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Y. Franchet
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Y. Franchet
Directeur général

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This is the final report of the study made by Stephen DAVIES of the University of East Anglia, England on behalf of EUROSTAT Unit C3 "Balance of Payments and International Trade Analysis", with the data provided and harmonised by EUROSTAT.

SUMMARY

This is EUROSTAT's second detailed study of the European Community's direct investment flows as recorded in the Balance of Payments. It covers the period 1984 to 1989, using harmonized data for the Member States and, for comparative purposes, the United States and Japan. The relative importance of direct investment within the Community's Balance of Payments is readily displayed by the following statistics for 1989. Outward and inward investment amounted to 33 and 28 thousand million ecus respectively, compared to total exports and imports of 402 and 416 thousand million ecus respectively.

The main findings are as follows.

1 - Development over time (1984-89):

The European Community is a net exporter of direct investment capital: investment it makes in outside countries is regularly higher than that which it receives from the rest of the world. On average over this period, outgoing capital was approximately twice as high as incoming capital. But this average figure conceals a considerable narrowing of the proportionate balance in the last three years, and by 1989, outward investment only exceeded inward by about 20% (as opposed to 200% in 1986.)

Investment flows have increased dramatically in both directions. Investment made virtually doubled from 17 thousand million ecus in 1984 to 33 thousand million in 1989. But even this rapid growth failed to keep pace with the rise of investment received - from 6 thousand million ecus in 1984 to 28 thousand million in 1989. In fact, the sharp narrowing of the balance at the end of the period reflects a much slower increase in outward investment of only 8% between 1987 and 1989 (effectively stagnation in real terms), but an acceleration in inward investment which more than doubled in these last two years.

On the world stage, the European Community is one of the three dominant actors. For most of this period it was the leading outward investor, but in 1989 it was overtaken by Japan. In fact, the increase in Japanese outward investment has been staggering (an average annual rate of increase of 40%.) Thus, whilst Japan invested overseas only half as much as the Community in 1984, it had virtually caught up by 1988, and invested 25% more in 1989. The European Community is also the world's second most important host to direct investment, but this time behind the United States. However it lags some way behind - over most of the period inward investment in the United States was at least three times the investment in the Community; and even in the exceptional 1989, it was still more than double the Community total.

The significant difference between the Community and Japan and the United States is that, while the Community is simultaneously a large source of and host to direct investment, Japan and the United States both exhibit major imbalances. Japan attracts only trivial amounts of inward investment, to offset its massive outward investment; whilst the United States has been for a number of years now a chronic importer. U.S. outward investment fluctuates significantly between years, but it is always dwarfed by its inward investment, and over this period, it never reached even a third of the Community total investment abroad.

Intra-Community investment has also grown at an unprecedented rate over these years - from about 4 thousand million ecus in 1984 to about 33 thousand million ecus in 1989. These investments are now on a par with Community investments in the rest of the world, having long been at a lower level, and they have also matched the growth of inward investment by other countries in the Community. Perhaps most significantly, unlike extra-Community outward investment, there has been no slow down in intra-Community investment between 1987 and 1989; on the contrary, it grew by 175% in these two years. The impact of the Single Market is clearly visible in these figures. It has attracted staggering increases in investment in the Community - both by Community countries themselves and from the rest of the world. Moreover, it seems that this may have been at the expense of Community investment elsewhere in the world - at least in the short-term.

2 - Geographical breakdown:

The overwhelming majority of the Community's direct investment capital movements, in both directions, are with the industrialized Western world. Typically, almost three quarters of the Community's investments in the rest of the world are directed to the United States and 6-7% to the EFTA countries (Japan accounts for only about 1%.) The Developing countries therefore receive only a modest share, although this did increase to 11.6% in 1989. In most years, EFTA is the main supplier of capital (usually more than one third). In 1989, however, the USA was the main supplier according to European sources, accounting for 32%, but American sources put the figure considerably lower. The Japanese share of investment in the Community has grown throughout the period to 15% by 1989. Nevertheless, the Community still accounts for a much smaller share of Japanese than American investment (21% and 58% respectively in 1989.)

Within the European Community, the United Kingdom accounts for the largest share of direct investment capital movements, both with non-Community countries and within the Community, and both in investments made and investments received. Indeed, on average, it accounts for nearly half of the Community's external flows involving the rest of the world. Germany, France and the Netherlands are the other main investors in the rest of the world (usually in that order, with shares between 10 and 20% each.) Inward investment from the rest of the world is spread more evenly across the Community, apart from the UK, with only France and Spain receiving shares in excess of 10%. Germany and Spain are exceptional in being involved in mainly only one direction: Germany's inward investment is only a fraction of its outward, while the reverse is true for Spain. The United Kingdom's dominant role is much less pronounced concerning intra-Community direct investment: on average it made less than 30% and received about a quarter of the Community total. France and the Netherlands each account on average for about 20% of the intra-Community investment made, whilst France, Netherlands, UEBL and Spain (usually in that order) each account for between 10% and 15% of intra-Community investment received.

3 - Sectoral breakdown

The European sector investing most heavily in the rest of the world is Energy (which comprises a number of multinational petroleum firms); its average share is 20%, but this is highly variable between years. The remainder tends to split fairly evenly between Manufacturing and the Services. Within these broad sectors, the leading investors are "Chemicals" and the "Food" industries on the one hand, and "Finance and Banking" (including holding companies which manage the participating interests of their parent company in other companies) and "Distributive trades, hotels and restaurants". These four industries each tend to account for about 8 to 12% of the total.

The sectoral breakdown of inward investment is rather different. Here, the Service sector accounts for almost two thirds, and Manufacturing only one third. Indeed, the "Finance and Banking" industry alone accounts for one third (although, admittedly, this includes holding companies which may have important Manufacturing interests). "Real Estate" and the "Distributive trades, hotels and restaurants" are the next most important recipients of inward investment, accounting usually for about 10-12% each. The sectoral pattern of intra-Community direct investment closely follows that of extra-Community investment, with the same Service industries as above to the fore.

Despite corrections and estimates made by EUROSTAT, these statistics on direct investment are by no means fully harmonized. International capital flows are recorded differently from one Member State to another (the term "direct investment" is not always defined in the same way, there are various methods of collecting the information, classifications are incompatible, etc.), and it has not always been possible to adjust national data as desired, i.e. by aligning the national concepts currently used with the OECD international benchmark definition. In particular, direct investment reported in this study excludes reinvested profits, unless otherwise indicated.

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First part : INTRODUCTION

The liberalization of capital movements virtually achieved in most Member States by July 1990, in the context of the creation of the Single Market and the medium-term perspective of European Economic and Monetary Union has led to an increased need of the Commission of the European Communities for reliable statistics on international flows of capital. The Commission wishes to be able to evaluate the financial and economic impact of this process of integration, both on structures within the Community and on its relationships with the Community's partner countries or zones.

The statistical part of the study has been developed by EUROSTAT on the basis of balance of payments information supplied by Community States.

This is the second annual report to present and analyze the direct investment component of international capital movements in the European Community¹.

1. The first report is published in "European Community Direct Investment, 1984-88", by Christine Spanneut, Luxembourg, 1991.

1-1 Subject of the study

1-1-1 A Definition

Direct investment can be defined as the use of capital by enterprises (referred to as "direct investors") to finance the purchase, creation or development of subsidiaries abroad ("direct investment enterprises"), or to acquire shares in foreign companies with which they thereby establish a privileged relationship. (A more rigorous definition is given below in the methodological annex).

It is not the instruments of this financing (shares, bonds, cash credits etc.) which distinguish direct investment from other capital movements, but rather **the element of control**. In fact, direct investors must have a power of decision in the enterprise in which they invest if the capital they put in is to be called direct investment. In some cases, the profitability of the investors' own enterprise will be directly dependent upon the policies pursued by their direct investment enterprise. So, unlike ordinary shareholders, who are only interested in the financial profit of their participation, direct investors want to be able to exercise an influence on the policy of the direct investment enterprise in which they have invested. This power may take the form of an important share in capital stock, representation on the board of directors, commercial partnership, dominant technical or financial liaison, etc.. The investor is thus able to direct the activity of its direct investment enterprise with the aim of generating supplementary profits from the initial capital outlay compared with those obtainable on a purely financial market: "direct investors are thereby in a position to derive benefits in addition to the property income that may accrue on the capital that they invest" (IMF - Balance of Payments Manual, 4th edition).

1-1-2 The motives for direct investment

There is a multitude of possible motives for direct investment, and their relative importance will differ, of course, from case to case. Nevertheless, previous academic, and other studies do point to some fairly common features of the decision to invest overseas. This decision, which is sometimes referred to as "going multinational", can often be best understood as a decision about the most effective way of serving an overseas market or to produce cheaper for the home market. In principle at least, a firm which wishes to sell overseas has a variety of modes which it can employ; historically, the most popular mode was straightforward exporting, although licensing was, and remains, an alternative in many instances. Direct investment is a third alternative which amounts to producing directly in the country one wishes to serve or to commercializing home produced products through a subsidiary. Viewed in this way, direct investment will be chosen where it is a more efficient mode - either in terms of costs or on the selling side - than the alternatives. As such, one or more of the following reasons can often be seen as important:

- to escape protectionist measures, by producing on the spot what was previously exported (this is sometimes referred to as "tariff jumping")
- to establish new markets, or retain access to an existing market which is at risk to a better placed rival (this is often a motive in industries characterised by oligopolistic competition on a worldwide scale, and when direct investment is a weapon to be used in strategic competition)
- to benefit from better local conditions; sometimes this means lower labour costs or local raw materials, but sometimes it is more to do with the **quality**, rather than price, of factors of production, for example, a skilled and educated workforce.
- to economise on transport costs which may render direct exporting an expensive way of serving a market
- to benefit from local legal provisions (for example, less restrictive technical standards)
- to benefit from fiscal advantages (lower taxes or special incentives for new investments)
- to profit from advantageous financial conditions (lower interest rates and/or a better functioning capital market, again leading to lower costs or greater profit)
- to exploit a proximity to consumers: this is sometimes necessary, especially for products where quality and specification are key selling features, if the seller is to be able to react to local tastes and consumer requirements

As firms become more alert to the benefits of multinational operations in the above respects, so direct investment plays an increasingly important role. Indeed, for enterprises in western industrialized countries, direct investment is often the only way to maintain their international competitiveness. Moreover, for the developing countries, direct investment constitutes a choice which is often preferable to classical forms of indebtedness and which makes technological transfers easier.

Whilst the trend towards multinational operations is certainly not confined to Europe, it is particularly relevant in the Community context at present because of the opening up of frontiers in 1992. One might expect that the inevitable restructuring of European enterprises will be achieved in no small part with the aid of direct investment. The intensification of this restructuring movement is already clear from other indicators, such as the intensification of merger activity.

Moreover, it is clear that the impact of direct investment is not merely confined to the direct effect on the balance of payments. There may also be trade displacement (or enhancement) effects, as well as less direct (but no less important) influences on efficiency and productivity, industrial structure, and competition.

Against this backcloth, now therefore seems the appropriate moment to be presenting flows of this type of capital. How rapidly are direct investment capital flows increasing both into and from the Community? How do they compare with investment by the other major countries? The geographical dimension is clearly important - do European enterprises invest more amongst each other than in external markets; which other countries are the main suppliers of the Community? Which production sectors are currently the most attractive in Europe for external investors? Is internal direct investment increasing as 1992 comes closer? It is these kinds of question which the present document will try to answer.

1.2 Basic Information used:

The statistical information used in this report has been prepared, i.e. harmonised and processed by EUROSTAT: EUROSTAT receives the information gathered from Member States' Balances of Payments and publishes them each quarter (including the capital accounts) in **EUROSTAT - External Trade and Balance of Payments- Monthly Statistics**. This publication contains the quarterly foreign direct investment totals for a limited number of Member States. But EUROSTAT also receives (since 1982 to 1987 depending on Member State) specific and detailed questionnaires on direct investment, an example of which is annexed at the end of this report. The information is generally submitted to EUROSTAT by the Central Banks or the National Statistical Institutes of the various Members of the European Community. These questionnaires provide the basic data for this report, although they often need to be supplemented by other data and by estimates. Member States have thus often been asked to provide information and EUROSTAT thanks them warmly for their cooperation.

An initial attempt at analyzing these figures rapidly revealed a considerable lack of coherence in the statistics from national sources: the comparison of corresponding bilateral flows between Member States clearly showed that these states recorded capital movements which were extremely different. These differences could not simply be attributed to the classical problems of balances of payments such as the monetary conversion of transactions or the date of recording. In reality, the concepts employed were different, the field covered by the statistics varied in size, collection methods were different, classifications were not compatible, etc..

It was therefore necessary to come to grips with the methodological problems. Some information in this respect was available to EUROSTAT (in the form of the Methodology of the Balance of Payments of some Member States publicised by the Office for Official Publications of the European Communities); other information had to be obtained directly from the Member States.

National methodologies were carefully examined on the specific subject of direct investment. Subsequently, Member States were requested to send certain supplementary data which enabled some corrections to be made to the initial data, the aim of these corrections, and indeed of the study, being to obtain figures which are more comparable and which can be added together to produce a EUR 12 total.

Some of the methodological divergences could be corrected but numerous others remain. Therefore, the reader is strongly advised to carefully consult the methodological annex of this study in order to avoid errors in interpretation which can always arise with statistics which are not fully harmonised. EUROSTAT is encouraging Member States to move more into line with the Benchmark Definition of OECD, and hopes to be able to present more harmonized and detailed figures in the forthcoming editions. However complete harmonization will be a long and exacting task.

1.3 Data processing method:

As the data initially supplied by the Member States have often been subject to transformation (albeit slightly) it may be useful to describe more precisely the steps that were followed, and to define a vocabulary in order to distinguish data at each step.

- at the first stage, we speak of "**raw**" data, exactly as communicated by a Member State, either using the EUROSTAT questionnaire or in some other form specific to that Member State. This latter case was very frequent, because the nomenclatures used by the Member States often did not fit easily into EUROSTAT's nomenclature.
- at the second stage, the examination of the various methodologies showed that it was necessary to correct figures in order both to improve their comparability and to be able to add them together. To this end, the Member States were individually contacted to obtain additional items of information which would allow the data to be corrected as required i.e. to bring them better into line with the OECD Benchmark Definition (see methodological annex). Some of this information was obtained, other information was not. Either it was confidential, or, most commonly, it was simply not available, owing to national methods of collecting and compiling data. The data resulting from these corrections will be referred to as "**harmonized**", although rather erroneously since harmonization is in fact far from complete. All the figures published in this report which apply to one Member State are "harmonized", i.e. they have been drawn up exclusively with the aid of the data from the Member State but they do not necessarily correspond to the figures published by the Member State itself under the heading "direct investment". This is because of differences in definitions. There are two exceptions: Greece and Ireland, for which no "raw" or "harmonized" figures exist and have been replaced by EUROSTAT estimates in order to fill in at least the most important items.
- at the end of this project, many items of information were still missing for reasons such as: they were simply entirely or partly unavailable, it was not possible to convert from a national classification to the EUROSTAT classification, there were breaks in series etc... These missing items of information were therefore estimated, as far as possible with the aid of specific documents of the country in question or with the aid of average structures. These data will therefore be termed "**estimated**". Only "estimated" data for the entire European Community (EUR12) are published here.

Details of the correction and estimating methods for each Member State are given in the methodological annex (Methodologies of the Member States), but the estimates themselves are not given (except in the case of Greece and Ireland for important items).

1.4 Conventions adopted:

Some final clarification is necessary: with the exception of paragraph 2-4 of the second part (Results) and the figures taken from the G-BOP database, all direct investment reported here is calculated **without reinvested profits**: reinvested profits are those profits which the board of directors of the direct investment enterprise (upon which the direct investor would normally sit) decides not to distribute to the shareholders but rather to reallocated to the development of the enterprise. These are thus fictitious flows in the Balance of Payments: in theory, the direct investor receives income from his direct investment (recorded in the current balance) and reinvests it immediately in his subsidiary (this reinvestment is then recorded on the line "direct investment" of the capital balance). In reality, these two inverse, but absolutely identical flows do not give rise to any settlement, which explains the difficulty of certain Member States in identifying them. As several countries have decided not to trace these flows, it seemed preferable to exclude them from the statistics of the other Member States which do record them rather than make a hazardous estimate for the former. This approach is clearly open to criticism since the scale of reinvested profits can fundamentally affect the analysis of direct investment. Nevertheless, statistics on direct investment excluding reinvested profits do have meaning in that they constitute some approximate indication about the resources produced in one economy which are transferred to another, whereas reinvested profits are produced and used on the same economic territory.

Moreover, the lack of detail on reinvested profits in most Member States would have weakened the analyses: reinvested profit is often recorded as a global figure but is not broken down by geographical origin or destination for the moment. EUROSTAT is presently encouraging the Member States to develop such a breakdown and also to produce stock statistics which include reinvested profits.

The **sign convention** used in this document is that of the Balance of Payments: capital flows are recorded:

- with a + sign if they enter the declaring economy; they may thus be investment in the declaring economy coming from abroad or disinvestment abroad by the declaring economy (repatriation of capital).
- with a - sign if they leave the declaring economy; they must be either investments abroad by the declaring economy or disinvestment by foreign countries on the territory of the economy in question.

Some **notations** may be specific to this document:

- NA means "not available", for different possible reasons: data not collected, nomenclature not compatible...
- a hyphen "-" is equivalent to "not applicable".

Consistency between tables is generally respected unless otherwise indicated. However, all the supplementary tables in the fifth part, which are given for information only, are not compatible with the other data. The reasons for this are explained under each table or group of tables.

Finally, the reader must be careful not to overestimate the **level of accuracy of the figures**: the unit used in most of the tables is one million ecus. This level of precision is simply due to the automatic methods of calculation conversion and printing, but it is more prudent for analytic purposes to deal in thousand millions of ecus in view of the numerous methodological problems affecting direct investment statistics.

Second part : RESULTS

This part reports our main findings concerning European direct investment under three headings:

- trends over time in the aggregate magnitudes (section 2-1)
- a geographical breakdown of the destinations and origins (2-2)
- a breakdown by major sectors of the economy (2-3)

Most of the analysis is conducted using data on direct investment **excluding reinvested profits**, but section 2-4 reports the limited information which is available on reinvested profits, and considers how this might effect our main conclusions.

We should state quite clearly at the outset, that, in spite of efforts to harmonise the data of the different Member States, the reliability of the statistics still remains questionable in some respects. This has limited the **scope** of the analysis - in particular, detailed examination of the disaggregated data are not presented. On the other hand, we are confident that the main conclusions we have drawn, about broad trends and tendencies, are robust and reliable.

2-1 AGGREGATE TRENDS 1984-89

A recent United Nations report documents the rapid growth, worldwide, in foreign direct investment: it estimates that worldwide flows nearly tripled between 1984 and 1987, and then increased by 20 per cent per annum in both 1988 and 1989. This is equivalent to an average annual growth rate of 29 per cent, which is three times the growth of world exports and four times that of the growth of world output over the period². Their report also shows a key role for the European Community which, on UN estimates, was responsible for more than one third of the world total as an investor and nearly one quarter as a recipient.

In this opening section we use EUROSTAT's own harmonized database to examine further the main trends over this period in the aggregate flows of direct investment for the European Community. Section 2-1-1 presents the trends in extra-Community investment, as compared to USA and Japan; and section 2-1-2 reports the flows of direct investment **between** Member States, i.e. intra-Community investment. Section 2-1-3 summarises and compares the relative development of extra- and intra-Community flows. It also provides a perspective by comparing trends in direct investment with trends in various macro-economic indicators for the Community.

The strength in the present source undoubtedly derives from the rigorous efforts that have been made to harmonize the data provided by the member countries of the Community, but harmonization has also imposed two important limitations: given the raw data at our disposal at present, harmonization has only been possible for the years 1984-89, and by **excluding** reinvested profits.

In an attempt to provide a longer term perspective, the final section, 2-1-4, draws on an alternative (G-BOP EUROSTAT) datasource. Although the data in the G-BOP source are non-homogeneous, they do help us to sketch out a fairly reliable picture dating back to 1970. The exclusion of reinvested profits is rather more problematic. Certainly, this is unavoidable if the main aim of this report is to be achieved, namely consistency across Member States and over time. But one must accept that the exclusion of reinvested profits provides an incomplete picture - particularly for those countries with a long history of direct investment, and for whom reinvested profits on previous investment may form a significant component of total direct investment. In the present context this applies especially to the USA (and the UK within EC). The G-BOP source is also of some assistance on this matter since it reports data for both these countries which include reinvested profits. But the general lack of consistency of this source severely limits its contribution. For this reason a systematic discussion of reinvested profits is delayed until section 4.

2-1-1 Trends in Extra-community investment compared with USA and Japan

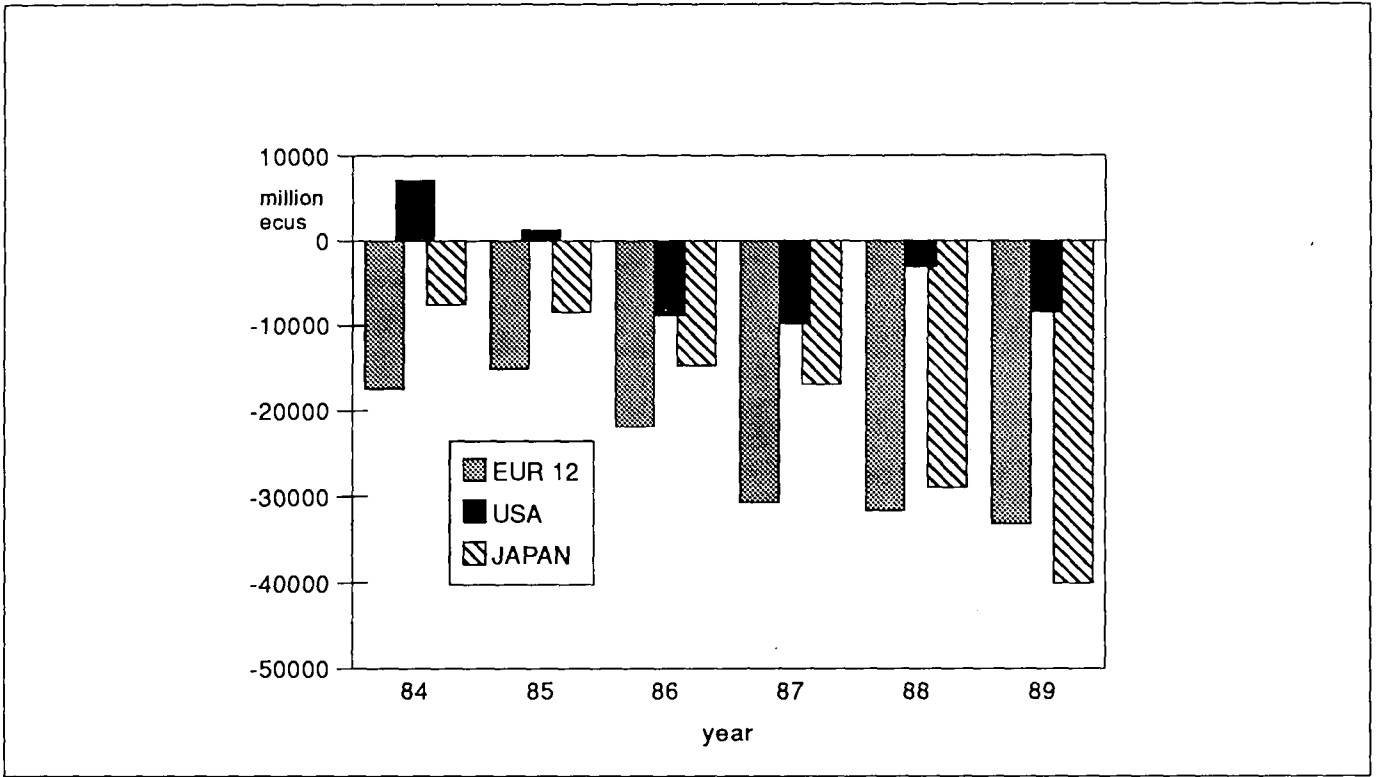
Initially, we focus on extra-community direct investment by the EC countries, i.e. excluding flows between member countries. This is a natural starting point if one views the European Community as a single entity - indeed, one of the three main players on the world stage - but it does conceal the considerable and rapidly increasing magnitudes of cross investment between member countries.

As can be seen from table 2-1 and graph 2-1, **outward** direct investment made by the European Community in the rest of the world virtually doubled between 1984 and 1987, rising from 17 to 31 thousand million ecus. This represents an average increase of about 20% per year, although much of this was in fact concentrated in the years 1986 and 1987. In 1988 and 1989 however, the growth was far more modest at 3.5% and 5% per annum respectively, representing virtually no change in real terms.

2. "World Investment Report 1991, The Triad in foreign direct investment", United Nations Centre on Transnational Corporations, United Nations, New York, 1991, pp.3-5. It should be noted, however, that this rapid growth followed a worldwide decline between 1979 and 1982, when investment had declined by approximately half.

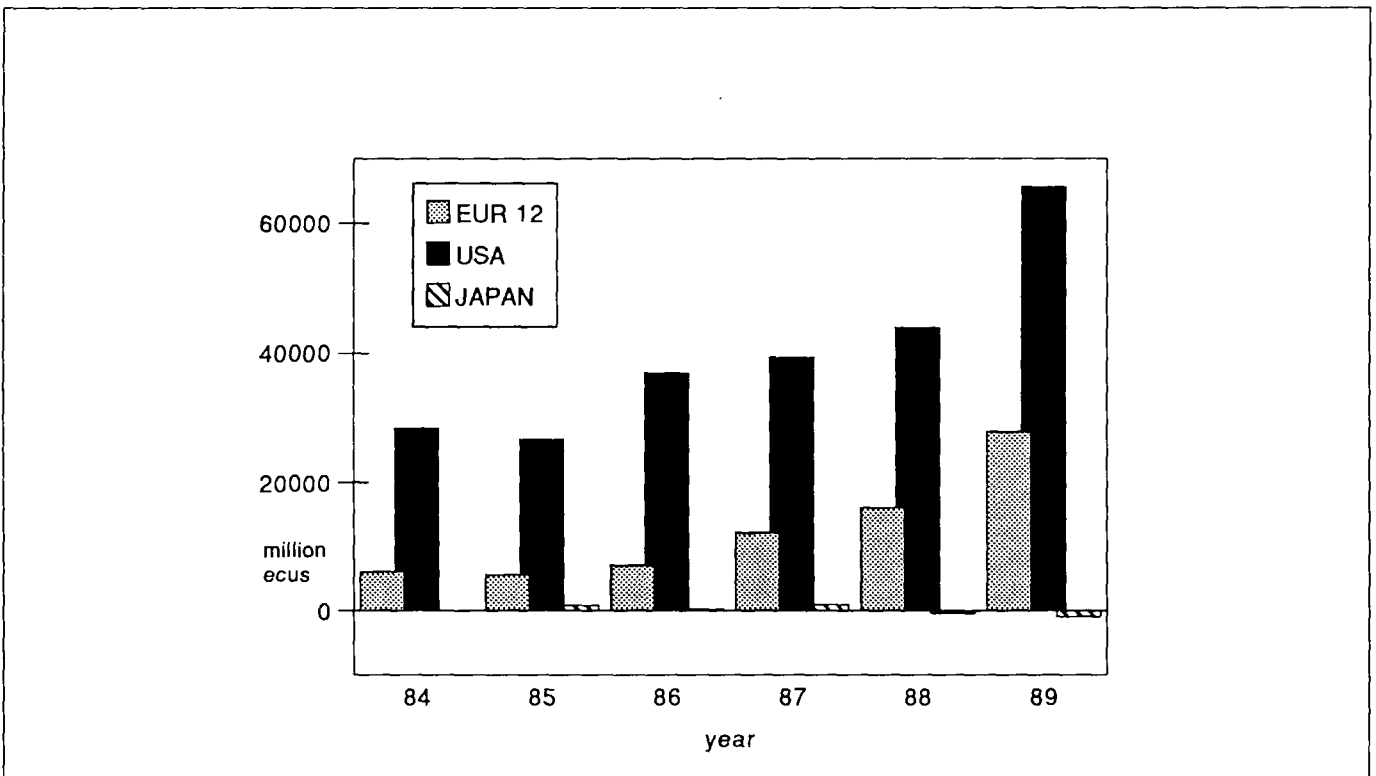
Graph 2-1

Outward Investment



Graph 2-2

Inward Investment



Japan's outward investment recorded a similar **proportionate** growth between 1984 and 1987, but from a much lower starting point. Unlike the Community however, Japan accelerated the rate of growth of its investment between 1987 and 1989 - these two years alone saw a 150% increase. Over the six years as a whole, Japan's average annual growth was a staggering 40% compared to 14% for the EC. Thus, whilst Japan invested only half as much as EC in 1984, it had virtually caught up by 1988, and surged 25% ahead in 1989.

Table 2-1

Direct Investment: comparison between European Community, United States and Japan

unit: million ecu

year	1984	1985	1986	1987	1988	1989
made by:						
EUR 12	-17399	-15119	-21941	-30694	-31612	-33152
USA	7129	1232	-8797	-9820	-3048	-8477
JAPAN(*)	-7558	-8455	-14713	-16916	-28931	-40056
received by:						
EUR 12	6169	5711	7119	12217	16102	27939
USA	28640	26733	36969	39357	43870	65655
JAPAN(*)	-13	841	230	1010	-410	-957
net investment by:						
EUR 12	-11230	-9409	-14822	-18477	-15510	-5213
USA	35589	27965	28172	29537	40822	57208
JAPAN(*)	-7570	-7614	-14483	-15906	-29341	-41013

Sources: EUROSTAT estimates, U.S Department of Commerce, and Bank of Japan

(*) These data are investments recorded in the Balance of Payments by the Bank of Japan, and not the investments "notified" to the Ministry of Finance.

The contrast with the USA's modest outward flows is particularly striking. Indeed in 1984 and 1985 in aggregate the USA was **disinvesting** overseas, i.e. the value of re-sold US owned enterprises abroad actually exceeded those bought, established or developed. Whilst this was reversed in 1986, the following years saw no further growth, and in 1989 the USA was investing overseas at only 25% of the Community's rate. But this interpretation would be different with included reinvested earnings, especially for USA (see part 2-4).

Turning to **inward** investment, table 2-1 and graph 2-2 reveal an explosion in the magnitude of the flows coming into EC. Here the period splits fairly obviously into two equal sub-periods: 1984-86 shows no obvious trend, but, between 1986 and 1989, inward flows quadrupled. The most likely explanation is, of course, the anticipation by non-EC countries of the Single Market by 1992.

Whilst this still leaves EC some way behind the USA, which remains quantitatively the most important host for direct investment, the growth of inward investment into the USA has been much more modest over most of the period. Thus inward investment into EC had reached two-fifths of the US level by 1989 as opposed to one-fifth in the years 1984-86. Nevertheless, in 1989 there was a major 50% increase in inward investment into the USA - in proportionate terms roughly the same growth as was achieved over the years 1984-88 taken together.

Japan, on the other hand continues to receive numerically trivial amounts of inward investment, with no discernible trends; indeed, in 1988 and 1989, there was even net disinvestment.

The ensuing net **balances** of direct investment are also shown in table 2-1, with negative signs indicating an excess of outward over inward. In this case, as an aid to interpretation of the figures, we also employ Graph 2-3. Since this is a graphical device we shall use in various places in this report, three points of interpretation are worth noting.

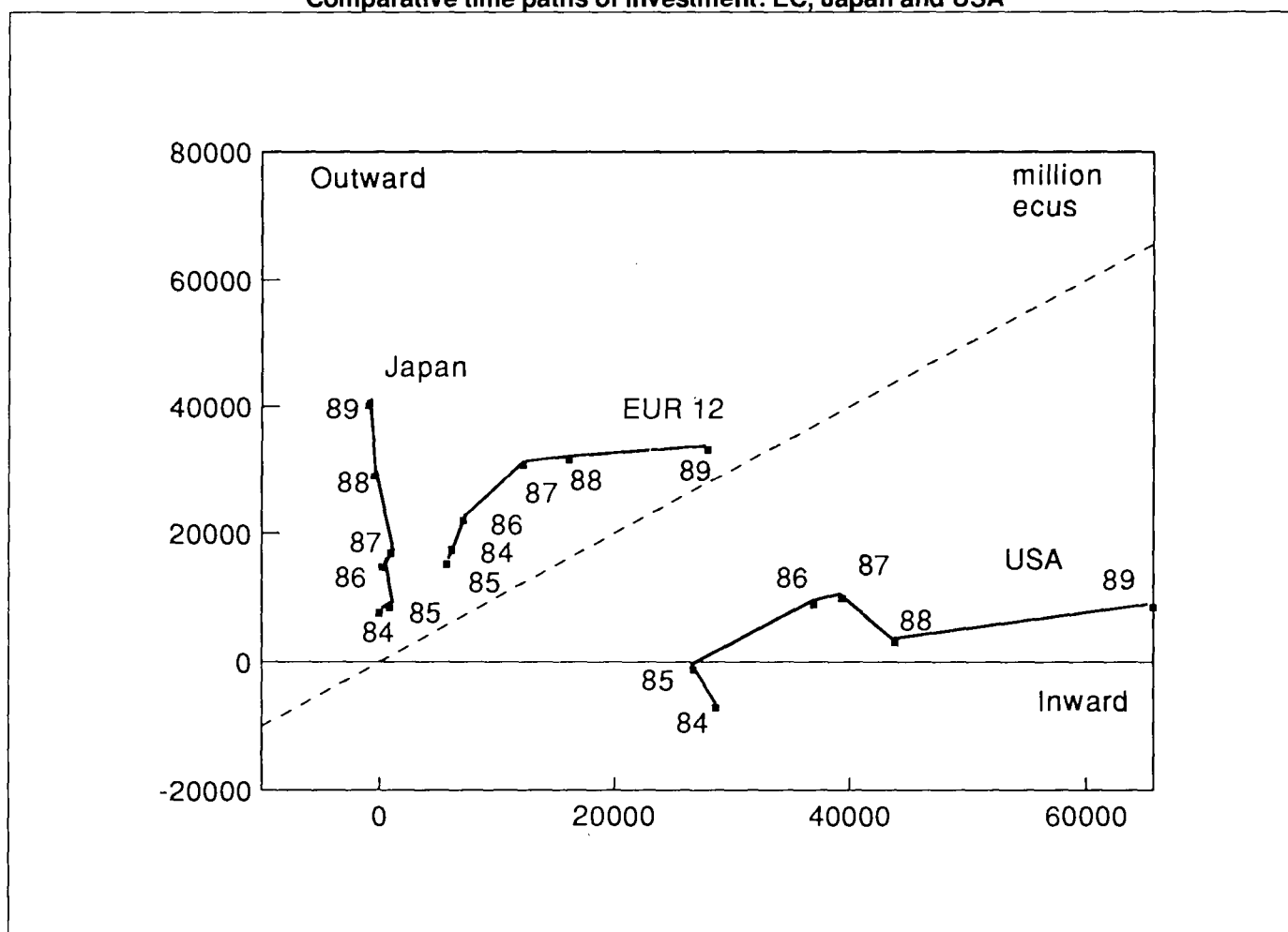
(i) For each year, the graph plots outward investment against the corresponding magnitude of inward investment³. Therefore, points lying above the 45 degree line (hereafter usually referred to as "the diagonal") indicate an excess of outward over inward investment.

(ii) Movements away from the origin of the axes indicate increasing investment, and the distance between adjacent years reveals the **magnitude** of the year on year change.

(iii) The precise **direction** of the movement indicates whether the net balance is increasing or decreasing in proportionate terms. Thus, whilst increases in both outward and inward investment will produce a movement in the general north-easterly direction, a relatively flat movement indicates a faster increase for inward than for outward investment.

Graph 2-3

Comparative time paths of investment: EC, Japan and USA



3. In this case, contrary to our general convention, outward flows are recorded as positive values, unless there is disinvestment.

The graph shows quite clearly, then, that the Community has been consistently a net investor with the rest of the world over this period - the EC time path lies comfortably above the diagonal throughout. The quickening of activity in the second part of the period is also revealed by increasingly larger outward movements in the time path. The most striking year on year change clearly occurred in 1989 when the time path moves significantly closer to the diagonal - indicating a falling balance with capital leaving the EC (33 thousand million ecus) exceeding that coming in by only 5 thousand million ecus. A cursory glance at table 2-1 would suggest that this narrowing was a more or less a "one-off" event, but the graph suggests differently. It is apparent that the EC time path over this period first moves away from the diagonal, before moving back sharply in 1988 and 1989. In that sense, 1989 may be viewed more as the continuation of a cycle, which saw the net balance first increasing, in proportionate terms between 1984 and 1986, then holding more or less constant between 1986 and 1987, and then narrowing in 1988 and 1989.

The graph also reveals the striking contrast with Japan and USA. Japan's time path virtually moves along the vertical axis, indicating its persistent performance as a net exporter of direct investment capital. Moreover, not only is the time path moving further from the diagonal, but the rate of increase is increasing. Thus, whilst the EC and Japanese time paths are roughly the same distance from the diagonal in the earlier years, a dramatic doubling in Japan's net balance between 1987 and 1988, followed by a further increase of a third in 1989, takes Japan increasingly away from the EC.

USA's role as a net importer of direct investment is also vividly illustrated by the location of its time path in the lower part of the graph (indeed, below the horizontal axis initially.) As can be seen, the magnitude of its imbalance was roughly constant between 1984 and 1987, but increased dramatically in each of 1988 and 1989.

2-1-2 Intra-Community investment

Intra-community direct investment is defined as investment made by companies resident in one Member State in companies resident in other Member States, but it does not include purely domestic investment (i.e. internal within a Member State).

In the present database, aggregate intra-community investment can be calculated in two ways: either as

- (i) investments declared as outgoing by the investing countries, or
- (ii) investments declared as incoming by the countries receiving the investment.

Table 2-2

Intra-Community direct investment

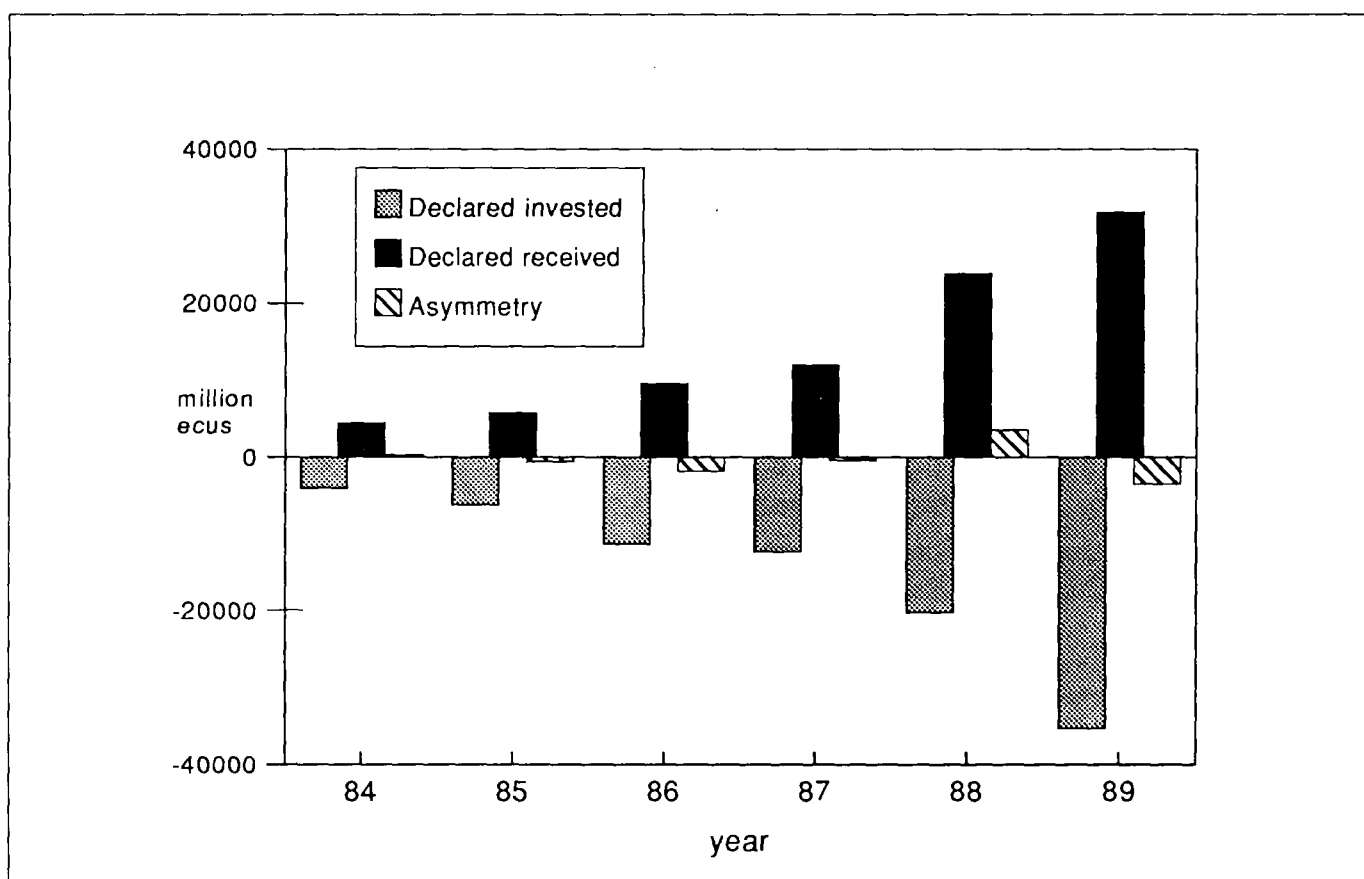
million ecu

Declared by:	1984	1985	1986	1987	1988	1989
investing countries	-4053	-6233	-11336	-12364	-20269	-35344
countries receiving investment	4349	5694	9579	11967	23786	31847

Source: EUROSTAT estimates

Graph 2-4

Intra-Community Direct Investment



Ideally, the two should be identical, but as shown in table 2-2 this is clearly not the case, with the proportionate difference being as high as 15% in two of the years (1986 and 1988). Since there is no general tendency for one or the other of the two estimates to be higher, the best way of measuring the typical divergence between the two series is by the mean **absolute** difference: this is about 10%. This figure is disturbingly high and cautions against attaching too much significance to the precise magnitude in any one year. It is our first encounter with the phenomenon we shall call the "asymmetry problem", and which will be discussed more fully later.

Fortunately, the broad trends are essentially the same whichever of the two series one uses. Over the 6 years as a whole, aggregate intra-Community investment underwent a roughly eightfold increase, (taking the average of the two series), but with the most dramatic increases occurring in 1986 and then between 1987 and 1989.

At this point it is worth remembering that the Single Act was declared officially in 1986, and that the entry of Portugal and Spain also took place in the same year. However, Portugal and Spain have been included in all statistics relating to the aggregate Community (EUR 12) throughout the period. Thus the quickening of intra-Community investment from 1986 onwards can not be attributed to the mere arithmetic explanation of a widening of the geographical coverage of the statistics. This is not to say that the entry of these countries did not contribute to the growth in investment: their entry attracted a larger inflow of investment into the two countries by other member countries and even a larger flow between the two countries themselves (see Part 4 tables for Spain and Portugal). More generally, the most obvious explanation of the upsurge in aggregate intra-community investment is that this was induced by the Single Act itself.

In turn, this raises two interesting questions.

- 1. Was there an increase of intra-community investment **at the expense of extra-community outward investment?**
- 2. Similarly, was it **at the expense of purely domestic (within country) investment?**

In other words, did companies from member states divert investment from their home subsidiaries, or subsidiaries outside the Community, towards their subsidiaries elsewhere in the Community? These are questions worthy of a detailed analysis which is beyond the scope of the present report. Nevertheless, we can go some way to providing the answer using the information at our immediate disposal.

We explore the first question in the next section, which draws together the data on extra- and intra-Community investment. So far as the second question is concerned, it is interesting to examine the year on year growth rates in purely domestic (within country) gross fixed capital formation, though this concept is not directly comparable to foreign direct investment: for example, GFCF includes official investments, excludes purchase of lands... and would be better put in comparison with changes in stocks rather than with net flows. Aggregating to the EUR 12 level, these are: 1985/84: 7.4%; 1986/85: 6.1%; 1987/86: 5.3%; 1988/7: 8.5%; 1989/88: 8.7%⁴. This series does reveal a very slight quickening in growth rates over the last two years of the period, but these numbers are lower, by an order of magnitude, than the growth rates we have just observed for direct investment and it is rather difficult to make a definitive conclusion at this first step.⁵

2-1-3 Summary and Perspective

A convenient visual way of portraying the main findings of this section is provided by the 4 quadrant diagram in Graph 2-5; this is derived from the data in tables 2-1 and 2-2. Since similar 4 quadrant diagrams are also used later in the report, it will be helpful if we briefly digress by explaining how the diagram is constructed and how it is to be interpreted.

4. Source: **European Economy**, December 1991

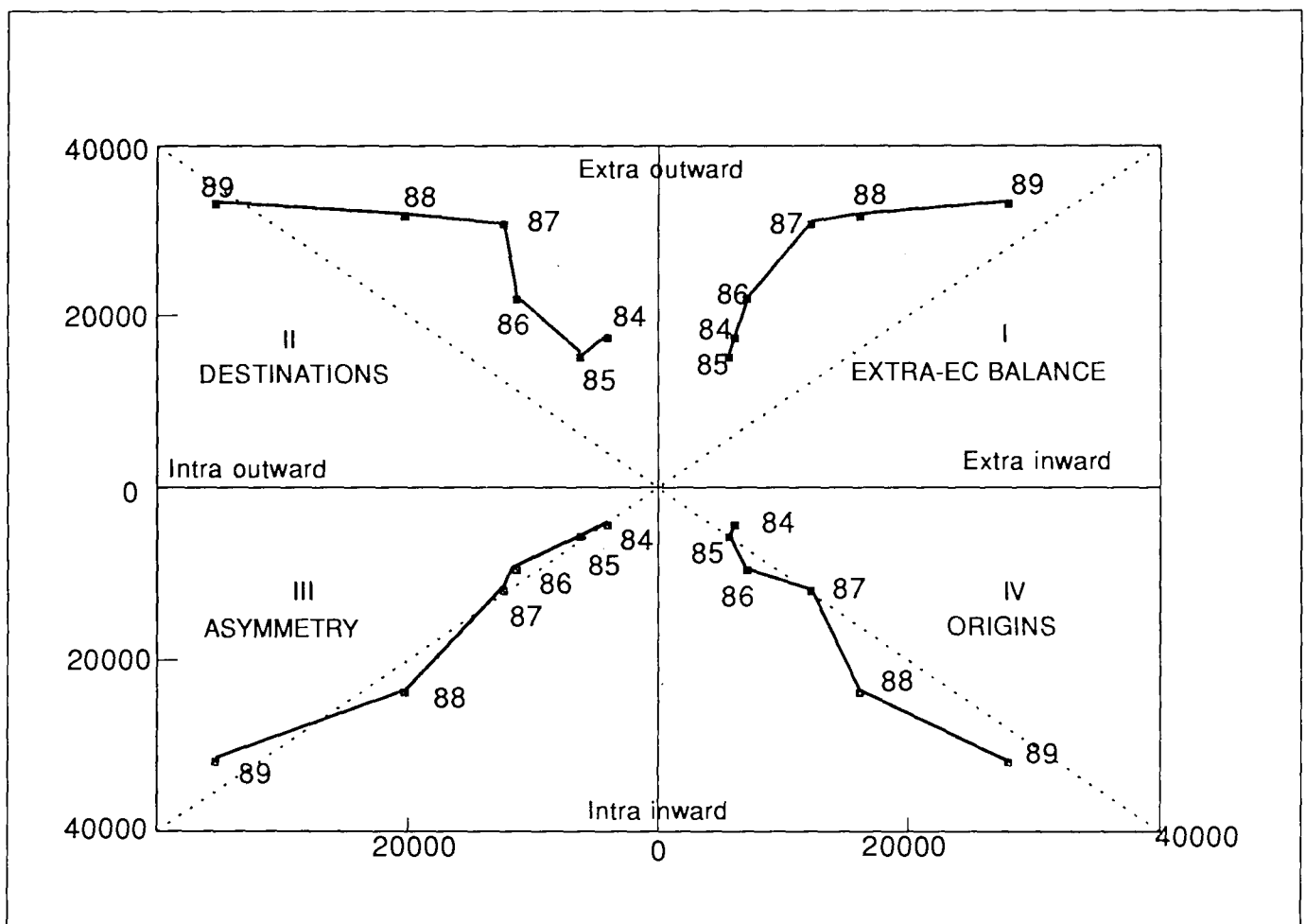
5. In fact, there might be slightly less reason to expect domestic investment to react strongly to legislation which is designed to reduce barriers to trade across frontiers. Nevertheless, purely domestic producers should be stimulated to some extent, partly in anticipation of a growth in the size of the market and partly as a reaction to anticipated competition from elsewhere in the Community.

The graph is divided into 4 connected quadrants, each one showing a different feature of the aggregate Community flows during this period.

- **Quadrant I** plots outward against inward extra-Community investment. This therefore depicts the time path of the **extra-EC net balance**, i.e. it repeats the EC time path from graph 2-1.
- **Quadrant III** plots the flows of intra-Community investment, with the data recorded by investing countries measured on the horizontal axis and by receiving countries on the vertical axis. This uses table 2-2, and is referred to as the **asymmetry** quadrant.

Graph 2-5

Outward and Inward, Extra- and Intra-Community Investment: a Summary



The two remaining quadrants can be derived graphically merely by reading across, and up or down, from the various points in quadrants I and III.

- **Quadrant IV** plots extra-Community inward investment against intra-Community inward investment, and it therefore shows the geographic mix in the origins of inward investment.
- **Quadrant II** plots extra-Community outward investment against intra-Community outward investment, and it therefore shows the geographic mix in the destinations of outward investment.

This graph should be interpreted exactly as was Graph 2-3; namely, the speed at which each time path moves away from the centre of the diagram reflects the rates of growth of investment, and the location of the time path, relative to the diagonal, reveals which of the variables is the larger. Each quadrant tells its own story:

(i) As noted earlier, Quadrant I reveals the EC to be always a net investor; with the surplus of outward over inward investment first increasing, but then decreasing over the period.

(ii) Quadrant III reveals two points of note about intra-Community investment and the asymmetry with which it is recorded. First, the magnitudes and variability of the asymmetry over the 6 years are shown by the divergence of the time path from the diagonal: if the two series were identical, the time path would coincide exactly with the diagonal. Second, the sharp acceleration of intra-Community investment is revealed by increasing distances between yearly points on the time path.

(iii) Quadrant IV, portrays the origins of inward investment in the Community. Again, there are obvious increases in the magnitudes of year to year movements, reflecting the acceleration of inward investment in the Community -both from the EC itself and the rest of the world. With the exception of 1988, the time path lies close to the diagonal throughout, but usually slightly below it. This indicates a roughly balanced growth - the magnitudes of intra- and extra-community investment have grown in roughly similar proportions, but with intra-community investment usually the larger of the two.

(iv) However, Quadrant II portrays a less balanced time path for investment by EC companies: between 1984 and 1987, it lies comfortably above the diagonal, showing that EC companies always directly invested more outside than within the Community. However, a distinct break occurs at 1987: the time path moves sharply towards the diagonal, crossing it in 1989. In other words, there appears to have been a shift in emphasis, with investment within the Community gaining at the expense of investment in the rest of the world. Indeed, for the first time in 1989, intra-Community exceeds extra-Community outward investment.

Quadrants II and IV together show a substitution of intra-Community for extra-Community outward investment since 1987. Whilst EC companies were able to match companies from the rest of the world in the magnitude of their investment **within** the Community, this was only at the expense of a slow down in the growth in their investment outside the Community.

Table 2-3 also provides a summary of our findings, but this time in terms of compound growth rates. The figures in the top part of the first column establish quite clearly that 1984-89 was a period of very rapid growth in EC direct investment: rarely do aggregate economic variables increase with annual growth rates as high as these.

Above, we provided a perspective by comparing with USA and Japan - the two other main direct investors in the world. But an equally interesting alternative perspective is provided by comparing with the growth rates of various indicators of macro-economic performance for EC over these years - these are shown in the lower part of the table. These comparisons only underline just how remarkable was the explosion in Community direct investment over this period. It grew between two and seven times (depending which measure of direct investment is used) more quickly than the Community's Gross Domestic Product; and only slightly less rapidly compared to domestic investment.

However, it is the comparisons with EC trade that provide the most striking results: comparing like with like (e.g. extra-EC outward investment with extra-EC exports etc.), the growth in direct investment far outstrips that of conventional trade. In fact this is a worldwide phenomenon - the UN estimates (ibid, p.4) that world foreign direct outflows grew three times as fast as world exports between 1983-89⁶.

This is, perhaps, the most significant result of this study. There is no doubt that the long-term trend towards the internationalization of world markets continued throughout the 1980s. However, it appears that the traditional channels, of exporting and importing goods and services, are being displaced, at least to some extent, by direct investment. Companies are apparently increasingly deciding that the best way to serve and develop overseas markets is by establishing a physical presence in those markets. The European Community is clearly no exception, and so far

6. While comparisons between the two sources are strictly not valid, it is interesting to note that our estimate of the differential growth of foreign investment relative to exports for the EC is substantially larger than their estimate for the world as a whole.

the Single Act appears to have had a greater effect on direct investment than on exports or imports. It may be that this explosion in direct investment is a "one-off" event due to restructuring (by both European and foreign Multinational firms.) If so, it may subside in future years. The prospects for trade are unclear at present: while Multinationals often displace trade, they sometimes stimulate it - depending on whether the Multinational firm uses its new overseas subsidiary as a base for exporting, and depending on its sourcing policies: thus, a transfer of a traditionally domestic production to a country with lower costs may lead to an export to the home country, inducing a final increase of international trade.

Table 2-3

Growth in direct investment: summary and comparisons with macro indicators

	Annual growth rate	Average annual level (billion ecu)	
	1984-89 (%)	1984-86	1987-89
Direct Investment			
Extra outward	13.8	-18.2	-31.8
Extra inward	35.3	6.3	18.8
Intra-EC	51.6	6.9	22.6
Macro indicators			
GDP	7.2	3337	4066
Domestic investment	8.7	638	816
Exports - extra	3.3	357	372
Imports - extra	2.7	377	392
Intra-EC trade	8.3	448	550
Ratios of direct investment to trade			
Extra-EC: outward to exports		5.1%	8.5%
Extra-EC: inward to imports		1.7%	4.8%
Intra-EC: investment to trade		1.5%	4.1%

Source: EUROSTAT estimates

In any event, this development in the World and EC economies calls into question the traditional beliefs about international economic linkages. For instance, both trade and exchange rate policies have a relatively less important role to play in such a world; similarly, the balance of payments is no longer a straightforward indicator of national economic performance.

Finally, one of our main findings in this section is that there was a significant difference between the years 1984-86 and 1987-89 in most of the series considered: in statistical terms, a "structural break" seems to have occurred. We shall often use this fact in the rest of the report by comparing the two sub-periods as a convenient way of summarising changes within the period as a whole. Apart from simplifying the presentation, this device also avoids undue emphasis on the figures for individual years. This is desirable since the following sections consider more disaggregated magnitudes where data inaccuracies and asymmetries need not be self-cancelling in any one year. Therefore, as a link to the following sections, Table 2-3 also shows the average annual levels in these two sub-periods for each of the direct investment flows and the macroeconomic variables. It also shows, for each type of direct investment, its ratio to the corresponding level of trade; for example, between 1984 and 1986, expenditure on extra-Community direct investment by EC companies amounted to 5.1% of the value of Community exports to the rest of the world. This rose to 8.5% in the following three years. The corresponding ratios for extra-Community inward investment and intra-EC investment rose at a considerably faster rate, but from lower bases.

2-1-4 A Longer run perspective

As mentioned earlier, it has not been possible to extend the current harmonized database back before 1984. Nevertheless, some insights are provided on the longer-term trends by an alternative dataset - the EUROSTAT G-BOP database (see tables 5-GBOP-1 and 5-GBOP-2 below) which extends back to 1970.

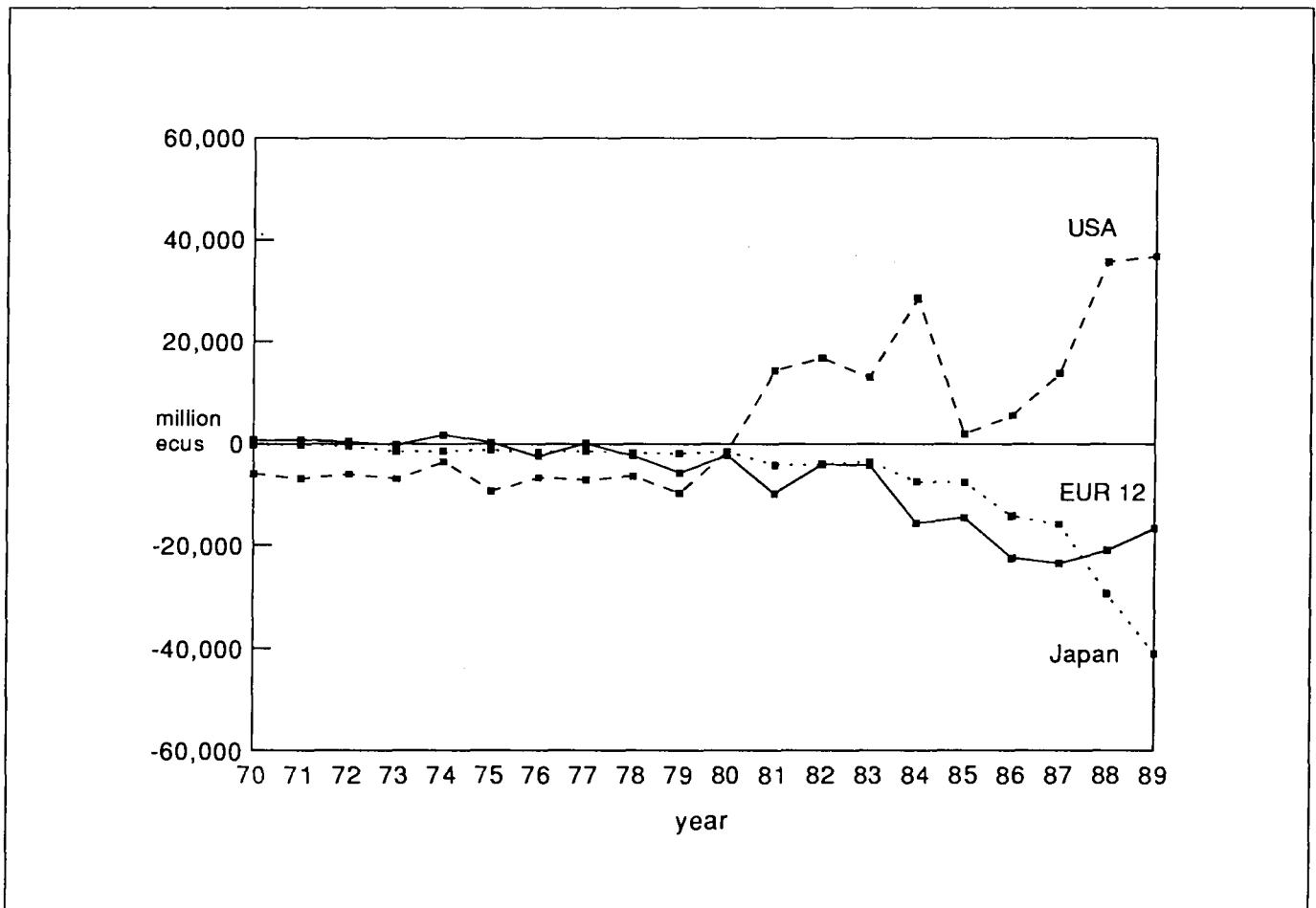
It should be stressed, however, that this source is non-harmonized, i.e. it records direct investment as it is declared by countries in accordance with their **own national conventions**. This leads to two important differences compared to the data so far analyzed:

- (i) the aggregate EUR 12 estimates do not distinguish extra- and intra-Community investment, and
- (ii) some countries include reinvested profits while others do not.

The former difference is obviously a major limitation for our purposes -we shall have to confine our comparisons of the two sources to just the sums of intra- and extra-Community investment. The latter difference is even more problematic since the G-BOP data clearly **includes** re-invested profits for USA, but not for Japan; and within the Community, the figures for the UK and Germany also include reinvested profits⁷. (It should be remembered that, on the contrary, our harmonized database excludes re-invested profits for all countries.)

Graph 2-6

Net direct investment - Source: G-BOP



7. Other, quantitatively less important, differences are that the G-BOP source excludes Greece and Ireland and includes no estimates for Denmark for some years.

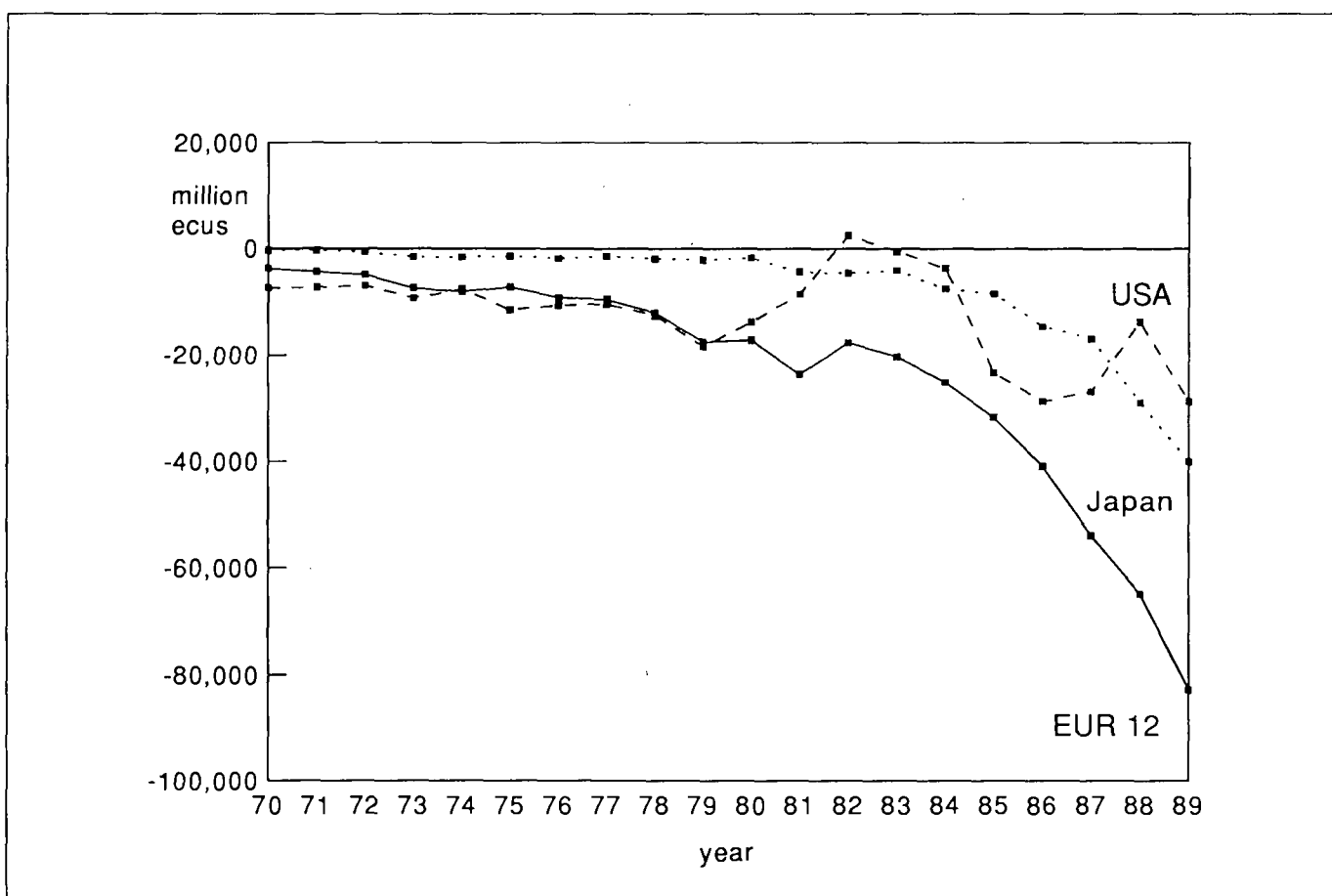
Bearing this in mind, we proceed as follows. Graphs 2-6 to 2-8 chart the time series for (a) the net balance, (b) outward investment, and (c) inward investment for each of EUR12, USA and Japan, and we discuss the main differences between this source and our own database. We then speculate on how our own database might have looked for the years prior to 1984.

It is apparent from this source that the Community has not always been a net investor; it is only since 1978 that its investment in other countries has been consistently higher than the investment received from other countries. For the USA, it was in 1980 that its traditional role as a net exporter of direct investment finally ended. Since then, the USA has been a persistent importer of direct investment, although the years 1985-87 saw a narrowing of the imbalance. Interestingly, although the inclusion of reinvested profits in these figures has lessened the imbalance between the USA's outward and inward investment, the broad picture remains as described earlier: the USA is a persistent importer of investment and was so throughout the 1980s. Since the Japanese figures exclude reinvested profits, the two sources are identical. In this case, the only new information provided by Graph 2-6 is that, prior to the early 1980s, Japan was only a moderate net exporter of investment through the 1970s. It is really only within the time period already covered by the harmonized database that Japan became a major player on the world stage. It should be borne in mind however that the exclusion of reinvested profits means that both datasources will have underestimated the true scale of Japan's imbalance in the late 1980s.

In summary then, the turn of the decade in 1980 appears to have been something of a watershed, in that this was the last occasion on which Japan, USA and the Community were in rough equality as far as the net balance was concerned. Thereafter, Japan and the Community have become persistently significant net exporters, and the USA a persistent net importer.

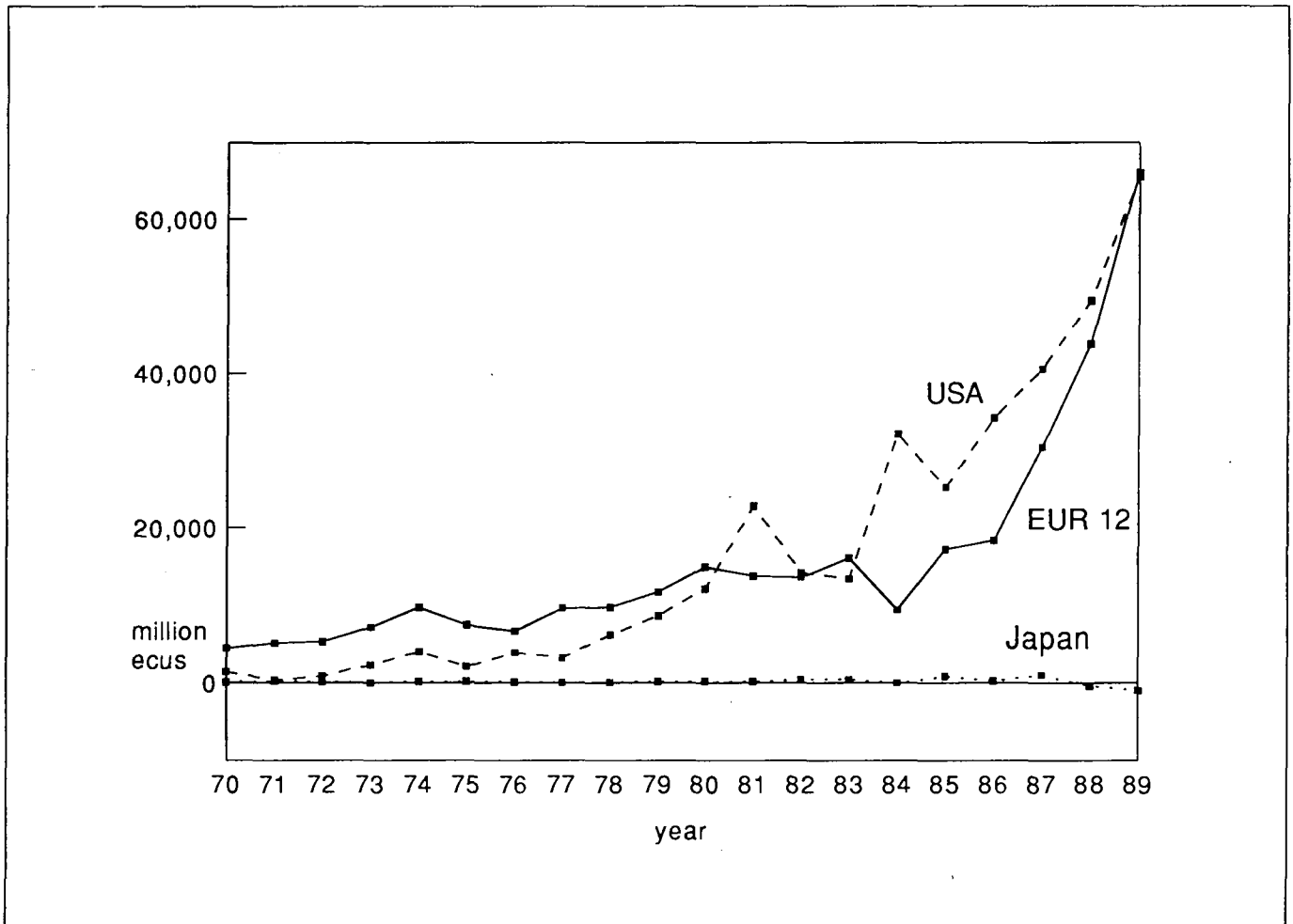
Graph 2-7

Outward Investment Source: G-BOP



Graph 2-8

Inward Investment Source: G-BOP



Turning to the separate graphs for inward and outward investment, these add to our findings in 2-1-1 in two main respects. First, outward investment by the USA is now much more substantial: this reflects the inclusion of reinvested profits within the G-BOP source - these are typically quite significant for US overseas investments. Second, and of more interest for our purposes, both inward and outward investment by the Community are much greater than in 2-1-1. According to the G-BOP source, the growth in Community outward investment now dominates even that of Japan's (although this would be less pronounced were the figures to include Japanese reinvested profits), and inward investment by the Community grows even more rapidly than the USA's - by the end of the period the two being virtually identical.

Obviously, these increased magnitudes are due in large part to the inclusion of intra-Community, as well as extra-Community, investment, but the inclusion for some countries, notably the UK, of re-invested profits has also had a major effect.

The natural question to ask is whether the G-BOP source can be used to infer what our harmonised database might have looked like for EUR12 for the years prior to 1984?

In order to do this, we require some way of "correcting" the G-BOP figures to remove the contribution of re-invested profits which have been included for some countries (and to correct for other relatively minor deficiencies of that source.) This is a possibility we have experimented with. Perhaps the most promising procedure is to examine

whether there is a statistically stable relationship between the two sources for 1984-89, and, if there is, to use the G-BOP statistics to "predict" statistically what the harmonised pre-1984 figures would have been.

With this in mind, we estimated for each of outward and inward investment separately, a simple regression of the value of investment as calculated in our harmonised database against the G-BOP value⁸. At first sight the results were encouraging: the fits of the equations were very high; the regression coefficients had plausible magnitudes; and the equations "predicted" the harmonized values of inward and outward investment for 1989 and 1988 to within 1 or 2% of their actual values. Moreover, the predictions for 1987 and 1986 were also quite reasonable. However, the predicted values for 1984 and 1985 fell some way from the actual: for outward investment, the equation over-predicted by 15% in 1985 and underpredicted by 11% in 1984; for inward investment it over-predicted by 27% in 1985 and underpredicted by 29% in 1984. Given this inability to accurately predict even **within** the observation period, it would be foolish to employ these equations to extrapolate backwards before 1984.

Undoubtedly, it would be possible to refine a better method of reconciling the two sources, and this would be based on a more sophisticated modelling of the behaviour of reinvested profits. This deserves further detailed future research, although we do return to this question in section 4 below.

In conclusion, the most important results to emerge from the G-BOP source (see Graphs 2-6 to 2-8) are that: (i) it is the 1980s which have seen the most dramatic developments, for all countries, in direct investment; (ii) when the figures for intra- and extra-Community investment are summed, the EC can be seen as arguably the world's most important participant in direct investment; (iii) the USA's chronic imbalance is ameliorated, but by no means removed, by the inclusion of reinvested profits.

8. Denoting the value of investment as calculated in the harmonized database by y , and the G-BOP value by x , the results were as follows: EUR 12 Outward: $y = 2345 + 0.847 (18.86) x$, $R^2 = 0.986$; EUR 12 Inward: $y = -1124 + 0.913 (16.19) x$, $R^2 = 0.985$, where t statistics are shown in brackets. These regressions should be interpreted with extreme caution: they are each based on only 6 observations and there is no question of causality. At best, they are merely descriptions of average numerical relationships over a very short period.

2-2 GEOGRAPHICAL BREAKDOWN OF INVESTMENT

In this section, the direct investment statistics are disaggregated geographically. After a preliminary caution about the probable loss of accuracy when disaggregating the statistics geographically, the section begins with an overview of the main geographical flows worldwide between the Community, Japan, the USA and the rest of the world. Next, we examine in more detail the main destinations of Community outward investment and the main origins of its inward investment; and the shares therein of individual Member States. Intra-Community investment is also disaggregated to show the contributions of Member States.

2-2-1 Warning

Some preliminary words of warning are needed to avoid misinterpretation of the following figures: the criterion for geographically allocating direct investment is not the same for all the Member States of the Community: a transaction can be allocated to (1) the country which has received or ordered the counterpart payment, (2) the country of residence of the co-contractor, (3) the country in which the investor or the enterprise of investment is located etc.; there is no fixed rule and the same type of flow is not necessarily allocated in the same way by each country (see the methodological annex). The aggregate calculated for EUR12 is therefore open to criticism.

In particular, the existence of holding companies, or other companies involved in financial intermediation, weakens the validity of the analyses which can be made. These companies, on their parent company's behalf, manage different shareholdings (either direct or portfolio investment) in other companies.

Indeed, for the Member States, in the Balance of Payments accounts, a capital flow with a holding company is normally attributed to the country in which the holding company is situated, although from an analytic point of view it would be more logical to attribute it to the country from which it initially comes or to which it finally goes. Statistics on stocks (as opposed to flows), which describe the net international position of a country vis-a-vis another, generally prefer that second method of compilation.

For example, in the United States, there are two parallel series for foreign direct investment in American subsidiaries: direct investment is broken down either according to the FPG (Foreign Parent Group) criterion, i.e. allocating the investment to the country directly carrying out the transaction with the American subsidiary, or according to the UBO (Ultimate Beneficial Owner) i.e. allocating the investment to the originating country which is identified by proceeding up the enterprise's ownership chain until the initial investor is found. For flow statistics (Balance of Payments) which are given in this study, the FPG criterion only has been used.

In addition, flows passing via a holding company could be counted twice if they are reinvested in a direct investment enterprise located in a third country: firstly when they enter the country in which the holding company is located and secondly when they leave. The total amount of both inward and outward flows thus increases without producing a really significant economic impact in the country of location of the holding company.

As a result, important direct investment flows are reported with "tax havens" such as Netherlands Antilles, Bahamas, Bahrain, Cayman Islands and Panama, but, can one really argue that these countries are large investors or receive substantial direct investment? Net recording by the country where the holding company is located is not to be recommended either, since it does not allow the direction of the capital movements to be monitored.

An appropriate solution might be to classify such flows separately. Unfortunately, given the present state of the statistics collected, it would seem to be impossible to measure the size of these transient flows. And at the moment stock statistics are limited to too small a number of countries.

We shall therefore limit our comments on this subject to those which are unlikely to be invalidated by using different principles of geographical allocation.

The geographical "classes" which are referred to in this section are those generally used in EUROSTAT publications; a summary of these is given in the annex (part 6).

2-2-2 An Overview of the World Scene

While our main interest lies in the flows of investment directly involving the Community, it is helpful if we first put them into an overall world perspective. In this connection, our database includes most of the relevant information. Although it is confined to just the 12 member countries of the EC and Japan and USA, these include most of the main players on the world scene. Indeed, a recent UN publication (ibid) calculates that in 1988 the EC, USA and Japan together account for 81% of the world's **stock** of outward foreign investment and 77% of the **flows** between 1985 and 1989. This dominance for EC, Japan and USA persuaded the UN report to refer to them collectively, and rather colourfully, as the "Triad" of Foreign Direct Investment.

Given these magnitudes, it is arithmetically obvious that flows **between** the three must also be very significant and Table 2-4 explores this question. For completeness it also includes a fourth entity - the Rest of the World (RoW.)

The table is a 4*4 matrix showing the **average annual** bilateral flows between each of the 4 actors. Since we know from our database the geographical sources and destinations for EC, Japan and USA, this enables us to fill in all cells within the matrix except for one - this is the flow of direct investment between countries in the RoW. This last flow has been estimated with the help of the IMF World statistics. The table is presented in percentage form, showing the magnitude of each bilateral flow as a percentage of the total flows. For this reason, the column and row totals each sum to 100.

One other word of explanation concerns the diagonal: the flows from Japan to Japan and USA to USA are, of course, irrelevant to direct investment, and, as stated, the flow from "RoW" to "RoW", undocumented in our database, has been estimated by subtraction. However, the EC to EC cell is not without interest since it refers of course to intra-EC direct investment. Parts I and II of the table are calculated **including** intra-Community investment, but part III excludes it.

The main conclusions are as follows:

1. The broad geographical pattern of **EC outward investment** for the period as a whole can be seen by reading down the first column in part I to the table: USA and intra-Community investment account for the overwhelmingly majority. Excluding intra-Community investment, USA attracts three times as much EC investment as the rest of the world put together. Japan, on the other hand is so insignificant as a destination that it fails to register an entry at this level of aggregation. The column total shows just how important EC is in world terms, accounting for nearly half of the world total.

2. The first row of the table reveals a different pattern for the origins of **EC inward investment**. Intra-Community investment now dominates, accounting for more than half of the total flow into the Community; and the Rest of the World is considerably more important as a source than USA; Japan's share is still relatively small. The row total shows that EC is the destination for about one third of the world total.

3. The main **changes over time** are revealed by comparing parts IIa and IIb which repeat the matrix for the two 3 year sub-periods. As far as EC is concerned, the most notable development is the rapid growth in intra-EC investment, which increased its share of the matrix total from 13 to 19%. On the outward side this was at the expense, in proportionate terms, of extra-investment to RoW and, particularly, the USA; on the inward side, it was also accompanied by sizeable increases in the flows from RoW.

4. The overall significance of EC on the world stage is illustrated vividly by this matrix, especially part IIa. Not only does it account for almost half of matrix outward investment and 35% of inward investment, but also the two largest individual cells both refer to EC - the flows to USA and EC accounting for 41% of the total.

5. When intra-Community investment is excluded from the matrix, in part III, the relative significance of EC diminishes of course, but its bilateral flows with USA and RoW would remain amongst the largest on the matrix.

Table 2-4

Bilateral flows of investment between the Community, Japan and USA

Percentages

	OUTWARD INVESTMENT FROM:				
	EUR 12	USA	JAPAN	R OF WORLD	TOTAL
INWARD INVESTMENT TO:	I. 1984-89 AVERAGES				
EUR 12	17	3	3	9	32
USA	23	-	11	11	44
JAPAN	0	0	-	0	0
REST OF WORLD	8	2	7	7	24
TOTAL	48	5	20	27	100
	II a. 1987-89 AVERAGES				
EUR 12	19	3	3	10	35
USA	22	-	11	7	40
JAPAN	0	0	-	0	0
REST OF WORLD	7	3	7	8	25
TOTAL	48	6	22	25	100
	II b. 1984-86 AVERAGES				
EUR 12	13	3	2	6	24
USA	26	-	9	20	55
JAPAN	0	0	-	0	0
REST OF WORLD	9	-1	6	6	20
TOTAL	48	2	17	33	100
	III. 1984-89 AVERAGES EXCLUDING INTRA-EC INVESTMENT				
EUR 12	-	3	4	11	18
USA	28	-	13	13	53
JAPAN	0	0	-	0	0
REST OF WORLD	9	3	8	9	28
TOTAL	39	6	24	33	100

Source: EUROSTAT estimates

All figures are shown as percentages of the world total of flows (average of the inward and outward flows excluding reinvested earnings) as reported in the IMF 1991 "Balance of Payments Statistics Yearbook". Bilateral flows between USA, Japan and EUR 12 are averages of the estimates of the two countries or group of countries; intra-EC is taken as the average of the figures recorded by investing and receiving countries.

Having established this global picture, we now focus more specifically on the individual EC cells within this matrix and disaggregate.

2-2-3 Geographical Disaggregation of Extra-Community Investment

(a) Aggregate EC

As we have just seen, the USA is overwhelmingly the most important destination for **outward** investment from the Community. As shown in table 2-5, it accounts for nearly three quarters of the total for most of these years. The new information in this table concerns the breakdown for the Rest of World. It now becomes apparent that, when the flows to EFTA and other class 1 countries (Canada for example) are also included, 87% of the Community's outward investment is to the Western industrialised world. Moreover, the proportion is, if anything, growing over time - rising from 83% in the first sub-period to 89% in the second sub-period: most of this proportionate growth is attributable to increased investment in the EFTA countries. Of the remainder, virtually nothing went to the old state-trading (class 3) countries and 13% to the developing world (class 2). Since the absolute magnitudes of EC investment in the developing countries actually remained fairly steady through the period, their **share** obviously declined significantly from 16% to 10% between the two sub-periods.

Table 2-5

Geographical breakdown of outward direct investment of the Community

million ecus

year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
							84-89	87-89	84-86
partner:									
USA	-11540	-10082	-17779	-23875	-22050	-23747	73	73	72
Japan	-294	-34	-104	10	-248	-667	1	1	1
EFTA	-933	-722	156	-1808	-2592	-2355	6		3
other class 1	-1325	-794	-1831	-1922	-3283	-2079	7	8	7
class 2	-2964	-3749	-2120	-3157	-3005	-3829	13	10	16
class 3	-49	-91	-50	-30	-132	-145	0	0	0
not allocated	-294	353	-214	88	-302	-330	0	1	0
World(*)	-17399	-15119	-21941	-30694	-31612	-33152	100	100	100

Source: EUROSTAT estimates

(*) Excluding Intra-Community investments

This concentration of flows to western industrialised countries is not especially surprising (and a similar pattern is evident for both Japan's and USA's outward investment.) Multinational firms tend to locate in those countries in which they are best able to exploit their own "specific assets" (i.e. the firms' characteristics which give them an edge and make worldwide sales possible.) Very often, this requires host countries where consumer tastes and income levels are similar to those in their home countries, and where there is access to developed factor markets (especially with respect to skilled labour and capital). Reliable communications and social infrastructure are also important and more likely in other developed countries. But above all else, the markets are, quite simply, the largest in the developed world, especially for the type of product typically produced by Multinational firms. This is important when direct investment has a large fixed cost component which can only be covered by large sales quantities. This does not mean that the smaller markets in the developing countries will not be supplied, but it often dictates that **exporting directly** is a more cost effective means. The other side to this coin is, as noted earlier, that as the major companies in the developed countries increasingly encroach upon each other's markets via direct investment, there will be less need for exporting. The declining share of the developing countries may be seen as a matter of concern by some commentators and deserves further more detailed research. In the present study, the level of aggregation prevents

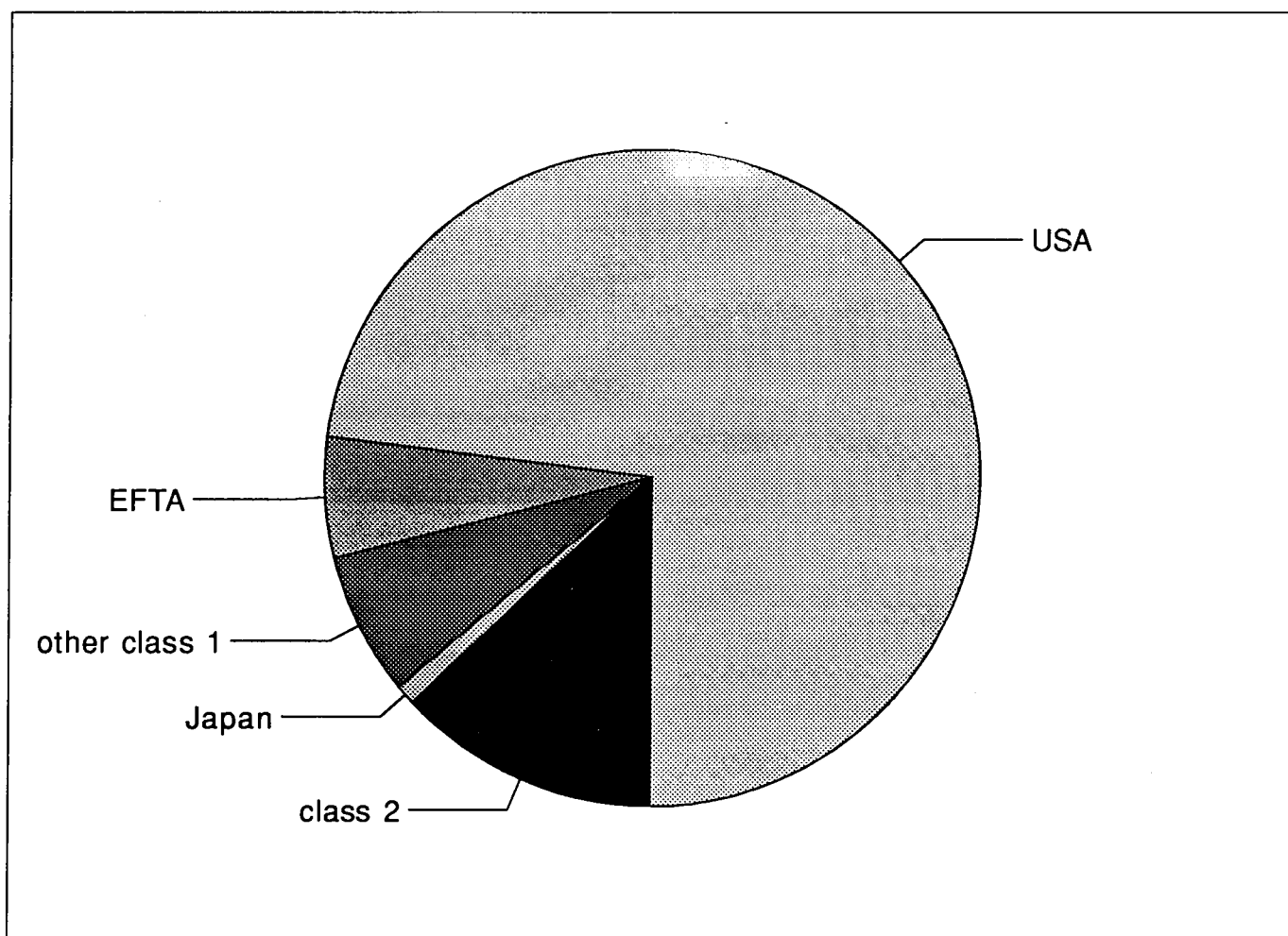
us from pursuing this. It should be remembered that the "class 2" category includes a very heterogeneous set of countries, amongst which are:

- Newly Industrialised Asian countries which are not within the geographical zones traditionally influenced by the Community, but which increasingly offer favourable conditions to attract direct investment
- Latin American countries, which may have more significant relations with the Community in the future, now that Spain and Portugal are established members
- a number of "tax havens" through which investments are merely channelled to other countries.

Graph 2-9

Geographical breakdown of outward direct investment of E.C.

(84-89 average)



Turning to **Inward** investment, we have already seen in table 2-4 that the USA is less important than the Rest of World, but Table 2-6 provides a much sharper focus. Evidently, it is the EFTA countries which play the dominant role, and one which has been increasing rapidly. The reasons for this are fairly obvious. Merely as a consequence of geography, one would expect European countries to have strong bilateral trade links, and this is reinforced by the broad similarity of consumer tastes⁹ But the prospect of a large single market, integrated within but protected externally, tips the relative balance away from exporting to that market and towards supplying it from within, i.e. direct investment.

Table 2-6

Geographical breakdown of inward direct investment of the Community

million ecu

year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
							84-89	87-89	84-86
partner:									
USA	2946	1790	2664	1845	1324	8912	26	21	39
Japan	390	720	465	1503	2211	4222	13	14	8
EFTA	1663	1843	3258	3653	8394	8547	36	37	36
other class 1	-228	-117	-113	3261	2417	3831	12	17	-2
class 2	1265	1601	364	2087	1498	667	10	8	17
class 3	77	38	15	18	19	96	0	0	1
not allocated	57	-164	466	-149	239	1664	3	3	2
World(*)	6169	5711	7119	12217	16102	27939	100	100	100

Source: EUROSTAT estimates

(*) Excluding intra-Community investments

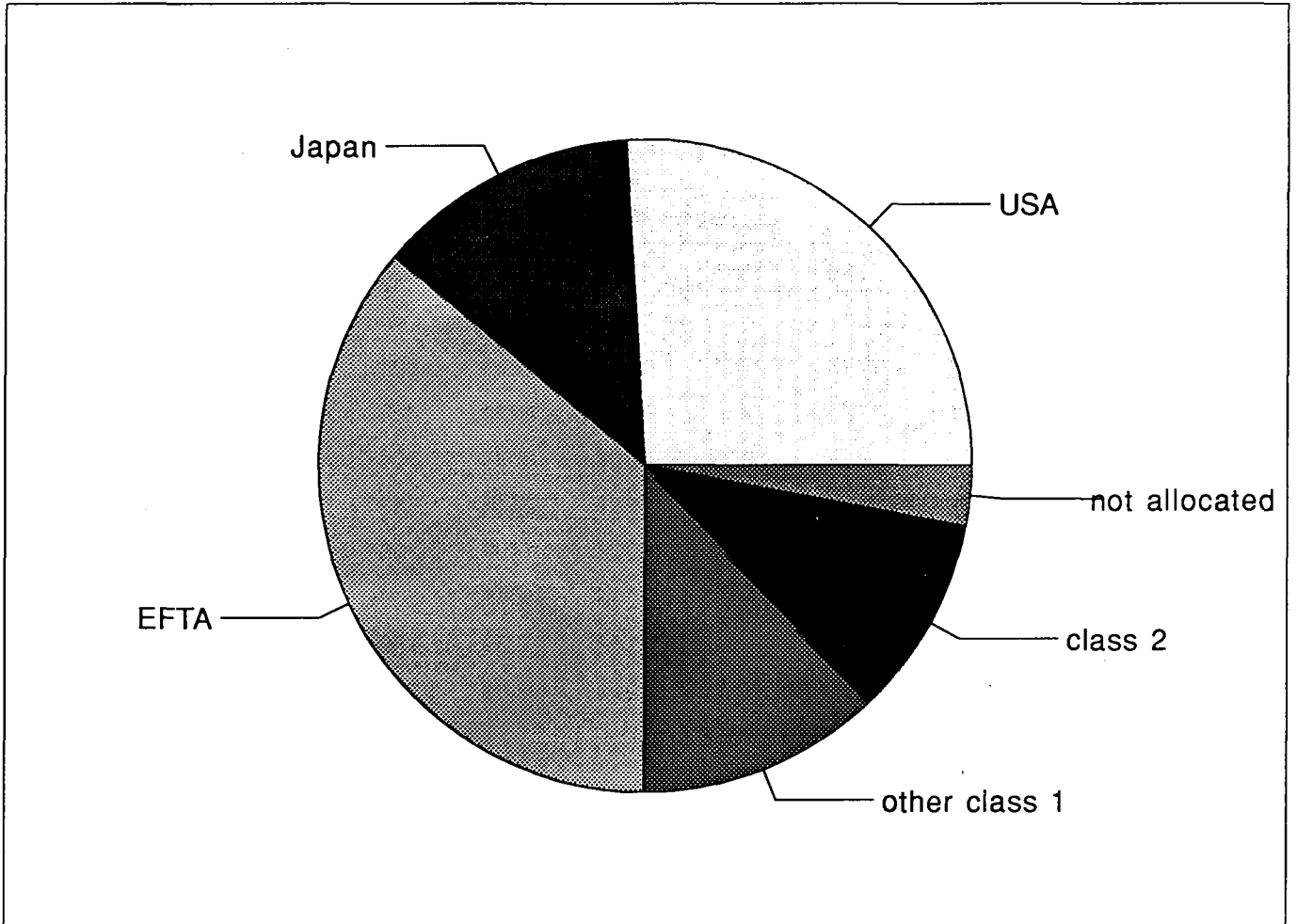
However, it is not only EFTA which has partly displaced USA as a source; both Japan and "other class 1" countries have achieved considerably higher shares. Again, the influence of the Single Market is apparent.

Apart from class 1, the main investors in the Community are those belonging to "other class 2" and "OPEC" (the tables in part 4 to the report give slightly more detailed breakdowns of the aggregates discussed here). But again, it should be noted that this category includes "tax havens", the role of which is often confined to channelling funds. It is therefore quite likely that the capital invested by "tax haven" countries in the Community originates from another, quite probably "class 1" third country.

9. This is important when one remembers that trade in the modern world is increasingly of an "intra-industry" nature. This is the phenomenon of two-way traffic within given industries. That is consumers in country A may buy from producers in country B and consumers in country B may buy from producers in A, as well as, in both cases, also buying from home producers. Under historical notions of comparative advantage, this would be impossible since each country would specialise at what it did best, but it is perfectly possible in a world in which products are broadly similar, but nevertheless differentiated. In the European context, manufactured foodstuffs may be a good example - consumer tastes differ, but not radically.

Graph 2-10

Geographical breakdown of inward direct investment of EC
(84-89 average)



Drawing together the conclusions on outward and inward investment, it is clear that considerable imbalances exist. While the Community invests far more in USA than does USA in the Community, the opposite is true for Japan and EFTA.

However, two important qualifications should be added concerning the quality of the data. While they do not seriously call into question the main conclusions, they should be borne in mind.

Firstly, it would be desirable to have more disaggregated figures within the broad country classes. This would enable us to detect developments which may be of some future importance concerning the Newly Industrialised countries and Eastern Europe, as well to identify more precisely the quantitative importance of the "tax havens."

Secondly, here, as in a number of places, there are significant asymmetry problems. In this instance they particularly affect the inward flows into the Community from USA and Japan. Above, we have reported these figures as recorded by Community countries. However, as table 2-7 shows, the magnitudes are quite different according to US and Japanese sources.

Table 2-7

The asymmetries in recording US and Japanese investment in the Community

		million ecus					
year		1984	1985	1986	1987	1988	1989
Sources							
USA							
EUROSTAT		2946	1790	2664	1845	1324	8912
U.S Department of Commerce		51	-609	-1604	-1811	-2151	-4875
Japan							
EUROSTAT		390	720	465	1503	2211	4222
Bank of Japan		-1062	-2114	-2792	-3115	-4899	-8846

If there were a perfect agreement between the sources, then the sets of figures would be identical, but of opposite signs. It appears however that inward investment from USA tends to be recorded at a higher rate in our source than in the American. On the other hand, our estimates are consistently lower than Japanese estimates of inward investment by the Community from Japan. It is possible that some Japanese direct investment is channelled via third countries, or via financial centres such as Amsterdam or Luxembourg, which do not record investment received by their resident holding companies as direct investment. On the other hand, this investment, if redistributed later on elsewhere in the Community, may then be recorded as intra-Community investment by the other Member States (which, incidentally, may also partly explain the asymmetries in the data on intra-Community investment shown earlier in Table 2-2.)

2-2-3 (b) Individual Member States

The United Kingdom accounts for nearly half of the Community's total **outward investment**; the only other major investors being Germany, France and the Netherlands (in that order.) The remaining 8 Community countries account for no more than 10% of total outward investment in most years. Whilst it is dangerous to attempt to identify **trends** over such a short time period, table 2-8 reveals that the UK's leading position has increased, with its share rising from 45% in the first part of the period to 49% in the second part. The Netherlands and UEBL are the other countries whose shares have increased, largely at the expense of Germany and Italy

Table 2-8

Extra-Community outward investment by Member States

million ecu.

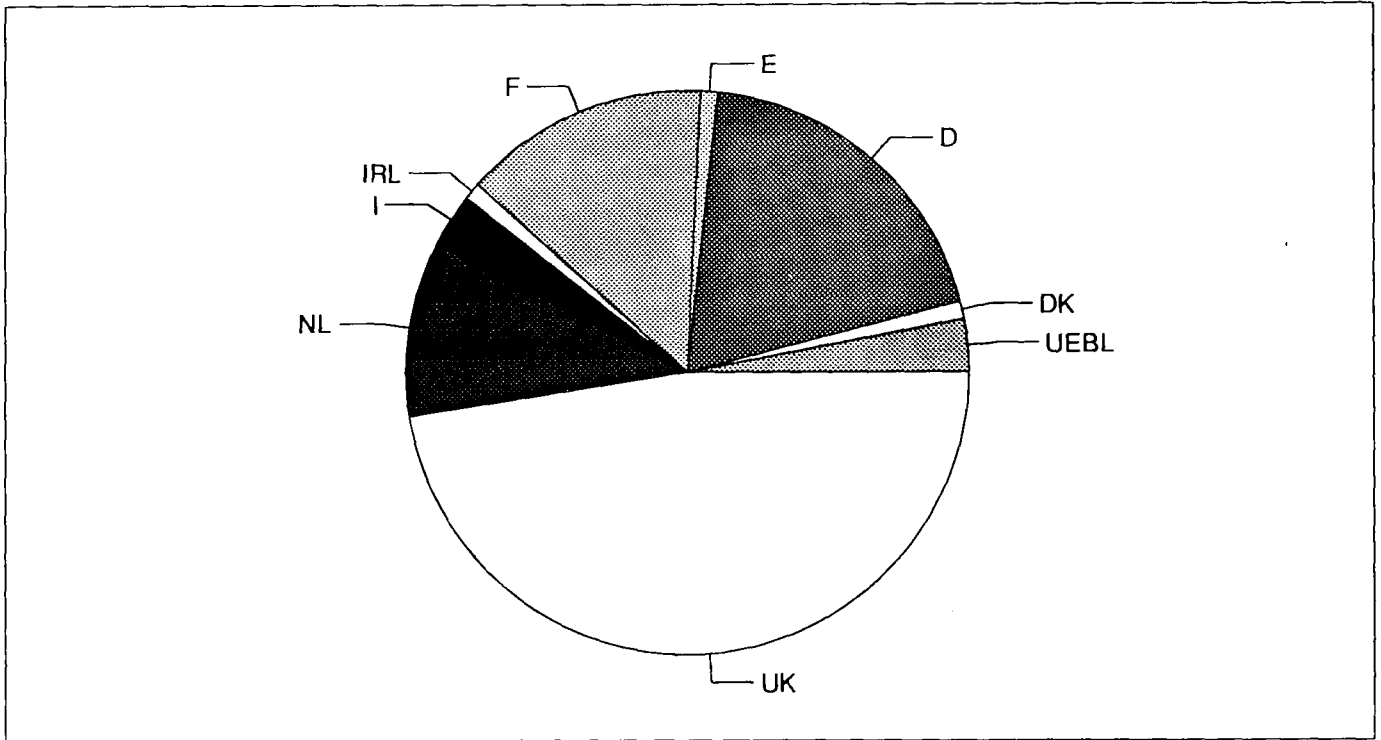
year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
							84-89	87-89	84-86
UEBL	61	51	-605	-545	-1839	-1145	3	4	1
DK	-218	-146	-390	-218	-298	-397	1	1	1
D	-2978	-4020	-5364	-5266	-5952	-4176	19	16	23
GR	-49	-190	-63	-9	-8	1	0	0	1
E	-210	-219	-241	-227	-552	-414	1	1	1
F	-1747	-2379	-3531	-3483	-3957	-6205	14	14	14
IRL	-100	-108	-40	-85	-598	-834	1	2	0
I	-1512	-598	-865	-495	-1144	242	3	1	5
NL	-1011	-2373	-1030	-3608	-2618	-5048	10	12	8
P	-11	-17	-5	-6	-1	-15	0	0	0
UK	-9623	-5119	-9809	-16752	-14645	-15160	47	49	45
total EUR 12	-17399	-15119	-21941	-30694	-31612	-33152	100	100	100

Source: EUROSTAT estimates

These large disparities can only be explained by a wide ranging combination of economic theory and history, and to do this would take us beyond the scope and aims of this report. No doubt, differences in the sheer size of member states is part of the answer, and we investigate this presently. But apart from this, the UK's leading role must be *due in part* at least to factors such as: the historical *inheritance of numerous and important trading partners* (the Commonwealth in particular); a shared language, and to some extent culture with the world's largest market historically (USA); London as a dominant world financial market. Similarly, the presence of large holding companies and large oil companies (who were amongst the world's first Multinationals) in the Netherlands, UK and UEBL is also undoubtedly part of the answer.

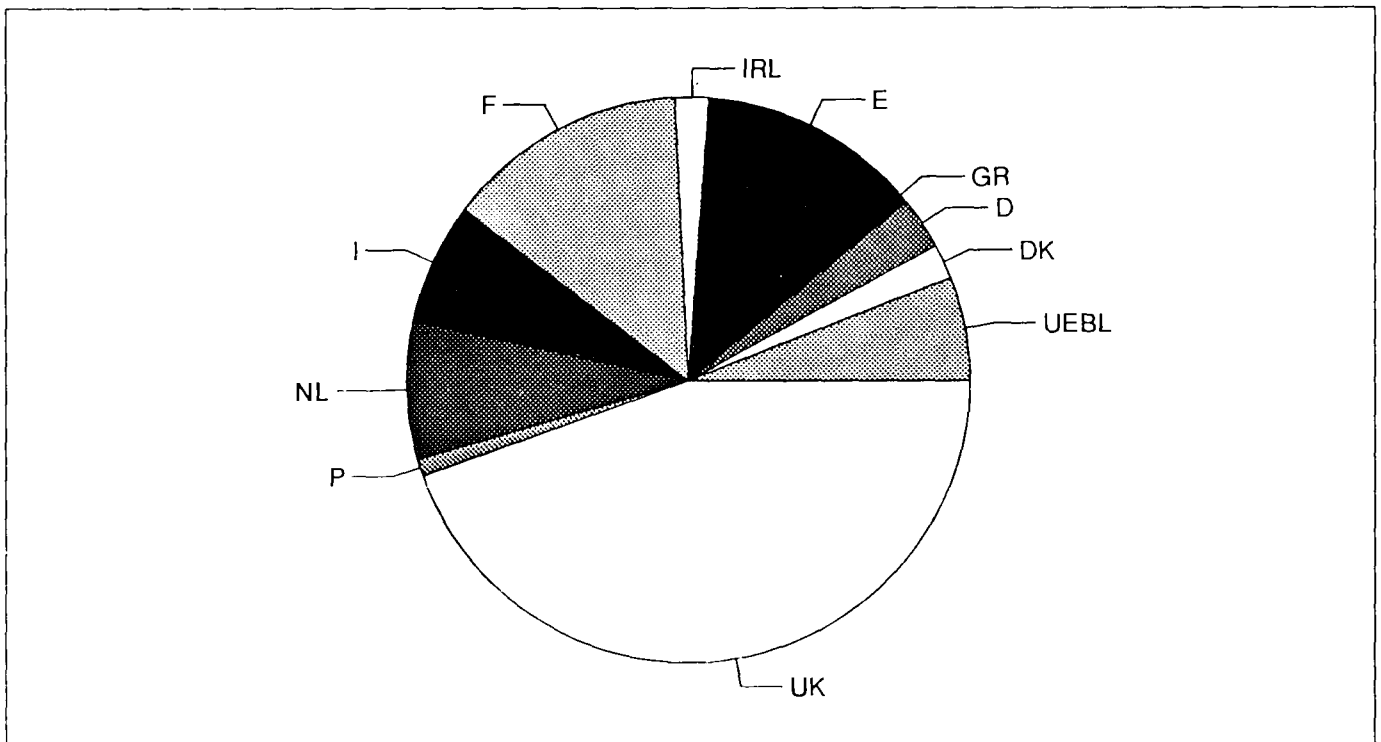
Graph 2-11

Shares of member states in EC outward direct investment (84-89 average)



Graph 2-12

Shares of member states in EC inward direct investment (84-89 average)



Similarly, the United Kingdom is the main recipient of **Inward Investment** from non-EC countries, recording 45% of the Community's aggregate inward investment over the period. Moreover, in this case, there is a very pronounced upward trend from 1984-86 to 1987-89, 1989 seeing a particularly strong increase: evidently, the UK has been the major beneficiary in the upsurge in investment stimulated by the 1992 legislation. France, Spain, the Netherlands and Italy are the next most important hosts to inward investment, but the **shares** of the first two have declined significantly between the two sub-periods¹⁰.

Table 2-9

Extra-Community Inward Investment by Member States

million ecu

year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
							84-89	87-89	84-86
UEBL	63	507	151	693	1282	1868	6	7	4
DK	48	159	157	150	422	640	2	2	2
D	115	295	246	215	-382	1437	3	2	3
GR	-27	134	207	87	64	90	1	0	2
E	1417	1327	1075	1338	1799	2127	12	9	20
F	1387	1677	1387	2056	1813	2101	14	11	23
IRL	-29	330	2	327	174	399	2	2	2
I	927	30	-456	1745	3063	291	7	9	3
NL	138	507	938	664	854	2586	8	7	8
P	135	123	48	97	212	365	1	1	2
UK	1995	623	3365	4846	6802	16035	45	49	31
total EUR 12	6169	5711	7119	12217	16102	27939	100	100	100

Source: EUROSTAT estimates

More generally, inward investment is less concentrated than is outward, with the top 4 countries accounting for less than 80% of the total, as opposed to 90% for outward investment.

10. It should be emphasised, however, that the absolute magnitudes of inward investment into France and Spain increased significantly (by roughly a third each) between the two sub-periods. The decline in their shares is more a testament to the even more rapid growth in inward investment in the UK.

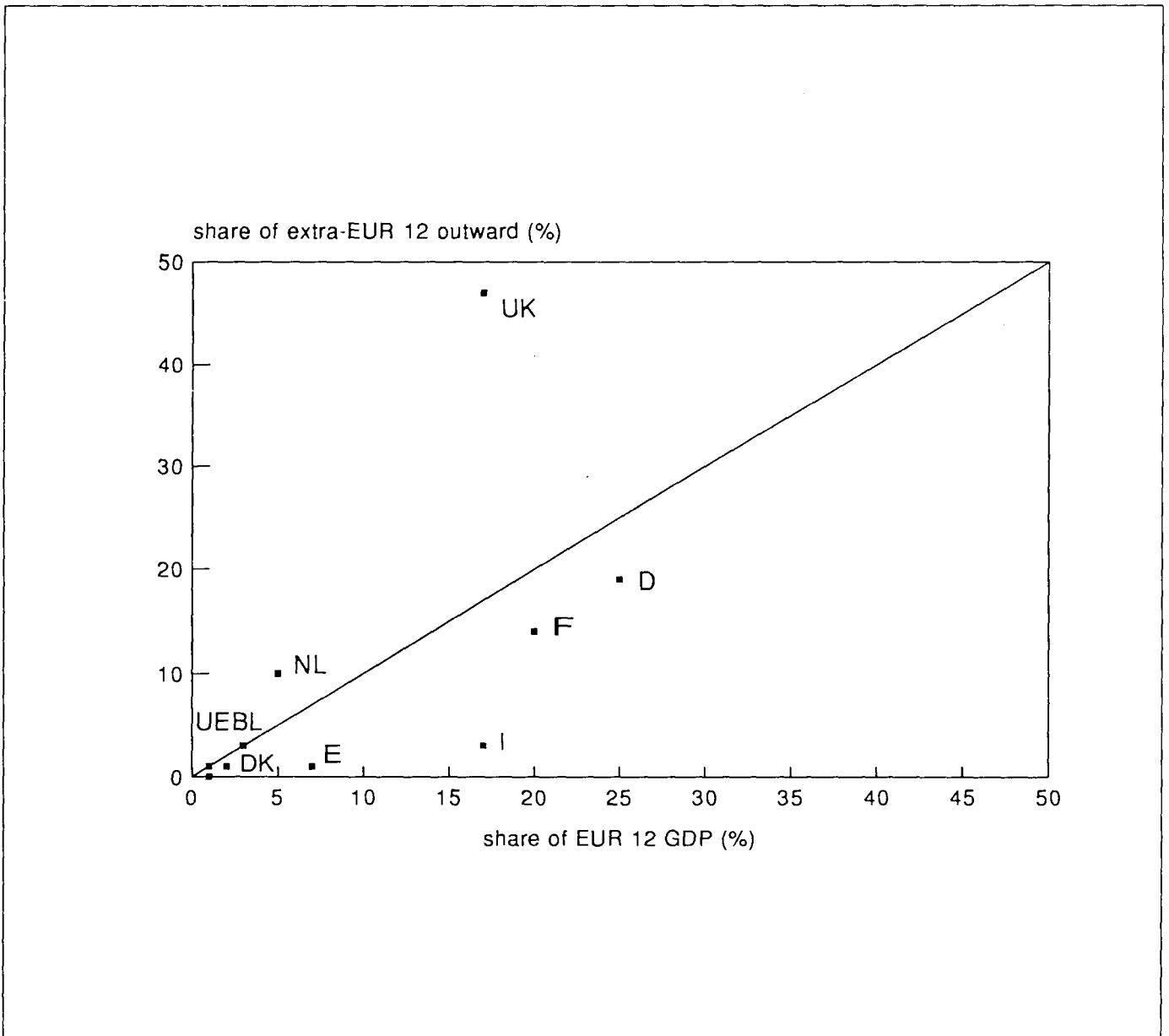
To investigate how far these differences between countries can be accounted for by their sizes, we employ Graphs 2-13 and 2-14. These graphs plot each Member State's share of EC outward and inward investment respectively against its share of EUR12 GDP. All variables are measured as annual averages over 1984-89.

In both cases, there is a general tendency for "larger" countries (measured by GDP) to account for larger shares of investment. However, the relationship is not statistically strong in either case, and the most interesting feature of these graphs is the locations of countries relative to the diagonal: those countries lying above the line are those which invest relatively **more** than might be expected, given their size, and those lying below the line invest rather less than justified by their size.

On this basis, for **outward investment** (Graph 2-13), it is clear that UK, and to a lesser extent Netherlands, are relatively high investors, while Italy in particular, but also Spain, France and Germany have disproportionately low shares of outward investment

Graph 2-13

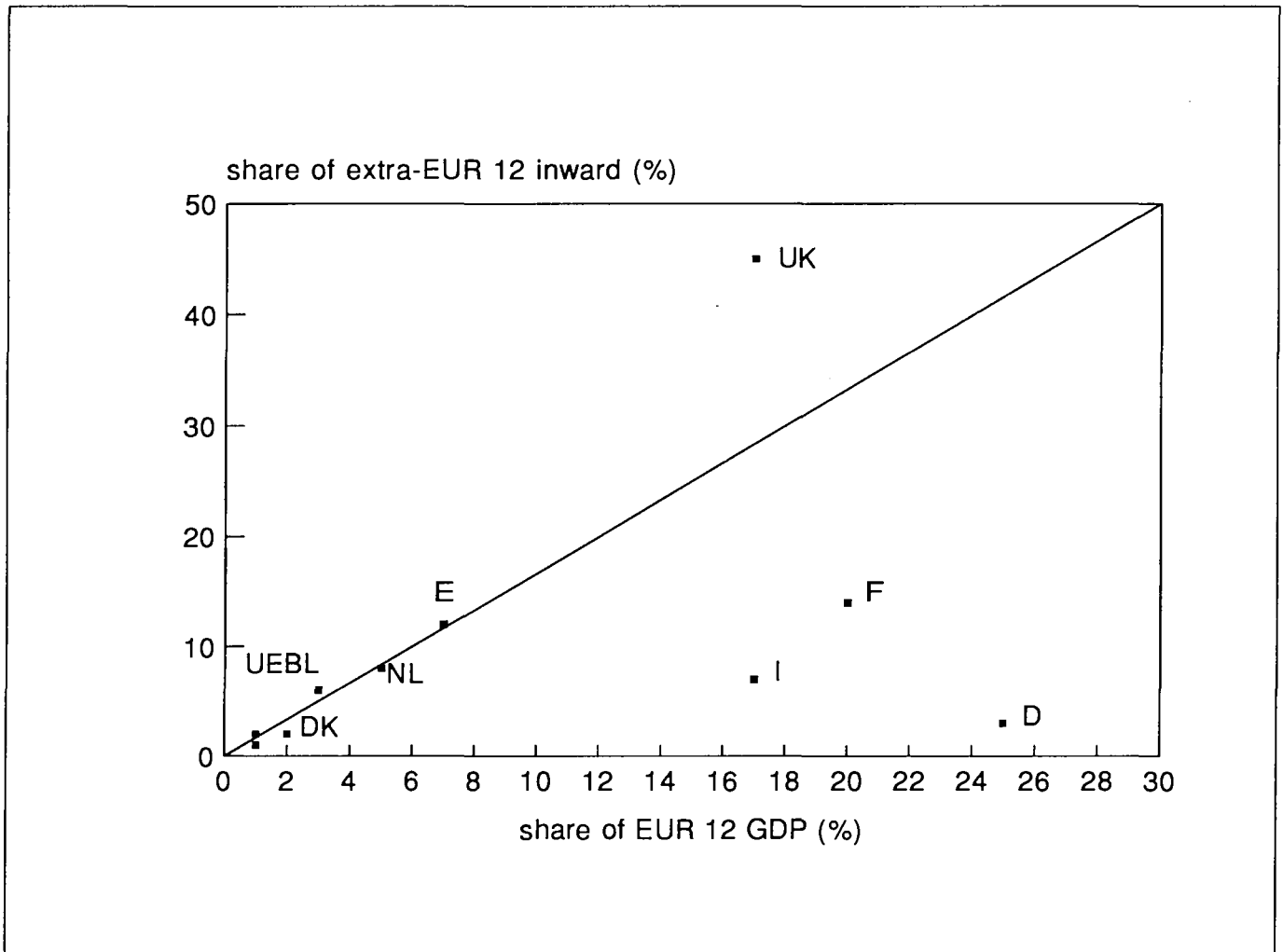
Member State shares of EC outward investment versus their shares of GDP (84-89 average)



Similarly the UK has a disproportionately high share of **inward investment**, whilst Germany, France and Italy have disproportionately low shares. In this case however it is Germany for which this is most pronounced¹¹. The other countries all lie fairly close to the diagonal, revealing that they each attract a share of inward investment roughly in line with their share of GDP.

Graph 2-14

Member State shares of EC inward investment versus their shares of GDP (84-89 average)



11. Given Germany's high standing in most European league tables of industrial performance, one might have expected it to attract more inward investment from non-EC countries. The fact that this is not so constitutes an issue which has not been investigated.

2-2-4 Intra-Community investment

At the level of individual Member States, the database provides two ways of measuring investment flows: an intra-Community direct investment is, in principle, reported both by the investing country and by the country receiving the investment: as a change on the assets side for one and on the liabilities side for the other. However, there are large bilateral asymmetries between Member States' statistics: the total amount of investment that country A declares it makes into country B is not equal to the amount country B declares it receives from A¹².

In measuring the flows of intra-Community investment for a given country, we therefore had a choice between the statistics as recorded by that country and those of its partners. We have chosen the latter. Thus, where series for individual countries are reported here, they are based on the aggregated flows (and sometimes estimated ones) declared by other Member States as coming from/going to the Member State in question (see the notes at the foot of the following tables.) This aggregation, which mixes up the special features of the methodology of each state in one common basket, is probably the best way of establishing comparability across countries¹³.

Bearing these remarks in mind, and accepting that considerable imprecision still remains, we consider the following tables and graphs. Exactly as for extra-Community investment, we present the annual time series but concentrate our comments on the average annual shares for each country over the period as a whole and the two sub-periods.

Table 2-10 reports each country's investments elsewhere in the Community, i.e. **outward intra-Community investment**. Again, the UK has the dominant share, although this is far less pronounced than for extra-Community investment. France, the Netherlands and Germany are the next most important (in that order). The most dramatic changes over time are the doubling of France's investments which is largely at the expense of Germany and, to some extent, UK. Indeed, in 1989, France had virtually caught up the UK as the major direct investor within the Community.

12. Indeed, this is the reason for the large aggregate asymmetries reported above in Table 2-2.

13. One way of looking at this is to suppose that countries differ in the "accuracy" with which they record the magnitudes, destinations and sources of individual bilateral flows. In effect, our procedure ensures that the data presented here has a degree of accuracy which is equivalent to the EUR 12 average. In that sense, it improves the accuracy of the figures for the least accurate countries, whilst reducing it for the more accurate countries. But more important, it makes comparisons between countries somewhat more reliable.

Table 2-10

Intra-Community direct investment: Investing countries(*)

million ecu

investing countries:	year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
								84-89	87-89	84-86
UEBL		878	369	378	1460	2191	1989	8	8	8
DK		110	105	186	172	250	634	2	2	2
D		658	1232	2033	1480	1978	4723	14	12	20
GR		9	6	2	1	6	0	0	0	0
E		14	30	64	165	226	604	1	1	1
F		694	623	932	3078	4885	8290	21	24	11
IRL		24	37	55	65	251	367	1	1	1
I		491	218	583	667	1152	974	5	4	7
NL		321	542	2789	1233	6472	4711	18	18	19
P		3	14	2	4	27	42	0	0	0
UK		1108	2420	2499	3421	6213	8847	28	27	31
not allocated		39	98	55	221	136	665			
total EUR 12		4349	5694	9579	11967	23786	31847	100	100	100

Source: EUROSTAT estimates, based on partner receiving countries' data

(*) These data show each country's investments in the other EUR 12 countries, as they are declared by those countries. Thus the line "UEBL" represents investments by UEBL in the rest of the Community as declared by the receiving countries. These outward investments are therefore shown here as positive, contrary to the convention used otherwise in this report. The same investment, as recorded by UEBL, and with a negative sign, is given in the "UEBL" pages in part 4.

Graph 2-15 plots the shares of investment against GDP shares. As can be seen, France, Netherlands, and UEBL, as well as UK, are the relatively high investors elsewhere in the Community; whilst Germany, Italy and Spain are relatively low investors.

Graph 2-15

Member State shares of Intra- EC outward investment versus their shares of GDP (84-89 averages)

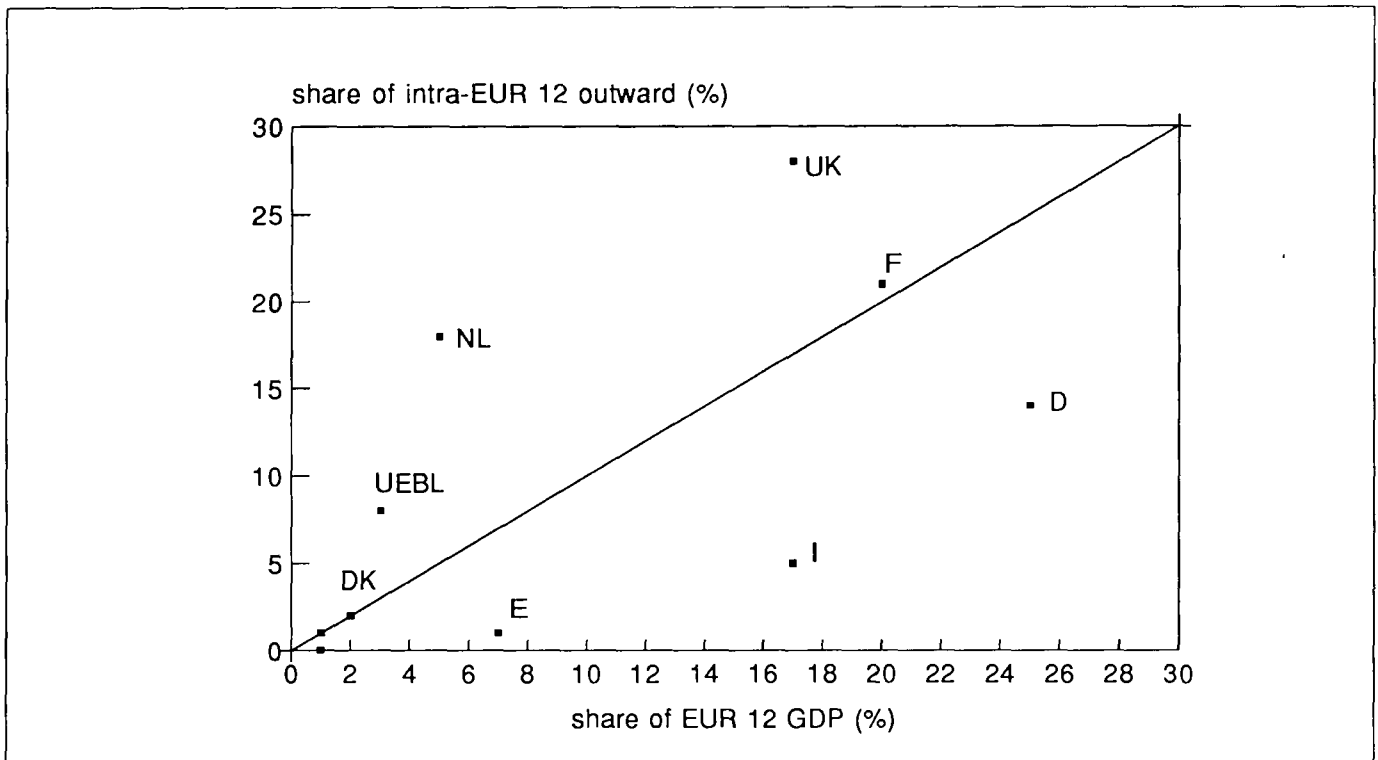


Table 2-11

Intra-Community direct investment:receiving countries(*)

million ecu

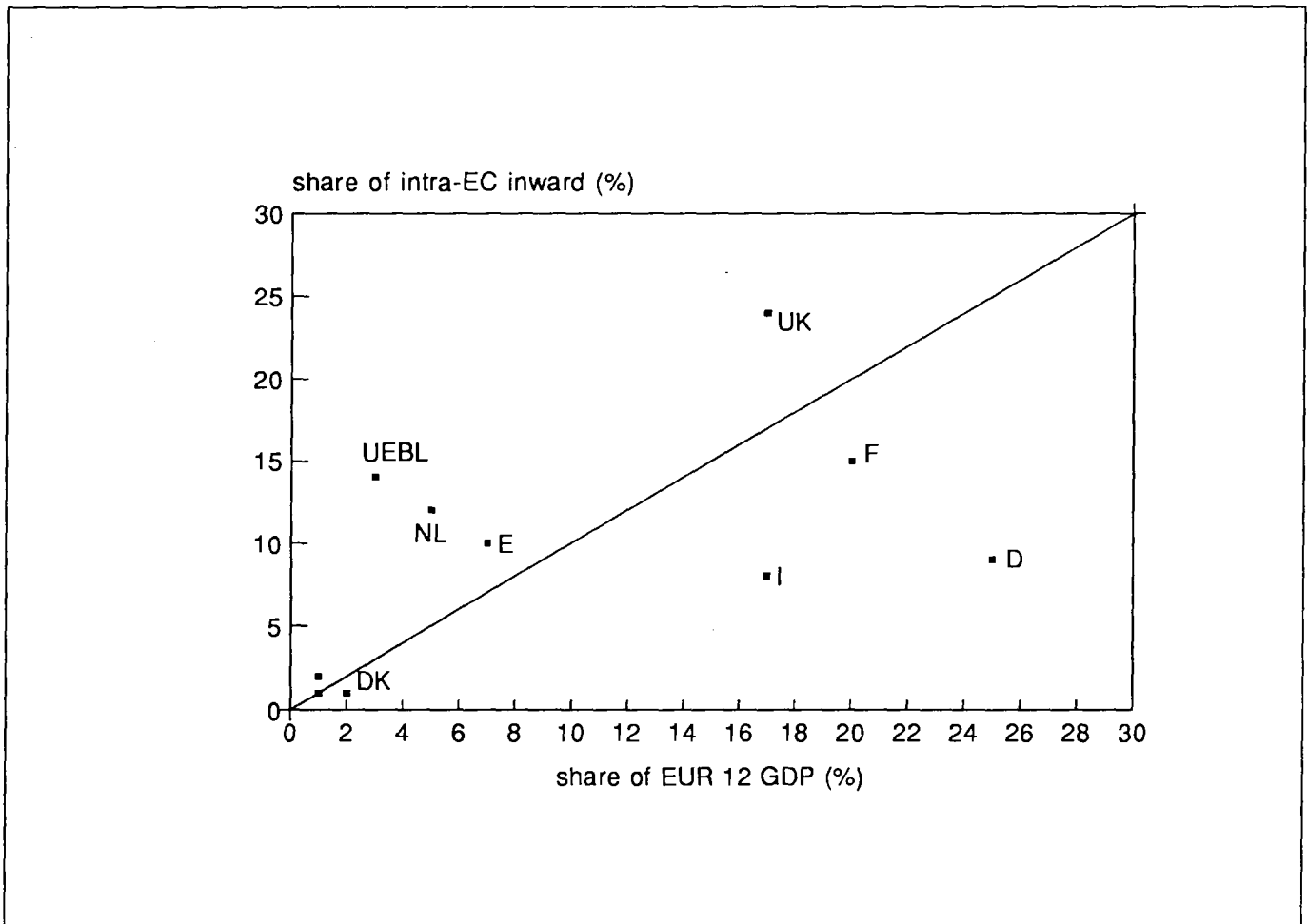
receiving countries:	year	1984	1985	1986	1987	1988	1989	Annual averages (%)		
								84-89	87-89	84-86
UEBL		-1051	-504	-959	-1182	-3816	-5330	14	15	12
DK		-8	6	-72	177	-136	-523	1	1	0
D		-632	-612	-595	-425	-1367	-4815	9	10	9
GR		-15	-107	-136	-102	-86	-254	1	1	1
E		-570	-592	-1164	-1519	-1889	-3406	10	10	11
F		-1216	-1233	-1435	-1349	-4424	-3864	15	14	18
IRL		-140	-281	-62	-160	-301	-1051	2	2	2
I		-971	-489	-1106	-770	-1278	-2355	8	6	12
NL		2802	-700	-2800	-1283	-3791	-4532	12	14	3
P		-82	-188	-114	-192	-313	-681	2	2	2
UK		-1899	-1614	-2829	-5237	-2566	-7555	24	23	29
not allocated		-271	81	-65	-321	-303	-977	2	2	1
total EUR 12		-4053	-6233	-11336	-12634	-20269	-35344	100	100	100

Source: EUROSTAT estimates, based on partner investing countries' data

Table 2-11 breaks down intra-Community investment by receiving country, i.e. **Inward Intra-Community Investment**. The largest share again belongs to UK, followed by France, UEBL, Netherlands and Spain. The largest changes between the two sub-periods are the increase for Netherlands¹⁴, and the decline for the UK. Graph 2-16 shows that for UK, UEBL, Netherlands and Spain, these high shares are greater than would be expected given their GDP; again Italy and Germany appear to receive less than their share of inward investment.

Graph 2-16

Member States shares of Intra-EC inward investment and GDP (84-89 average)



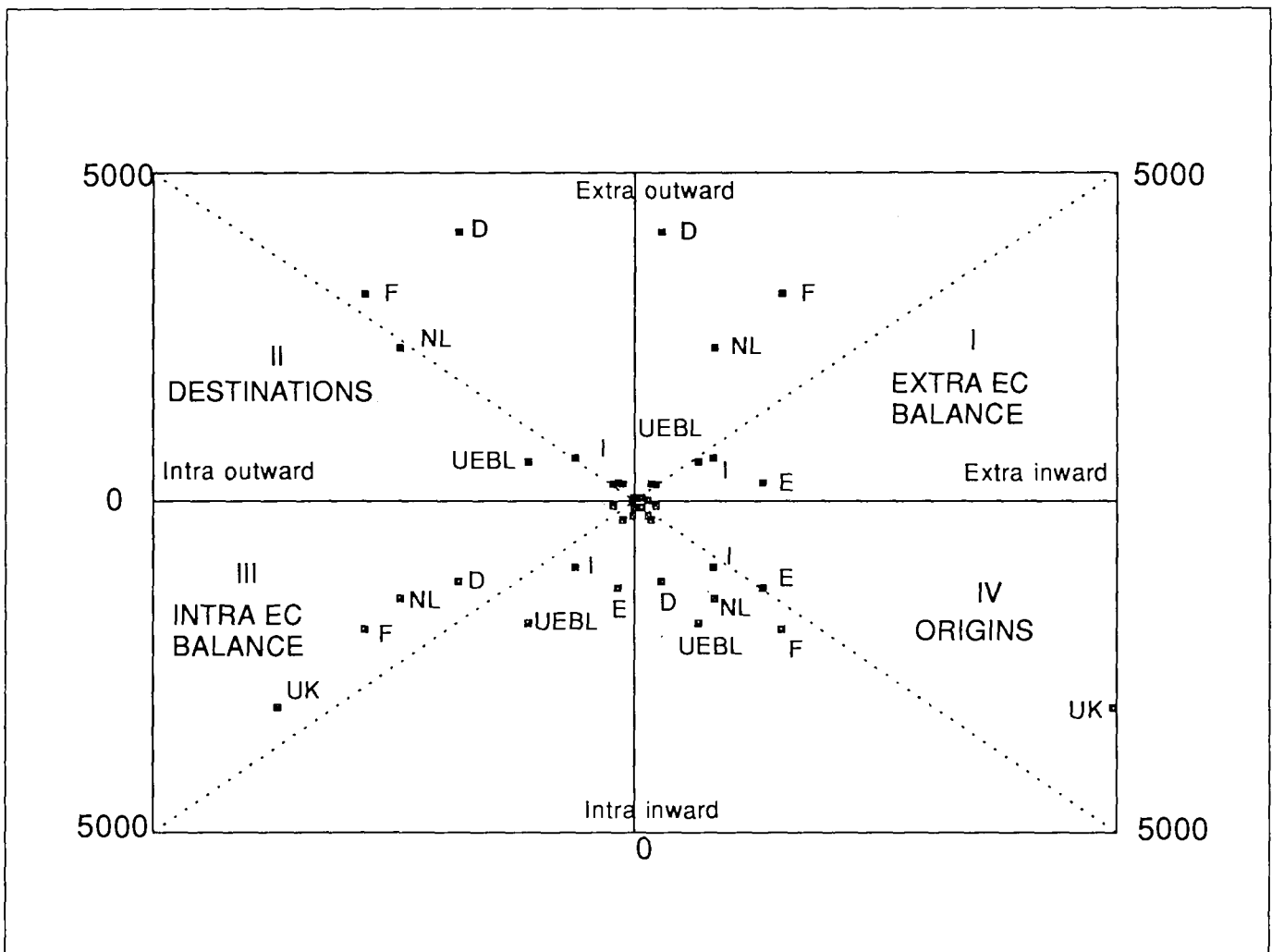
14. But this is mainly to do with the anomalously high disinvestment recorded for that country in 1984. This is a clear example of how figures for individual years should be treated with particular caution. In fact, here it also has a major influence on the 3 year average.

2-2-5 Summary

Our main findings about the Member States can be conveniently summarised using the 4 quadrant device of Graph 2-17 (which is similar in construction to Graph 2-5 above.) This shows each country's relative position based on the annual averages over the period 1984-89. It should be noted, however, that the UK's extra-Community flows are not shown in order to improve the clarity of the diagram ¹⁵.

Graph 2-17

Member States' outward and inward, extra- and Intra-EC Investment (84-89 average)



15. The UK's external flows are so large that, if we were to show them to scale on the same axes as those of the other countries, the diagram would be almost unreadable, with all points clustered near to the origin, except the UK. This is, of course, a testament as to just how disproportionately large are the UK's shares of extra-Community investment.

Quadrant I depicts the **external balance** for each country. It reveals that, as well as the UK, France, Germany and the Netherlands each invest significantly more than they receive from non-EC countries (i.e. they lie above the diagonal.) In fact, Spain is the only Member State which receives substantially more than it invests outside EC, although Italy and UEBL are in the same position, but to a much lesser extent.

Quadrant II shows the **destination mix of outward investment**. UK and Germany are the only countries which invest significantly more outside the Community than within. France, the Netherlands and Italy are each in rough balance in this respect; only UEBL invests significantly more within than outside the Community.

Quadrant III shows the **intra EC balance**: UK, France, the Netherlands and Germany lie above the diagonal and these are the major net investors within the Community, i.e they each invest more than they receive from the rest of the Community. On the other hand, UEBL, Spain and Italy each receive more than they invest.

Quadrant IV shows the **origin mix of inward investment**. Here, UK is the only country lying significantly above the diagonal: it, alone, receives the majority of its inward investment from outside of the Community. On the other hand, the UEBL, Germany, the Netherlands and France (in that order) each receive proportionately more from within the Community.

In each of the quadrants, the points depicting the four smaller Member States (Denmark, Ireland, Greece and Portugal) are all very close to the origin since none is involved in sizeable flows, one way or the other. Nevertheless, it should be mentioned that Denmark is a net exporter, both with respect to the rest of the Community and the rest of the world.

Finally, we should recall the note of caution struck at the start of this section. There is little doubt that major flows of finance go through the leading financial centres of the Community, and that data for individual countries (perhaps most notably UEBL, the Netherlands and UK) will be distorted by holding companies which channel resources from one country to another. For this reason, we have chosen not to discuss individual bilateral flows of investment. Needless to say, underlying the above picture, there are a number of especially significant flows between particular pairs of countries. For example, one reason why the UK differs from the rest of the Member States in the diagram is its very strong bilateral flows with the USA. An important priority for future research should be to investigate the evolution of these bilateral flows over time. Is it the case, for instance, that as European integration proceeds, the geographical distribution of partners for each country is becoming more or less similar? Given the present state of the database, and the aim of this report (to avoid over-reliance on potentially erroneous disaggregations of the data) analysis of questions such as this has been avoided.

2-3 SECTORAL DISTRIBUTION OF INVESTMENT

In this section, the direct investment statistics are disaggregated according to the sectors of the economy in which they occur. Following a preliminary note of caution about the accuracy of the data when sectorally disaggregated, we describe the sectoral distribution of extra- and intra-Community flows (analyzed only at the aggregate Community level); and draw the two together with the help of another summary 4 quadrant diagram.

2-3-1 Warning

We have already seen that the geographical breakdown of harmonized statistics is complicated because of the difficulty in geographically allocating capital flows. When disaggregating according to the sector of activity, there are two additional difficulties: the allocation to the resident sector or to the sector receiving the investment, and questions of classification, which have so far posed no major problem as the nomenclatures used by the Member States are reasonably consistent.

The problem of resident sector/sector receiving the investment is best explained with an example. Suppose an enterprise E1, situated in country A and exercising an activity of type X, invests in an enterprise E2 located in country B and exercising an activity of a different type Y. The geographical classification of this investment does not lead to confusion (in the simple cases!): A records an investment in B and B records an investment from A. But what about the classification of this flow by type of activity or sector?

Country A can choose to allocate the investment activity to X (that of its investing resident enterprise) or to activity Y (that of the non-resident enterprise in which the investment is made). Country B, in turn, allocates code Y to the investment, this being the code of its resident enterprise which coincides with the code of the enterprise receiving the investment. One might think that B could equally allocate the investment to the activity code of the investor, but in fact this criterion is rarely encountered. If the two countries choose the criterion "sector of resident enterprise", the same flow will be recorded with a different activity in each country though each of the statistics will be meaningful. If the two countries use the criterion "sector of the enterprise receiving the investment", the flow will have the same activity code in the two countries, which may seem desirable, but clearly part of the information will have been lost.

And what happens if the countries adopt two different classification criteria? The aggregated statistics of these two countries then have little meaning. This is exactly what happens with Community statistics: of the 12 countries, 6 use the criterion of resident sector, 3 that of the sector receiving the investment (Denmark, Spain and United Kingdom) and 3 are unable to present any statistics on direct investment broken down by sector.

Statistics obtained by simple aggregation (estimating the breakdown for those countries not supplying data) are nevertheless presented here. Indeed, without going so far as to say that the problem is not a real one, examining statistics of direct investment stocks held in other countries and originating in Germany and France shows that the two breakdowns, one by resident sector (in this case, investor's sector) and one by the sector receiving the investment, do not differ very much. The main difference is that the investors are normally found in the production sectors (industrial sectors) whereas the enterprises receiving the investment are more often in the sectors of trade or financing.

The second new problem is that of classifications. EUROSTAT's efforts to harmonize classifications within the EEC have only just touched on the field of international capital movements and very few Member States have responded to EUROSTAT's request for information by using the exact activity classification proposed by the questionnaire. Each state has its own classification and transposing to a common one is not always easy. For certain countries, the divergences from the EUROSTAT classification were evidently due to safeguarding confidentiality of data collected from businesses. Most commonly, however, countries have quite restricted classifications which are not compatible with each other; examples are given in annual Balance of Payments publications or in the reports of the Central Banks.

Two typical examples serve to show the difficulties of matching up national classifications:

Classification of the Netherlands

— Industries

- Fuel, power and chemical products
- Metal products and electronic equipment
- Food, beverage and tobacco
- Textiles, paper, clothing and other manufactured products

— Services

- Trade, repair, catering etc..
- Transport and communication
- Banking and insurance
- Other services

— Other

— Unclassified

— TOTAL

Classification of Spain

— Agriculture, breeding, hunting, forestry, fishing

— Energy and water

— Non-energy mineral products and chemical products

— Metal products and precision mechanical products

— Other manufacturing industries

— Construction

— Trade, hotels and restaurants

— Transport and communications

— Financial institutions, insurance and services to businesses

— Other services

— TOTAL

Three sectors seem more or less the same: Metal products, etc., Trade, hotels and restaurants, and Transport and communications. All the others are aggregated differently.

The difficulties of matching up these classifications are equally apparent when reading the detailed country tables (fourth part) since they show only those Member State figures which we thought matched up sufficiently with the classification used for this study. All the other data have been estimated in order to calculate a EUR12 total as explained below.

The very last annex of this document reproduces the EUROSTAT questionnaire which uses a classification derived from NACE-CLIO.

Obviously, countries which only have a classification of 10 sectors have difficulty in replying to this questionnaire. In addition, reducing the number of sectors as far as possible does not resolve the problem: with our two examples, we can see the difficulties with just ten sectors. Even if we reduce our ambitions to two simple categories such as industry and services, borderline cases still exist, such as construction which is sometimes put with industry and sometimes with services.

We have therefore tried to keep a fairly detailed classification (18 headings) at the cost, if necessary, of estimating data. This classification is mainly made up of aggregations of the items given in the EUROSTAT questionnaire. Fortunately, the United Kingdom (except for some confidential information), Germany (except for a part of services), France and Italy (in the main), which is already a good part of the Community particularly as regards direct investment, use something close to this classification for their questionnaire returns.

For the other countries (at least those supplying a breakdown of direct investment by sector), their national classifications most of the time had to be split into two or several sub-positions, or sometimes headings needed to be added together (this caused no problem of course). Wherever possible, supplementary data specific to that Member State were used for estimating purposes, e.g.:

- data on stocks for Germany
- average data for the period 1985-1988 for Denmark
- supplementary data given in the annual report of the Bank of Italy
- supplementary data given in the quarterly bulletins of the Netherlands

For the want of a better solution, in order to split-up an item, we have used the breakdown of sub-items observed in the rest of the Community; for example, to change the item "Fuel, power and chemical products" for the Netherlands into an "energy" item (= Fuel + Power, and which includes the oil industries) and an item "Chemical industries", we looked to see how these two items were broken down under investments for Germany, France and the United Kingdom and then applied this breakdown to the Dutch overall heading "Fuel, power and chemical products".

When data were completely missing (BLEU, Ireland, and Greece to some extent), we used the structure of the total of the 8 other countries of the Community.

In view of these remarks, it is evident that the structure of Community direct investment described here is only approximate. We shall scrupulously refrain from giving an exact definition of the items in the classification which follows. In view of its origin, a broad correspondence table with NACE-CLIO R 25 could nevertheless be drawn up:

- Energy: heading 06 of NACE-CLIO R 25
- Agriculture and Food products: headings 01 and 36
- Metallics: headings 13 and 19
- Machinery: heading 21
- Transport equipment: heading 28
- Electric and electronic goods: headings 23 and 25
- Chemical industry: heading 17
- Other industries: headings 15,42,47,48 and 49
- Building and construction: heading 53
- Finance and Banking: part of heading 69
- Insurance: part of heading 69
- Trade, lodging and catering: headings 56 and 59
- Transport and communication: headings 61,63,65 and 67
- Real estate: part of heading 74
- Other services: part of heading 74, and heading 86

One important comment: whenever "holdings companies" were identifiable, they were classified under "credit and financial institutions". These companies create considerable problems; sometimes they are completely missing from statistics on direct investment drawn up by the Member States, sometimes they are to be found under the main activity of the group to which they belong, which in turn leads to additional difficulties of interpretation (the question of holding companies is referred to again in the methodological annex).

In view of the lack of precision associated with these data on direct investment broken down by sector of activity, our commentary will be brief and confined to aggregate Community totals.

2-3-2 Extra-Community Investment

(i) Outward Investment

The annual time series on outward investment to non-Community countries are broken down by sector in Table 2-12 and the corresponding shares for the period as a whole are summarised in graph 2-18. But the problems described above render interpretation of extra-Community outward flows particularly hazardous: we cannot say whether these sectors represent the locations of the Community investors or of the sectors in which they are investing outside the Community (see Warning 2-3-1) - while the two may coincide in many instances, there will be cases where firms in sector X in the EC invest in sector Y outside the Community (this may be especially true for holding companies.)

Table 2-12

Sectoral breakdown of outward direct investment of EC

million ecu

year	1984	1985	1986	1987	1988	1989	Average %
Sector							
Energy	-8555	-1689	-1537	-5370	-4966	-7628	20
Agriculture and food products	-534	402	-841	-2305	-4211	-6374	9
Metallics	-318	3	-309	-509	-887	-1761	3
Machinery	-613	-591	-278	-861	-1184	-606	3
Transport equipment	-946	-326	-342	-424	-491	-338	2
Electrical and electronic goods	-637	-292	-1513	-2754	-3374	-1498	7
Chemical industries	63	-4763	-5061	-3037	-3470	-2022	12
Other industries	117	119	-2017	-1898	-4320	237	5
Industries n.a.	0	0	-3	3	-1	-1	0
TOTAL INDUSTRIES	-2869	-5448	-10364	-11785	-17938	-12363	40
Building and Construction	-281	-129	-432	-673	-361	-1077	2
Finance and Banking	-3044	-3030	-2675	-1147	-1865	-2686	10
Insurance	-722	-1514	-1643	-1207	-1573	-1943	6
Trade, hotels and catering	-1223	-2138	-1742	-4927	-230	-1063	8
Transport and Communications	-98	-129	-419	97	-745	-2979	3
Real Estate	-425	-680	348	-552	-187	-715	1
Other Services	-151	-339	-2627	-5022	-3535	-2535	9
Services n.a.	0	0	0	0	0	0	0
TOTAL SERVICES	-5662	-7830	-8758	-12757	-8135	-11922	37
NOT ALLOCATED	-32	-26	-852	-109	-212	-163	1
TOTAL	-17399	-15119	-21941	-30694	-31612	-33152	100

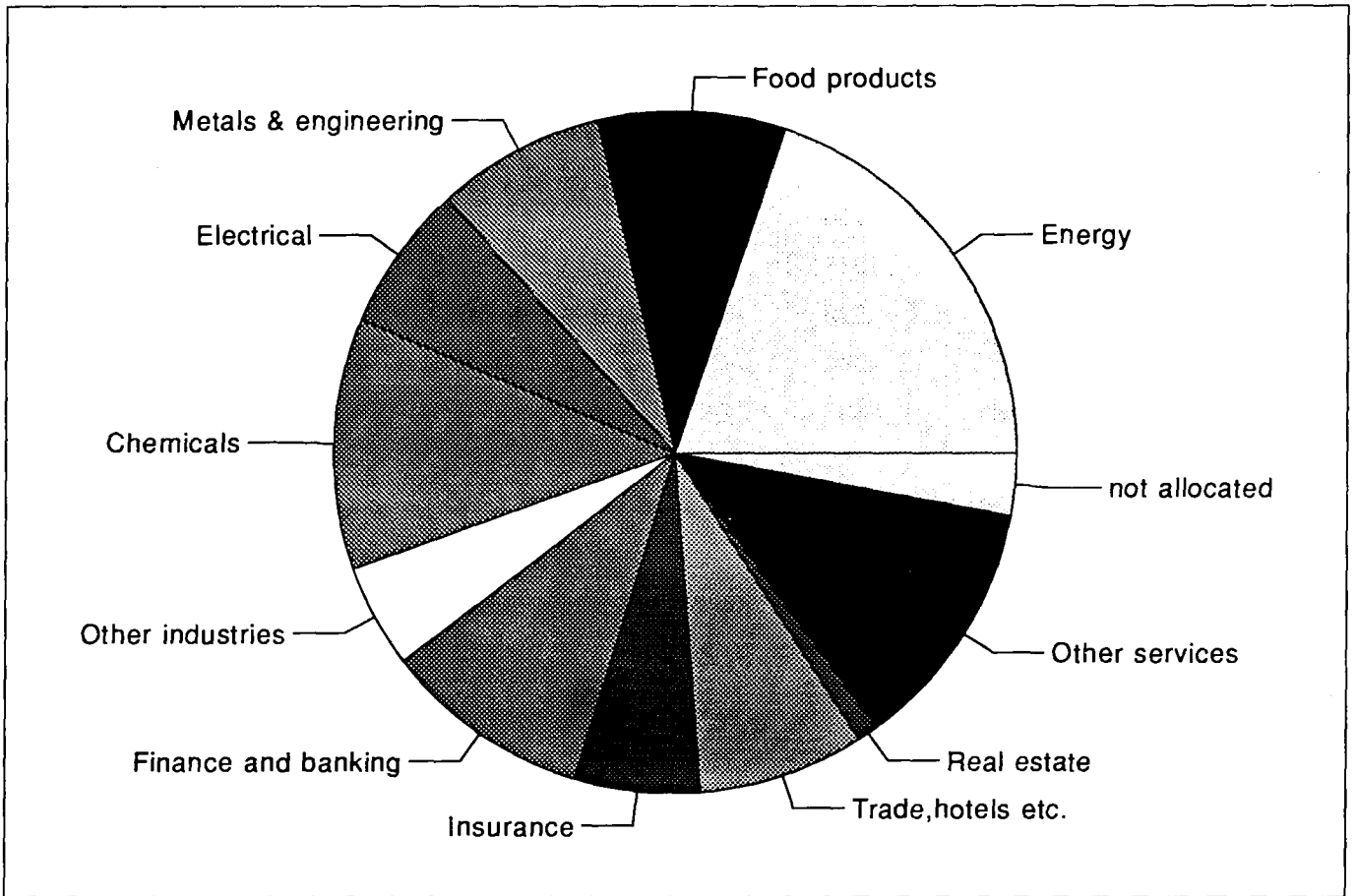
Source: EUROSTAT estimates

The last column shows each sector's share of the total over the whole period.

With this qualification, the broad overall pattern is that Manufacturing and Services each account for roughly 40%, with Energy responsible for the remaining 20%. Within these sectors, the three leading investors are "Energy", "Finance and banking" and the "Chemical industries", each of which includes some of the largest European Multinational firms (notably the large petrol companies in the energy sector.) The relatively large share of the "Trade etc." sector no doubt partly reflects the establishment overseas of sales and marketing subsidiaries for exported goods.

Graph 2-18

Sectoral breakdown of EC outward direct investment (84-89 average)



(ii) Inward Investment

The above interpretation problem does not arise in the case of investment received by the Community from non-EC countries since these are unambiguously the sectors of European enterprises in which the investment is made.

Table 2-13

Sectoral breakdown of inward direct investment of EC

million ecu

year	1984	1985	1986	1987	1988	1989	Average %
Sector							
Energy	245	1031	787	-109	-1884	1629	2
Agriculture and food products	294	732	4	1191	3337	-1037	6
Metallics	105	57	-276	48	93	202	0
Machinery	-267	718	-183	-501	214	198	0
Transport equipment	-25	-594	1796	421	-1063	3446	5
Electrical and electronic goods	1412	474	-458	546	1769	2159	8
Chemical industries	781	-428	-50	1578	1024	452	4
Other industries	-156	-45	371	1586	1493	3696	9
Industries n.a.	0	1	-1	0	-1	-1	0
TOTAL INDUSTRIES	2144	916	1203	4870	6866	9098	33
Building and Construction	76	235	-2	-372	13	93	0
Finance and Banking	2410	-129	3170	4826	6626	6204	31
Insurance	-136	210	-214	233	721	3028	5
Trade, hotels and catering	455	1781	746	210	859	3607	10
Transport and Communications	51	289	157	-2	177	767	2
Real Estate	781	948	966	1452	1884	2821	12
Other Services	47	-108	173	1050	613	421	3
Services n.a.	0	0	0	0	0	0	0
TOTAL SERVICES	3608	2991	4997	7768	10880	16848	63
NOT ALLOCATED	96	538	134	61	227	270	2
TOTAL	6169	5711	7119	12217	16102	27939	100

Source: EUROSTAT estimates

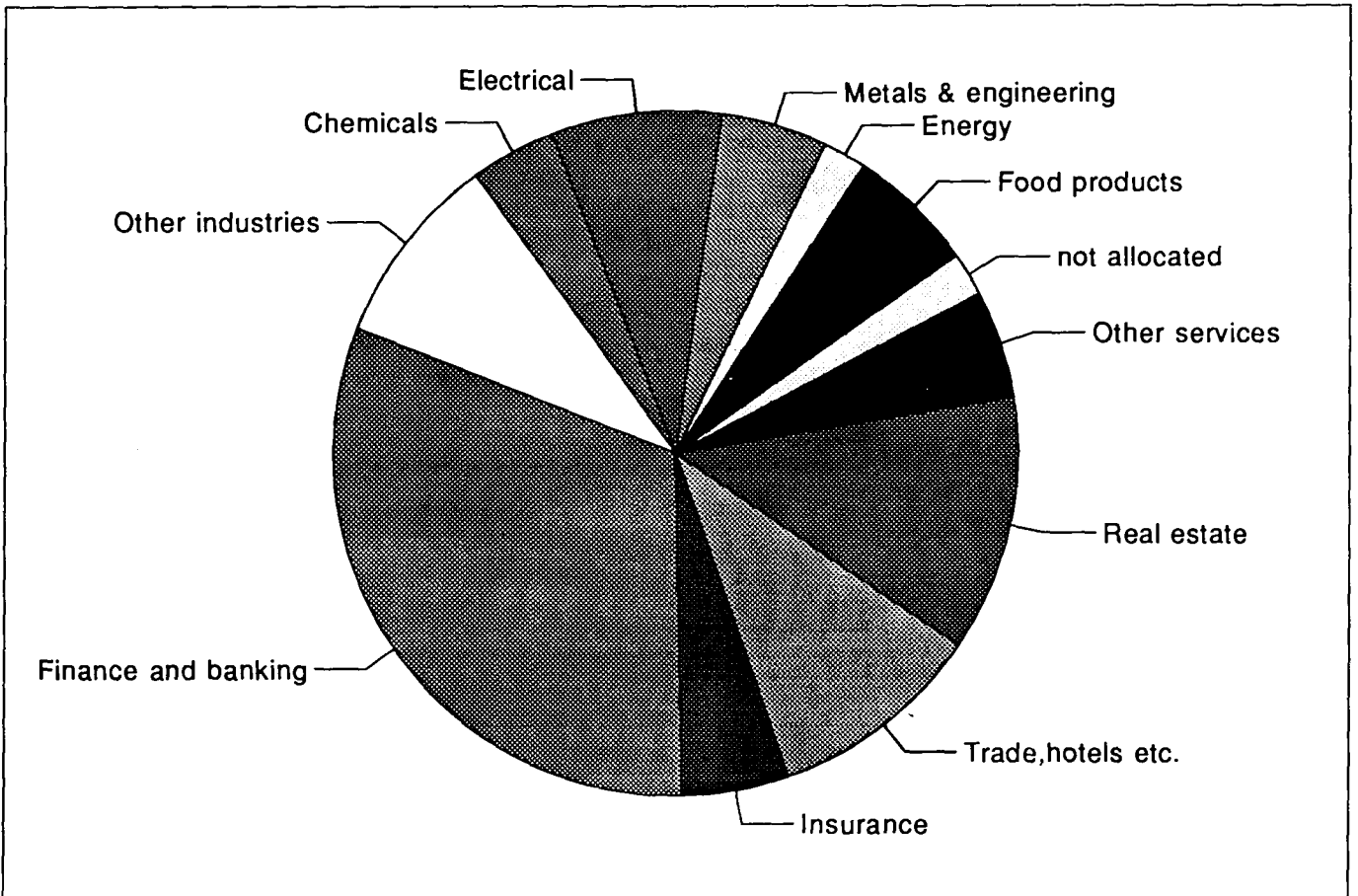
The last column shows each sector's share of the total over the whole period.

As can be seen, the pattern is rather different from that for outward investment: Services account for nearly two-thirds of the total, as opposed to one-third for Manufacturing, and virtually nothing for Energy. Within these aggregates, the dominant industry is the Financial one. But it must be remembered that this includes a number of important holding companies, whose capital may be subsequently redistributed over other sectors. Nevertheless, this large share undoubtedly also reflects the internationalization of the banking sector which is increasingly located on a worldwide basis. The two other major differences compared to the figures for outward investment are the minimal

share for "Energy" and the large share of "Real Estate". This includes investment in profitable real estate (buildings to rent) and leisure real estate (holiday homes) which is particularly common in the Mediterranean Community countries.

Graph 2-19

Sectoral breakdown of EC Inward direct Investment (1984-89 average)



2-3-3 Intra-community Investment

In the case of intra-Community investment, we discuss only the data as reported by the country receiving the investment since they classify unambiguously by the identity of the receiving sector. (As already discussed in 2-3-1 (Warning), the investing country may classify either by the location of the receiving or investing sector.)

Table 2-14

Sectoral breakdown of Intra-Community investment declared by country receiving investment

million ecu

year	1984	1985	1986	1987	1988	1989	Average %
Sector							
Energy	-185	-340	2528	1071	5057	-742	8
Agriculture and food products	47	188	149	392	2042	1945	5
Metallics	-8	51	-9	451	348	495	2
Machinery	345	224	61	402	147	67	1
Transport equipment	397	-90	18	218	8	-5	1
Electrical and electronic goods	310	396	31	111	1211	1254	4
Chemical industries	120	745	371	711	809	4238	8
Other industries	248	319	97	438	1696	2480	6
Industries n.a.	1	-1	1	1	0	0	0
TOTAL INDUSTRIES	1461	1832	719	2723	6260	10475	27
Building and Construction	176	79	189	876	289	356	2
Finance and Banking	1172	1598	2959	2399	5291	9232	26
Insurance	-205	191	131	1005	1483	1405	5
Trade, hotels and catering	791	874	1300	1516	1277	2712	10
Transport and Communications	60	120	66	51	229	356	1
Real Estate	1105	1495	1316	1753	2570	3689	14
Other Services	-89	49	221	434	1036	3860	6
Services n.a.	0	0	0	0	0	0	0
TOTAL SERVICES	2834	4325	5994	7158	11887	21254	61
NOT ALLOCATED	63	-202	150	138	294	506	1
TOTAL	4349	5694	9579	11967	23786	31847	100

Source: EUROSTAT estimates

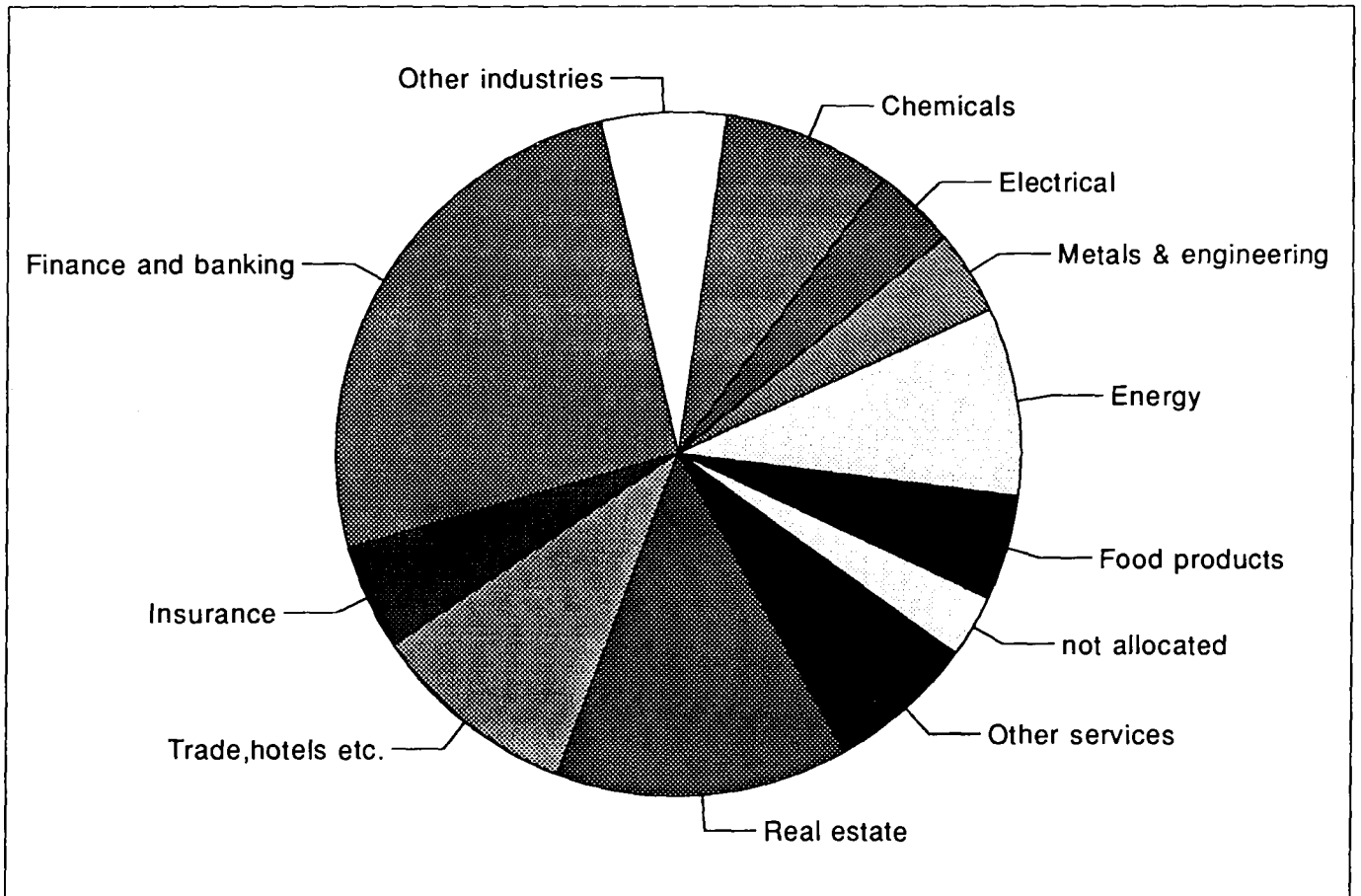
The last column shows each sector's share of the total over the whole period

The sectoral distribution of intra-Community investment shows more similarity to inward than to outward extra-Community flows, with Services accounting for nearly two-thirds again. The most striking finding is again the high share of the Finance sector - this is clear further evidence of the internationalisation of this sector. The "Real Estate" and "Trade, Hotels and Restaurant" figures are testament to the size, growth and international nature of the European tourism industry. On the other hand, none of the manufacturing industries figure very strongly in the statistics.

Likewise, intra-Community investment in "Energy" is relatively modest but highly variable across the years. It should also be noted that these investments relate primarily to countries for whom the asymmetry problem in bilateral flows is most pronounced. Therefore this figure should be treated with caution.

Graph 2-20

Sectoral breakdown of intra-Community investment, as declared by countries receiving investment (1984-89 average)



2-3-4 Summary

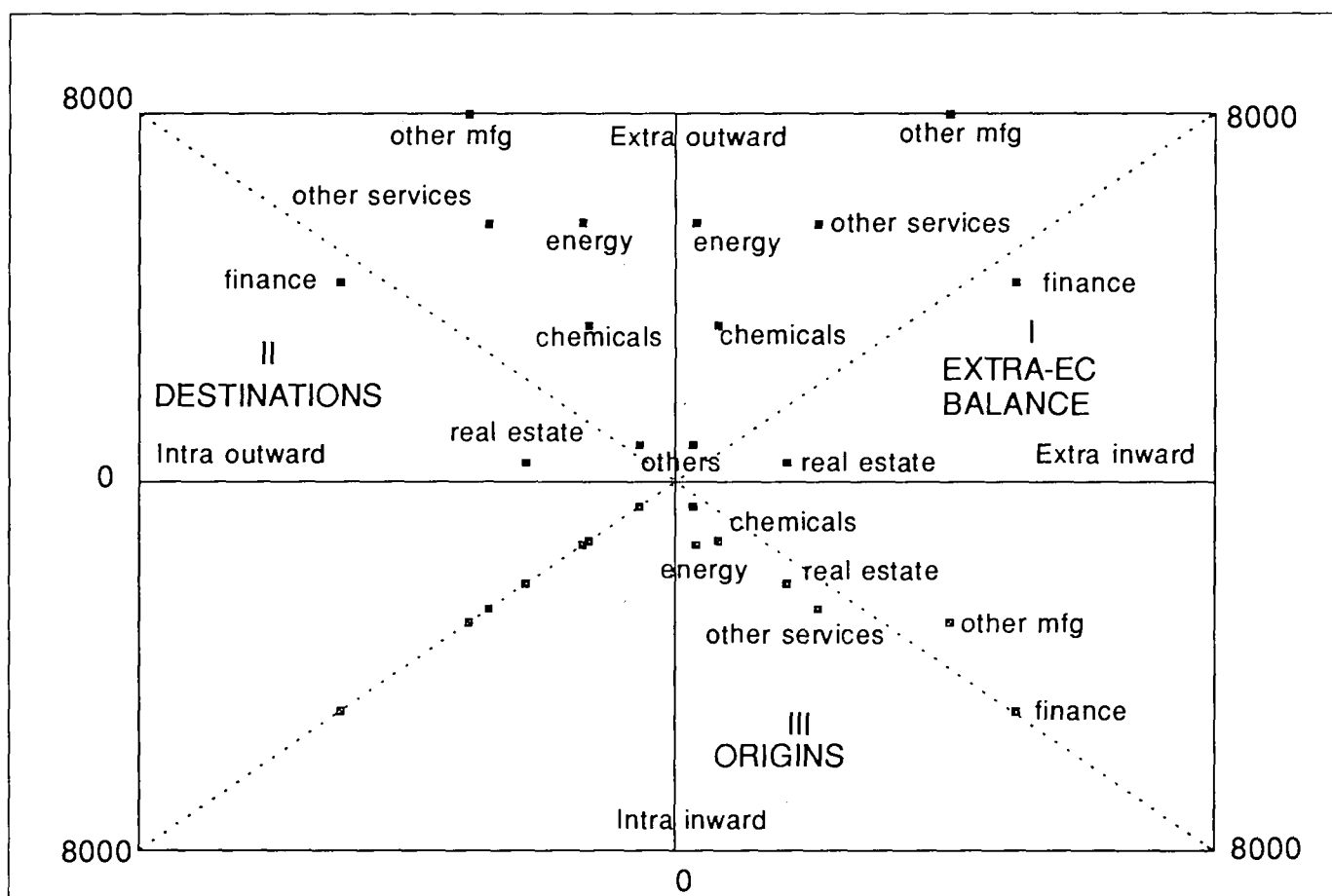
Up to this point we have refrained from drawing conclusions about the rate of growth of investment flows by sector, and have made only a few observations on the comparative findings for extra- and intra-Community flows. This is only prudent given the uncertainties about the data and the relatively disaggregated nature of some of the sectors. To some extent, these problems are lessened however by a law of large numbers, and we now attempt a tentative summary based on the seven broad sectors shown in Graph 2-21 and Table 2-15¹⁹, using annual averages for the full period and the two sub-periods.

First, Graph 2-21 plots each sector's extra-EC balance and its balance between intra- and extra-flows, using the 4 quadrant construction described earlier. For clarity, the graph reports only the annual averages for the whole period (but Table 2-18 reveals how the relative locations of sectors will have changed between the two periods.)

The **extra-EC balance** quadrant (I) shows that 4 sectors are significant overall net investors with respect to the rest of the world, with "Energy" the most pronounced in proportionate terms, but "Other Manufacturing" involving the largest flows overall. The "Financial Services" sector lies (just) below the diagonal, revealing a (fairly) small excess of inward over outward investment and this reflects the much faster growth of the former in the second part of the period. "Real estate" is the only sector with a large proportionate excess of inward over outward investment: this reflects the inflows to the Mediterranean countries for holiday homes etc. mentioned earlier.

Graph 2-21

Sectoral outward and inward Investment (84-89 average)



19. These sectors include some which are quite specific, such as "Energy", "Chemicals", "Banking, Finance and Insurance" and "Real Estate", and three residual categories: "Other manufacturing includes all manufacturing other than "chemicals", "Other Services" includes all services other than those just listed, and "Others" refers to "Building and Construction" and "Not allocated".

The **destinations** quadrant (II) reveals a very similar pattern. Except for "Finance" and "Real Estate", more is invested by all sectors outside the Community than inside. In "finance" there is a rough balance, while in "real estate", virtually all investment is within the Community.

Quadrant III (which in earlier cases reflected asymmetries) is merely a 45 degree line here since we measure intra-Community flows only as recorded by receiving countries for reasons given earlier.

The **origins** quadrant (IV) displays a pronounced tendency for sectors to cluster around the diagonal. This indicates that the origins of inward investment into the Community are broadly equal between the Rest of the World and other Community countries. Nevertheless, apart from the Financial sector, which is in almost exact balance in this respect, only "Other Manufacturing" lies above the diagonal - this is the only sector in which more than half of incoming investment originates from the Rest of the World.

Table 2-15 reports the magnitudes of the points plotted in the graph, as 1984-89 averages in ecus; but its main purpose is to illustrate how things have changed during the period. This is done by calculating each sector's share of the total for the period as a whole, and for the two three year sub-periods within it

Table 2-15

Sectoral breakdown by principal sectors and sub-period

percentages(*)

Sector	EXTRA-COMMUNITY						INTRA-COMMUNITY		
	Outward			Inward					
	84-89	84-6	87-9	84-89	84-6	87-9	84-89	84-6	87-9
Energy	-4958 (20)	22	19	283 (2)	11	-1	1231 (8)	10	8
Chemicals	-3048 (12)	18	9	560 (4)	2	5	1166 (8)	6	9
Other Manufacturing	-7079 (28)	16	35	3623 (29)	21	32	2746 (19)	14	20
Finance, Banks, Ins.	-3841 (15)	23	11	4492 (36)	28	38	4443 (31)	30	31
Real Estate	-369 (1)	1	2	1475 (12)	14	11	1988 (14)	20	12
Other Services	-4967 (20)	16	22	1882 (15)	19	14	2477 (17)	17	17
Others	-725 (3)	3	3	228 (2)	6	1	485 (3)	2	4
TOTAL	-24986 100	100	100	12543 100	100	100	14537 100	100	100

Source: EUROSTAT estimates

(*) All figures refer to annual averages for the periods concerned. Except for 1984-89 (reported in million ecus and percentages), all figures are in percentages and refer to the sectors' shares in the total.

Thus, reading down the three percentages columns for each type of investment reveals which sectors have grown most rapidly. Alternatively, reading across rows for any sector reveals how its position within the graph would have changed between 1984-86 and 1987-89. For example, "Energy" was a major contributor to extra-EC outward investment, with a fairly stable share; a trivial recipient of extra-EC inward investment, with a falling share; and a moderate recipient of intra-EC investment, with a stable share.

Taking **extra-Community outward investment** as a whole, the fastest comparative growth (represented by a rise in the percentage between the sub-periods) was in "Other Manufacturing" and "Other Services", whilst the slowest growth was in "Chemicals" and "Finance, Banking and Insurance". Interestingly therefore, in each of Manufacturing and Services there was a tendency for investment of the largest industry to grow less rapidly than the rest - this may reflect a tendency towards less specialisation in outward investment within both broad sectors, but the shortness of the time period and the uncertainties of the data must make this suggestion very tentative.

For **extra-Community inward investment**, the most significant divergences from the average are the faster than average growth for the two Manufacturing sectors and "Finance, Banking and Insurance". In both instances, one suspects that this reflects the influx of non-EC multinational firms in anticipation of the Single Market. (The extreme figure for "Energy" is in fact of little significance given the very small, but volatile, share of this sector in total inward investment.)

For **Intra-Community investment**, there is remarkable uniformity in the growth of the sectors (represented by rough stability in the percentages of the two sub-periods), and this, in itself, may be an important finding. The coming of the Single Market appears to have influenced most sectors more or less equally. There is, nevertheless, a slight tendency for investment in Manufacturing to have grown more rapidly, and in "Real Estate" less rapidly than the overall average.

2-4 REINVESTED PROFITS

2-4-1 Preliminary Remarks

As has been pointed out earlier, all the preceding data (with the exception of those taken from the G-BOP database) exclude reinvested profits. In the present context, these are profits made by a foreign subsidiary, which are not distributed to the shareholders of the parent, but reinvested instead in the subsidiary. In this case the Balance of Payments should record a double entry: a flow of profits paid by the subsidiary to the home shareholders, and then a flow of the same magnitude, but opposite sign, representing investment by the shareholders in the subsidiary. These are, of course, imaginary flows and do not appear in settlement statistics, for example, and therefore this information can only be obtained directly from the enterprises themselves. Therefore, unfortunately not all Member countries follow the procedure of including reinvested profits in their statistics on direct investment.

In fact, the information we have on this subject is very incomplete. Since only three EC countries, Germany, Portugal and the United Kingdom, can supply detailed series of their reinvested profits, an accurate overall assessment at the Community level is clearly impossible. Moreover, for comparative purposes, although we have information on reinvested profits for the USA, we do not for Japan. For these reasons we decided to limit this study to an examination of direct investment without reinvested profits.

In the remainder of this section we first report the very little information which are available, then examine how this information changes the picture of previous sections for the countries concerned, and finally, and very speculatively, we **hypothesize** about the possible magnitudes of reinvested profits at the aggregate Community level.

2-4-2 The available data on reinvested profits

The following tables (2-16 to 2-19) report the information we do have available on reinvested profits for Germany, Portugal and United Kingdom (followed by the USA data in table 2-20.). Apart from these countries, all other cells are empty. The only other data we have are some imprecise aggregates for Denmark and Spain (for which, in particular, intra- and extra-Community profits are not separately identified):

DENMARK:

Net reinvested profits received (reinvested profits received less reinvested profits paid out) are:

- an annual average for 1984-1986 of 156 million Ecus, and
- an annual average for 1987-1989 of 113 million Ecus.

SPAIN:

Profits reinvested in Spain (in million Ecus):

- 1986: 0.8; 1987: 0; 1988: 1.4; 1989: 0.2.

Profits reinvested by Spain:

- 1986: -0.2; 1987: -0.4; 1988: -0.4; 1989: 0.

Table 2-16

Profits reinvested by the Community in extra-EC countries

million ecu

year	1984	1985	1986	1987	1988	1989
UEBL	NA	NA	NA	NA	NA	NA
DK(1)	NA	NA	NA	NA	NA	NA
D	78	-735	-737	-718	-563	-1067
GR	NA	NA	NA	NA	NA	NA
E(2)	NA	NA	NA	NA	NA	NA
F	NA	NA	NA	NA	NA	NA
IRL	NA	NA	NA	NA	NA	NA
I	NA	NA	NA	NA	NA	NA
NL(3)	NA	NA	NA	NA	NA	NA
P	0	-9	-1	0	-2	0
UK	-6377	-5384	-4457	-7355	-8678	-8442
total EUR 12	NA	NA	NA	NA	NA	NA

Source: Deutsche Bundesbank, Banco de Portugal, UK Central Statistical Office

A negative sign indicates a net reinvestment by the country

(1) Only total net data are available for Denmark.

(2) Spain's data are not separated into intra and extra investment

(3) The Netherlands data are currently confidential.

Table 2-17

Profits reinvested in the Community by extra-EC countries

million ecu

year	1984	1985	1986	1987	1988	1989
UEBL	NA	NA	NA	NA	NA	NA
DK(1)	NA	NA	NA	NA	NA	NA
D	217	-211	-407	995	-145	1224
GR	NA	NA	NA	NA	NA	NA
E(2)	NA	NA	NA	NA	NA	NA
F	NA	NA	NA	NA	NA	NA
IRL	NA	NA	NA	NA	NA	NA
I	NA	NA	NA	NA	NA	NA
NL(3)	NA	NA	NA	NA	NA	NA
P	8	7	5	16	7	46
UK	1173	3637	378	2768	1507	3220
total EUR 12	NA	NA	NA	NA	NA	NA

Source: Deutsche Bundesbank, Banco de Portugal, UK Central Statistical Office

A positive sign indicates a net reinvestment in the country

(1) Only total net data are available for Denmark.

(2) Spain's data are not separated into intra and extra investment

(3) The Netherlands data are currently confidential.

Table 2-18

Intra-Community profits reinvested by Member States

million ecu

year	1984	1985	1986	1987	1988	1989
UEBL	NA	NA	NA	NA	NA	NA
DK(1)	NA	NA	NA	NA	NA	NA
D	-305	-640	-767	-730	-305	-1348
GR	NA	NA	NA	NA	NA	NA
E(2)	NA	NA	NA	NA	NA	NA
F	NA	NA	NA	NA	NA	NA
IRL	NA	NA	NA	NA	NA	NA
I	NA	NA	NA	NA	NA	NA
NL(3)	NA	NA	NA	NA	NA	NA
P	-1	0	-1	-4	0	0
UK	-1895	-2824	-2324	-3050	-3698	-5047
total EUR 12	NA	NA	NA	NA	NA	NA

Source: Deutsche Bundesbank, Banco de Portugal, UK Central Statistical Office

A negative sign indicates a net reinvestment by the country

(1) Only total net data are available for Denmark.

(2) Spain's data are not separated into intra and extra investment

(3) The Netherlands data are currently confidential.

Table 2-19

Intra-Community profits reinvested in Member States

million ecu

year	1984	1985	1986	1987	1988	1989
UEBL	NA	NA	NA	NA	NA	NA
DK(1)	NA	NA	NA	NA	NA	NA
D	-195	18	-110	314	193	515
GR	NA	NA	NA	NA	NA	NA
E(2)	NA	NA	NA	NA	NA	NA
F	NA	NA	NA	NA	NA	NA
IRL	NA	NA	NA	NA	NA	NA
I	NA	NA	NA	NA	NA	NA
NL(3)	NA	NA	NA	NA	NA	NA
P	8	9	7	21	31	16
UK	2797	2718	1460	1896	1814	2082
total EUR 12	NA	NA	NA	NA	NA	NA

Source: Deutsche Bundesbank, Banco de Portugal, UK Central Statistical Office

A positive sign indicates a net reinvestment by the country

(1) Only total net data are available for Denmark.

(2) Spain's data are not separated into intra and extra investment

(3) The Netherlands data are currently confidential.

Table 2-20

Reinvested profits: the United States

million ecu

	1984	1985	1986	1987	1988	1989
US outward investment						
without reinvested profits	7129	1232	-8797	-9820	-3048	-8447
with reinvested profits	-14681	-17248	-18979	-26905	-13715	-28792
US inward investment						
without reinvested profits	28461	26733	36969	39357	43870	65652
with reinvested profits	32130	24928	34639	40641	49417	65572

Source: U.S Department of Commerce

2-4-3 Sensitivity of findings to reinvested profits

The natural question to ask is whether the conclusions of this study would have been very different had we had been able to include reinvested profits in the statistics. On the basis of the information that we do have for Germany, Portugal and the U.K. within the Community and the USA outside, the answer would appear to be "yes".

Table 2-21 combines the information from tables 2-16 to 2-20 with the corresponding data for these countries excluding reinvested profits. Thus, in each case, column (a) represents the figures on which the main analysis of this report is based (excluding reinvested profits), while column (b) shows the effect of including reinvested profits. Column (c) shows the proportion of these revised totals accounted for by reinvested profits. For the sake of brevity and clarity, all figures refer to annual averages over the period 1984-89.

Table 2-21

The relative magnitudes of reinvested profits in 3 countries and USA (1984-89 averages)

million ecu or percentage

	Germany			Portugal			U.K.			U.S.A.		
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)
Extra-Community												
Outward	-4626	-5250	12	-9	-11	18	-11851	-18633	36	-1792	-10876	83
Inward	321	600	47	163	178	8	5611	7725	27	18128	17365	-4
Intra-Community												
Outward	-3013	-3695	18	-16	-17	6	-1259	-4399	71	-1833	-9177	80
Inward	1117	1240	10	396	411	4	2287	4415	48	22046	23856	8
Total												
Outward	-7639	-8985	15	-25	-28	11	-13110	-23032	43	-3625	-20053	82
Inward	1438	1840	22	559	589	5	7898	12140	35	40174	41221	3

Source: EUROSTAT estimates

*(a) denotes direct investment excluding reinvested profits**(b) denotes direct investment including reinvested profits**(c) denotes reinvested profits as a percentage of the total, i.e. $(c) = 100 \cdot (b-a)/b$*

Of the three EC countries, the UK is most affected by the inclusion of reinvested profits. It inflates the magnitudes of the flows considerably, particularly for the UK's direct investment to other member states, where reinvested profits account for nearly three quarters of the total. But very sizeable increases are also recorded for its flows outside the Community. This is not surprising of course since the UK has a long tradition of overseas investments and the profits thereon might be expected to be significant. Evidently a large proportion is reinvested. The magnitudes are relatively more modest for Germany - reinvested profits account for between 10 and 20% of its flows with other Member States and its outward investment in non-EC countries. It is true that they account for a much larger proportion of Germany's inward investment from non-EC countries, but the **absolute** magnitude is still small. For Portugal, the adjustment is relatively minor.

However, the revision to the US outward investment figure dwarfs even that of the UK. On these figures, excluding reinvested profits leads to a massive understatement of US outward investment, since reinvested profits account for over 80% of the total. Strangely, the inclusion of reinvested profits on the inward side makes little difference since they account for only 3% of the total over this period. Overall, the USA remains a net importer, but to a reduced extent compared to the situation where reinvested profits are excluded.

2-4-4 The overall significance of reinvested profits: a speculative assessment.

Bearing in mind the above results, how different might the **aggregate EC flows** have looked, had we been able to include reinvested profits? Quite frankly, we just do not have the information to answer confidently. Nevertheless, some "back of the envelope" calculations are possible.

These calculations involve three steps. The **first step** is to compute estimates of the **stocks** of direct investment capital for the Community. This is because reinvested profits are determined by (a) the stock of existing capital, (b) the **return** on that capital and (c) the proportion of the return which is reinvested in the source of that profit.

In this respect, our own database includes no hard information, but the G-BOP source provides some help. It is reasonable to assume that the **current stocks** of capital will be related to previous investment levels, and the G-BOP source provides information on this back to 1970. Therefore, as an experiment, we summed the investment flows reported there over the years 1970 to 1988 or 1989 and compared the results with some independent estimates of **stocks available from other sources**.

(1) The UK Central Statistical Office (Business Monitor MA4, "Overseas Transactions 1989") reports the net book value of the stock of UK outward investment at the end of 1989 as 129,373 million = 192,000 million ecus. This compares to a figure of 206,000 million ecus derived by summing the UK outward investment figures in the G-BOP source 1970-1989. For inward investment, the sum of investments in the UK recorded in G-BOP is 118,000 million ecus, as opposed to a 1989 stock of 138,000 million ecus (93,000 million) according to the CSO.

(2) The UN World Investment Report (ibid, table 10, p.32) cites its own estimates for EC, Japan and USA in 1988 as follows (the summed G-BOP investment flows 1970-1988 are shown in brackets):

	Outward	Inward
EC	416(380)	337(255)
USA	291(219)	278(277)
Japan	93(104)	8(4)
units = billion dollars		

It would be facile to claim that the (in some cases quite remarkable) similarities between these sets of figures provide evidence that our procedure of summing previous investments yields meaningful estimates of stocks. Some of the magnitudes are quite different, and anyway there is no theoretical reason why a current capital stock should be simply related to the sum of investments over the previous twenty years! Nevertheless, the concordance is sufficiently encouraging to persuade us to pursue this line of investigation a little further.

The **second step** in our procedure involves identifying a plausible figure for the rate of (reinvested) profits on capital. Again, we have little to go on. In any event, this will depend on the rate of return on capital and the proportion of profits reinvested: both might be expected to vary considerably over time and between countries. Nevertheless, some rough idea can be gained by comparing the figures we do have on reinvested profits for the three Community countries (UK, Germany and Portugal) with our estimates of their stocks of capital (using the summed investment method just described.)

The ratio of reinvested profits to estimated stocks of direct investment, averaged over 1984 to 1989 varies for outward investment between 1.7% for Portugal to 8.7% for UK (Germany's figure is 2.8%), while for inward investment it varies between 1.6% for Portugal to 6.5% for UK (Germany's figure is 2.3%.) Again, we do not wish to claim any sort of accuracy for these estimates; but they do allow us to establish a "ball-park" range. We shall suppose hereafter that a likely range for the ratio of reinvested profit to "stock" of capital is between zero and 10%.

The **third step** to our calculations involves computing figures for reinvested profits for the 8 Community countries for which we do not have direct data. This we do by multiplying the G-BOP estimates of cumulated investment (averaged over 1984-89) for those countries by either zero (the lower limit) or 10% (the upper limit.) When added to the information on "actual" reinvested profits for UK, Germany and Portugal, this yields the following estimates for aggregate Community reinvested profits.

Table 2-22

Guesstimates of EUR 12 Reinvested Profits (Annual averages 1984-89, million ecu)

	Actual	Lower limit guess	Upper limit guess
Outward investment			
UK, Germany, Portugal	11,244		
Rest of EC		0	9,122
Total EUR 12		11,244	20,366
Inward investment			
UK, Germany, Portugal	4,683		
Rest of EC		0	9,660
Total EUR 12		4,683	14,343

Finally, the perspective on these "guesstimates" is provided by comparing with the annual averages for EUR12 direct investment **excluding** reinvested profits from our database. Since the above calculations are for reinvested profits on total investment (i.e. the sum of extra- and intra-Community investment), we should likewise compare with the sums of extra- and intra-Community annual average investments from our database. These are 39,919 million ecu for outward investment and 27,080 million ecus for inward investment.

This suggests that the inclusion of reinvested profits would inflate the outward figures by between 28% and 51%, and the inward figures by between 17% and 53%. As we have repeatedly stressed, these estimates are speculative; nevertheless, they do show that the inclusion of reinvested profits makes a considerable difference to the EUR12 totals. Even on the most conservative of assumptions (the "lower limits", which are based on **actual** figures for UK, Germany and Portugal and suppose zero reinvested profits for remaining EC countries), 28% and 17% upward revisions are significant. Alternatively, taking the "upper limits" leads to a doubling in the estimate of aggregate (intra-plus extra-) EC outward investment. This puts it at an annual average for the period of 60,000 million ecus - 50% higher than the USA, even when its figures too are revised upwards to include reinvested profits. Inward investment rises to about 40,000 million ecus per annum - almost identical to the USA. This would suggest that, contrary to common belief, the Community is running "neck and neck" with the USA as a host to inward investment.

Third part : METHODOLOGICAL ANNEXE

The methodology applied for the harmonisation of data and calculation of EUR12 totals is roughly the same as in the 1984-1988 report.

Throughout this study, the reader has been warned of the difficulties in harmonizing statistics on direct investment and hence of the precautions which must be taken in interpreting the results. This chapter explains in more detail the difficulties in aggregating the national statistics of the Member States.

The concept of direct investment is in fact very variable from one country to another and, though efforts have been made to define it at international level (particularly by the IMF and the OECD), each country still has its own definition depending on its objectives and resources, its own business structure, its system of data collection, etc.

The result is that international comparisons (or aggregates for the EC) are difficult and misleading. We have tried to correct national statistics as far as possible in order to make them converge, but we soon came up against serious difficulties because of the lack of certain data. The statistics presented in this report therefore contain numerous internal inconsistencies which we now describe.

We begin with the definitions recommended by the IMF and the OECD (first part) before moving on to the definitions applied by each Member State and indicating those corrections and estimates it was possible to make in order to bring these more into line with the OECD definition (part 3-2).

3-1 DEFINITION OF DIRECT INVESTMENT

As this study is only concerned with international capital movements, it is the methodology of the Balance of Payments which provides the appropriate framework.

Nevertheless, this framework will not provide the information needed to draw wider conclusions on the economic importance for the countries which supply or receive the capital. Consequences upon production, employment, income, etc... are not measurable through statistics of Balance of Payments. The item "direct investment" in the Balance of Payments records only the financial flows between two states (annual flows, for the use that was made here). In addition, it is extremely hazardous to sum these flows to find out the investment stocks possessed by a given country. Numerous problems then arise; for example, the maturing of the investment (which may lead to a revaluation (goodwill) or devaluation (decrepitude) of the investment), currency conversion under a regime of variable exchange rates, investments carried out with local financing, recording of reinvested profits (fictitious flows in the Balance of Payments), etc...

Nevertheless, the statistics drawn from the Balance of Payments no doubt give a fairly accurate picture of the increase in volume of this type of international transaction, although these flows can be artificially swollen by the existence of intermediate financing sources (holding companies or the like).

Given then, that this study is limited to flows recorded in the Balance of Payments, it was normal to make the main definition of direct investment that given in the fourth edition of the IMF Balance of Payments Manual (chapter 18), paragraph 408 of which is given below :

3-1-1 IMF definition:

Direct investment refers to investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise. The foreign entity or group of associated entities that makes the investment is termed the direct investor. The unincorporated or incorporated enterprise - a branch or subsidiary, respectively - in which a direct investment is made is referred to as a direct investment enterprise.

In practice, this definition has turned out to be too general not to be interpreted in different ways by national Balance of Payments compilers. The statistics are consequently not comparable and at world level therefore, the sum of the direct investment which the host countries say they receive is far from being equal to the sum of the capital which the investing countries say they supply. This world discrepancy is currently being studied by the IMF (Working Party on the Measurement of International Capital Flows).

In view of this state of affairs, the OECD has proposed a more precise and detailed definition for its studies on international investment and multinational enterprises (Detailed Benchmark Definition of Foreign Direct Investment - OECD - Paris - 1983). This is now used as an international reference and will probably be reprinted in the next edition of the IMF manual. A summary of this definition taken from "Recent Trends in Foreign Direct Investment" (OECD 1986) is given below :

3-1-2 OECD definition:

1. A foreign direct investor is an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which has a direct investment enterprise - that is, a subsidiary, associate or branch operating in the country other than the country(ies) of residence of the direct investor(s).

2. A direct investment enterprise is defined as an incorporated or unincorporated enterprise in which a single foreign investor either controls ten per cent or more of the ordinary shares or voting power of an

incorporated enterprise - or the equivalent of an unincorporated enterprise - or has an effective voice in the management of the enterprise.

However, sometimes, the ten per cent limit should be treated with flexibility as other factors can also be taken into consideration to determine a direct investment relationship: a representation on the board of directors, participation in the policy-making processes; material inter-company transactions; interchange of managerial personnel, provision of technical information, or provision of a long-term loan with preferential interest rates.

3. Inward and outward direct investment statistics, to be reported on a calendar-year basis, should cover all directly and indirectly owned subsidiaries, associates, and branches where:

- **A subsidiary is defined as an incorporated enterprise in which the foreign investor controls directly or indirectly (through another subsidiary) more than half of the shareholders voting powers or has the right to appoint or remove a majority of the members of this enterprise;**
- **An associate is one where the direct investor and its subsidiaries control not more than 50 per cent of the voting shares or has an effective voice in the management of that enterprise;**
- **A branch is an unincorporated enterprise in the host country which can be a permanent establishment or office, a partnership or joint venture, real estate, immovable equipment and objects, non-financial intangible assets (such as patents or copyrights) directly owned by foreign investors, or mobile equipment operating within an economy for at least one year.**

In addition, all construction and installation work abroad (except if the installation is carried out by employees of the enterprise who go abroad to do the work and this work is completed in less than one year) should be considered as being undertaken by a direct investment enterprise.

4. Direct investment flows are defined as:

- **For subsidiary and associated companies**
 - **The direct investor's share of the company's reinvested earnings;**
 - **Plus the direct investor's net purchases of the company's share and loans;**
 - **Plus the net increase in trade and other short-term credits given by the direct investor to the company**
- **For branches**
 - **The increase in unremitted profits plus the net increase in funds received from the direct investor.**

Loans on short-term balances from fellow subsidiaries and branches to foreign direct investment enterprises, loans by subsidiaries to their direct investors and loans guaranteed by direct investors and defaulted as well as the value of goods leased by direct investors should be included in direct investment.

However, in the case of banks, deposits, bills and short-term loans should be excluded from direct investment.

The OECD Benchmark definition also describes direct investment stocks and profits. Possible revisions to certain points of detail of this definition are currently being studied by the OECD within a group of financial statisticians of the Committee on Financial Markets. The particular cases of banks, financial institutions, insurance companies, construction enterprises are notably under review. And so is that of "holding companies" and alike, now gathered under the title "Special Purpose Entities".

Although generally favourable to this definition, the Community Member States diverge from it on numerous points which we shall now examine.

3-2 METHODOLOGIES OF THE MEMBER STATES

This section will be restricted to the main divergences of each Member State from the OECD Benchmark definition. We shall also point out the sources of the statistics used and the ways in which they are collected.

We do not intend to examine the complex problem of "indirect" direct investment, i.e. recording by the Member States of capital flows between companies "of the same group" but which have no direct participation in the capital of the other. Information on these indirect links is not systematically recorded by all the Member States and definitions of these links and corresponding investment flows are very variable; this subject alone could be treated in considerable depth. We shall simply point out here that the BLEU, Greece, Italy and Portugal say they do not take these links into consideration and it is clear that this could lead to discrepancies between the direct investment statistics of two countries; the significance of these discrepancies is difficult to evaluate but it is definitely proportional to the maturity of the direct investment in the receiving country.

First of all, one comment which applies to 4 countries: BLEU, France, Italy and the Netherlands record direct investment flows from or to International Institutions. These flows reflect participation in the capital of international organizations and are recorded by the other Member States together with capital transactions in the "official" sector. These flows have therefore been declassified and removed from direct investment in order to achieve better comparability.

3-2-1 Belgium-Luxembourg:

Source of data and collection method:

The Banque Nationale de Belgique compiles from the banking system the statistics required to draw up a balance of payments for the Belgo-Luxembourg Economic Union and sends EUROSTAT a geographical balance of the various movements.

Discrepancies with respect to the OECD Benchmark definition:

At the banking level, it is the agent of the transaction who decides whether it will be recorded as a direct investment or portfolio investment. There is therefore no minimum percentage of shares in the enterprise which must be held by a direct investor. Nevertheless, checks may be made on transactions involving more than 100 million BF.

In view of the collection system, the BLEU Balance of Payments does not record, as either direct investment or profits from direct investment, profits not distributed and reinvested in the direct investment enterprise.

Real estate transactions are given a separate line in the capital account of the balance of payments and are therefore not included in direct investment.

Luxembourg in particular has a large number of holding companies whose international transactions are given separately in the BLEU Balance of Payments. Unfortunately, of these transactions, those relating to direct investment are not distinguished from portfolio operations. They are also recorded as investments (or disinvestments) coming from other countries; holding companies are therefore not considered to have subsidiaries abroad. It was not therefore possible to correct the data. Nevertheless this problem could be the cause of major bilateral divergences with the partner countries of BLEU.

Capital flows between companies with direct investment links due to commercial credits or leasing are not recorded as direct investment. Nor was it possible to isolate them and reincorporate them under "direct investment".

The BLEU information system does not yet allow the identification of the economic sector of the enterprise which makes or receives the direct investment. An improvement may be expected in the future as the discontinuation of exchange controls will lead to a new system of data collection. But for the years which concern us here, the breakdown of direct investment by sector is not known. In calculating the EUR12 total by sector, the average structure of the rest of the Community has been used to make the breakdown for BLEU.

Corrections carried out on national statistics:

Real estate transactions have been added (except for 1984).

Flows with international institutions have been removed.

The breakdown of direct investment by sectors has been entirely estimated in order to allow the calculation of the EUR12 total.

3-2-2 Denmark

Source of data and method of collection:

Denmark also uses bank settlements as the source of information on movements in international direct investment. The statistics of these are published in the annual report of Danmarks National Bank.

Discrepancies with respect to the OECD Benchmark definition:

Denmark is far removed from the OECD definition in the sense that it does not consider any loan between associated companies as direct investment, whether this be a long- or short-term loan, a financial or commercial credit. For certain countries where the details of the flows are known, the inclusion or exclusion of this type of flow can have significant consequences on direct investment statistics, particularly in countries where there are many financial holding companies or in the countries which have a lot of subsidiaries of this type abroad. In the case of Denmark, it is difficult to say to what extent this exclusion explains the differences between Denmark's figures and those of its partner countries; loans between associated companies are recorded either as "financial loans" or as "trade credits", or as "other capital of other private sector" and cannot be dissociated from other loans such as bank credits. The main reason advanced by Denmark for the exclusion is that Danish law was very variable on the subject, authorising loans at certain times in the past and forbidding them at others which led to major fluctuations in the data series on direct investment. It has not been possible to correct Danish statistics to reduce this serious discrepancy.

Reinvested profits are evaluated by the Danish Central Bank but the detailed figures usually published exclude these profits.

Purchases of real estate carried out for non-commercial purposes are not classified as direct investment.

Corrections carried out on national statistics:

Statistics on purchases of real estate were available and these investments were thus added to the figures initially supplied by Denmark. Their geographical breakdown, however, is not known in any detail.

In addition, the Danish classifications are somewhat different from those used by EUROSTAT and certain economic sectors or certain geographic zones do not match up completely. It was therefore necessary to approximate in some cases.

Finally, in the Danish figures supplied, the totals for direct investment with the Community broken down by sector did not correspond to the figures given for EUR12 in the geographical breakdown. The problem seemed to be the recording of capital movements by banks and, in calculating EUR12 totals the sector "credit and financial institutions" was therefore attributed all the differences between these two figures.

3-2-3 Germany

Source of data and collection method:

The Deutsche Bundesbank publishes statistics on flows of direct investment in its monthly report as well as statistics on annual stocks in its supplement for April each year. Resident enterprises are obliged to declare their transactions with other countries; statistics are therefore collected by this means.

Discrepancies with respect to the OECD Benchmark definition:

The methodology applied by Germany still contains some differences with the definition recommended by the OECD although it is progressively being brought into line; Germany has, for example, lowered from 25% to 20% the threshold for shares to be held in an enterprise in order for an investor to be considered as a direct investor (the OECD recommends a threshold of 10%).

Germany does not record as direct investment flows connected with short-term credits, commercial credits, leasing or the balances of inter-company accounts.

Corrections carried out on national statistics:

The only correction made to the German statistics was to add non-commercial real estate investment to direct investment.

Germany is not yet able to give a good breakdown of direct investment flows in the services sectors other than banking. This breakdown has been estimated by using statistics of stocks published by the Bundesbank and EUROSTAT has incorporated the result into the EUR12 total.

Finally, as regards the series of reinvested profits, there was a break in the method of recording in 1985; before this year, these profits were attributed to the year in which they were realised; after 1985, they were attributed to the year when they should be distributed (year following realisation). The series published here uses the second solution which reduces delays in publication.

3-2-4 Greece

Source of data and method of collection:

The Bank of Greece is only at the beginning as regards the collection of information on direct investment; this investment is not distinguished in the Balance of Payments. It may be found under various headings such as "Capital of enterprises in accordance with decree 2687/53", "other enterprise capital" or "real estate investment" and are mixed with other categories of capital (for example portfolio investment).

However, since 1987, direct investment from other countries in Greece is subject to approval from the Bank of Greece or the Ministry of the National Economy and thus must be declared by the enterprises in question. Statistics derived from exploiting these declarations therefore exist since 1987. However, notwithstanding the fact that only investment from abroad is thus recorded and not Greek investment abroad, these "approved" funds are not necessarily realised or can be realised for an amount different from that initially foreseen in the declaration. Spanish and Japanese statistics, where the two collection systems coexist, one using bank settlements and the other exploiting administrative authorizations, show clearly that the two series are not convergent even if they have parallel trends. In addition, the liquidation of foreign investment in Greece is not surveyed for the moment.

Discrepancies with respect to the OECD Benchmark definition:

Additional problems appear when one examines the definition of direct investment used to establish the series of "approved" investment; for example, investment in real estate is classified separately; loans between associated companies are not considered as direct investment unless they run for five years or more; there is no minimum threshold for participation in the share of the subsidiary to define a direct investment relationship between a resident enterprise and a non-resident one. Greater priority is given to the idea of control than to that of ownership.

Estimates carried out:

The statistics taken from "approvals" (years 1987-1988) are therefore given for information only at the moment.

However, data from the partner countries have been used to calculate the EUR12 total while waiting for longer homogeneous series to become available.

3-2-5 Spain

Source of data and method of collection:

Spain has two sources of data on direct investment: one is the "Balance of Payments" on a cash basis and one is "authorizations or verifications" which are administrative documents sent to the Ministry of the Economy and Trade. The first source allows direct investment to be broken down by country, the second also gives a breakdown by economic sector. The two sources are not convergent.

One may suppose that the source "authorizations or verifications" covers intended investments rather than actual ones. Indeed, the series from this source is always higher than that from the Balance of Payments source; some of the investment is not carried out at all, another part is carried out but for an amount different from that foreseen and a third part is carried out as envisaged but at a different point in time (and may therefore be recorded in the Balance of Payments one year later than the authorisation). Finally "authorizations" do not cover liquidations.

These two series are generally published together in the Spanish Balance of Payments.

Discrepancies with respect to the OECD Benchmark definition;

Spanish statistics cover virtually all the transactions of enterprises which have a direct investment link. This link exists as soon as the investor (a foreign investor in a Spanish enterprise or a Spanish investor in a foreign enterprise) possesses at least 20% of the enterprise capital as far as the Balance of Payments source is concerned. For the other source, the percentage necessary rises to 50% for a foreign investor in a Spanish enterprise but remains 20% for a Spanish investment abroad.

Real estate investment, which is very important in Spain, is classified separately.

The flows registered as direct investment by Spain conform to the OECD recommendations except for short-term credits which are not covered under this heading.

Corrections carried out on national statistics:

Real estate investment has been added.

The breakdown by branch of the source "authorizations" is the basis for the percentage breakdown which was subsequently applied to the totals for the "balance of payments" source in order to have mutually coherent figures for the total EUR12.

3-2-6 France

Data source and method of collection:

The French statistics on direct investment are published annually in the report on the "Balance of Payments of France". They are taken from declarations sent by firms to the Ministry of Finance and the Banque de France. Statistics of stocks were published for the year 1987.

Discrepancies with respect to the OECD Benchmark definition:

Reinvested profits are not recorded in the French Balance of Payments.

In principle, a direct investor must hold a minimum of 20% in a company to be a direct investor, but this criterion is not applied strictly.

As to the other types of direct investment, the only ones recorded are the long-term loans of non-financial companies. All bank loans, all short-term loans, commercial credits between enterprises are recorded under other Balance of Payments headings.

Corrections made to national statistics:

Most of the discrepancies with the OECD definition are not soluble in the short term. The only correction it was possible to make was therefore to remove capital movements with international institutions which are usually classified on the line "Capital transactions of the official sector" by the other Member States.

3-2-7 Ireland:

Data source and method of collection:

The Central Statistics Office surveys enterprises and uses the information derived from exchange control. Unfortunately, the resulting statistics seem not to be very reliable and Ireland stopped publishing them in 1987. Direct investment is no longer separated in the Balance of Payments and is now mixed up with "other capital movements of the private sector".

Ireland hopes that a new series can be produced in 1990 with the introduction of a new data collection system.

Discrepancies with respect to the OECD Benchmark definition:

These discrepancies cannot be discussed until the new series appears.

Estimates carried out:

In view of the situation described above, all the data for Ireland had to be estimated. For this purpose, the figures for the partner country were used to evaluate the direct investment flows with the rest of the Community, the USA and Japan. For the other countries, it was assumed that Ireland had a geographical breakdown of investment similar to the rest of the Community taken as a whole.

For the distribution by sector, the method previously described, i.e. taking the average structure of the Community, was applied.

These estimates are not published but serve to calculate the EUR12 total.

3-2-8 Italy:**Data source and method of collection:**

The data collection system in Italy is being developed following the liberalisation of monetary exchange. Formerly all transactions with other countries had to pass via the banking system which sent the information to the Italian Exchange Office (UIC). Since 3rd December 90, all agents operating with other countries fill in forms which are sent to the UIC directly or via a bank.

The official statistics are given in the Annual Report of the Banca d'Italia.

Discrepancies with respect to the OECD Benchmark:

Up to 1988, every share in company capital which was not quoted on the stock market, as well as every stock market operation for an amount greater than 30 000 million lire or which led the stock of shares held to exceed 50 000 million lire, was considered as a direct investment. After this date, the classification of a transaction as direct investment depends on the response of the operator concerning its long-term interest, its active role or its share in a capital exceeding 20 %. Transactions for a value less than 10 million lire are not declared (20 million since June 90).

There is no accounting of reinvested profits in the Italian Balance of Payments. Of the direct investment flows other than participation in capital, only long-term loans are recorded.

Real estate investment is classified under another Balance of Payments heading.

Corrections carried out on national statistics:

Investment flows coming from or destined for International Institutions have been removed.

Investments in the real estate sector have, on the other hand, been added.

Direct investment by banks, which were not all classified as such before 1988, have been corrected for the years preceding this date.

3-2-9 Netherlands:**Data source and collection method:**

This is based on a system of obligatory declaration of transactions with other countries, either directly or via an approved Netherlands banking establishment. The data are published, in particular, in the Annual Report of the Nederlandsche Bank. Statistics on stocks are also available.

Discrepancies with respect to the OECD Benchmark definition:

There is no minimum threshold for capital participation in order to be defined in the Netherlands as a direct investor.

Reinvested profits are calculated for statistics on investment stocks but are not included in the Balance of Payments.

All the other types of direct investment flows in the OECD sense are given in the Dutch statistics with the possible exception of leasing.

However, loans by subsidiaries to their parent company are not recorded as the OECD recommends : they are considered as investment of subsidiaries and not as disinvestment of the parent company.

The last, but by no means the least, discrepancy concerns flows of the so-called "special financial institutions" (SFI) which are not recorded as direct investment but as "other long-term capital". These SFI are formed by subsidiaries of foreign companies established in the Netherlands for the purposes of financing, distribution, invoicing, etc. It is certain that their activity clearly distinguishes them from traditional production subsidiaries and that they require

separate treatment. The problem is that, for the partner country, the transactions with these SFI can be treated with the other direct investment flows and registered as such. This distinction in the Netherlands therefore leads to non-comparability with the direct investment statistics of partner countries.

Corrections made to national statistics:

The only minor correction made for the moment is to remove the flows with the International Institutions which are usually entered under another heading of the Balance of Payments by the other Member States.

3-2-10 Portugal

Data source and method of collection:

Portugal makes use of bank settlements and processes declarations or requests for authorization for international transactions to draw up its direct investment statistics. These statistics are published annually by the Banco de Portugal.

Discrepancies with respect to the OECD Benchmark definition:

The percentage of shares to be held in an enterprise in order to be recognized as a direct investor is 20 %.

Reinvested profits are accounted for if they are officially transferred to the enterprise's capital.

Stock market transactions, unless specially identified, are classified as portfolio investment and not direct investment.

Only long-term credits between associated enterprises are recorded under other direct investment flows.

Corrections made to national statistics:

None.

3-2-11 United Kingdom:

Data source and method of collection:

The Central Statistical Office (CSO) collects data on direct investment by surveying enterprises : there is an optional quarterly survey of the largest, a compulsory annual survey for the study of flows and income and a triennial census of stocks. These data are regularly published in aggregated form in the Pink Book which presents the Balance of Payments of the UK. Further detail is given in the Business Monitors MA4 and MO4.

Discrepancies with respect to the OECD Benchmark definition:

The United Kingdom stays fairly close to the OECD definition. However, the threshold for minimum participation in the capital of the direct investment enterprise is 20 % (the same threshold as that recommended for consolidated accounting).

Corrections made to national statistics:

Transactions classified as "investment by other UK residents" and "miscellaneous property investment", given only in the general Balance of Payments but not broken down geographically, have been added. 2/3 were attributed to the Community for investments abroad and 1/3 only for investments in the UK. For the breakdown by sectors, all these various supplementary investments were allocated to the branch "real estate".

The United Kingdom has been extremely active on the international capital market for a long time. The consequence is that structures which link the major multinational enterprises and which involve UK enterprises have become more and more complex. While the United Kingdom does make efforts to identify flows of capital between enterprises which are indirectly connected, the detail given on its direct investment questionnaire is generally insufficient for this purpose. Consequently, certain flows are often allocated, in a simplistic way, to the country of the parent or of the direct subsidiary. Geographical breakdowns of this kind were found out to be erroneous for flows of major importance. They were corrected in the national statistics and for the EUR12 total as they had a considerable effect on the breakdown of flows between intra- and extra-EUR12, and between inward and outward flows.

3-2-12 United States and Japan:

We have hardly any information on the methods used to compile direct investment statistics in the United States and Japan.

For the United States, we used the data published in the Survey of Current Business which are very complete and detailed although a few figures are not given for reasons of confidentiality. The United States normally publishes series on direct investment including reinvested profits. These reinvested profits have been removed here in the interest of comparability.

Japan has two series of data on direct investment : one comes from the Balance of Payments of the Bank of Japan but it lacks detail. The second, which gives a more detailed breakdown by country and a breakdown by branch comes from the Ministry of Finance but the statistics refer to investments "notified" to the Ministry which do not always correspond to investments actually made. In addition, this latter source uses the tax year (beginning on 1st April) and not the calendar year as reference year. In general, we used the total given in the Balance of Payments and subdivided it in line with the breakdown given by the Ministry of Finance. In both cases, reinvested profits are not calculated.

3-3 THE ASYMMETRY PROBLEM

In various places in their report, we have cited examples of the "asymmetry problem" - a flow is apparently recorded differently by the investing and receiving countries. This problem is by no means peculiar to the European Community: it is evidently endemic in studies of direct investment. Last year's report includes a full treatment of this subject concerning bilateral asymmetries between EUR12/USA/Japan and within the Community. It also distinguishes, conceptually, five causes of asymmetry:

- differences in the definition of an investor and of a direct investment enterprise
- differences in the way of acquiring the link between the investor and the direct investment enterprise
- differences in definition of a direct investment flow
- differences in recording the same flow
- sundry causes.

Since the discussion therein is equally applicable for this year, the reader is referred to last year's report (pages 74-83.)

Fourth part: STATISTICAL TABLES

Unless otherwise indicated, the following figures are in line with those in part 2 (Results). On the other hand, as EUROSTAT has carried out corrections or estimates for certain countries such as Ireland and Greece, they may differ from the data published by the Member States themselves. The transformations which national data have undergone are explained in the methodological annex.

For each Member State, USA and Japan, the order of tables is as follows:

- 1) Geographical breakdown of outward investment
- 2) Geographical breakdown of inward investment
- 3) Sectoral breakdown of outward intra-EC investment
- 4) Sectoral breakdown of inward intra-EC investment
- 5) Sectoral breakdown of outward extra-EC investment
- 6) Sectoral breakdown of inward extra-EC investment

The sectoral breakdowns for UEBL, Greece, Spain, Ireland and Japan were estimated and the corresponding tables are therefore not given.

For EUR 12, a few supplementary tables in percentages have been added.

Table 4-EUR-1

EUROPEAN COMMUNITY

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
	USA	-11540	-10082	-17779	-23875	-22050	-23747
	JPN	-294	-34	-104	10	-248	-667
	EFTA	-933	-722	156	-1808	-2592	-2355
	other class 1	-1325	-794	-1831	-1922	-3283	-2079
	Total class 1(*)	-14092	-11632	-19558	-27595	-28173	-28847
	ACP not OPEC	-18	-120	-68	-156	-267	-324
	OPEC	153	-104	-565	-56	-343	-1786
	other class 2	-3099	-3524	-1487	-2945	-2395	-1719
	Total class 2	-2964	-3749	-2120	-3157	-3005	-3829
	COMECON	0	-6	-12	-7	-74	-111
	other class3	-50	-85	-37	-22	-59	-34
	Total class 3	-49	-91	-50	-30	-132	-145
	extra not allocated	-294	353	-214	88	-302	-330
	Total World(*)	-17399	-15119	-21941	-30694	-31612	-33152

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment.**Excluding reinvested profits.**(*) Excluding intra EUR 12 investments*

Table 4-EUR-2

EUROPEAN COMMUNITY

Geographical breakdown of outward direct investment

partner country	year	percentages					
		84	85	86	87	88	89
USA		66	67	81	78	70	72
JPN		2	0	0	-0	1	2
EFTA		5	5	-1	6	8	7
other class 1		8	5	8	6	10	6
Total class 1		81	77	89	90	89	87
ACP not OPEC		0	1	0	1	1	1
OPEC		-1	1	3	0	1	5
other class 2		18	23	7	10	8	5
Total class 2		17	25	10	10	10	12
COMECON		-0	0	0	0	0	0
other class3		0	1	0	0	0	0
Total class 3		0	1	0	0	0	0
extra not allocated		2	-2	1	-0	1	1
Total World		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-3

EUROPEAN COMMUNITY

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
	USA	2946	1790	2664	1845	1324	8912
	JPN	390	720	465	1503	2211	4222
	EFTA	1663	1843	3258	3653	8394	8547
	other class 1	-228	-117	-113	3261	2417	3831
	Total class 1(*)	4770	4236	6274	10261	14345	25512
	ACP not OPEC	156	60	39	103	-14	50
	OPEC	149	421	-543	-119	912	88
	other class 2	960	1120	868	2103	600	529
	Total class 2	1265	1601	364	2087	1498	667
	COMECON	75	18	15	16	17	81
	other class3	2	21	1	2	2	15
	Total class 3	77	38	15	18	19	96
	extra not allocated	57	-164	466	-149	239	1664
	Total World(*)	6169	5711	7119	12217	16102	27939

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment.**Excluding reinvested profits.**(*) Excluding intra EUR 12 investments*

Table 4-EUR-4

EUROPEAN COMMUNITY

Geographical breakdown of inward direct investment

partner country	year	percentages					
		84	85	86	87	88	89
USA		48	31	37	15	8	32
JPN		6	13	7	12	14	15
EFTA		27	32	46	30	52	31
other class 1		-4	-2	-2	27	15	14
Total class 1		77	74	88	84	89	91
ACP not OPEC		3	1	1	1	0	0
OPEC		2	7	-8	-1	6	0
other class 2		16	20	12	17	4	2
Total class 2		21	28	5	17	9	2
COMECON		1	0	0	0	0	0
other class3		0	0	0	0	0	0
Total class 3		1	1	0	0	0	0
extra not allocated		1	-3	7	-1	1	6
Total World		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR 5

EUROPEAN COMMUNITY

Share of each Member State in E.C. Investment

1) Outward investment

Units: million ECU

year	84	85	86	87	88	89
UEBL	61	51	-605	-545	-1839	-1145
DK	-218	-146	-390	-218	-298	-397
D	-2978	-4020	-5364	-5266	-5952	-4176
GR	-49	-190	-63	-9	-8	1
E	-210	-219	-241	-227	-552	-414
F	-1747	-2379	-3531	-3483	-3957	-6205
IRL	-100	-108	-40	-85	-598	-834
I	-1512	-598	-865	-495	-1144	242
NL	-1011	-2373	-1030	-3608	-2618	-5048
P	-11	-17	-5	-6	-1	-15
UK	-9623	-5119	-9809	-16752	-14645	-15160
total EUR 12	-17399	-15119	-21941	-30694	-31612	-33152

Source: EUROSTAT estimates

2) Inward Investment

Units: million ECU

year	84	85	86	87	88	89
UEBL	63	507	151	693	1282	1868
DK	48	159	157	150	422	640
D	115	295	246	215	-382	1437
GR	-27	134	207	87	64	90
E	1417	1327	1075	1338	1799	2127
F	1387	1677	1387	2056	1813	2101
IRL	-29	330	2	327	174	399
I	927	30	-456	1745	3063	291
NL	138	507	938	664	854	2586
P	135	123	48	97	212	365
UK	1995	623	3365	4846	6802	16035
total EUR 12	6169	5711	7119	12217	16102	27939

Source: EUROSTAT estimates

Table 4-EUR-6

EUROPEAN COMMUNITY

Share of each Member State in the E.C. Investment

1) Outward investment

year	percentages					
	84	85	86	87	88	89
UEBL	0	0	3	2	6	3
DK	1	1	2	1	1	1
D	17	27	24	17	19	13
GR	0	1	0	0	0	0
E	1	1	1	1	2	1
F	10	16	16	11	13	19
IRL	1	1	0	0	2	3
I	9	4	4	2	4	-1
NL	6	16	5	12	8	15
P	0	0	0	0	0	0
UK	55	34	45	55	46	46
total EUR 12	100	100	100	100	100	100

Source: EUROSTAT estimates

2) Inward Investment

year	percentages					
	84	85	86	87	88	89
UEBL	1	9	2	6	8	7
DK	1	3	2	1	3	2
D	2	5	3	2	-2	5
GR	0	2	3	1	0	0
E	23	23	15	11	11	8
F	22	29	19	17	11	8
IRL	0	6	0	3	1	1
I	15	1	-6	14	19	1
NL	2	9	13	5	5	9
P	2	2	1	1	1	1
UK	32	11	47	40	42	57
total EUR 12	100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-7

EUROPEAN COMMUNITY

Geographical breakdown of Intra-Community direct investment
As declared by countries receiving investment(*)

Units: million ECU

investing country	year	84	85	86	87	88	89
UEBL		878	369	378	1460	2191	1989
DK		110	105	186	172	250	634
D		658	1232	2033	1480	1978	4723
GR		9	6	2	1	6	0
E		14	30	64	165	226	604
F		694	623	932	3078	4885	8290
IRL		24	37	55	65	251	367
I		491	218	583	667	1152	974
NL		321	542	2789	1233	6472	4711
P		3	14	2	4	27	42
UK		1108	2420	2499	3421	6213	8847
not allocated		39	98	55	221	136	665
total EUR 12		4349	5694	9579	11967	23786	31847

Source: EUROSTAT estimates based on the sum of EUR 12 partner countries' data

Notes: A positive figure indicates a net investment by the country
in other EUR 12 Member States
A negative figure indicates a net investment by the country
in other EUR 12 Member States
Excluding reinvested profits

(*) For example, figures in the UEBL row represent investment by UEBL in other EUR 12 countries, as they are recorded by these countries. The same investment, but as declared by UEBL, is shown in the "UEBL" pages of this annexe.

Table 4-EUR-8

EUROPEAN COMMUNITY

Geographical breakdown of Intra-Community direct investment
As declared by countries receiving investment

investing country	year	percentages					
		84	85	86	87	88	89
UEBL		20	6	4	12	9	6
DK		3	2	2	1	1	2
D		15	22	21	12	8	15
GR		0	0	0	0	0	0
E		0	1	1	1	1	2
F		16	11	10	26	21	26
IRL		1	1	1	1	1	1
I		11	4	6	6	5	3
NL		7	10	29	10	27	15
P		0	0	0	0	0	0
UK		25	43	26	29	26	28
not allocated		1	2	1	2	1	2
total EUR 12		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-9

EUROPEAN COMMUNITY

Geographical breakdown of Intra-Community direct investment
As declared by investing countries(*)

Units: million ECU

country receiving investment	year	84	85	86	87	88	89
UEBL		-1051	-504	-959	-1182	-3816	-5330
DK		-8	6	-72	177	-136	-523
D		-632	-612	-595	-425	-1367	-4815
GR		-15	-107	-136	-102	-86	-254
E		-570	-592	-1164	-1519	-1889	-3406
F		-1216	-1233	-1435	-1349	-4424	-3864
IRL		-140	-281	-62	-160	-301	-1051
I		-971	-489	-1106	-770	-1278	-2355
NL		2802	-700	-2800	-1283	-3791	-4532
P		-82	-188	-114	-192	-313	-681
UK		-1899	-1614	-2829	-5237	-2566	-7555
not allocated		-271	81	-65	-321	-303	-977
total EUR 12		-4053	-6233	-11336	-12364	-20269	-35344

Source: EUROSTAT estimates based on the sum of EUR 12 partner countries' data

Notes: A positive figure indicates a net disinvestment by other EUR 12 Member States in the country.
A negative figure indicates a net investment by other EUR 12 Member States in the country.
Excluding reinvested profits

(*) For example, figures regarding the row UEBL represent investment in Belgium-Luxembourg by other EUR 12 countries, as they are declared by those countries. The same investment declared by UEBL is to be found in UEBL pages of this annexe.

Table 4-EUR-10

EUROPEAN COMMUNITY

Geographical breakdown of Intra-Community direct investment
As declared by investing countries

country receiving investment	year	percentages					
		84	85	86	87	88	89
UEBL		-1051	-504	-959	-1182	-3816	-5330
DK		-8	6	-72	177	-136	-523
D		-632	-612	-595	-425	-1367	-4815
GR		-15	-107	-136	-102	-86	-254
E		-570	-592	-1164	-1519	-1889	-3406
F		-1216	-1233	-1435	-1349	-4424	-3864
IRL		-140	-281	-62	-160	-301	-1051
I		-971	-489	-1106	-770	-1278	-2355
NL		2802	-700	-2800	-1283	-3791	-4532
P		-82	-188	-114	-192	-313	-681
UK		-1899	-1614	-2829	-5237	-2566	-7555
not allocated		-271	81	-65	-321	-303	-977
total EUR 12		-4053	-6233	-11336	-12364	-20269	-35344

Source: EUROSTAT estimates

Table 4-EUR-11

EUROPEAN COMMUNITY

Sectoral breakdown of outward direct investment
Extra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		-8555	-1689	-1537	-5370	-4966	-7628
Agriculture, Food		-534	402	-841	-2305	-4211	-6374
Metallics		-318	3	-309	-509	-887	-1761
Machinery		-613	-591	-278	-861	-1184	-606
Transport equipment		-946	-326	-342	-424	-491	-338
Electrical, electronics		-637	-292	-1513	-2754	-3374	-1498
Chemical industries		63	-4763	-5061	-3037	-3470	-2022
Other industries		117	119	-2017	-1898	-4320	237
Not allocated industry		0	0	-3	3	-1	-1
TOTAL Industries		-2869	-5448	-10364	-11785	-17938	-12363
Building and Construction		-281	-129	-432	-673	-361	-1077
Finance and Banking		-3044	-3030	-2675	-1147	-1865	-2686
Insurance		-722	-1514	-1643	-1207	-1573	-1943
Trade, hotels, catering		-1223	-2138	-1742	-4927	-230	-1063
Transport, communication		-98	-129	-419	97	-745	-2979
Real Estate		-425	-680	348	-552	-187	-715
Other services		-151	-339	-2627	-5022	-3535	-2535
Not allocated services		0	0	0	0	0	0
TOTAL Services		-5662	-7830	-8758	-12757	-8135	-11922
Not allocated		-32	-26	-852	-109	-212	-163
TOTAL		-17399	-15119	-21941	-30694	-31612	-33152

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment**Excluding reinvested profits*

Table 4-EUR-12

EUROPEAN COMMUNITY

Sectoral breakdown of outward direct investment of EC
Extra E.C. investment

Sector	year	percentages					
		84	85	86	87	88	89
Energy		50	11	7	18	16	23
Agriculture, Food		3	-3	4	8	13	19
Metallics		2	-0	1	2	3	5
Machinery		4	4	1	3	4	2
Transport equipment		5	2	2	1	2	1
Electrical, electronics		4	3	7	9	11	5
Chemical industries		-1	31	23	10	11	6
Other industries		-1	-1	9	6	14	-1
Not allocated industry		0	0	0	0	0	0
TOTAL Industries		16	36	47	38	57	37
Building and Construction		2	1	2	2	1	3
Finance and Banking		18	20	12	4	6	8
Insurance		4	10	7	4	5	6
Trade, hotels, catering		7	14	8	16	1	3
Transport, communication		1	1	2	-0	2	9
Real Estate		2	4	-1	2	1	2
Other services		1	2	12	16	11	8
Not allocated services		0	0	0	0	0	0
TOTAL Services		33	52	40	42	26	36
Not allocated		0	0	4	0	1	0
TOTAL		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-13

EUROPEAN COMMUNITY

Sectoral breakdown of inward direct investment
Extra EC investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		245	1031	787	-109	-1884	1629
Agriculture, Food products		294	732	4	1191	3337	-1037
Metallics		105	57	-276	48	93	202
Machinery		-267	718	-183	-501	214	198
Transport equipment		-25	-594	1796	421	-1063	3430
Electrical, electronics		1412	474	-458	546	1769	2159
Chemical industries		781	-428	-50	1578	1024	452
Other industries		-156	-45	371	1586	1493	3696
Not allocated industries		0	1	-1	-0	-1	-1
TOTAL Industries		2144	916	1203	4870	6866	9098
Building and Construction		76	235	-2	-372	13	93
Finance and Banking		2410	-129	3170	4826	6626	6204
Insurance		-136	210	-214	233	721	3028
Trade, hotels and catering		455	1781	746	210	859	3607
Transport and communication		51	289	157	-2	177	767
Real Estate		781	948	966	1452	1884	2821
Other services		47	-108	173	1050	613	421
Not allocated services		0	0	0	0	0	0
TOTAL Services		3608	2991	4997	7768	10880	16848
Not allocated		96	538	134	61	227	270
TOTAL		6169	5711	7119	12217	16102	27939

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net disinvestment.**Excluding reinvested profits.*

Table 4-EUR-14

EUROPEAN COMMUNITY

Sectoral breakdown of inward direct investment
Extra E.C. investment

Sector	year	percentages					
		84	85	86	87	88	89
Energy		4	18	11	-1	-12	6
Agriculture, Food products		5	13	0	10	21	-4
Metallics		2	1	-4	0	1	1
Machinery		-4	13	-3	-4	1	1
Transport equipment		-0	-10	25	3	-7	12
Electrical, electronics		23	8	-6	5	11	8
Chemical industries		13	-7	-1	13	6	2
Other industries		-3	-1	5	13	9	13
Not allocated industries		-0	0	-0	-0	-0	-0
TOTAL Industries		35	16	17	40	43	33
Building and Construction		1	4	-0	-3	0	0
Finance and Banking		39	-2	45	39	41	22
Insurance		-2	4	-3	2	4	11
Trade, hotels and catering		7	31	10	2	5	13
Transport and communication		1	5	2	-0	1	3
Real Estate		13	17	14	12	12	10
Other services		1	-2	2	9	4	1
Not allocated services		0	0	0	0	0	0
TOTAL Services		58	52	70	64	68	60
Not allocated		2	9	2	0	1	1
TOTAL		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-15

EUROPEAN COMMUNITY

Sectoral breakdown of intra-Community direct investment
Investing sector

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	-1624	-805	-1270	1219	-483	-189
Agriculture, Food products	-140	-208	70	-1561	-417	-3298
Metallics	-142	-68	99	-337	-595	-915
Machinery	-104	-252	-240	-57	-110	-1197
Transport equipment	-602	-246	-1083	-275	-571	-462
Electrical, electronics	-305	7	-1638	-1237	-1240	-3188
Chemical industries	-954	-450	-1267	-488	-578	-1735
Other industries	-391	-334	-547	-746	-2003	-2777
Not allocated industries	0	0	1	-2	0	0
TOTAL Industries	-2637	-1551	-4607	-4704	-5515	-13573
Building and Construction	-24	-41	-78	-160	87	-421
Finance and Banking	1897	-2160	-2974	-2539	-5852	-11018
Insurance	-460	-425	-248	-2184	-1341	-2630
Trade, hotels and catering	-487	-1004	-1178	-2019	-4585	-2397
Transport and communication	-104	33	-70	-196	-193	-517
Real Estate	-443	464	-498	-942	-949	-2026
Other services	-132	-690	-203	-734	-1262	-2412
Not allocated services	0	0	0	0	0	0
TOTAL Services	271	-3782	-5171	-8614	-14182	-20999
Not allocated	-38	-53	-211	-105	-176	-163
TOTAL	-4053	-6233	-11336	-12364	-20269	-35344

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment.**Excluding reinvested profits.*

Table 4-EUR-16

EUROPEAN COMMUNITY

Sectoral breakdown of intra-Community direct investment
Investing sector

Sector	year	percentages					
		84	85	86	87	88	89
Energy		40	13	11	-10	2	1
Agriculture, Food products		3	3	-1	13	2	9
Metallics		4	1	-1	3	3	3
Machinery		3	4	2	0	1	3
Transport equipment		15	4	10	2	3	1
Electrical, electronics		8	-0	14	10	6	9
Chemical industries		24	7	11	4	3	5
Other industries		10	5	5	6	10	8
Not allocated industries		0	0	-0	0	0	0
TOTAL Industries		65	25	41	38	27	38
Building and Construction		1	1	1	1	-0	1
Finance and Banking		-47	35	26	21	29	31
Insurance		11	7	2	18	7	7
Trade, hotels and catering		12	16	10	16	23	7
Transport and communication		3	-1	1	2	1	1
Real Estate		11	-7	4	8	5	6
Other services		3	11	2	6	6	7
Not allocated services		0	0	0	0	0	0
TOTAL Services		-7	61	46	70	70	59
Not allocated		1	1	2	1	1	0
TOTAL		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-EUR-17

EUROPEAN COMMUNITY

Sectoral breakdown of intra-Community direct investment
Sector receiving investment

Sector	Units: million ECU						
	year	84	85	86	87	88	89
Energy		-185	-340	2528	1071	5057	-742
Agriculture, Food products		47	188	149	392	2042	1945
Metallics		-8	51	-9	451	348	495
Machinery		345	224	61	402	147	67
Transport equipment		397	-90	18	218	8	-5
Electrical, electronics		310	396	31	111	1211	1254
Chemical industries		120	745	371	711	809	4238
Other industries		248	319	97	438	1696	2480
Not allocated industries		1	-1	1	1	0	0
TOTAL Industries		1461	1832	719	2723	6260	10475
Building and Construction		176	79	189	876	289	356
Finance and Banking		1172	1598	2959	2399	5291	9232
Insurance		-205	191	131	1005	1483	1405
Trade, hotels and catering		791	874	1300	1516	1277	2712
Transport and communication		60	120	66	51	229	356
Real Estate		1105	1495	1316	1753	2570	3689
Other services		-89	49	221	434	1036	3860
Not allocated services		0	0	0	0	0	0
TOTAL Services		2834	4325	5994	7158	11887	21254
Not allocated		63	-202	150	138	294	506
TOTAL		4349	5694	9580	11966	23786	31849

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net investment.**A negative figure indicates a net disinvestment.**Excluding reinvested profits.*

Table 4-EUR-18

EUROPEAN COMMUNITY

Sectoral breakdown of intra-Community direct investment
Sector receiving investment

Sector	year	percentages					
		84	85	86	87	88	89
Energy		-4	-6	26	9	21	-2
Agriculture, Food products		1	3	2	3	9	6
Metallics		-0	1	-0	4	1	2
Machinery		8	4	1	3	1	0
Transport equipment		9	-2	0	2	0	-0
Electrical, electronics		7	7	0	1	5	4
Chemical industries		3	13	4	6	3	13
Other industries		6	6	1	4	7	8
Not allocated industries		0	-0	0	0	0	0
TOTAL Industries		34	32	8	23	26	33
Building and Construction		4	1	2	7	1	1
Finance and Banking		27	28	31	20	22	29
Insurance		-5	3	1	8	6	4
Trade, hotels and catering		18	15	14	13	5	8
Transport and communication		1	2	1	0	1	1
Real Estate		25	26	14	15	11	12
Other services		-2	1	2	4	4	12
Not allocated services		0	0	0	0	0	0
TOTAL Services		65	76	63	60	50	67
Not allocated		1	-4	2	1	1	2
TOTAL		100	100	100	100	100	100

Source: EUROSTAT estimates

Table 4-UEBL-1

BELGIUM-LUXEMBOURG

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL							
DK		1	-4	-11	0	-15	1
D		-17	-6	-113	-9	90	-2004
GR		-1	-2	-4	-10	-12	-2
E		-8	7	-0	-55	-58	-110
F		-140	-165	-176	-240	-764	-182
IRL		0	-0	-13	1	-27	-96
I		-16	-41	-43	16	-18	-107
NL		-252	260	-566	-374	-185	-752
P		-2	-2	-7	10	-18	-36
UK		48	-198	-47	-972	-120	-478
intra not allocated		-7	-78	-22	-216	-216	-908
Total EUR 12		-392	-230	-1002	-1849	-1344	-4674
USA		124	68	-347	28	-533	-410
JPN		-54	-8	101	-5	-20	-25
EFTA		-66	-42	-76	-264	-343	-141
other class 1		-6	-2	-73	-101	-7	-144
Total class 1		-393	-213	-1398	-2190	-2248	-5395
ACP not OPEC		110	-15	-26	76	-341	-91
OPEC		-38	35	14	32	12	-14
other class 2		-14	-7	-175	-249	-248	-92
Total class 2		58	13	-187	-140	-578	-197
COMECON		2	-1	-8	6	-41	-7
other class3		0	3	-0	-4	-5	2
Total class 3		2	3	-9	2	-47	-5
extra not allocated		1	20	-14	-65	-312	-222
Total extra EUR 12		61	51	-605	-545	-1839	-1145
Total World		-332	-178	-1607	-2394	-3183	-5819

Source: Banque Nationale de Belgique Data
harmonised by EUROSTAT

Notes: A positive figures indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-UEBL-2

BELGIUM-LUXEMBOURG

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL							
	DK	4	15	0	31	13	-13
	D	60	133	353	142	346	775
	GR	-0	-1	-0	-3	7	-6
	E	0	-5	-1	-1	81	99
	F	57	20	97	785	1766	1636
	IRL	5	1	16	-1	8	21
	I	78	12	19	70	43	1
	NL	178	186	27	-75	307	1420
	P	1	8	0	0	1	-2
	UK	52	397	53	402	472	631
	intra not allocated	-0	44	-36	1	-15	86
	Total EUR 12	434	810	529	1351	3028	4649
	USA	29	300	-34	249	515	127
	JPN	57	91	97	34	89	1083
	EFTA	62	104	146	341	427	601
	other class 1	-36	2	1	3	-8	8
	Total class 1	546	1306	738	1978	4051	6469
	ACP not OPEC	20	9	5	36	-3	12
	OPEC	-113	17	-10	-10	-4	6
	other class 2	49	-42	-42	43	267	-16
	Total class 2	-43	-16	-47	69	260	2
	COMECON	-5	-1	-1	-4	5	13
	other class3	0	0	0	0	1	0
	Total class 3	-5	-1	-0	-3	5	13
	extra not allocated	-0	29	-10	0	-7	32
	Total Extra EUR 12	63	507	151	693	1282	1868
	Total World	498	1317	680	2044	4310	6517

Source: Banque Nationale de Belgique Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-DK-1

DENMARK

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		5	-8	-21	-8	-39	-9
DK							
D		-17	-44	-75	-32	-124	-142
GR		0	0	-0	0	-1	-2
E		-1	-31	-8	-64	-26	-19
F		-24	-10	-28	-20	-16	-308
IRL		0	-2	-1	-3	-2	-3
I		-1	-1	-1	-1	-2	-2
NL		-7	-12	-14	-1	-14	-656
P		-0	-3	-1	-4	-4	-2
UK		-45	-62	-118	-173	-155	-401
intra not allocated		-47	-50	-59	-72	-51	-75
Total EUR 12		-138	-223	-327	-379	-434	-1620
USA		-122	-76	-243	-80	-155	-81
JPN		-1	-1	-9	-6	-22	-4
EFTA		-16	-42	-104	-57	-58	-208
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		0	1	-1	-5	-0	-0
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-95	-70	-137	-127	-120	-311
Total extra EUR 12		-218	-146	-390	-218	-298	-397
Total World		-356	-370	-717	-597	-731	-2017

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Loans between associated companies are not considered by Denmark
as direct investment flows

Table 4-DK-2

DENMARK

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		-5	3	0	-6	2	1
DK							
D		6	4	30	4	31	13
GR		0	0	-0	-0	0	-4
E		-5	-11	-9	-9	-7	-1
F		-15	-4	-3	-8	15	357
IRL		-2	0	0	0	0	1
I		-11	2	-1	0	-1	1
NL		20	3	19	-45	35	58
P		-1	-1	-1	-0	-1	-0
UK		-27	-4	-34	-15	7	-49
intra not allocated		-1	3	-4	2	-77	-32
Total EUR 12		-41	-7	-2	-76	4	345
USA		10	59	-173	-144	163	33
JPN		2	1	2	4	12	25
EFTA		38	113	320	281	246	521
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		0	0	2	0	1	0
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		36	98	326	289	246	582
Total extra EUR 12		51	171	167	152	423	640
Total World		11	164	165	76	427	984

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Loans between associated companies are not considered by Denmark
as direct investment flows

Table 4-DK-3

DENMARK

Sectoral breakdown of outward direct investment of E.C.
Intra E.C. Investment

Units: million ECU

Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	-24	-22	-2	-24	-32
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	-2	-25	-2	-1	-1
Chemical industries		NA	-6	-20	-22	-26	-30
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		NA	-49	-25	-62	-79	-127
TOTAL Industries		NA	-81	-92	-88	-130	-190
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	-14	-2	-15	-15	-140
Real Estate		NA	-41	-76	-199	-162	-153
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	-78	-139	-51	-106	-653
TOTAL Services		NA	-133	-217	-266	-282	-946
Not allocated		-138	-9	-18	-26	-22	-484
TOTAL		-138	-223	-327	-380	-434	-1620

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Loans between associated companies are not considered by Denmark
as direct investment flows

Table 4-DK-4

DENMARK

Sectoral breakdown of inward direct investment of E.C.
Intra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	-1	-3	22	-3	4
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	-3	7	4	34	52
Chemical industries		NA	1	3	-57	-6	-52
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		NA	-13	-27	-10	23	7
TOTAL Industries		NA	-17	-20	-40	48	11
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	1	-1	2	5	-79
Real Estate		NA	-10	-16	-10	-14	5
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	-1	29	-27	-60	396
TOTAL Services		NA	-11	13	-35	-69	322
Not allocated		-41	-21	5	-2	26	12
TOTAL		-41	-7	-2	-76	4	345

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Loans between associated companies are not considered by Denmark
as direct investment flows

Table 4-DK-5

DENMARK

Sectoral breakdown of outward direct investment of E.C.
Extra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	-20	-16	-14	-31	-28
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	-3	-10	11	-10	-12
Chemical industries		NA	-8	-44	-1	-79	-20
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		NA	-22	-53	-24	-29	-40
TOTAL Industries		NA	-53	-123	-29	-149	-100
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	-21	-35	-44	-11	-75
Real Estate		NA	-7	-13	-13	-19	-10
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	-48	-106	-41	-97	-169
TOTAL Services		NA	-76	-153	-98	-126	-254
Not allocated		-218	-17	-113	-92	-23	-43
TOTAL		-218	-146	-390	-218	-298	-397

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Loans between associated companies are not considered by Denmark
as direct investment flows

Table 4-DK-6

DENMARK

Sectoral breakdown of inward direct investment of E.C.
Extra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	6	-1	33	5	11
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	0	12	-6	2	31
Chemical industries		NA	2	7	121	41	41
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		NA	3	13	7	38	60
TOTAL Industries		NA	11	31	156	86	143
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	117	94	37	89	345
Real Estate		NA	-40	-24	-8	7	74
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	57	38	112	221	-8
TOTAL Services		NA	134	108	142	316	411
Not allocated		48	13	17	-148	19	86
TOTAL		48	159	157	150	422	640

Source: Danmarks Nationalbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

*Loans between associated companies are not considered by Denmark
as direct investment flows*

Table 4-D-1

GERMANY

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		-166	-218	-144	-72	-463	-973
DK		-14	-8	-11	-18	-39	-36
D							
GR		-9	-19	-70	-16	-27	-36
E		-264	-258	-660	-252	-479	-812
F		-302	-309	-286	-433	-501	-926
IRL		-11	-14	-22	-13	-28	-568
I		-625	-214	-569	-158	-536	-313
NL		-101	60	-861	-55	-518	-815
P		-9	-15	-21	-32	-68	-64
UK		-178	-406	-497	-637	-746	-2226
intra not allocated		0	1	0	0	0	0
Total EUR 12		-1678	-1402	-3140	-1685	-3404	-6768
USA		-1439	-3111	-4052	-3879	-4395	-2279
JPN		-34	-32	-66	-57	-99	-128
EFTA		-368	-286	-468	-341	-904	-582
other class 1		-346	-223	-399	-347	-391	-686
Total class 1		-3866	-5054	-8126	-6309	-9193	-10442
ACP not OPEC		-49	-67	-30	5	-7	72
OPEC		-220	-76	-94	-90	-166	-125
other class 2		-522	-195	-244	-540	60	-394
Total class 2		-792	-339	-368	-626	-113	-447
COMECON		-0	-1	-3	-3	-13	-51
other class3		-1	-28	-8	-12	-34	-3
Total class 3		-1	-29	-11	-15	-47	-54
extra not allocated		3	0	0	-1	-3	-0
Total extra EUR 12		-2978	-4020	-5364	-5266	-5952	-4176
Total World		-4656	-5422	-8504	-6951	-9356	-10944

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-D-2

GERMANY

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		167	146	-86	-0	63	102
DK		13	24	38	16	70	74
D							
GR		5	0	0	-0	-1	1
E		0	-2	6	79	4	70
F		219	71	170	80	298	1582
IRL		0	0	0	-5	1	-1
I		107	49	115	-118	87	422
NL		168	61	731	-52	440	274
P		0	0	-2	-0	0	-0
UK		75	192	291	62	252	340
intra not allocated		2	1	0	1	4	0
Total EUR 12		756	542	1262	61	1219	2862
USA		-203	-77	-215	-111	-1570	212
JPN		168	205	116	226	288	584
EFTA		144	83	395	303	305	497
other class 1		-18	23	8	-9	-100	19
Total class 1		847	775	1567	471	142	4173
ACP not OPEC		7	4	-9	-0	0	-15
OPEC		-10	2	70	-133	629	34
other class 2		21	54	-125	-70	52	48
Total class 2		18	60	-65	-204	681	67
COMECON		4	2	5	7	12	34
other class3		0	0	0	1	1	11
Total class 3		4	2	6	8	13	45
extra not allocated		1	-0	1	0	0	14
Total extra EUR 12		115	295	246	215	-382	1437
Total World		871	837	1508	276	836	4299

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-D-3

GERMANY

Sectoral breakdown of outward direct investment
Intra-E.C. Investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	NA	NA	-99	-77	-41	-150
Agriculture, Food	NA	NA	-16	-11	NA	NA
Metallics	NA	NA	-31	-61	-236	NA
Machinery	NA	NA	-124	-6	-107	-395
Transport equipment	NA	NA	-830	-15	-362	-124
Electrical, electronics	NA	NA	-83	-224	-161	-1052
Chemical industries	NA	NA	-470	-356	-229	-195
Other industries	NA	NA	-163	-112	-322	NA
Industries n.a.	NA	NA	1	-2	-49	-657
TOTAL Industries	NA	NA	-1716	-786	-1465	-2422
Building and Construction	NA	NA	6	NA	-8	NA
Finance and Banking	NA	NA	NA	NA	NA	NA
Insurance	NA	NA	-15	-57	-386	-755
Trade, hotels, catering	NA	NA	NA	NA	NA	NA
Transport, communication	NA	NA	NA	NA	NA	NA
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	NA	NA	-1175	-710	-1481	-3393
TOTAL Services	NA	NA	-1189	-767	-1867	-4148
Not allocated	-1678	-1402	-141	-55	-24	-49
TOTAL	-1678	-1402	-3140	-1686	-3404	-6768

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-D-4

GERMANY

Sectoral breakdown of inward direct investment
Intra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		108	148	322	NA	-1	NA
Agriculture, Food		55	1	-23	NA	NA	NA
Metallics		-38	-10	19	175	27	107
Machinery		38	2	13	12	10	-39
Transport equipment		58	3	-2	5	10	NA
Electrical, electronics		0	-2	35	-71	-43	NA
Chemical industries		105	140	-52	-17	64	-43
Other industries		26	6	-117	-20	-13	-27
Industries n.a.		0	0	0	18	19	-8
TOTAL Industries		244	140	-126	102	73	-10
Building and Construction		2	-1	7	NA	16	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		2	7	2	9	1	-8
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	NA	NA	NA	NA	NA
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		408	519	1017	-62	1103	2897
TOTAL Services		410	526	1020	-53	1104	2889
Not allocated		-8	-270	39	12	27	-17
TOTAL		756	542	1262	61	1219	2862

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Table 4-D-5

GERMANY

Sectoral breakdown of outward direct investment
Extra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	-481	-222	-303	19
Agriculture, Food		NA	NA	-5	-9	NA	NA
Metallics		NA	NA	-213	-446	-25	NA
Machinery		NA	NA	-65	-281	-364	-119
Transport equipment		NA	NA	-208	-185	-129	-57
Electrical, electronics		NA	NA	-1034	-343	-1125	-171
Chemical industries		NA	NA	-1545	-434	-1104	-948
Other industries		NA	NA	-53	-456	-226	NA
Industries n.a.		NA	NA	-2	3	-13	-573
TOTAL Industries		NA	NA	-3125	-2151	-2986	-1868
Building and Construction		NA	NA	-21	NA	-19	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	-348	-670	-684	-259
Trade, hotels, catering		NA	NA	NA	NA	NA	NA
Transport, communication		NA	NA	NA	NA	NA	NA
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	NA	-1055	-2133	-1879	-1942
TOTAL Services		NA	NA	-1403	-2803	-2562	-2202
Not allocated		-2978	-4020	-335	-90	-82	-125
TOTAL		-2978	-4020	-5364	-5266	-5952	-4176

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-D-6

GERMANY

Sectoral breakdown of inward direct investment
Extra E.C. Investment

	Units: million ECU					
year	84	85	86	87	88	89
Sector						
Energy	-113	-37	-432	NA	-1213	NA
Agriculture, Food	39	-82	-5	NA	NA	NA
Metallics	5	-26	44	-75	-55	0
Machinery	-21	-43	0	-131	-134	-121
Transport equipment	-235	-163	130	-342	-50	NA
Electrical, electronics	79	66	-52	-361	20	NA
Chemical industries	102	71	-346	-54	-4	-248
Other industries	-118	82	51	109	-175	194
Industries n.a.	0	0	-1	239	-133	147
TOTAL Industries	-147	-95	-179	-615	-533	-28
Building and Construction	2	0	9	NA	-18	NA
Finance and Banking	NA	NA	NA	NA	NA	NA
Insurance	7	93	-93	208	7	67
Trade, hotels, catering	NA	NA	NA	NA	NA	NA
Transport, communication	NA	NA	NA	NA	NA	NA
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	349	0	916	692	1374	1582
TOTAL Services	357	94	823	899	1381	1648
Not allocated	17	333	26	-69	0	-183
TOTAL	115	295	247	215	-383	1437

Source: Deutsche Bundesbank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Table 4-GR-1

GREECE

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	NA	NA
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	NA	NA
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	NA	NA
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		NA	NA	NA	NA	NA	NA
intra not allocated		-9	-6	-2	-1	-6	0
Total EUR 12		-9	-6	-2	-1	-6	0
USA		NA	NA	NA	NA	NA	NA
JPN		NA	NA	NA	NA	NA	NA
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-48	-190	-63	-9	-8	1
Total extra EUR 12		-48	-190	-63	-9	-8	1
Total World		-57	-196	-65	-10	-14	1

Source: EUROSTAT estimates

Notes: A positive figure indicates a net disinvestment.
 A negative figure indicates a net investment.
 Excluding reinvested profits.

Table 4-GR-2

GREECE

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	NA	NA
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	NA	NA
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	NA	NA
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		NA	NA	NA	NA	NA	NA
intra not allocated		15	107	136	102	86	254
Total EUR 12		15	107	136	102	86	254
USA		NA	NA	NA	NA	NA	NA
JPN		NA	NA	NA	NA	NA	NA
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-27	133	207	87	63	90
Total extra EUR 12		-27	133	207	87	63	90
Total World		-12	240	343	189	149	344

Source: EUROSTAT estimates

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

A series of inward investment "approved" by the Ministry of Economy or by the Bank of Greece is given in part five (other sources).

Table 4-E-1

SPAIN

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	-3	-27	-108	-116
DK		NA	NA	0	0	0	-4
D		NA	NA	-30	-125	-23	-33
GR		NA	NA	-0	-0	-0	-1
E							
F		NA	NA	-75	-29	-86	-130
IRL		NA	NA	0	-0	0	-0
I		NA	NA	-6	-128	-20	-110
NL		NA	NA	-4	-22	-118	-220
P		NA	NA	-22	-59	-65	-226
UK		NA	NA	-30	18	-56	-73
intra not allocated		NA	NA	0	0	0	0
Total EUR 12		NA	NA	-169	-373	-474	-914
USA		NA	NA	-122	-65	-394	-122
JPN		NA	NA	-0	-1	-3	3
EFTA		NA	NA	-1	-7	-54	-142
other class 1		NA	NA	0	-7	16	-20
Total class 1		NA	NA	-292	-452	-909	-1195
ACP not OPEC		NA	NA	-3	-8	-4	-4
OPEC		NA	NA	-67	-56	-27	-13
other class 2		NA	NA	-45	-83	-86	-114
Total class 2		NA	NA	-114	-147	-117	-131
COMECON		NA	NA	-0	-0	-0	-1
other class3		NA	NA	-3	-1	-0	-2
Total class 3		NA	NA	-3	-1	-0	-3
extra not allocated		NA	NA	0	0	0	0
Total extra EUR 12		NA	NA	-241	-227	-552	-414
Total World		-307	-313	-410	-600	-1026	-1329

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Figures reported here are investments recorded in the Balance of Payments and are not comparable to figures on investments "verified" or "approved" by the Ministry.

Table 4-E-2

SPAIN

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	86	164	131	308
DK		NA	NA	22	37	35	42
D		NA	NA	845	351	648	813
GR		NA	NA	0	0	0	2
E							
F		NA	NA	277	396	573	1169
IRL		NA	NA	17	11	8	11
I		NA	NA	50	354	53	259
NL		NA	NA	207	178	735	305
P		NA	NA	7	7	29	37
UK		NA	NA	803	930	1583	2133
intra not allocated		NA	NA	-0	0	-1	-0
Total EUR 12		NA	NA	2312	2428	3795	5080
USA		NA	NA	257	351	324	351
JPN		NA	NA	146	-15	113	198
EFTA		NA	NA	396	806	880	1024
other class 1		NA	NA	49	108	91	243
Total class 1		NA	NA	3160	3678	5203	6897
ACP not OPEC		NA	NA	8	20	8	5
OPEC		NA	NA	61	35	140	27
other class 2		NA	NA	158	31	241	276
Total class 2		NA	NA	227	86	389	308
COMECON		NA	NA	1	1	2	2
other class 3		NA	NA	0	0	0	0
Total class 3		NA	NA	1	1	2	2
extra not allocated		NA	NA	-0	0	-1	0
Total extra EUR 12		NA	NA	1075	1338	1799	2127
Total World		2323	2503	3388	3766	5594	7207

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Figures reported here are investments recorded in the Balance of Payments and are not comparable to figures on investments "verified" or "approved" by the Ministry.

Table 4-F-1

FRANCE

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		-69	-65	-164	-827	-2308	-2080
DK		-5	-5	-4	-6	-4	-356
D		-207	-126	-190	-94	-489	-978
GR		-9	-58	-16	-60	-25	-70
E		-97	-78	-148	-406	-515	-1264
F							
IRL		-10	-7	-6	-44	-146	-129
I		-124	-133	-273	-253	-676	-1341
NL		-197	-39	-615	-1008	-839	-1734
P		-20	89	-19	-38	-54	-215
UK		-202	-136	-367	-1332	-1797	-2036
intra not allocated		0	-0	0	1	-5	-0
Total EUR 12		-940	-559	-1802	-4067	-6858	-10203
USA		-933	-1256	-2277	-2357	-2492	-3609
JPN		-15	-25	-19	-15	1	-26
EFTA		-309	-125	-408	-354	-625	-544
other class 1		-185	-170	-235	-222	-384	-1087
Total class 1		-2381	-2134	-4742	-7015	-10359	-15468
ACP not OPEC		9	-38	-46	-45	-66	-4
OPEC		-35	-164	-96	-107	-84	-629
other class 2		-266	-571	-434	-356	-310	-302
Total class 2		-292	-773	-576	-508	-459	-935
COMECON		0	-3	-0	-0	-7	-7
other class3		-15	-28	-15	-27	0	3
Total class 3		-15	-31	-15	-27	-7	-5
extra not allocated		0	0	0	0	9	0
Total extra EUR 12		-1747	-2379	-3531	-3483	-3957	-6205
Total World		-2687	-2938	-5333	-7550	-10816	-16408

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-F-2

FRANCE

Geographical breakdown of inward direct investment

		Units: million ECU					
year		84	85	86	87	88	89
partner country							
UEBL		153	162	214	428	496	703
DK		20	15	40	27	23	118
D		309	308	214	355	531	870
GR		3	1	3	2	0	-0
E		2	9	27	35	35	59
F							
IRL		9	13	3	5	9	-3
I		208	87	274	330	865	197
NL		326	261	263	188	857	1969
P		3	1	-1	-1	-1	-2
UK		385	396	391	594	1453	2663
intra not allocated		0	0	0	-2	0	0
Total EUR 12		1417	1253	1428	1961	4269	6575
USA		551	800	436	993	342	372
JPN		84	89	133	143	242	557
EFTA		456	323	421	642	683	991
other class 1		28	47	42	27	446	14
Total class 1		2536	2512	2460	3766	5982	8509
ACP not OPEC		34	31	27	21	-23	18
OPEC		96	156	127	81	59	120
other class 2		133	209	196	147	54	22
Total class 2		263	396	350	249	89	159
COMECON		3	4	5	2	10	3
other class3		1	18	0	0	-0	4
Total class 3		4	23	5	2	9	7
extra not allocated		0	0	0	0	2	0
Total extra EUR 12		1387	1677	1387	2056	1813	2101
Total World		2804	2930	2814	4017	6082	8675

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-F-3

FRANCE

Sectoral breakdown of outward direct investment
Intra E.C. Investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		-150	-62	-145	1	-470	-287
Agriculture, Food		-29	-40	-64	-456	-1050	-1643
Metallics		-44	50	14	-36	-13	-564
Machinery		-14	-3	-10	-11	-28	-262
Transport equipment		-91	18	-25	-60	-129	-205
Electrical, electronics		-22	-36	-580	-205	-447	-1124
Chemical industries		-13	-17	-25	-133	-105	-627
Other industries		-9	-69	-88	-213	-300	-590
Industries n.a.		0	0	0	0	0	0
TOTAL Industries		-222	-98	-780	-1114	-2071	-5014
Building and Construction		-7	-14	-43	-15	-100	-191
Finance and Banking		-286	-241	-359	-1289	-2909	-2406
Insurance		-123	2	-42	-1326	-466	-889
Trade, hotels, catering		-72	-57	-240	-78	-193	-425
Transport, communication		-5	-5	-78	-10	-83	-33
Real Estate		-26	-2	-24	-85	-107	-239
Other services		-45	-57	-44	-107	-321	-625
Services n.a.		0	0	0	0	0	0
TOTAL Services		-556	-359	-786	-2896	-4080	-4618
Not allocated		-4	-26	-48	-42	-137	-93
TOTAL		-940	-559	-1802	-4067	-6858	-10203

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-F-4

FRANCE

Sectoral breakdown of inward direct investment
Intra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		-23	40	43	-8	34	53
Agriculture, Food		-17	40	35	27	1074	464
Metallics		19	43	-1	125	66	41
Machinery		58	37	91	123	18	73
Transport equipment		128	16	76	39	49	8
Electrical, electronics		113	45	-3	62	129	168
Chemical industries		161	89	43	155	9	6
Other industries		69	59	8	90	534	252
Industries n.a.		0	0	0	0	0	0
TOTAL Industries		530	328	250	619	1879	1013
Building and Construction		23	0	26	-18	-7	14
Finance and Banking		332	273	495	506	723	3093
Insurance		23	27	18	8	570	730
Trade, hotels, catering		289	289	329	366	284	357
Transport, communication		2	5	6	-20	-47	117
Real Estate		103	138	113	207	202	490
Other services		76	41	49	208	407	302
Services n.a.		0	0	0	0	0	0
TOTAL Services		825	773	1010	1275	2139	5089
Not allocated		61	111	99	92	225	405
TOTAL		1417	1253	1428	1961	4269	6575

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-F-5

FRANCE

Sectoral breakdown of outward direct investment
Extra E.C. Investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	-263	-704	-350	-231	-532	-1117
Agriculture, Food	-44	-63	-47	-293	-387	-151
Metallics	-42	-38	-37	-36	-438	-1096
Machinery	-12	-14	-19	-4	-113	77
Transport equipment	-103	-221	-187	-175	-52	-328
Electrical, electronics	-113	-147	-175	-667	-56	-298
Chemical industries	-70	-33	-523	-544	-472	-943
Other industries	-76	-17	-135	-88	-1078	-300
Industries n.a.	0	0	0	0	0	0
TOTAL Industries	-459	-533	-1122	-1808	-2597	-3041
Building and Construction	-38	-184	-193	-169	-76	-105
Finance and Banking	-635	-597	-832	-663	-148	-1220
Insurance	-39	-64	-89	-94	-25	-135
Trade, hotels, catering	-99	-142	-107	-143	-240	-226
Transport, communication	-49	-25	-69	-118	-21	-73
Real Estate	37	-7	-25	-60	-13	-44
Other services	-140	-71	-687	-138	-190	-179
Services n.a.	0	0	0	0	0	0
TOTAL Services	-925	-906	-1809	-1215	-637	-1877
Not allocated	-62	-52	-58	-59	-116	-65
TOTAL	-1747	-2379	-3531	-3483	-3957	-6205

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-F-6

FRANCE

Sectoral breakdown of inward direct investment
Extra E.C. Investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		18	2	-1	-1	22	18
Agriculture, Food		29	42	30	315	627	-730
Metallics		29	48	40	24	25	86
Machinery		71	94	68	16	28	111
Transport equipment		31	19	-10	-20	-23	5
Electrical, electronics		98	99	238	143	101	59
Chemical industries		116	38	13	443	-92	96
Other industries		78	153	130	214	195	417
Industries n.a.		0	0	0	0	0	0
TOTAL Industries		452	493	509	1135	861	44
Building and Construction		3	8	-6	3	7	0
Finance and Banking		217	226	282	372	308	318
Insurance		4	3	11	8	61	136
Trade, hotels, catering		208	383	79	186	111	364
Transport, communication		0	-1	-20	1	0	17
Real Estate		369	406	334	180	113	537
Other services		39	55	98	98	119	426
Services n.a.		0	0	0	0	0	0
TOTAL Services		837	1072	784	845	712	1798
Not allocated		78	100	101	72	214	240
TOTAL		1388	1677	1387	2056	1813	2101

Source: Banque de France Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Table 4-IRL-1

IRELAND

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	NA	NA
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	NA	NA
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	NA	NA
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		NA	NA	NA	NA	NA	NA
intra not allocated		-24	-37	-55	-65	-251	-367
Total EUR 12		-24	-37	-55	-65	-251	-367
USA		NA	NA	NA	NA	NA	NA
JPN		NA	NA	NA	NA	NA	NA
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-100	-108	-40	-85	-598	-834
Total extra EUR 12		-100	-108	-40	-85	-598	-834
Total World		-124	-145	-95	-151	-849	-1202

Source: EUROSTAT estimates

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment.**Excluding reinvested profits.*

Table 4-IRL-2

IRELAND

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	NA	NA
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	NA	NA
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	NA	NA
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		NA	NA	NA	NA	NA	NA
intra not allocated		140	281	62	160	301	1051
Total EUR 12		140	281	62	160	301	1051
USA		NA	NA	NA	NA	NA	NA
JPN		NA	NA	NA	NA	NA	NA
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-29	330	2	327	174	399
Total extra EUR 12		-29	330	2	327	174	399
Total World		110	611	63	487	475	1450

Source: EUROSTAT estimates

Notes: A positive figure indicates a net investment.
 A negative figure indicates a net disinvestment.
 Excluding reinvested profits.

Table 4-I-1

ITALY

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		-243	-41	-458	-175	-572	-540
DK		1	-7	-12	-12	-1	-9
D		-197	-69	-170	-132	-77	-209
GR		-4	-3	-14	-2	-8	-17
E		-36	-69	-83	-377	-93	-95
F		-129	-124	-332	-389	-595	-460
IRL		0	0	-5	-8	-5	-3
I							
NL		-117	-857	-238	-220	-685	-489
P		-2	-2	-13	-3	-5	-5
UK		-67	-132	-380	-18	-215	-304
intra not allocated		0	0	0	0	0	0
Total EUR 12		-793	-1305	-1704	-1335	-2257	-2132
USA		-633	-338	-395	-101	-290	1253
JPN		-3	-3	-4	-9	2	-236
EFTA		-410	64	-125	-82	-33	-365
other class 1		-92	-104	5	-33	-13	-106
Total class 1		-1931	-1685	-2223	-1561	-2590	-1585
ACP not OPEC		0	0	0	0	0	0
OPEC		-13	-70	-81	-102	-78	-15
other class 2		-358	-148	-252	-153	-721	-169
Total class 2		-371	-218	-333	-255	-799	-183
COMECON		0	0	-7	-11	-8	-45
other class3		0	0	0	0	0	0
Total class 3		0	0	-7	-11	-8	-45
extra not allocated		-4	0	-5	-4	-2	-77
Total extra EUR 12		-1512	-598	-865	-495	-1144	242
Total World		-2306	-1903	-2569	-1830	-3400	-1890

Source: Banca d'Italia Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-I-2

ITALY

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
	UEBL	56	-20	-121	159	382	-1991
	DK	2	2	2	8	9	9
	D	261	256	-302	272	335	571
	GR	1	0	-1	0	0	-1
	E	5	1	3	14	11	42
	F	101	124	215	607	841	1137
	IRL	13	1	1	0	12	1
	I						
	NL	189	296	341	487	617	649
	P	0	0	0	0	-1	0
	UK	137	722	296	303	557	1273
	intra not allocated	0	0	0	0	0	0
	Total EUR 12	764	1383	434	1851	2764	1690
	USA	446	277	425	657	797	510
	JPN	14	-39	19	40	73	228
	EFTA	372	-368	84	759	2212	-469
	other class 1	12	10	-21	5	193	5
	Total class 1	1607	1262	941	3311	6039	1964
	ACP not OPEC	0	0	0	0	0	0
	OPEC	32	-3	-1036	70	42	7
	other class 2	38	148	67	213	-256	-42
	Total class 2	70	145	-969	283	-213	-36
	COMECON	4	3	6	2	1	-13
	other class3	0	0	0	0	0	0
	Total class 3	4	3	6	2	1	-13
	extra not allocated	9	1	0	0	0	66
	Total extra EUR 12	927	30	-456	1745	3063	291
	Total World	1690	1412	-22	3596	5827	1980

Source: Banca d'Italia Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-I-3

ITALY

Sectoral breakdown of outward direct investment
Intra E.C. investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	-76	-331	-111	-35	-4	-84
Agriculture, Food	-4	-28	-5	-33	189	-145
Metallics	0	-1	0	-20	-7	-77
Machinery	NA	NA	NA	NA	NA	NA
Transport equipment	-182	-3	-73	-17	-42	-22
Electrical, electronics	NA	NA	NA	NA	NA	NA
Chemical industries	-22	-10	-51	-316	-65	-111
Other industries	0	-39	-57	-48	-137	-373
Industries n.a.	-18	-15	-89	-70	63	-189
TOTAL Industries	-226	-96	-274	-504	1	-918
Building and Construction	NA	NA	NA	NA	NA	NA
Finance and Banking	NA	NA	NA	NA	NA	NA
Insurance	NA	NA	NA	NA	NA	NA
Trade, hotels, catering	-85	-81	-382	-415	-805	-50
Transport, communication	-6	0	-3	1	-1	-23
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	-400	-797	-934	-382	-1448	-1056
TOTAL Services	-492	-878	-1319	-796	-2254	-1129
Not allocated	0	0	0	0	0	0
TOTAL	-793	-1305	-1704	-1335	-2257	-2132

Source: Banca d'Italia Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-I-4

ITALY

Sectoral breakdown of inward direct investment
Intra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		-6	166	128	151	167	42
Agriculture, Food		16	21	10	10	32	102
Metallics		9	6	21	-11	11	46
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		0	-15	-254	-3	1	-15
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		64	376	176	111	222	548
Other industries		59	106	88	105	176	602
Industries n.a.		256	142	-867	124	663	267
TOTAL Industries		404	637	-827	337	1105	1550
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		51	124	106	124	69	267
Transport, communication		9	86	1	24	108	251
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		306	371	1026	1215	1315	-420
TOTAL Services		366	580	1133	1363	1492	98
Not allocated		0	0	0	0	0	0
TOTAL		764	1383	434	1851	2764	1690

Source: Banca d'Italia Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Table 4-I-5

ITALY

Sectoral breakdown of outward direct investment
Extra E.C. investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	-664	-280	-27	-60	-22	-5
Agriculture, Food	-1	-15	-18	-17	11	17
Metallics	-15	-5	-3	-12	5	-174
Machinery	NA	NA	NA	NA	NA	NA
Transport equipment	-206	-66	-29	-1	-130	-35
Electrical, electronics	NA	NA	NA	NA	NA	NA
Chemical industries	-14	107	-161	-253	-178	304
Other industries	-23	99	-133	-155	-83	651
Industries n.a.	-35	-75	-139	199	17	-151
TOTAL Industries	-295	45	-482	-238	-358	612
Building and Construction	NA	NA	NA	NA	NA	NA
Finance and Banking	NA	NA	NA	NA	NA	NA
Insurance	NA	NA	NA	NA	NA	NA
Trade, hotels, catering	-50	-101	-216	-164	-356	-93
Transport, communication	-2	-1	-14	-5	1	-111
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	-347	-200	-1	74	-249	-101
TOTAL Services	-400	-302	-231	-95	-604	-305
Not allocated	-128	0	0	0	0	-13
TOTAL	-1512	-598	-865	-495	-1144	242

Source: Banca d'Italia Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-I-6

ITALY

Sectoral breakdown of inward direct investment
Extra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		17	12	23	111	269	5
Agriculture, Food		-11	91	21	99	332	-216
Metallics		5	1	33	29	35	52
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		7	-19	-1051	0	1	1
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		54	-651	150	122	459	134
Other industries		77	46	135	446	-170	192
Industries n.a.		515	115	197	278	536	-749
TOTAL Industries		647	-416	-515	975	1192	-585
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		71	52	18	196	13	228
Transport, communication		10	5	14	6	14	129
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		71	253	-117	56	1721	431
TOTAL Services		152	310	-85	258	1748	788
Not allocated		0	0	0	0	0	4
TOTAL		927	30	-456	1745	3063	291

Source: Banca d'Italia Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		-421	-190	-209	-98	-603	-1567
DK		-7	-9	-95	144	-42	-55
D		38	-198	19	-88	-405	-732
GR		17	-39	-13	-8	-10	-42
E		-140	-27	-136	-123	-155	-340
F		-207	-186	-236	-114	-275	-544
IRL		-24	-43	-49	-44	-48	-36
I		-25	-27	-75	-135	204	-151
NL							
P		-3	-5	-4	-6	-24	-40
UK		-1434	-646	-1383	-2072	558	-1752
intra not allocated		0	0	0	0	0	0
Total EUR 12		-2206	-1370	-2181	-2543	-800	-5259
USA		-549	-1388	-632	-2902	-1323	-3036
JPN		-21	-73	22	-14	-52	-24
EFTA		55	-52	-20	-123	-731	-206
other class 1		-57	18	-130	-163	-158	-489
Total class 1		-2778	-2865	-2940	-5744	-3065	-9014
ACP not OPEC		-10	20	-80	16	15	-91
OPEC		-70	-63	24	-28	-8	-76
other class 2		-183	-830	-83	-273	-635	-925
Total class 2		-262	-873	-139	-285	-628	-1091
COMECON		0	0	6	1	-3	-8
other class3		0	-30	-11	-5	-19	-29
Total class 3		0	-30	-5	-4	-21	-37
extra not allocated		-176	24	-127	-117	296	-165
Total extra EUR 12		-1011	-2373	-1030	-3608	-2618	-5048
Total World		-3217	-3743	-3210	-6150	-3418	-10307

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies.

Table 4-NL-2

NETHERLANDS

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		252	-25	-9	166	733	1458
DK		2	1	9	20	11	82
D		150	160	432	166	-93	432
GR		-0	0	0	0	0	0
E		-0	4	0	-2	3	-9
F		80	16	-75	48	79	262
IRL		0	-8	3	6	175	93
I		-10	7	3	-4	15	-7
NL							
P		0	-0	-1	-4	-0	2
UK		135	187	600	942	1581	1154
intra not allocated		0	-0	0	0	0	0
Total EUR 12		608	342	962	1338	2504	3466
USA		51	-342	-257	-69	-203	947
JPN		-6	24	57	30	294	224
EFTA		-57	519	15	257	170	1489
other class 1		-3	-2	-10	7	11	131
Total class 1		594	541	768	1563	2776	6257
ACP not OPEC		6	2	2	24	-12	32
OPEC		-13	30	97	63	116	13
other class 2		182	404	664	503	382	94
Total class 2		175	436	763	590	486	139
COMECON		0	0	-2	3	0	0
other class3		0	0	0	0	0	0
Total class 3		0	0	-2	3	0	0
extra not allocated		-22	-129	371	-154	96	-344
Total extra EUR 12		138	507	938	664	854	2586
Total World		747	849	1900	2002	3358	6052

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies.

Table 4-NL-3

NETHERLANDS

Sectoral breakdown of outward direct investment
Intra E.C. investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		-172	-156	-74	-340	496	-470
Metallics		NA	NA	NA	-138	-251	12
Machinery		NA	NA	NA	-21	1	-148
Transport equipment		NA	NA	NA	-110	71	5
Electrical, electronics		NA	NA	NA	-284	-192	-353
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		-46	-69	-119	-27	-466	-372
Industries n.a.		-1706	-786	-1247	-679	331	-1000
TOTAL Industries		-1924	-1011	-1440	-1600	-10	-2327
Building and Construction		-14	-62	-12	20	-1	-52
Finance and Banking		-132	-51	-35	-138	-288	-661
Insurance		-78	-196	-272	-319	-148	-156
Trade, hotels, catering		-98	-24	-192	-245	-64	-947
Transport, communication		10	-4	-7	-32	-40	-78
Real Estate		NA	NA	NA	-167	-182	-880
Other services		NA	NA	NA	-63	-66	-158
Services n.a.		31	-23	-224	0	0	0
TOTAL Services		-268	NA	NA	-963	-788	-2880
Not allocated		0	0	0	0	0	0
TOTAL		-2206	-1370	-2181	-2543	-800	-5259

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies

NETHERLANDS

Table 4-NL-4

Sectoral breakdown of inward direct investment
Intra E.C. investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		-4	52	-9	185	72	375
Metallics		NA	NA	NA	7	85	137
Machinery		NA	NA	NA	6	8	7
Transport equipment		NA	NA	NA	149	1	-158
Electrical, electronics		NA	NA	NA	-84	77	140
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		29	41	77	3	423	418
Industries n.a.		397	13	696	574	708	1012
TOTAL Industries		422	106	764	841	1373	1930
Building and Construction		19	51	-3	21	141	92
Finance and Banking		74	14	-112	251	498	576
Insurance		26	20	30	34	83	6
Trade, hotels, catering		37	125	183	98	161	663
Transport, communication		16	33	12	7	77	18
Real Estate		NA	NA	NA	38	35	9
Other services		NA	NA	NA	49	136	171
Services n.a.		15	-9	88	0	0	0
TOTAL Services		168	185	201	476	990	1443
Not allocated		0	0	0	0	0	1
TOTAL		608	342	962	1338	2504	3466

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies

NETHERLANDS

Table 4-NL-5

Sectoral breakdown of outward direct investment Extra E.C. investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		-46	-219	122	-563	-758	-1092
Metallics		NA	NA	NA	6	-29	-144
Machinery		NA	NA	NA	-72	19	-91
Transport equipment		NA	NA	NA	69	44	-41
Electrical, electronics		NA	NA	NA	-900	-276	-328
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		-5	-61	-133	-47	-130	-127
Industries n.a.		-531	-1360	227	-576	-242	-1306
TOTAL Industries		-582	-1641	216	-2082	-1371	-3130
Building and Construction		-52	-70	5	-99	75	27
Finance and Banking		-210	-56	-201	-626	-182	-561
Insurance		-103	-324	-529	-398	-613	-625
Trade, hotels, catering		12	-258	-164	-327	-550	117
Transport, communication		-55	-13	-98	26	-84	-431
Real Estate		NA	NA	NA	-71	120	-380
Other services		NA	NA	NA	-29	-14	-66
Services n.a.		-22	-10	-259	0	0	0
TOTAL Services		-377	-662	-1251	-1426	-1323	-1945
Not allocated		0	0	0	0	0	0
TOTAL		-1011	-2373	-1030	-3608	-2618	-5048

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies

Table 4-NL-6

NETHERLANDS

Sectoral breakdown of inward direct investment
Extra E.C. investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		216	12	78	359	-34	558
Metallics		NA	NA	NA	-12	-8	53
Machinery		NA	NA	NA	3	92	6
Transport equipment		NA	NA	NA	-12	13	46
Electrical, electronics		NA	NA	NA	16	-75	348
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		17	17	80	106	-37	45
Industries n.a.		-263	137	372	39	135	496
TOTAL Industries		-31	166	530	500	87	1551
Building and Construction		46	32	22	3	-2	-4
Finance and Banking		166	55	-31	198	394	105
Insurance		-1	-7	-13	6	-31	258
Trade, hotels, catering		-116	209	361	-129	407	31
Transport, communication		44	30	39	19	3	147
Real Estate		NA	NA	NA	40	-21	339
Other services		NA	NA	NA	29	18	160
Services n.a.		31	21	30	0	0	0
TOTAL Services		123	309	386	163	769	1040
Not allocated		0	0	0	0	0	-1
TOTAL		138	507	938	664	854	2586

Source: De Nederlandsche Bank Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Investment by subsidiaries in their parent companies are recorded as investment by the subsidiaries and not as disinvestment by the parent companies

Table 4-P-1

PORTUGAL

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		0	0	0	3	-4	0
DK		0	0	0	0	-0	0
D		0	0	0	0	0	0
GR		0	0	0	0	-2	0
E		0	-1	1	-2	-24	-10
F		0	0	-2	19	-35	-7
IRL		0	0	0	0	0	0
I		0	0	0	0	-1	-1
NL		0	0	0	0	0	-1
P							
UK		-1	0	8	0	0	-35
intra not allocated		0	0	0	0	0	0
Total EUR 12		-1	-2	6	19	-65	-55
USA		-2	-8	7	-2	0	-2
JPN		0	0	0	0	0	0
EFTA		0	0	0	1	0	-1
other class 1		0	0	0	-1	0	0
Total class 1		-3	-10	13	17	-65	-58
ACP not OPEC		0	0	0	-3	-1	-5
OPEC		0	0	0	0	0	0
other class 2		-8	-8	-11	-1	0	-8
Total class 2		-8	-8	-11	-3	-1	-12
COMECON		-1	0	0	0	0	0
other class3		0	0	0	0	0	0
Total class 3		-1	0	0	0	0	0
extra not allocated		0	0	0	0	0	0
Total extra EUR 12		-11	-17	-5	-6	-1	-15
Total World		-12	-19	1	13	-67	-70

Source: Banco de Portugal Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-P-2

PORTUGAL

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		11	16	7	3	31	73
DK		1	1	1	4	8	17
D		18	19	22	28	55	111
GR		0	0	0	0	0	0
E		4	11	15	50	56	154
F		22	13	13	23	64	197
IRL		3	1	0	0	2	2
I		1	2	5	2	6	19
NL		8	15	3	10	50	77
P							
UK		47	139	117	149	261	407
intra not allocated		0	0	0	0	0	0
Total EUR 12		116	218	185	269	533	1056
USA		40	78	14	23	54	25
JPN		10	0	1	4	5	10
EFTA		58	20	19	37	84	166
other class 1		2	2	2	4	20	25
Total class 1		227	318	221	337	695	1282
ACP not OPEC		2	1	2	0	5	28
OPEC		1	1	1	2	3	1
other class 2		22	20	8	26	41	110
Total class 2		24	22	11	28	49	139
COMECON		0	0	0	1	0	0
other class 3		0	0	0	0	0	0
Total class 3		0	0	0	1	0	0
extra not allocated		0	0	0	0	0	0
Total extra EUR 12		135	123	48	97	212	365
Total World		251	340	232	366	744	1421

Source: Banco de Portugal Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-P-3

PORTUGAL

Sectoral breakdown of outward direct investment
Intra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		0	0	0	0	0	0
Agriculture, Food		NA	NA	NA	NA	0	-2
Metallics		NA	NA	NA	NA	0	0
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	-1	-5
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		-1	0	0	0	-4	-17
TOTAL Industries		-1	0	0	NA	-5	-24
Building and Construction		0	0	0	0	0	0
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		0	0	0	-1	-1	-3
Transport, communication		0	0	0	0	0	0
Real Estate		0	0	0	0	0	0
Other services		0	0	0	-1	0	0
Services n.a.		0	-1	7	22	-59	-27
TOTAL Services		0	-1	7	20	-60	-30
Not allocated		0	0	0	0	0	0
TOTAL		-1	-2	6	19	-65	-55

Source: Banco de Portugal Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.*

Table 4-P-4

PORTUGAL

Sectoral breakdown of inward direct investment
Intra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		12	13	6	8	15	18
Agriculture, Food		NA	NA	NA	NA	19	35
Metallics		NA	NA	NA	NA	0	1
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	26	24
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		28	77	48	43	94	138
TOTAL Industries		28	77	48	43	139	199
Building and Construction		2	1	2	3	18	51
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		19	18	31	39	83	168
Transport, communication		2	4	2	10	3	10
Real Estate		41	66	74	107	167	165
Other services		1	1	0	2	3	29
Services n.a.		9	37	20	49	105	417
TOTAL Services		73	126	127	207	360	788
Not allocated		2	1	2	9	10	12
TOTAL		116	218	185	269	533	1056

Source: Banco de Portugal Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Table 4-P-5

PORTUGAL

Sectoral breakdown of outward direct investment
Extra E.C. investment

Units: million ECU

Sector	year	84	85	86	87	88	89
Energy		0	0	0	0	0	0
Agriculture, Food		NA	NA	NA	NA	0	0
Metallics		NA	NA	NA	NA	0	0
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	-1	-1
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		-8	-8	-7	-1	0	-1
TOTAL Industries		-8	-8	-8	-8	-1	-2
Building and Construction		0	0	0	0	0	-2
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		-0	-0	-0	-0	0	-0
Transport, communication		-3	-3	-4	-3	-0	-4
Real Estate		0	-0	0	0	0	0
Other services		0	-0	0	1	-0	0
Services n.a.		-0	-5	7	-2	0	-6
TOTAL Services		-3	-9	3	-4	0	-11
Not allocated		0	0	0	0	0	0
TOTAL		-11	-17	-5	-6	-1	-15

Source: Banco de Portugal Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-P-6

PORTUGAL

Sectoral breakdown of inward direct investment
Extra E.C. investment

Sector	Units: million ECU						
	year	84	85	86	87	88	89
Energy		1	6	2	2	2	4
Agriculture, Food		NA	NA	NA	NA	23	11
Metallics		NA	NA	NA	NA	0	1
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	10	20
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		42	43	17	17	12	32
TOTAL Industries		42	43	17	17	46	64
Building and Construction		1	0	0	0	6	43
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		48	21	9	12	18	67
Transport, communication		0	0	1	1	1	2
Real Estate		10	14	13	24	58	52
Other services		9	3	1	0	1	2
Services n.a.		22	32	5	38	81	131
TOTAL Services		89	71	29	75	158	255
Not allocated		0	2	0	3	10	7
TOTAL		135	123	48	97	212	365

Source: Banco de Portugal Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Table 4-UK-1

UNITED KINGDOM

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		-134	20	55	17	295	-28
DK		15	39	61	68	-36	-67
D		-223	-151	-36	50	-339	-717
GR		-10	14	-18	-6	-2	-79
E		-22	-109	-113	-230	-530	-744
F		-394	-404	-295	-135	-2143	-1308
IRL		-93	-214	34	-50	-45	-217
I		-161	-68	-138	-109	-217	-331
NL		3478	-114	-499	403	-1257	230
P		-12	-229	-28	-60	-72	-95
UK							
intra not allocated		-218	209	16	-35	-31	5
Total EUR 12		2225	-1007	-960	-87	-4376	-3352
USA		-7805	-3701	-9635	-14451	-12019	-14784
JPN		-164	110	-128	118	-53	-226
EFTA		207	-221	1357	-573	200	208
other class 1		-618	-278	-983	NA	NA	NA
Total class 1		-6156	-5097	-10349	NA	NA	NA
ACP not OPEC		-74	NA	133	-193	NA	-266
OPEC		535	NA	NA	NA	NA	NA
other class 2		-1563	-1540	-223	-1201	-393	533
Total class 2		-1102	NA	NA	NA	NA	NA
COMECON		0	-2	NA	NA	NA	NA
other class3		-34	NA	NA	NA	NA	NA
Total class 3		-34	NA	NA	NA	NA	NA
extra not allocated		-106	513	-329	-453	-2380	-626
Total extra EUR 12		-9623	-5119	-9809	-16752	-14645	-15160
Total World		-7397	-6126	-10769	-16839	-19021	-18512

Source: Central Statistical Office
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Table 4-UK-2

UNITED KINGDOM

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		183	44	270	538	313	1236
DK		64	0	73	27	78	300
D		-428	17	347	132	69	535
GR		0	NA	NA	NA	NA	NA
E		7	22	22	-1	42	189
F		59	19	214	1042	1078	1753
IRL		-7	3	15	50	36	242
I		71	-8	98	23	71	62
NL		-755	-569	1138	490	3374	-123
P		0	NA	NA	NA	NA	NA
UK							
intra not allocated		38	61	95	223	222	627
Total EUR 12		-768	-411	2272	2522	5284	4820
USA		1768	-37	2155	-237	882	6369
JPN		-98	61	-162	1002	1073	1236
EFTA		330	632	1383	126	3255	3725
other class 1		-227	NA	NA	NA	NA	NA
Total class 1		1005	NA	NA	NA	NA	NA
ACP not OPEC		51	-3	6	1	NA	NA
OPEC		-42	138	158	-223	NA	NA
other class 2		80	93	-97	1131	-113	-52
Total class 2		88	228	67	910	NA	NA
COMECON		64	7	NA	3	NA	NA
other class3		0	0	NA	NA	NA	NA
Total class 3		64	7	NA	NA	NA	NA
extra not allocated		70	-267	-77	3042	1704	4758
Total extra EUR 12		1995	623	3365	4846	6802	16035
Total World		1228	212	5638	7368	12085	20855

Source: Central Statistical Office
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.

Table 4-UK-3

UNITED KINGDOM

Sectoral breakdown of outward direct investment
Intra E.C. investment

Units: million ECU

Sector	year	84	85	86	87	88	89
Energy		NA	NA	-241	2246	-45	777
Agriculture, Food		NA	78	246	-393	NA	NA
Metallics		-8	-37	100	-28	-39	31
Machinery		17	-32	-34	-6	53	-134
Transport equipment		-37	-20	25	-30	-60	-46
Electrical, electronics		-25	182	-599	-255	-396	-50
Chemical industries		-90	-75	-45	44	-272	452
Other industries		-154	-29	-25	-209	-533	-487
Industries n.a.		108	0	0	0	144	-345
TOTAL Industries		-189	67	-332	-877	-1103	-579
Building and Construction		NA	-25	-3	-102	151	39
Finance and Banking		3115	-501	-432	-31	220	-1854
Insurance		-85	-88	119	-17	78	-264
Trade, hotels, catering		-98	-710	-141	-870	-2991	-178
Transport, communication		-74	66	57	-142	18	-126
Real Estate		-214	207	15	-37	-34	5
Other services		-36	NA	0	-258	-620	-1101
Services n.a.		0	0	0	0	0	0
TOTAL Services		2608	-1026	-382	-1355	-3329	-3518
Not allocated		-193	-22	-1	1	-50	-70
TOTAL		2226	-1006	-959	-87	-4376	-3351

Source: Central Statistical Office Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-UK-4

UNITED KINGDOM

Sectoral breakdown of inward direct investment
Intra E.C. investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	NA	NA	NA	NA	NA	NA
Agriculture, Food	-8	7	13	30	352	336
Metallics	5	NA	30	3	NA	NA
Machinery	0	27	27	64	-11	-16
Transport equipment	100	-49	54	-4	NA	-97
Electrical, electronics	-32	75	37	119	89	388
Chemical industries	25	7	46	-41	166	1479
Other industries	22	-3	24	58	78	NA
Industries n.a.	0	0	0	0	0	0
TOTAL Industries	112	63	231	228	674	2090
Building and Construction	10	3	3	38	NA	28
Finance and Banking	NA	165	253	207	369	740
Insurance	NA	88	48	708	66	151
Trade, hotels, catering	NA	17	NA	331	NA	-211
Transport, communication	19	-42	31	14	26	-59
Real Estate	37	51	95	219	224	612
Other services	-135	-20	85	380	143	1631
Services n.a.	10	0	237	0	123	0
TOTAL Services	-70	258	749	1859	950	2864
Not allocated	-819	-735	1290	399	3659	-162
TOTAL	-768	-411	2272	2522	5284	4820

Source: Central Statistical Office Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Table 4-UK-5

UNITED KINGDOM

Sectoral breakdown of outward direct investment
Extra E.C. investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		NA	NA	-847	-4761	-3471	-4228
Agriculture, Food		NA	620	-746	-1389	NA	NA
Metallics		-88	-44	-21	-21	-328	-65
Machinery		-242	-246	-150	-471	-614	-388
Transport equipment		3	-14	34	-131	-185	140
Electrical, electronics		-86	-80	-153	-971	-1642	-557
Chemical industries		100	-939	-2505	-693	-1200	-428
Other industries		349	-66	-1495	-1110	-2426	306
Industries n.a.		-410	0	0	0	-2647	-4710
TOTAL Industries		-374	-769	-5036	-4785	-9042	-5702
Building and Construction		NA	-180	-66	-246	-104	-798
Finance and Banking		-1656	-487	-852	312	390	775
Insurance		-379	-401	-536	-118	27	-707
Trade, hotels, catering		-836	-1413	-992	-3719	1118	-587
Transport, communication		64	-129	-134	-31	-494	-1952
Real Estate		-107	104	7	-18	-17	2
Other services		-10	NA	-1354	-3389	-3015	-2130
Services n.a.		0	0	0	0	0	0
TOTAL Services		-2925	-2326	-3860	-6963	-1990	-4597
Not allocated		-6324	-1844	0	3	-38	165
TOTAL		-9623	-5119	-9809	-16752	-14645	-15160

Source: Central Statistical Office Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-UK-6

UNITED KINGDOM

Sectoral breakdown of inward direct investment
Extra E.C. investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		NA	NA	NA	NA	NA	NA
Agriculture, Food		-41	NA	NA	NA	NA	-609
Metallics		29	NA	-85	91	NA	NA
Machinery		-134	81	27	-234	182	168
Transport equipment		154	-34	412	673	NA	2890
Electrical, electronics		124	-95	369	254	768	1882
Chemical industries		147	-42	63	216	59	290
Other industries		-369	-336	-152	456	1467	NA
Industries n.a.		0	270	-3	-79	1847	0
TOTAL Industries		-90	-156	631	1376	4323	4621
Building and Construction		0	27	-7	-10	NA	7
Finance and Banking		NA	-752	1814	2753	2553	3391
Insurance		NA	17	-86	48	471	2039
Trade, hotels, catering		NA	477	NA	-365	NA	1864
Transport, communication		-7	78	12	-74	50	16
Real Estate		73	102	191	438	447	1225
Other services		NA	-88	-54	427	-18	-189
Services n.a.		-14	0	-265	0	-110	0
TOTAL Services		53	-166	1611	3228	3393	8346
Not allocated		2032	919	1130	253	-914	3061
TOTAL		1995	624	3365	4847	6802	16035

Source: Central Statistical Office Data
harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.
A negative figure indicates a net disinvestment.
Excluding reinvested profits.*

Table 4-USA-1

USA

Geographical breakdown of outward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		-207	147	826	-242	-293	-74
DK		101	83	271	238	-135	24
D		-152	1052	31	741	1662	1462
GR		29	-24	-125	-17	-16	-5
E		72	-18	-204	-147	-93	575
F		144	-529	108	-535	-698	477
IRL		60	-60	69	-114	-3	38
I		-186	-253	1771	-171	-13	-21
NL		770	280	-1481	-694	-146	392
P		-1	29	26	-63	-4	9
UK		-579	-1318	-2896	-806	-2411	-7751
intra not allocated		-1	3	-1	-1	1	-3
Total EUR 12		51	-609	-1604	-1811	-2151	-4875
USA							
JPN		673	-174	278	-347	87	-190
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		417	1432	-1127	326	576	72
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		5989	583	-6344	-7988	-1560	-3454
Total extra EUR 12		7079	1841	-7193	-8009	-897	-3572
Total World		7129	1232	-8797	-9820	-3048	-8447

Source: U.S Department of Commerce Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.
A negative figure indicates a net investment.
Excluding reinvested profits.

Table 4-USA-2

USA

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		332	-384	742	-247	1224	719
DK		NA	NA	NA	NA	NA	NA
D		817	2669	2402	3083	1736	3579
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		1392	583	1147	2187	814	5257
IRL		NA	NA	NA	NA	NA	NA
I		437	256	178	-210	-812	978
NL		2154	2789	3653	6657	3298	8577
P		NA	NA	NA	NA	NA	NA
UK		8116	5752	10438	17991	13055	18410
intra not allocated		199	485	244	101	600	767
Total EUR 12(*)		13448	12149	18804	29561	19914	38286
USA							
JPN		3894	3333	7273	6518	14777	15948
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		1264	418	680	408	1211	897
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		9854	10834	10213	2870	7968	10524
Total extra EUR 12		15012	14584	18166	9797	23956	27369
Total World		28460	26733	36969	39357	43870	65655

Source: U.S Department of Commerce Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

(*) Total EUR 10 only for 1984 and 1985

Table 4-USA-3

USA

Sectoral breakdown of outward direct investment
Total World

	Units: million ECU					
year	84	85	86	87	88	89
Sector						
Energy	4352	5276	-3385	-1740	1592	3826
Agriculture, Food	-537	-295	-40	410	485	191
Metallics	-39	180	-247	239	-289	656
Machinery	-1	60	-567	-699	512	1058
Transport equipment	-248	721	-1488	-520	418	-25
Electrical, electronics	-508	474	2172	-306	-138	297
Chemical industries	-147	246	532	-796	-653	-355
Other industries	124	-60	736	-47	584	43
Industries n.a.	-3	-1	1	-1	-18	1
TOTAL Industries	-1360	1325	1100	-1719	900	1865
Building and Construction	NA	NA	NA	NA	NA	NA
Finance and Banking(*)	-727	-967	643	-576	-293	-773
Insurance(*)	3536	-5271	-8232	-6346	-4197	-13091
Trade, hotels, catering	374	155	403	-895	-645	2
Transport, communication	NA	NA	NA	NA	NA	NA
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	345	176	122	-634	-62	-23
TOTAL Services	3527	-5908	-7064	-8451	-5197	-13885
Not allocated	609	539	551	2090	-343	-253
TOTAL	7129	1232	-8797	-9820	-3048	-8447

Source: U.S Department of Commerce
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

(*)Note that the breakdown of Banking, Finance and Insurance here is specific to USA

Table 4-USA-4

USA

Sectoral breakdown of inward direct investment
Total World

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		7071	3382	1805	4597	-1319	934
Agriculture, Food		360	3048	886	2702	1001	6602
Metallics		1083	2175	659	1267	2438	4777
Machinery		946	866	4233	4599	2912	6797
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		516	2677	4211	6002	1947	9833
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		1063	3718	3994	4638	12169	6011
TOTAL Industries		NA	NA	NA	NA	NA	NA
Building and Construction		NA	NA	NA	NA	NA	NA
Finance and Banking(*)		5558	-657	3265	-1335	995	10637
Insurance(*)		1760	2080	2440	-213	1430	658
Trade, hotels, catering		2163	3380	5945	4442	10854	5651
Transport, communication		NA	NA	NA	NA	NA	NA
Real Estate		3837	3739	3830	4346	5040	5697
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	NA	NA	NA	NA	NA
TOTAL Services		NA	NA	NA	NA	NA	NA
Not allocated		4103	2325	5702	8312	6403	8058
TOTAL		28460	26733	36969	39357	43870	65655

Source: U.S Department of Commerce
 harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

(*)Note that the breakdown of Banking, Finance and Insurance here is specific to USA

Table 4-JPN-1

JAPAN

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	-221	-470
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	-440	-737
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	-61	-116
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		-214	-322	-978	-900	-2459	-3845
intra not allocated		-848	-1792	-1814	-2215	-1718	-3678
Total EUR 12		-1062	-2114	-2792	-3115	-4899	-8846
USA		-3911	-3351	-8101	-8355	-16042	-19277
JPN							
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-2584	-2990	-3819	-5446	-7990	-11932
Total extra EUR 12		-6495	-6341	-11921	-13801	-24032	-31210
Total World		-7558	-8455	-14713	-16916	-28931	-40056

Source: Bank of Japan Data/EUROSTAT estimates(*)

*Notes: A positive figure indicates a net disinvestment.**A negative figure indicates a net investment.**Excluding reinvested profits.**(*) For 1984 and 1985, The Bank of Japan gives only EUR 10 totals.**EUR 12 total has thus been estimated by EUROSTAT for these two years*

Table 4-JPN-2

JAPAN

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	NA	NA	NA	41	91
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	NA	NA	NA	15	-1
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	3	2
NL		NA	NA	NA	NA	NA	NA
P		NA	NA	NA	NA	NA	NA
UK		-3	21	22	36	-37	129
intra not allocated		66	50	33	66	63	76
Total EUR 12		63	71	55	102	85	297
USA		-118	674	202	540	-507	-1389
JPN							
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		42	97	-27	367	12	135
Total extra EUR 12		-22	26	-82	265	-73	-162
Total World		-13	841	230	1010	-410	-957

Source: Bank of Japan Data/EUROSTAT estimates(*)

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

(*) For 1984 and 1985, The Bank of Japan gives only EUR 10 totals.

EUR 12 total has thus been estimated by EUROSTAT for these two years

Fifth part: OTHER SOURCES

The figures reported in the following tables are not in line with the total results presented previously. In general, for aggregations and comparisons given in this document, the Balance of Payments source has been favoured. On the other hand, the following tables have mostly been drawn up from statistics from administrative documents connected with applications for authorization to invest.

Though not directly comparable with Balance of Payments statistics, these series nevertheless provide useful information when Balance of Payments statistics are insufficient.

The source is specified each time: the "methodological annex" gives a brief explanation of the contents except for the tables 5-GBOP-1 and 2, for which it is necessary to refer to section 2-1-4.

Table 5 - GBOP-1

Source: G-BOP

Outward direct investment

Units: million ECU

year	UEBL	DK	D	E	F	I	NL	P	UK	EUR 12	USA	JPN
70	-153	-28	-854	-43	-362	-108	-539	0	-1641	-3728	-7425	-342
71	-173	-50	-1003	-24	-328	-385	-478	0	-1907	-4348	-7266	-345
72	-132	-132	-1395	-33	-519	-192	-654	-6	-1799	-4862	-6901	-648
73	-140	-79	-1349	-43	-761	-213	-737	-36	-4043	-7401	-9269	-1540
74	-312	0	-1608	-72	-654	-169	-1505	-31	-3672	-8023	-7603	-1573
75	-123	-64	-1621	-136	-1154	-282	-1433	-7	-2377	-7197	-11472	-1419
76	-262	-57	-2191	-172	-1526	-143	-945	-5	-3883	-9184	-10667	-1776
77	-311	-142	-1938	-101	-1048	-487	-1840	-2	-3668	-9537	-10427	-1443
78	-285	-25	-2839	-80	-1407	-133	-2019	-5	-5283	-12076	-12600	-1846
79	-814	0	-3287	-97	-1440	-398	-2357	6	-9148	-17535	-18423	-2112
80	-160	-142	-2885	-224	-2257	-540	-2818	-9	-8184	-17219	-13827	-1713
81	-114	-126	-3476	-243	-4134	-1247	-3338	-17	-11010	-23705	-8546	-4410
82	58	-81	-2533	-521	-3127	-1049	-2699	-10	-7712	-17674	2510	-4636
83	-411	-180	-3565	-274	-2081	-2391	-2461	-20	-8994	-20377	-492	-4046
84	-376	-121	-5587	-317	-2706	-2536	-3332	-13	-10160	-25148	-3675	-7559
85	-325	0	-6358	-331	-2944	-2373	-4587	-29	-14853	-31800	-23327	-8457
86	-1714	0	-9899	-383	-5324	-2719	-4463	0	-16349	-40851	-28740	-14585
87	-2395	0	-7901	-646	-7531	-2018	-6158	8	-27366	-54007	-26901	-16917
88	-3189	-609	-9665	-1044	-10779	-4614	-3461	-46	-31435	-64842	-13725	-28931
89	-6180	-1875	-12814	-1337	-16432	-1813	-10011	-68	-32240	-82770	-28800	-40082

Source: EUROSTAT, G-BOP database

Including intra-Community investment and, for some countries, reinvested profits

Table 5 - GBOP-2

Source: G-BOP

Inward direct investment														
Units: million ECU														
year	UEBL	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12	USA	JPN
70	311	102	582	50	222	583	31	593	525	0	1456	4455	1428	88
71	429	120	1071	40	192	463	24	499	565	0	1702	5105	345	201
72	359	146	1722	49	239	519	28	557	539	65	1076	5299	842	145
73	575	172	1625	50	317	916	43	499	689	77	2211	7174	2286	-29
74	901	0	1786	56	300	1550	43	495	813	89	3701	9734	3993	171
75	744	215	556	20	549	1170	128	509	788	93	2702	7474	2124	186
76	711	-169	1195	274	426	926	155	86	317	56	2677	6654	3883	103
77	978	66	852	340	531	1544	119	1001	263	51	3893	9638	3254	20
78	1018	69	1278	335	916	1926	295	400	472	52	2979	9740	6187	10
79	734	75	1270	446	1020	1987	246	262	913	58	4728	11739	8655	170
80	1118	77	306	481	1075	2393	206	423	1431	114	7295	14919	12143	206
81	1240	90	288	466	1535	2178	184	1021	1309	157	5317	13785	22793	169
82	1548	138	830	448	1831	1590	247	651	867	149	5288	13587	14213	452
83	1497	72	1996	493	1829	1829	190	1336	824	159	5873	16098	13448	456
84	524	12	702	618	2254	2798	151	1641	744	249	-266	9427	32229	-13
85	1354	0	772	588	2565	2923	210	1331	815	333	6311	17202	25224	828
86	703	0	1093	477	3502	2792	-44	-41	2416	243	7227	18368	34267	239
87	2033	0	1649	592	3961	4000	77	3522	2003	276	12378	30491	40637	1014
88	4292	425	958	767	5938	6092	77	5784	3427	780	15305	43845	49430	-440
89	6420	989	6106	683	7650	8704	77	2286	5594	1471	26095	66075	65578	-962

Source: EUROSTAT, G-BOP database

Including intra-Community investment and, for some countries, reinvested profits

Table 5-GR-1

GREECE

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	4	16	22
DK		NA	NA	NA	1	0	2
D		NA	NA	NA	7	19	23
GR							
E		NA	NA	NA	0	1	0
F		NA	NA	NA	7	7	49
IRL		NA	NA	NA	0	0	0
I		NA	NA	NA	2	1	6
NL		NA	NA	NA	25	25	30
P		NA	NA	NA	0	0	0
UK		NA	NA	NA	37	12	36
intra not allocated		NA	NA	NA	-0	0	0
Total EUR 12		NA	NA	NA	82	82	168
USA		NA	NA	NA	8	6	15
JPN		NA	NA	NA	0	0	0
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	2	1	0
OPEC		NA	NA	NA	1	0	1
other class 2		NA	NA	NA	6	14	31
Total class 2		NA	NA	NA	9	14	32
COMECON		NA	NA	NA	0	1	0
other class3		NA	NA	NA	0	0	0
Total class 3		NA	NA	NA	0	1	0
extra not allocated		NA	NA	NA	72	51	20
Total extra EUR 12		NA	NA	NA	89	73	67
Total World		NA	NA	NA	171	155	236

Source: Bank of Greece data

harmonized by EUROSTAT

Notes: A positive figure indicates a net investment, and negative a net disinvestment

Excluding reinvested profits.

Only data concerning foreign investment in Greece are available. The figures reported here are investments "approved" by the Bank of Greece or Ministry of National Economy, and not investments recorded in Balance of Payments. Furthermore, investments in real estate are not included.

Table 5-GR-2

GREECE

Sectoral breakdown of inward direct investment
Total World

Branch	year	million ecu					
		84	85	86	87	88	89
Energy		NA	NA	NA	46	2	9
Agriculture, Food		NA	NA	NA	30	36	41
Metallics		NA	NA	NA	6	1	10
Machinery		NA	NA	NA	0	1	0
Transport equipment		NA	NA	NA	0	16	0
Electrical, electronics		NA	NA	NA	2	7	11
Chemical industries		NA	NA	NA	11	8	16
Other industries		NA	NA	NA	3	9	21
Industries n.a.		NA	NA	NA	0	0	0
TOTAL Industries		NA	NA	NA	52	78	99
Building and Construction		NA	NA	NA	2	1	9
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	64	58	55
Transport, communication		NA	NA	NA	1	6	3
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	NA	NA	7	9	61
TOTAL Services		NA	NA	NA	72	73	119
Not allocated		NA	NA	NA	0	0	0
TOTAL		NA	NA	NA	171	155	235

Source: Bank of Greece Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment, and negative a net disinvestment

Excluding reinvested profits.

Only data concerning foreign investment in Greece are available. The figures reported here are investments "approved" by the Bank of Greece or Ministry of National Economy, and not investments recorded in Balance of Payments. Furthermore, investments in real estate are not included.

Table 5-GR-3

GREECE

Sectoral breakdown of inward direct investment
Intra E.C. investment

Units: million ECU

year	84	85	86	87	88	89
Sector						
Energy	NA	NA	NA	3	2	8
Agriculture, Food	NA	NA	NA	18	20	23
Metallics	NA	NA	NA	5	1	0
Machinery	NA	NA	NA	0	1	0
Transport equipment	NA	NA	NA	0	0	0
Electrical, electronics	NA	NA	NA	1	5	4
Chemical industries	NA	NA	NA	3	3	13
Other industries	NA	NA	NA	3	5	19
Industries n.a.	NA	NA	NA	0	0	0
TOTAL Industries	NA	NA	NA	30	35	59
Building and Construction	NA	NA	NA	0	1	7
Finance and Banking	NA	NA	NA	NA	NA	NA
Insurance	NA	NA	NA	NA	NA	NA
Trade, hotels, catering	NA	NA	NA	42	31	40
Transport, communication	NA	NA	NA	1	6	0
Real Estate	NA	NA	NA	NA	NA	NA
Other services	NA	NA	NA	NA	NA	NA
Services n.a.	NA	NA	NA	6	7	53
TOTAL Services	NA	NA	NA	49	44	93
Not allocated	NA	NA	NA	0	0	0
TOTAL	NA	NA	NA	82	82	168

Source: Bank of Greece Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment, and negative a net disinvestment

Excluding reinvested profits.

Only data concerning foreign investment in Greece are available. The figures reported here are investments "approved" by the Bank of Greece or Ministry of National Economy, and not investments recorded in Balance of Payments. Furthermore, investments in real estate are not included.

Table 5-GR-4

GREECE

Sectoral breakdown of inward direct investment
Extra E.C. Investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		NA	NA	NA	43	0	1
Agriculture, Food		NA	NA	NA	11	16	18
Metallics		NA	NA	NA	1	0	10
Machinery		NA	NA	NA	0	0	0
Transport equipment		NA	NA	NA	0	16	0
Electrical, electronics		NA	NA	NA	2	2	7
Chemical industries		NA	NA	NA	9	5	3
Other industries		NA	NA	NA	0	3	2
Industries n.a.		NA	NA	NA	0	0	0
TOTAL Industries		NA	NA	NA	22	43	40
Building and Construction		NA	NA	NA	2	0	2
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	NA	NA	22	27	15
Transport, communication		NA	NA	NA	0	0	3
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		NA	NA	NA	1	3	8
TOTAL Services		NA	NA	NA	22	30	26
Not allocated		NA	NA	NA	0	0	0
TOTAL		NA	NA	NA	89	73	67

Source: Bank of Greece Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment, and negative a net disinvestment

Excluding reinvested profits.

Only data concerning foreign investment in Greece are available. The figures reported here are investments "approved" by the Bank of Greece or Ministry of National Economy, and not investments recorded in Balance of Payments. Furthermore, investments in real estate are not included.

Table 5-E-1

SPAIN

Sectoral breakdown of outward direct investment
Intra E.C. Investment

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		-1	-5	-24	-19	-39	-92
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		-35	-22	-54	-90	-157	-189
TOTAL Industries		-35	-22	-54	-90	-157	-189
Building and Construction		0	0	0	0	-2	-32
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		-20	-29	-31	-41	-57	-101
Transport, communication		-5	-4	-1	-5	-13	-10
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		-61	-40	-66	-288	-542	-800
TOTAL Services		-86	-73	-98	-334	-611	-912
Not allocated		-1	-1	-21	-7	-8	-14
TOTAL		-123	-102	-197	-450	-817	-1239

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Figures reported here are investments "verified" or "approved" by the Ministry and are not comparable to figures on investments recorded in the Balance of Payments.

Table 5-E-2

SPAIN

Sectoral breakdown of inward direct investment
Intra E.C. Investment

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		NA	0	10	2	17	2
Agriculture, Food		NA	NA	NA	NA	NA	304
Metallics		NA	NA	NA	NA	NA	135
Machinery		NA	NA	NA	NA	NA	49
Transport equipment		NA	NA	NA	NA	NA	287
Electrical, electronics		NA	NA	NA	NA	NA	92
Chemical industries		NA	NA	NA	NA	NA	323
Other industries		NA	NA	NA	NA	NA	508
Industries n.a.		NA	582	920	1140	946	0
TOTAL Industries		NA	582	920	1140	946	1698
Building and Construction		NA	0	2	5	17	58
Finance and Banking		NA	NA	NA	NA	NA	1015
Insurance		NA	NA	NA	NA	NA	301
Trade, hotels, catering		NA	108	261	563	516	632
Transport, communication		NA	0	8	19	54	61
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	1198
Services n.a.		NA	173	250	761	1812	0
TOTAL Services		NA	280	518	1343	2382	3207
Not allocated		733	13	28	22	33	0
TOTAL		733	875	1479	2512	3395	4365

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Figures reported here are investments "verified" or "approved" by the Ministry and are not comparable to figures on investments recorded in the Balance of Payments.

Table 5-E-3

SPAIN

Sectoral breakdown of outward direct investment
Extra E.C. Investment

Units: million ECU

Sector	year	84	85	86	87	88	89
Energy		0	0	0	-3	-233	-5
Agriculture, Food		NA	NA	NA	NA	NA	NA
Metallics		NA	NA	NA	NA	NA	NA
Machinery		NA	NA	NA	NA	NA	NA
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	NA	NA	NA	NA	NA
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		-32	-37	-49	-33	-123	-122
TOTAL Industries		-32	-37	-49	-33	-123	-122
Building and Construction		-14	-4	0	-1	-4	-11
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		-61	-29	-49	-64	-64	-113
Transport, communication		-2	-1	1	-16	-8	-14
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	NA
Services n.a.		-152	-160	-180	-127	-401	-596
TOTAL Services		-215	-190	-229	-207	-472	-723
Not allocated		-3	-6	-11	-14	-21	-51
TOTAL		-265	-237	-289	-258	-852	-912

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Figures reported here are investments "verified" or "approved" by the Ministry and are not comparable to figures on investments recorded in the Balance of Payments.

Table 5-E-4

SPAIN

Sectoral breakdown of inward direct investment
Extra E.C. Investment

Sector	Units: million ECU						
	year	84	85	86	87	88	89
Energy		NA	3	3	14	106	2
Agriculture, Food		NA	NA	NA	NA	NA	584
Metallics		NA	NA	NA	NA	NA	92
Machinery		NA	NA	NA	NA	NA	51
Transport equipment		NA	NA	NA	NA	NA	114
Electrical, electronics		NA	NA	NA	NA	NA	212
Chemical industries		NA	NA	NA	NA	NA	639
Other industries		NA	NA	NA	NA	NA	777
Industries n.a.		NA	793	872	1551	1318	0
TOTAL Industries		NA	793	872	1551	1318	2468
Building and Construction		NA	20	0	7	18	26
Finance and Banking		NA	NA	NA	NA	NA	440
Insurance		NA	NA	NA	NA	NA	174
Trade, hotels, catering		NA	194	185	404	244	749
Transport, communication		NA	23	10	14	50	71
Real Estate		NA	NA	NA	NA	NA	NA
Other services		NA	NA	NA	NA	NA	671
Services n.a.		NA	246	345	563	1012	0
TOTAL Services		NA	463	541	981	1306	2104
Not allocated		-528	15	22	50	30	0
TOTAL		1376	1293	1438	2603	2779	4600

Source: Ministerio de Economía y Hacienda Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Figures reported here are investments "verified" or "approved" by
the Ministry and are not comparable to figures on investments
recorded in the Balance of Payments.

Table 5-JPN-1

JAPAN

Geographical breakdown of outward direct investment

Units: million ECU

partner country	year	84	85	86	87	88	89
UEBL		-489	-503	-1160	-1589	-694	-890
DK		-1	-1	-1	-5	-2	-23
D		-310	-225	-213	-349	-346	-983
GR		-11	-46	0	0	-1	0
E		-177	-119	-87	-245	-136	-454
F		-148	-88	-154	-286	-392	-1028
IRL		-1	-106	-73	-50	-36	-121
I		-28	-42	-23	-51	-91	-284
NL		-573	-803	-661	-718	-1995	-4126
P		0	0	-3	-5	-6	-65
UK		-403	-491	-1000	-2143	-3346	-4754
intra not allocated		0	1	1	0	0	0
Total EUR 12		-2143	-2424	-3376	-5443	-7044	-12729
USA		-4257	-7070	-10329	-12743	-18352	-29536
JPN							
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		-6467	-6516	-8974	-10728	-14370	-19040
Total extra EUR 12		-10724	-13586	-19303	-23471	-32722	-48576
Total World		-12866	-16010	-22679	-28915	-39766	-61305

Source: Ministry of Finance JAPAN Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Figures reported here are investments "notified" to Ministry of Finance during the Japanese fiscal Year (April 1 to March 31) and not investments recorded in the Balance of Payments.

Table 5-JPN-2

JAPAN

Geographical breakdown of inward direct investment

		Units: million ECU					
partner country	year	84	85	86	87	88	89
UEBL		NA	NA	NA	NA	NA	NA
DK		NA	NA	NA	NA	NA	NA
D		NA	33	48	46	165	131
GR		NA	NA	NA	NA	NA	NA
E		NA	NA	NA	NA	NA	NA
F		NA	29	17	17	23	23
IRL		NA	NA	NA	NA	NA	NA
I		NA	NA	NA	NA	NA	NA
NL		NA	142	19	68	141	225
P		NA	NA	NA	NA	NA	NA
UK		NA	80	36	42	95	74
intra not allocated		NA	NA	NA	NA	NA	NA
Total EUR 12		NA	NA	NA	NA	NA	NA
USA		NA	541	496	813	1500	1491
JPN							
EFTA		NA	NA	NA	NA	NA	NA
other class 1		NA	NA	NA	NA	NA	NA
Total class 1		NA	NA	NA	NA	NA	NA
ACP not OPEC		NA	NA	NA	NA	NA	NA
OPEC		NA	NA	NA	NA	NA	NA
other class 2		NA	NA	NA	NA	NA	NA
Total class 2		NA	NA	NA	NA	NA	NA
COMECON		NA	NA	NA	NA	NA	NA
other class3		NA	NA	NA	NA	NA	NA
Total class 3		NA	NA	NA	NA	NA	NA
extra not allocated		NA	394	329	933	819	653
Total extra EUR 12		NA	NA	NA	NA	NA	NA
Total World		NA	1219	955	1919	2743	2597

Source: Ministry of Finance JAPAN Data

harmonised by EUROSTAT

*Notes: A positive figure indicates a net investment.**A negative figure indicates a net disinvestment.**Excluding reinvested profits.**Figures reported here are investments "notified" to Ministry of Finance during the Japanese Fiscal Year (April 1 to March 31) and not investments recorded in the Balance of Payments.*

Table 5-JPN-3

JAPAN

Sectoral breakdown of outward direct investment
Total World

		Units: million ECU					
Sector	year	84	85	86	87	88	89
Energy		-613	-784	-680	-443	-857	-1146
Agriculture, Food		-213	-189	-197	-406	-571	-1360
Metallics		-910	-505	-333	-681	-1156	-1444
Machinery		-234	-461	-636	-595	-1211	-1599
Transport equipment		-554	-822	-841	-1277	-1083	-1863
Electrical, electronics		-518	-672	-1003	-2098	-2572	-4066
Chemical industries		-283	-174	-361	-789	-1093	-1914
Other industries		-526	-329	-564	-1063	-4205	-2713
Industries n.a.		0	0	0	0	0	0
TOTAL Industries		-3237	-3152	-3935	-6909	-11891	-14961
Building and Construction		-142	-123	-254	-75	-261	-586
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		-1878	-2031	-1891	-1966	-2710	-4673
Transport, communication		-2092	-1625	-1956	-1859	-2006	-2657
Real Estate		-545	-1582	-4061	-4704	-7308	-12837
Other services		-863	-871	-1585	-2409	-3156	-9636
Services n.a.		-2642	-4986	-7356	-9250	-11082	-13974
TOTAL Services		-8019	-11096	-16850	-20189	-26261	-43777
Not allocated		-855	-856	-960	-1299	-497	-835
TOTAL		-12866	-16010	-22679	-28915	-39766	-61305

Source: Ministry of Finance JAPAN Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net disinvestment.

A negative figure indicates a net investment.

Excluding reinvested profits.

Figures reported here are investments "notified" to Ministry of Finance during the Japanese Fiscal Year (April 1 to March 31) and not investments recorded in the Balance of Payments.

Table 5-JPN-4

JAPAN

Sectoral breakdown of inward direct investment
Total World

Sector	year	Units: million ECU					
		84	85	86	87	88	89
Energy		NA	3	16	29	23	7
Agriculture, Food		NA	35	4	6	73	15
Metallics		NA	13	5	12	25	36
Machinery		NA	529	236	962	1465	733
Transport equipment		NA	NA	NA	NA	NA	NA
Electrical, electronics		NA	NA	NA	NA	NA	NA
Chemical industries		NA	216	172	211	423	184
Other industries		NA	NA	NA	NA	NA	NA
Industries n.a.		NA	55	70	18	43	87
TOTAL Industries		NA	849	487	1210	2028	1056
Building and Construction		NA	4	26	2	7	8
Finance and Banking		NA	NA	NA	NA	NA	NA
Insurance		NA	NA	NA	NA	NA	NA
Trade, hotels, catering		NA	113	132	252	384	494
Transport, communication		NA	24	48	54	36	64
Real Estate		NA	9	51	17	59	588
Other services		NA	55	48	157	129	125
Services n.a.		NA	117	88	134	52	163
TOTAL Services		NA	317	367	614	659	1434
Not allocated		NA	46	59	63	26	91
TOTAL		NA	1219	955	1919	2743	2597

Source: Ministry of Finance JAPAN Data
harmonised by EUROSTAT

Notes: A positive figure indicates a net investment.

A negative figure indicates a net disinvestment.

Excluding reinvested profits.

Figures reported here are investments "notified" to Ministry of Finance during the Japanese Fiscal Year (April 1 to March 31)

and not investments recorded in the Balance of Payments.

Sixth part: ANNEXES

This part presents the following additional information:

- the nomenclature used in the study and the tables
- the exchange rates used to convert national currencies into ECU
- the EUROSTAT questionnaire, which is the main source of information for the statistics of the study
- a bibliography of references and sources consulted to establish the statistics or methodology of each Member State.

6-1 Geonomenclature

EUR 12: European Community countries:

- Belgo-Luxembourg Economic Union (UEBL)
- Denmark (DK)
- F.R. Germany (D)
- Greece (GR)
- Spain (E)
- France (F)
- Ireland (IRL)
- Italy (I)
- Netherlands (NL)
- Portugal (P)
- United Kingdom (UK)

Class 1: Western industrialized countries:

- United States (USA)
- Japan (JPN)
- European Free Trade Association (EFTA):
 - Austria
 - Finland
 - Iceland
 - Norway
 - Sweden
 - Switzerland
- Other class 1:
 - Canada
 - Turkey
 - Australia
 - New Zealand
 - Gibraltar
 - Malta
 - South Africa
 - Yugoslavia

Class 2: Developing countries:

— Petroleum exporting countries (OPEC):

- Algeria
- Ecuador
- Gabon
- Indonesia
- Iran
- Iraq
- Kuwait
- Libya
- Nigeria
- Qatar
- Saudi Arabia
- United Arab Emirates
- Venezuela

— African, Caribbean and Pacific countries signatories of the Lomé Convention, excluding Gabon and Nigeria (ACP not OPEC)

— Other class 2: other developing countries not members of OPEC or ACP

Class 3: State-trading countries:

— Council for Mutual Economic Assistance (COMECON):

- Bulgaria
- Cuba
- Hungary
- Mongolia
- Poland
- German D.R.
- Romania
- Czechoslovakia
- USSR
- Vietnam

— Other State-trading countries:

- Albania
- China
- North Korea
- Kampuchea
- Laos

6-2 Monetary Conversion Rates

One ECU =

1984	1985	1986	1987	1988	1989		
45.442	44.914	43.798	43.039	43.428	43.380	BFR	Belgian or Lux. franc
8.146	8.019	7.936	7.884	7.952	8.049	DKR	Danish crown
2.238	2.226	2.128	2.072	2.074	2.070	DM	German mark
126.569	129.164	137.456	142.192	137.600	130.400	PTA	Spanish peseta
6.872	6.795	6.800	6.928	7.036	7.024	FF	French franc
1381.381	1447.990	1461.870	1494.710	1537.330	1510.500	LIT	Italian lira
2.523	2.511	2.401	2.334	2.335	2.335	HFL	Dutch florin
115.671	130.251	147.088	162.581	170.059	173.410	ESC	Portugese escudo
0.591	0.589	0.672	0.705	0.664	0.673	UKL	Pound Sterling
0.789	0.763	0.984	1.154	1.182	1.102	USD	United States dollar

6-3 EUROSTAT Questionnaire

EUROSTAT Questionnaire A on : DIRECT INVESTMENT CAPITAL and INCOME FLOWS

Reporting country:

Year:

Unit:

Partner Country:

	Undistributed earnings (net)		Other Direct investment income		Direct investment flows excluded undistributed earnings			
	(+) (+)	(-) (-)	(+) (+)	(-) (-)	Outward		Inward	
					(+) (+)	(-) (-)	(+) (+)	(-) (-)
NACE-CLIO R-6 and R-25 + additional details	(+)	(-)	(+)	(-)	(+)	(-)	(+)	(-)
<u>01 AGRICULTURE</u>								
<u>06 FUEL and POWER PRODUCTS</u>								
a) mining + quarrying								
b) manufactory								
c) electricity power, etc								
<u>30 MANUFACTURED PRODUCTS</u>								
13 metallic minerals								
a) mining + quarrying								
b) manufactory								
15 non metallic minerals								
a) mining + quarrying								
b) manufactory								
17 chemical products								
19 metal products no machinery								
21 agricul.+ indust. machinery								
23 office + data processing m.								
25 electrical goods								
28 transport equipment								
36 food beverage + tobacco								
42 textiles, clothing etc								
47 paper + printing products								
49 rubber + plastic products								
48 other manufactured products								
<u>53 BUILDING and CONSTRUCTION</u>								
<u>68 MARKET SERVICES</u>								
56 recovery, repair, trade serv.								
59 lodging + catering services								
61 inland transport services								
63 maritime + air services								
a) maritime								
b) coastal transp. services								
c) air transport services								
65 auxiliary transport services								
67 communication services								
69 credit + insurance inst. serv.								
a) of which: insurance								
74 other market services								
a) community, social, person								
b) other market serv. other								
<u>86 NON MARKET SERVICES</u>								
<u>99 NOT AVAILABLE</u>								
TOTAL OF BRANCHES								

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