57	3444	14135 <sup>b</sup>	126808 <sup>b</sup>	169108 <sup>b</sup>
Hong Kong	1729	3520	13413 <sup>b</sup>	21769 <sup>b</sup>	24269 <sup>b</sup>
India	1177	1075	1667 <sup>ab</sup>	5871 <sup>ab</sup>	8458 <sup>ab</sup>
Indonesia	10274	24971	38883	50603 <sup>c</sup>	58563 <sup>c</sup>
Korea, Democratic People's Republic of <sup>m</sup>	—	—	572	630	634
Korea, Republic of	1140	1806	5727	10478	12491
Lao People's Democratic Republic <sup>l</sup>	2	2	14	206	310
Macau <sup>w</sup>	2	10	11	20	22
Malaysia	6078	8510	14117 <sup>ab</sup>	36778 <sup>ab</sup>	42078 <sup>ab</sup>
Maldives <sup>o</sup>	5	3	25	56	63
Mongolia <sup>y</sup>	—	—	—	26	31
Myanmar <sup>w</sup>	5	5	173	937	1037
Nepal <sup>l</sup>	1	2	12	29	34
Pakistan	688	1079	1887	36957 <sup>d</sup>	37647 <sup>d</sup>
Philippines	1225	1302	2098 <sup>b</sup>	6830 <sup>b</sup>	8238 <sup>b</sup>
Singapore	6203	13016	28565	57324 <sup>d</sup>	66764 <sup>d</sup>
Sri Lanka	231	517	681 <sup>ab</sup>	1276 <sup>ab</sup>	1446 <sup>ab</sup>
Taiwan Province of China	2405	2930	9735 <sup>ab</sup>	15736 <sup>ab</sup>	17138 <sup>ab</sup>
Thailand	981	1999	7980 <sup>b</sup>	17163 <sup>b</sup>	19589 <sup>b</sup>
Viet Nam <sup>i</sup>	7	38	216	4096	6252
<b>The Pacific</b>	<b>1167</b>	<b>1171</b>	<b>2127</b>	<b>3594</b>	<b>3968</b>
Fiji	358	393	390 <sup>b</sup>	616 <sup>b</sup>	663 <sup>b</sup>
Kiribati <sup>r</sup>	—	—	1	2	3
New Caledonia <sup>f</sup>	—	—	40	107	120
Papua New Guinea	748	683	1508 <sup>b</sup>	2451 <sup>b</sup>	2681 <sup>b</sup>
Solomon Islands <sup>k</sup>	28	32	69	140	161
Tonga <sup>ac</sup>	—	—	1	7	30
Vanuatu <sup>o</sup>	33	62	110	249	285
Western Samoa <sup>t</sup>	1	1	8	22	26
<b>Central and Eastern Europe</b>	<b>77</b>	<b>170</b>	<b>2851</b>	<b>34038</b>	<b>46363</b>
Albania <sup>ad</sup>	—	—	—	200	272
Belarus <sup>y</sup>	—	—	—	39	57
Bulgaria <sup>v</sup>	—	—	4	352	502
Czech Republic <sup>ae</sup>	—	—	—	4100	5300
Czechoslovakia (former) <sup>af</sup>	—	—	464	—	—
Estonia	—	—	—	637	838
Hungary <sup>q</sup>	1	3	2073	13027	15009
Latvia <sup>y</sup>	—	—	—	468	760
Lithuania <sup>y</sup>	—	—	—	144	297
Moldova, Republic of <sup>y</sup>	—	—	—	107	153
Polands	76	167	310	8528	13724
Romania <sup>ad</sup>	—	—	—	971	1595
Russian Federation <sup>y</sup>	—	—	—	4054	5854
Slovakia <sup>ae</sup>	—	—	—	585	735
Ukraine <sup>y</sup>	—	—	—	826	1266
<b>Memorandum:</b>					
<b>Least developed countries<sup>ag</sup></b>					
Total	1921	3287	6164	13215	14819
Africa	1626	2789	5391	8856	9720
Latin America and the Caribbean	79	112	149	183	186
Asia	155	292	436	3765	4439
West Asia	68	155	53	2039	2139
South, East and South-East Asia	88	137	383	1726	2300
The Pacific	61	95	188	412	474

**Annex table A-3—Continued**  
**FDI inward stock, by host region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Oil-exporting countries<sup>ah</sup></b>					
Total .....	48580	114721	16459	252718	279752
Africa .....	7974	16332	26460	40359	43601
NorthAfrica .....	4357	8803	14547	19573	20696
Other Africa .....	3617	7529	11913	20786	22905
Latin America and the Caribbean .....	11824	23642	40559	79343	89454
South America .....	2743	3121	5943	11707	13963
Other Latin America and the Caribbean .....	9081	20521	34616	67636	75491
Asia .....	28782	74748	97641	133016	146697
West Asia .....	12411	41235	44611	45574	45986
South, East and South-East Asia .....	16370	33513	53030	87443	100712
<b>All developing countries minus China .....</b>	<b>106184</b>	<b>203839</b>	<b>338616</b>	<b>662935</b>	<b>748445</b>

<sup>a</sup> Estimates. For details, see definition and sources.

<sup>b</sup> Estimated by adding flows to the stock of 1989.

<sup>c</sup> Estimated by adding flows to the stock of 1990.

<sup>d</sup> Estimated by adding flows to the stock of 1994.

<sup>e</sup> Estimated by adding flows to the stock of 1986.

<sup>f</sup> Estimated by adding flows to the stock of 1993.

<sup>g</sup> Estimated by adding flows to the stock of 1995.

<sup>h</sup> Estimated by accumulating flows since 1982.

<sup>i</sup> Estimated by accumulating flows since 1970.

<sup>j</sup> Stock data prior to 1987 was estimated by subtracting flows.

<sup>k</sup> Estimated by accumulating flows since 1975.

<sup>l</sup> Estimated by accumulating flows since 1986.

<sup>m</sup> Estimated by accumulating flows since 1987.

<sup>n</sup> Estimated by accumulating flows since 1971.

<sup>o</sup> Estimated by accumulating flows since 1973.

<sup>p</sup> Estimated by accumulating flows since 1981.

<sup>q</sup> Estimated by accumulating flows since 1980.

<sup>r</sup> Estimated by accumulating flows since 1985.

<sup>s</sup> Estimated by accumulating flows since 1976.

<sup>t</sup> Estimated by accumulating flows since 1974.

<sup>u</sup> Estimated by accumulating flows since 1977.

<sup>v</sup> Estimated by accumulating flows since 1990.

<sup>w</sup> Estimated by accumulating flows since 1972.

<sup>x</sup> Estimated by accumulating flows since 1978.

<sup>y</sup> Estimated by accumulating flows since 1992.

<sup>z</sup> Estimated by accumulating flows since 1994.

<sup>aa</sup> Estimated by accumulating flows since 1983.

<sup>ab</sup> Estimated by adding flows to the stock of 1988.

<sup>ac</sup> Estimated by accumulating flows since 1984.

<sup>ad</sup> Estimated by accumulating flows since 1991.

<sup>ae</sup> Estimated by accumulating flows since 1993.

<sup>af</sup> Estimated by accumulating flows since 1989.

<sup>ag</sup> Includes: Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Western Samoa, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania, Vanuatu, Yemen, Zaire and Zambia.

<sup>ah</sup> Includes: Algeria, Angola, Bahrain, Brunei Darussalam, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Malaysia, Mexico, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, Tunisia, United Arab Emirates and Venezuela.

Note.—In 1996 the IMF began publication of a new series of stock data. However, until this new series has been extended to cover a substantial number of countries, this Report continues to use information from the old series, as adjusted in accordance with UNCTAD's own estimates.

Source: UNCTAD, FDI/TNC database.

**Annex table A-4**  
**FDI outward stock, by home region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>World</b> .....	<b>518869</b>	<b>690423</b>	<b>1690082</b>	<b>2811007</b>	<b>3178169</b>
<b>Developed countries</b> .....	<b>507480</b>	<b>664216</b>	<b>1615764</b>	<b>2577645</b>	<b>2893406</b>
<b>Western Europe</b> .....	<b>236579</b>	<b>312445</b>	<b>854862</b>	<b>1395195</b>	<b>1585772</b>
<b>European Union</b> .....	<b>213143</b>	<b>286472</b>	<b>778224</b>	<b>1229819</b>	<b>1404587</b>
Austria .....	747	1908	4656	12887	13542
Belgium and Luxembourg .....	6037	4688	28965 <sup>b</sup>	64317 <sup>b</sup>	73300 <sup>b</sup>
Denmark .....	2065	1801	7342	19934 <sup>c</sup>	22444 <sup>c</sup>
Finland .....	743	1829	11227	15177	18300
France .....	23604	37077	110126	181255 <sup>d</sup>	206441 <sup>d</sup>
Germany .....	43127	59909	151581	259746 <sup>d</sup>	288398 <sup>d</sup>
Greece .....	—	1	1	20	26
Ireland <sup>f</sup> .....	—	202	2150	4038	4531
Italy .....	7319	16301	56105	97042	118474
Netherlands .....	42116	47772	109124	164754 <sup>d</sup>	184738 <sup>d</sup>
Portugal <sup>g</sup> .....	116	186	503	2772	3542
Spain .....	1226	2076	16128	33540	38169 <sup>h</sup>
Sweden .....	5611	12408	49491	71491	76338 <sup>h</sup>
United Kingdom .....	80434	100313	230825	302847	356346 <sup>h</sup>
<b>Other Western Europe</b> .....	<b>23435</b>	<b>25974</b>	<b>76638</b>	<b>165376</b>	<b>181185</b>
Gibraltar .....	—	—	—	—	—
Iceland <sup>e</sup> .....	—	1	19	42	46
Norway .....	1944 <sup>i</sup>	4623 <sup>j</sup>	10888	22519	27840 <sup>h</sup>
Switzerland .....	21491	21350	65731	142814	153299 <sup>h</sup>
<b>North America</b> .....	<b>242750</b>	<b>291981</b>	<b>514072</b>	<b>812921</b>	<b>905366</b>
Canada .....	22572	40947	78853	103721	111264 <sup>h</sup>
United States .....	220178	251034	43,5219	709200	794102 <sup>h</sup>
<b>Other developed countries</b> .....	<b>28151</b>	<b>59789</b>	<b>246830</b>	<b>369529</b>	<b>402268</b>
Australia .....	2260	6653	30112	41497	46038
Israel <sup>j</sup> .....	28	510	912	4128	4890
Japan .....	18833	44296	204659	306769	330209
New Zealand .....	1308	1826	3320	7148	10426
South Africa .....	5722	6504	7827 <sup>k</sup>	9987 <sup>k</sup>	10705 <sup>k</sup>
<b>Developing countries</b> .....	<b>11310</b>	<b>26107</b>	<b>74109</b>	<b>231405</b>	<b>282216</b>
<b>Africa</b> .....	<b>529</b>	<b>6369</b>	<b>11581</b>	<b>15008</b>	<b>15794</b>
<b>North Africa</b> .....	<b>300</b>	<b>456</b>	<b>882</b>	<b>1267</b>	<b>1382</b>
Algeria <sup>l</sup> .....	99	157	185	235	235
Egypt <sup>l</sup> .....	39	91	163	365	455
Libyan Arab Jamahiriya <sup>m</sup> .....	162	206	526	526	526
Morocco <sup>n</sup> .....	—	—	—	114	134
Sudan .....	—	—	—	—	—
Tunisia .....	—	2	8	27	33
<b>Other Africa</b> .....	<b>229</b>	<b>5913</b>	<b>10699</b>	<b>13741</b>	<b>14411</b>
Angola <sup>p</sup> .....	—	—	1	1	1
Benin <sup>q</sup> .....	—	2	2	2	2
Botswana <sup>r</sup> .....	3	3	10	88	108
Burkina Faso <sup>s</sup> .....	3	3	3	3	3
Burundi <sup>t</sup> .....	—	—	—	1	1
Cameroon <sup>u</sup> .....	23	53	150	279	304
Cape Verde <sup>t</sup> .....	—	—	1	2	2
Central African Republic <sup>g</sup> .....	3	4	21	49	55

**Annex table A-4—Continued**  
**FDI outward stock, by home region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Other Africa—Continued</b>					
Chad <sup>v</sup> .....	1	1	36	84	92
Comoros <sup>p</sup> .....	—	—	1	1	1
Congo .....	—	—	—	—	—
Côte d'Ivoire .....	—	—	—	—	—
Djibouti .....	—	—	—	—	—
Equatorial Guinea <sup>t</sup> .....	—	—	—	—	—
Ethiopia <sup>w</sup> .....	—	—	—	—	—
Gabon <sup>s</sup> .....	77	102	163	216	221
Gambia .....	—	—	—	—	—
Ghana .....	—	—	—	—	—
Guinea .....	—	—	—	—	—
Guinea-Bissau .....	—	—	—	—	—
Kenya <sup>g</sup> .....	18	60	99	99	99
Lesotho <sup>x</sup> .....	—	—	—	—	—
Liberia <sup>y</sup> .....	48	361	453	817	833
Madagascar .....	—	—	—	—	—
Malawi .....	—	—	—	—	—
Mali <sup>g</sup> .....	22	22	22	22	22
Mauritania <sup>z</sup> .....	—	—	3	3	3
Mauritius <sup>k</sup> .....	—	—	1	93	106
Mozambique .....	—	—	—	—	—
Namibia <sup>p</sup> .....	—	—	1	26	33
Niger <sup>s</sup> .....	2	8	54	102	102
Nigeria <sup>q</sup> .....	5	5193	9508	11438	11893
Rwanda .....	—	—	—	—	—
Senegal <sup>s</sup> .....	—	37	43	116	129
Seychelles <sup>f</sup> .....	14	44	61	68	69
Sierra Leone .....	—	—	—	—	—
Somalia .....	—	—	—	—	—
Swaziland <sup>aa</sup> .....	9	19	64	224	326
Togo <sup>aa</sup> .....	2	2	2	2	2
Uganda .....	—	—	—	—	—
United Republic of Tanzania .....	—	—	—	—	—
Zaire .....	—	—	—	—	—
Zambia .....	—	—	—	—	—
Zimbabwe <sup>w</sup> .....	—	—	—	5	5
Latin America and the Caribbean .....	2945	7243	12689	25004	28854
<b>South America .....</b>	<b>960</b>	<b>2280</b>	<b>4727</b>	<b>14088</b>	<b>17110</b>
Argentina <sup>ab</sup> .....	70	280	420	586	832
Bolivia .....	1	1	6	16	18
Brazil .....	652	1361	2397	6460 <sup>c</sup>	7431 <sup>c</sup>
Chile .....	42	102	178	2759 <sup>ac</sup>	3715 <sup>ac</sup>
Colombia .....	137	301	402	1152 <sup>c</sup>	1378 <sup>c</sup>
Ecuador .....	—	—	—	—	—
Guyana <sup>w</sup> .....	—	—	—	2	2
Paraguay <sup>f</sup> .....	30	30	30	30	30
Peru .....	3	38	63	90 <sup>c</sup>	90 <sup>c</sup>
Suriname .....	—	—	—	—	—
Uruguay <sup>y</sup> .....	3	2	9	17	17
Venezuela .....	23	165	1221	2975 <sup>ad</sup>	3597 <sup>ad</sup>
<b>Other Latin America .....</b>	<b>1985</b>	<b>4963</b>	<b>7962</b>	<b>10916</b>	<b>11744</b>
Antigua and Barbuda .....	—	—	—	—	—
Aruba .....	—	—	—	—	—
Bahamas <sup>ab</sup> .....	285	154	1535	1658	2031
Barbados <sup>j</sup> .....	5	12	22	31	33
Belize <sup>n</sup> .....	—	—	—	10	12
Bermuda <sup>ab</sup> .....	727	2002	1550	1912	2057
Cayman Islands .....	—	—	—	—	—
Costa Rica <sup>v</sup> .....	6	26	43	66	70

**Annex table A-4—Continued**  
**FDI outward stock, by home region and economy, 1980, 1985, 1990, 1995, and 1996**  
*(Millions of dollars)*

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Other Latin America—Continued</b>					
Cuba	—	—	—	—	—
Dominica	—	—	—	—	—
Dominican Republic <sup>w</sup>	—	—	—	9	9
El Salvador	—	—	—	—	—
Grenada	—	—	—	—	—
Guatemala	—	—	—	—	—
Haiti	—	—	—	—	—
Honduras	—	—	—	—	—
Jamaica <sup>aa</sup>	5	5	5	5	5
Mexico <sup>ab</sup>	136	533	575	2681	3234
Netherlands Antilles <sup>aa</sup>	10	12	23	26	26
Nicaragua	—	—	—	—	—
Panama <sup>ab</sup>	811	2204	4188	4487	4236
Saint Kitts and Nevis	—	—	—	—	—
Saint Lucia	—	—	—	—	—
Saint Vincent and the Grenadines	—	—	—	—	—
Trinidad and Tobago <sup>ae</sup>	—	15	21	32	32
Virgin Islands	—	—	—	—	—
<b>Developing Europe</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18</b>	<b>28</b>
Bosnia and Herzegovina <sup>af</sup>	—	—	—	7	11
Croatia	—	—	—	—	—
Malta <sup>w</sup>	—	—	—	9	11
Slovenia <sup>ag</sup>	—	—	—	2	6
TFYR Macedonia	—	—	—	—	—
Former Yugoslavia	—	—	—	—	—
<b>Asia</b>	<b>7816</b>	<b>12449</b>	<b>49747</b>	<b>191267</b>	<b>237425</b>
<b>West Asia</b>	<b>1202</b>	<b>1859</b>	<b>6008</b>	<b>9617</b>	<b>10758</b>
Bahrain <sup>ah</sup>	—	4	46	20 <sup>ad</sup>	14 <sup>ad</sup>
Cyprus <sup>e</sup>	—	—	9	63	71
Iran, Islamic Republic of	—	—	—	—	—
Iraq <sup>ai</sup>	23	f6	16	-11	-21
Jordan <sup>m</sup>	—	—	—	-82	-118
Kuwait <sup>g</sup>	944	1306	4039	7660	8525
Lebanon <sup>ab</sup>	1	40	-16	-35	-28
Oman <sup>ab</sup>	1	40	7	—	1
Qatar	—	—	—	—	—
Saudi Arabia <sup>ab</sup>	228	420	1811	1686	1701
Syrian Arab Republic	—	—	—	—	—
Turkey <sup>aj</sup>	—	—	-7	261	573
United Arab Emirates <sup>ab</sup>	5	19	99	51	35
Yemen <sup>ak</sup>	—	4	5	5	5
<b>Central Asia</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Armenia	—	—	—	—	—
Azerbaijan	—	—	—	—	—
Georgia	—	—	—	—	—
Kazakhstan	—	—	—	—	—
Kyrgyzstan	—	—	—	—	—
Tajikistan	—	—	—	—	—
Turkmenistan	—	—	—	—	—
Uzbekistan	—	—	—	—	—
<b>South, East and South-East Asia</b>	<b>6614</b>	<b>10590</b>	<b>43739</b>	<b>181650</b>	<b>226667</b>
Afghanistan	—	—	—	—	—
Bangladesh	—	—	—	—	—
Brunei Darussalam	—	—	—	—	—
Cambodia	—	—	—	—	—

**Annex table A-4—Continued**  
**FDI outward stock, by home region and economy, 1980, 1985, 1990, 1995, and 1996**

(Millions of dollars)

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>South, East and South-East Asia</b> .....	<b>6614</b>	<b>10590</b>	<b>43739</b>	<b>181650</b>	<b>226667</b>
China .....	—	131	2489 <sup>b</sup>	15802 <sup>b</sup>	18002 <sup>b</sup>
Hong Kong <sup>al</sup> .....	148	2345	13242	85156	112156
India <sup>ab</sup> .....	4	19	30	124	167
Indonesia <sup>ab</sup> .....	-1	49	25	701	1213
Korea, Democratic People's Republic .....	—	—	—	—	—
Korea, Republic of .....	142	526	2301	10227	13757
Lao People's Democratic Republic .....	—	—	—	—	—
Macau .....	—	—	—	—	—
Malaysia .....	414	749	2283 <sup>k</sup>	8903 <sup>k</sup>	10809 <sup>k</sup>
Maldives .....	—	—	—	—	—
Mongolia .....	—	—	—	—	—
Myanmar .....	—	—	—	—	—
Nepal .....	—	—	—	—	—
Pakistan .....	40	126	244	272 <sup>d</sup>	274 <sup>d</sup>
Philippines .....	171	171	155 <sup>k</sup>	1209 <sup>k</sup>	1391 <sup>k</sup>
Singapore <sup>l</sup> .....	5586	6254	9675	32695	37495 <sup>h</sup>
Sri Lanka <sup>e</sup> .....	—	1	8	37	44
Taiwan Province of China .....	97	204	12888 <sup>k</sup>	24200 <sup>k</sup>	27296 <sup>k</sup>
Thailand .....	13	14	398 <sup>b</sup>	2324 <sup>b</sup>	4064 <sup>b</sup>
Viet Nam .....	—	—	—	—	—
<b>The Pacific</b> .....	<b>21</b>	<b>45</b>	<b>92</b>	<b>108</b>	<b>115</b>
Fiji <sup>aa</sup> .....	10	23	86	102	108
Kiribati <sup>al</sup> .....	—	—	—	—	—
New Caledonia .....	—	—	—	—	—
Papua New Guinea .....	10	22	7 <sup>b</sup>	7 <sup>b</sup>	7 <sup>b</sup>
Solomon Islands .....	—	—	—	—	—
Tonga <sup>n</sup> .....	—	—	—	—	—
Vanuatu .....	—	—	—	—	—
Western Samoa .....	—	—	—	—	—
<b>Central and Eastern Europe</b> .....	<b>79</b>	<b>100</b>	<b>209</b>	<b>1957</b>	<b>2546</b>
Albania <sup>ag</sup> .....	—	—	—	48	58
Belarus .....	—	—	—	—	—
Bulgaria <sup>af</sup> .....	—	—	—	8	-19
Czech Republic <sup>w</sup> .....	—	—	—	243	323
Czechoslovakia (former) <sup>t</sup> .....	—	—	21	—	—
Estonia .....	—	—	—	50	109
Hungary .....	—	—	—	489	494
Latvia <sup>ag</sup> .....	—	—	—	137	138
Lithuania <sup>af</sup> .....	—	—	—	1	2
Moldova, Republic of <sup>af</sup> .....	—	—	—	1	2
Poland <sup>r</sup> .....	79	100	170	265	295
Romania <sup>p</sup> .....	—	—	18	35	40
Russian Federation <sup>ai</sup> .....	—	—	—	577	983
Slovakia <sup>w</sup> .....	—	—	—	85	79
Ukraine <sup>ai</sup> .....	—	—	—	18	42
<b>Memorandum:</b>					
<b>Least developed countries<sup>am</sup></b>					
Total .....	80	408	603	1092	1122
Africa .....	80	404	599	1088	1118
Latin America and the Caribbean .....	—	—	—	—	—
Asia .....	—	4	5	5	5
West Asia .....	—	4	5	5	5
South, East and South-East Asia .....	—	—	—	—	—
The Pacific .....	—	—	—	—	—
<b>Oil-exporting countries<sup>an</sup></b>					
Total .....	2268	9487	20205	37523	42475
Africa .....	405	5804	10703	13088	13667



**Annex table A-4—Continued**  
**FDI outward stock, by home region and economy, 1980, 1985, 1990, 1995, and 1996**  
*(Millions of dollars)*

Host region/economy	1980	1985	1990	1995	1996 <sup>a</sup>
<b>Oil-exporting countries<sup>an</sup>—Continued</b>					
North Africa .....	300	456	882	1153	1249
Other Africa .....	105	5348	9821	11935	12419
Latin America and the Caribbean .....	272	1097	1191	5425	6531
South America .....	24	166	1227	2991	3615
Other Latin America and the Caribbean .....	136	548	596	2713	3265
Asia .....	1591	2587	8310	19010	22277
West Asia .....	1178	1789	6002	9406	10256
South, East and South-East Asia .....	413	798	2308	9604	12022
<b>Developing countries minus China .....</b>	<b>11310</b>	<b>25976</b>	<b>71620</b>	<b>215604</b>	<b>264215</b>

a Estimates. For details, see definition and sources.

b Estimated by adding flows to the stock of 1989.

c Estimated by adding flows to the stock of 1990.

d Estimated by adding flows to the stock of 1994.

e Estimated by accumulating flows since 1985.

f Estimated by accumulating flows since 1984.

g Estimated by accumulating flows since 1975.

h Estimated by adding flows to the stock of 1995.

i Stock data prior to 1990 was estimated by subtracting flows.

j Estimated by accumulating flows since 1970.

k Estimated by adding flows to the stock of 1988.

l Estimated by accumulating flows since 1977.

m Estimated by accumulating flows since 1972.

n Estimated by accumulating flows since 1991.

o Estimated by accumulating flows since 1981.

p Estimated by accumulating flows since 1990.

q Estimated by accumulating flows since 1979.

r Estimated by accumulating flows since 1976.

s Estimated by accumulating flows since 1974.

t Estimated by accumulating flows since 1989.

u Estimated by accumulating flows since 1973.

v Estimated by accumulating flows since 1978.

w Estimated by accumulating flows since 1993.

x Estimated by accumulating flows since 1988.

y Estimated by using the inward stock of the United States as a proxy and accumulating flows since 1994.

z Estimated by accumulating flows since 1986.

aa Estimated by accumulating flows since 1980.

ab Estimated by using the inward stock of the United States as a proxy and accumulating flows since 1993.

ac Estimated by adding flows to the stock of 1992.

ad Estimated by adding flows to the stock of 1993.

ae Estimated by accumulating flows since 1983.

af Estimated by accumulating flows since 1995.

ag Estimated by accumulating flows since 1992.

ah Stock data prior to 1986 was estimated by subtracting flows.

ai Estimated by accumulating flows since 1994.

aj Estimated by accumulating flows since 1987.

ak Estimated by accumulating flows since 1982.

al Estimated by using the inward stock of the United States and China as a proxy and accumulating flows since 1994.

am Includes Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Equatorial Guinea, Ethiopia, Gambia, Guinea, Haiti, Lao People's Niger, Rwanda, Western Samoa, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania, Vanuatu, Yemen, Zaire and Zambia.

an Includes Algeria, Angola, Bahrain, Brunei Darussalam, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Malaysia, Mexico, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, Tunisia, United Arab Emirates and Venezuela.

Note.—In 1996 the IMF began publication of a new series of stock data. However, until this new series has been extended to cover a substantial number of countries, this Report continues to use information from the old series, as adjusted in accordance with UNCTAD's own estimates.

Source: UNCTAD, FDI/TNC database.



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# STATISTICAL TABLES

**Indexes of industrial production, by selected countries and by specified periods, Jan. 1995–Jan. 1998**
*(Total Industrial production, 1991=100)*

Country	1995	1996	1997	1997								1998			
				I	II	III	IV	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
United States <sup>1</sup>	112.1	115.2	121.7	118.5	119.5	121.6	127.3	119.9	120.9	121.5	122.4	126.5	127.4	127.9	127.9
Japan	96.0	98.7	( <sup>2</sup> )	103.0	102.4	103.2	( <sup>2</sup> )	105.4	108.7	94.6	106.3	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Canada <sup>3</sup>	107.6	109.3	( <sup>2</sup> )	108.1	113.4	( <sup>2</sup> )	( <sup>2</sup> )	115.6	110.6	118.5	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Germany	95.9	96.0	( <sup>2</sup> )	96.0	99.3	( <sup>2</sup> )	( <sup>2</sup> )	102.9	101.6	88.5	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
United Kingdom	105.9	107.6	( <sup>2</sup> )	111.1	107.0	104.1	( <sup>2</sup> )	106.2	106.0	95.8	110.4	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
France	99.0	99.7	( <sup>2</sup> )	103.4	104.6	( <sup>2</sup> )	( <sup>2</sup> )	105.3	101.5	79.5	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Italy	107.8	104.8	( <sup>2</sup> )	109.7	114.3	( <sup>2</sup> )	( <sup>2</sup> )	116.1	113.0	54.6	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> 1992=100.

<sup>2</sup> Not available.

<sup>3</sup> Real domestic product in industry at factor cost and 1986 prices.

Source: *Main Economic Indicators*, Organization for Economic Cooperation and Development, November 1997, *Federal Reserve Statistical Release*, February 17, 1998.

**Consumer prices, by selected countries and by specified periods, Jan. 1995– Dec. 1997**
*(Percentage change from same period of previous year)*

Country	1995	1996	1997	1997														
				I	II	III	IV	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
United States	2.8	3.0	2.3	2.9	2.3	2.2	1.9	3.0	2.8	2.5	2.2	2.3	2.2	2.2	2.2	2.1	1.8	1.7
Japan	-0.1	0.2	1.7	0.6	2.0	2.1	2.1	0.5	0.5	1.8	1.8	2.2	1.8	2.1	2.4	2.5	2.1	1.8
Canada	1.7	1.6	1.6	2.1	1.6	1.7	1.0	2.2	2.0	1.7	1.5	1.8	1.8	1.8	1.6	1.5	0.9	0.7
Germany	1.7	1.4	1.7	1.7	1.5	1.9	1.7	1.7	1.6	1.3	1.5	1.7	1.7	2.0	1.8	1.7	1.8	1.7
United Kingdom	3.4	2.4	3.1	2.7	2.7	3.5	3.7	2.7	2.6	2.4	2.6	2.9	3.3	3.5	3.6	3.7	3.7	3.6
France	1.7	2.0	1.2	1.5	0.9	1.3	1.1	1.6	1.1	0.9	0.9	1.0	1.0	1.5	1.3	1.0	1.2	1.1
Italy	5.2	3.9	2.0	2.5	1.8	1.9	1.9	2.6	2.2	1.8	1.7	1.6	1.8	1.8	1.9	2.0	1.9	1.9

<sup>1</sup> Not available.

Source: *Consumer Price Indexes, Nine Countries*, U.S. Department of Labor, February 1998.

**Unemployment rates (civilian labor force basis)<sup>1</sup>, by selected countries and by specified periods, Jan. 1995–Dec. 1997**

Country	1995	1996	1997													
			1997	I	II	III	IV	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
United States . . . . .	5.6	5.4	4.9	5.3	4.9	4.9	4.7	4.9	4.8	5.0	4.8	4.9	4.9	4.8	4.6	4.7
Japan . . . . .	3.2	3.4	3.4	3.3	3.5	3.4	3.5	3.4	3.6	3.5	3.5	3.4	3.5	3.5	3.5	3.5
Canada . . . . .	9.5	9.7	9.2	9.6	9.4	9.0	8.9	9.6	9.5	9.1	9.0	9.0	9.0	9.1	9.0	8.6
Germany . . . . .	6.5	7.2	( <sup>2</sup> )	7.7	7.8	7.8	( <sup>2</sup> )	7.8	7.8	7.8	7.8	7.8	7.8	7.9	7.8	( <sup>2</sup> )
United Kingdom . . . . .	8.8	8.3	7.1	7.6	7.3	6.9	6.6	7.0	7.3	7.1	7.1	6.9	6.8	6.7	6.6	.5
France . . . . .	12.3	12.4	12.7	12.7	12.7	12.7	12.6	( <sup>2</sup> )	12.7	12.7	12.7	( <sup>2</sup> )	12.7	12.7	12.6	12.4
Italy . . . . .	12.0	12.1	12.3	12.3	12.7	11.9	12.2	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	11.9	( <sup>3</sup> )	( <sup>3</sup> )	12.2	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Seasonally adjusted; rates of foreign countries adjusted to be comparable with the U.S. rate.

<sup>2</sup> Not available.

<sup>3</sup> Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: *Unemployment Rates in Nine Countries*, U.S. Department of Labor, February 1998.

**Money–market interest rates,<sup>1</sup> by selected countries and by specified periods, Jan. 1995–Jan. 1998**

(Percentage, annual rates)

Country	1995	1996	1997	1996				1997				1998				
				IV	I	II	III	IV	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
United States . . . . .	5.8	5.4	5.6	5.4	5.4	5.7	5.6	5.7	5.6	5.6	5.6	5.6	5.6	5.7	5.8	5.5
Japan . . . . .	1.2	.5	( <sup>2</sup> )	0.5	0.5	0.5	0.5	( <sup>2</sup> )	0.6	0.6	0.5	0.5	0.5	0.5	0.7	( <sup>2</sup> )
Canada . . . . .	7.1	4.4	( <sup>2</sup> )	3.2	3.1	3.3	3.6	( <sup>2</sup> )	3.3	3.5	3.6	3.6	3.8	4.0	4.6	( <sup>2</sup> )
Germany . . . . .	4.4	3.2	( <sup>2</sup> )	3.0	3.0	3.0	3.1	( <sup>2</sup> )	3.0	3.0	3.1	3.2	3.5	3.6	3.6	( <sup>2</sup> )
United Kingdom . . . . .	6.6	5.9	( <sup>2</sup> )	6.1	6.1	6.4	7.0	( <sup>2</sup> )	6.6	6.9	7.1	7.1	7.2	7.5	7.6	( <sup>2</sup> )
France . . . . .	6.4	3.8	( <sup>2</sup> )	3.3	3.2	3.3	3.2	( <sup>2</sup> )	3.3	3.2	3.3	3.2	3.4	3.5	3.5	( <sup>2</sup> )
Italy . . . . .	10.4	8.7	( <sup>2</sup> )	7.5	7.3	6.9	6.8	( <sup>2</sup> )	6.8	6.8	6.8	6.6	6.6	6.6	6.0	( <sup>2</sup> )

<sup>1</sup> 90–day certificate of deposit.

<sup>2</sup> Not available.

Source: *Federal Reserve Statistical Release*, February 17, 1998; *Federal Reserve Bulletin*, February, 1998.

**Merchandise trade balances, by selected countries and by specified periods, Jan. 1995–Dec. 1997**

(In billions of U.S. dollars, exports less imports [f.o.b – c.i.f], at an annual rate)

Country	1995	1996	1997	1997										
				I	II	III	IV	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
United States <sup>1</sup>	-158.8	-170.2	-181.8	-181.7	-167.1	-190.4	-185.4	-161.9	-187.0	-183.2	-201.0	-182.3	-177.9	-196.1
Japan	106.0	68.2	(2)	51.3	93.3	86.6	(2)	90.7	75.8	109.6	74.5	(2)	(2)	(2)
Canada <sup>3</sup>	27.8	30.7	(2)	28.8	16.5	(2)	(2)	13.8	12.0	19.0	(2)	(2)	(2)	(2)
Germany	63.6	65.5	(2)	68.0	79.0	(2)	(2)	87.6	73.6	56.0	(2)	(2)	(2)	(2)
United Kingdom	-22.4	-25.3	(2)	-17.0	-23.0	(2)	(2)	-21.8	-19.5	-15.2	(2)	(2)	(2)	(2)
France <sup>3</sup>	20.0	17.8	(2)	22.5	34.4	(2)	(2)	37.6	42.6	21.1	(2)	(2)	(2)	(2)
Italy	27.6	43.9	(2)	32.0	30.6	(2)	(2)	27.1	38.4	(2)	(2)	(2)	(2)	(2)

<sup>1</sup> Figures are adjusted to reflect change in U.S. Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f. value.

<sup>2</sup> Not available.

<sup>3</sup> Imports are f.o.b.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, February 19, 1998; *Main Economic Indicators*; Organization for Economic Cooperation and Development, November 1997.

**U.S. trade balance,<sup>1</sup> by major commodity categories and by specified periods, Jan. 1995–Dec. 1997**

(In billions of dollars)

Country	1995	1996	1997	1997										
				I	II	III	IV	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	
Commodity categories:														
Agriculture	25.6	26.7	20.5	5.7	3.5	3.9	7.0	0.9	1.5	1.5	2.4	2.6	2.0	
Petroleum and selected product—(unadjusted)	-48.8	-60.9	-65.5	-18.6	-16.1	-15.0	-15.9	-5.2	-5.4	-5.4	-5.9	-4.8	-5.2	
Manufactured goods	-173.5	-175.9	-179.5	-37.1	-37.7	-54.5	-49.9	-19.3	-16.6	-18.6	-19.9	-14.5	-15.5	
Selected countries:														
Western Europe	-10.6	-10.4	-17.5	-6	-2.3	-7.3	-6.7	-4.3	-1.9	-1.1	-2.8	-1.5	-2.4	
Canada	-18.1	-22.8	-16.6	-4.4	-3.7	-4.0	-4.4	-1.4	-1.3	-1.3	-0.8	-1.5	-2.2	
Japan	-59.1	-47.6	-55.6	-13.1	-12.4	-14.7	-15.1	-5.1	-4.5	-5.1	-5.8	-4.2	-5.1	
OPEC (unadjusted)	-15.7	-19.8	-20.5	-5.5	-5.2	-5.5	-3.8	-1.8	-1.9	-1.8	-2.2	-1.4	-0.2	
Unit value of U.S. imports of petroleum and selected products (unadjusted)	\$15.83	\$18.98	\$17.67	\$20.37	\$17.08	\$16.72	\$16.99	\$16.50	\$16.94	\$16.72	\$17.65	\$17.13	\$16.21	

<sup>1</sup> Exports, f.a.s. value, unadjusted. Imports, customs value, unadjusted.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, February 19, 1998.