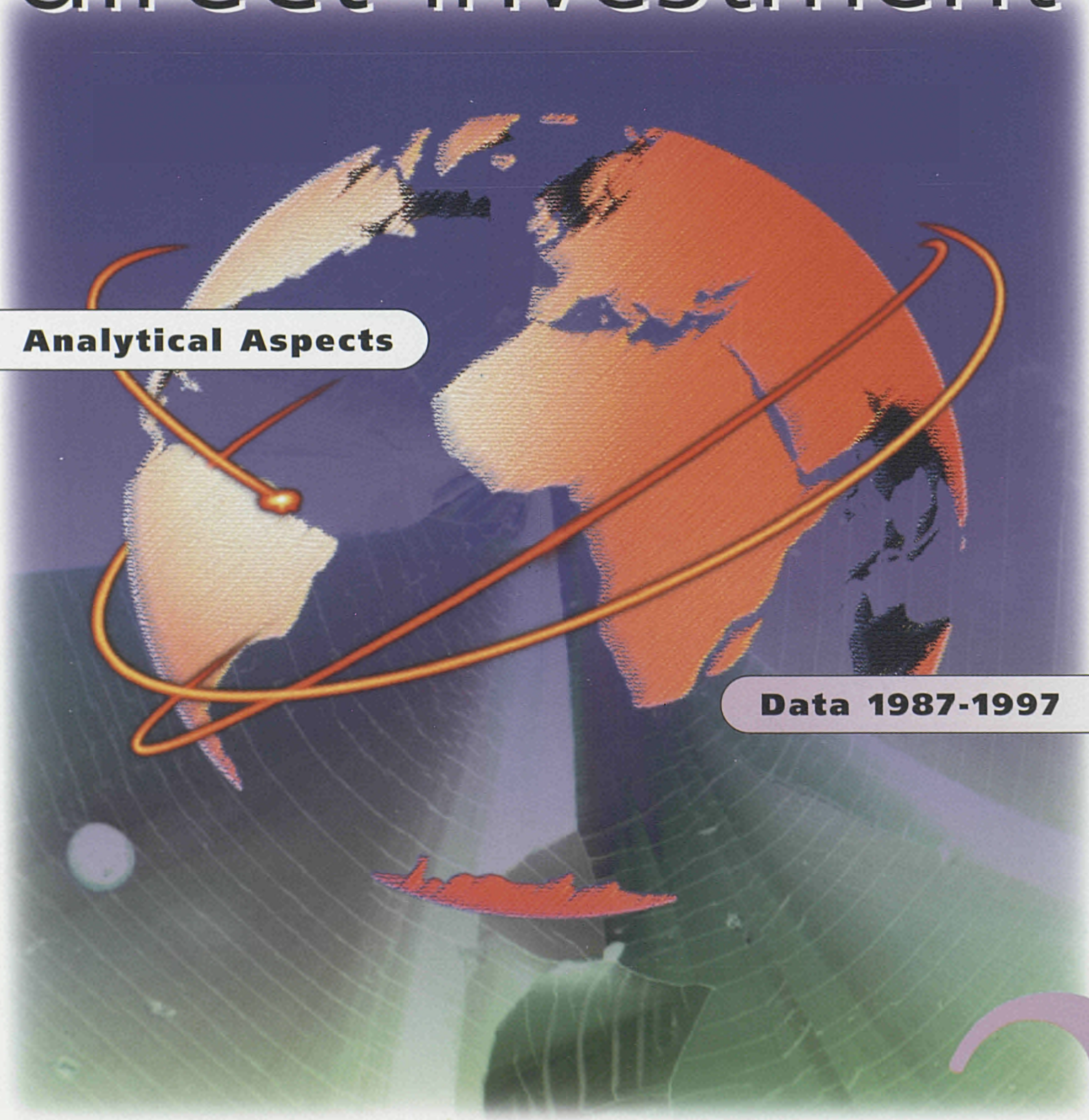
PANORAMA OF THE EUROPEAN UNION

YEARBOOK 1998

European Union direct investment



Analytical Aspects

Data 1987-1997

EUROPEAN COMMISSION

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THEME 2
Economy and finance

YEARBOOK 1998

European Union direct investment

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A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (http://europa.eu.int).

Cataloguing data can be found at the end of this publication.

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EUROPEAN UNION DIRECT INVESTMENT YEARBOOK 1998

ANALYTICAL ASPECTS

FOREWORD

Foreign direct investment (FDI) is a category of international investment that indicates an intention to acquire a lasting interest in an enterprise operating in another economy. It covers all financial transactions between the investing enterprise and its subsidiaries abroad. It differs from portfolio investments, where the investor merely purchases equity and debt securities. Direct investment is one of the driving forces of economic globalisation. It has stepped up its presence and increased its penetration world wide.

Within the European Union, the value of FDI flows increased nearly sixfold between 1987 and 1997, from ECU 12 billion in 1987 to 72 billion in 1997 (figures cover equity and other capital only). FDI flows from the rest of the world roughly tripled during the same period, reaching 36 billion in 1997, whereas FDI flows from the EU to the rest of the world increased by 2.5 times to ECU 78 billion in 1997. Taking into account flows of reinvested earnings, EU FDI to the rest of the world amounted to over 96 billion in 1997, up by over 1.5 times since 1995. With the exception of 1990 and 1992, the EU has always been a net direct investor abroad.

At the end of 1996, the European Union held direct investment assets worth ECU 543 bn abroad (77 bn less than the US), exceeding liabilities by a net direct investment position of 121 bn. More than half the EU assets were located in just three countries: the United States (43%), Switzerland (9%) and Australia (5%).

First provisional and rough figures for EU FDI income reveal that in 1996 EU countries recorded FDI income flows worth ECU 44.4 bn from their DI activities abroad, exceeding EU FDI income debits to foreign investors by 12.4 bn. EU investors recorded a rate of return of 8.2% on foreign DI assets, while direct investors in the EU received income worth 7.6% of EU FDI liabilities.

FDI benefits the investing economy as much as it does the recipient economy. It is an important element of international relations and their development. Supplementing trade, FDI creates more direct and deeper links between economies. It is a source of extra capital, helps to promote a healthy balance of trade, encourages efficient production, stimulates technology transfer and fosters exchange of managerial know-how. It thus improves the productivity of business, makes economies more competitive and bolsters job creation.

In this first volume of the European Union Direct Investment Yearbook 1998 Eurostat presents and analyses harmonised statistics on FDI flows, positions and income for the EU as a whole. A second volume provides harmonised FDI data for each EU Member state as well as for major FDI partners of the European Union.

Faced with increasing globalisation of economic activities, public authorities and enterprises need new statistics. On the basis of the General Agreement on Trade in Services (GATS), Eurostat, in conjunction with the OECD, will be compiling Foreign Affiliate Trade Statistics (FATS). These will measure the turnover and number of employees of foreign investors in the host economy and, in conjunction with FDI data, will provide an invaluable tool to measure the evolution of the globalisation phenomenon of the economy.

Given the importance of FDI statistics in the political and economic field, I welcome Eurostat's efforts to collaborate with other international organisations to improve the quality and timeliness of FDI data and provide the European Union with a statistical information service of the highest quality.

Commissioner

Mr Yves-Thibault de SILGUY

Eurostat would like to thank the following national banks and statistical offices without whom the publication of this yearbook would not have been possible:

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Banco de Portugal

Suomen Pankki

Sveriges Riksbank

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United States Department of Commerce

Bank of Japan

Norges Bank

Banque Nationale Suisse

European Union Direct Investment Yearbook 1998

The direct investment yearbook provides users with analytical aspetcs of foreign direct investment positions, flows and income for the European Union. A second Volume covers harmonised FDI data for EU Member states and major FDI partners of the EU.

The yearbook has a simple objective: to provide political and corporate decision makers with high quality statistical information on direct investment. Eurostat is able to provide internationally comparable figures, through close cooperation with Member states and the OECD.

For more information, or if you have any suggestion on how we might improve the publication please contact:

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INTRODUCTION

WHAT IS DIRECT INVESTMENT?

Direct investment is to be found among the keywords being stressed when it comes to globalisation. Besides trade foreign direct investment plays a major role in cross-border economic activity. The progressing international integration of markets is reflected in increasing direct investment figures, but what is it precisely?

What makes direct investment different from other types of cross-border investment is the entrepreneurial intention of the direct investor, expressed in a long-term investment horizon and the purpose to have an effective voice in the management of the direct investment enterprise. In contrast, portfolio and other cross-border investments are predominantly carried out under the objective of an appropriate return on investment only. Direct investment does not mean necessarily control, but it frequently does.

The economic effects of direct investment go beyond those of other types of cross-border investment, because the direct investor usually will influence decision making in a variety of core activities of the direct investment enterprise, such as production, capital formation, employment, and research and development.

The possible impacts of this influence by the direct investor are thus widespread, ranging from effects on efficiency and productivity of the company concerned up to changes in market structure and competition, trade displacement or enhancement effects and more.

Amongst others, the effects of direct investment on the economy of the host country depend on the type of investment, ranging from purchase of existing firms to green-field investment. For the latter direct investment activity is closely linked to domestic capital formation in the host country, but also other types of direct investment frequently lead to capital formation following restructuring and modernising of existing structures and production capacities. In contrast to trade direct investment often comes together with technology transfer, innovation and specific managerial skills. It is thus of particular importance for developing countries as well as for countries in transition.

Direct investment statistics cover all financial flows and positions between direct investor and direct investment enterprise and its affiliates. Only the comprehensive recording of equity capital, other capital (inter-company debt) and reinvested earnings allows to draw a complete picture of direct investment relationships.

Direct investment in this publication

Compared with the 1997 European Union Direct Investment Yearbook the 1998 edition covers an extended and improved set of FDI data. Due to the strong support received from Central Banks of Member states, Statistical institutes and other institutions, Eurostat was enabled to present for the first time statistical information on foreign direct investment positions acquired in the past, broken down by sectors of economic activity. The second basic improvement concerns the inclusion of direct investment income. The third improvement is the inclusion of reinvested earnings in the direct investment flows of the European Union. Albeit reinvested earnings are not available for all Member states this brings direct investment statistics for the Union closer to international reporting standards and improves the comparability with other major direct investment countries.

The figures in this publication represent an analytical tool to answer questions about

- the evolution of direct investment flows over time, concerning different activity sectors, countries or economic zones,
- the status of assets held abroad and liabilities to third countries, broken down by sectors of economic activity and country of destination/origin,
- income received from direct investment assets and paid on direct investment liabilities.

The extended coverage of European Union direct investment statistics made it necessary to change the presentation of the Yearbook. The 1998 edition comes in two volumes. The first volume covers the descriptive synthesis of major evolutions in direct investment relationships of the European Union, the methodology used and problems remaining, and basic information on nomenclatures. The second volume covers figures only, presented in a standardised set of tables for each reporting country. However, also volume two shows only a part of direct investment figures available at Eurostat. The full set of figures is available in the on-line services of Eurostat (New-Cronos) and the CD-rom version of the European Union Direct Investment Yearbook 1998.

USER'S GUIDE

Balance of payments

is a record of an economy's international transactions with the rest of the world. The balance of payments is a statistical statement that systematically summarises, over a given period of time, all transactions of an economy with the rest of the world. Transactions are those of the current account (goods, services, income and current transfers) and the capital and financial account (capital transfers, direct investment, portfolio investment, other investment and reserve assets).

Foreign direct investment (FDI)

is cross-border investment for which a direct investor has the objective of a lasting interest in an enterprise resident in another economy (direct investment enterprise). Constitutional characteristics for a direct investment are the intention for a long-term relationship between the direct investor and the enterprise and a significant influence on the management of the enterprise. These are assumed to be fulfilled when an investor owns ten percent or more of ordinary shares or voting power in an incorporated or unincorporated enterprise respectively (OECD benchmark definition).

Direct Investment = Equity Capital + Other Capital + Reinvested Earnings

Equity Capital

includes equity in branches and ordinary shares in subsidiaries and associates.

Other capital

covers inter-company debt (including short-term loans such as trade credits) between direct investors and subsidiaries, branches and associates.

Reinvested earnings

consist of the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by subsidiaries or associates and earnings of branches not remitted to the direct investor.

Disinvestment

is formally defined as withdrawal of direct investment capital. The most frequent cases are that the direct investor sells participation (e.g. shares) it had invested in the direct investment enterprise or that inter-company debt (e.g. loans) is paid back.

Sign convention

Balance of payments sign convention records outward direct investment with a minus and inward direct investment with a plus sign. Consequently outward disinvestments are entered with (+) and inward disinvestment with (-). Following requests from readers, both for inward and outward flows, investment is presented in the statistical tables of this publication with a positive sign and disinvestment is shown with a negative sign. Hence the balance of payments sign convention is not used in this publication.

Reporting economy

is the country or economic zone from whose view data is reported.

Partner economy

is the country or economic zone that has a foreign direct investment relationship with the reporting economy.

FDI flows and positions

by direct investment flows the investor builds up a foreign direct investment position, making part of his balance sheet. The FDI position (sometimes called FDI stocks) differs from accumulated flows because of revaluation (changes in prices or exchange rates, and other adjustments like rescheduling or cancellation of loans, debt forgiveness or debt-equity swaps with different values).

Outward flow (resident direct investment abroad)

means that the reporting economy invests in the partner economy if the figure in the cell of the statistical table has a positive sign. If the sign is negative on outward investment the reporting economy disinvests.

Inward flow (non-resident direct investment in the reporting economy)

means that the partner economy invests in the reporting economy if the figure in the cell of the statistical table has a positive sign. If the sign is negative on inward investment the partner economy disinvests.

Direct investment income

consists of income on FDI equity and on inter-company debt (interest). Income on equity covers dividends and reinvested earnings for incorporated enterprises and distributed and undistributed profits for branches.

Direct investment assets

is the current position of residents' direct investment abroad acquired by outward flows, corrected by all relevant revaluation items. Equity capital and reinvested earning abroad are recorded under one asset heading, because the latter turns to equity capital later in several cases.

Direct investment liabilities

is the current position of non-resident direct investment in the reporting economy acquired by inward flows, corrected by all relevant revaluation items. Equity capital and reinvested earning in the reporting economy are recorded under one asset heading, because the latter turns to equity capital later in several cases.

Market and book value

Flows are recorded at market values. Correspondingly the positions should be recorded at market prices at the beginning or end of the reference period. However, because the evaluation of market prices for the different kinds of assets may be difficult, the book value of the assets in the balance sheets may be used.

All position data in this yearbook are at book value.

First chain ownership or ultimate beneficial owner

The stake in a direct investment enterprise located in country A might be held by a direct investor in country B, the latter owned by a parent company in country C, that has no other direct investor. In this simple case the foreign direct investment in the reporting economy of A will be attributed to B when first chain ownership concept is applied, whereas it will be recorded as a direct investment of C if ultimate beneficial owner concept is applied. Flow and position data in this yearbook are based on the first chain ownership concept, if not stated otherwise.

How to read the tables for the European Union

The figures for the European Union were drawn up by aggregating Member states declarations and figures estimated by Eurostat respectively. Figures have to be interpreted from the point-of-view of the European Union as 'reporting economy' vis-à-vis its 'partner economies'. What appears under 'outward investment' for one Member state is therefore what was declared by the other Member states being invested there. Due to asymmetries this regularly does not equal the figure reported under 'inward flows' from the EU of the concerning Member state, which can be found in the respective country table. Vice versa, what appears under 'inward investment' for one Member state in the tables for the European Union is what was declared by the other Member states having received from this country. Again, due to asymmetries this diverges regularly from what was declared as 'outward investment' to the other EU countries by the respective Member state. More detailed information on size and reasons for asymmetries is given in the concerning section of this publication.

For more detailed information on definitions and recording rules see

International Monetary Fund, Balance of Payments Manual, 5th edition, Washington 1993.

Organisation for Economic Co-operation and Development, OECD Benchmark Definition of Foreign Direct Investment, 3rd edition, Paris 1996.

EXECUTIVE SUMMARY

At the end of 1996, the European Union held direct investment assets worth ECU 543 bn abroad (77 bn less than the US), which exceeded the EU's liabilities by 121 bn

- More than half the EU assets were held in just three countries: The United States (43%), Switzerland (9%) and Australia (5%). The United States alone managed half the FDI stocks held by non EU countries in the Union.
- EU FDI assets in services almost equalled assets in manufacturing.
- More FDI assets and liabilities of Member States were located within the EU then outside the Union.

In 1997, FDI flows from the Union to the rest of the world were twice as big as the FDI flows from the rest of the world into the Union

- Extra EU outward and inward flows grew again in 1997 (+82% and +27% respectively) after a drop in 1996.
- The trend toward increasing net exports of FDI capital continued in 1997, strongly accelerated by a tripling of the 1996 value to 41.7 bn.

North America was the most attractive target for EU direct investors. North American investors still performed by far most of the FDI flows in equity and other capital entering the Union during the period 1992 to 1997.

- Behind the United States (43% of Extra EU outward flows), Switzerland (7%), Hungary, Poland and Czech Republic (3% each) were other important host countries of EU investments between 1992 and 1997.
- On the inward side, Switzerland (11%), Japan (5%) and Norway (4%) were the most important investors besides the United States (57% of inward flows) between 1992 and 1997.

Although the EU, the US and Japan maintained strong links, new FDI markets emerged

- Other partner countries (except USA and Japan) outside the EU experienced strongly growing FDI flows from the Union between 1992 and 1996, accompanied by progressively increasing net capital exports from the Union (ECU 31.3 bn in 1997).
- 30% of EU flows to non EU partners went to the so called emerging markets between 1992 and 1996. EU investors gave certain preference to invest in neighbouring areas, like the Central and Eastern Europe which attracted 12% of EU flows to non EU markets in the period.

Apart from 1994, EU services businesses always performed over half of EU outward FDI flows between 1992 and 1996, and they attracted more than 50% of inward FDI during the whole period observed.

- Manufacturing industries and financial intermediation companies were the major actors of EU FDI in 1996: they invested most abroad and they received most foreign DI funds. Other major FDI activities were undertaken in real estates and business activities and in trade and repairs.
- EU manufacturing companies were the main contributors to EU FDI going to the USA and to the EFTA, while real estates and business activities accounted for the major part of EU FDI going to Japan.

Between 1995 and 1996, the European Union increased net direct investment income from non-EU countries by 23% to ECU 12.4 bn

- More than half of the 1996 net FDI earnings came from Asia, whereas net income flows with America and Switzerland were negative.
- In 1996, the European Union recorded a rate of return on direct investment assets held abroad of 8.2%. Direct investors from abroad received income worth 7.6% of EU FDI liabilities.

PART A

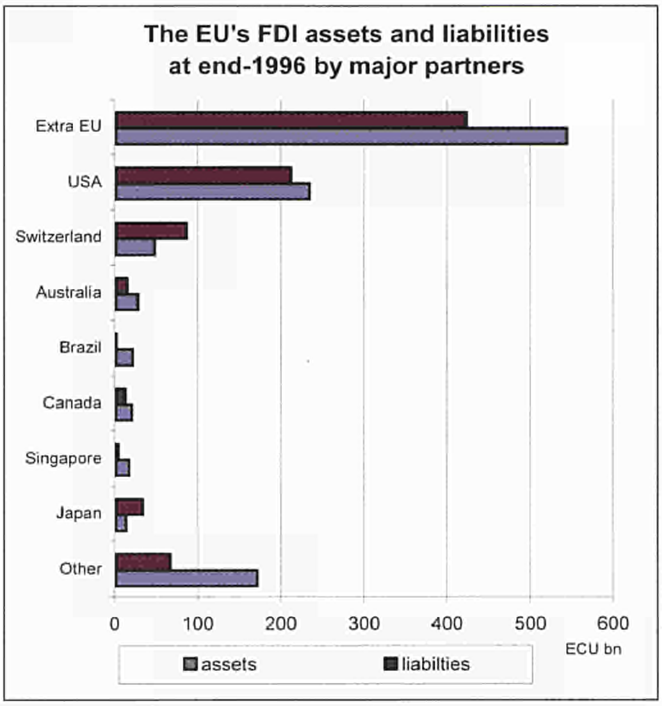
DIRECT INVESTMENT POSITION

EU FDI position at end-1996: major partners

IN BRIEF

- More than half the EU assets were held in just three countries: The United States (43%), Switzerland (9%) and Australia (5%). The United States alone managed half the FDI stocks held by non EU countries in the Union.
- The Union had net assets positions with nearly all countries and markets. Liabilities considerably exceeded assets only with Switzerland and Japan.

At the end of 1996, the European Union held foreign direct investment assets outside the Union worth ECU 543 bn.



This was opposed by around ECU 422 bn of FDI liabilities to countries from outside the EU resulting in a net foreign direct investment position (i.e. assets minus liabilities) of roughly ECU 121 bn vis-à-vis the rest of the world. In comparison, the US managed ECU 620 bn worth of FDI assets abroad while it recorded ECU 474 bn of liabilities in 1996 (see US Department of Commerce: Survey of Current Business).

The EU's net FDI exporter position (as declared by the EU Member States) was also established through strong investment links with the United States, which accounted for almost half of foreign direct investment in the EU. At the same time, the US hosted some 43% of the EU's investment assets, thereby allowing the EU to establish a marginally positive net FDI position vis-à-vis the US.

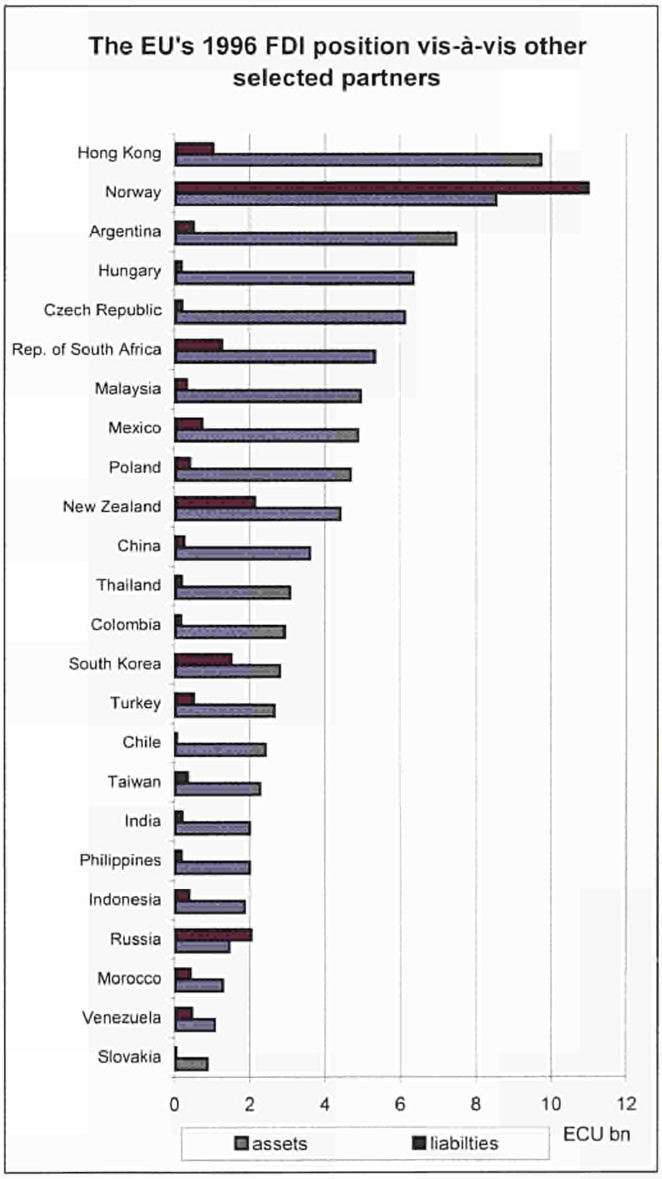
A strong investment relationship also prevailed with Switzerland, which attracted a quite remarkable 9% of the EU's investment assets and accounted for 20% of total Extra EU FDI liabilities of the Union. However, the EU had its largest -when measured in terms of volume- net liability position (ECU 38.7 bn) with Switzerland.

This was also the case for Japan, with whom the EU had its second largest net liability position in absolute terms (ECU 19.9 bn). Interestingly, Singapore ranked ahead of Japan in terms of accommodating EU investment, but it owned only a fraction of the EU's FDI liabilities (one tenth in comparison to Japan).

Australia, Brazil and Canada all hosted between 3-5% of the EU's foreign direct investment assets in 1996. Conversely, Australia and Canada accounted each for roughly 3% of the FDI liabilities in the EU, while Brazil invested only negligible amounts in the EU up to 1996.

Other selected partners

Around one third of the total FDI assets held by the EU abroad and roughly one seventh of the liabilities were not located or the property of an investor from one of the seven countries mentioned above (US, Switzerland, Australia, Brazil, Canada, Singapore and Japan).



Apart from these major partners, the EU had comparatively large FDI assets in Hong Kong and Norway. Argentina followed next together with Hungary, the Czech Republic and the Republic of South Africa . With few exceptions, there was strong dominance on the part of EU assets over liabilities.

A more balanced investment relationship existed with Norway, where assets and liabilities were more or less in equilibrium. To a lesser extend this also held true for South Korea, where the EU's assets outnumbered its liabilities by a comparatively small factor. Countries with similar investment pattern vis-à-vis the EU were for example New Zealand, Venezuela and Egypt.

EU net FDI liabilities

The EU enjoyed a net asset investment position with almost all countries in the world. However, there were some exceptions of greater importance.

One of the greater ratios between EU FDI assets and liabilities existed with Russia, which hosted investment assets of ECU 1.42 bn from the EU, but invested itself around ECU 2.01 bn in the Union. The FDI pattern with Iran revealed roughly three times more Iranian assets in the EU than vice versa.

Almost the same ratio existed with Japan, since Japanese investment assets in the EU were almost three times as high as the EU's investment assets in Japan. It needs to be pointed out, however, that the investment relationship with Japan was in terms of sheer volume (8% of total liabilities versus 2% of total assets) on a different scale than with Russia or Iran (less than half a percent for both assets and liabilities). The same holds true for the EU's direct investment links with Switzerland, where roughly one fifth of the EU's total liabilities outside the Union were owed to Swiss companies, while around one tenth of the EU's total FDI assets were located in Switzerland. Norway also managed larger amounts of FDI in the EU than the EU did in Norway.

EU's negative net FDI position

(ECU bn)

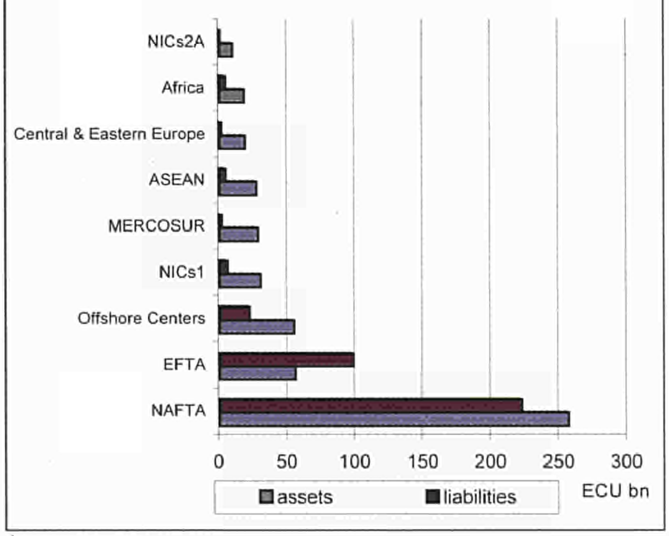
	assets	liabilities	net
Switzerland	46.41	85.07	-38.66
Japan	12.06	31.92	-19.85
Norway	8.51	10.97	-2.46
Iran	0.41	1.25	-0.84
Russia	1.42	2.01	-0.60
Israel	0.43	0.67	-0.24

A further exception was Israel, which had more FDI stocks in the EU than it hosted in its own country in 1996.

FDI positions by geographic and economic zones

When analysing the EU's foreign direct investment relationship with some major geographic and economic zones, the NAFTA (Canada, USA and Mexico) certainly stands out. Both in terms of assets and liabilities (with assets dominating liabilities by ECU 34 bn) the NAFTA by far outstripped the EFTA (Switzerland, Liechtenstein, Iceland and Norway). However, whereas the NAFTA accommodated more FDI assets owned by EU investors than the EU did for NAFTA investors, the situation was different for the EU's investment relationship with the EFTA. Here, liabilities outnumbered assets to the tune of ECU 43 bn .

The EU's assets and liabilities at end of 1996 by zones



The so-called Offshore financial centers proved also to be very attractive for FDI originating from the EU: up to 1996, they amassed almost the same amount of EU FDI assets than the EFTA. Less than half of this found its way back into the EU in the form of FDI.

Comparatively large net assets prevailed with the MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), the NICs1 (Hong Kong, Singapore, South Korea and Taiwan) and the ASEAN (Malaysia, Thailand, Philippines, Singapore, Indonesia, Brunei, Vietnam), which hosted EU investment assets worth between ECU 27 and 30 bn. In contrast, FDI liabilities vis-à-vis these countries remained low, the NICs1 coming top with roughly ECU 6 bn. The whole continent of Africa (18 bn of assets versus 4 bn of liabilities), followed by Central and Eastern Europe (ECU 19 bn vs. 1 bn) and the NICs2 Asia (Malaysia, Thailand and the Philippines with ECU 10 bn vs. 0.6 bn) also had a similar share in the EU's FDI position.

Emerging markets - who invested where

In what geographic or economic zone did investors from individual EU Member states seek their fortune?

Investment positions within Central and Eastern Europe were dominated by German assets, which amounted to roughly 40% of what the EU had invested by end of 1996. This was almost three times the amount Austria, which held the second largest stake, had invested. The Netherlands followed third with ECU 2.76 bn worth of FDI assets, while France recorded ECU 1.51 bn. The remaining EU Member states only had FDI assets worth less than one billion within the CEEC area.

Assets in selected emerging markets at end-1996

(ECU bn)

	CEEC	NICs2A	MERCOSUR	ASEAN
EU	18.88	9.90	28.34	26.94
DK	0.77	0.27	:	0.38
DE	7.71	1.41	:	3.56
FR	1.51	0.04	5.54	2.16
NL	2.76	2.41	3.23	5.73
AT	2.86	0.02	:	0.05
FI	0.14	0.02	0.11	0.08
UK	0.79	4.97	4.05	13.54

A different investment structure existed in the NICs2 Asia, where the investment positions featured large UK assets, which amounted to ECU 4.97 bn at the end of 1996. The Netherlands came second amongst the EU Member states, while German investors had engaged themselves with ECU 1.41 bn within the NICs2 Asia zone.

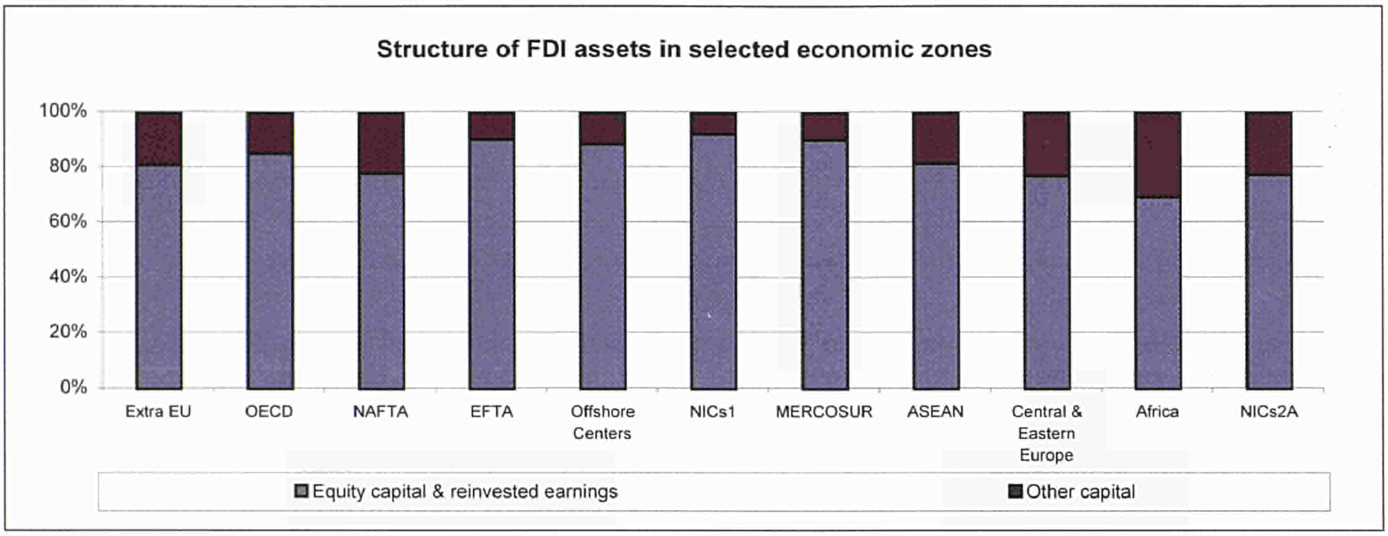
The MERCOSUR attracted a large share of EU FDI from France. The United Kingdom followed together with the Netherlands, who also had noteworthy interests in the region up to 1996. Germany was the largest European investor in the region: figures for Uruguay and Paraguay are not available, but German FDI assets in Argentina and Brazil alone came close to ECU 7.35 bn.

Within the Asean, it was the UK, which was the top investor. Its FDI assets amounted to roughly half of the EU's total assets there, of which a large part (roughly ECU 7.9 bn) was located in Singapore.

The EU's FDI position at end-1996

(ECU bn)

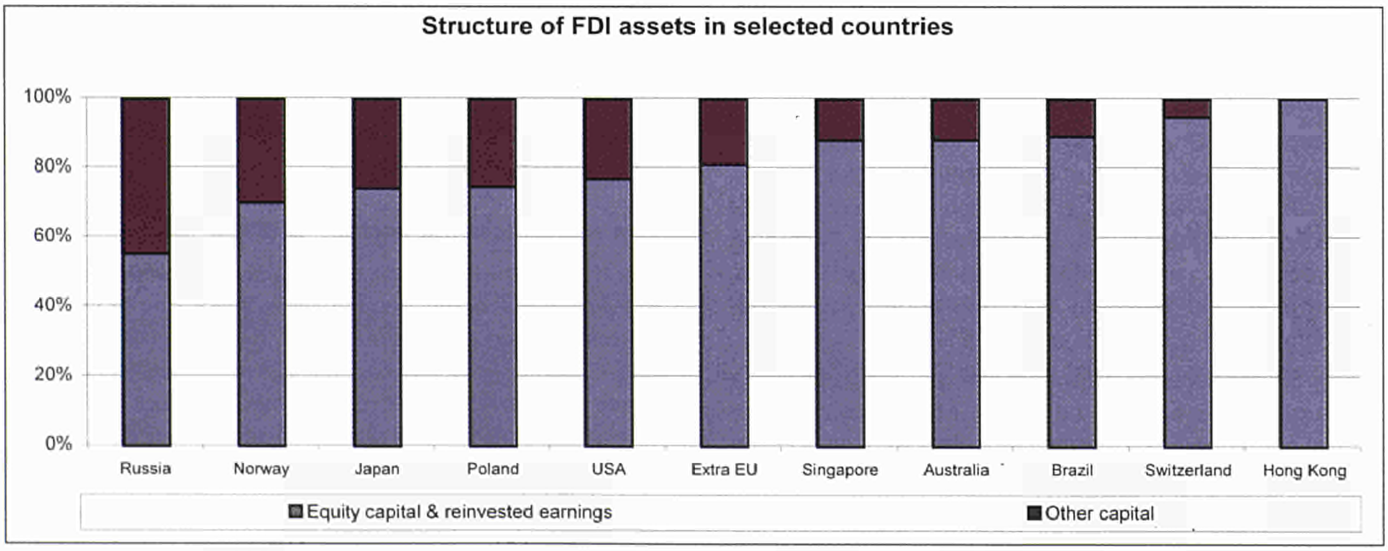
	Assets	Liabilities
Non EU	543.174	421.927
United States	232.967	210.585
Switzerland	46.410	85.074
Australia	26.502	13.580
Brazil	20.417	0.948
Canada	19.174	11.379
Singapore	15.458	3.007
Japan	12.062	31.915
Hong Kong	9.714	1.008
Norway	8.515	10.972
Argentina	7.447	0.476
Hungary	6.305	0.158
Czech Republic	6.087	0.173
Rep. of South Africa	5.285	1.226
Malaysia	4.901	0.299
Mexico	4.841	0.712
Poland	4.643	0.384
New Zealand	4.373	2.099
China	3.565	0.231
Thailand	3.031	0.161
Colombia	2.895	0.143
South Korea	2.771	1.482
Turkey	2.619	0.479
Chile	2.393	0.029
Taiwan	2.237	0.325
India	1.964	0.175
Philippines	1.963	0.153
Indonesia	1.827	0.358
Russia	1.417	2.014
Morocco	1.264	0.401
Venezuela	1.029	0.442
Slovakia	0.851	0.022
Slovenia	0.617	0.094
Egypt	0.548	0.272
Baltic countries	0.537	0.036
Israel	0.434	0.673
Iran	0.415	1.250
Croatia	0.333	0.064
Romania	0.298	0.055
NAFTA	256.982	222.676
EFTA	55.991	98.525
Offshore Centers	54.992	22.018
MERCOSUR	28.338	1.483
NICs1	30.180	5.822
ASEAN	26.944	4.329
Africa	18.172	4.331
CEEC	18.883	1.194
NICs2A	9.896	0.613



Varying structure of stocks

Different regions of the world accommodated different amounts of EU FDI stocks, which in turn were composed of varying proportions of equity capital and reinvested earnings on the one hand and other capital (mainly inter-company loans) on the other. It is the first mentioned category of FDI that has the 'say' in the enterprise concerned, proving the lasting interest of direct investor in its direct investment enterprise.

Normally FDI into new target regions entail important initial investments into the equity stakes of foreign direct investment enterprises and are thus reflected in a large share of equity capital in total FDI. However, particularly in countries in transition investments in equity capital might soon be followed by substantial transactions in inter-company debt. As time passes by, loans from the mother-company to the foreign affiliate gain in importance, in particular if the affiliate is operating in a difficult market that requires a more long-term approach. Sometimes this is compensated for by a larger share of reinvested earnings, which are ploughed back into the affiliate in order for it to gain foothold in the market. Finally, if a certain maturity and market position is established, inter-company loans should lose their weight as the initial FDI turns profitable. 81% of the EU's total FDI assets outside the Union at end-1996 were in equity capital and reinvested earnings. EU investment assets in the OECD stood slightly above this benchmark at 85%. However, within the OECD, the NAFTA fell short of the extra EU average with 78%, while investments in the EFTA consisted of a comparatively large share (90%) of equity capital and reinvested earnings. Two other areas showed a similarly ratio, namely the MERCOSUR (90%) and the NICs1 (92%). The structure of FDI assets in the ASEAN was very much in line with the extra EU structure. By contrast, in Central and Eastern Europe and in the NICs2 they were with 77% below par. Africa recorded the lowest share of equity capital and reinvested earnings in total extra EU FDI assets (69%).



The above chart highlights the varying structure of the EU's FDI assets in selected countries. For example, Russia hosted a comparatively low proportion of equity capital and reinvested earnings (around 55%). FDI assets in Norway (70%), Japan (74%), Poland (75%) and the US (77%) also fell short of the extra EU benchmark of 81%. Singapore, Australia and Brazil on the other hand accommodated a larger percentage (88-89%), while Switzerland and in particular Hong Kong came close to 100% of equity capital and reinvested earnings in the total EU FDI assets placed in these countries.

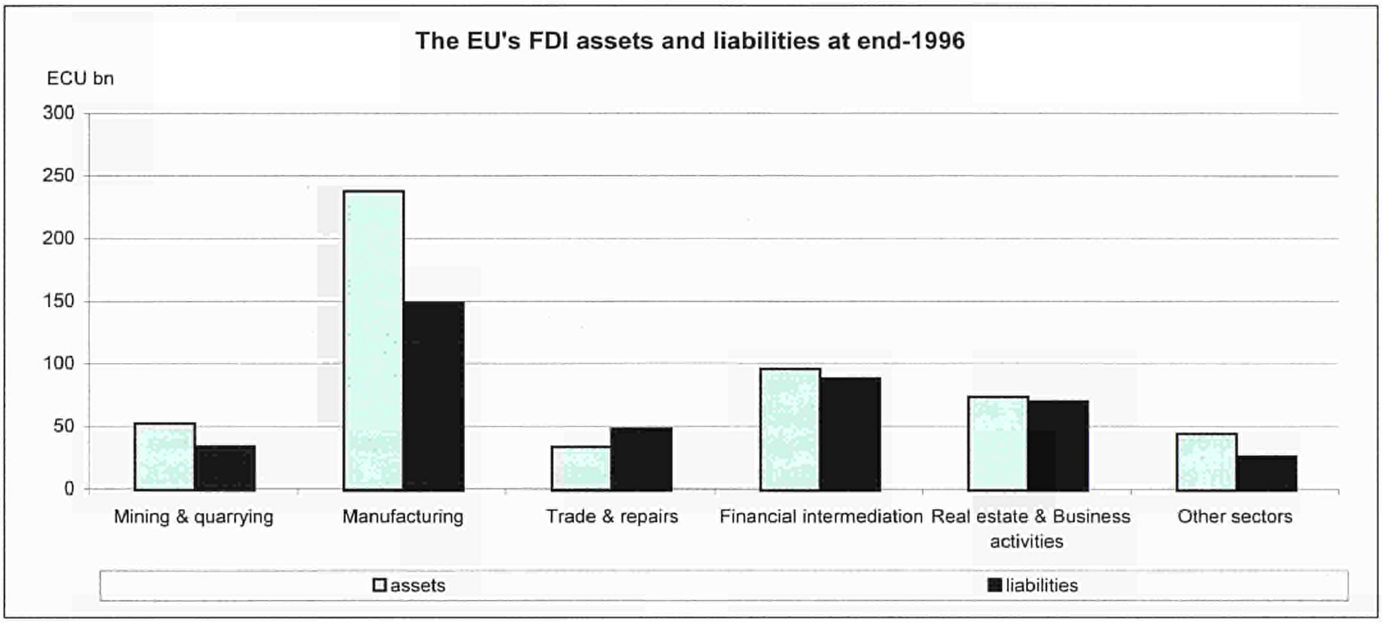
EU FDI position at end-1996: major investment sectors

IN BRIEF

- EU FDI assets in sevices almost equalled assets in manufacturing, while services dominated manufacturing on the liabilities side.
- Chemical and petroleum products was the most important subsector within manufacturing.

At the end of 1996, the European Union held foreign direct investment assets outside the Union worth ECU 543 bn. By far the largest share of this was invested by the manufacturing sector, which accounted for almost half of the EU's total assets abroad.

Financial intermediation (including monetary intermediation, financial holding companies and insurance activities) also proved to be a focal point in the EU's FDI activities: around one fifth of total assets were due to investments from this sector.



Real estate and business activities (including real estate -which played a minor role- and computer activities, research and development, business and management consultantcy and advertising) were the third most important owners of EU FDI assets abroad.

The mining and quarrying sector, which encompasses the extraction of coal and ores, petroleum and gases, had FDI stakes worth ECU 53.7 bn (or around 10%) placed outside the Union. Trade and repairs (including wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods) followed next with a share of around 6%.

A very similar investment pattern can be observed in the structure of the EU FDI liabilities. More precisely, the above mentioned FDI assets were opposed by roughly ECU 422 bn of FDI liabilities, of which 36% or around 150.3 bn were invested into the European Union's manufacturing sector.

Next stood a 20% share of foreign owned investment in financial intermediation, thus almost striking a balance between EU FDI assets and liabilities. Investments into real estate and business activities amounted at the end of 1996 to around 17% of total EU FDI liabilities, which was marginally higher than the outward investment position in this sector. Trade and repairs in the EU attracted a larger slice (12%) of FDI than it had invested outside the Union. The mining and quarrying industry more or less held its position when one compares its EU FDI assets and liabilities in proportional terms of the respective totals (10% vs. 8%).

The manufacturing sector - a closer look

The manufacturing sector caught the eye of investors both in terms of FDI assets and liabilities. It was one of the most interesting area of investment activity in terms of FDI at the end of 1996. Furthermore, the EU managed to establish a net asset investment position (meaning that FDI assets dominated liabilities) in almost all of the major manufacturing sub-sectors displayed here.

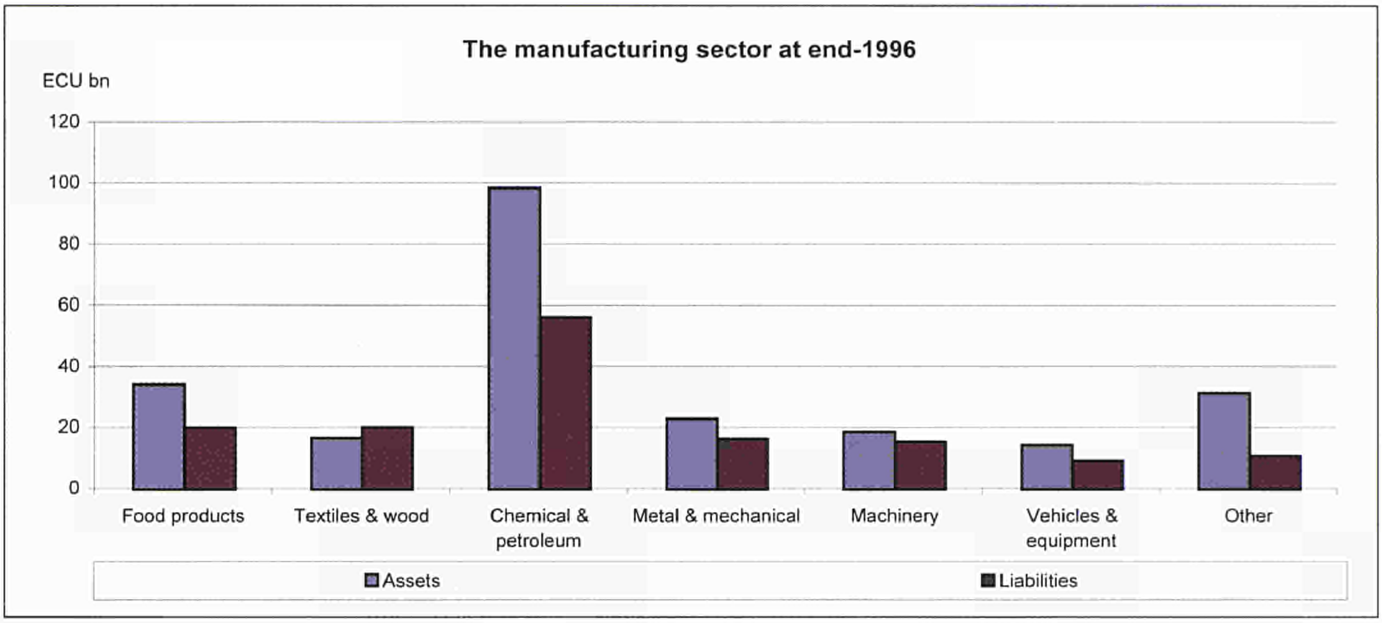
The manufacturing industry of petroleum, chemical, rubber and plastic products held FDI assets outside the EU worth ECU 98.8 bn or 41% of total assets. This was followed by the food product industry, which called around 34.4 bn of FDI assets their own. Both industries managed almost twice as many assets abroad as they conceded to foreign investors in the Union.

EU FDI stocks at end-1996

(ECU bn)

	Assets				Liabilities			
	Extra EU	US	Japan	EFTA	Extra EU	US	Japan	EFTA
AGRICULTURE AND FISHING	0.88	0.37	0.00	0.08	0.41	0.18	0.01	0.11
MINING AND QUARRYING	53.66	15.29	0.31	2.75	35.03	29.16	0.04	2.50
SERVICES*	235.93	99.53	4.72	33.28	230.04	93.34	25.44	67.60
MANUFACTURING	238.77	112.09	6.95	19.12	150.26	83.37	6.69	27.09
Food products	34.42	12.60	0.76	4.01	20.40	10.74	0.47	7.20
Textiles + wood activities	16.99	10.96	0.12	1.86	20.47	4.60	0.45	1.63
Petroleum,chemical,rubber,plastic products	98.82	48.07	3.22	4.10	56.39	34.68	1.01	10.42
Metal and mechanical products	23.26	10.24	0.63	3.25	16.66	9.76	0.89	4.32
Machinery, computers, RTV, communication	18.96	7.33	0.55	1.94	15.70	9.49	2.66	0.99
Vehicles + other transport equipment	14.65	4.61	0.20	1.95	9.54	7.24	0.97	0.76
ELECTRICITY, GAS AND WATER	6.52	2.06	0.01	0.33	3.26	3.37	-0.24	0.26
CONSTRUCTION	6.84	3.42	0.07	0.29	2.88	1.08	-0.06	0.62
TRADE AND REPAIRS	34.46	9.52	2.44	5.80	49.20	17.02	12.49	10.95
HOTELS AND RESTAURANTS	2.91	0.87	0.00	0.27	4.97	1.35	-0.61	0.46
TRANSPORTS AND COMMUNICATION	9.37	-0.75	0.01	0.83	6.70	3.20	-0.23	1.68
Land, sea and air transport	5.77	1.15	-0.03	0.54	2.68	0.96	-0.34	0.78
Telecommunications	2.15	-2.31	0.03	0.09	2.39	1.44	0.04	0.33
FINANCIAL INTERMEDIATION	96.78	35.73	1.55	13.67	89.40	25.08	11.71	31.92
Monetary intermediation	24.30	1.41	0.65	3.76	15.53	3.01	3.15	7.43
Other financial intermediation	34.87	13.16	0.35	8.05	64.11	18.92	8.01	18.53
Insurance & activities auxiliary to insurance	37.83	21.18	0.40	1.71	9.76	3.16	0.55	5.96
Other financial intermediation + insurance	72.70	34.34	0.75	9.76	73.87	22.07	8.57	24.49
REAL ESTATE & BUSINESS ACTIVITIES	74.32	44.66	0.44	11.90	70.75	40.73	1.60	21.89
Real estate	9.70	5.82	0.02	1.32	6.64	3.09	0.06	1.34
Computer activities	0.58	0.40	0.00	0.07	2.42	1.86	0.07	0.06
Research and development	0.78	0.66	0.00	0.02	0.60	0.72	0.00	0.05
Other business activities	62.91	37.61	0.39	10.41	60.84	34.84	1.44	20.40
Computer, research, other business activities	64.27	38.67	0.40	10.49	63.87	37.42	1.51	20.51
OTHER SERVICES	18.09	9.51	0.28	0.80	9.02	5.96	0.48	0.71
Not allocated	0.58	0.21	0.01	0.15	0.04	0.08	0.03	0.35
TOTAL	543.17	232.97	12.06	55.99	421.93	210.59	31.92	98.53

*sum of trade and repairs, hotels and restaurants, transports and communication, financial intermediation real estate and business activities, other services



The textiles and wood sector, the manufacturing industry of machinery, computers, RTV and communication equipment together with vehicles and other transport equipment all owned between ECU 14 bn and 19 bn of extra EU FDI assets. The first two of these manufacturing sub-sectors faced roughly the same amounts of foreign owned investment capital in their respective industries within the European Union, whereas the manufacturing sector of vehicles and other transport equipment recorded a slightly more lopsided investment pattern.

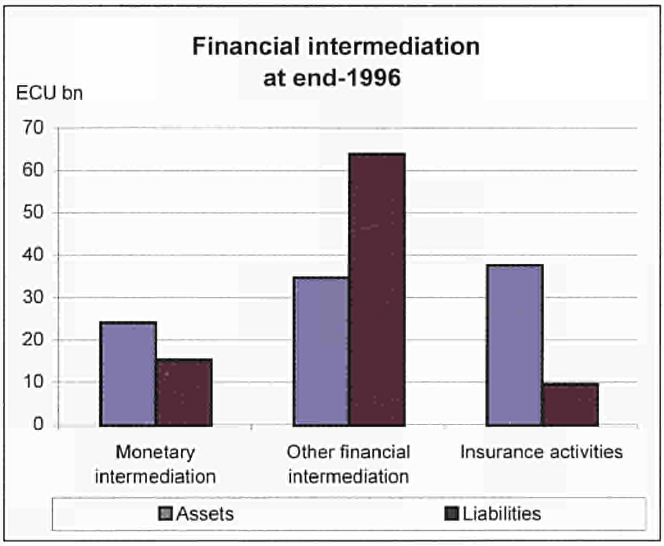
The EU's financial sector

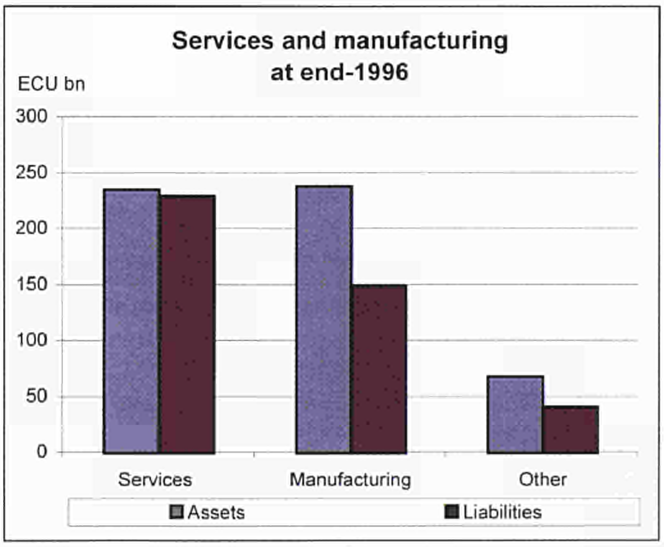
Financial intermediation occupied an important place in the EU's FDI statistics at end-1996. While overall assets and liabilities involving this sector where more or less balanced, some noteworthy differences emerge when one examines its sub-sectors. Here, insurance and related activities lead total extra-EU assets, while the corresponding liabilities amounted to a mere fourth of assets. A very different distribution existed for other financial intermediation (i.e. financial intermediation other than conducted by monetary institutions): here, extra-EU investors had placed almost twice the amount of assets in the Union. Assets in monetary intermediation were closer to the corresponding liabilities which gave rise to a less extreme net position.

Services versus manufacturing

As noted above, FDI assets belonging to the EU's manufacturing industry dominated FDI liabilities in this sector by a considerable margin: more than half the amount of total liabilities were managed on the asset side in surplus, which gave rise to a net asset position of roughly ECU 89 bn. Thus manufacturing accounted for nearly ¾ of the total EU net asset position (around 121 bn).

The services sector saw a more level investment relationship: at end-1996, the service sector called ECU 236 bn worth of FDI assets outside the Union its own. Conversely, investment liabilities owed to foreign investors seeking their fortune in the EU services sector amounted to 230 bn. Hence the EU managed a comparatively small net asset position of around 6 bn. Amongst the other sectors, mining and quarrying revealed the largest net asset position with 18.6 bn or 15% of the total EU net asset position.





Negative FDI stocks

For some sectors, the EU recorded negative FDI stocks - both for assets and for liabilities.

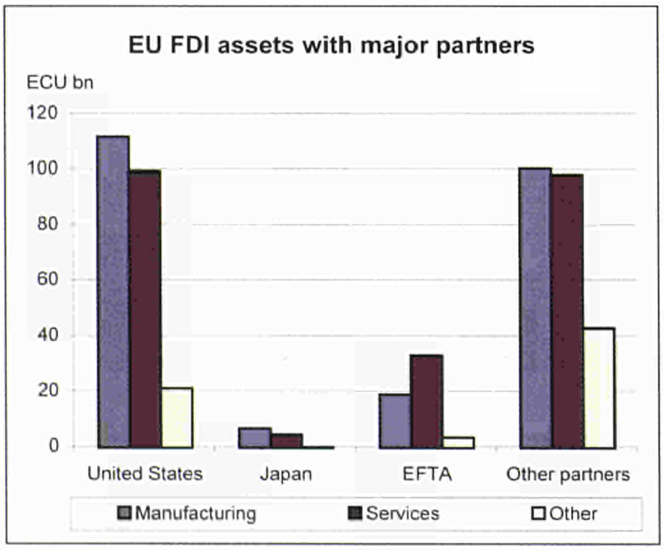
How should this be interpreted, in particular how do negative FDI stocks come about? In practice, if an enterprise that is (partly) owned by foreign direct investment capital makes accumulated losses, than these losses will be deducted from the equity capital of the enterprise. Thus if these losses exceed the total capital of the enterprise, negative FDI stocks may be observed. In some of the cases, these losses are compensated by the parent company (i.e. the direct investor) through loans or fresh equity.

This situation may be observed in some of the sectors displayed here: the transport and communication sector recorded negative FDI assets worth around ECU 0.75 bn at end-1996 in the United States. This was mostly due to negative assets (amounting to roughly 2.3 bn) in telecommunications.

Some investment sectors in the EU shared a similar fate: for example, electricity, gas and water or the construction industry with FDI stemming from Japan. Interestingly, in the data displayed here negative FDI stocks existed on the liabilities side only with Japanese investors.

FDI links with major partners

The EU's FDI assets abroad were mostly invested by the manufacturing sector. It had substantial stakes in the United States, which amounted to roughly ECU 112 bn at the end of 1996. Almost the same amount was held in countries other than Japan and the EFTA (where manufacturing FDI assets stood at ECU 7.0 bn and 19.1 bn respectively).

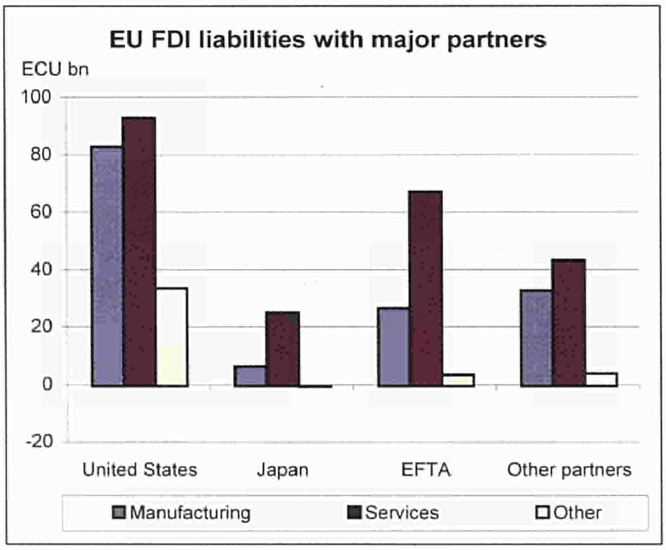


With around two percent of total assets, a comparatively small amount of FDI belonging to the EU manufacturing or service sectors existed in Japan.

The EU service sector invested worldwide almost as much as the manufacturing sector did, in particular in the US. However, the slight dominance by the manufacturing sector did not prevail in the EFTA: here, services outspent manufacturing by roughly ECU 14 bn. The mining and quarrying sectors also played in important role with 35.3 bn spent on FDI in countries other than the US, Japan and the EFTA.

At end-1996, EU FDI liabilities in the manufacturing and service sector owed to non-EU investors fitted into a different structure -in particular services were more attractive.

It was again the US that was the EU's main FDI partner, managing more than half of the foreign direct investment in the EU. However, US investors preferred to invest into the EU's service enterprises (to the tune of ECU 93.3 bn). This stood against 83.4 bn worth of US owned capital in manufacturing.



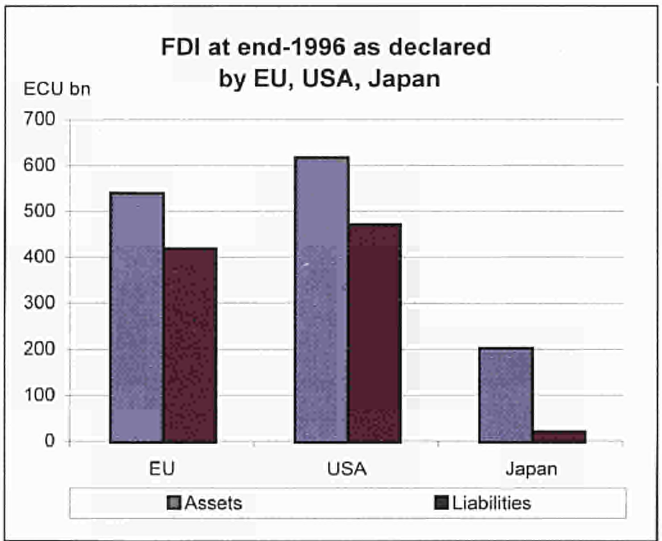
While this was a more or less balanced relationship, investments from Japan and the EFTA were dominated by FDI links with the service sector. Japanese investors had roughly four times more FDI capital tugged away in services than in manufacturing. In particular investments into trade and repairs and financial intermediation did more than to offset the modest negative stocks mentioned earlier on. EFTA investors also sought their fortune more in services than manufacturing: a quite remarkable ECU 67.6 bn had found its way into this particular sector in the EU by end of 1996.

EU FDI position in comparison to the United States and Japan

IN BRIEF

- The EU and the US were in terms of an overall investment structure very similar.
- Japanese investors declared having invested more on the US market then they did on the EU market.

As noted above, the European Union held foreign direct investment assets outside the Union worth ECU 543 bn at the end of 1996. This was opposed by roughly ECU 422 bn of FDI liabilities to countries from outside the EU. In comparison, the US managed ECU 620 bn worth of FDI assets abroad while it recorded ECU 474 bn of liabilities in 1996 (see US Department of Commerce: Survey of Current Business, September 1998). Hence both featured a positive net FDI position amounting to 20% - 25% of their respective assets. Japan (source: Bank of Japan) on the other hand showed a different investment balance: the ratio of assets to liabilities stood at almost ten to one at end-1996 leaving Japan with a considerable positive net FDI position.

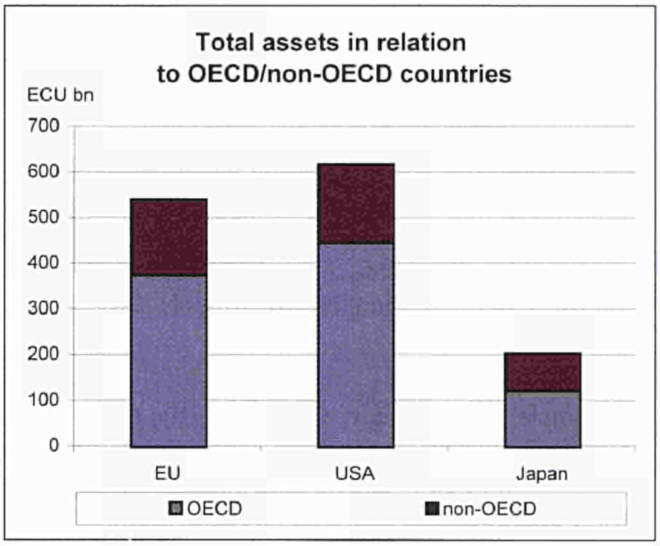


Overall FDI assets owned by Japanese investors worldwide were roughly a third of what EU or US investors had under their belt. However, foreign investment assets in Japan were only a small fraction of what the EU or the US conceded to foreigners on their respective home turf.

Where it all went

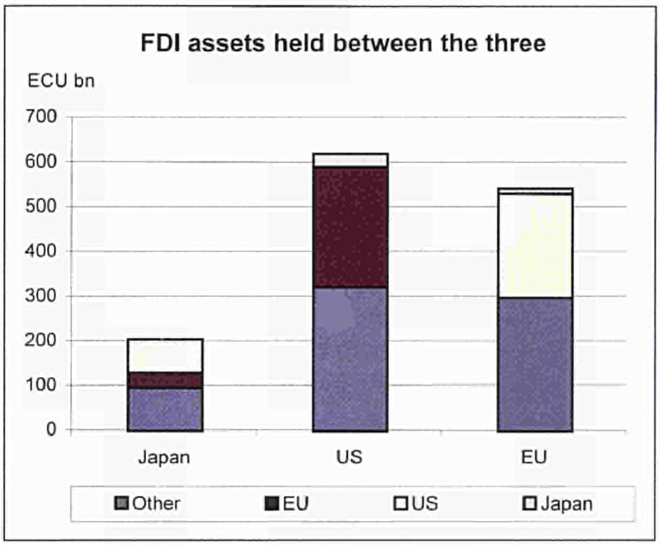
The EU and the US were in terms of an overall investment structure very similar: both volume and the ratio of assets to liabilities had the same order of magnitude. But where did they investment in relation to each other?

Again the US and the EU showed similarities in the choice of their FDI targets: around 70% of it went into the OECD countries. Japan on the other hand preferred to invest only 60% of its FDI capital into assets located in the OECD area.

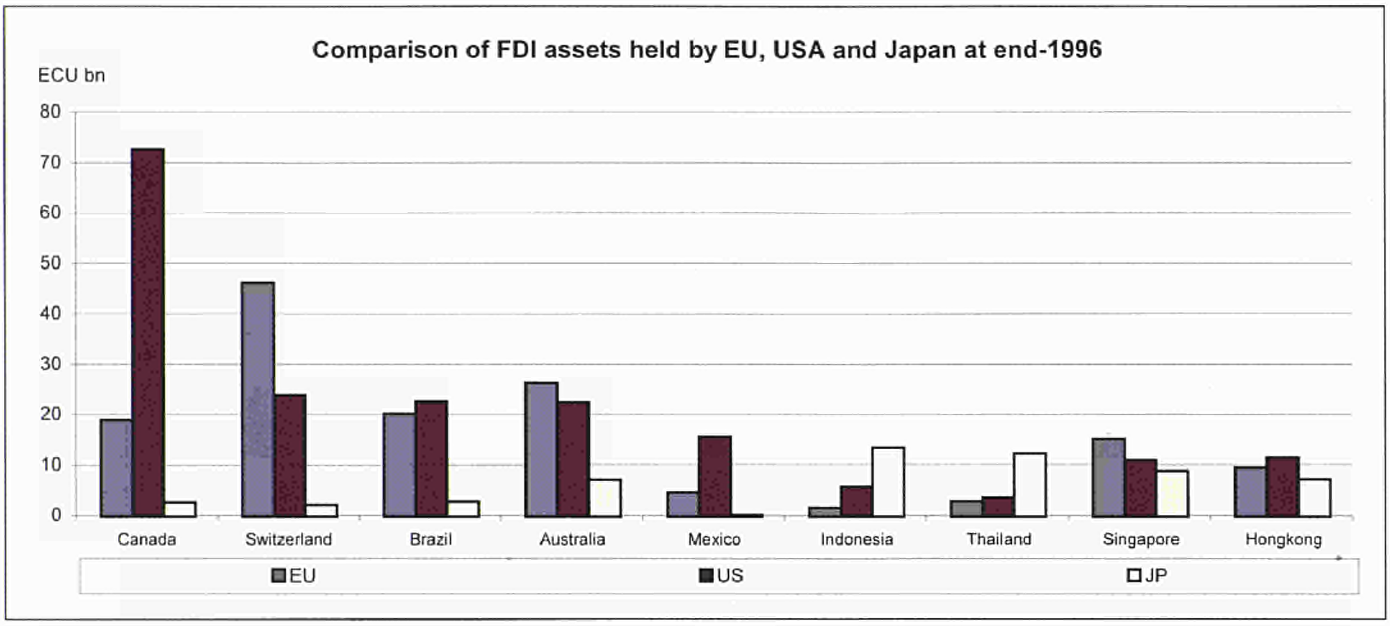


The remaining 40% were invested into non-OECD countries, in particular in Asia.

Japanese investors declared having invested more on the US market (around 36%) then they did on the EU market (17%). This however means that the US and the EU put together hosted more than half of all Japanese FDI capital.



The US had around 43% of their FDI assets tugged away in the EU, while the EU had exactly the same percentage of FDI placed in the US. This again highlights the observations that the US and the EU had a very similar overall investment orientation and that both enjoyed strong investment links with each other. Japan played a less important role for EU/US investors: respectively 2% and 5% of total FDI assets found their way into this economy.



As noted earlier on, some of the most important FDI destinations for EU capital where -apart from the US and Japan- Switzerland, Australia, Brazil, Canada and Singapore. But where did investors from the US or Japan seek their fortune? The US had similar FDI interests in Brazil and in Australia as the EU had in the two countries, namely around 4% of total assets were located there. Australia was of equal importance to Japanese investors (4% of total assets), whereas Brazil only hosted around 2% of Japanese FDI capital.

Geographic proximity appears to have influenced investment decisions as well, as the US held considerable FDI stakes in Canada and in Mexico. Although both countries were also of some importance to EU investors, they only ploughed around a third of what US investors did into these two countries. Switzerland on the other hand was a focal point in the EU's FDI activities: roughly twice as much as the US had was invested there.

Japan had its sights set more on investments in Asia, in particular in Indonesia (7% of total assets), Thailand (6%), Singapore (4%) and Hongkong (4%).

Interestingly, the US and the EU had lesser FDI interests in Indonesia and Thailand: however, both were more present in Singapore and Hongkong (around 2.3% of total assets).

Intra EU foreign direct investment position

IN BRIEF

- More than half of total EU FDI assets and liabilities were located within the European Union.
- The Netherlands was by far the most active investor within the EU.

As more than half of FDI assets and liabilities of Member states were located within the European Union in 1996, a closer look is taken at the structure of intra EU FDI relationships. In an ideal statistical world, the assets declared by all other Member states located in one Member state should equal the liabilities declared by this Member state towards its EU partners. With ECU 594.2 bn the declared EU assets in the Union in 1996 exceeded the corresponding liabilities by 42.2 bn, revealing an asymmetry of 7.1%. However, this asymmetry is much lower than for intra EU FDI flows in relative terms (see chapter on asymmetries) and information derived from intra EU positions should therefore reflect a reliable basic structure for FDI activity between Member states. It has to be pointed out that what is shown in the EU table (mirror statistics) under e.g. assets for one Member state is what was declared to have been placed there by other Members states. This figure does not necessarily equal the liability declaration of the Member state in question vis-à-vis the other Member states.

EU FDI positions at end-1996

(ECU bn)

Reporter: EU EU investment vis à vis:	Assets			Liabilities		
	Equity capital and reinvested earnings	Other capital	Total	Equity capital and reinvested earnings	Other capital	Total
Belgium Luxembourg	79.015	10.228	89.243	28.497	15.829	44.326
Denmark	8.171	1.909	10.079	7.720	1.802	9.521
Germany	33.005	24.277	57.281	88.297	17.203	105.500
Greece	2.417	0.696	3.114	0.193	0.076	0.269
Spain	28.368	6.650	35.018	4.166	1.790	5.956
France	63.623	13.509	77.132	63.247	16.536	79.783
Ireland	23.880	3.755	27.635	1.955	3.639	5.594
Italy	22.467	6.736	29.203	22.121	2.745	24.866
Netherlands	142.188	1.730	143.918	110.852	26.449	137.302
Austria	10.710	3.673	14.383	3.347	3.692	7.040
Portugal	9.823	1.259	11.082	1.686	0.360	2.045
Finland	3.195	0.600	3.795	7.264	1.794	9.058
Sweden	7.374	3.784	11.158	20.195	7.518	27.714
United Kingdom	66.488	14.385	80.873	73.105	18.952	92.056
World	**940.869**	**196.459**	**1 137.328**	**751.023**	**222.853**	**973.876**
Intra EU	**500.842**	**93.312**	**594.154**	**433.496**	**118.453**	**551.949**
Extra EU	**440.027**	**103.147**	**543.174**	**317.527**	**104.400**	**421.927**

About 52% of Member states total assets -that is all assets located within and outside the EU (ECU 1137.3 bn)- were held in EU countries. On the liability side, the weight of intra EU liabilities was five percentage points higher. In both cases, equity capital had a higher portion than stocks stemming from intercompany debt (other capital). However, other capital assets in the Union represented less than one fifth of total intra EU assets, whereas it was slightly more on the liability side.

Portion of Intra EU assets in total assets at end-1996

(%)

Assets	
Equity capital and reinvested earnings	53
Other capital	47
Total	52
Liabilities	
Equity capital and reinvested earnings	58
Other capital	53
Total	57

Nearly one quarter of 1996 intra EU FDI assets were held in the Netherlands. Next came Belgium/Luxembourg, the United Kingdom and France with portions between 13% and 15%. The German portion of intra EU assets was less then half that of the Netherlands, but still about twice those of Spain, Italy and Ireland, each concentrating between 5% and 6% on their home turf.

On the liability side, it was again the Netherlands that stood out. Member states declared to owe Dutch direct investors liabilities worth ECU 137.3 bn, which represents about one quarter of total intra EU liabilities. Assets and liabilities for the Netherlands were fairly balanced, so they were for the United Kingdom and France, coming third and fourth. However, they were substantially different for Germany and Belgium/Luxembourg, ranking second and fifth respectively among liability holders. EU liabilities to German direct investors outnumbered assets by 48.2 bn making Germany the by far biggest net direct investor within the Union.

By contrast, EU FDI capital working in direct investment enterprises in Belgium/Luxembourg was twice the amount that turned the wheels of companies located in other Member states and held by direct investors from Belgium/Luxembourg. Spain and Ireland recorded a similar ratio between assets and liabilities.

Switching to single Member states declarations allows shedding some light onto where they sought their fortune in terms of FDI. With about ECU 120 bn FDI assets in the European Union, the United Kingdom and Germany were biggest intra EU direct investors. Nearly every other ECU of British intra EU direct investment was hosted in the Netherlands. Next came France, catching 14% of UK assets, followed by Germany with a tenth.

German assets were not concentrated in only one host country; Belgium/Luxembourg took the lead with 21%. With the United Kingdom (18%), the Netherlands (14%) and France (13%) three other EU partners enjoyed a double-digit chunk of German assets. Portions of 6% to 8% of German assets were held in Spain, Ireland, Austria and Italy.

Even more dispersed were French assets, revealing five double-digit FDI host countries in the Union. However, comparatively strong focus was recorded for the Netherlands (25%) and Belgium Luxembourg (22%). Next came the United Kingdom with close to one fifth and Germany and Spain with a tenth each. French direct investors held 9% of their assets in Italy, which represents the highest portion displayed for Italy.

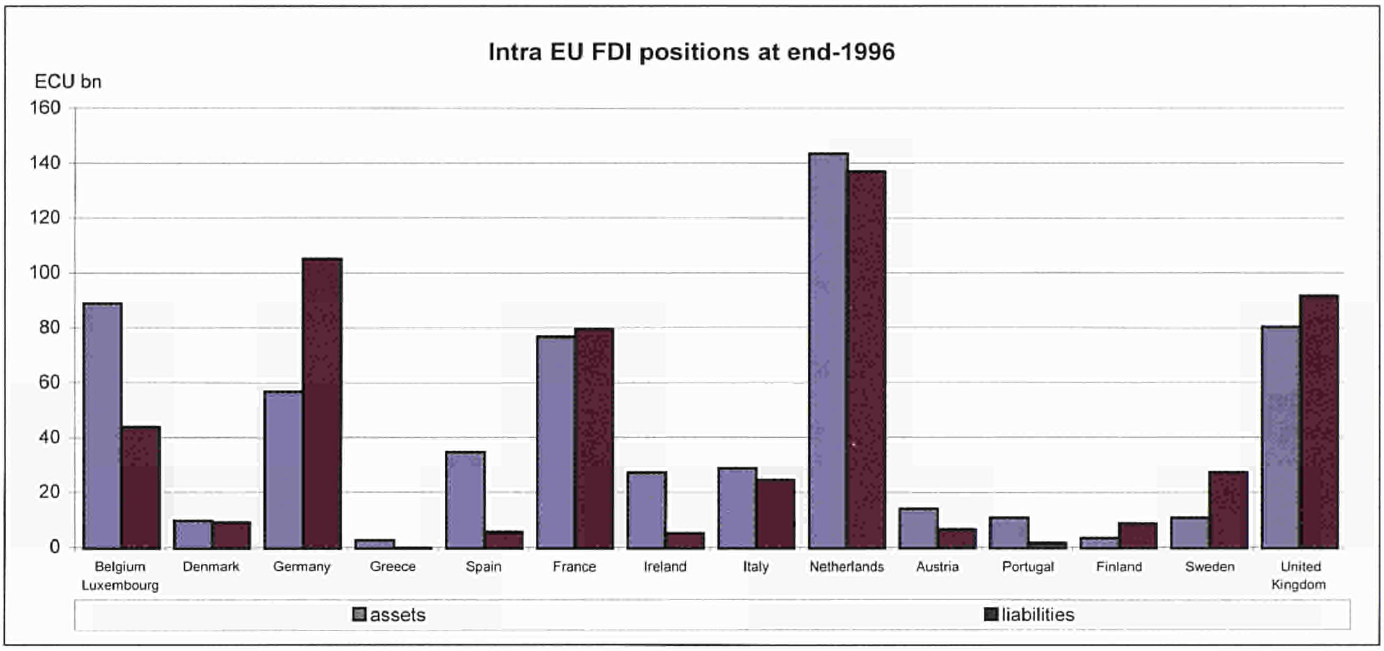
Structure of Intra EU assets by EU partner countries at end-1996

(%)

Destination	Declaring country							
	Denmark	Germany	France	Netherlands	Austria	Finland	Sweden	United Kingdom
Belgium Luxembourg	1	21	22	28	8	3	8	6
Denmark	:	1	0	2	1	8	6	3
Germany	9	:	10	14	44	12	11	10
Greece	0	0	1	1	0	0	:	1
Spain	2	6	10	7	2	2	3	4
France	7	13	:	15	6	7	12	14
Ireland	4	8	2	4	1	2	7	7
Italy	1	7	9	4	5	1	5	3
Netherlands	13	14	25	:	17	25	24	49
Austria	1	7	1	2	:	2	2	1
Portugal	4	1	2	1	4	0	1	1
Finland	4	0	0	0	0	:	6	0
Sweden	14	2	1	2	3	24	:	1
United Kingdom	40	18	18	19	9	11	16	:
Intra EU *(ECU bn)*	13.390	117.595	80.178	76.862	4.571	10.091	35.002	122.729

Dutch direct investors devoted 77% of their intra EU assets to four neighbours with Belgium/Luxembourg coming first (28%). Next came the United Kingdom, France and Germany. Swedish investor's engagements in intra EU FDI were three and a half times those of their Finnish colleagues, but revealed a fairly similar structure across target countries. Both held about a quarter of their assets in the Netherlands and between 11% and 16% in Germany and the United Kingdom. However, while Finnish investors accounted 24% of their assets in Sweden it was only 6% vice versa.

By contrast, two out of five ECU of Danish FDI assets were at work in the United Kingdom, and together with the portions for Sweden (14%), the Netherlands (13%) and Germany (9%) three quarters of Danish assets were concentrated in four different locations. Direct investors from Austria focussed on the German market with a 44% portion. Next came the Netherlands uniting about one sixth of Austrian assets in the Common Market. For other destinations in the Union, Austrian assets were quite diversified.



PART B

DIRECT INVESTMENT FLOWS

EU FDI FLOWS OVERVIEW

IN BRIEF

- Extra EU outward and inward flows grew again in 1997 (+82% and +27% respectively) after a drop in 1996.
- In 1997 the FDI flows from the Union to the rest of the world were twice as big as the FDI flows from the rest of the world into the Union (ECU 77.7 bn and 36 bn respectively).
- The trend toward increasing net exports of FDI capital continued in 1997, strongly accelerated by a tripling of the 1996 value to 41.7 bn.

Extra EU outward flows*

In the period 1992 to 1997, the EU foreign direct investments abroad amounted to ECU 232.1 bn.

After an increase of 36% from 1992 to 1993, the outward flows stayed stable in 1994 at ECU 24.1 bn. A sharp upward turn of 89% increased them to 45.6 bn in 1995 but they experienced a slight downturn of 6% in 1996. In 1997, EU outward flows surged by 82% and topped at 77.7 bn.

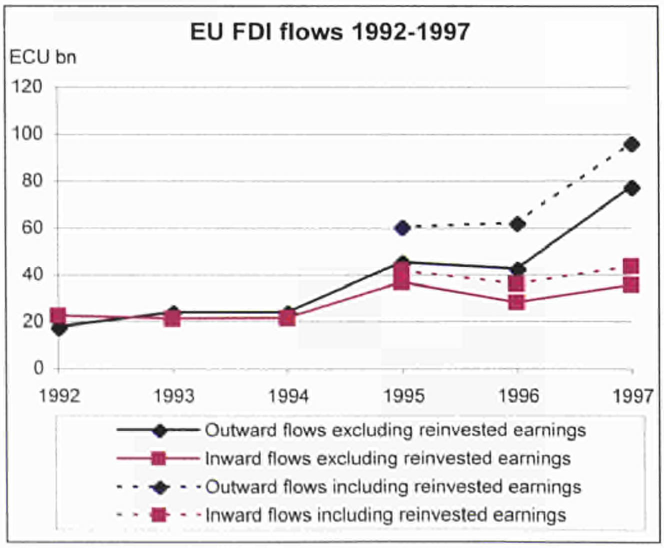
In comparison, EU outward flows including reinvested earnings grew by 54% in 1997, slower than outward flows into equity and other capital alone and amounted to ECU 96.4 bn. Between 1995 and 1996, outward flows slightly increased by 3% to 62.4 bn.

Extra EU inward flows*

On the inward side, the EU attracted ECU 167.7 bn from foreign direct investors in the period 1992 to 1997.

Between 1992 and 1994, the inward flows remained fairly stable at around ECU 22 bn. They accelerated in 1995 peaking at 37.2 bn. After a decrease of 24% in 1996, they moved closer to their 1995 peak with 36 bn in 1997.

The EU inward flows including reinvested earnings amounted to ECU 44 bn in 1997, 21% higher than in 1996. Between 1995 and 1996, inward flows decreased by 14% to 36.3 bn.



Intra EU flows*

In a perfect statistical world, the sum of the outward flows declared by each EU country with the rest of the European Union should be equal to the sum of the FDI flows that each EU country declared having received from the rest of the European Union. Unfortunately this is not the case and an Intra-EU asymmetry is observed (see chapter on asymmetry).

In the following paragraphs, Intra EU flows are presented only from the outward side.

Intra-EU flows amounted to ECU 322 bn in the period 1992 to 1997. This is 39% higher than EU FDI outward flows to the rest of the world.

However, after they fell 18% between 1992 and 1993, Intra-EU flows showed an increase of 25% in 1994 to ECU 50.3 bn. In 1995 and 1996, they grew annually by around 6%. In 1997 Intra-EU flows fell behind the EU FDI flows abroad for the first time, amounting respectively to 72 and 77.7 bn.

The Intra-EU flows including reinvested earnings increased by 30% in 1997 to ECU 85.3 bn. In 1995, they amounted to 62.7 bn.

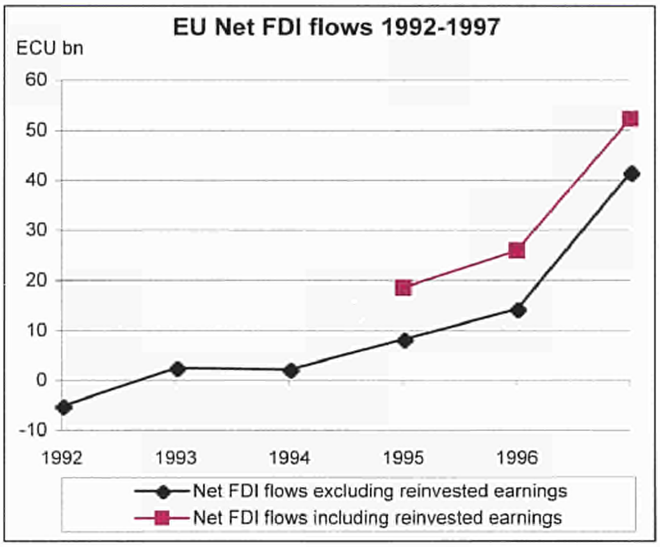
EU net flows

In the period 1992 to 1997 the EU was a net exporter of FDI equity and other capital to the tune of ECU 64.4 bn. If the available reinvested earnings for 1995-1997 are taken into account, the net export figure for 1992 to 1997 climbs to 97.3 bn.

After being a net receiver of FDI equity and other capital from the rest of the world in 1992 with ECU 4.9 bn, the EU became exporter again in 1993 with a net surplus of 2.7 bn. In 1994 it fell slightly to 2.3 bn (-13%). The increasing trend from 1995 to 1997 multiplied the surplus by 5 to 41.7 bn despite a slight slow down in 1996.

The net flows including reinvested earnings doubled between 1996 and 1997 and amounted to ECU 52.5 bn. In 1995 they stood at 18.7 bn.

* Excluding reinvested earnings. The FDI flows including reinvested earnings are available since 1995 only.



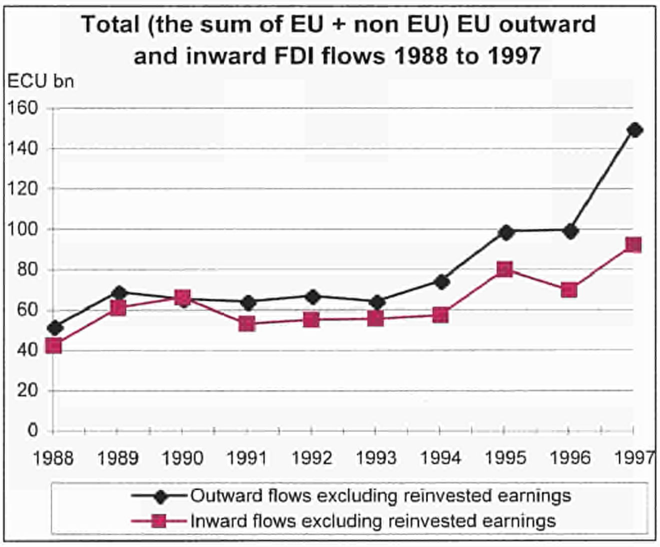
The overall FDI activity of EU Member states covers flows with EU and non EU countries. The long-term comparison of the trends for outward and inward flows in equity and other capital shows that outward flows always exceeded the inward flows between 1988 and 1997, 1990 making the exception. In the late eighties, inward flows grew stronger than outward flows and thus closed the gap between them. However, the setback in 1991 was ten times stronger for inward than for outward flows (-2% and -20% respectively). Both of them were characterised by more flat developments between 1991 and 1994. With view to the break in series from EU12 to EU15 between 1991 and 1992, this flat development becomes even more pronounced.

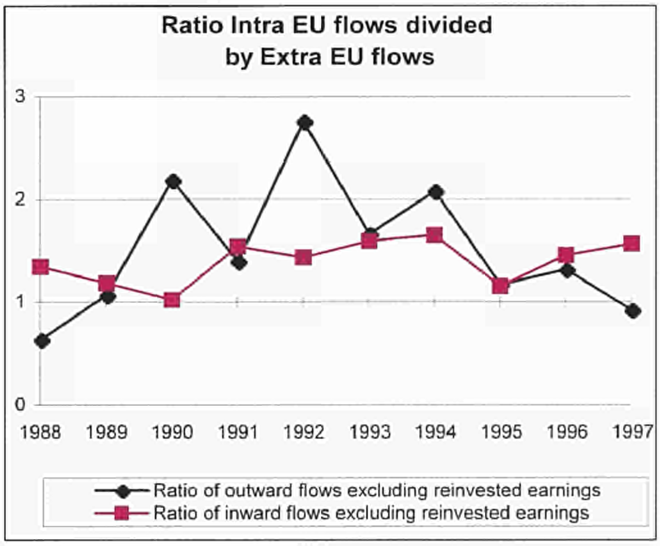
During the last two years observed total outward and inward flows diverged progressively and topped in 1997 with ECU 150.1 bn and 92.6 bn respectively. This difference was constituted by a slowdown of inward flows in 1996 while outward flows still grew shallowly, and by the 19 point stronger outward than inward expansion in 1997.

The ratio between intra and extra EU components of the flows gives an indication of the geographical focus of EU FDI. A ratio above (below) one indicates that EU Member states (non EU partner countries) played a more important role as target (outward) or source (inward) of FDI capital.

The ratio fluctuated stronger on the outward than on the inward side and for both directions EU partner countries played a more important role in the overall view, the observed ratio being mostly above 1. Compared to the relatively stable evolution on the inward side, the rise and decline of outward ratio stands out. Starting from a clear preference for non EU destinations in 1988, an upward trend lifted the ratio up to the 1992 peak, the year the Single Market was realised. The outward focus on EU partner countries in 1992 was so strong that nearly three of four ECU of FDI capital were invested in countries inside the Union. 1993 marked the turn-around towards more balanced portions in outward flows to EU and non EU destinations. In 1997, these portions were fairly equal for the first time in the nineties.

The ratio for inward flows stood always above 1, sometimes close to balance, therewith indicating a stronger weight of EU partners in the total EU inward flows. The trend towards more important Intra-EU flows was broken in 1995, with a two years lag after the shift towards a stronger focus on more Intra-EU outward flows. However, in 1997 the ratio jumped again to slightly below the levels seen in 1993 and 1994.





EU OUTWARD FLOWS TO NON EU

IN BRIEF

- North America has always been the most attractive target for EU direct investors during the 1992-1997 period (ECU 101.2 bn of cumulated outward flows). In 1997, the Union invested two ECU of five in FDI in equity and other capital in that market.
- Behind the United States (43% of Extra EU cumulated outward flows), Switzerland (7%), Hungary, Poland and Czech Republic (3% each) were the other important host countries of EU investments in equity and other capital between 1992 and 1997.
- In 1997, Switzerland came behind the United States with a 6% share of non EU FDI outward flows, followed by Mexico and Australia with 3% each.

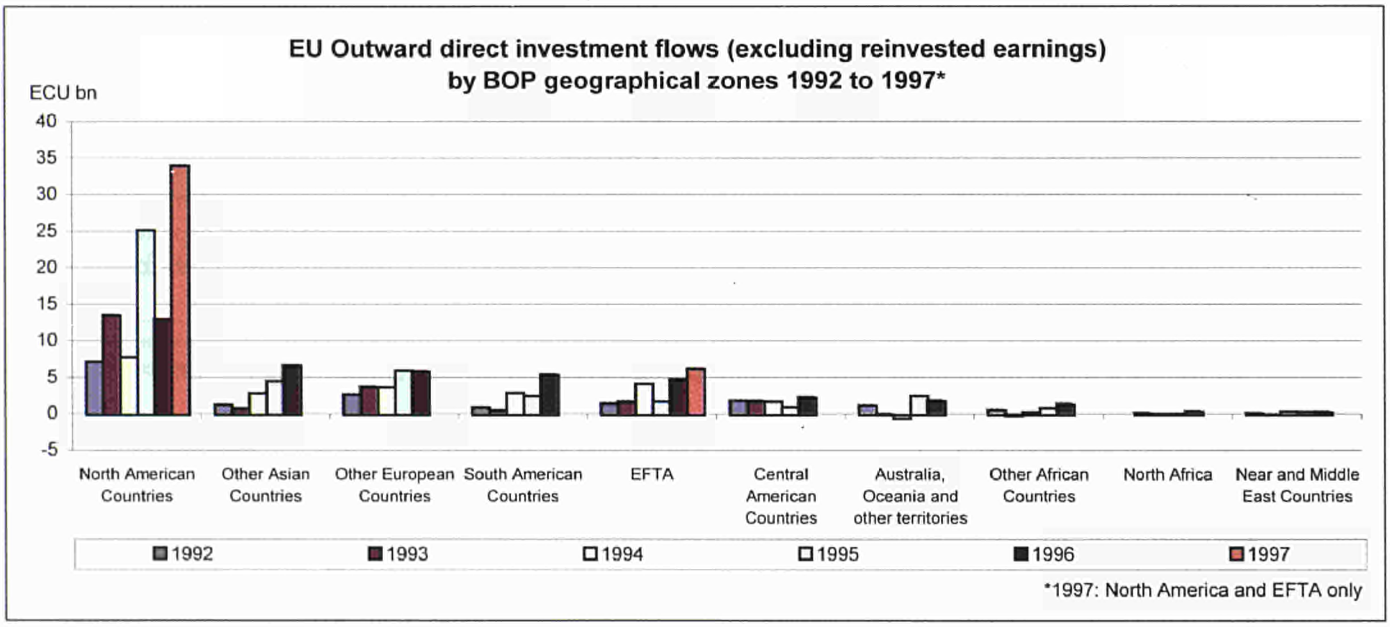
Outward flows by geographic and economic zones

In 1997 the EU outward flows to North America represented 44% of the Extra-EU outward flows in equity and other capital. After loosing some ground in 1996, North America attracted two and a half times more EU outward flows in 1997 and improved its relative portion in the total Extra-EU outward flows by 13 percentage points although staying below the benchmark portion of 1993.

Even with an increase of 33% in absolute values in 1997 (ECU +1.6 bn), EFTA lost some ground in relative terms and hosted 8% of EU FDI flows abroad compared to 11% in 1996.

EU FDI flows including reinvested earnings to North America and to EFTA countries represented respectively 46% and 8% of Extra-EU outward flows in 1997. Between 1996 and 1997, the two markets grew by 103% and 26% respectively in total FDI, the reinvested earnings alone by 17% and 3%.

The 1997 distribution among other markets could not be observed, as no data were available.

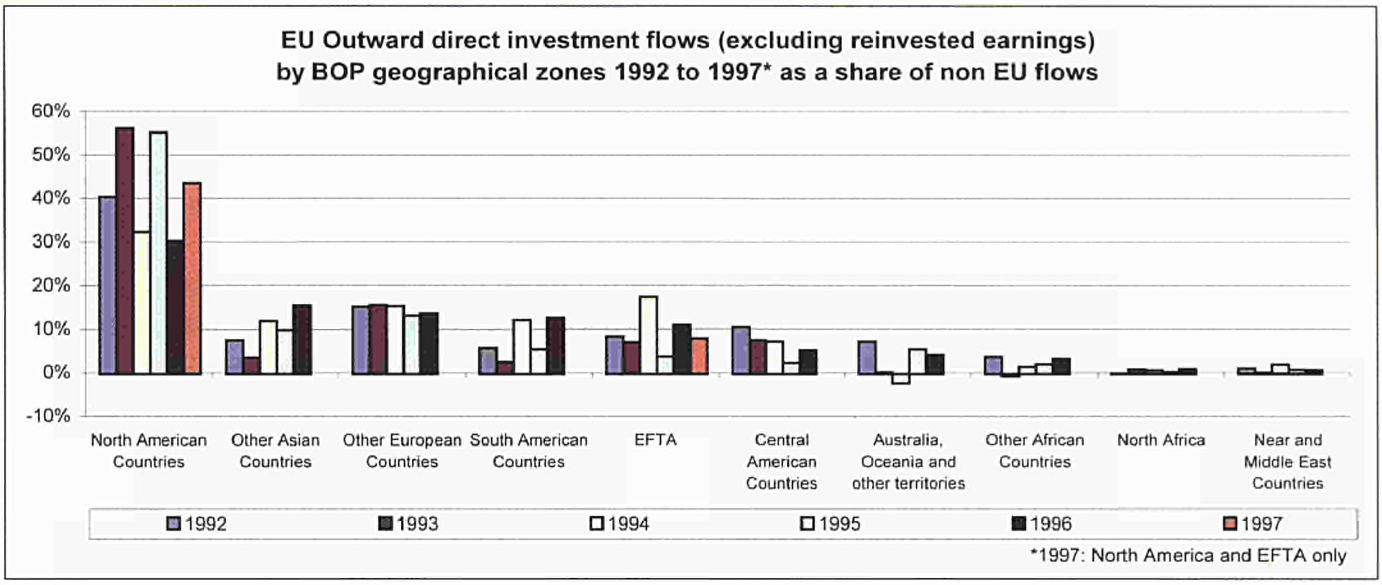


Other Asia was the second most attractive market in 1996 with 16% of the Extra-EU outward flows. That market overtook the Other European countries for the first time that year.

The same year, the part of the EU's reinvested earnings in Other Asian countries represented 20% of the total EU reinvested earnings to the rest of the world, it's to say a little less than half the North American relative part.

All the other markets but Australia gained structural shares in 1996 to the detriment of the North American market, which lost 25 percentage points in relative and ECU 12.3 bn in absolute terms, compared to 1995. South American, Central American and Other African markets topped at 5.5 bn, 2.3 bn and 1.5 bn respectively. Near and Middle East countries maintained their 1995 relative portion.

In 1996, reinvested earnings in Australia/Oceania and Central American countries represented each 9% and 8% of the total Extra-EU reinvested earnings, positioning them beneath North America and Other Asia. Near and Middle East countries saw a disinvestment in terms of reinvested earnings the same year.



EU outward flows to individual countries*

As no data on reinvested earnings are available before 1995, the analysed EU outward flows include reinvested earnings for the 1995-1997 period only.

Besides the United States (treated in a separate chapter), Switzerland, Mexico and Australia were the most attractive markets for EU investments outside the Union in 1997, accounting for 6%, 3% and 3% respectively of the total outward flows. Switzerland and Australia accounted for 2 percentage points more in 1996.

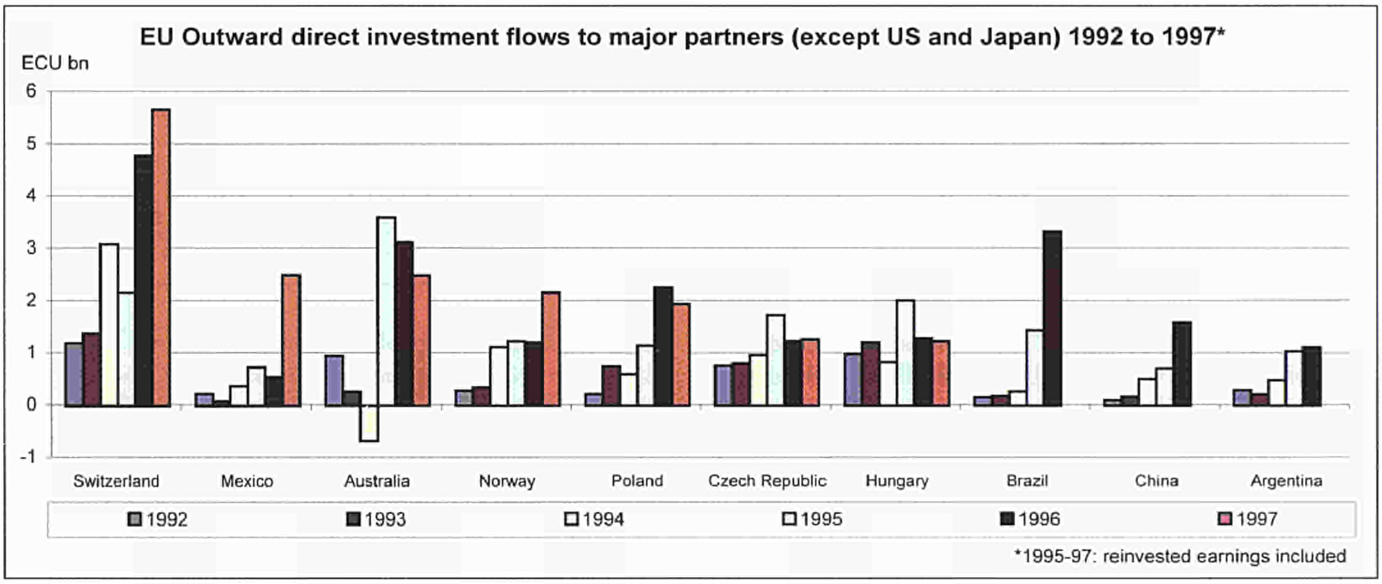
Between 1995 and 1997, Australia lost some ground in absolute and relative terms, while Switzerland gained in absolute and relative importance, with the exception of 1997 when its share lost 2 percentage points.

Next came Norway and Poland with 2% in 1997; as the first gained ground in absolute terms and in relative importance, the latter lost ground in absolute and relative terms.

Czech Republic and Hungary lost 1 percentage point annually during the 1995-1997 period, passing from 3% to 1%.

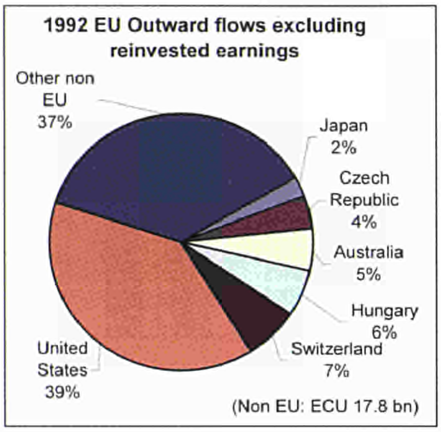
After peaking in 1996, Japan lost ECU 1.7 bn and decreased by 3 points in structural weight in 1997.

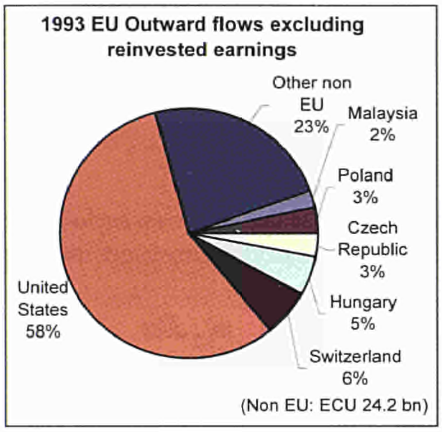
Without considering reinvested earnings in the total EU flows, Switzerland was the second most important target for EU investors between 1992 and 1997, 1995 making the exception. After peaking in 1994 with 13% in relative importance, Switzerland went down to 1.7% in 1995 with ECU 0.8 bn. In 1994, Australia saw disinvestments of 0.7 bn, but was the second most important market in 1995 instead of Switzerland. Both countries experienced comparatively strong fluctuations in investments from the EU.

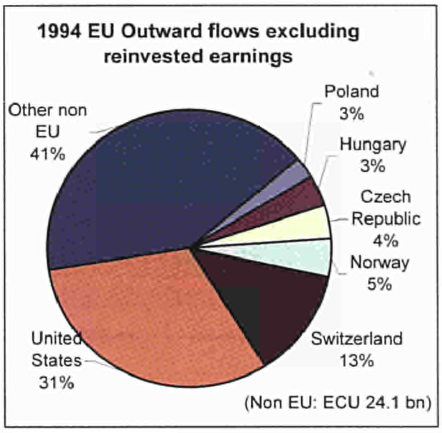


*As the 1997 data are not available for all partner countries, the figures presented for the year 1997 are provisional.

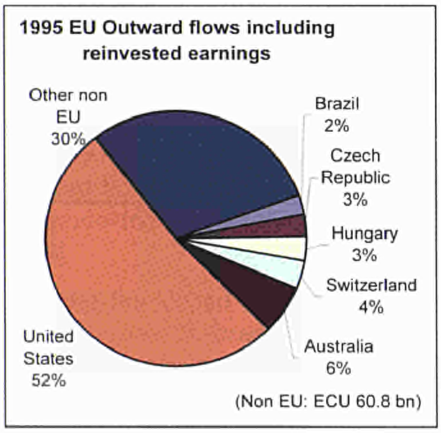
EU outward flows excluding reinvested earnings: 1992 - 1994

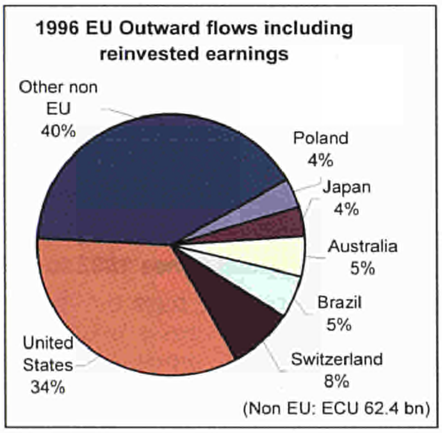


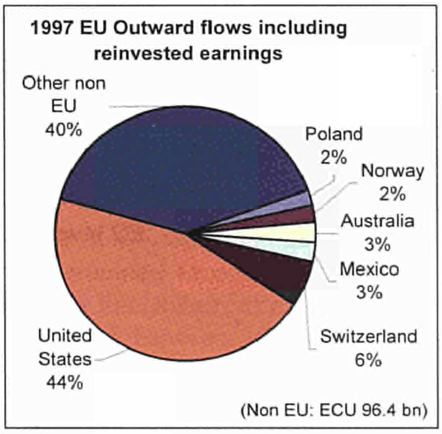




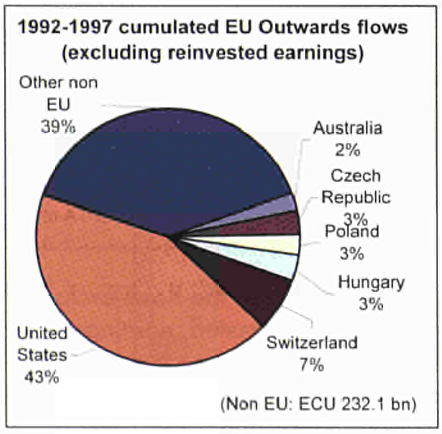
EU outward flows including reinvested earnings: 1995 - 1997







Cumulated EU outward flows: 1992 - 1997 (excluding reinvested earnings)



EU INWARD FLOWS FROM NON EU

IN BRIEF

- North America was by far the most important investor of FDI equity and other capital into the Union during the period 1992 to 1997. With ECU 99.5 bn it accounted for 59% of the cumulated FDI flows in equity and other capital entering the Union.
- Behind the United States (57% of the cumulated inward flows excluding reinvested earnings), Switzerland (11%), Japan (5%) and Norway (4%) were the most important investors into the Union between 1992 and 1997.

Inward flows by geographic and economic zones

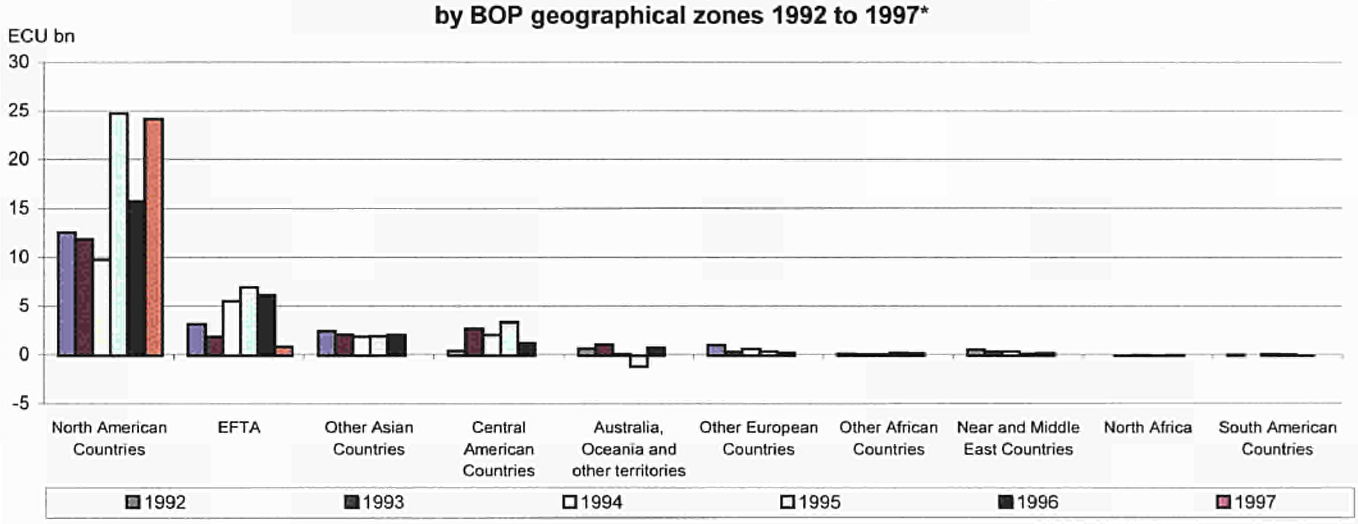
Compared with outward investments, inward flows into the Union were more concentrated. With North America, EFTA, Other Asia and Central America four investor markets performed the bulk of inward investments into the EU.

The relative importance of North America was even more pronounced on the inward than on the outward FDI side. From 1992 to 1997, between 56 and 67% of total inward investment into the EU were undertaken by North America investors, with 1994 making an exception.

North America invested into the Union ECU 8 bn more in 1997 than in 1996, coming closer to the 1995 peak after having lost ground in 1996, and therewith increasing by 11 percentage points its portion of total inward flows.

The inward flows from the EFTA countries slowed down substantially to ECU 0.9 bn in 1997. This downturn of 85% represented a loss of 20 percentage points in structural terms.

EU Inward direct investment flows (excluding reinvested earnings) by BOP geographical zones 1992 to 1997*



*1997: North America and EFTA only

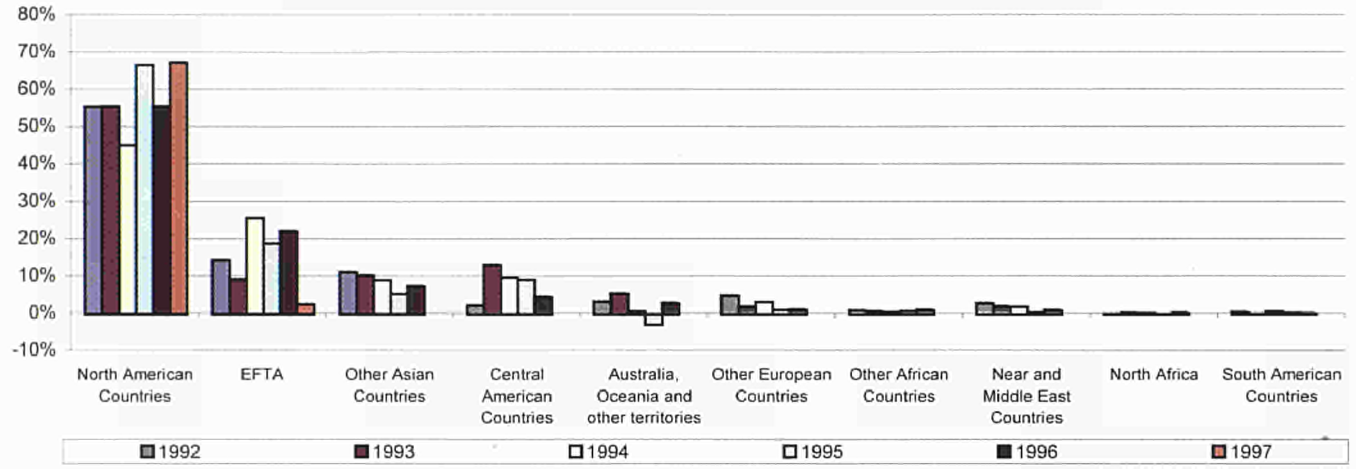
Direct investment from Other Asia was quite stable during the 1992-1996 period, fluctuating between 11 and 8% of the total FDI received from non EU except in 1995 where the portion was down to 5%.

The investors from Central American countries lost some ground in structural terms in 1996 and were overtaken by the Other Asian investors. They invested into the Union 54% less than the average of the previous three years.

In 1997, inward flows including reinvested earnings from North America and EFTA represented 61 and 11% respectively of the flows entering the Union and were 1.1 and 5 times respectively higher than the flows excluding reinvested earnings. As the reinvested earnings from North America lost in relative importance, the portion of EFTA in the total reinvested earnings increased by 40 percentage points between 1996 and 1997.

In 1996, the EU direct investment enterprises recorded disinvestments in reinvested earnings from Other European and Other Asian countries; as the inward flows including reinvested earnings from the former partner slightly decreased in relative importance, those from the latter gained 2 percentage points.

EU Inward direct investment flows (excluding reinvested earnings) by BOP geographical zones 1992 to 1997* as a share of non EU flows



*1997: North America and EFTA only

EU inward flows from individual countries*

As no data on reinvested earnings are available before 1995, the analysed EU inward flows include reinvested earnings for the 1995-97 period only.

In 1997, six countries performed four fifths of the EU inward flows: the United States (56%), Switzerland (9%), Canada (6%), Australia (5%), Japan (3%) and Norway (2%).

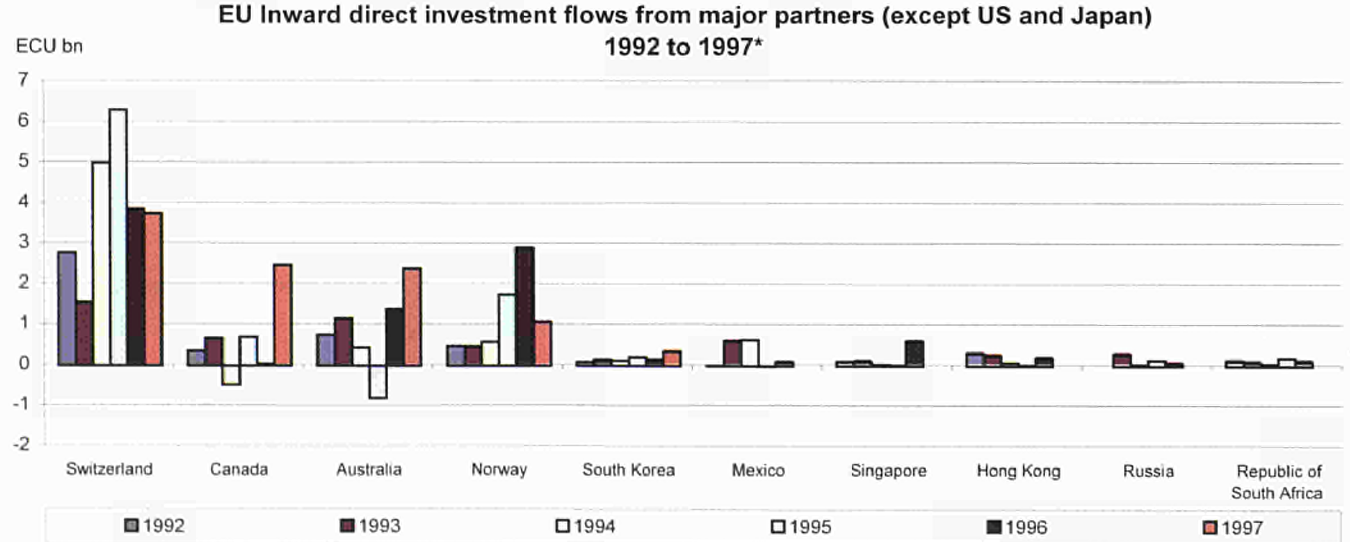
Besides the United States and Japan, treated in a separate chapter, Switzerland was again the second most important investor for the EU in 1997. Between 1995 and 1997, the EU inward flows coming from Switzerland amounted to ECU 13.9 bn and represented 11% of the cumulated EU inward flows. Next came Norway (5%), Canada (3%) and Australia (2%).

While the total flows from Switzerland decreased year by year in absolute and relative terms between 1995 to 1997, those from Australia increased yearly in absolute and relative importance after a disinvestment of ECU 0.8 bn in 1995. The flows from Norway increased by 65% to 2.9 bn in 1996 but went down again by 63% to 1.1 bn in 1997. Canada increased its investments into the Union 67 fold in 1997, after a decrease of 95% in 1996 compared to the previous year. South Korea multiplied its flows into the Union by 2.4 times, then amounting to 0.3 bn, while Mexico saw a small disinvestment in 1997.

Without considering the reinvested earnings in the total EU flows, Switzerland remained second most important investor in the Union after the United States, with 11% of the cumulated inward flows between 1992 and 1997. The Swiss investments in equity and other capital peaked in 1995 with ECU 5.5 bn but showed a cave-in in 1997 with only 0.17 bn. However, this was overcompensated by far by a large amount of reinvested earnings poured into the Union (3.6 bn) in 1997.

In 1997, 55% of inward FDI ploughed into the Union by Australian investors consisted of reinvested earnings. For Norway the corresponding weight of reinvested earnings was 25%.

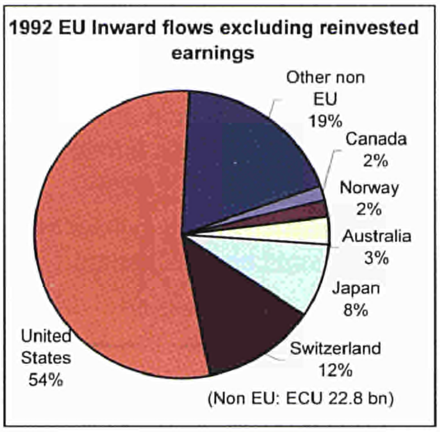
EU Inward direct investment flows from major partners (except US and Japan) 1992 to 1997*

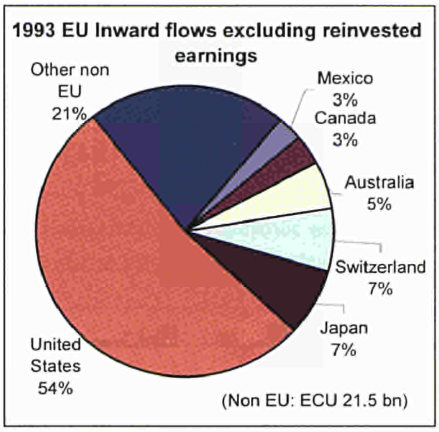


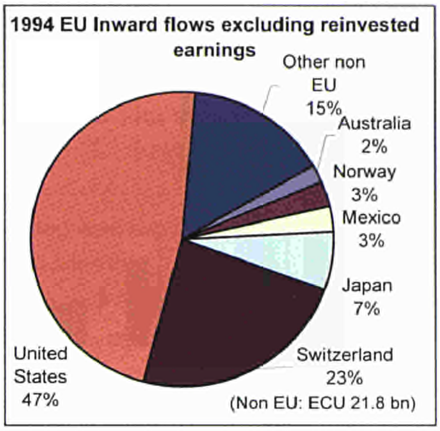
(*1995-97: reinvested earnings included)

*As the 1997 data are not available for all partner countries, the figures presented for the year 1997 are provisional.

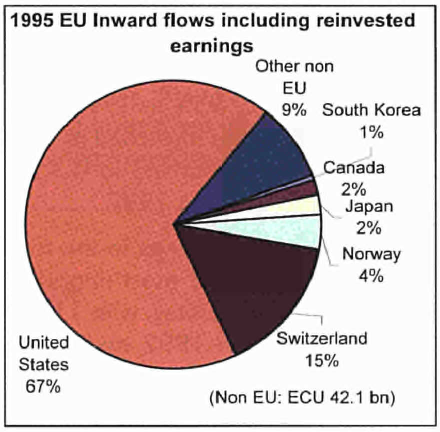
EU inward flows excluding reinvested earnings: 1992 - 1994

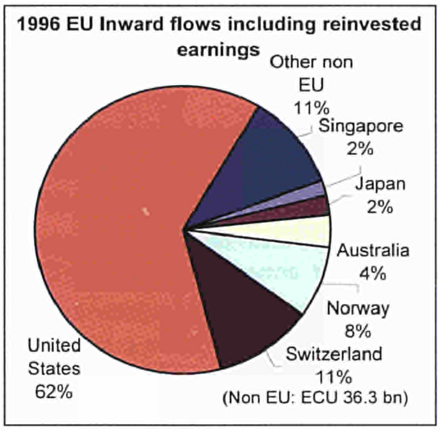


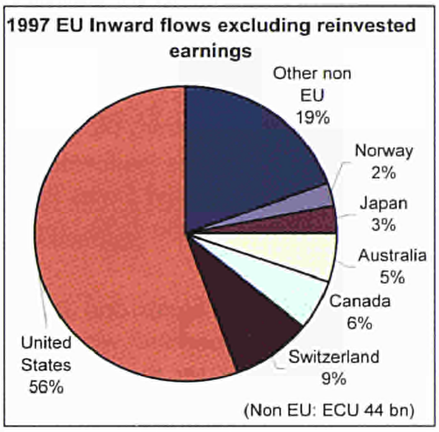




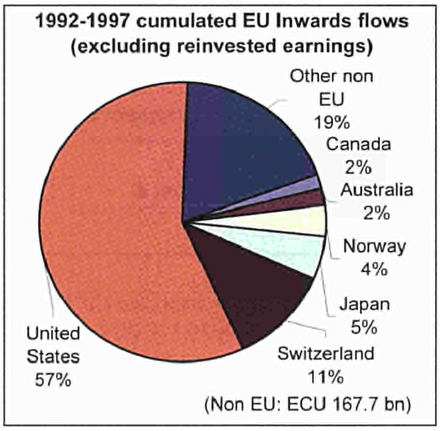
EU inward flows including reinvested earnings: 1995 - 1997







Cumulated EU inward flows: 1992 - 1997 (excluding reinvested earnings:)



EU FDI RELATIONS WITH USA AND JAPAN

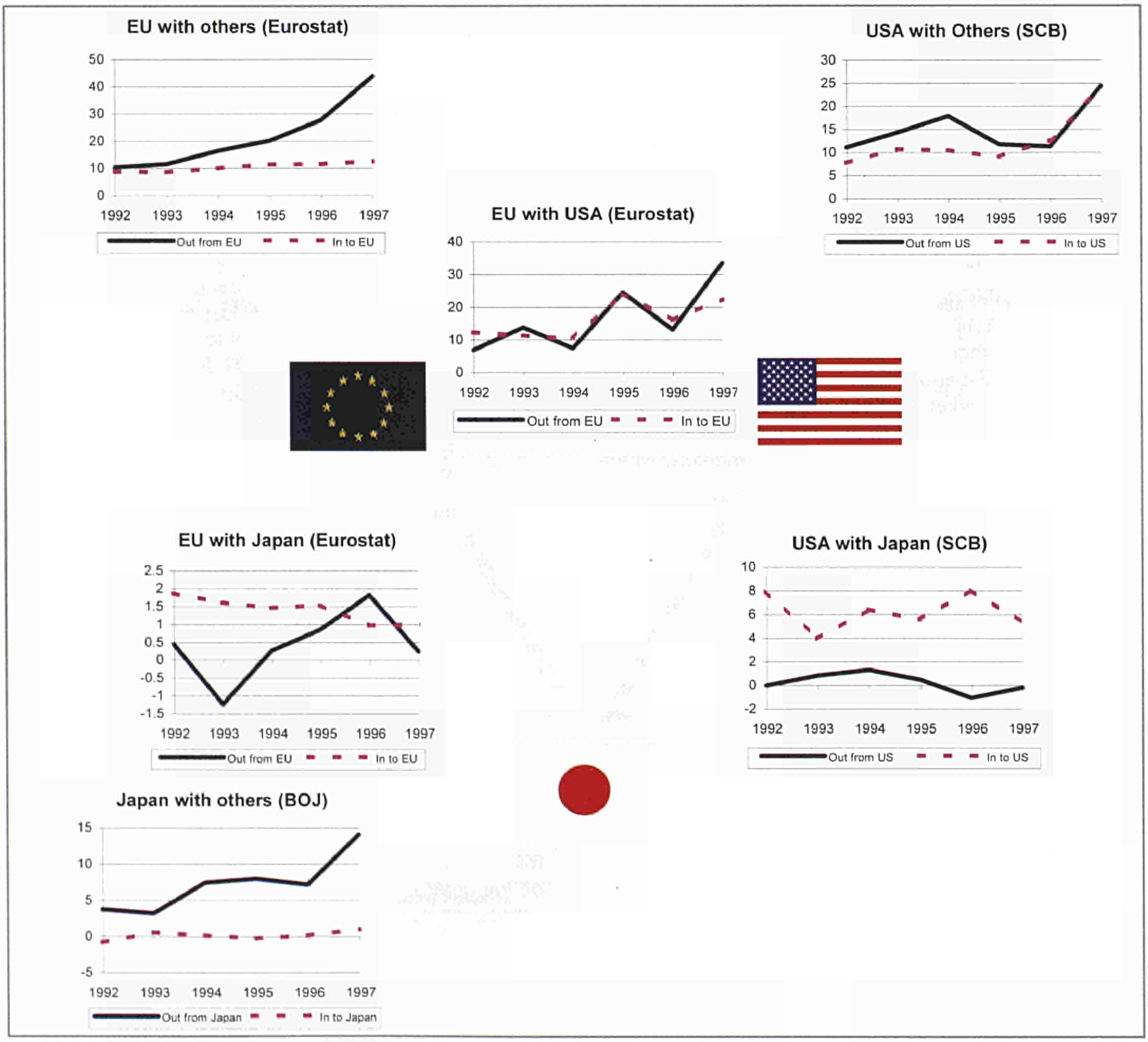
IN BRIEF

- In 1997 EU FDI flows to the US market exceeded US FDI flows to the EU markets by close to 50%, following a period of balance.
- Between 1992 and 1997, EU countries recorded an increasing FDI capital export with countries other than US and Japan.
- EU and US FDI flows follow common patterns as regards to the geographical distribution among economic areas/ continents.
- The Japanese market remains a marginal destination for EU and US direct investment capital, attracting only a small fraction of their FDI outflows.

FDI net flows of EU, United States and Japan

The gap between EU outward and inward FDI flows with US rose sharply in 1997 following a 1992-96 period where on average the two figures had been close to balancing out each other. In 1997 EU direct investments in the US market exceeded the inflows from US to EU markets by close to 50%.

Flows of outward and inward FDI from 1992 to 1997 between the EU, the United States, Japan and the rest of the World (ECU bn)



Source 1: Eurostat, EU relations with the United States, Japan and others. Source 2: US Dept of Commerce, Survey of Current Business (SCB), US relations with Japan and the rest of the world (except EU). Source 3: Bank of Japan (BoJ), Japan relations with the rest of the world (except EU and USA).

Data concern sum of Equity + Other Capital flows.

In comparison, the distribution of inward and outward FDI flows between EU and Japan appears more diversified. Between 1992 and 1995, EU recorded a strong net import of FDI capital from Japan, as Japanese FDI flows to EU markets remained higher than EU flows towards Japan. This gap began to narrow from 1993 onwards when EU countries increased their FDI activities in Japan sharply. However, in 1997 this trend initiates a downturn. Since 1992, Japanese FDI flows to the EU markets followed a rather constant, but negatively sloped trend.

EU FDI activities with countries other than US and Japan show that an increasing net export of FDI capital took place between 1992 and 1997. From a situation in 1992 when inward and outward flows were almost in balance, the gap increased significantly across the 1992-97 period, mainly due to a characteristical strong growth in EU FDI engagements in these areas outside US and Japan. At the same time inward FDI from these areas grew only moderately.

In comparison to EU countries, the US also recorded a strong net import of FDI capital from Japan during most of the period, first of all due to a relatively low level of outward flows to the Japanese market. One of the main outcome of the comparison between these three major economic areas is that Japan during the whole 1992-97 period received far less foreign direct investments than Japanese direct investors made in foreign markets.

Structure and trend in EU FDI relations

The United States remained EU's major partner in terms of FDI relations in 1997. On average the US market attracted more than 40% of EU FDI outward flows during the 1992-97 period, thereby representing by far the largest single market destination of EU foreign direct investments. On the other hand, US also appeared very important as direct investors on the EU markets, where they were behind more than 50% of the total EU FDI inward flows across these years.

Japan remained a rather small market for EU direct investors in 1997, as less than 1% of total EU FDI outward flows went to the Japanese market. Between 1992 and 1997, FDI outward flows to the Japanese market never exceeded 4%. The limited importance of Japan as FDI partner is also reflected in the share which Japanese direct investors represent in the total EU FDI inflows. Standing at 8% in 1992, this stake decreased gradually to 3% in 1997.

Markets other than US and Japan remained important destinations of EU direct investment capital during the years under observation. In 1996 and 1997 more than 50% of EU FDI outward flows went to other regions of the world, while these markets, on the other hand, generated between 31% and 41% of all FDI placed in the EU between 1992 and 1997.

Structure and trend in US FDI relations

The EU remained a major partner for US investors during the 1992-97 period. More than 52% of US FDI outward flows went to one of the 15 EU countries in 1997, thereby reflecting the pattern observed since 1992. On the other hand, EU investors held an equally strong part in the FDI inward flows to US where the share of EU FDI investments varied between 34% and 66% over the period.

During 1992 and 1997, Japan remainded a marginal market for US foreign direct investors. In 1997, US investors withdrew FDI capital from their affiliates in Japan. Japanese investors, on the other hand, counted for more than 8% of the total FDI inflows to the US market during this period.

Markets outside EU and Japan, however, held their positions as main receivers of US FDI capital between 1992 and 1997. On average around 44% of all US direct investment outward flows went to these markets during these years. On the other hand, between 24% and 38% of all direct investments placed in the US during this period originated from these markets.

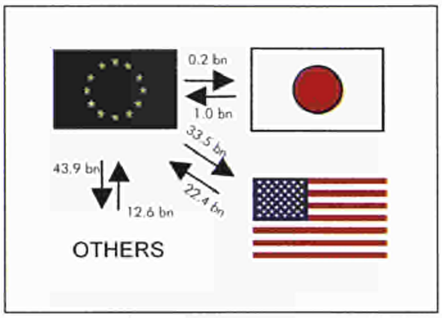
Structure and trend in Japanese FDI relations

Contrary to the pattern of EU and US FDI, Japanese direct investments appear to be geographically more evenly distributed. During the last five years Japanese FDI outward flows primarily went to the US market which received on average 42% of all Japanese FDI capital. On the other hand, US investors also belonged to the main direct investors on the Japanese market even though their relative importance decreased over the years.

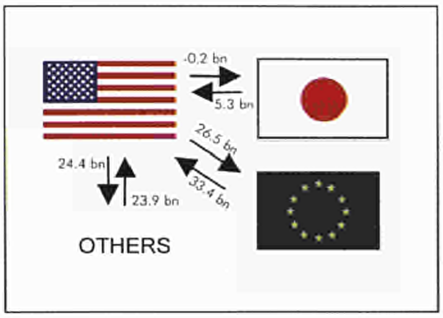
Accross the 1992-97 period, EU markets were only given third priority by Japanese direct investors, as on average only about 16% of all Japanese FDI capital was allocated to the EU market. On the contrary, and especially since 1994, EU direct investors counted among the main forces behind foreign direct investments made on the Japanese market.

Countries other than the US and EU became gradually more important for Japanese direct investors as a destination for FDI capital across the 1992-97 period. In 1997, almost 2 out of 3 ECU invested abroad by Japanese investors went to one of these countries. Their role as foreign direct investors on the Japanese market, on the other hand, was less dominant.

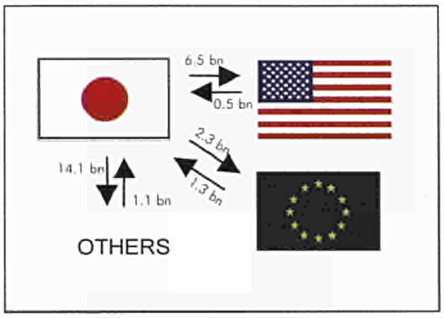
Data concern sum of Equity + Other Capital flows.



EU FDI flows with partners in 1997



US FDI flows with partners in 1997



Japanese FDI flows with partners in 1997

EU FDI flows with partners

(ECU bn)

Reporter: EU	Outward flows						Inward flows					
	1992	1993	1994	1995	1996	1997	1992	1993	1994	1995	1996	1997
USA	6.9	13.8	7.4	24.5	13.2	33.5	12.3	11.3	10.3	24.3	15.9	22.4
Japan	0.4	-1.2	0.3	0.9	1.8	0.2	1.9	1.6	1.5	1.5	1.0	1.0
Other	10.4	11.6	16.4	20.2	27.7	43.9	8.6	8.6	10.0	11.4	11.5	12.6
Non EU	17.8	24.2	24.1	45.6	42.8	77.7	22.8	21.5	21.8	37.2	28.4	36.0

(%)

	Outward flows %						Inward flows %					
USA	39	57	31	54	31	43	54	53	47	65	56	62
Japan	2	-5	1	2	4	0	8	7	7	4	3	3
Other	59	48	68	44	65	56	38	40	46	31	41	35
Non EU	100	100	100	100	100	100	100	100	100	100	100	100

Data concern sum of Equity + Other Capital flows.

Source: Eurostat

Japanese FDI flows with partners

(ECU bn)

Reporter: JP(1)	Outward flows						Inward flows					
	1992	1993	1994	1995	1996	1997	1992	1993	1994	1995	1996	1997
EU	2.6	2.7	2.4	2.5	2.5	2.3	1.0	-1.0	0.3	0.1	0.7	1.3
USA	6.9	5.8	5.2	6.8	8.7	6.5	1.9	0.4	0.3	0.2	-0.6	0.5
Other	3.8	3.2	7.4	8.0	7.2	14.1	-0.9	0.6	0.1	-0.3	0.1	1.1
World total	13.3	11.7	15.1	17.3	18.5	22.9	2.1	0.1	0.7	0.0	0.2	2.8

(%)

	Outward flows %						Inward flows %					
EU	20	23	16	15	14	10	49	-1304	38	205	367	45
USA	52	49	35	39	47	28	92	597	43	700	-342	16
Other	29	27	49	46	39	62	-41	807	19	-803	76	36
World	100	100	100	100	100	100	100	100	100	100	100	100

Source: Bank of Japan

US FDI flows with partners

(ECU bn)

Reporter: US	Outward flows						Inward flows					
	1992	1993	1994	1995	1996	1997	1992	1993	1994	1995	1996	1997
EU	9.2	19.9	22.1	22.0	10.6	26.5	8.2	28.5	17.8	23.2	31.5	33.4
Japan	0.0	0.8	1.3	0.5	-1.1	-0.2	7.9	3.9	6.4	5.6	8.1	5.3
Other	11.1	14.3	17.9	11.8	11.3	24.4	7.8	10.3	10.4	9.0	12.7	23.9
World total	20.3	35.1	41.3	34.3	20.9	50.7	23.9	43.1	34.7	37.7	52.3	62.5

(%)

	Outward flows %						Inward flows %					
EU	45	57	53	64	51	52	34	66	51	61	60	53
Japan	0	2	3	1	-5	0	33	9	18	15	15	8
Other	55	41	43	34	54	48	32	25	30	24	24	38
World total	100	100	100	100	100	100	100	100	100	100	100	100

Data concern sum of Equity + Other Capital flows.

Source: US Department of Commerce

(1) Since 1996, the outward and inward figures include reinvested earnings

EU with Emerging markets

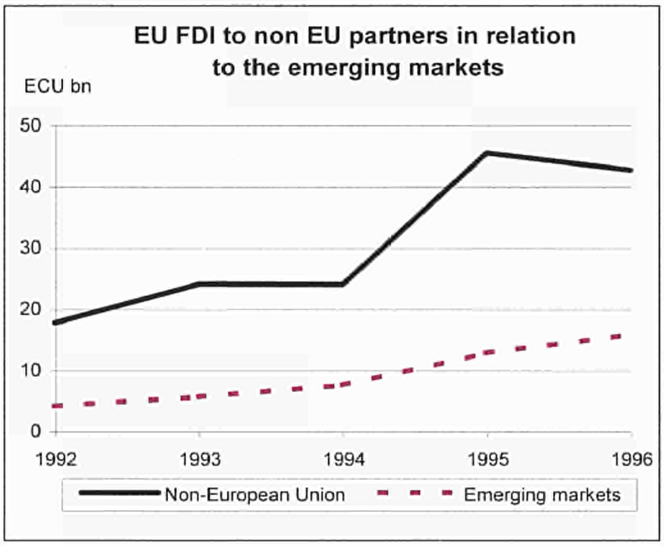
IN BRIEF

- More than 37% of EU FDI flows to non EU partners went to the so called emerging markets in 1996.
- The CEEC and the NICs2LA countries remained the main destinations of EU FDI capital in 1996, attracting almost 60% of total EU FDI outward flows to emerging markets.
- Between 1992 and 1996, FDI inward flows from emerging markets to the EU grew slower than the outward flows from EU to these markets.
- The CEEC and the CIS were approached relatively late by EU direct investors, while the EU FDI assets in NICs1 typically were established over several decades.

Emerging Markets are defined here to be: African APC countries, ASEAN, Central and Eastern European Countries, China, CIS, Candidate countries, India, NICs1 Asia, NICs2 Latin America and Mercosur (for the Emerging Markets total no double counting of individual countries was done).

FDI outward flows to emerging markets

In recent years it was thought that many investors turned their attention away from their traditional stomping grounds towards previously untapped opportunities - the so-called emerging markets. More than 37% or ECU 15.9 bn of EU FDI outward flows was funnelled into one of these economies in 1996.



Since 1992, the share of EU FDI going into these countries increased gradually. In 1992, the share equalled 24%, while in 1996 far more than one third of all EU FDI to non EU partners went to emerging markets. This trend was, however, temporarily interrupted in 1993 and 1995.

Main receivers between 1992 and 1996

Among the emerging markets, the Central and Eastern European Countries belonged to the main receivers of EU FDI capital in 1996, attracting close to 30% of all EU direct investments in these specific markets. Over the whole 1992-96 period, the CEEC also represented a major destination for EU direct investments, even though their share dropped significantly. In 1993 around 57% of all EU FDI outward flows to emerging markets went to one of the CEEC countries. It is furthermore characteristic that more than 98% of all EU direct investment flows to the CEEC went to one of the 11 so-called candidate countries [1] during the period.

In comparison, the traditional emerging markets NICs1 [2] (the first wave of Industrialized Countries) and NICs2A [3] (the second wave of Industrialized Countries in Asia) were subject to a lower interest from EU direct investors between 1992 and 1996. In 1996, total EU FDI outward flows to these two areas counted for less than 15% of all EU FDI outward flows to emerging markets. While the NICs2A area lost gradually importance since 1992 (1995 being an exception), the NICs1 gained in relative importance with regards to its share in total EU FDI outward flows to emerging markets.

The NICs2LA [4] in Latin America were also subject to increasing attention from EU direct investors across the 1992-96 period. Its share in EU direct investment outflows to emerging markets grew from 16% in 1992 to representing more than 28% in 1996. It thereby almost reached the level of total outward flows to the CEEC. The observed trend for the NICs2LA was even stronger reflected in the MERCOSUR area.

EU FDI outward flows to the fast growing Chinese market strongly increased between 1992 and 1996. In 1992, ECU 112 million or less than 3% of the EU direct investments in emerging markets were funelled into the Chinese economy. In 1996, China received ECU 1503 million or almost 10% of all flows to emerging markets.

Data concern sum of Equity + Other Capital flows.

[1] Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia

[2] Hong Kong, Republic of Korea, Singapore, Taïwan

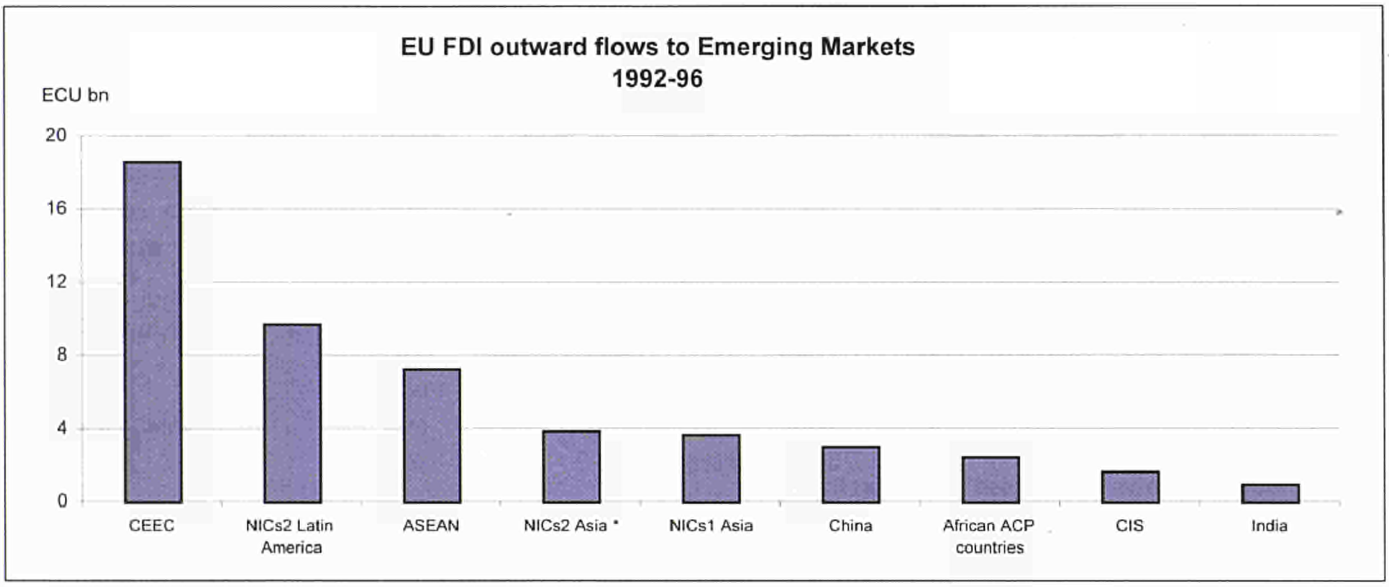
[3] Malaysia, Phillippines, Thaïland

[4] Argentina, Brazil, Chile, Mexico

In the same period, China's share of EU direct investments to extra-EU grew from 1% to 4%.

The Community of Independent States (CIS - comprising 12 members of the former Soviet Union) attracted comparable small but growing amounts of EU FDI capital between 1992 and 1996. In 1992, the EU made direct investments in the CIS countries worth ECU 33 million, counting for 0.8% of all FDI outflows to emerging markets. Four years later, flows amounted to ECU 482 million or 3% of all direct investments in these markets.

The importance of the African ACP countries (comprising 47 countries in Africa) has been increasing since 1993 when a disinvestment of about ECU 256 million was recorded. The relative importance of EU FDI to these countries rose from a 3.9% share in 1994 to representing more than 8% of the total EU FDI outward flows to emerging markets in 1996.



FDI inward flows from emerging markets

The evolution in EU FDI inward flows from emerging markets was characterised by a rather moderate growth between 1992 and 1996. While EU FDI outward flows increased fourfold over the period, the inward flows followed several up- and downturns. In 1996 the FDI inward flows exceeded the 1992 FDI inward flows by only around 20%.

The ASEAN countries together with NICs1 counted for more than 70% of all direct investments made in the EU by emerging markets investors in 1996. The African ACP countries also recorded a significant upswing in their foreign direct investments to the EU during the period.

Age of the EU FDI assets

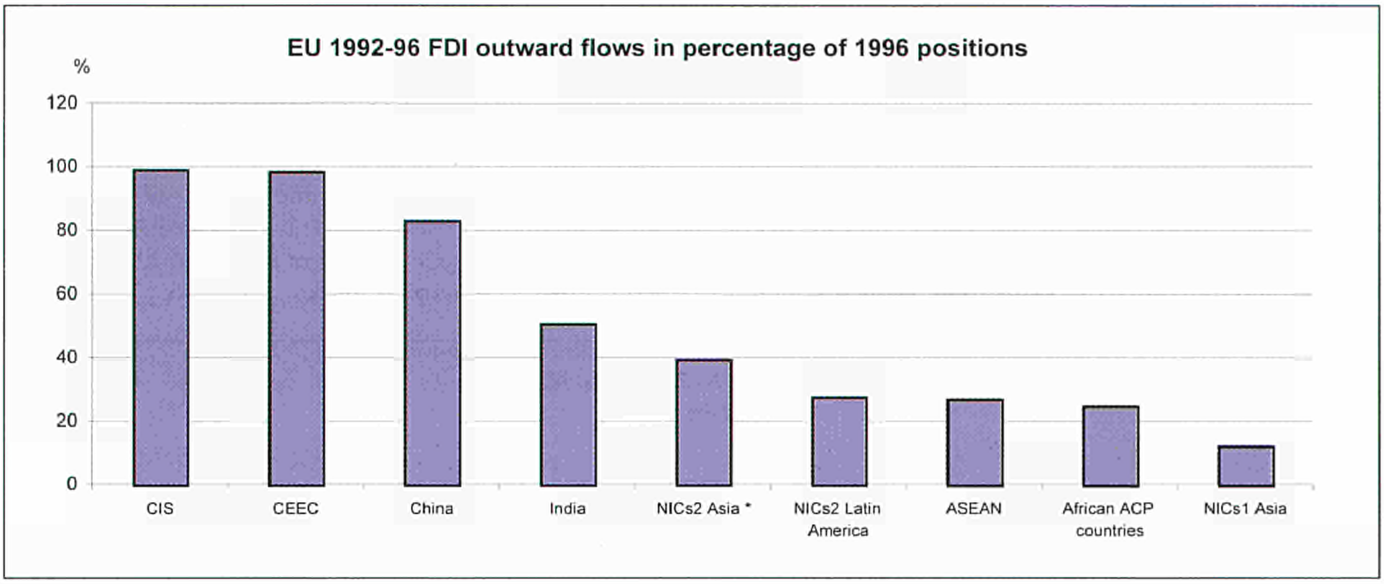
How recent are the foreign direct investments in different emerging markets? By calculating the ratio between the sum of the 1992-96 FDI outward flows and the 1996 FDI positions it is possible to obtain a rough impression on how recent direct investments are in different regions [5]. A high ratio indicates that a relatively significant part of the 1996 FDI positions was created during the last five years, whereas a low value indicates that the 1996 positions were created over a longer period.

A view on this ratio for the emerging markets reveals that significant differences exist in the single countries under review. On average about 41% of all FDI assets in emerging markets were built up between 1992 and 1996.

The CEEC, CIS and China were most recently approached by EU direct investors. For the first two, the sum of the last four years EU FDI outflows represents close to 100% of the FDI positions recorded there by the end of 1996.

(5) Due to revaluations, changes in exchange rates etc., the yearly change in FDI positions do not equal the sum of previous years FDI positions plus the present years FDI flows.

Data concern sum of Equity + Other Capital flows.



In the traditional emerging markets NICs1, NICs2A and NICsLA as well as the African ACP countries a relatively smaller amount of the EU FDI assets was realised between 1992 and 1996. EU FDI assets in the NICs1, however, seem to be 'older' in the sense that only about 12% of the 1996 EU assets were established between 1992 and 1996.

EU FDI outward flows to selected emerging markets

Partner	Outward flows (ECU Mio)					Outward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Emerging Markets	4241	5719	7591	12882	15858	24	24	31	28	37
African ACPcountries	598	-256	294	571	1287	3	-1	1	1	3
ASEAN	892	947	1876	1685	1886	5	4	8	4	4
CEEC	2117	3238	2868	5589	4829	12	13	12	12	11
China	112	181	521	739	1503	1	1	2	2	4
CIS	33	409	450	319	482	0	2	2	1	1
Candidate countries *	:	:	2824	5489	4815	:	:	12	12	11
India	-53	256	225	254	315	0	1	1	1	1
NICs1 Asia	115	308	387	1588	1317	1	1	2	3	3
NICs2 Asia *	734	795	1175	392	818	4	3	5	1	2
NICs2 Latin America	659	574	1291	2753	4464	4	2	5	6	10
MERCOSUR *	:	:	838	1653	3874	:	:	3	4	9
Others	13587	18438	16538	32698	26908	76	76	69	72	63
USA	6941	13789	7426	24534	13207	39	57	31	54	31
Japan	445	-1229	272	854	1822	2	-5	1	2	4
Offshore Centers	1952	403	2206	1160	2831	11	2	9	3	7
Rest	4249	5475	6634	6150	9048	24	23	27	13	21
Non European Union	17828	24157	24129	45580	42766	100	100	100	100	100

Data concern sum of Equity + Other Capital flows.

* The members of the Candidate Countries, excepte Cyprus, are also included in CEEC. The members of the NICs2 Asia are also included in ASEAN. For both the Candidate Countries and the NICs2 Asia no double counting was made for the Emerging market total. Hong Kong is included in NICs1 and the Offshore Centers. For Hong Kong no double counting was made for the Emerging market total. The Philippines are included in NICs2 Asia, ASEAN and the Offshore Centers. No double counting was made for the Emerging markets total.

EU FDI inward flows from selected emerging markets

Partner	Inward flows (ECU Mio)					Inward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Emerging Markets	1348	1631	1126	1483	1615	6	8	5	4	6
African ACP countries	87	54	81	145	191	0	0	0	0	1
ASEAN	211	137	162	135	758	1	1	1	0	3
CEEC	9	48	-135	146	25	0	0	-1	0	0
China	31	2	12	17	-3	0	0	0	0	0
CIS	546	299	46	122	107	2	1	0	0	0
Candidate countries *	:	:	524	226	47	:	:	2	1	0
India	4	34	-2	42	22	0	0	0	0	0
NICs1 Asia	516	543	270	299	959	2	3	1	1	3
NICs2 Asia *	42	18	80	10	143	0	0	0	0	1
NICs2 Latin America	48	631	707	97	127	0	3	3	0	-0
MERCOSUR *	:	:	93	582	37	:	:	0	2	0
Others	21412	19873	20688	35737	26805	94	92	95	96	94
USA	12286	11296	10347	24293	15931	54	53	47	65	56
Japan	1859	1600	1454	1535	958	8	7	7	4	3
Offshore Centers	1270	2383	1810	3577	2037	6	11	8	10	7
Rest	5997	4594	7077	6333	7880	26	21	32	17	28
Non European Union	22760	21504	21814	37220	28420	100	100	100	100	100

EU FDI positions and flows with selected emerging markets

Partner	1996 assets (ECU Mio)	1996 assets %	1992-96 flows (ECU Mio)	1992-96 flows %	Age[1] %
Emerging Markets	113383	21	46291	30	41
African ACP countries	10029	2	2493	2	25
ASEAN	26944	5	7286	5	27
CEEC	18883	3	18641	12	99
China	3665	1	3055	2	83
CIS	1704	0	1693	1	99
Candidate countries *	19844	4	13129	8	66
India	1964	0	997	1	51
NICs1 Asia	30180	6	3715	2	12
NICs2 Asia *	9896	2	3913	3	40
NICs2 Latin America	35098	6	9741	6	28
MERCOSUR *	28338	5	6365	4	22
Others	429791	79	108169	70	25
USA	232967	43	65897	43	28
Japan	12062	2	2164	1	18
Offshore Centers	54992	10	8553	6	16
Rest	129770	24	30910	20	24
Non European Union	543174	100	154460	100	28

(1) As the share of 92-96 flows in 1996 positions.

* The members of the Candidate Countries, excepte Cyprus, are also included in CEEC. The members of the NICs2 Asia are also included in ASEAN. For both the Candidate Countries and the NICs2 Asia no double counting was made for the Emerging market total. Hong Kong is included in NICs1 and the Offshore Centers. For Hong Kong no double counting was made for the Emerging market total. The Philippines are included in NICs2 Asia, ASEAN and the Offshore Centers. No double counting was made for the Emerging markets total.

Data concern sum of Equity + Other Capital flows.

SPECIAL FOCUS: EU FDI in Far East Asia

IN BRIEF

- United Kingdom which traditionally has been the main EU foreign direct investor in Far East Asia withdrew significant FDI capital from the NICs1 between 1992 and 1996.
- Newly industrialized Asian countries from the first and second waves (NICs1 and NICs2A) lost relative importance by EU direct investors over this period.
- German investors were the largest group of foreign direct investors in Far East Asian countries other than the NICs1 and NICs2A.
- Data available for 10 EU Member states indicate that EU FDI outward flows to NICs2A dropped significantly in 1997.

EU 1996 FDI positions in Far East Asia

The NICs1 traditionally hosted a large share of EU FDI assets in Far East Asia. By the end of 1996 almost half of the recorded EU direct investment positions in this region had been placed in one of the four NICs1, Singapore being the most dominant single destination. In comparison, only 39% of the direct investments made by US investors in Far East Asia were placed in these countries.

In the group of Other Far East Asia countries - including among others India, Indonesia, China and Japan - the pattern was reversed, as only about 34% of all EU FDI assets were placed there compared to 48% of all US FDI positions. In the Far East Asian markets other than NICs1 and NICs2A, Japan hosted the largest portion of all EU and US FDI assets by the end of 1996.

EU and US FDI assets with partners 1996

(ECU Mio)

Partner	FDI assets 1996			
	EU	%	US	%
Far East Asia	61162	100	82081	100
NICs1	30180	49	31816	39
Hong Kong	9714	16	11724	14
South Korea	2771	5	5200	6
Singapore	15458	25	11188	14
Taiwan	2237	4	3703	5
NICs2A	9896	16	10851	13
Malaysia	4901	8	4230	5
Philippines	1963	3	2808	3
Thailand	3031	5	3812	5
Other Asia	21086	34	39414	48
India	1964	3	1080	1
Indonesia	1827	3	6002	7
China	3565	6	3067	4
Japan	12062	20	28479	35

Source: Eurostat and US Department of Commerce

A closer look at the breakdown of FDI assets among EU countries shows that the United Kingdom traditionally was the main EU direct investor in NICs1 and NICs2A, where British investors by the end of 1996 owned half of all EU FDI assets. In the group of Other Far East Asian countries, EU FDI positions were dominated by both German and British direct investors which each held approximately 30% of the total EU FDI assets in these countries.

Apart from France and Netherlands which also hold relative strong FDI positions in the region, all other EU countries' engagements in Far East Asia are of lower quantitative importance.

Selected EU reporters' FDI assets in main Far East Asian areas in 1996

(ECU Mio)

Reporter	NICs1		NICs2A		Other Asia		Asia	
	Assets	%	Assets	%	Assets	%	Assets	%
Denmark	200	1	270	3	550	3	1020	2
Germany	3910	13	1413	14	6833	32	12156	20
France	3374	11	41	0	1145	5	4559	7
Netherlands	5626	19	2409	24	2440	12	10475	17
Finland	132	0	19	0	149	1	300	0
United Kingdom	14910	49	4970	50	5826	28	25706	42
Rest	2028	7	775	8	4143	20	6946	11

Trend in 1992-96 EU FDI outward flows

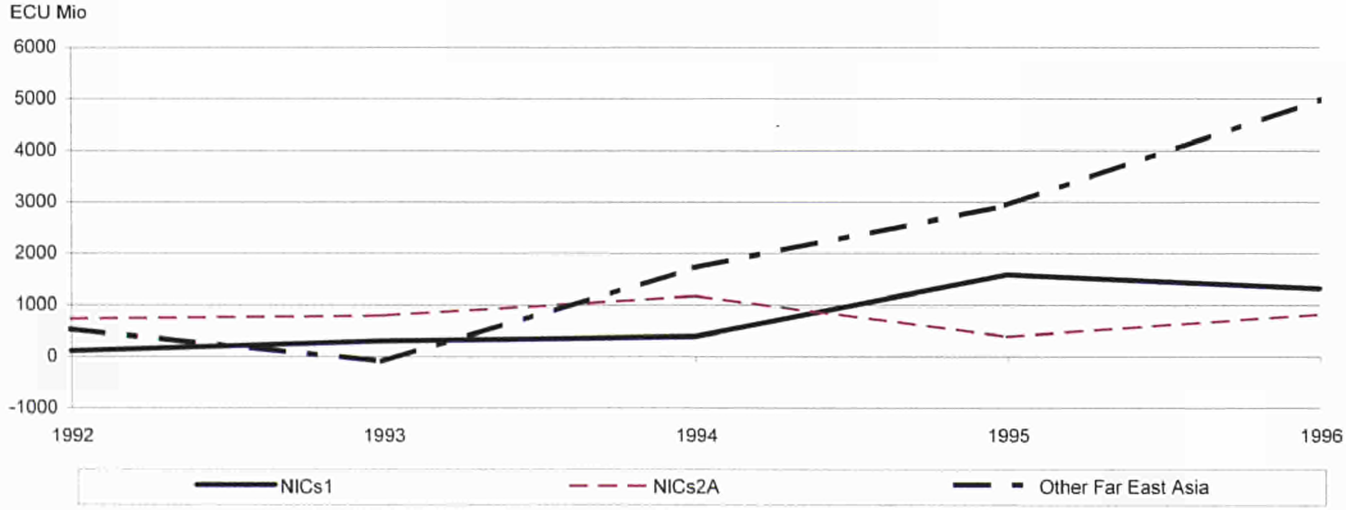
The various Far East Asian markets have been approached differently by EU direct investors between 1992 and 1996. While the evolution in EU FDI outward flows to NICs2A in this period was characterised by a relatively constant stream of FDI capital, an increasing tendency for the NICs1 could be seen, raising the total EU FDI flows from ECU 115 million to 1317 million.

The most spectacular change took place in the group of Other Far East Asian countries where total EU FDI outward flows rose sharply between 1992 and 1996. In 1993 EU countries recorded a disinvestment of ECU 223 million in these markets, while in 1996 EU FDI capital of nearly 5 bn was funnelled into these economies. Since 1994 these markets have been the largest receiver of EU FDI capital in the Far East Asian region.

In the group of other Far East Asian countries, Japan appeared as one of the main destinations of EU FDI capital. In 1996 about 40% of EU direct investment flows to this group of countries went to Japan. However, while the outward flows to Japan went through up- and down turns (including a disinvestment of ECU 1229 million in 1993), the Chinese economy became a gradually increasing target for EU FDI capital between 1992 and 1996. From 1992 onwards outward flows to China rose sharply, moving up from ECU 112 million in 1992 to 1503 million in 1996.

A similar, though less strong tendency could be seen in the Indonesian and Indian markets which both experienced EU disinvestments in 1992. Since then, the Union's FDI flows to Indonesia progressed fastest, reaching ECU 685 million in 1996 compared to 315 million to India.

EU FDI outward flows to Far East Asia



Data concern sum of Equity + Other Capital flows.

eurostat

EU FDI outward flows to selected Far East Asian countries

Partner	Outward flows (ECU Mio)					Outward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Far East Asia	1379	880	2918	4602	6727	100	100	100	100	100
NICs1	115	308	387	1588	1317	8	35	13	35	20
Hong Kong	-299	130	-334	671	327	-22	15	-11	15	5
South Korea	200	160	271	292	268	15	18	9	6	4
Singapore	232	-62	384	654	328	17	-7	13	14	5
Taiwan	-17	80	65	-29	393	-1	9	2	-1	6
NICs2A	734	795	1175	392	818	53	90	40	9	12
Malaysia	401	568	408	-185	119	29	65	14	-4	2
Philippines	87	63	512	14	315	6	7	18	0	5
Thailand	246	164	254	564	386	18	19	9	12	6
Other	530	-223	1356	2622	4593	38	-25	46	57	68
India	-53	256	225	254	315	-4	29	8	6	5
Indonesia	-76	187	305	576	685	-6	21	10	13	10
China	112	181	521	739	1503	8	21	18	16	22
Japan	445	-1229	272	854	1822	32	-140	9	19	27

Main EU direct investors in Far East Asia

The evolution in FDI outward flows to Far East Asia reveals that the structure of EU FDI assets in this region is undergoing changes. On average about 54% of all EU 1992-96 direct investment flows to Far East Asia were made in countries other than the NICs1 or NICs2, while only about 34% of all EU FDI assets located in the region were registered there by the end of 1996. These figures underline that the group of Oher Far East Asian markets have gained in importance for EU direct investors during the last years.

One of the most remarkable developments in these markets is what looks like a major withdrawal of British FDI capital in the NICs1 between 1992 and 1996. While the European Union as a whole placed more than ECU 3.7 bn FDI capital in the NICs1 during this period, British companies recorded a disinvestment of more than 0.5 bn to these countries in the same period.

German and French direct investors, on the other hand, became relatively more involved in the NICs1 since 1992, as together they accounted for approximately 75% of all direct investments made by all EU investors. Dutch foreign direct investors were the source of another 25% of the EU FDI outward flows to NICs1 between 1992 and 1996.

In the NICs2A, however, the United Kingdom kept their very dominant position throughout the 1992-96 period as British investors generated more than 43% of total EU direct investments in these countries. Dutch direct investors were the second largest group of investors in NICs2A, accounting for 28% of total EU FDI outward flows, while French and German investors together contributed approximately 25% of the total export of EU FDI capital to this region.

German direct investors increased their involvement in the group of Other Far East Asian countries significantly between 1992 and 1996. On average close to 50% of total EU outward flows to these economies were generated by German investors. A closer look into the data reveals that Japan and China were the main targets for German direct investors during this period, attracting 44% and 28% respectively of all German FDI flows to the group of Other Far East Asian countries.

Data concern sum of Equity + Other Capital flows.

Selected EU reporters' FDI outward flows to NICs1

Reporter	Outward flows (ECU Mio)					Outward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
EU	115	308	387	1588	1317	100	100	100	100	100
of which										
Denmark	3	14	-41	53	11	3	5	-11	3	1
Germany	115	159	293	252	593	100	51	76	16	45
France	163	160	157	250	683	142	52	41	16	52
Netherlands	129	106	190	206	225	112	34	49	13	17
Finland	3	29	2	13	7	3	9	1	1	1
United Kingdom	-355	-187	-371	571	-198	-309	-61	-96	36	-15

Selected EU reporters' FDI outward flows to NICs2A

Reporter	Outward flows (ECU Mio)					Outward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
EU	734	795	1175	392	818	100	100	100	100	100
of which										
Denmark	18	-36	7	-172	-5	2	-5	1	-44	-1
Germany	91	45	92	100	224	12	6	8	25	27
France	64	101	39	107	66	9	13	3	27	8
Netherlands	82	68	500	230	237	11	9	43	59	29
Finland	1	21	3	2	9	0	3	0	1	1
United Kingdom	367	509	518	158	149	50	64	44	40	18

Selected EU reporters' FDI outward flows to Other Far East Asia

Reporter	Outward flows (ECU Mio)					Outward flows %				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
EU	530	-223	1356	2622	4593	100	100	100	100	100
of which										
Denmark	38	35	32	65	125	7	-16	2	2	3
Germany	284	216	710	1264	1881	54	-97	52	48	41
France	209	165	234	233	459	39	-74	17	9	10
Netherlands	-31	-912	334	489	804	-6	409	25	19	18
Finland	5	-27	4	13	45	1	12	0	1	1
United Kingdom	-230	211	345	188	777	-43	-95	25	7	17

Data concern sum of Equity + Other Capital flows.

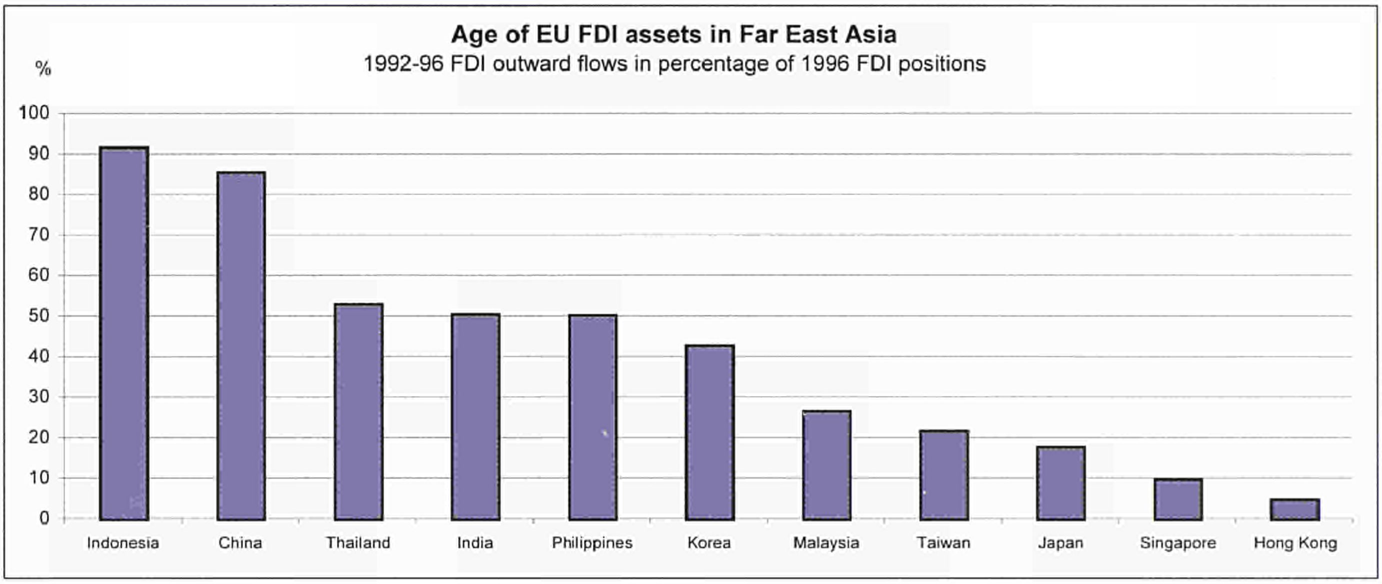
Age of EU direct investments in Far East Asia

The ratio between the sum of all EU 1992-96 FDI outward flows and the EU 1996 FDI positions is a measure of the 'age' of direct investments in a given market [1]. A high ratio indicates that a relatively large part of the 1996 FDI positions was created during the last years, whereas a low value indicates that the 1996 FDI positions were created over a longer period.

In the various Far East Asian countries substantial differences exist in the age of the direct investments.

Indonesia and China belong to the markets that have been approached relatively recently by EU direct investors. For both countries the share of the last four years FDI flows was close to 100%, indicating that almost all FDI assets were built up since 1992.

On the other hand, Hong Kong and Singapore appear as some of the 'oldest' FDI target regions as only a small fraction of the 1996 FDI assets was established there during the 1992-96 period.



Profitability of direct investments in Far East Asia

The return on direct investment assets - the ratio of FDI income to FDI assets - is one way of measuring the profitability of FDI placed abroad by EU investors.

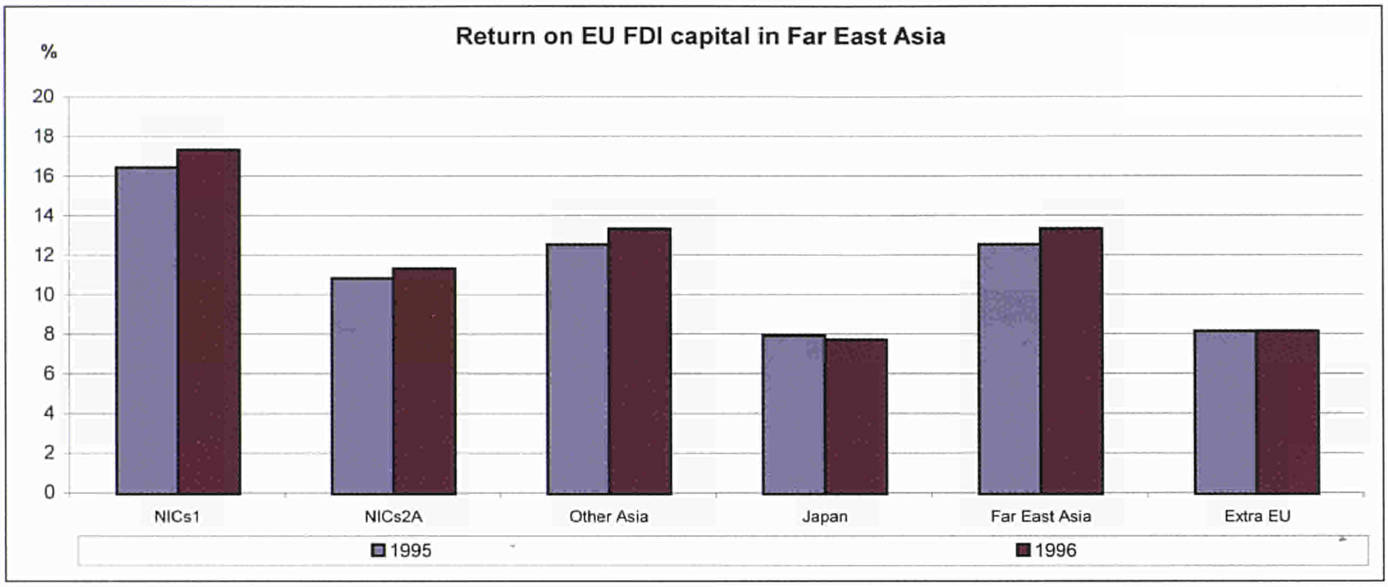
In 1995 and 1996 Far East Asian markets recorded a higher return on direct investment capital compared to other parts of the world [2]. The average of the 1995 and 1996 return on FDI assets equaled 13% in Far East Asia compared to about 8.2% for total Extra-EU.

A closer look into the figures reveals significant variations among the Far East Asian markets. With a return of 17.0% on average, FDI assets in NICs1 appeared more than twice as profitable as the 7.9% return recorded for FDI assets in Japan during 1995 and 1996. The return on FDI capital in NICs2A was clearly below the average of the Far East Asian region, but well above rates for Japan. Generally a positive trend could be seen in the return on FDI assets in Far East Asia between 1995 and 1996 with profitability being slightly higher in 1996.

(1) Due to revaluations, changes in exchange rates etc., the yearly change in FDI positions does not equal the sum of previous years FDI positions plus the present years FDI flows.

(2) See also the chapter on direct investment income in part C of this publication

Data concern sum of Equity + Other Capital flows.



Recents FDI developments in Far East Asia in 1997

By the closing date of the manuscript for this publication, 1997 FDI data for United Kingdom were not available. As a consequence it is not possible to present figures for EU FDI outward flows in 1997. British direct investors traditionally held a strong position in Far East Asia in terms of FDI assets, even though their share of last year's EU FDI flows to this region decreased. However, a look at the figures supplied by 10 Member states [3] may give important indications on which directions EU FDI outward flows took in 1997, since these 10 Member states together were behind about 88% of the 1992-96 EU outward flows to the Far East Asian region.

EU FDI figures to Far East Asia are especially relevant and controversial in 1997 as this year marked the beginning of the economic changes which have occurred in this region of the world. The impacts on FDI capital outward flows are to a certain extent ambiguous. The economic evolution on the one hand might have worsened market opportunities while the weakening of certain countries' currencies on the other hand might have made direct investments relatively cheaper.

A simple comparison between the 10 Member states' FDI outward flows to the Far East Asian area in 1997 and 1996 does not reveal any dramatic change in the stream of EU FDI capital to the region. On the whole, FDI outward flows grew by 0.7% from 1996 to 1997, a figure that masks substantial differences among single markets. While the 10 Member states' FDI flows to the NICs1 more than doubled from 1996 to 1997, a directly opposite trend was observed for the NICs2A as well as for the Other Far East Asian countries.

An upswing in FDI outward flows to Singapore of almost ECU 2 bn (or nearly 400%) was the main force behind the increasing FDI activity of the 10 Member states in NICs1 in 1997. In Taiwan, however, significant disinvestments in 1997 almost neutralised the previous year's FDI capital inflow. In South Korea and Hong Kong, FDI outward flows of the ten countries doubled in 1997.

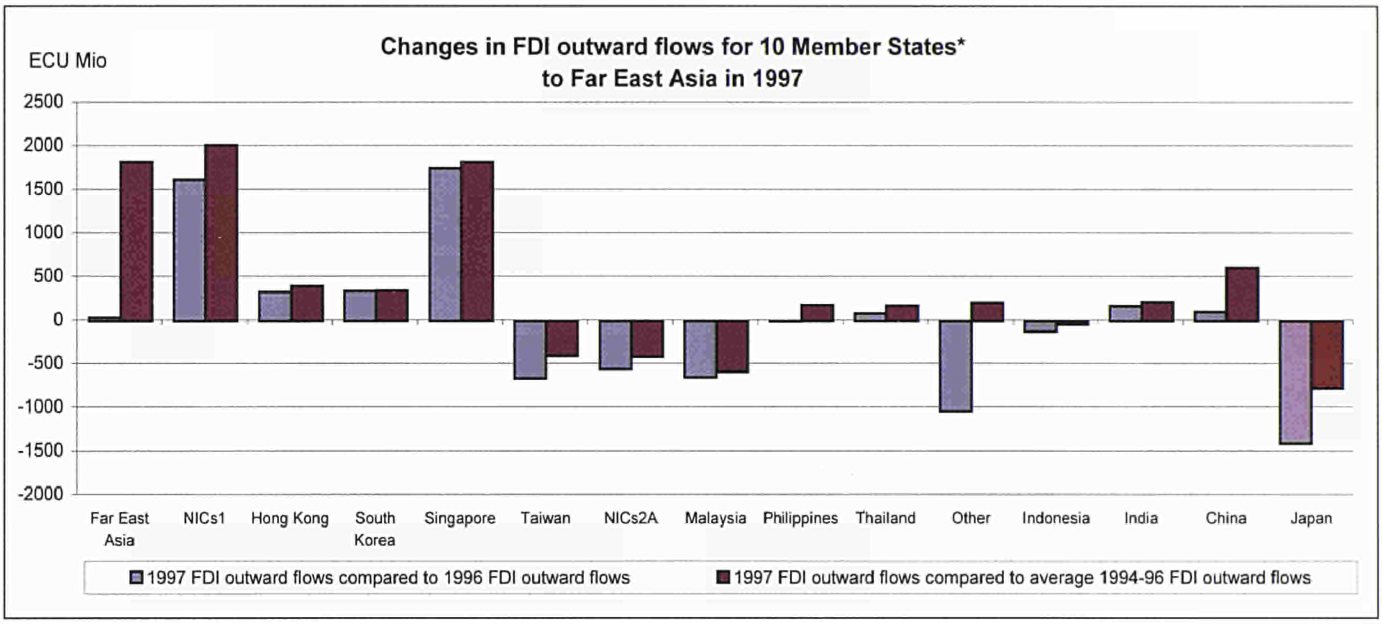
Significant changes also seem to have taken place in the FDI outward flows to NICs2A. The 10 Member states' FDI outward flows dropped in 1997 to only one fifth of the 1996 level, first of all due to a disinvestment in Malaysia of more than four times the 1996 outward flows. In the Philippines the ten countries' FDI outward flows remained rather unchanged while flows to Thailand rose by 40%.

The main reason for the minor decline in the 10 Member states' FDI outward flows to the group of Other Far East Asian countries was a strong drop in FDI flows to Japan which were reduced to one eighth of the 1996 level. The FDI flows to Indonesia also dropped from 1996 to 1997, while the outward flows to India and China increased during 1997. As a result of the strong drop in the 10 Member states' FDI flows to Japan, China turned out as the main receiver of FDI flows in Other Far East Asian countries in 1997.

A year to year comparison of FDI outward flows can obviously lead to misleading conclusions if certain figures have been subject to extraordinary variations between successive years. However, evidence shows that a comparison of the 1997 FDI outward flows to average 1994-96 FDI outward flows to this region, yield the same conclusions as described above. Only exceptions are the 1997 flows to the Philippines that then would show a clear rise, while the drop in the outward flows to the group of Other Far East Asian countries instead would turn into a minor increase.

(3) BLEU, Denmark, Germany, Italy, France, Netherlands, Austria, Sweden and Finland

Data concern sum of Equity + Other Capital flows.



FDI outward flows for 10 Member states* to selected Far East Asian countries

(ECU Mio)

Partner	1997 outward flows	1996 outward flows	Change %	1997 outward flows	Average 1994-96 outward flows	Change %
Far East Asia	6023	5982	0.7	6023	4202	43
NICs1	3150	1526	106.4	3150	1131	179
Hong Kong	658	324	102.7	658	258	155
South Korea	554	208	166.2	554	205	170
Singapore	2213	461	379.6	2213	391	466
Taiwan	-277	381	-172.6	-277	123	-325
NICs2A	115	666	-82.7	115	524	-78
Malaysia	-517	128	-504.8	-517	66	-887
Philippines	317	321	-1.4	317	132	140
Thailand	304	217	40.5	304	125	143
Other	2757	3790	-27.2	2757	2547	8
Indonesia	412	531	-22.4	412	452	-9
India	398	223	78.4	398	181	121
China	1391	1284	8.4	1391	778	79
Japan	201	1608	-87.5	201	975	-79

* BLEU, Denmark, Germany, Italy, France, Netherlands, Austria, Sweden and Finland

Data concern sum of Equity + Other Capital flows.

EU FDI FLOWS BY MAJOR INVESTMENT SECTORS: OVERVIEW

IN BRIEF

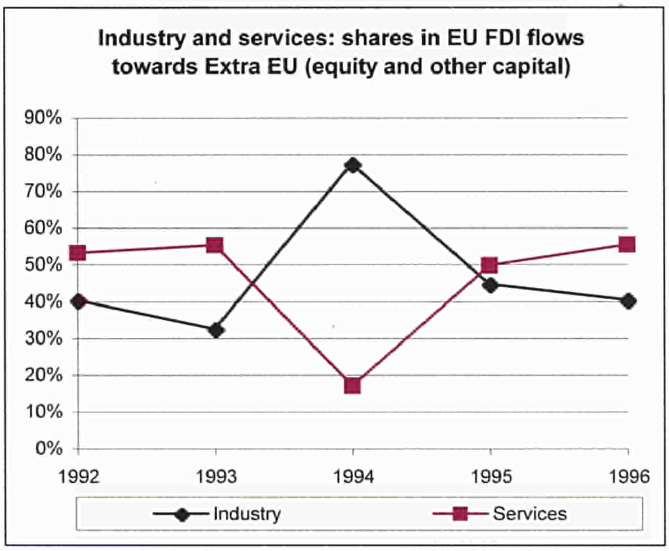
- Apart from 1994, EU services businesses always performed over half of EU outward FDI flows between 1992 and 1996, and they attracted more than 50% of inward FDI during the whole period observed.
- EU manufacturers in 1996 placed ECU 16.2 bn of FDI funds in companies outside the Union, therewith being the largest investing single sector. Likewise, EU manufacturers were the main receivers of FDI funds coming from abroad (23%). Chemical industries were the main contributors to FDI as well as the main FDI receivers within manufacturing.
- Financial intermediation is another major contributer to EU FDI, accounting for one fifth to outward FDI, and attracting 17% of FDI from abrad in 1996. Other major FDI activities are undertaken in real estates and business activities, trade and repairs.

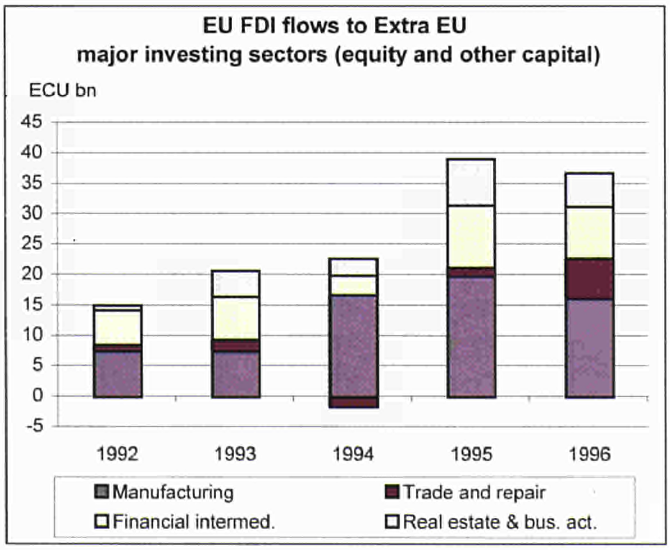
FDI outward flows between 1992 and 1996

Between 1992 and 1996, the EU industry branches (manufacturing, mining and quarrying) and the services sectors (trade and repairs, hotels and restaurants, transport and communication, financial, real estate, business and other services) swapped twice their role as major source of FDI flows out of the Union. FDI flows performed by the services sectors accounted for between 50 and 60% of flows to Extra-EU in the beginning of the nineties but fell sharply in 1994 in absolute and relative terms.

Industrial companies, on the other hand, increased their FDI activities in Non-EU countries by 2.3 times over the same period, thus reaching a 78% share in total flows in 1994. Shares of industry and services alternated roles as major investing sectors again in 1995, with services exceeding industry by 5 percentage points. The gap widened further in 1996, the portion of industry decreasing to 41% while services performed record flows of ECU 23.8 bn, thus reaching a 56% share.

The slight downturn of total FDI flows between 1995 and 1996 (-6.2%) was sustained by all major investing sectors except for trade and repairs business. Manufacturing, trade and repairs, financial intermediation and real estate and business activities together accounted for a stable 85 to 88% chunk in total outward flows since 1992. When looking at the evolution of outward FDI of these four sectors of the EU economy, it turns out that trade and repairs is the only one having expanded FDI activities in 1996, recording outward flows 4.5 times higher than in 1995 (ECU 6.7 bn compared to 1.5 bn).

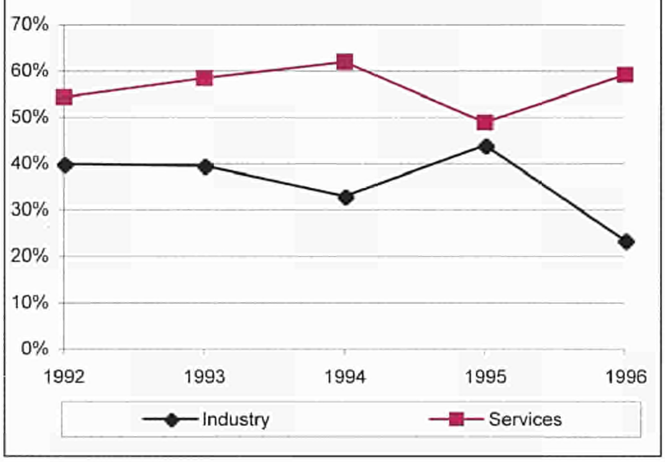




FDI inward flows between 1992 and 1996

The EU services sector maintained its position as the most attractive target branch for DI capital coming from abroad, accounting for a 59% chunk in total FDI inward flows in 1996 (49% in 1995), even though flows into services fell by 7.6% in absolute terms. EU services businesses received FDI funds from foreign investors to the tune of ECU 16.8 bn in 1996, compared to 18.2 bn in 1995. The decrease in total inward flows by 8.8 bn, however, was mainly due to a sharp decline of FDI into the EU industrial sector, which fell below the benchmark level of 1994 and reaching a record low of its share in total inward flows (23% or 6.7 bn). However, this drop followed a strong upturn in 1995 where FDI flows into manufacturing nearly triped, caused by important FDI activities of US investors in Swedish manufacturing industries.

Shares of economic sectors in Extra-EU FDI flows towards the EU (equity and other capital)

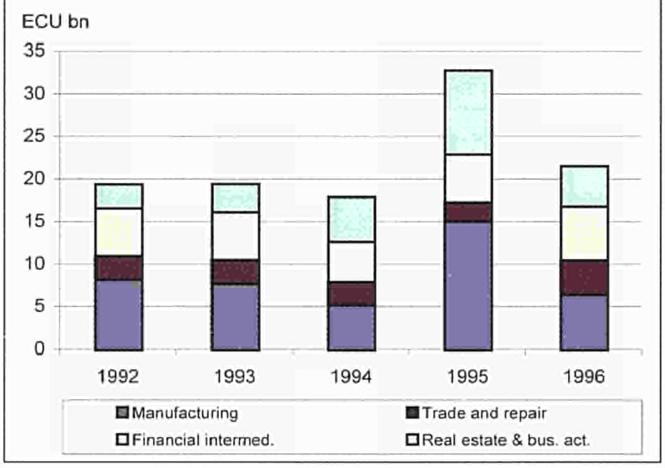


The general downturn in inward flows in 1996, mainly caused by decreasing FDI into EU manufacturing, was partly counterbalanced by a strong increase in flows to the EU trade and repairs business, up by 80% from ECU 2.2 bn to 4 bn. EU's financial intermediation companies also attracted more foreign DI funds in 1996 than in 1995, up from 5.6 bn to 6.4 bn.

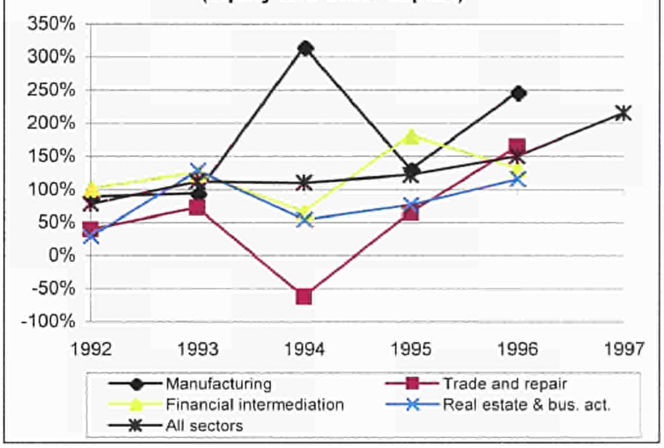
Which sectors are net FDI exporters?

Since 1993 the EU has always been a net exporter of DI capital with a surplus of outward flows compared to inward flows increasing continously from 12% in 1993 up to 116% in 1997. This general pattern, however, does not apply to all major economic sectors. FDI capital invested by EU manufacturing companies in enterprises outside the Union was close to balance with foreign DI being invested in this sector during 1992 and 1993. Since then it experienced a surplus which amounted to over 216% and 147% in 1994 and 1996 respectively but was down to 31% in 1995. Outward FDI performed by EU enterprises exceeded FDI funds received from abroad in 1996 in all three major services branches, with trade and repairs being on top, recording a net FDI export of 65%. 1996 was also the first year for this sector where outward FDI activities exceeded inward flows. The Union's financial intermediation business was a net exporter of FDI during all observed years except for 1994 where inward flows exceed outward flows by ECU 1.6 bn. Real estate and business activities recorded net FDI exports only during 1993 and 1996.

FDI inward flows to the EU from Non-EU major receiving sectors (equity and other capital)



Relation of total outward flows (Extra-EU) to total inward flows (Extra-EU) (equity and other capital)



EU OUTWARD FLOWS TO NON EU BY ECONOMIC ACTIVITIES

Major target countries of sectoral FDI in 1996

With roughly one third of the EU FDI flows to Extra-EU, the USA represent by far the largest target market for EU FDI capital. Looking at the major investing sectors of the Union's economy, the preference for FDI engagements in American companies is most pronounced in the EU's trade and repairs businesses (62% of EU FDI went to the USA in 1996), manufacturing industries (38%) and financial intermediation (37%). On the other hand, only one in ten ECU of FDI performed by real estate and business activities sought its target in US companies. EU agriculture and fishing businesses on average withdrew DI funds from foreign markets, in particular from the USA. The EU's mining and quarrying companies withdrew capital from the US market worth ECU 540 million.

EFTA countries' share in EU manufacturing FDI was comparable to their overall portion in EU FDI capital in 1996. Their part in trade and repairs FDI was five points higher than their overall one, while EFTA countries played a minor role (6%) for EU FDI performed by financial intermediation. EU companies operating in real estate and business activities invested roughly every seventh ECU of FDI capital in EFTA countries (800 million). Amongst the smaller investing sectors of the EU economy, it was mainly the construction business showing a particular preference for the EFTA, placing nearly one third of DI abroad in EFTA companies, with total amounts coming close to those being placed in the USA (EFTA: 320 million, USA: 382 million). Japanese enterprises attracted 4% of EU FDI funds placed abroad in 1996. In real estate and business activities, however, FDI flows going to Japan exceeded those being placed in the USA, amounting to 739 million or 13% of total flows performed by this sector.

Partner countries other than USA, Japan or EFTA accounted for roughly half of EU FDI in 1996 and, looking at the most important investing sectors, even werê the target of 62% of FDI of the real estate and business activities. On the other hand, only about one in five ECU invested by the trade and repairs sector went to economies other than the three major partners. While EU enterprises operating in other services disinvested in the three major partner economies, other countries received DI funds to the tune of ECU 821 million. EU enterprises dealing in transport and communication and in electricity, gas and water supply also sought investment opportunities mainly in other countries, placing funds worth 1.9 bn and 686 million respectively.

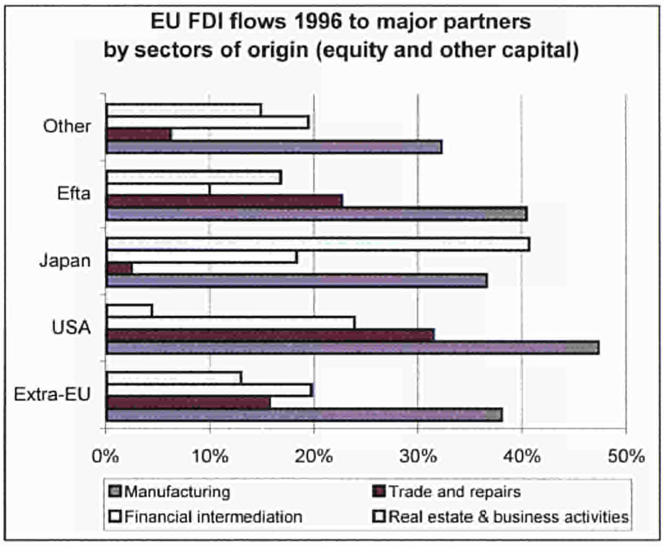
EU FDI flows 1996 to Extra-EU performed by the manufacturing industries (equity and other capital)

Breakdown by reporting EU Member states

	Total manufacturing	Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
EU *(ECU Mio)*	**16210**	**1689**	**1618**	**6838**	**1308**	**570**	**-786**	**4972**
of which from:								
Germany	26%	10%	9%	14%	52%	4%	-71%	34%
Spain	5%	5%	2%	0%	9%	1%	-1%	12%
France	18%	17%	6%	37%	18%	19%	133%	15%
Italy	2%	3%	3%	2%	4%	4%	-7%	1%
Netherlands	32%	87%	78%	29%	13%	58%	0%	1%
Portugal	1%	0%	0%	0%	0%	0%	0%	2%
Finland	3%	3%	1%	5%	2%	5%	-1%	1%
Sweden	-4%	0%	n/a	0%	n/a	n/a	n/a	n/a
United Kingdom	4%	-38%	-13%	-1%	-10%	0%	-49%	26%

Breakdown of FDI flows to major partners by source sectors

The table before as well allows another interpretation. Instead of analysing to which partner countries FDI flows performed by a specific economic sector were targeted, one can examine if the sectoral distribution observed for total outward flows applies to all major partner economies. Taking an example, the chart shows that a bit less than 40% of total FDI flows going to Extra-EU came from manufacturing. On the other hand, looking at the sectoral breakdown of flows going to the USA, it turns out that the portion of manufacturing there is nearly 50%. In fact, the EU manufacturing industry is the main source for FDI going to all major partners. However, when looking at the contribution of other major investing sectors to total FDI going to the different partner countries, the picture varies widely. Enterprises in trade and repairs contributed a 16% chunk to total outward flows and accounted for roughly one third of FDI going to the USA, but played a very minor role in Japan where the portion of this sector amounted to 2%. The Japanese market, on the other hand, has profited mainly from EU FDI of the real estate and business activities, this branch being the major investor in Japan. Accounting for 10% of EU FDI going to the EFTA the EU financial intermediation business (monetary and other financial intermediation and insurance activities) was significantly less important for this economic area than for Japan, where this sector was responsible for 18% of EU FDI flows, and for the USA, where nearly one quarter of EU FDI was performed by banking, finance and insurance companies.



MANUFACTURING: CHEMICAL INDUSTRIES ACCOMPLISHED STRONGEST FDI ACTIVITIES IN 1996

In 1996, EU companies operating in manufacturing invested on the whole ECU 16.2 bn in enterprises outside the EU. Within manufacturing, the chemical industry (petroleum, chemical, rubber and plastics products) was responsible for the far biggest chunk, accounting for 42% (6.8 bn). Amongst EU manufacturing DI activities in Japan and the EFTA countries, the chemical sector played an even bigger role, accounting for 78% of manufacturing FDI going to Japan and 88% to the EFTA. However, in 1996 EU companies dealing in vehicles and other transport equipment manufacturing withdrew DI capital from EFTA direct investment enterprises. This might be explained either by a reduction of equity stakes or by debt repayment of foreign affiliates. This lowered total DI flows of the EU manufacturing sector to the EFTA and the share of the chemical industry in total manufacturing flows consequently appeared particularly high.

Accounting each for 10% of FDI performed by the EU manufacturing sector, the food products industry (ECU 1.7 bn) as well as the textiles, wood, printing and publishing branch (1.6 bn) were the second largest investors of DI-capital in Extra-EU. Textiles and wood manufacturers showed an above-average preference for the US market, accounting for 19% of DI capital invested by the EU manufacturing industry in the United States. The Union's metal and mechanical products manufacturers contributed another ECU 1.3 bn to total manufacturing FDI (8%), of which the major part (1.1 bn) went to countries other than USA, Japan or EFTA.

EU FDI flows 1996 to major partners, performed by the manufacturing industry (equity and other capital)

	Extra-EU	USA	Japan	EFTA	Other
Manufacturing *(ECU Mio)*	**16210**	**6239**	**664**	**1932**	**7374**
of which coming from:					
Food products	10%	8%	-1%	8%	14%
Textiles + wood activities	10%	19%	-1%	11%	3%
Petroleum,chemical,rubber,plastic products	42%	45%	78%	88%	24%
Metal and mechanical products	8%	3%	1%	1%	15%
Machinery, computers, RTV, communication	4%	-23%	15%	38%	16%
Vehicles + other transport equipment	-5%	2%	1%	-56%	2%
Other manufacturing	31%	45%	8%	10%	26%

Contribution of EU Member states to FDI flows of the EU manufacturing industry

In 1996, roughly one quarter of FDI flows of the EU manufacturing industry to Extra-EU was performed by German companies. In the metal and mechanical products branch, though, the German share in EU flows was twice as high, accounting for 52% or ECU 676 million. Amongst the French industrial companies, it was the chemical branch that contributed above-average to EU FDI flows going to Extra-EU (37% compared to 18% for total manufacturing). Moreover, French enterprises operating in vehicles and other transport equipment manufacturing withdrew over ECU 1 bn from foreign direct investment enterprises, therewith being the main contributor to overall negative flows in this sector. In the Netherlands, food products manufacturing as well as textiles and wood activities exceeded by far the Dutch share in total EU manufacturing FDI, the former as counting for 87% (ECU 1.5 bn) of Extra-EU flows of this branch, the latter for 78% or 1.3 bn (total manufacturing: 32%). Important intercompany debt repayments of foreign affiliates to the United Kingdom's direct investors in most manufacturing branches resulted in relatively scarce flows for total manufacturing of this country. The United Kingdom's shares in EU outward flows thus appear low, due to the fact that figures shown in this context cover equity and other capital (intercompany loans) but exclude reinvested earnings.

EU FDI flows 1996 to Extra-EU performed by the manufacturing industries (equity and other capital)

Breakdown by reporting EU Member states

	Total manufacturing	Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
EU *(ECU Mio)*	**16210**	**1689**	**1618**	**6838**	**1308**	**570**	**-786**	**4972**
of which from:								
Germany	26%	10%	9%	14%	52%	4%	-71%	34%
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Italy	2%	3%	3%	2%	4%	4%	-7%	1%
Netherlands	32%	87%	78%	29%	13%	58%	0%	1%
Portugal	1%	0%	0%	0%	0%	0%	0%	2%
Finland	3%	3%	1%	5%	2%	5%	-1%	1%
Sweden	-4%	0%	n/a	0%	n/a	n/a	n/a	n/a
United Kingdom	4%	-38%	-13%	-1%	-10%	0%	-49%	26%

Which are the major investing manufacturing branches in each country?

Instead of looking at the contribution of each EU Member state to FDI flows performed by the different EU manufacturing subsectors, one may also analyse - for each single country - the major investing branches within manufacturing. However, one should avoid to compare percentages between countries as the amount of manufacturing FDI not attributable to the six main branches observed in this context (here put under the category 'other manufacturing') varies widely between countries. It is thus more appropriate to compare the contribution of subsectors to total manufacturing in terms of range.

In fact, it turns out that the largest portion of manufacturing FDI in six of the nine EU countries observed was contributed by the chemical industry. In France the chemical business' contribution appears highest, having invested over ECU 2.5 bn in direct investment enterprises abroad, compared to roughly 3 bn for total manufacturing. The Spanish manufacturing business is one of the exceptions: here, only 2% of manufacturing FDI are performed by the chemical industry. The United Kingdom's chemical business, on the other hand, has recorded disinvestments in foreign direct investment enterprises. As observed on the EU level, food products ranked second in Spain, France, the Netherlands, Portugal and Finland.

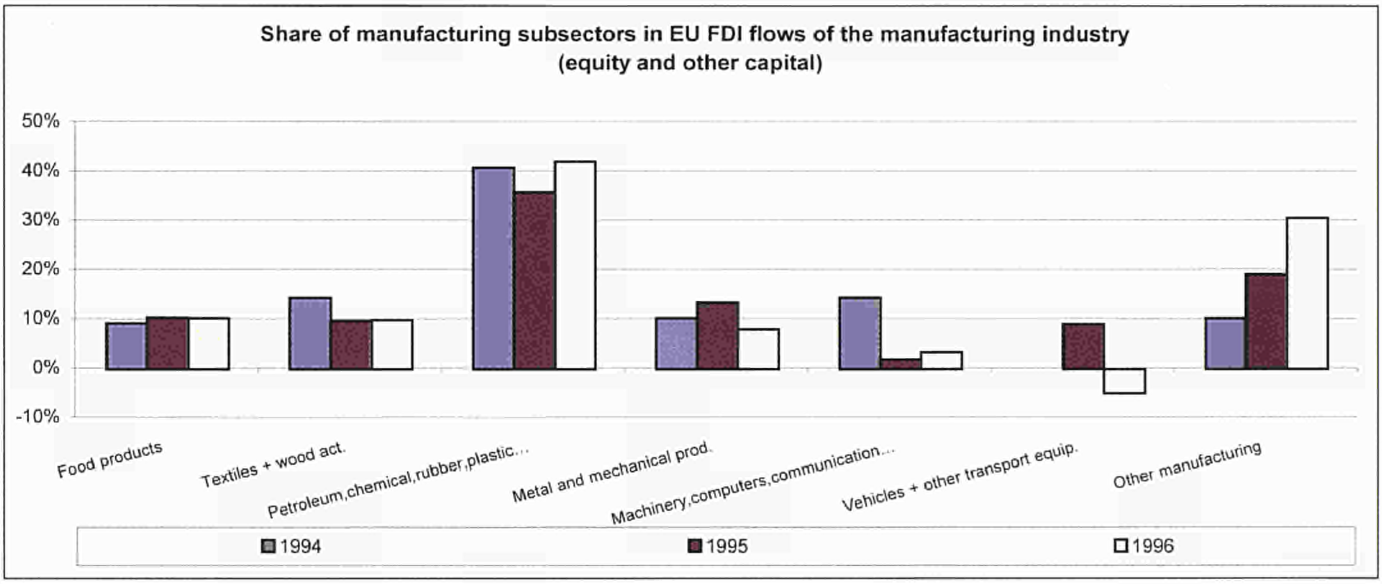
FDI in the textiles and wood activities branch, on the other hand, is of less importance for total manufacturing FDI in most observed EU countries when compared to the Union's average. In fact, the relative high ranking of this sector on the EU level stems from important Dutch FDI activities, accounting for 78% of EU-FDI in this branch and for nearly a quarter of the Dutch manufacturing FDI. Vehicles and other transport equipment manufacturing, ranking lowest on the Union's level, is also among the smallest contributors to manufacturing FDI in Spain, the Netherlands, Portugal and Finland. The United Kingdom's direct investors make the exception: having placed ECU 386 million outside the Union, this branch was the only one in the UK's manufacturing branch having increased outward FDI assets in 1996, most other branches on average having recorded disinvestments.

EU FDI flows 1996 to Extra-EU performed by EU Member states' manufacturing industries (equity and other capital)

Breakdown by subsector of origin

	Total Manufacturing (ECU Mio)	of which coming from: Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
EU	**16210**	10%	10%	42%	8%	4%	-5%	31%
Germany	**4186**	4%	3%	23%	16%	1%	13%	40%
Spain	**848**	9%	4%	2%	14%	1%	1%	68%
France	**2951**	10%	3%	86%	8%	4%	-36%	25%
Italy	**370**	12%	12%	28%	15%	6%	16%	11%
Netherlands	**5226**	28%	24%	37%	3%	6%	0%	1%
Portugal	**145**	2%	1%	15%	1%	0%	0%	81%
Finland	**514**	10%	4%	63%	4%	6%	2%	12%
Sweden	**-569**	-1%	n/a	0%	n/a	n/a	n/a	n/a
United Kingdom	**596**	-109%	-34%	-15%	-23%	0%	65%	216%

On the EU level complete figures for all manufacturing subsectors are available only from 1994 onwards. With only three reference years available, it is thus difficult to detect a clear pattern with regard to the evolution of sectoral shares over time. Chemical industries ranked top within manufacturing during all three years, the share varying between 36 and 42%. Food products manufacturing shows a very constant portion of roughly one ECU in ten of manufacturing FDI. Textiles and wood started with a 14% share in 1994, down to 10% in 1995 and 1996. Manufacturing of machinery, computers etc. lost ground after 1994, having started with a 14% chunk but going down to 2% in 1995 and 4% in 1996.



Looking at the latest 1997 figures for FDI flows performed by manufacturing industries in the seven EU Member states where 1997 data is available, it turns out that chemical industries seem to maintain their position as major foreign direct investors. In Germany, Spain, the Netherlands, Portugal and Sweden the contribution of chemical industries is even higher in 1997 than in 1996. In Portugal, absolute flows were nearly 13 times as high in 1997 as in 1996. On the other hand, food products manufacturing saw their share in manufacturing FDI decrease in four countries. The third of the major investing branches, textiles and wood activities, gained in relative importance or remained stable in all seven countries except for the Netherlands, where huge FDI activities in 1996 were followed by capital backflows in 1997. Manufacturing of machinery, computers etc. recorded an important rise in outward FDI in all countries but Spain, leading to a rise in relative importance of the sector in several cases. Thus, besides the chemical industry's apparent assertion of its leading position, other general trends for 1997 cannot be confirmed with the figures up to now available.

EU FDI flows 1997 to Extra-EU performed by EU Member states' manufacturing industries (equity and other capital)

(ECU Mio)

	Total manufacturing	of which coming from:						
		Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
Denmark	360	40	30	80	190	n/a	10	n/a
Germany	5945	-3	177	2275	1244	41	1460	752
Spain	575	148	32	83	103	0	72	137
Italy	610	126	178	79	14	25	106	81
Netherlands	914	-855	-139	1201	272	425	-2	11
Portugal	308	1	16	285	3	2	1	0
Finland	1206	107	651	49	96	315	7	-19
Sweden	4752	5	433	19	1453	-5	1367	1480

SERVICES: FINANCIAL INTERMEDIATION ACCOUNTS FOR ONE THIRD OF FDI FLOWS TO EXTRA-EU IN 1996

Of the nearly ECU 24 bn invested by EU services sectors in Extra-EU in 1996, roughly half was destined for three major partner economies - USA, Japan and EFTA - while 12.2 bn went to other countries. Financial intermediation was the largest services subsector, accounting for over one third (8.4 bn) of total services FDI. Financial intermediation played a less important role for FDI going to EFTA countries (20% or ECU 473 million) while the sector's share in services FDI going to USA and other countries was slightly above-average. Trade and repairs enterprises ranked second in total services FDI going to Extra-EU. However, more than half of FDI funds destined for the USA and 45% of those going to EFTA countries were performed by this sector (4 1 bn and 1.1 bn respectively). The Union's FDI activities in Japan, on the other hand, were mainly characterized by direct investors of the EU's real estate and business activities sector, placing ECU 739 million (or 64% of services FDI towards Japan) in this country. Transport and communication, being of minor importance for FDI in the USA, Japan and the EFTA on the other hand were one of the major investing services branches in other partner countries, having placed nearly 2 bn in 1996.

EU FDI flows 1996 to Extra-EU performed by services sectors, by major partners (equity and other capital)

(ECU Mio)

	Extra-EU	USA	Japan	EFTA	Other
Total services	**23836**	**8086**	**1151**	**2422**	**12178**
of which coming from:					
TRADE AND REPAIRS	28%	51%	4%	45%	12%
HOTELS AND RESTAURANTS	2%	3%	3%	1%	2%
TRANSPORTS AND COMMUNICATION	11%	6%	2%	3%	16%
FINANCIAL INTERMEDIATION	35%	39%	29%	20%	36%
REAL ESTATE & BUSINESS ACT.	23%	7%	64%	33%	28%
OTHER SERVICES	1%	-7%	-1%	-1%	7%

Contribution of EU Member States to FDI flows of the EU services sectors

The services sector of Germany and France accounted each for slightly less than one third of total services FDI going to Extra-EU in 1996 (ECU 7.1 bn for Germany and 7.4 bn for France). German FDI played an even bigger role in financial intermediation, performing 3.7 bn or 44% of EU FDI of this sector, but was of minor importance in trade and repairs where German equity and other capital contributed 323 million (5%) to the EU total. French direct investors were responsible for over two thirds (3.8 bn) of FDI coming from the Union's real estate and business activities; their share was more than twice as high as for total services. Accounting for one in four ECU being invested by the EU's trade and repairs business, France ranked second (after Netherlands) in this sector. Direct investment enterprises outside the EU received ECU 2.7 bn from their Dutch parent companies operating in trade and repairs, the Netherlands thus being the major EU investing country in this sector (41% share compared to 21% for total services).

Spanish direct investors accounted for twice their share in total EU services FDI to financial intermediation, about 1 bn, and 17% to FDI in the hotels and restaurants branch.

The United Kingdom's direct investors in financial intermediation, real estate and business activities and other services saw important backflows of DI capital from their foreign affiliates to the tune of nearly 4.9 bn in 1996 that were only partly offset by direct investments in trade, hotels and restaurants and transports and communication. However, the United Kingdom was the major contributor to EU DI capital performed by the transport and communication sector, having placed over 1 bn (42%) in Extra-EU direct investment enterprises.

EU FDI flows 1996 to Extra-EU performed by the services sectors
Breakdown by reporting EU Member states

	All services	Trade and repairs	Hotels and restaurants	Transports and communication	Financial intermediation	Real estate & business activities	Other services
EU *(ECU Mio)*	23836	6676	531	2514	8390	5506	219
of which from:							
Denmark	n/a	4%	n/a	3%	0%	1%	18%
Germany	30%	5%	0%	23%	44%	35%	243%
Spain	6%	0%	17%	3%	12%	4%	1%
France	31%	25%	13%	14%	16%	69%	48%
Italy	n/a	0%	0%	0%	-3%	n/a	116%
Netherlands	21%	41%	1%	7%	23%	2%	18%
Portugal	0%	0%	2%	0%	0%	1%	8%
Finland	n/a	1%	n/a	1%	2%	0%	n/a
Sweden	n/a	0%	n/a	2%	0%	0%	1%
United Kingdom	-10%	16%	61%	42%	-22%	-42%	-327%

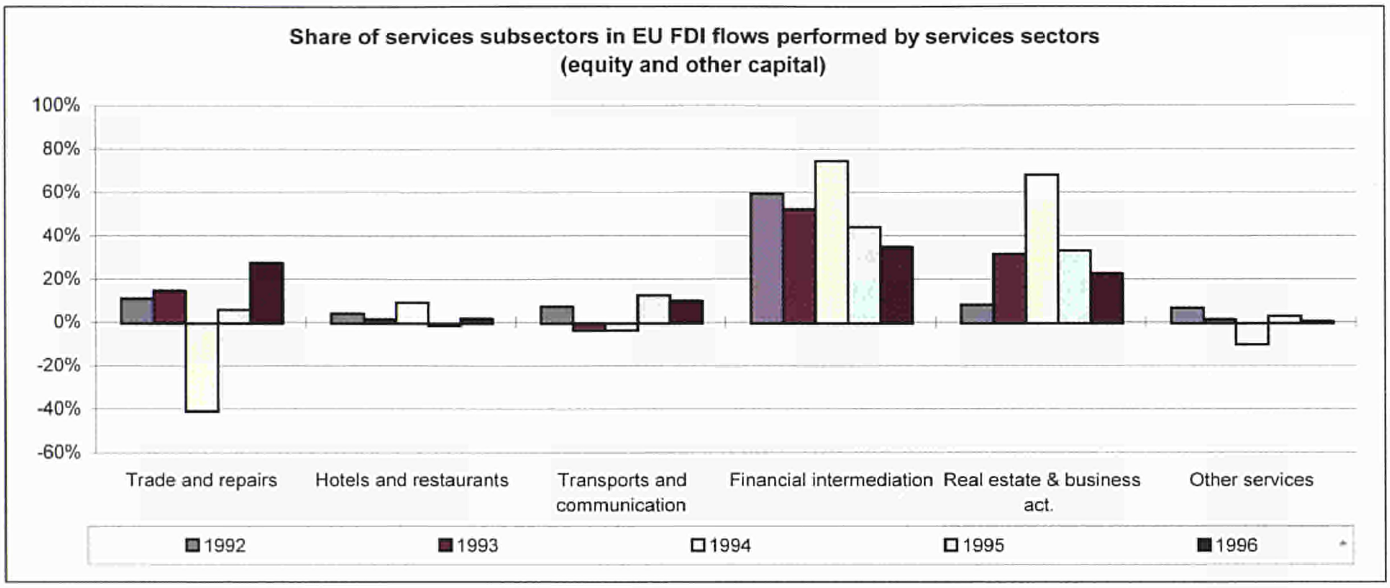
Which are the major investing services sectors in each country?

A closer look at services FDI within individual EU Member States shows which services branches are the major source of FDI in each country. First, it turns out that the leading role of financial intermediation on the EU level in 1996 is mainly due to German FDI. Financial intermediation companies in Germany have performed over half of German FDI in services (ECU 3.7 bn) and therewith were the main contributors to EU totals. In Spain, financial intermediation was the origin of nearly three ECU in four of services FDI. In France, the Netherlands and Portugal, on the other hand, financial intermediation enterprises rank only second or third in terms of services FDI. In France, it's the real estate and business activities branch that performed the major portion (3.8 bn or 52%) of French services FDI, trade and repairs ranking second (1.7 bn), followed by financial intermediation (1.4 bn). Dutch trade and repairs businesses were responsible for 55% of services FDI from the Netherlands, followed by financial intermediation (38%). In the United Kingdom, direct investors in services withdrew DI funds worth 2.4 bn from abroad, the shares of the different services subsectors thus appear very high in places.

EU FDI flows 1996 to Extra-EU performed by EU Member states' services sectors (equity and other capital)
Breakdown by subsector of origin

	All services *(ECU Mio)*	of which coming from:					
		Trade and repairs	Hotels and restaurants	Transport and communication	Financial intermediation	Real estate & business act.	Other services
EU	**23836**	28%	2%	11%	35%	23%	1%
Germany	**7065**	5%	0%	8%	52%	27%	8%
Spain	**1408**	1%	6%	6%	72%	16%	0%
France	**7349**	23%	1%	5%	19%	52%	1%
Netherlands	**5024**	55%	0%	4%	38%	2%	1%
Portugal	**110**	-1%	7%	3%	32%	43%	16%
United Kingdom	**-2406**	-45%	-13%	-44%	77%	95%	30%

When looking at the shares that different services subsectors occupied in total services FDI over the last years, financial intermediation in 1996 maintained the leading position it held during most years since 1992. However, it seems to decline in relative importance, starting from 60% in 1992 and going down to 35% in 1996, although with an intermediary peak of 75% in 1994. Trade and repairs accounted for another 28% of services FDI in 1996, thus increasing its share fivefold since 1995 after important capital backflows in 1994. The portion of real estate and business activities shows a peak in 1994, accounting for over 60% of services FDI, but was significantly lower during the years before and afterwards. Hotels and restaurants as well as other services contributed a maximum 10% to services FDI, the actual share in most years being between 1 and 5%.



It is difficult to draw conclusions about the forthgoing of the evolution described above, as complete data for 1997 is available only for a few countries and the total services aggregate can only be calculated for Spain, the Netherlands, Portugal and Sweden, thus limiting the scope of analysing sectoral shares of Member states' services FDI to four countries. Nevertheless, in seven of the eight countries where 1997 data is available, financial intermediation companies increased their FDI activities in absolute terms, Finland marking the exception. A similar evolution can be observed for real estate and business activities, with outward flows mostly recording a sharp upturn, except for German companies where flows remained virtually stable. Other services saw a decrease of outward FDI in all countries, with again Germany marking the exception. In the remaining services branches, such a general pattern cannot be observed. In the Netherlands, in 1997 financial intermediation switched from second rank among providers of services FDI to first, then accounting for 81% of FDI coming from Dutch services companies. In Spain, real estate and business activities ranked first, being responsible for 1.8 bn ECU (43%) of FDI funds in services in 1997, thus swapping places with financial intermediation. Portuguese direct investors in real estate and business activities strengthend their first rank amongst services direct investors, the share going up from 43% in 1996 to 60% in 1997. Even though the scope of data is limited, it might, however, cautiously be concluded that financial intermediation and business services apparently maintained there leading positions in FDI activities in the EU services sector in 1997.

EU FDI flows 1997 to Extra-EU performed by EU Member states' services sectors (equity and other capital)

(ECU Mio)

	All services	of which coming from:					
		Trade and repairs	Hotels and restaurants	Transport and communication	Financial intermediation	Real estate & business act.	Other services
Denmark	n/a	190	n/a	110	120	410	10
Germany	n/a	486	n/a	53	5237	1839	583
Spain	4161	66	46	988	1258	1801	2
Italy	n/a	17	3	0	1678	n/a	235
Netherlands	6643	1143	-67	-185	5408	316	28
Portugal	413	16	0	5	136	248	8
Finland	n/a	34	n/a	-66	-85	24	n/a
Sweden	148	41	7	45	34	21	0

EU INWARD FLOWS FROM NON-EU BY ECONOMIC ACTIVITIES

Breakdown of sectoral flows by source country

Foreign direct investors from outside of the Union placed in 1996 equity and other capital to the tune of ECU 6.5 bn in the EU manufacturing industries, the latter therewith being the largest receiver. The USA were by far the most important source of FDI capital in this branch, accounting for three quarters of equity and other capital flows going to EU manufacturing enterprises. Japanese direct investors placed roughly ECU 700 million of FDI funds in the EU manufacturing sector, but this was more than offset by capital withdrawals of EFTA's direct investors. Financial intermediation ranked second after manufacturing in terms of amounts of FDI capital received by foreign investors in 1996. Direct investors from EFTA economies played a major role for this branch; having invested 2.8 bn or 44% of total equity and other capital in this branch, the EFTA's share was twice its overall part in total EU FDI inflows. The USA also considered the EU financial intermediation sector as important target destination for FDI engagements, being responsible for 2.3 bn or 37% of DI funds received by this sector. On the other hand, EU financial intermediation companies saw over half a billion ECU of FDI funds returning to Japanese parent companies. The USA were by far the major source of FDI capital received by the EU's real estate and business activities sectors, accounting for 82% of total funds received. Virtually all remaining parts, slightly over 1 bn, came from EFTA economies. The Union's trade and repairs branch saw FDI flows worth roughly 4 bn being invested in its companies. Over one fifth came from Japanese direct investors, therewith by far surpassing their overall contribution of 3% to total inward FDI in the EU. Approximatively another third was performed by other partner countries, this portion thus exceeding their overall contribution by 13 percentage points.

Looking at the 'smaller' sectors in terms of FDI receipts, it turns out that EFTA investors play a comparatively important role in the EU construction sector as well as on the electricity, gas and water market, having placed DI funds to the tune of ECU 1.6 bn in the former sector and 518 million in the latter in 1996. Nearly three in four ECU going to EU construction companies are performed by EFTA investors.

EU inward FDI flows from Extra-EU 1996, by major partners and target sectors (equity and other capital)

(ECU Mio)

	Extra-EU	of which coming from							
		USA		Japan		EFTA		Other	
Agriculture and fishing	15	1	9%	3	18%	7	46%	4	27%
Mining and quarrying	99	-305	-308%	2	2%	186	188%	215	218%
Manufacturing	6557	4916	75%	704	11%	-755	-12%	1692	26%
Electricity, gas and water	1563	935	60%	53	3%	518	33%	58	4%
Construction	2254	137	6%	13	1%	1634	72%	471	21%
Trade and repairs	4036	1540	38%	875	22%	381	9%	1240	31%
Hotels and restaurants	293	355	121%	9	3%	11	4%	-83	-28%
Transport and communication	702	719	102%	-115	-16%	145	21%	-47	-7%
Financial intermediation	6350	2332	37%	-546	-9%	2792	44%	1773	28%
Real estate & business act.	4727	3877	82%	-85	-2%	1013	21%	-78	-2%
Other services	730	558	76%	19	3%	43	6%	110	15%
Total	28420	15931	56%	958	3%	6285	22%	5247	18%

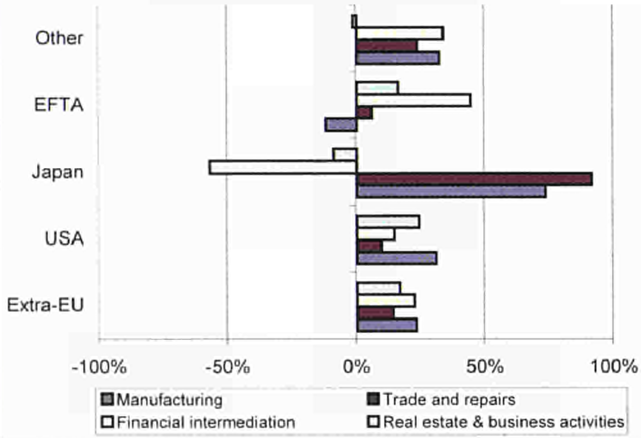
Breakdown of flows from major partners by target sector

Looking at FDI flows going into the EU's economies, one may analyse which were the major target sectors for each of the main partner economies, thus verifying if certain partners have an above- or below-average preference for investing in certain economic sectors.

On average roughly one quarter of FDI received by EU companies from their foreign direct investors was destined for the EU's manufacturing industry and slightly more than one fifth went to financial intermediation. US direct investors showed an above-average preference for the EU manufacturing business, having placed every third ECU of their 1996 FDI engagements in the Union in this sector. Another quarter of FDI funds from the USA was targeted at the EU real estate and business activities sector, compared to 17% of total FDI from Extra-EU.

For every ECU received from Japanese direct investors in the EU's manufacturing and trade and repairs business, 0.4 ECU originally invested in the Union's financial intermediation or real estate and business activities went back to Japanese parent companies. The share of FDI funds received by EU manufacturing and trade and repairs businesses appears thus very high. EFTA economies directed 44% of their FDI engagements in the EU towards financial intermediation (22% for total flows from Extra EU) while showing a below-average preference for obtaining stakes in EU trade and repairs companies. Other partner countries investing in EU enterprises placed one third of their 1996 engagements in each manufacturing and financial intermediation and another quarter in EU's trade and repairs companies, while showing virtually no DI engagements in real estate and business activities.

FDI inward flows 1996 from Extra-EU by major partners and target sectors (equity and other capital)



MANUFACTURING: HALF OF FLOWS TO THE EU ARE HOSTED BY THE CHEMICAL INDUSTRY

Of the ECU 6.6 bn of FDI funds placed by foreign countries into EU manufacturing industries, chemical industries received nearly 3.3 bn or 50%, thus being not only the most important investor in manufacturing, but as well the largest receiver. Vehicles and other transport equipment fabrication and manufacturing of machinery, computers etc. were the second and third largest receivers, each attracting roughly 1 bn of foreign DI capital going to EU manufacturing.

Amongst their DI activities in EU manufacturing, direct investors of the United States showed an even stronger preference for EU chemical businesses; this sector received three quarters of total manufacturing FDI coming from the US (nearly ECU 3.8 bn). On the other hand, small capital backflows from the EU machinery and computer manufacturing towards their US parent companies (74 million) can be observed, while this sector attracted 15% of total flows to manufacturing coming from Extra-EU. This was the only case where US investors' preferences within EU manufacturing varied widely from the overall average. Japanese direct investors, though, placed 447 million of DI funds in the Union's machinery and computer manufacturing. This sector thus attracted nearly two thirds of equity and other capital coming from Japanese direct investors to EU manufacturing. On the other hand, roughly 100 million found their way back to their Japanese parent companies from EU direct investment enterprises in the chemical industry. EFTA investors also saw DI capital backflows to the tune of 1 bn from their direct investment enterprises in the Union's chemical industry, metal and mechanical products manufacturing as well as the textiles and wood industry which were only partially offset by DI engagements in the other manufacturing sectors. Other partner countries withdrew DI funds from their direct investment enterprises in the EU food production sector, amounting to 328 million. However, this was overcompensated by important flows to other manufacturing branches with textiles and wood activities taking the lead, attracting 29% or roughly half a billion ECU coming from other countries to EU manufacturing.

FDI flows to EU manufacturing industries 1996 performed by major partners, by manufacturing subsectors (equity and other capital)

	Extra-EU	USA	Japan	EFTA	Other
Manufacturing *(Mio ECU)*	**6557**	**4916**	**704**	**-755**	**1692**
of which going to:					
Food products	-6%	-4%	9%	-11%	-19%
Textiles + wood activities	13%	8%	5%	6%	29%
Petroleum,chemical,rubber,plastic products	50%	76%	-15%	99%	22%
Metal and mechanical products	6%	6%	11%	31%	14%
Machinery, computers, RTV, communication	15%	-1%	64%	-43%	17%
Vehicles + other transport equipment	16%	13%	33%	-22%	1%
Other manufacturing	6%	2%	-7%	40%	37%

Share of EU Member states in FDI flows coming from Extra-EU to the EU manufacturing industries

Direct investment enterprises in the Netherlands in 1996 were the main receivers of foreign DI funds going to EU manufacturing: of the nearly ECU 6.6 bn placed into EU manufacturing companies, 3.2 bn or 49% were targeted at Dutch enterprises. The Dutch chemical business attracted almost all FDI in this sector, while smaller amounts placed in or withdrawn from the other manufacturing subsectors in the Netherlands practically compensated each other. The United Kingdom was the second largest receiver, attracting another third of DI funds (2.5 bn) hosted by EU manufacturing companies. The country's share in foreign DI in the EU's textiles and wood activities, metal and mechanical products and machinery and computers manufacturing was even higher. These three branches together attracted roughly 2.2 bn of foreign funds of which two thirds went to British companies. Food products manufacturers in several EU Member states saw a withdrawal of DI capital by their foreign parent companies, the United Kingdom having experienced the major share of disinvestments. German manufacturers experienced capital backflows to their foreign direct investors that accounted for 18% of total FDI flows into EU manufacturing. Such backflows had a particular impact for the EU textiles and wood activities, chemical industry and metal and mechanical products manufacturing. On the other hand, German enterprises operating in other manufacturing were the major target for foreign DI funds in this branch. One in ten ECU of foreign DI capital going to EU manufacturing was destined for Spanish manufacturers, while Spain received over one fifth of foreign DI going to the EU's other manufacturing industries. French manufacturers were the target of 8% of foreign DI into total EU manufacturing. However, both French textiles and wood activities as well as metal and mechanical products manufacturing received each half of DI funds coming from Extra-EU into the respective branch of the Union's manufacturing industry (ECU 426 million and 197 million respectively).

FDI flows to EU manufacturing industries 1996 from Extra-EU (equity and other capital)
Breakdown by receiving EU Member states

	Total manufacturing	Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
EU *(ECU Mio)*	**6557**	**-389**	**847**	**3259**	**393**	**979**	**1070**	**398**
of which going to:								
Germany	**-18%**	**-16%**	**-38%**	**-33%**	**-53%**	**-13%**	**3%**	**121%**
Spain	**10%**	**-29%**	**7%**	**8%**	**4%**	**2%**	**12%**	**22%**
France	**8%**	**25%**	**50%**	**-10%**	**50%**	**26%**	**0%**	**16%**
Italy	**-3%**	**-2%**	**2%**	**-8%**	**5%**	**2%**	**1%**	**7%**
Netherlands	**49%**	**38%**	**0%**	**101%**	**6%**	**-3%**	**29%**	**-60%**
Portugal	**-1%**	**-2%**	**1%**	**0%**	**1%**	**-1%**	**-6%**	**2%**
Finland	**-5%**	**0%**	**-1%**	**0%**	**-3%**	**6%**	**n/a**	**n/a**
Sweden	**8%**	**6%**	**n/a**	**1%**	**n/a**	**n/a**	**n/a**	**n/a**
United Kingdom	**38%**	**80%**	**63%**	**35%**	**83%**	**63%**	**9%**	**19%**

Which are the main receiving manufacturing subsectors in each country?

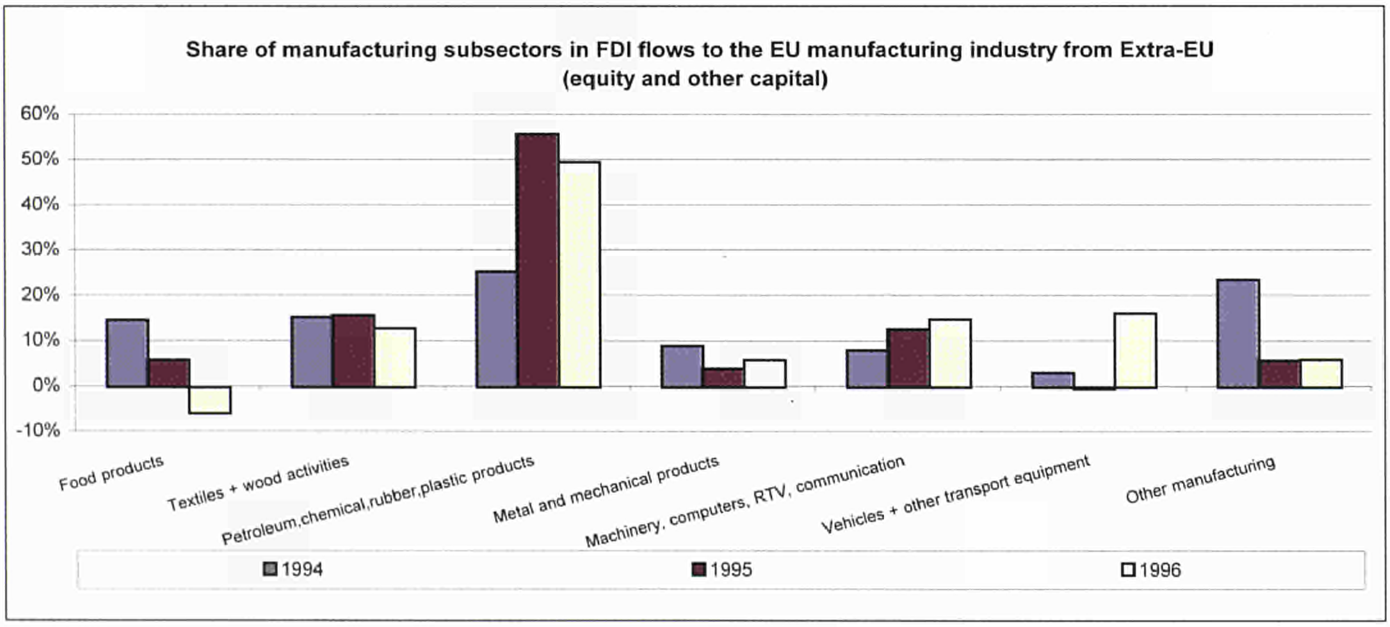
After having analysed which portion of FDI in the different subsectors of the EU manufacturing industry was attracted by different EU Member states, the focus is now again on the manufacturing industry of each country. The question then is, which manufacturing subsector gains most from foreign DI activities in each specific country? For example, taking the EU as a whole, we have seen that the chemical industry is the largest receiver within manufacturing. In fact, this observation can be confirmed for just three of the nine countries observed here. In Spain, the Netherlands and the United Kingdom chemical businesses received the biggest share of foreign funds placed in the countries' manufacturing industry. In France, on the other hand, textiles and wood activities attracted 80% of manufacturing FDI received by the country while foreign direct investors withdrew DI funds from their French direct investment enterprises in the chemical sector worth ECU 314 million. French machinery and computers manufacturers attracted nearly half of DI flows hosted by French manufacturers, while the sector's share is 15% for the Union as a whole. As well in the United Kingdom, machinery and computer fabrication received an above-average portion of manufacturing FDI (25% or 622 million), and so did textiles and wood activities, with over one fifth (533 million) of manufacturing DI capital in that country being absorbed by this branch (EU: 13%).

FDI flows to EU manufacturing industries 1996 from Extra-EU (equity and other capital)

Breakdown by subsectors in each receiving EU Member state

	Total Manufacturing (Mio ECU)	Of which going to: Food products	Textiles + wood activities	Petroleum, chemical,rubber,plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
EU	**6557**	-6%	13%	50%	6%	15%	16%	6%
Germany	**-1148**	-6%	28%	93%	18%	11%	-3%	-42%
Spain	**681**	17%	9%	37%	2%	3%	20%	13%
France	**532**	-18%	80%	-59%	37%	48%	0%	12%
Italy	**-176**	-5%	-11%	157%	-11%	-10%	-3%	-16%
Netherlands	**3206**	-5%	0%	102%	1%	-1%	10%	-7%
Portugal	**-48**	-17%	-12%	-11%	-4%	18%	141%	-16%
Finland	**-319**	-1%	2%	-1%	4%	-19%	n/a	n/a
Sweden	**499**	-5%	n/a	4%	n/a	n/a	n/a	n/a
United Kingdom	**2471**	-13%	22%	46%	13%	25%	4%	3%

Over the last three years where comprehensive data on the EU level is available for inward FDI by detailed branches (1994 to 1996), one can first notice that in 1994 the shares of the different subsectors were quite close to each other but started then to deviate more. Chemical industry was the major receiver also in 1994, accounting for roughly a quarter of manufacturing FDI coming from Extra-EU, while other manufacturing came very close, having absorbed another 24%, and vehicles and other transport equipment manufacturing hosting the smallest share (3%). The situation changed considerably from 1995 onwards, with chemical business reaching a share exceeding 50% and other manufacturing falling to 6%. A decrease in relative importance can also be noticed for food products manufacturing, starting with a 15% share in 1994, still accounting for 6% in 1995 but having experienced capital withdrawals by foreign parent companies in 1996. A small but constant upturn in the portion of DI going to manufacturing can be observed for machinery and computer fabrication (from 8% in 1994 to 15% in 1996).



Taking now into consideration 1997 FDI flows into EU manufacturing industries for eight EU Member states, one can see that chemical business was the largest receiver in manufacturing only in two of these countries: Germany and Finland. Instead, machinery and computer fabrication recorded highest FDI flows in Denmark, Italy and the Netherlands, while having been the leading manufacturing receiver in 1996 only in one country (Finland). EU food products manufacturers experienced withdrawals of DI funds by their foreign parent companies in 1996, and also in 1997 disinvestments in this sector were recorded by Denmark, Germany, the Netherlands and Finland. In Italy small amounts of foreign DI capital were placed with the country's food products manufacturers. However, the sector's share was least when compared to other manufacturing subsectors. It is of course difficult to draw firm conclusions on recent trends within manufacturing industries. However, the data available for eight countries nevertheless appears to allow a cautious confirmation of the general trend observed, namely a gain in importance of machinery and computers manufacturing, while food production seems to loose weight within manufacturing.

FDI flows to EU manufacturing industries 1997 from Extra-EU (equity and other capital)

(ECU Mio)

	Total manufacturing	of which going to: Food products	Textiles + wood activities	Petroleum, chemical,rubber, plastic products	Metal and mechanical products	Machinery, computers, RTV, communication	Vehicles + other transport equipment	Other manufacturing
Denmark	0	-30	n/a	30	-120	70	n/a	n/a
Germany	664	-146	4	692	29	66	14	4
Spain	272	34	18	71	21	6	102	20
Italy	496	11	72	26	19	322	12	35
Netherlands	111	-779	-34	499	117	536	-21	-208
Portugal	-15	1	1	-25	9	-9	8	-1
Finland	174	-43	-19	125	-3	8	n/a	n/a
Sweden	1626	363	26	21	10	11	1130	64

SERVICES: FINANCIAL INTERMEDIATION IS THE MAJOR RECEIVER OF FOREIGN DI IN EU SERVICES SECTORS

EU services received nearly ECU 17 bn of foreign DI funds in 1996. The major portion, 38% or 6.4 bn, went to the EU financial intermediation companies. Direct investors from EFTA economies and other countries even targeted over 60% of their EU FDI engagements at this particular services branch, while Japanese companies withdrew over half a billion ECU of DI funds from their EU affiliates. Real estate and business activities represented the second largest FDI receiver in EU services (4.7 bn), followed by trade and repairs enterprises absorbing another 4 bn (or 24%).

FDI flows to EU services from Extra-EU 1996, by target sectors in the EU (equity and other capital)

(ECU Mio)

	Extra-EU	USA	Japan	EFTA	Other
Total services	**16838**	**9381**	**157**	**4385**	**2916**
of which going to:					
TRADE AND REPAIRS	24%	16%	559%	9%	43%
HOTELS AND RESTAURANTS	2%	4%	6%	0%	-3%
TRANSPORTS AND COMMUNICATION	4%	8%	-73%	3%	-2%
FINANCIAL INTERMEDIATION	38%	25%	-349%	64%	61%
REAL ESTATE & BUSINESS ACT.	28%	41%	-54%	23%	-3%
OTHER SERVICES	4%	6%	12%	1%	4%

Investors from the USA showed an above-average preference for real estate and business activities, placing nearly 3.9 bn (or 41%) of their EU services engagements in this sector, while EU companies saw capital backflows to their Japanese parent companies. Japanese investors, on the other hand, were responsible for ECU 875 million placed in EU trade and repairs businesses, thus more than offsetting their disinvestments in the other services branches.

Member states' shares in services FDI from Extra-EU

British direct investment enterprises gained the biggest chunk of foreign DI going to EU services; they absorbed over one third (or roughly ECU 6.3 bn). Regarding financial intermediation, however, the British share is nearly twice as high, having been the target market for over two thirds of foreign DI funds hosted by this sector. French companies absorbed roughly one quarter of total services FDI, but attracted above-average shares of foreign DI capital placed in real estate and business activities (46% or about 2.2 bn) and in trade and repairs (31% or 1.3 bn). In the latter sector total funds destined for French companies roughly equalled amounts received by direct investment enterprises in the Netherlands, the Dutch share in this sector thus nearly being twice as high as the overall portion this country obtained in total services FDI (16% or 2.7 bn). In the other services sector the Netherlands even received three quarters of DI capital coming from Extra-EU, over half a billion ECU, while Italy represented the second most important target country, obtaining another quarter. German shares in services FDI were comparatively low, varying between 4 and 9% for the sectors where data are available. In financial intermediation German companies saw DI backflows to their foreign parent companies worth ECU 558 million.

FDI flows to EU services sectors from Extra-EU 1996 (equity and other capital)
Breakdown by receiving EU Member states

	All services	Trade and repairs	Hotels and restaurants	Transport and communication	Financial intermediation	Real estate & business act.	Other services
EU *(ECU Mio)*	**16838**	**4036**	**293**	**702**	**6350**	**4727**	**730**
of which going to:							
Denmark	n/a	2%	n/a	3%	-1%	1%	0%
Germany	n/a	4%	n/a	4%	-9%	9%	7%
Spain	4%	3%	9%	1%	2%	9%	8%
France	23%	31%	8%	18%	4%	46%	4%
Italy	n/a	1%	23%	14%	3%	n/a	26%
Netherlands	16%	30%	-1%	4%	15%	-1%	76%
Portugal	0%	0%	-1%	-6%	-1%	1%	3%
Finland	n/a	-1%	n/a	-1%	0%	0%	0%
Sweden	n/a	0%	n/a	7%	0%	3%	0%
United Kingdom	37%	13%	123%	22%	69%	19%	-7%

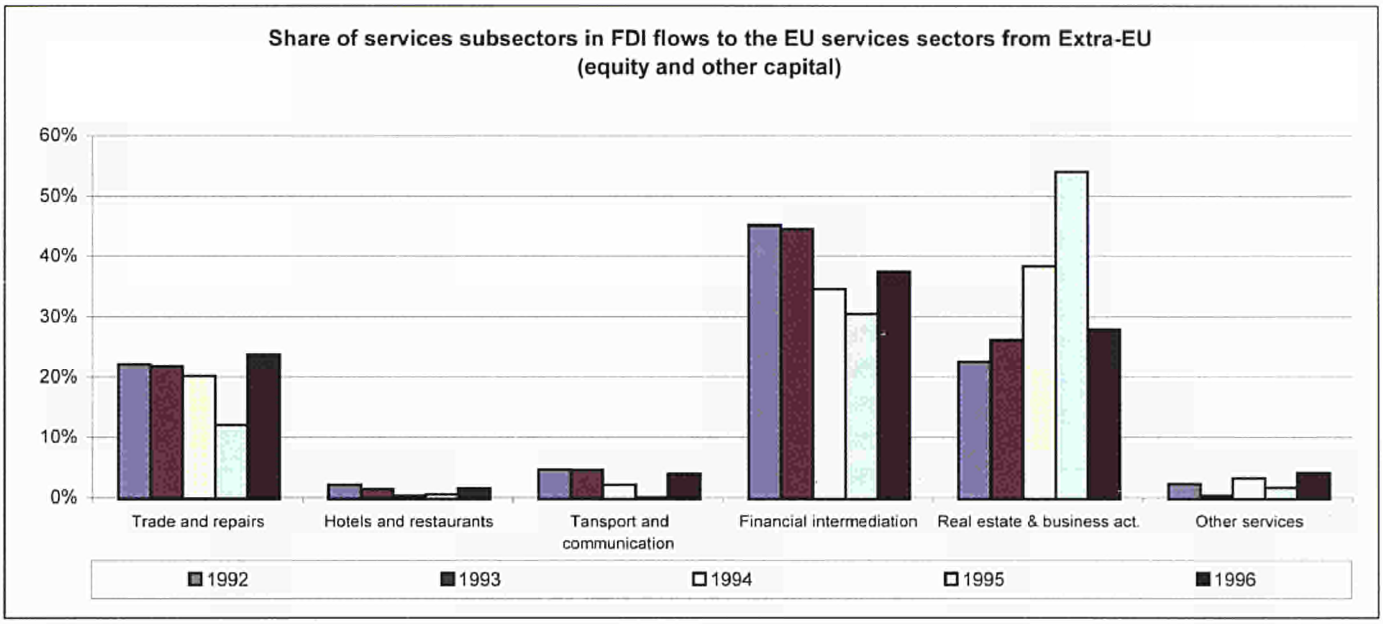
Which services subsectors are the main FDI receivers in each Member State?

As data for all services subsectors are only available for five countries, the scope of analysis regarding the relative importance of each services branch in individual countries is limited. However, some clear differences between country-specific patterns and the Union's average are noticed. In the French financial intermediation, only 6% of FDI placed in the country's services branches are to be found in this sector (Spain: 18%), while the EU average stood at over one third and in the United Kingdom this sector's share amounted to 70%. On the other hand, French and Spanish real estate and business activities received more than half of FDI funds placed in the respective country's services sectors, while the EU average was 28%. Dutch trade and repairs companies received a striking 45% of the country's overall FDI inflows in services, compared to 24% on the Union's level.

Comparing the weight of services subsectors for inward FDI on the EU level over the years 1992 to 1996, it turns out clearly that financial intermediation lost ground over the past years, starting with a stable 45% portion in 1992/1993 but going down to 31% in 1995. In the meantime, EU real estate and business activities gained in attractiveness for foreign investors, their share in services FDI jumping from a bit less than a quarter in 1992 to 54% in 1995 and hence surpassing financial intermediation in relative importance. In 1996, however, the situation changed again, with the share of real estate falling below 30% and financial services catching up. Trade and repairs, the third most important FDI target within services, showed a stable share of one fifth between 1992 to 1994 which it regained in 1996 after a drop in 1995, down to 12%.

FDI flows to EU services sectors 1996 from Extra-EU (equity and other capital)
Breakdown by subsectors within each receiving EU Member state

	All services *(ECU Mio)*	of which going to: Trade and repairs	Hotels and restaurants	Transport and communication	Financial intermediation	Real estate & business act.	Other services
EU	**16838**	24%	2%	4%	38%	28%	4%
Spain	**752**	14%	3%	1%	18%	56%	7%
France	**3869**	33%	1%	**3%**	6%	57%	1%
Netherlands	**2690**	45%	0%	**1%**	35%	-1%	21%
Portugal	**-53**	-7%	8%	75%	153%	-92%	-37%
United Kingdom	**6258**	8%	6%	2%	70%	14%	-1%



Detailed 1997 figures for inward services FDI, available for eight countries, can give an idea on how certain trends observed over the last years were reproduced in the very recent past. Comparing absolute figures for the different services branches, it first turns out that no clear pattern exists. Inflows into EU financial intermediation companies decreased in four out of the eight countries observed (Spain, Italy, the Netherlands and Finland), but grew or remained unchanged in the other four. Similarly, half of the observed countries faced shrinking flows in real estate and business activities, while flows rose in Denmark, Spain, the Netherlands and Sweden. Thus, at that point no clear pattern takes shape. On the other hand, transport and communication services, having attracted around 5% of foreign DI flows into EU services during the last years, show a striking upturn in DI inward flows in all countries observed with the exception of Italy and Spain. With 1997 data available for all EU countries, it remains to be verified if this evolution observed for eight countries represents a general upward trend in the relative importance of this sector.

FDI flows to EU services sectors 1997 from Extra-EU (equity and other capital)

(ECU Mio)

	All services	of which going to:					
		Trade and repairs	Hotels and restaurants	Transport and communication	Financial intermediation	Real estate & business act.	Other services
Denmark	370	110	30	40	110	70	10
Germany	n/a	-97	n/a	395	-28	-186	9
Spain	806	158	31	11	75	460	70
Italy	n/a	31	2	11	47	n/a	189
Netherlands	845	601	22	93	-433	217	345
Portugal	550	-8	34	101	377	36	10
Finland	n/a	0	n/a	-3	-25	-15	0
Sweden	728	30	3	557	8	132	-1

PART C

DIRECT INVESTMENT INCOME

EU DIRECT INVESTMENT INCOME

IN BRIEF

- More than half the 1996 net EU FDI earnings came from Asia, whereas net income flows with America and Switzerland were negative.
- In 1996, the European Union recorded a rate of return on direct investment assets held abroad of 8.2%. Direct

Direct investment income

For the time being figures on direct investment income in the European Union are only available for eight Member states. Thus, aggregate figures for the Union as a whole had to be estimated. These estimates are both provisional and rough.

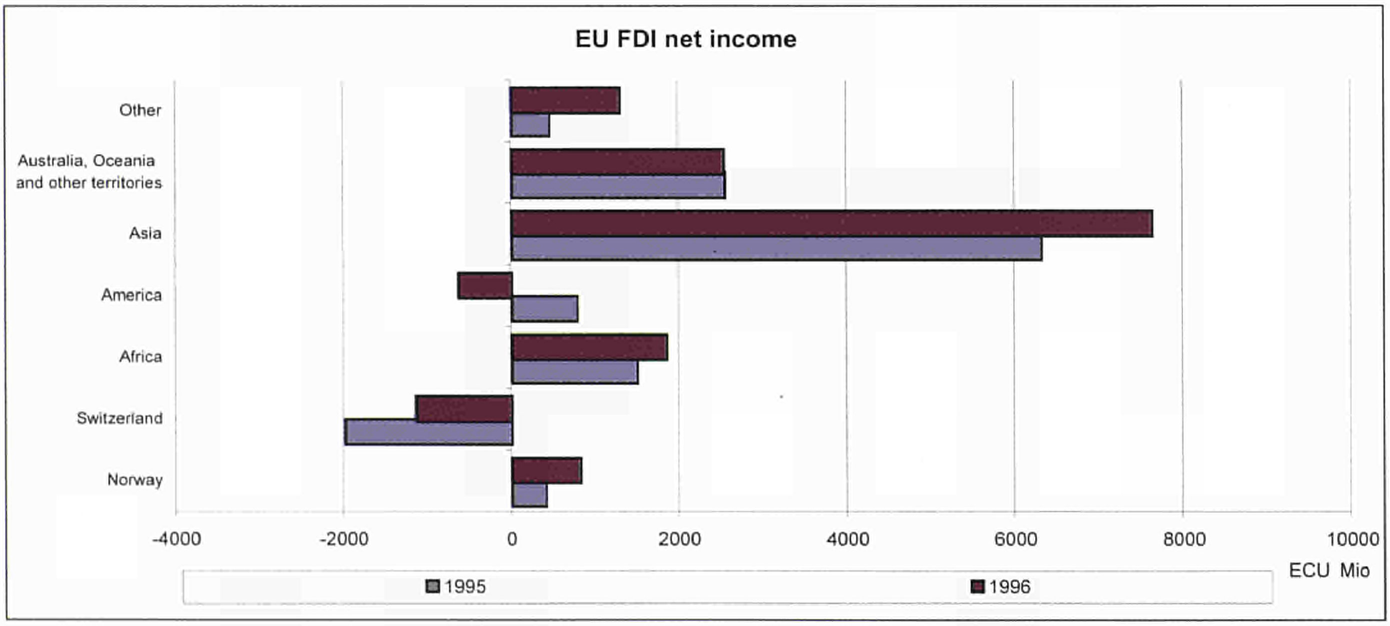
However, the available data shed some first light onto basic structures and developments - in particular, as among those Member states reporting FDI income are those with largest FDI assets and liabilities.

Below we describe developments in time and source/destination of FDI income. Information on return on investment is given by relating FDI income to total direct investment stocks. The comparison of FDI flows with income portions indicates which parts of e.g. FDI net outflows were - in a purely technical view - financed by net FDI income.

Net EU FDI earnings

Between 1995 and 1996, the European Union increased net direct investment income from non-EU countries by 23% to ECU 12.4 bn. Net income flows were positive with by far most partner countries and regions, the United States and Switzerland making the most prominent exceptions. However, while net flows with Switzerland decreased from -2.0 bn to -1.1 bn in 1996, net flows with the United States increased from -4.1 bn to -5.5 bn. Therefore, net EU FDI income with America was negative in 1996.

More than half of the 1996 net FDI earnings came from Asia, amounting to ECU 7.6 bn in 1996 after an increase of 21%. Highest net earnings in 1996 among Asian countries came from Hong Kong (2.6 bn), Singapore (1.8 bn) and Taiwan (0.7 bn). Next came Australia/Oceania with 2.5 bn, of which Australia accounted for 1.8 bn alone. With 1.8 bn Africa contributed 15% to EU net FDI earnings.

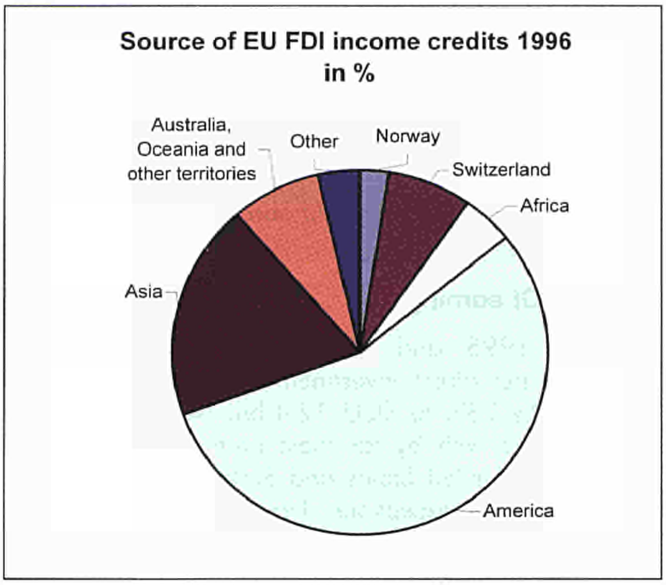


FDI income generated by EU FDI assets abroad

In all economic zones for which data were available, the Union realised higher returns on its FDI assets than income paid on liabilities - the NAFTA making the exception. The three groups of newly industrialised countries (NICs 1, NICs 2 - Asia and NICs 2 - Latin America) together contributed to a net FDI income stream of 8.2 bn, thus being the source of two thirds of EU net FDI income in 1996.

Income on EU FDI assets abroad grew 14% between 1995 and 1996, reaching ECU 44.4 bn. This increase was broad based across continents and economic zones; only income from South America (as a whole and as far as NICs 2 - Latin America are concerned) recorded a fall. Again it was Asia developing fastest (+23%) among continents, but this time closely followed by Africa, where EU direct investors saw their income expanding by 21%.

With a rate of + 10%, EU FDI income from America developed below average, but still accounted for more than half of EU total FDI income from abroad. Income from Australia/Oceania remained fairly unchanged.



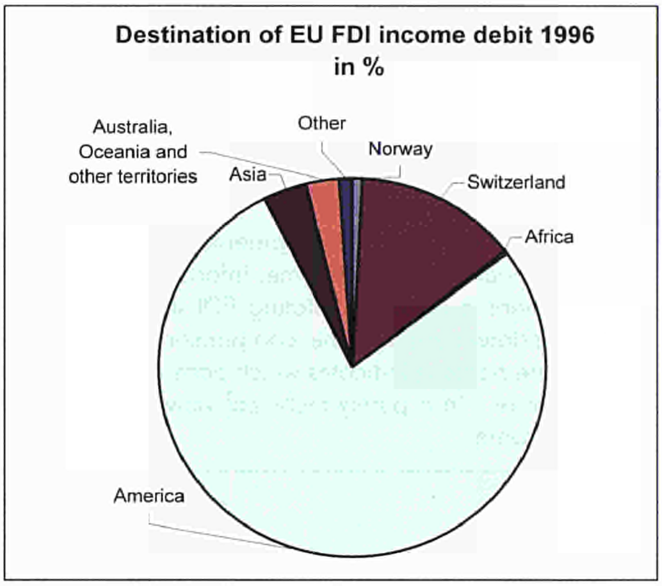
Despite covering only a small fraction of EU FDI income abroad, receipts from Central and Eastern European countries (CEEC) had the strongest upturn between 1995 and 1996 (+132%). The ASEAN countries came next with +118%. With a 45% growth, EU FDI income from assets in NICs1 was still surging, outperforming the average pace by a factor of three. Receipts from NICs 2 - Latin America slowed down significantly (-14%), while income from NICs 2-Asia grew twice as fast as the average, whereas the NAFTA was close to average.

Top scores for individual partner countries were with Hungary (+659%) and Poland (+373%). However, with 1996 income streams worth ECU million 561 and 128 respectively, they represented only a small fraction of EU FDI income abroad. This feature is common to most CEECs: a comparatively recent establishment of FDI relations with the Union is reflected in rather small but vigorously expanding income flows.

In between was Singapore (+388%) with a return of ECU 1.8 bn on EU assets located there. FDI income credits from Asia had a double-digit growth rate in 1996 in Thailand, Malaysia, Indonesia and Taiwan, whereas the opposite applies to India and the Republic of South Korea.

FDI earnings of non-EU direct investors in the EU

With 11.3% between 1995 and 1996, FDI earnings of non-EU direct investors in the Union grew three points slower than the EU's FDI earnings abroad. Asian investors saw their income on FDI in the Union rising by 40% and American investors recorded a rise of 17%. However, with ECU 25 bn American investors received nearly four fifths of all income paid out by the EU to foreign investors. On the credit side, the EU earned slightly more than half of its FDI income in America.



FDI earnings received by Asian and Australian/Oceanian investors from the EU were about one billion each, but development was upward for Asia and fairly unchanged for the latter. The two top receivers of 1996 FDI income on EU liabilities, the United States (ECU 23 bn) and Switzerland (4.4 bn), united together 86% of EU debits.

European Union direct investment income flows with selected partner countries and regions*

Data are provisional and partly estimated

(ECU Mio)

	1995			1996		
	Credit	Debit	Net flows	Credit	Debit	Net flows
Extra EUR15	**38834**	**28822**	**10012**	**44425**	**32070**	**12355**
Norway	571	164	407	1068	245	823
Switzerland	3128	5117	-1990	3249	4388	-1138
Poland	27	15	12	128	14	114
Baltic countries	12	1	11	18	0	18
Czech Republic	149	13	136	263	10	253
Slovakia	57	2	55	-30	2	-31
Hungary	74	20	54	561	55	503
Romania	-16	11	-27	-25	2	-27
Bulgaria	-1	2	-3	-6	2	-8
Slovenia	7	1	6	21	5	16
Turkey	150	155	-5	168	-15	183
Russia	-50	32	-82	46	-36	82
Africa	**1611**	**111**	**1499**	**1953**	**103**	**1849**
North Africa countries	125	-45	168	211	10	200
Other African countries	1486	156	1331	1742	93	1649
Republic of South Africa	846	78	768	811	65	746
America	**22271**	**21487**	**784**	**24405**	**25037**	**-632**
North American countries	17199	20725	-3526	19167	23995	-4828
United States of America	16139	20190	-4051	17633	23153	-5520
Canada	1064	543	521	1536	847	690
Central American countries	2174	351	1824	3298	977	2322
Mexico	-261	5	-266	256	47	209
South American countries	2898	412	2487	1940	65	1875
Colombia	141	1	139	-28	0	-28
Venezuela	53	1	51	103	1	101
Brazil	1499	-11	1510	1355	27	1328
Chile	604	1	603	354	0	353
Argentina	539	409	131	60	6	54
Asia	**7112**	**796**	**6314**	**8744**	**1112**	**7632**
Near and Middle East countries	1083	411	672	562	370	193
Gulf Arabian Countries	563	381	182	439	308	131
Other Near and Middle East countries	233	-25	258	357	4	351
Other Asian countries	6029	385	5642	8181	742	7439
India	179	11	168	145	17	128
Thailand	259	5	253	357	6	351
Malaysia	448	6	441	594	8	586
Indonesia	297	3	295	409	9	400
Singapore	373	33	341	1823	57	1766
Philippines	167	1	166	172	0	171
China	-1	23	-24	135	23	112
Korea, Republic of (South Korea)	143	-8	151	104	-9	113
Japan	879	276	603	943	493	449
Taiwan	595	-1	596	656	2	653
Hong Kong	2493	-11	2504	2660	70	2590
Australia, Oceania and other territories	**3475**	**932**	**2544**	**3486**	**954**	**2531**
Australia	2751	939	1813	2718	903	1816
New Zealand	517	-7	524	460	52	408
NAFTA	**16943**	**20736**	**-3794**	**19426**	**24046**	**-4620**
NICs 1	**3605**	**13**	**3592**	**5242**	**119**	**5124**
NICs 2 - Asia	**873**	**13**	**859**	**1124**	**15**	**1109**
NICs 2 - Latin America	**2383**	**404**	**1980**	**2039**	**96**	**1944**
ASEAN	**1542**	**86**	**1456**	**3357**	**127**	**3229**
Offshore financial centers	**5389**	**291**	**5098**	**7596**	**1039**	**6557**
ACP - countries	**928**	**32**	**896**	**1184**	**38**	**1146**
Countries from Central and Eastern Europe	**388**	**172**	**217**	**902**	**73**	**828**

*) The EU income aggregates include estimates for Belgium/Luxembourg, Denmark, Greece, Ireland, Portugal and Sweden.

Return on direct investment positions

Apart from absolute income figures, the profitability of direct investment - i.e. the rate of return on EU assets abroad and the rate of return on liabilities of the European Union to foreign investors - is in the center of economic interest. In 1996, the European Union recorded a rate of return on direct investment assets held abroad (ECU 543 bn) of 8.2%. Direct investors from abroad received income worth 7.6% of EU FDI liabilities (422 bn). Compared with 1995, the rate of return on EU assets remained fairly unchanged, while the return rate on liabilities decreased slightly.

Rates of return on EU assets abroad

Across continents EU direct investors saw the highest rates of return in 1996 in Asia with 13.5%. Next came Australia/Oceania and Africa with about 11%. Profitability was lower than average on assets held in America with 7.4%. Compared to 1995, rates of return increased only in Africa. Slight decreases were seen for America and Asia and more significantly for Australia/Oceania.

The newly industrialized Asian countries of the first and second wave brought EU investors rates of 17.4% and 11.4% respectively in 1996, both up compared to 1995 and far above average. By contrast, EU assets in NICs 2 - Latin America (1996: 5.8%) and Central and Eastern European countries (1996: 4.8%) were less profitable than average.

FDI host countries with double-digit rates of return on EU assets are quite common. However, among those countries in which EU investors held more than ECU 10 bn worth of assets in 1996, only Singapore (11.8%) and Australia (10.3%) had two-digit rates of return. Assets in the United States yielded 7.6%, in Switzerland 7.0%, in Brazil 6.6%, in Canada 8.0% and in Japan 7.8 %.

Top rates in 1996 were earned in Other Near and Middle East countries with 53.3%, Taiwan (29.3%), Hong Kong (27.4%) and Indonesia (22.4%). However, considering the comparatively small assets in Other Near and Middle East countries and the rate of return for 1995 (26.2%), the 1996 rate appears to be exceptional.

Rates of return on EU liabilities

American direct investors saw highest returns on assets located in the European Union in 1996, up to 10.3% from 9.8% in 1995. Next came Australia/Oceania with 6.1%. With around 2.5%, the rate of return for African and Asian investors was much lower in 1996.

Across single investor countries, three cases of exceptionally high rates occurred: In 1995, it was Argentina (89%) and Turkey (40.1%) and in 1996 Hungary (34.9%), which saw FDI income in the EU growing to four times the 1995 rate. However, the comparatively small liabilities of the Union to these countries and the return rate recorded for the other available year suggest exceptional financial transactions.

Compared to the assets side, rates of returns on EU liabilities were quite often lower. Double-digit rates occurred in 1996 for only four countries. Apart from Hungary, this was the case for Gulf Arabian countries (11.6%), the United States (11.0%) and China with 10.0%. For the next six countries following the United States in terms of EU liabilities - all with more than ten billion ECU in stocks - there was a spread of six points in return rates in 1996. Australia, Canada, Central America and Switzerland recorded rates between 5.2% and 7.4%. By contrast, Norwegian (2.2%) and Japanese (1.5%) direct investors experienced much lower yields. Only Turkey, Russia and the Republic of South Korea recorded losses on their direct investments in the Union 1996.

Rates of return on European Union direct investment positions with selected partner countries and regions*

Data are provisional and partly estimated

(%)

	1995		1996	
	Assets	Liabilities	Assets	Liabilities
Extra EUR15	8.2	7.9	8.2	7.6
Norway	8.4	2.0	12.5	2.2
Switzerland	6.9	7.1	7.0	5.2
Poland	0.9	3.6	2.7	3.6
Baltic countries	2.5	2.4	3.4	0.0
Czech Republic	3.4	6.5	4.3	6.0
Slovakia	10.2	11.1	-3.5	7.0
Hungary	1.5	9.6	8.9	34.9
Romania	-11.7	10.0	-8.4	4.5
Bulgaria	-1.6	6.9	-4.3	6.1
Slovenia	1.6	1.1	3.4	5.2
Turkey	6.6	40.1	6.4	-3.1
Russia	-6.5	1.9	3.2	-1.8
Africa	9.6	3.2	10.7	2.4
North Africa countries	3.7	-4.2	5.5	0.5
Other African countries	11.1	6.5	12.2	4.1
Republic of South Africa	17.2	6.2	15.3	5.3
America	7.6	9.8	7.4	10.3
North American countries	7.7	10.4	7.6	10.8
United States of America	7.8	10.7	7.6	11.0
Canada	6.2	4.9	8.0	7.4
Central American countries	6.8	2.0	9.7	5.3
Mexico	-7.3	0.9	5.3	6.6
South American countries	8.1	19.9	4.6	3.0
Colombia	6.6	1.0	-1.0	0.0
Venezuela	6.4	0.3	10.0	0.3
Brazil	8.8	-1.3	6.6	2.8
Chile	29.6	2.6	14.8	0.3
Argentina	8.6	89.0	0.8	1.2
Asia	13.7	2.0	13.5	2.5
Near and Middle East countries	28.1	8.2	14.8	6.8
Gulf Arabian Countries	24.0	12.5	19.3	11.6
Other Near and Middle East countries	26.2	-5.8	53.3	0.5
Other Asian countries	12.6	1.1	13.4	1.9
India	11.4	5.9	7.4	9.9
Thailand	12.6	4.3	11.8	3.9
Malaysia	10.7	4.3	12.1	2.5
Indonesia	20.2	0.4	22.4	2.5
Singapore	3.5	2.2	11.8	1.9
Philippines	9.3	1.9	8.8	0.0
China	0.0	10.1	3.8	10.0
Korea, Republic of (South Korea)	6.2	-0.5	3.7	-0.6
Japan	8.0	1.0	7.8	1.5
Taiwan	36.6	-0.3	29.3	0.5
Hong Kong	34.8	-1.1	27.4	6.9
Australia, Oceania and other territories	13.3	8.0	11.1	6.1
Australia	13.1	9.5	10.3	6.6
New Zealand	13.4	-0.4	10.5	2.5
NAFTA	7.4	10.4	7.6	10.8
NICs 1	16.5	0.3	17.4	2.0
NICs 2 - Asia	10.9	4.2	11.4	2.4
NICs 2 - Latin America	8.2	20.7	5.8	4.4
ASEAN	7.5	3.4	12.5	2.9
Offshore financial centers	11.5	1.5	13.8	4.7
ACP - countries	7.2	1.0	8.9	1.3
Countries from Central and Eastern Europe	2.6	12.1	4.8	6.1

*) The EU income aggregates include estimates for Belgium/Luxembourg, Denmark, Greece, Ireland, Portugal and Sweden.

Net direct investment income and capital flows

The ratio between net FDI income and net FDI flows reveals that in by far most cases net earnings go together with net FDI outflows and that net income payments to abroad come with net FDI inflows. In 1996, net FDI income from non EU stood at 47.3% of net FDI outward flows to non EU, down from 53.6% in 1995. However, it has to be taken into account that net FDI flows in reinvested earnings are included only in the 1996 figures. In absolute terms, the difference between net outflows and net income widened from ECU 8.7 bn in 1995 to 13.8 bn in 1996.

In 1995, the ratio between net income and net outflows stood above 100% for Africa and Asia. Thus more net income was received than net invested in new FDI capital. In America, 13.2% of net FDI flows were covered by net FDI income, in Australia/Oceania it was 53.2%. In 1996, only for the latter the ratio was above 100%, whereas it declined to 90.0% for Asia and 80.9% for Africa.

There were net income payments and net FDI outflows in 1996 to America. These were due to transactions with the United States on the one hand and with South American countries on the other. With the United States, the Union recorded a large debit in net income of ECU 5.5 bn, but this was opposed by 1.6 bn credit in FDI flows (i.e. net inward flows of U.S. capital into the EU). For Canada and Central American countries, net income and net capital flows were fairly equal. In contrast, net income from South American countries covered only 30.1% of the net export of FDI capital of the Union to that region (6.2 bn). The largest difference in absolute terms is seen for Brazil with net FDI capital export exceeding net income receipts by 2 bn.

The 90% coverage of net outward FDI by net income for Asia in 1996 is mainly due to transactions with Singapore and Hong Kong with ratios of 224% and 263% respectively. In absolute terms, EU net income received from the two countries together exceeded net FDI capital export by ECU 2.6 bn. With 240% Malaysia exhibits a similar rate, but transaction volumes were by far lower. In Other Near and Middle East countries, net FDI income credits accompanied net inward FDI flows into the EU. The lowest ratio for other Asian countries was performed with China, where for each million ECU of net income receipts there were 14 million worth of net export of EU FDI capital. Also, for Japan (30.3%) and India (33.9%) ratios were rather low compared to other Asian countries.

The four fifths coverage of 1996 EU net FDI capital exports to Africa by net income on direct investment is mainly due to the Republic of South Africa. Net income flows towards the EU dominated net imports of EU FDI capital by 54%, that is ECU 260 million in absolute terms. In contrast, the 1996 ratio for North African countries stood at 49% only.

The more balanced net FDI income and net capital flows with Australia/Oceania in 1996 were performed both with Australia and New Zealand. By contrast, in 1995 net capital exports to Australia exceeded by far net earnings from this country, and New Zealand paid more than eight times net income to the Union as its net import of FDI capital.

Links with other European partner countries and with CEECs were more diverse than with the rest of the world. Switzerland, the second biggest net receiver of FDI income, recorded double-credits in 1996: EU FDI income paid to Switzerland outpaced receipts on EU assets in Switzerland by ECU 1.1 bn and Switzerland recorded a net import of FDI capital of 0.9 bn. Relations were different in 1995, when net EU income payments (2.0 bn) were opposed by net FDI capital imports from Switzerland (4.1 bn).

Both in 1995 and 1996, the EU had a double-credit FDI relation with Norway. In 1996, net FDI income credit doubled to ECU 0.8 bn and net FDI capital import tripled to 1.7 bn. With Poland, net income receipts covered only a small fraction of EU capital export, while for the Czech Republic the ratio for 1996 stood at 20.2%. Whereas net import of EU FDI capital in Hungary slowed down in 1996, net income for the Union increased nearly tenfold. Thus, the 1996 ratio stood at 39%, just after Turkey with 52%.

The groups of newly industrialized countries show the same rank in coverage ratio than for return on FDI assets. First come the NICs 1 with ratios of 161% and 182% in 1995 and 1996 respectively. EU net FDI income credits from these countries exceeded net exports of FDI capital by ECU 2.3 bn in 1996, which were followed by the NICs 2 Asia. Here, after a one third excess of net income in 1995 on EU FDI capital exports, the 1996 flows were more balanced. Ratio for NICs 2 - Latin America countries decreased also in 1996, but at a much lower level. In 1996, net FDI income credits for the Union were only slightly more than one-third the net FDI capital exports.

Ratio between European Union net direct investment income and flows with selected partner countries and regions*

Data are provisional and partly estimated

(ECU Mio, ratio in %)

	1995			1996		
	net FDI income	net FDI flows	ratio	net FDI income	net FDI flows	ratio
Extra EUR15	**10012**	**18672**	**53.6**	**12355**	**26141**	**47.3**
Norway	407	-510	-79.6	823	-1683	-48.9
Switzerland	-1990	-4132	48.2	-1138	930	-122.4
Poland	12	1121	1.0	114	2271	5.0
Baltic countries	11	207	5.5	18	154	11.6
Czech Republic	136	1702	8.0	253	1249	20.2
Slovakia	55	183	30.2	-31	136	-22.8
Hungary	54	1884	2.9	503	1289	39.0
Romania	-27	69	-39.1	-27	93	-29.4
Bulgaria	-3	8	-44.1	-8	49	-17.2
Slovenia	6	69	9.0	16	74	21.7
Turkey	-5	219	-2.2	183	349	52.4
Russia	-82	114	-71.5	82	397	20.6
Africa	**1499**	**1214**	**123.5**	**1849**	**2285**	**80.9**
North Africa countries	168	123	137.2	200	407	49.3
Other African countries	1331	1092	121.9	1649	1878	87.8
Republic of South Africa	768	653	117.6	746	486	153.7
America	**784**	**5963**	**13.2**	**-632**	**7898**	**-8.0**
North American countries	-3526	3639	-96.9	-4828	-928	520.5
United States of America	-4051	3037	-133.4	-5520	-1619	340.9
Canada	521	603	86.4	690	691	99.8
Central American countries	1824	-1464	-124.6	2322	2607	89.1
Mexico	-266	753	-35.3	209	465	45.0
South American countries	2487	3787	65.7	1875	6219	30.1
Colombia	139	359	38.9	-28	481	-5.8
Venezuela	51	195	26.2	101	406	25.0
Brazil	1510	1431	105.5	1328	3314	40.1
Chile	603	508	118.7	353	322	109.9
Argentina	131	974	13.4	54	1108	4.9
Asia	**6314**	**5173**	**122.1**	**7632**	**8482**	**90.0**
Near and Middle East countries	672	351	191.7	193	-102	-189.1
Gulf Arabian Countries	182	66	276.1	131	50	264.1
Other Near and Middle East countries	258	-10	-2564.5	351	-39	-892.5
Other Asian countries	5642	4822	117.0	7439	8584	86.7
India	168	293	57.4	128	376	33.9
Thailand	253	611	41.5	351	553	63.4
Malaysia	441	-74	-597.8	586	244	240.3
Indonesia	295	589	50.1	400	843	47.5
Singapore	341	447	76.2	1766	790	223.6
Philippines	166	102	162.4	171	403	42.4
China	-24	698	-3.4	112	1599	7.0
Korea, Republic of (South Korea)	151	152	99.1	113	165	68.2
Japan	603	299	201.7	449	1481	30.3
Taiwan	596	325	183.5	653	882	74.0
Hong Kong	2504	1304	192.1	2590	985	262.8
Australia, Oceania and other territories	**2544**	**4784**	**53.2**	**2531**	**2354**	**107.5**
Australia	1813	4413	41.1	1816	1755	103.5
New Zealand	524	62	841.1	408	448	91.0
NAFTA	**-3794**	**4393**	**-86.4**	**-4620**	**-463**	**998.1**
NICs 1	**3592**	**2226**	**161.3**	**5124**	**2823**	**181.5**
NICs 2 - Asia	**859**	**641**	**134.1**	**1109**	**1201**	**92.3**
NICs 2 - Latin America	**1980**	**3668**	**54.0**	**1944**	**5207**	**37.3**
ASEAN	**1456**	**1576**	**92.4**	**3229**	**2802**	**115.2**
Offshore financial centers	**5098**	**-714**	**-714.5**	**6557**	**4176**	**157.0**
ACP - countries	**896**	**1294**	**69.2**	**1146**	**1502**	**76.3**
Countries from Central and Eastern Europe	**217**	**5557**	**3.9**	**828**	**5270**	**15.7**

*) The EU income aggregates include estimates for Belgium/Luxembourg, Denmark, Greece, Ireland, Portugal and Sweden.

PART D

STATISTICAL TABLES

Geographical breakdown of FDI flows

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1997	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	:	:	:	:	:	:	:	:	:	:
Belgium/Luxembourg	6 143	6 029	12 172	1 213	13 384	1 756	3 428	5 184	- 1 067	4 117
Denmark	282	367	649	- 186	462	402	1 073	1 475	- 97	1 378
Germany	4 909	4 342	9 251	842	10 093	6 633	3 815	10 448	1 622	12 070
Greece	160	29	188	- 40	148	7	36	43	1	43
Spain	2 434	336	2 770	453	3 223	873	976	1 849	56	1 905
France	5 615	2 898	8 513	1 927	10 440	2 399	3 069	5 468	- 322	5 145
Ireland	334	580	914	1 242	2 157	371	2 354	2 725	46	2 772
Italy	3 704	1 031	4 735	779	5 514	3 637	- 9	3 629	- 373	3 255
Netherlands	6 986	2 580	9 566	5 864	15 430	6 248	4 896	11 144	188	11 332
Austria	835	2	837	229	1 066	261	234	495	- 30	465
Portugal	713	555	1 268	255	1 523	397	101	498	6	504
Finland	896	- 121	776	- 7	768	823	478	1 302	- 7	1 293
Sweden	2 574	452	3 026	- 34	2 992	1 055	283	1 337	- 1 082	256
United Kingdom	7 094	10 302	17 396	800	18 195	6 102	4 831	10 933	1 141	12 073
Iceland	:	:	:	:	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	2 244	- 446	1 798	375	2 173	92	720	812	275	1 086
Switzerland	3 154	1 564	4 718	960	5 678	2 821	- 2 655	166	3 594	3 760
OTHER EUROPEAN COUNTRIES	:	:	:	:	:	:	:	:	:	:
Poland	1 663	363	2 026	- 72	1 953	4	48	51	18	69
Baltic countries	:	:	:	:	:	:	:	:	:	:
Czech Republic	1 197	258	1 455	- 174	1 281	- 2	- 19	- 22	- 1	- 22
Slovakia	:	:	:	:	:	:	:	:	:	:
Hungary	916	205	1 122	122	1 244	35	25	61	19	80
Romania	:	:	:	:	:	:	:	:	:	:
Bulgaria	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Croatia	:	:	:	:	:	:	:	:	:	:
Slovenia	:	:	:	:	:	:	:	:	:	:
ex-Yugoslavia	:	:	:	:	:	:	:	:	:	:
Turkey	248	38	286	17	304	27	25	52	- 1	51
Russia	:	:	:	:	:	:	:	:	:	:
Belarus	:	:	:	:	:	:	:	:	:	:
Ukraine	:	:	:	:	:	:	:	:	:	:
AFRICA	:	:	:	:	:	:	:	:	:	:
NORTH AFRICA	:	:	:	:	:	:	:	:	:	:
Morocco	:	:	:	:	:	:	:	:	:	:
Egypt	:	:	:	:	:	:	:	:	:	:
OTHER AFRICAN COUNTRIES	:	:	:	:	:	:	:	:	:	:
Rep. of South Africa	:	:	:	:	:	:	:	:	:	:
AMERICA	:	:	:	:	:	:	:	:	:	:
NORTH AMERICA	26 854	7 248	34 102	10 269	44 371	9 154	15 124	24 279	2 544	26 823
United States	26 632	6 910	33 542	9 487	43 029	8 578	13 823	22 401	1 939	24 340
Canada	222	339	560	782	1 342	577	1 302	1 879	605	2 484
CENTRAL AMERICA	:	:	:	:	:	:	:	:	:	:
Mexico	1 808	369	2 177	329	2 506	43	- 55	- 11	9	- 3
SOUTH AMERICA	:	:	:	:	:	:	:	:	:	:
Colombia	:	:	:	:	:	:	:	:	:	:
Venezuela	:	:	:	:	:	:	:	:	:	:
Brazil	:	:	:	:	:	:	:	:	:	:
Chile	:	:	:	:	:	:	:	:	:	:
Argentina	:	:	:	:	:	:	:	:	:	:

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Geographical breakdown of FDI flows

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1997	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	:	:	:	:	:	:	:	:	:	:
NEAR AND MIDDLE EAST	:	:	:	:	:	:	:	:	:	:
Iran	:	:	:	:	:	:	:	:	:	:
Israel	:	:	:	:	:	:	:	:	:	:
Gulf Arabian countries	:	:	:	:	:	:	:	:	:	:
Other Near & Middle East	:	:	:	:	:	:	:	:	:	:
OTHER ASIAN COUNTRIES	:	:	:	:	:	:	:	:	:	:
India	:	:	:	:	:	:	:	:	:	:
Thailand	:	:	:	:	:	:	:	:	:	:
Malaysia	:	:	:	:	:	:	:	:	:	:
Indonesia	:	:	:	:	:	:	:	:	:	:
Singapore	:	:	:	:	:	:	:	:	:	:
Philippines	:	:	:	:	:	:	:	:	:	:
China	:	:	:	:	:	:	:	:	:	:
South Korea	547	33	580	30	610	138	25	163	187	350
Japan	197	51	248	318	565	504	491	995	394	1 389
Taiwan	:	:	:	:	:	:	:	:	:	:
Hong Kong	:	:	:	:	:	:	:	:	:	:
OCEANIA,O. TERRITORIES	:	:	:	:	:	:	:	:	:	:
Australia	399	223	623	1 877	2 499	969	101	1 069	1 323	2 390
New Zealand	32	3	35	242	278	4	73	76	- 240	- 164
Not allocated	:	:	:	:	:	:	:	:	:	:
TOTAL	104 258	45 819	150 077	32 125	182 203	47 505	45 072	92 577	8 048	100 624
EU 15	42 722	29 259	71 981	13 335	85 315	30 981	25 571	56 552	81	56 632
Extra EU 15	61 507	16 164	77 671	18 760	96 431	16 469	19 501	35 970	8 006	43 976
EMU	32 570	18 232	50 802	12 797	63 599	23 398	19 343	42 741	118	42 857
Extra EMU	71 688	27 587	99 275	19 328	118 604	24 107	25 729	49 835	7 930	57 767
EU non-EMU	10 109	11 149	21 258	540	21 796	7 565	6 222	13 788	- 36	13 751
EFTA	5 425	952	6 376	1 358	7 734	2 947	- 2 009	937	3 708	4 645
EEA	44 981	28 711	73 693	13 733	87 425	31 038	26 700	57 738	45	57 781
Extra EEA	59 266	17 137	76 403	18 362	94 766	16 422	16 781	33 202	8 041	41 246
OECD	81 997	39 174	121 172	27 628	148 799	44 804	39 434	84 237	8 202	92 436
NAFTA	28 661	7 617	36 278	10 597	46 876	9 198	15 069	24 267	2 553	26 820
NICs1	:	:	:	:	:	:	:	:	:	:
NICs2A	:	:	:	:	:	:	:	:	:	:
NICs2LA	:	:	:	:	:	:	:	:	:	:
CIS countries	:	:	:	:	:	:	:	:	:	:
ASEAN countries	:	:	:	:	:	:	:	:	:	:
OPEC countries	:	:	:	:	:	:	:	:	:	:
MERCOSUR	:	:	:	:	:	:	:	:	:	:
PAC	:	:	:	:	:	:	:	:	:	:
Offshore Financial Centers	:	:	:	:	:	:	:	:	:	:
Latin America countries	:	:	:	:	:	:	:	:	:	:
ACP countries	:	:	:	:	:	:	:	:	:	:
African ACP countries	:	:	:	:	:	:	:	:	:	:
Caribbean ACP countries	:	:	:	:	:	:	:	:	:	:
Pacific ACP countries	:	:	:	:	:	:	:	:	:	:
Mediterranean Basin countries	:	:	:	:	:	:	:	:	:	:
Maghrebian countries	:	:	:	:	:	:	:	:	:	:
Mashrek countries	:	:	:	:	:	:	:	:	:	:
Central and Eastern Europe	:	:	:	:	:	:	:	:	:	:
French Franc zone	:	:	:	:	:	:	:	:	:	:

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI flows

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1996	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	42 686	24 652	67 338	11 089	78 428	31 342	16 749	48 091	4 010	52 100
Belgium/Luxembourg	4 646	3 201	7 846	1 005	8 849	2 468	3 358	5 826	- 436	5 391
Denmark	301	276	577	103	677	1 344	310	1 655	148	1 801
Germany	2 793	2 134	4 927	- 643	4 284	6 865	1 137	8 002	428	8 430
Greece	315	54	369	168	537	14	- 1	13	- 6	7
Spain	2 561	575	3 136	792	3 929	515	216	731	44	775
France	7 064	1 478	8 543	978	9 521	3 287	1 466	4 753	375	5 129
Ireland	1 263	950	2 213	1 179	3 391	191	835	1 026	42	1 067
Italy	2 675	2 107	4 782	68	4 850	1 848	711	2 559	- 38	2 521
Netherlands	5 216	5 648	10 865	2 938	13 802	3 366	3 337	6 703	2 486	9 188
Austria	2 895	339	3 234	148	3 382	388	74	462	82	543
Portugal	1 036	99	1 134	191	1 323	172	16	188	12	199
Finland	303	106	409	58	468	426	479	905	258	1 162
Sweden	1 312	1 467	2 779	441	3 218	1 541	- 714	827	- 519	308
United Kingdom	3 429	2 463	5 891	1 572	7 464	5 026	2 780	7 805	732	8 538
Iceland	:	:	:	:	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	561	180	741	481	1 221	2 296	449	2 745	161	2 904
Switzerland	2 013	2 017	4 030	768	4 796	1 388	2 183	3 571	295	3 866
OTHER EUROPEAN COUNTRIES	4 409	1 551	5 960	772	6 733	300	14	314	- 55	257
Poland	1 694	468	2 161	108	2 268	4	- 8	- 4	1	- 3
Baltic countries	105	36	141	18	158	5	- 1	4	1	5
Czech Republic	701	363	1 063	187	1 248	3	- 6	- 3	1	- 1
Slovakia	135	35	170	- 30	141	5	0	5	0	5
Hungary	698	349	1 047	251	1 299	18	- 8	10	- 0	9
Romania	64	44	108	- 8	100	9	- 2	6	0	7
Bulgaria	22	22	44	2	44	- 2	- 3	- 5	0	- 5
Albania	0	3	3	0	4	0	- 0	0	0	0
Croatia	40	28	68	- 7	60	1	- 0	1	0	1
Slovenia	50	13	65	12	76	2	1	3	0	3
ex-Yugoslavia	8	0	8	- 3	5	- 2	- 0	- 2	0	- 2
Turkey	328	31	359	70	429	92	4	96	- 16	80
Russia	234	164	398	55	450	87	11	97	- 44	54
Belarus	2	0	2	- 1	2	0	0	0	0	0
Ukraine	32	7	39	9	48	1	0	1	0	1
AFRICA	694	1 238	1 931	718	2 649	241	115	356	9	364
NORTH AFRICA	232	220	452	26	478	13	58	72	0	72
Morocco	164	5	170	- 20	150	- 0	- 1	- 1	0	- 1
Egypt	3	41	45	1	44	7	3	10	- 0	10
OTHER AFRICAN COUNTRIES	462	1 018	1 479	693	2 171	227	57	284	9	292
Rep. of South Africa	75	106	181	410	591	194	- 102	91	15	105
AMERICA	14 262	6 633	20 895	11 156	32 049	11 442	5 740	17 182	6 971	24 151
NORTH AMERICA	7 769	5 282	13 052	8 777	21 829	11 243	4 578	15 821	6 937	22 756
United States	7 884	5 322	13 207	7 894	21 100	11 594	4 337	15 931	6 788	22 720
Canada	- 115	- 41	- 155	883	728	- 352	241	- 110	149	37
CENTRAL AMERICA	1 517	825	2 342	1 595	3 936	152	1 162	1 314	16	1 328
Mexico	282	87	368	188	557	21	71	92	- 0	92
SOUTH AMERICA	4 976	525	5 501	784	6 285	47	0	48	18	66
Colombia	402	119	521	- 38	484	2	- 0	2	0	2
Venezuela	116	239	354	74	428	18	4	22	- 0	22
Brazil	2 511	25	2 536	810	3 343	36	- 20	17	12	29
Chile	313	14	327	1	328	2	4	6	0	6
Argentina	1 162	71	1 233	- 106	1 125	4	8	12	5	17

Geographical breakdown of FDI flows

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1996	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	6 405	691	7 095	3 789	10 883	1 879	540	2 419	- 16	2 401
NEAR AND MIDDLE EAST	250	118	368	- 128	240	144	120	264	79	342
Iran	- 1	25	23	- 220	- 196	8	5	13	5	19
Israel	150	29	178	11	187	53	9	61	24	84
Gulf Arabian countries	71	109	180	82	263	63	106	168	45	213
Other Near & Middle East	31	- 45	- 13	- 2	- 13	21	- 0	21	5	26
OTHER ASIAN COUNTRIES	6 154	573	6 727	3 917	10 643	1 735	420	2 155	- 95	2 059
India	266	49	315	83	399	20	2	22	1	23
Thailand	266	119	386	166	551	2	- 5	- 3	- 0	- 3
Malaysia	207	- 88	119	269	387	130	13	143	0	143
Indonesia	510	176	685	174	859	1	11	11	5	16
Singapore	416	- 88	328	1 065	1 394	525	54	580	24	604
Philippines	226	89	315	98	411	1	1	2	6	8
China	1 353	150	1 503	92	1 595	3	- 7	- 3	0	- 3
South Korea	307	- 39	268	44	313	44	102	146	2	147
Japan	1 572	250	1 822	490	2 311	883	75	958	- 128	830
Taiwan	378	15	393	526	918	19	14	33	4	37
Hong Kong	481	- 154	327	854	1 181	68	134	202	- 5	195
OCEANIA,O. TERRITORIES	1 911	- 71	1 840	1 821	3 659	268	555	823	482	1 305
Australia	1 715	- 47	1 668	1 472	3 139	262	641	903	481	1 384
New Zealand	- 11	178	166	164	330	6	- 125	- 119	2	- 118
Not allocated	363	370	733	81	817	75	1 015	1 090	16	1 110
TOTAL	66 321	33 512	99 833	28 653	128 486	45 247	24 715	69 962	11 471	81 432
EU 15	35 698	20 885	56 584	8 997	65 582	27 362	14 132	41 494	3 609	45 102
Extra EU 15	30 262	12 504	42 766	19 657	62 421	17 835	10 586	28 420	7 862	36 281
EMU	30 452	16 638	47 090	6 714	53 799	19 526	11 629	31 154	3 253	34 405
Extra EMU	35 869	16 874	52 743	21 939	74 687	25 722	13 086	38 807	8 218	47 027
EU non-EMU	5 356	4 260	9 617	2 284	11 895	7 925	2 374	10 300	356	10 653
EFTA	2 578	2 216	4 794	1 320	6 115	3 679	2 605	6 285	456	6 741
EEA	36 270	21 083	57 353	9 550	66 905	29 546	14 554	44 100	3 627	47 725
Extra EEA	30 039	12 346	42 385	19 104	61 486	15 646	9 256	24 902	7 844	32 746
OECD	53 328	30 008	83 336	21 990	105 327	43 636	22 041	65 677	11 343	77 019
NAFTA	8 051	5 368	13 420	8 965	22 386	11 264	4 649	15 913	6 937	22 849
NICs1	1 582	- 265	1 317	2 490	3 806	656	303	959	25	983
NICs2A	698	120	818	533	1 350	135	8	143	6	149
NICs2LA	4 268	196	4 464	893	5 352	62	65	127	18	145
CIS countries	271	210	482	51	532	92	15	107	- 47	60
ASEAN countries	1 670	216	1 886	1 719	3 606	661	97	758	46	804
OPEC countries	865	1 123	1 987	24	2 012	89	233	322	74	396
MERCOSUR	3 765	108	3 874	640	4 513	51	- 11	37	18	54
PAC	3 552	1 263	4 815	587	5 403	56	- 10	47	5	51
Offshore Financial Centers	2 243	589	2 831	3 437	6 268	762	1 275	2 037	56	2 092
Latin America countries	5 276	667	5 943	1 026	6 969	93	90	182	12	194
ACP countries	465	950	1 415	405	1 821	38	286	324	- 4	319
African ACP countries	389	898	1 287	219	1 507	35	156	191	- 5	186
Caribbean ACP countries	47	48	95	110	204	3	91	94	1	95
Pacific ACP countries	28	7	35	76	109	0	40	40	- 2	38
Mediterranean Basin countries	1 112	241	1 354	159	1 512	234	82	316	28	345
Maghrebian countries	196	29	225	- 12	212	4	1	5	- 0	5
Mashrek countries	67	- 17	50	13	64	27	62	88	- 1	87
Central and Eastern Europe	3 534	1 296	4 829	471	5 298	45	- 20	25	4	29
French Franc zone	129	301	430	102	531	4	144	149	- 3	146

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1995	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	46 211	15 263	61 474	10 864	72 336	34 923	15 692	50 616	5 205	55 819
Belgium/Luxembourg	589	5 275	5 864	1 160	7 022	1 847	1 815	3 663	256	3 918
Denmark	1 060	729	1 788	683	2 471	368	468	836	181	1 016
Germany	3 694	2 182	5 876	444	6 320	7 669	2 503	10 172	- 146	10 025
Greece	204	194	398	2	401	26	- 4	22	1	23
Spain	1 476	1 064	2 540	116	2 655	- 286	505	219	- 3	215
France	4 647	799	5 445	826	6 271	3 780	- 763	3 017	119	3 134
Ireland	561	1 373	1 934	720	2 656	154	1 611	1 764	99	1 864
Italy	3 268	860	4 128	49	4 177	1 343	669	2 012	178	2 191
Netherlands	8 744	3 723	12 467	4 215	16 681	6 043	1 759	7 802	2 328	10 129
Austria	1 436	390	1 826	142	1 969	494	241	736	7	743
Portugal	251	198	449	192	641	111	62	173	- 19	154
Finland	469	130	599	230	830	366	189	555	267	821
Sweden	2 538	- 1 413	1 125	97	1 221	832	1 321	2 153	383	2 535
United Kingdom	8 248	930	9 179	228	9 408	6 481	3 419	9 900	502	10 402
Iceland	:	:	:	:	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	1 031	- 67	964	281	1 245	1 567	- 48	1 519	236	1 755
Switzerland	2 678	- 1 898	780	1 398	2 179	3 769	1 722	5 491	821	6 311
OTHER EUROPEAN COUNTRIES	5 259	855	6 114	87	6 202	263	169	432	0	432
Poland	901	231	1 132	27	1 158	6	22	28	9	37
Baltic countries	133	51	184	19	204	- 5	- 0	- 5	2	- 3
Czech Republic	1 345	250	1 594	143	1 738	10	18	28	8	35
Slovakia	129	10	139	43	182	- 0	- 1	- 1	0	- 1
Hungary	1 969	133	2 102	- 78	2 023	13	123	136	3	139
Romania	65	10	75	- 0	74	5	1	5	0	6
Bulgaria	8	0	9	0	10	2	- 1	1	0	2
Albania	1	0	2	- 0	2	1	0	1	0	1
Croatia	149	51	200	9	209	2	1	3	1	3
Slovenia	57	11	68	1	69	- 1	0	- 1	0	- 1
ex-Yugoslavia	- 0	0	0	1	1	0	0	1	0	1
Turkey	242	75	317	- 53	265	41	- 0	41	5	46
Russia	204	108	312	- 53	257	124	8	133	10	143
Belarus	1	0	1	0	1	- 0	0	- 0	0	- 0
Ukraine	31	- 39	- 8	- 2	- 10	1	0	1	0	1
AFRICA	426	720	1 146	447	1 591	151	208	360	16	377
NORTH AFRICA	- 51	213	162	- 1	159	34	3	37	- 3	36
Morocco	24	6	30	7	37	5	- 0	5	- 0	5
Egypt	97	16	114	- 9	103	3	- 7	- 5	- 1	- 5
OTHER AFRICAN COUNTRIES	477	506	984	448	1 432	117	205	322	19	341
Rep. of South Africa	251	168	420	432	852	72	107	179	20	199
AMERICA	14 694	14 310	29 004	9 457	38 462	22 815	5 670	28 485	4 018	32 499
NORTH AMERICA	12 018	13 280	25 298	7 622	32 921	21 594	3 278	24 871	4 411	29 282
United States	11 523	13 012	24 534	7 079	31 616	20 543	3 749	24 293	4 287	28 579
Canada	499	268	767	543	1 307	1 051	- 471	580	124	704
CENTRAL AMERICA	800	312	1 112	522	1 633	1 160	2 309	3 469	- 371	3 096
Mexico	849	161	1 010	- 265	745	18	- 26	- 8	0	- 8
SOUTH AMERICA	1 876	718	2 594	1 313	3 908	61	84	145	- 22	121
Colombia	124	238	363	12	372	13	- 0	13	- 0	13
Venezuela	80	112	192	28	219	23	1	24	- 0	24
Brazil	490	308	798	643	1 440	11	5	16	- 7	10
Chile	109	19	128	381	509	1	- 1	1	0	1
Argentina	858	- 41	817	231	1 047	9	79	89	- 15	74

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1995	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	3 662	1 356	5 018	1 919	6 935	1 545	699	2 244	- 481	1 762
NEAR AND MIDDLE EAST	134	283	416	191	605	117	80	197	57	255
Iran	- 1	11	11	207	217	3	4	5	2	10
Israel	87	23	109	8	119	23	2	25	7	31
Gulf Arabian countries	36	274	310	3	312	81	96	177	71	246
Other Near & Middle East	12	- 26	- 14	- 27	- 43	10	- 22	- 11	- 22	- 33
OTHER ASIAN COUNTRIES	3 529	1 073	4 602	1 728	6 330	1 428	619	2 047	- 539	1 508
India	214	40	254	85	339	12	30	42	4	46
Thailand	290	274	564	43	607	12	- 15	- 3	- 1	- 4
Malaysia	- 48	- 136	- 185	131	- 56	23	- 4	20	- 1	18
Indonesia	643	- 67	576	38	614	0	19	19	6	25
Singapore	435	219	654	- 188	467	66	- 69	- 3	22	20
Philippines	77	- 62	14	82	95	3	- 9	- 7	- 0	- 7
China	608	131	739	- 22	715	8	8	17	0	17
South Korea	293	- 1	292	74	366	125	84	208	5	214
Japan	541	313	854	388	1 243	1 168	367	1 535	- 588	944
Taiwan	- 67	38	- 29	423	393	59	11	69	- 1	68
Hong Kong	348	322	671	654	1 325	- 94	117	24	- 1	21
OCEANIA,O. TERRITORIES	2 260	312	2 573	1 501	4 073	- 251	- 795	- 1 046	334	- 711
Australia	1 875	696	2 571	1 050	3 620	- 260	- 887	- 1 147	354	- 793
New Zealand	26	- 226	- 200	340	139	5	92	97	- 18	77
Not allocated	- 4	- 60	- 64	141	81	184	- 499	- 314	- 19	- 333
TOTAL	67 249	31 901	99 150	24 330	123 479	59 368	20 976	80 344	9 072	89 415
EU 15	37 200	16 364	53 564	9 104	62 668	29 276	13 843	43 119	4 158	47 277
Extra EU 15	30 061	15 519	45 580	15 225	60 805	29 980	7 240	37 220	4 914	42 133
EMU	25 135	15 993	41 128	8 096	49 221	21 521	8 591	30 113	3 085	33 194
Extra EMU	42 114	15 908	58 022	16 233	74 259	37 847	12 385	50 232	5 987	56 221
EU non-EMU	12 050	440	12 490	1 010	13 501	7 707	5 204	12 911	1 067	13 975
EFTA	3 753	- 1 956	1 797	1 672	3 469	5 384	1 680	7 064	1 048	8 111
EEA	38 272	16 307	54 578	9 379	63 956	30 802	13 792	44 594	4 184	48 776
Extra EEA	28 973	15 706	44 679	14 950	59 630	28 422	7 794	36 217	4 889	41 104
OECD	57 810	28 948	86 758	20 050	106 807	57 192	18 350	75 542	9 374	84 916
NAFTA	12 867	13 442	26 309	7 357	33 665	21 612	3 251	24 862	4 411	29 273
NICs1	1 010	577	1 588	962	2 549	156	143	299	25	323
NICs2A	319	73	392	256	648	38	- 28	10	- 3	7
NICs2LA	2 309	444	2 753	990	3 743	40	57	97	- 22	75
CIS countries	236	83	319	- 72	246	130	- 8	122	- 1	122
ASEAN countries	1 457	228	1 685	63	1 747	132	3	135	37	170
OPEC countries	772	537	1 309	50	1 360	134	137	271	116	386
MERCOSUR	1 380	273	1 653	882	2 534	28	554	582	- 34	548
PAC	4 627	862	5 489	158	5 648	52	173	226	21	246
Offshore Financial Centers	648	512	1 160	1 418	2 578	1 099	2 477	3 577	- 283	3 292
Latin America countries	2 768	707	3 475	1 111	4 587	120	147	267	- 25	242
ACP countries	401	602	1 003	141	1 143	79	- 183	- 104	- 46	- 151
African ACP countries	229	341	571	20	592	46	98	145	- 3	142
Caribbean ACP countries	170	331	501	86	586	28	- 280	- 252	- 43	- 296
Pacific ACP countries	- 1	- 69	- 69	35	- 34	4	0	4	- 0	4
Mediterranean Basin countries	419	233	651	5	657	162	36	198	- 24	174
Maghrebian countries	33	93	126	- 16	109	14	4	17	- 0	17
Mashrek countries	- 76	280	204	- 29	176	14	48	61	- 26	34
Central and Eastern Europe	4 760	829	5 589	143	5 730	32	113	146	27	173
French Franc zone	123	161	283	12	297	29	8	36	- 1	35

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1994	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	32 561	25 806	58 364	:	:	27 958	14 466	42 423	:	:
Belgium/Luxembourg	2 194	3 012	5 209	:	:	1 962	3 133	5 098	:	:
Denmark	1 249	40	1 291	:	:	609	548	1 156	:	:
Germany	2 543	5 899	8 441	:	:	4 544	1 786	6 328	:	:
Greece	199	109	308	:	:	18	- 99	- 81	:	:
Spain	3 909	816	4 728	:	:	168	- 87	81	:	:
France	4 313	1 314	5 627	:	:	2 981	791	3 774	:	:
Ireland	285	563	850	:	:	603	596	1 203	:	:
Italy	1 826	423	2 251	:	:	1 278	393	1 672	:	:
Netherlands	7 017	923	7 941	:	:	5 627	4 827	10 458	:	:
Austria	837	- 973	- 137	:	:	217	426	643	:	:
Portugal	510	204	715	:	:	98	21	118	:	:
Finland	441	115	555	:	:	433	48	480	:	:
Sweden	980	4 686	5 663	:	:	180	- 256	- 77	:	:
United Kingdom	4 044	2 719	6 763	:	:	5 243	3	5 248	:	:
Iceland	:	:	:	:	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	- 16	1 151	1 133	:	:	655	- 69	584	:	:
Switzerland	351	2 745	3 099	:	:	3 070	1 937	5 009	:	:
OTHER EUROPEAN COUNTRIES	3 143	626	3 768	:	:	148	542	690	:	:
Poland	504	111	616	:	:	- 3	178	177	:	:
Baltic countries	45	13	58	:	:	7	0	7	:	:
Czech Republic	815	159	974	:	:	0	82	82	:	:
Slovakia	100	6	107	:	:	2	0	2	:	:
Hungary	685	155	839	:	:	- 10	249	240	:	:
Romania	44	5	49	:	:	2	4	6	:	:
Bulgaria	90	- 26	63	:	:	1	11	11	:	:
Albania	1	0	1	:	:	0	0	0	:	:
Croatia	58	11	71	:	:	1	- 1	0	:	:
Slovenia	44	5	51	:	:	1	0	- 1	:	:
ex-Yugoslavia	4	26	31	:	:	1	- 1	0	:	:
Turkey	385	14	398	:	:	5	- 126	- 120	:	:
Russia	284	91	376	:	:	59	- 22	38	:	:
Belarus	2	1	3	:	:	5	2	7	:	:
Ukraine	38	12	51	:	:	0	0	0	:	:
AFRICA	495	63	556	:	:	145	61	204	:	:
NORTH AFRICA	246	- 71	177	:	:	66	4	70	:	:
Morocco	211	3	216	:	:	26	9	35	:	:
Egypt	45	7	51	:	:	17	1	19	:	:
OTHER AFRICAN COUNTRIES	246	133	380	:	:	79	56	134	:	:
Rep. of South Africa	44	31	75	:	:	53	- 2	52	:	:
AMERICA	13 637	- 986	12 651	:	:	7 494	4 702	12 193	:	:
NORTH AMERICA	10 287	- 2 414	7 873	:	:	6 777	3 097	9 875	:	:
United States	10 291	- 2 863	7 426	:	:	6 652	3 698	10 347	:	:
Canada	- 22	466	443	:	:	123	- 600	- 473	:	:
CENTRAL AMERICA	554	1 247	1 805	:	:	591	1 564	2 153	:	:
Mexico	325	59	383	:	:	43	595	638	:	:
SOUTH AMERICA	2 798	176	2 976	:	:	127	39	165	:	:
Colombia	- 16	381	366	:	:	21	45	66	:	:
Venezuela	10	34	44	:	:	13	6	19	:	:
Brazil	194	85	281	:	:	79	- 11	71	:	:
Chile	144	- 10	134	:	:	4	- 4	0	:	:
Argentina	507	- 13	494	:	:	0	0	- 1	:	:

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1994	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	3 150	268	3 417	:	:	2 269	168	2 435	:	:
NEAR AND MIDDLE EAST	73	427	499	:	:	211	219	431	:	:
Iran	5	- 4	0	:	:	2	3	5	:	:
Israel	16	21	36	:	:	107	12	119	:	:
Gulf Arabian countries	35	336	372	:	:	107	207	313	:	:
Other Near & Middle East	16	73	89	:	:	- 4	- 3	- 6	:	:
OTHER ASIAN COUNTRIES	3 078	- 159	2 918	:	:	2 056	- 51	2 005	:	:
India	131	97	225	:	:	- 4	1	- 2	:	:
Thailand	194	60	254	:	:	1	53	54	:	:
Malaysia	355	53	408	:	:	3	21	24	:	:
Indonesia	197	109	305	:	:	4	10	15	:	:
Singapore	174	213	384	:	:	69	- 33	38	:	:
Philippines	511	3	512	:	:	1	0	1	:	:
China	555	- 34	521	:	:	9	2	12	:	:
South Korea	212	58	271	:	:	126	3	129	:	:
Japan	419	- 142	272	:	:	1 587	- 134	1 454	:	:
Taiwan	49	16	65	:	:	28	- 9	19	:	:
Hong Kong	248	- 585	- 334	:	:	137	- 52	83	:	:
OCEANIA,O. TERRITORIES	- 115	- 403	- 517	:	:	55	119	175	:	:
Australia	- 220	- 455	- 674	:	:	63	372	437	:	:
New Zealand	115	16	132	:	:	3	- 1	3	:	:
Not allocated	:	:	:	:	:	:	:	:	:	:
TOTAL	49 206	25 480	74 687	:	:	38 424	19 313	57 735	:	:
EU 15	29 054	21 264	50 320	:	:	24 056	12 046	36 101	:	:
Extra EU 15	20 767	3 363	24 129	:	:	14 221	7 596	21 814	:	:
EMU	:	:	:	:	:	:	:	:	:	:
Extra EMU	:	:	:	:	:	:	:	:	:	:
EU non-EMU	:	:	:	:	:	:	:	:	:	:
EFTA	365	3 913	4 279	:	:	3 755	1 874	5 630	:	:
EEA	29 063	22 428	51 492	:	:	24 733	11 990	36 719	:	:
Extra EEA	20 759	2 199	22 955	:	:	13 542	7 652	21 193	:	:
OECD	41 416	22 403	63 817	:	:	36 236	17 800	54 032	:	:
NAFTA	10 592	- 2 338	8 256	:	:	6 822	3 693	10 514	:	:
NICs1	684	- 297	387	:	:	360	- 90	270	:	:
NICs2A	1 059	115	1 175	:	:	6	74	80	:	:
NICs2LA	1 170	122	1 291	:	:	127	583	707	:	:
CIS countries	338	111	450	:	:	66	- 21	46	:	:
ASEAN countries	1 452	424	1 876	:	:	115	43	162	:	:
OPEC countries	278	437	715	:	:	150	223	374	:	:
MERCOSUR	718	120	838	:	:	101	- 9	93	:	:
PAC	2 346	479	2 824	:	:	11	515	524	:	:
Offshore Financial Centers	1 408	797	2 206	:	:	763	1 048	1 810	:	:
Latin America countries	3 021	323	3 345	:	:	205	501	708	:	:
ACP countries	260	439	696	:	:	29	220	248	:	:
African ACP countries	194	102	294	:	:	25	58	81	:	:
Caribbean ACP countries	59	280	338	:	:	3	156	160	:	:
Pacific ACP countries	8	57	65	:	:	0	7	9	:	:
Mediterranean Basin countries	907	102	1 010	:	:	240	673	913	:	:
Maghrebian countries	210	16	227	:	:	39	7	46	:	:
Mashrek countries	61	85	145	:	:	20	- 6	16	:	:
Central and Eastern Europe	2 396	473	2 868	:	:	9	- 144	- 135	:	:
French Franc zone	91	97	185	:	:	12	18	30	:	:

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1993	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	:	:	45 789	:	:	:	:	36 812	:	:
Belgium/Luxembourg	:	:	5 522	:	:	:	:	3 849	:	:
Denmark	:	:	512	:	:	:	:	398	:	:
Germany	:	:	3 949	:	:	:	:	9 528	:	:
Greece	:	:	233	:	:	:	:	- 7	:	:
Spain	:	:	4 199	:	:	:	:	362	:	:
France	:	:	3 903	:	:	:	:	3 652	:	:
Ireland	:	:	1 849	:	:	:	:	357	:	:
Italy	:	:	2 985	:	:	:	:	1 674	:	:
Netherlands	:	:	5 289	:	:	:	:	3 185	:	:
Austria	:	:	914	:	:	:	:	465	:	:
Portugal	:	:	660	:	:	:	:	223	:	:
Finland	:	:	526	:	:	:	:	1 236	:	:
Sweden	:	:	1 840	:	:	:	:	910	:	:
United Kingdom	:	:	7 692	:	:	:	:	8 777	:	:
Iceland	:	:	- 9	:	:	:	:	- 3	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	:	:	359	:	:	:	:	463	:	:
Switzerland	:	:	1 392	:	:	:	:	1 563	:	:
OTHER EUROPEAN COUNTRIES	:	:	3 827	:	:	:	:	409	:	:
Poland	:	:	758	:	:	:	:	6	:	:
Baltic countries	:	:	38	:	:	:	:	1	:	:
Czech Republic	:	:	812	:	:	:	:	- 1	:	:
Slovakia	:	:	242	:	:	:	:	0	:	:
Hungary	:	:	1 217	:	:	:	:	0	:	:
Romania	:	:	25	:	:	:	:	0	:	:
Bulgaria	:	:	31	:	:	:	:	1	:	:
Albania	:	:	2	:	:	:	:	0	:	:
Croatia	:	:	31	:	:	:	:	1	:	:
Slovenia	:	:	73	:	:	:	:	41	:	:
ex-Yugoslavia	:	:	26	:	:	:	:	1	:	:
Turkey	:	:	280	:	:	:	:	38	:	:
Russia	:	:	125	:	:	:	:	291	:	:
Belarus	:	:	0	:	:	:	:	0	:	:
Ukraine	:	:	8	:	:	:	:	8	:	:
AFRICA	:	:	108	:	:	:	:	194	:	:
NORTH AFRICA	:	:	234	:	:	:	:	51	:	:
Morocco	:	:	147	:	:	:	:	19	:	:
Egypt	:	:	29	:	:	:	:	1	:	:
OTHER AFRICAN COUNTRIES	:	:	- 126	:	:	:	:	142	:	:
Rep. of South Africa	:	:	135	:	:	:	:	89	:	:
AMERICA	:	:	16 164	:	:	:	:	14 798	:	:
NORTH AMERICA	:	:	13 629	:	:	:	:	11 969	:	:
United States	:	:	13 789	:	:	:	:	11 296	:	:
Canada	:	:	- 159	:	:	:	:	676	:	:
CENTRAL AMERICA	:	:	1 876	:	:	:	:	2 815	:	:
Mexico	:	:	88	:	:	:	:	613	:	:
SOUTH AMERICA	:	:	659	:	:	:	:	15	:	:
Colombia	:	:	24	:	:	:	:	- 9	:	:
Venezuela	:	:	101	:	:	:	:	13	:	:
Brazil	:	:	195	:	:	:	:	47	:	:
Chile	:	:	65	:	:	:	:	- 11	:	:
Argentina	:	:	226	:	:	:	:	- 18	:	:

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1993	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	:	:	933	:	:	:	:	2 640	:	:
NEAR AND MIDDLE EAST	:	:	53	:	:	:	:	425	:	:
Iran	:	:	0	:	:	:	:	43	:	:
Israel	:	:	36	:	:	:	:	54	:	:
Gulf Arabian countries	:	:	- 39	:	:	:	:	267	:	:
Other Near & Middle East	:	:	56	:	:	:	:	62	:	:
OTHER ASIAN COUNTRIES	:	:	880	:	:	:	:	2 214	:	:
India	:	:	256	:	:	:	:	34	:	:
Thailand	:	:	164	:	:	:	:	6	:	:
Malaysia	:	:	568	:	:	:	:	10	:	:
Indonesia	:	:	187	:	:	:	:	1	:	:
Singapore	:	:	- 62	:	:	:	:	117	:	:
Philippines	:	:	63	:	:	:	:	1	:	:
China	:	:	181	:	:	:	:	2	:	:
South Korea	:	:	160	:	:	:	:	141	:	:
Japan	:	:	- 1 229	:	:	:	:	1 600	:	:
Taiwan	:	:	80	:	:	:	:	28	:	:
Hong Kong	:	:	130	:	:	:	:	255	:	:
OCEANIA,O. TERRITORIES	:	:	97	:	:	:	:	1 166	:	:
Australia	:	:	271	:	:	:	:	1 168	:	:
New Zealand	:	:	- 36	:	:	:	:	- 16	:	:
Not allocated	:	:	:	:	:	:	:	:	:	:
TOTAL	:	:	64 361	:	:	:	:	55 893	:	:
EU 15	:	:	40 204	:	:	:	:	34 389	:	:
Extra EU 15	:	:	24 157	:	:	:	:	21 504	:	:
EMU	:	:	:	:	:	:	:	:	:	:
Extra EMU	:	:	:	:	:	:	:	:	:	:
EU non-EMU	:	:	:	:	:	:	:	:	:	:
EFTA	:	:	1 758	:	:	:	:	2 016	:	:
EEA	:	:	40 569	:	:	:	:	34 842	:	:
Extra EEA	:	:	23 792	:	:	:	:	21 051	:	:
OECD	:	:	54 846	:	:	:	:	51 133	:	:
NAFTA	:	:	13 717	:	:	:	:	12 581	:	:
NICs1	:	:	308	:	:	:	:	543	:	:
NICs2A	:	:	795	:	:	:	:	18	:	:
NICs2LA	:	:	574	:	:	:	:	631	:	:
CIS countries	:	:	409	:	:	:	:	299	:	:
ASEAN countries	:	:	947	:	:	:	:	137	:	:
OPEC countries	:	:	866	:	:	:	:	378	:	:
MERCOSUR	:	:	:	:	:	:	:	:	:	:
PAC	:	:	:	:	:	:	:	:	:	:
Offshore Financial Centers	:	:	403	:	:	:	:	2 383	:	:
Latin America countries	:	:	598	:	:	:	:	821	:	:
ACP countries	:	:	- 144	:	:	:	:	341	:	:
African ACP countries	:	:	- 256	:	:	:	:	54	:	:
Caribbean ACP countries	:	:	244	:	:	:	:	285	:	:
Pacific ACP countries	:	:	- 131	:	:	:	:	3	:	:
Mediterranean Basin countries	:	:	880	:	:	:	:	215	:	:
Maghrebian countries	:	:	152	:	:	:	:	28	:	:
Mashrek countries	:	:	87	:	:	:	:	55	:	:
Central and Eastern Europe	:	:	3 238	:	:	:	:	48	:	:
French Franc zone	:	:	278	:	:	:	:	7	:	:

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI flows

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1992	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
EUROPE	:	:	53 572	:	:	:	:	37 151	:	:
Belgium/Luxembourg	:	:	7 633	:	:	:	:	5 147	:	:
Denmark	:	:	712	:	:	:	:	828	:	:
Germany	:	:	7 123	:	:	:	:	8 070	:	:
Greece	:	:	387	:	:	:	:	10	:	:
Spain	:	:	5 020	:	:	:	:	293	:	:
France	:	:	6 812	:	:	:	:	7 616	:	:
Ireland	:	:	1 713	:	:	:	:	347	:	:
Italy	:	:	3 190	:	:	:	:	3 294	:	:
Netherlands	:	:	7 673	:	:	:	:	1 611	:	:
Austria	:	:	325	:	:	:	:	400	:	:
Portugal	:	:	1 226	:	:	:	:	368	:	:
Finland	:	:	270	:	:	:	:	827	:	:
Sweden	:	:	1 223	:	:	:	:	151	:	:
United Kingdom	:	:	5 957	:	:	:	:	3 755	:	:
Iceland	:	:	13	:	:	:	:	13	:	:
Liechtenstein	:	:	:	:	:	:	:	:	:	:
Norway	:	:	299	:	:	:	:	470	:	:
Switzerland	:	:	1 210	:	:	:	:	2 787	:	:
OTHER EUROPEAN COUNTRIES	:	:	2 754	:	:	:	:	1 118	:	:
Poland	:	:	230	:	:	:	:	15	:	:
Baltic countries	:	:	:	:	:	:	:	:	:	:
Czech Republic	:	:	768	:	:	:	:	- 8	:	:
Slovakia	:	:	:	:	:	:	:	:	:	:
Hungary	:	:	989	:	:	:	:	- 22	:	:
Romania	:	:	- 12	:	:	:	:	0	:	:
Bulgaria	:	:	9	:	:	:	:	1	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Croatia	:	:	:	:	:	:	:	:	:	:
Slovenia	:	:	:	:	:	:	:	:	:	:
ex-Yugoslavia	:	:	82	:	:	:	:	18	:	:
Turkey	:	:	369	:	:	:	:	44	:	:
Russia	:	:	:	:	:	:	:	:	:	:
Belarus	:	:	:	:	:	:	:	:	:	:
Ukraine	:	:	:	:	:	:	:	:	:	:
AFRICA	:	:	702	:	:	:	:	240	:	:
NORTH AFRICA	:	:	11	:	:	:	:	19	:	:
Morocco	:	:	74	:	:	:	:	5	:	:
Egypt	:	:	- 17	:	:	:	:	14	:	:
OTHER AFRICAN COUNTRIES	:	:	691	:	:	:	:	221	:	:
Rep. of South Africa	:	:	341	:	:	:	:	128	:	:
AMERICA	:	:	10 213	:	:	:	:	13 283	:	:
NORTH AMERICA	:	:	7 237	:	:	:	:	12 645	:	:
United States	:	:	6 941	:	:	:	:	12 286	:	:
Canada	:	:	296	:	:	:	:	359	:	:
CENTRAL AMERICA	:	:	1 911	:	:	:	:	523	:	:
Mexico	:	:	235	:	:	:	:	6	:	:
SOUTH AMERICA	:	:	1 064	:	:	:	:	115	:	:
Colombia	:	:	51	:	:	:	:	18	:	:
Venezuela	:	:	126	:	:	:	:	40	:	:
Brazil	:	:	166	:	:	:	:	64	:	:
Chile	:	:	- 45	:	:	:	:	- 1	:	:
Argentina	:	:	304	:	:	:	:	- 22	:	:

Geographical breakdown of FDI flows

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1992	Abroad					In the reporting economy				
	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital	Equity capital	Other capital	Equity+ other	Reinvested earnings	Total capital
ASIA	:	:	1 592	:	:	:	:	3 196	:	:
NEAR AND MIDDLE EAST	:	:	213	:	:	:	:	642	:	:
Iran	:	:	4	:	:	:	:	14	:	:
Israel	:	:	23	:	:	:	:	22	:	:
Gulf Arabian countries	:	:	159	:	:	:	:	595	:	:
Other Near & Middle East	:	:	27	:	:	:	:	11	:	:
OTHER ASIAN COUNTRIES	:	:	1 379	:	:	:	:	2 554	:	:
India	:	:	- 53	:	:	:	:	4	:	:
Thailand	:	:	246	:	:	:	:	16	:	:
Malaysia	:	:	401	:	:	:	:	8	:	:
Indonesia	:	:	- 76	:	:	:	:	9	:	:
Singapore	:	:	232	:	:	:	:	104	:	:
Philippines	:	:	87	:	:	:	:	15	:	:
China	:	:	112	:	:	:	:	31	:	:
South Korea	:	:	200	:	:	:	:	88	:	:
Japan	:	:	445	:	:	:	:	1 859	:	:
Taiwan	:	:	- 17	:	:	:	:	11	:	:
Hong Kong	:	:	- 299	:	:	:	:	313	:	:
OCEANIA,O. TERRITORIES	:	:	1 325	:	:	:	:	750	:	:
Australia	:	:	961	:	:	:	:	756	:	:
New Zealand	:	:	103	:	:	:	:	- 6	:	:
Not allocated	:	:	:	:	:	:	:	:	:	:
TOTAL	:	:	67 107	:	:	:	:	55 494	:	:
EU 15	:	:	49 279	:	:	:	:	32 734	:	:
Extra EU 15	:	:	17 828	:	:	:	:	22 760	:	:
EMU	:	:	:	:	:	:	:	:	:	:
Extra EMU	:	:	:	:	:	:	:	:	:	:
EU non-EMU	:	:	:	:	:	:	:	:	:	:
EFTA	:	:	1 539	:	:	:	:	3 303	:	:
EEA	:	:	49 608	:	:	:	:	33 250	:	:
Extra EEA	:	:	17 498	:	:	:	:	22 245	:	:
OECD	:	:	59 902	:	:	:	:	51 302	:	:
NAFTA	:	:	7 472	:	:	:	:	12 650	:	:
NICs1	:	:	115	:	:	:	:	516	:	:
NICs2A	:	:	734	:	:	:	:	42	:	:
NICs2LA	:	:	659	:	:	:	:	48	:	:
CIS countries	:	:	33	:	:	:	:	546	:	:
ASEAN countries	:	:	892	:	:	:	:	211	:	:
OPEC countries	:	:	588	:	:	:	:	673	:	:
MERCOSUR	:	:	:	:	:	:	:	:	:	:
PAC	:	:	:	:	:	:	:	:	:	:
Offshore Financial Centers	:	:	1 952	:	:	:	:	1 270	:	:
Latin America countries	:	:	878	:	:	:	:	- 42	:	:
ACP countries	:	:	759	:	:	:	:	174	:	:
African ACP countries	:	:	598	:	:	:	:	87	:	:
Caribbean ACP countries	:	:	- 16	:	:	:	:	88	:	:
Pacific ACP countries	:	:	177	:	:	:	:	0	:	:
Mediterranean Basin countries	:	:	732	:	:	:	:	234	:	:
Maghreblan countries	:	:	32	:	:	:	:	14	:	:
Mashrek countries	:	:	22	:	:	:	:	33	:	:
Central and Eastern Europe	:	:	2 117	:	:	:	:	9	:	:
French Franc zone	:	:	237	:	:	:	:	33	:	:

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

FDI flows by economic activity

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union	Abroad (Equity + Other capital)						In the reporting economy (Equity + Other capital)					
Year: 1996	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	- 1 592	29	- 1 621	- 1 662	- 0	4	68	53	15	1	3	7
MINING AND QUARRYING	1 892	768	1 128	- 540	35	18	83	- 28	99	- 305	2	186
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	36 837	20 632	16 210	6 239	664	1 932	15 633	9 072	6 557	4 916	704	- 755
Food products	2 989	1 301	1 689	509	- 8	159	460	849	- 389	- 209	63	85
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	3 447	1 827	1 618	1 177	- 6	206	1 323	481	847	378	34	- 48
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	15 131	8 287	6 838	2 834	515	1 696	7 100	3 837	3 259	3 747	- 104	- 747
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	3 367	2 067	1 308	200	4	20	1 148	758	393	308	80	- 234
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	3 307	2 614	570	- 1 435	97	740	2 005	934	979	- 74	447	321
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	1 570	2 364	- 786	134	9	- 1 074	1 597	528	1 070	651	236	167
Miscellaneous manufacturing	7 026	2 171	4 972	2 820	53	185	1 999	1 686	398	115	- 51	- 298
ELECTRICITY,GAS AND WATER	1 647	862	787	44	0	56	2 775	1 164	1 563	935	53	518
CONSTRUCTION	1 679	601	1 050	382	- 17	320	2 864	612	2 254	137	13	1 634
TRADE AND REPAIRS	13 502	6 830	6 676	4 144	43	1 080	9 582	5 551	4 036	1 540	875	381
HOTELS AND RESTAURANTS	436	688	531	280	30	18	- 271	- 559	293	355	9	11
TRANSPORTS,COMMUNICATION	5 495	2 952	2 514	518	19	72	- 1 144	- 1 846	702	719	- 115	145
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	694	504	162	- 73	3	4	693	195	499	225	0	132
Telecommunications	4 381	2 367	2 015	346	15	62	- 1 857	- 1 962	104	238	- 0	5
Miscellaneous transport and comm.	420	81	337	245	0	7	20	- 79	99	255	- 114	8
FINANCIAL INTERMEDIATION	20 155	11 611	8 390	3 141	332	473	13 312	6 959	6 350	2 332	- 546	2 792
Monetary intermediation	6 197	4 094	2 132	948	173	34	3 602	1 287	2 297	865	- 489	684
Other financial intermediation	8 995	6 051	2 766	539	96	253	6 271	4 050	2 228	1 277	- 50	663
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	4 308	1 351	2 952	1 870	54	116	2 691	1 021	1 678	99	- 24	1 426
Total Other fin. inter. & insurance	13 302	7 402	5 718	2 408	150	368	8 963	5 071	3 906	1 376	- 74	2 089
Miscellaneous Financial intermediat.	655	115	540	- 215	9	71	747	600	147	91	17	18
REAL ESTATE & BUSINESS ACT	14 301	8 620	5 506	571	739	800	22 465	17 742	4 727	3 877	- 85	1 013
Real estate	1 628	700	915	197	310	77	2 346	1 477	870	766	22	35
Computer activities	689	448	239	127	2	44	1 073	664	412	343	- 51	- 87
Research and development	650	228	422	389	0	26	1 310	589	720	542	- 51	41
Other business activities	10 911	7 033	3 727	- 201	419	586	17 536	14 863	2 677	2 146	- 10	775
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	12 245	7 706	4 385	326	421	651	19 905	16 101	3 806	3 038	- 107	727
Misc. real estate & business activit.	427	214	206	48	8	71	214	164	51	73	0	251
OTHER SERVICES	1 380	1 114	219	- 569	- 11	- 21	699	- 31	730	558	19	43
Not allocated	4 100	1 876	1 377	658	- 11	43	3 895	2 806	1 094	866	26	310
SUB-TOTAL	99 833	56 584	42 766	13 207	1 822	4 794	69 962	41 494	28 420	15 931	958	6 285
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	99 833	56 584	42 766	13 207	1 822	4 794	69 962	41 494	28 420	15 931	958	6 285

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

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FDI flows by economic activity

(-) sign means disinvestment (Mio ECU)

Reporter: European Union	Abroad (Equity + Other capital)						In the reporting economy (Equity + Other capital)					
Year: 1995	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	17	- 2	18	- 7	- 0	15	20	1	19	4	0	11
MINING AND QUARRYING	1 851	1 001	610	- 133	- 5	- 523	- 1 001	- 2 215	1 216	1 019	5	202
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	30 242	10 382	19 841	14 996	563	664	27 386	12 249	15 170	12 111	293	3 261
Food products	2 208	166	2 073	1 754	29	- 27	2 178	1 242	912	352	16	1 262
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	3 520	2 404	1 938	767	45	457	2 375	2 148	2 413	200	81	403
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	8 353	1 077	7 112	7 736	323	- 1 054	11 591	3 194	8 473	7 078	159	988
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	2 801	1 197	2 678	950	5	340	1 833	1 094	617	384	55	230
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	408	75	386	806	- 23	42	3 212	1 409	1 927	1 871	120	76
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	3 828	2 094	1 817	853	6	- 1	813	996	- 57	269	- 192	246
Miscellaneous manufacturing	9 124	3 369	3 836	2 129	178	906	5 385	2 167	885	1 958	54	56
ELECTRICITY,GAS AND WATER	1 620	493	1 030	- 202	2	62	3 112	452	2 661	2 777	- 172	7
CONSTRUCTION	1 223	940	352	60	10	27	307	524	- 215	- 0	- 11	56
TRADE AND REPAIRS	5 774	4 527	1 468	228	53	288	6 823	4 565	2 242	566	1 211	402
HOTELS AND RESTAURANTS	1 254	1 658	- 234	- 338	- 5	- 0	1 248	1 112	127	- 18	5	13
TRANSPORTS,COMMUNICATION	4 525	1 500	2 935	553	38	204	703	679	36	83	- 169	222
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	451	- 252	812	245	26	143	123	247	51	- 3	- 1	109
Telecommunications	3 493	1 693	1 836	23	9	85	430	305	126	161	- 1	78
Miscellaneous transport and comm.	581	59	287	285	3	- 24	149	127	- 141	- 75	- 167	35
FINANCIAL INTERMEDIATION	29 907	19 796	10 181	6 100	122	448	15 815	10 127	5 596	4 498	71	- 1 189
Monetary intermediation	7 830	5 106	2 749	1 140	78	- 110	3 771	2 291	1 432	861	75	271
Other financial intermediation	15 175	9 029	6 380	4 744	27	310	12 734	7 486	5 161	3 398	- 37	- 914
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	6 776	5 542	1 145	227	32	167	- 651	367	- 994	236	11	- 546
Total Other fin. inter. & insurance	21 951	14 571	7 525	4 970	60	478	12 083	7 853	4 166	3 634	- 26	- 1 460
Miscellaneous Financial intermediat.	125	120	- 93	- 10	- 16	80	- 39	- 18	- 2	2	22	0
REAL ESTATE & BUSINESS ACT	18 350	10 612	7 645	2 064	146	593	22 554	12 739	9 879	3 407	329	3 858
Real estate	1 059	817	264	96	7	85	3 816	2 201	1 622	114	4	1 519
Computer activities	760	564	236	236	18	- 99	918	499	419	299	19	84
Research and development	807	577	269	263	1	- 64	903	577	327	211	18	94
Other business activities	15 430	8 446	6 795	1 467	117	676	16 825	9 432	7 451	2 767	281	2 135
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	16 999	9 586	7 301	1 965	133	512	18 640	10 505	8 197	3 275	322	2 313
Misc. real estate & business activit.	291	208	80	4	6	- 5	98	32	60	18	2	26
OTHER SERVICES	1 979	1 178	801	662	- 32	425	726	389	336	229	27	49
Not allocated	2 408	1 477	932	552	- 37	- 403	2 652	2 498	152	- 381	- 54	173
SUB-TOTAL	99 150	53 564	45 580	24 534	854	1 797	80 344	43 119	37 220	24 293	1 535	7 064
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	99 150	53 564	45 580	24 534	854	1 797	80 344	43 119	37 220	24 293	1 535	7 064

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

FDI flows by economic activity

(-) sign means disinvestment *(Mio ECU)*

Reporter: European Union Year: 1994	Abroad (Equity + Other capital)						In the reporting economy (Equity + Other capital)					
	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	113	- 24	138	102	0	:	137	66	71	17	1	:
MINING AND QUARRYING	2 138	231	1 906	123	4	:	2 935	1 196	1 873	960	32	:
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	36 267	19 695	16 825	8 281	206	:	15 587	10 149	5 331	3 707	360	:
Food products	5 231	3 642	1 572	:	:	:	3 532	2 405	790	:	:	:
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	4 986	2 558	2 434	:	:	:	2 522	1 717	826	:	:	:
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	12 317	5 419	6 884	:	:	:	4 503	3 232	1 364	:	:	:
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	4 253	2 500	1 752	:	:	:	1 907	1 359	487	:	:	:
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	3 303	865	2 435	:	:	:	364	11	435	:	:	:
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	2 804	2 936	- 1	:	:	:	1 422	1 360	165	:	:	:
Miscellaneous manufacturing	:	:	:	:	:	:	:	:	:	:	:	:
ELECTRICITY,GAS AND WATER	1 121	670	455	237	0	:	135	162	- 35	12	- 58	:
CONSTRUCTION	1 129	573	557	298	- 4	:	431	359	79	- 5	- 25	:
TRADE AND REPAIRS	2 108	3 783	- 1 688	- 3 114	25	:	5 412	2 649	2 757	- 37	617	:
HOTELS AND RESTAURANTS	963	552	412	420	0	:	713	663	64	134	12	:
TRANSPORTS,COMMUNICATION	760	1 234	- 139	- 1 457	- 4	:	970	631	311	110	- 9	:
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Telecommunications	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous transport and comm.	:	:	:	:	:	:	:	:	:	:	:	:
FINANCIAL INTERMEDIATION	15 339	12 145	3 136	1 084	9	:	14 535	9 901	4 708	2 747	335	:
Monetary intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Other financial intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	:	:	:	:	:	:	:	:	:	:	:	:
Total Other fin. inter. & insurance	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous Financial intermediat.	:	:	:	:	:	:	:	:	:	:	:	:
REAL ESTATE & BUSINESS ACT	12 820	9 694	2 859	1 936	27	:	13 877	8 593	5 227	1 953	168	:
Real estate	:	:	:	:	:	:	:	:	:	:	:	:
Computer activities	:	:	:	:	:	:	:	:	:	:	:	:
Research and development	:	:	:	:	:	:	:	:	:	:	:	:
Other business activities	:	:	:	:	:	:	:	:	:	:	:	:
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	:	:	:	:	:	:	:	:	:	:	:	:
Misc. real estate & business activit.	:	:	:	:	:	:	:	:	:	:	:	:
OTHER SERVICES	184	581	- 400	- 697	3	:	1 233	753	464	229	19	:
Not allocated	1 745	1 183	567	213	6	:	1 739	960	770	519	- 4	:
SUB-TOTAL	74 687	50 320	24 619	7 426	272	:	57 735	36 101	21 618	10 347	1 454	:
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	74 687	50 320	24 129	7 426	272	4 279	57 735	36 101	21 814	10 347	1 454	5 630

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

FDI flows by economic activity

(-) sign means disinvestment (Mio ECU)

Reporter: European Union	Abroad (Equity + Other capital)						In the reporting economy (Equity + Other capital)					
Year: 1993	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	45	33	12	17	:	:	47	96	- 49	1	:	:
MINING AND QUARRYING	1 069	615	455	- 138	:	:	852	197	655	794	:	:
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	18 714	11 270	7 444	4 230	:	:	18 396	10 541	7 855	3 132	:	:
Food products	:	:	:	:	:	:	:	:	:	:	:	:
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	:	:	:	:	:	:	:	:	:	:	:	:
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	:	:	:	:	:	:	:	:	:	:	:	:
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	:	:	:	:	:	:	:	:	:	:	:	:
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	:	:	:	:	:	:	:	:	:	:	:	:
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous manufacturing	:	:	:	:	:	:	:	:	:	:	:	:
ELECTRICITY,GAS AND WATER	678	523	155	4	:	:	1 138	994	144	3	:	:
CONSTRUCTION	636	82	554	392	:	:	1 324	906	417	77	:	:
TRADE AND REPAIRS	5 099	3 077	2 022	1 735	:	:	5 150	2 386	2 763	1 416	:	:
HOTELS AND RESTAURANTS	333	70	263	80	:	:	505	302	202	18	:	:
TRANSPORTS,COMMUNICATION	137	567	- 430	- 708	:	:	1 601	995	606	273	:	:
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Telecommunications	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous transport and comm.	:	:	:	:	:	:	:	:	:	:	:	:
FINANCIAL INTERMEDIATION	25 199	18 136	7 063	4 059	:	:	14 951	9 318	5 633	2 976	:	:
Monetary intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Other financial intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	:	:	:	:	:	:	:	:	:	:	:	:
Total Other fin. inter. & insurance	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous Financial intermediat.	:	:	:	:	:	:	:	:	:	:	:	:
REAL ESTATE & BUSINESS ACT	8 882	4 620	4 262	3 092	:	:	10 145	6 839	3 306	2 204	:	:
Real estate	:	:	:	290	:	:	:	:	:	:	:	:
Computer activities	:	:	:	:	:	:	:	:	:	:	:	:
Research and development	:	:	:	:	:	:	:	:	:	:	:	:
Other business activities	:	:	:	:	:	:	:	:	:	:	:	:
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	:	:	:	:	:	:	:	:	:	:	:	:
Misc. real estate & business activit.	:	:	:	:	:	:	:	:	:	:	:	:
OTHER SERVICES	716	468	248	90	:	:	484	423	61	46	:	:
Not allocated	2 854	671	2 182	937	- 1 229	:	1 301	1 387	- 87	354	1 600	:
SUB-TOTAL	64 361	40 204	24 157	13 789	- 1 229	:	55 893	34 389	21 504	11 296	1 600	:
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	64 361	40 204	24 157	13 789	- 1 229	1 758	55 893	34 389	21 504	11 296	1 600	2 016

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

FDI flows by economic activity

(-) sign means disinvestment

(Mio ECU)

Reporter: European Union	Abroad (Equity + Other capital)						In the reporting economy (Equity + Other capital)					
Year: 1992	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	86	49	37	35	:	:	137	32	105	5	:	:
MINING AND QUARRYING	495	743	- 248	:	:	:	529	- 223	752	592	:	:
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	24 156	16 680	7 475	3 789	:	:	19 338	11 004	8 333	6 327	:	:
Food products	:	:	:	:	:	:	:	:	:	:	:	:
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	:	:	:	:	:	:	:	:	:	:	:	:
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	:	:	:	:	:	:	:	:	:	:	:	:
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	:	:	:	:	:	:	:	:	:	:	:	:
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	:	:	:	:	:	:	:	:	:	:	:	:
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous manufacturing	:	:	:	:	:	:	:	:	:	:	:	:
ELECTRICITY,GAS AND WATER	- 13	172	- 185	- 230	:	:	584	179	404	41	:	:
CONSTRUCTION	446	318	128	276	:	:	289	314	- 25	12	:	:
TRADE AND REPAIRS	4 999	3 885	1 114	593	:	:	4 610	1 851	2 760	1 429	:	:
HOTELS AND RESTAURANTS	1 546	1 108	438	663	:	:	- 262	- 547	284	100	:	:
TRANSPORTS,COMMUNICATION	1 418	657	761	:	:	:	1 505	901	604	:	:	:
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Telecommunications	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous transport and comm.	:	:	:	:	:	:	:	:	:	:	:	:
FINANCIAL INTERMEDIATION	24 353	18 647	5 706	1 649	:	:	17 116	11 501	5 614	1 605	:	:
Monetary intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Other financial intermediation	:	:	:	:	:	:	:	:	:	:	:	:
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	:	:	:	:	:	:	:	:	:	:	:	:
Total Other fin. inter. & insurance	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous Financial intermediat.	:	:	:	:	:	:	:	:	:	:	:	:
REAL ESTATE & BUSINESS ACT	5 847	5 020	827	361	:	:	9 831	7 024	2 807	1 155	:	:
Real estate	:	:	:	:	:	:	:	:	:	:	:	:
Computer activities	:	:	:	:	:	:	:	:	:	:	:	:
Research and development	:	:	:	:	:	:	:	:	:	:	:	:
Other business activities	:	:	:	:	:	:	:	:	:	:	:	:
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	:	:	:	:	:	:	:	:	:	:	:	:
Misc. real estate & business activit.	:	:	:	:	:	:	:	:	:	:	:	:
OTHER SERVICES	1 405	723	682	:	:	:	370	69	302	128	:	:
Not allocated	2 338	1 256	1 082	497	445	:	1 460	447	1 013	828	1 859	:
SUB-TOTAL	67 068	49 279	17 789	6 941	445	:	55 494	32 734	22 760	12 286	1 859	:
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	67 107	49 279	17 828	6 941	445	1 539	55 494	32 734	22 760	12 286	1 859	3 303

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

Geographical breakdown of FDI income

(Mio ECU)

Reporter: European Union TOTAL INCOME	1996			1995		
	Credit	Debit	Net	Credit	Debit	Net
EUROPE	31 152	26 433	4 720	30 049	27 549	2 499
Belgium/Luxembourg	4 496	2 198	2 299	4 881	3 121	1 761
Denmark	1 164	529	636	1 192	483	708
Germany	1 478	3 758	- 2 280	2 187	2 940	- 753
Greece	350	- 119	468	123	310	- 185
Spain	1 528	218	1 310	749	81	669
France	2 054	2 146	- 92	2 594	2 701	- 107
Ireland	2 050	588	1 462	1 648	535	1 113
Italy	756	271	485	1 004	796	208
Netherlands	5 686	7 682	- 1 997	6 803	7 496	- 693
Austria	745	351	394	845	167	678
Portugal	435	40	394	40	- 420	459
Finland	- 11	201	- 211	204	335	- 131
Sweden	1 451	- 287	1 738	1 017	1 184	- 166
United Kingdom	3 231	4 028	- 796	2 471	2 300	171
Iceland	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:
Norway	1 068	245	823	571	164	407
Switzerland	3 249	4 388	- 1 138	3 128	5 117	- 1 990
OTHER EUROPEAN COUNTRIES	1 389	71	1 318	564	209	354
Poland	128	14	114	27	15	12
Baltic countries	18	0	18	12	1	11
Czech Republic	263	10	253	149	13	136
Slovakia	- 30	2	- 31	57	2	55
Hungary	561	55	503	74	20	54
Romania	- 25	2	- 27	- 16	11	- 27
Bulgaria	- 6	2	- 8	- 1	2	- 3
Albania	0	0	0	0	0	- 0
Croatia	- 11	2	- 12	13	5	9
Slovenia	21	5	16	7	1	6
ex-Yugoslavia	- 3	0	- 3	2	10	- 8
Turkey	168	- 15	183	150	155	- 5
Russia	46	- 36	82	- 50	32	- 82
Belarus	- 1	0	- 1	0	0	0
Ukraine	12	2	10	0	2	- 2
AFRICA	1 953	103	1 849	1 611	111	1 499
NORTH AFRICA	211	10	200	125	- 45	168
Morocco	- 0	8	- 8	18	0	18
Egypt	77	51	26	43	1	42
OTHER AFRICAN COUNTRIES	1 742	93	1 649	1 486	156	1 331
Rep. of South Africa	811	65	746	846	78	768
AMERICA	24 405	25 037	- 632	22 271	21 487	784
NORTH AMERICA	19 167	23 995	- 4 828	17 199	20 725	- 3 526
United States	17 633	23 153	- 5 520	16 139	20 190	- 4 051
Canada	1 536	847	690	1 064	543	521
CENTRAL AMERICA	3 298	977	2 322	2 174	351	1 824
Mexico	256	47	209	- 261	5	- 266
SOUTH AMERICA	1 940	65	1 875	2 898	412	2 487
Colombia	- 28	0	- 28	141	1	139
Venezuela	103	1	101	53	1	51
Brazil	1 355	27	1 328	1 499	- 11	1 510
Chile	354	0	353	604	1	603
Argentina	60	6	54	539	409	131

Geographical breakdown of FDI income

(Mio ECU)

Reporter: European Union TOTAL INCOME	1996			1995		
	Credit	Debit	Net	Credit	Debit	Net
ASIA	8 744	1 112	7 632	7 112	796	6 314
NEAR AND MIDDLE EAST	562	370	193	1 083	411	672
Iran	- 252	14	- 265	275	31	244
Israel	19	44	- 25	13	25	- 11
Gulf Arabian countries	439	308	131	563	381	182
Other Near & Middle East	357	4	351	233	- 25	258
OTHER ASIAN COUNTRIES	8 181	742	7 439	6 029	385	5 642
India	145	17	128	179	11	168
Thailand	357	6	351	259	5	253
Malaysia	594	8	586	448	6	441
Indonesia	409	9	400	297	3	295
Singapore	1 823	57	1 766	373	33	341
Philippines	172	- 0	171	167	1	166
China	135	23	112	- 1	23	- 24
South Korea	104	- 9	113	143	- 8	151
Japan	943	493	449	879	276	603
Taiwan	656	2	653	595	- 1	596
Hong Kong	2 660	70	2 590	2 493	- 11	2 504
OCEANIA,O. TERRITORIES	3 486	954	2 531	3 475	932	2 544
Australia	2 718	903	1 816	2 751	939	1 813
New Zealand	460	52	408	517	- 7	524
Not allocated	90	82	8	75	- 34	108
TOTAL	69 829	53 720	16 109	64 592	50 842	13 749
EU 15	25 390	21 604	3 786	25 758	22 020	3 738
Extra EU 15	44 425	32 070	12 355	38 834	28 822	10 012
EMU	19 198	17 454	1 743	20 954	17 747	3 205
Extra EMU	50 632	36 267	14 366	43 639	33 095	10 545
EU non-EMU	6 196	4 151	2 045	4 803	4 277	528
EFTA	4 374	4 757	- 384	3 726	5 318	- 1 591
EEA	26 513	21 972	4 541	26 356	22 222	4 135
Extra EEA	43 315	31 747	11 568	38 236	28 620	9 615
OECD	54 443	51 788	2 655	50 844	49 399	1 446
NAFTA	19 426	24 046	- 4 620	16 943	20 736	- 3 794
NICs1	5 242	119	5 124	3 605	13	3 592
NICs2A	1 124	15	1 109	873	13	859
NICs2LA	2 039	96	1 944	2 383	404	1 980
CIS countries	44	- 32	75	- 76	35	- 111
ASEAN countries	3 357	127	3 229	1 542	86	1 456
OPEC countries	987	357	630	1 210	435	775
MERCOSUR	:	:	:	:	:	:
PAC	:	:	:	:	:	:
Offshore Financial Centers	7 596	1 039	6 557	5 389	291	5 098
Latin America countries	2 422	162	2 260	2 853	557	2 296
ACP countries	1 184	38	1 146	928	32	896
African ACP countries	832	27	805	587	12	575
Caribbean ACP countries	252	10	242	250	20	230
Pacific ACP countries	99	0	99	90	1	89
Mediterranean Basin countries	910	123	787	689	52	638
Maghrebian countries	9	9	- 0	27	4	23
Mashrek countries	412	5	407	372	- 27	398
Central and Eastern Europe	902	73	828	388	172	217
French Franc zone	230	2	228	133	1	133

The EU income aggregates include estimates for Belgium/Luxembourg, Denmark, Greece, Ireland, Portugal and Sweden.

Geographical breakdown of FDI stocks

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1996	Assets			Liabilities		
	Equity + RIE	Other capital	Total capital	Equity + RIE	Other capital	Total capital
EUROPE	572 394	104 765	677 158	504 888	150 466	655 354
Belgium/Luxembourg	79 015	10 228	89 243	28 497	15 829	44 326
Denmark	8 171	1 909	10 079	7 720	1 802	9 521
Germany	33 005	24 277	57 281	88 297	17 203	105 500
Greece	2 417	696	3 114	193	76	269
Spain	28 368	6 650	35 018	4 166	1 790	5 956
France	63 623	13 509	77 132	63 247	16 536	79 783
Ireland	23 880	3 755	27 635	1 955	3 639	5 594
Italy	22 467	6 736	29 203	22 121	2 745	24 866
Netherlands	142 188	1 730	143 918	110 852	26 449	137 302
Austria	10 710	3 673	14 383	3 347	3 692	7 040
Portugal	9 823	1 259	11 082	1 686	360	2 045
Finland	3 195	600	3 795	7 264	1 794	9 058
Sweden	7 374	3 784	11 158	20 195	7 518	27 714
United Kingdom	66 488	14 385	80 873	73 105	18 952	92 056
Iceland	:	:	:	:	:	:
Liechtenstein	:	:	:	:	:	:
Norway	5 951	2 563	8 515	9 747	1 225	10 972
Switzerland	43 976	2 434	46 410	56 558	28 516	85 074
OTHER EUROPEAN COUNTRIES	21 124	5 890	27 014	3 658	1 222	4 880
Poland	3 464	1 179	4 643	282	102	384
Baltic countries	376	161	537	33	3	36
Czech Republic	4 591	1 496	6 087	131	42	173
Slovakia	662	189	851	14	8	22
Hungary	5 162	1 143	6 305	105	53	158
Romania	142	157	298	50	5	55
Bulgaria	104	39	142	27	11	38
Albania	9	2	10	2	1	2
Croatia	238	95	333	27	37	64
Slovenia	512	105	617	79	15	94
ex-Yugoslavia	56	80	136	40	84	123
Turkey	2 214	404	2 619	395	84	479
Russia	784	633	1 417	1 627	386	2 014
Belarus	9	3	12	1	14	15
Ukraine	89	57	146	5	3	8
AFRICA	12 592	5 580	18 172	2 850	1 480	4 331
NORTH AFRICA	3 100	736	3 837	1 583	491	2 074
Morocco	1 177	87	1 264	388	14	401
Egypt	553	- 5	548	216	56	272
OTHER AFRICAN COUNTRIES	9 492	4 844	14 335	1 267	989	2 256
Rep. of South Africa	4 128	1 156	5 285	712	514	1 226
AMERICA	262 221	66 219	328 440	182 188	60 334	242 522
NORTH AMERICA	196 228	55 911	252 139	173 407	48 555	221 962
United States	179 084	53 883	232 967	162 440	48 146	210 585
Canada	17 145	2 029	19 174	10 967	411	11 379
CENTRAL AMERICA	28 336	5 692	34 027	6 911	11 461	18 373
Mexico	3 794	1 047	4 841	490	223	712
SOUTH AMERICA	37 658	4 616	42 274	1 869	317	2 187
Colombia	1 791	1 104	2 895	96	47	143
Venezuela	715	314	1 029	484	- 42	442
Brazil	18 213	2 204	20 417	790	158	948
Chile	2 445	- 52	2 393	13	17	29
Argentina	6 961	485	7 447	393	83	476

Geographical breakdown of FDI stocks

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1996	Assets			Liabilities		
	Equity + RIE	Other capital	Total capital	Equity + RIE	Other capital	Total capital
ASIA	53 921	11 030	64 951	36 760	8 392	45 152
NEAR AND MIDDLE EAST	2 829	960	3 789	3 412	2 023	5 435
Iran	353	62	415	421	829	1 250
Israel	318	116	434	499	174	673
Gulf Arabian countries	1 739	532	2 271	1 771	882	2 653
Other Near & Middle East	419	250	669	721	139	860
OTHER ASIAN COUNTRIES	51 092	10 070	61 162	33 349	6 369	39 717
India	1 610	354	1 964	157	18	175
Thailand	1 970	1 061	3 031	84	77	161
Malaysia	4 075	826	4 901	187	112	299
Indonesia	1 063	763	1 827	293	65	358
Singapore	13 621	1 837	15 458	2 518	489	3 007
Philippines	1 609	355	1 963	99	54	153
China	3 098	467	3 565	163	68	231
South Korea	1 981	790	2 771	1 151	331	1 482
Japan	8 941	3 122	12 062	27 490	4 425	31 915
Taiwan	2 106	131	2 237	189	136	325
Hong Kong	10 106	- 392	9 714	524	484	1 008
OCEANIA,O. TERRITORIES	28 273	3 221	31 494	15 290	406	15 696
Australia	23 379	3 123	26 502	13 736	- 156	13 580
New Zealand	4 279	94	4 373	1 547	552	2 099
Not allocated	11 469	5 644	17 112	9 046	1 775	10 821
TOTAL	940 869	196 459	1 137 328	751 023	222 853	973 876
EU 15	500 842	93 312	594 154	433 496	118 453	551 949
Extra EU 15	440 027	103 147	543 174	317 527	104 400	421 927
EMU	416 273	72 417	488 690	331 431	90 038	421 469
Extra EMU	524 596	124 042	648 638	419 592	132 815	552 407
EU non-EMU	84 450	20 775	105 224	101 213	28 347	129 560
EFTA	50 428	5 563	55 991	67 734	30 791	98 525
EEA	507 294	96 443	603 737	442 121	120 729	562 850
Extra EEA	433 576	100 018	533 594	308 903	102 123	411 026
OECD	804 657	166 528	971 185	718 377	202 397	920 774
NAFTA	200 023	56 959	256 982	173 897	48 780	222 676
NICs1	27 814	2 366	30 180	4 383	1 440	5 822
NICs2A	7 654	2 242	9 896	369	243	613
NICs2LA	31 413	3 685	35 098	1 685	480	2 165
CIS countries	919	785	1 704	1 654	422	2 076
ASEAN countries	21 953	4 992	26 944	3 379	950	4 329
OPEC countries	6 546	3 058	9 604	3 598	2 228	5 826
MERCOSUR	25 485	2 853	28 338	1 225	258	1 483
PAC	15 162	4 682	19 844	873	355	1 228
Offshore Financial Centers	48 644	6 348	54 992	10 342	11 676	22 018
Latin America countries	42 430	5 412	47 842	3 298	1 104	4 403
ACP countries	9 641	3 717	13 358	1 669	1 249	2 919
African ACP countries	7 030	2 999	10 029	1 285	754	2 039
Caribbean ACP countries	2 443	623	3 066	381	490	871
Pacific ACP countries	167	95	262	2	7	9
Mediterranean Basin countries	8 497	2 052	10 548	3 026	1 133	4 159
Maghrebian countries	1 731	457	2 188	500	138	638
Mashrek countries	1 020	308	1 328	1 143	336	1 479
Central and Eastern Europe	14 496	4 387	18 883	799	395	1 194
French Franc zone	1 625	613	2 239	84	110	194

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

FDI stocks by economic activity

(-) sign means disinvestment (Mio ECU)

Reporter: European Union Year: 1996	Assets (Total capital)						Liabilities (Total capital)					
	World	EU	Non EU	USA	Japan	EFTA	World	EU	Non EU	USA	Japan	EFTA
AGRICULTURE AND FISHING	1 449	571	878	367	0	77	786	375	411	184	9	105
MINING AND QUARRYING	66 979	13 322	53 657	15 286	306	2 747	69 183	34 154	35 029	29 160	40	2 501
Extraction of petroleum and gas	:	:	:	:	:	:	:	:	:	:	:	:
Miscellaneous mining and quarrying	:	:	:	:	:	:	:	:	:	:	:	:
MANUFACTURING	433 851	195 083	238 768	112 094	6 946	19 119	307 745	157 487	150 258	83 372	6 694	27 087
Food products	72 071	37 653	34 418	12 601	758	4 015	40 881	20 477	20 404	10 742	474	7 204
Textiles and wearing apparel	:	:	:	:	:	:	:	:	:	:	:	:
Wood,publishing and printing	:	:	:	:	:	:	:	:	:	:	:	:
Total Textiles & Wood	39 481	22 486	16 995	10 958	123	1 864	38 702	18 234	20 468	4 602	451	1 627
Refined petroleum & other treatments	:	:	:	:	:	:	:	:	:	:	:	:
Chemicals products	:	:	:	:	:	:	:	:	:	:	:	:
Rubber and plastic products	:	:	:	:	:	:	:	:	:	:	:	:
Total Petrol., Chemicals & Rubber	153 643	54 823	98 820	48 071	3 225	4 101	101 375	44 981	56 394	34 683	1 006	10 419
Metal products	:	:	:	:	:	:	:	:	:	:	:	:
Mechanical products	:	:	:	:	:	:	:	:	:	:	:	:
Total Metal & Mechanical	44 675	21 416	23 259	10 241	629	3 252	40 746	24 087	16 659	9 761	893	4 317
Office machinery and computers	:	:	:	:	:	:	:	:	:	:	:	:
Radio,TV,communication equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Office machinery & Radio	34 703	15 739	18 964	7 327	549	1 937	36 735	21 033	15 702	9 486	2 663	988
Motor vehicles	:	:	:	:	:	:	:	:	:	:	:	:
Other transport equipments	:	:	:	:	:	:	:	:	:	:	:	:
Total Motor vehicles & Other	32 165	17 514	14 651	4 609	205	1 948	21 917	12 374	9 543	7 241	973	763
Miscellaneous manufacturing	:	:	:	:	:	:	:	:	:	:	:	:
ELECTRICITY,GAS AND WATER	12 646	6 123	6 524	2 058	11	326	9 568	6 306	3 262	3 374	- 238	259
CONSTRUCTION	9 585	2 748	6 837	3 420	70	293	4 946	2 062	2 884	1 079	- 64	615
TRADE AND REPAIRS	95 860	61 403	34 458	9 517	2 444	5 802	115 384	66 182	49 202	17 022	12 491	10 954
HOTELS AND RESTAURANTS	19 367	16 462	2 905	866	3	273	10 021	5 048	4 973	1 346	- 613	456
TRANSPORTS,COMMUNICATION	18 415	9 048	9 367	- 746	9	835	13 761	7 066	6 695	3 200	- 234	1 679
Land transport	:	:	:	:	:	:	:	:	:	:	:	:
Sea and coastal water transport	:	:	:	:	:	:	:	:	:	:	:	:
Air transport	:	:	:	:	:	:	:	:	:	:	:	:
Total Land, Sea & Air transport	9 669	3 902	5 767	1 152	- 26	539	5 656	2 972	2 684	956	- 342	782
Telecommunications	5 733	3 580	2 153	- 2 307	34	95	5 068	2 681	2 386	1 442	42	331
Miscellaneous transport and comm.	:	:	:	:	:	:	:	:	:	:	:	:
FINANCIAL INTERMEDIATION	270 467	173 682	96 785	35 728	1 546	13 668	196 611	107 211	89 400	25 078	11 710	31 921
Monetary intermediation	63 823	39 524	24 299	1 410	649	3 762	45 975	30 445	15 529	3 005	3 145	7 431
Other financial intermediation	121 996	87 127	34 869	13 159	348	8 050	117 158	53 044	64 113	18 917	8 015	18 530
Financial holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Insurance & activities auxiliary	84 750	46 919	37 831	21 177	401	1 711	33 476	23 718	9 759	3 155	551	5 960
Total Other fin. inter. & insurance	206 745	134 046	72 699	34 336	749	9 762	150 634	76 761	73 873	22 072	8 566	24 490
Miscellaneous Financial intermediat.	:	:	:	:	:	:	:	:	:	:	:	:
REAL ESTATE & BUSINESS ACT	175 592	101 268	74 325	44 656	435	11 898	222 083	151 329	70 754	40 733	1 604	21 888
Real estate	23 099	13 398	9 701	5 823	17	1 325	22 606	15 970	6 636	3 094	61	1 344
Computer activities	2 023	1 442	581	399	1	66	3 511	1 091	2 421	1 863	74	65
Research and development	1 119	339	780	663	0	18	980	376	604	720	3	51
Other business activities	148 368	85 458	62 910	37 612	393	10 413	193 957	133 112	60 844	34 837	1 437	20 396
Business & manag. consultancy	:	:	:	:	:	:	:	:	:	:	:	:
manag. Holding companies	:	:	:	:	:	:	:	:	:	:	:	:
Advertising	:	:	:	:	:	:	:	:	:	:	:	:
Total Comp., Research & Other bus.	151 509	87 237	64 272	38 672	396	10 493	198 449	134 579	63 870	37 420	1 514	20 510
Misc. real estate & business activit.	:	:	:	:	:	:	:	:	:	:	:	:
OTHER SERVICES	25 862	7 773	18 089	9 511	284	799	20 800	11 784	9 016	5 959	482	707
Not allocated	7 254	6 674	581	208	9	154	2 988	2 946	42	80	34	355
SUB-TOTAL	1 137 328	594 154	543 174	232 967	12 062	55 991	973 876	551 949	421 927	210 585	31 915	98 525
Priv. purch. & sales of real estate	:	:	:	:	:	:	:	:	:	:	:	:
TOTAL	1 137 328	594 154	543 174	232 967	12 062	55 991	973 876	551 949	421 927	210 585	31 915	98 525

Aggregates for the European Union include estimates for Greece and Ireland. Please see chapter on estimation for details.

STATISTICAL TABLES: EU DIRECT INVESTMENT YEARBOOK 1998

Sum of equity and other capital flows *(Mio ECU)*

Country & economic zone	European Union outward flows										
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Total Word	42986	51899	69018	65525	64208	67107	64361	74687	99150	99833	150077
European Union	:	:	:	:	:	49279	40204	50320	53564	56584	71981
European Union 12	12316	20219	35736	44998	37477	:	:	:	:	:	:
Belgium Luxembourg	1179	3806	5363	7996	4390	7633	5522	5209	5864	7846	12172
Denmark	-177	136	499	155	252	712	512	1291	1788	577	649
Germany	438	1372	4907	7576	7433	7123	3949	8441	5876	4927	9251
Greece	102	86	242	229	330	387	233	308	398	369	188
Spain	1523	1892	3397	4880	5338	5020	4199	4728	2540	3136	2770
France	1346	4426	3949	4262	3597	6812	3903	5627	5445	8543	8513
Ireland	160	300	1087	2233	4105	1713	1849	850	1934	2213	914
Italy	769	1276	2341	2196	1740	3190	2985	2251	4128	4782	4735
Netherlands	1291	3789	4555	5102	2588	7673	5289	7941	12467	10865	9566
Austria	:	:	:	:	:	325	914	-137	1826	3234	837
Portugal	190	314	734	888	974	1226	660	715	449	1134	1268
Finland	:	:	:	:	:	270	526	555	599	409	776
Sweden	:	:	:	:	:	1223	1840	5663	1125	2779	3026
United Kingdom	5243	2595	7703	10054	7426	5957	7692	6763	9179	5891	17396
Non European Union	:	:	:	:	:	17828	24157	24129	45580	42766	77671
Non European Union 12	30670	31680	33282	20527	26732	:	:	:	:	:	:
USA	23885	22120	24053	7155	9232	6941	13789	7426	24534	13207	33542
Japan	-12	247	682	911	341	445	-1229	272	854	1822	248

STATISTICAL TABLES: EU DIRECT INVESTMENT YEARBOOK 1998

Sum of equity and other capital flows *(Mio ECU)*

Country & economic zone	European Union inward flows										
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Total Word	25362	42555	61177	66345	53264	55494	55893	57735	80344	69962	92577
European Union	:	:	:	:	:	32734	34389	36101	43119	41494	56552
European Union 12	12371	24414	33234	33592	32332	:	:	:	:	:	:
Belgium Luxembourg	1460	2163	1970	2481	3958	5147	3849	5098	3663	5826	5184
Denmark	177	290	542	438	949	828	398	1156	836	1655	1475
Germany	1534	2119	4771	8089	8681	8070	9528	6328	10172	8002	10448
Greece	1	4	-2	14	-4	10	-7	-81	22	13	43
Spain	167	235	604	551	469	293	362	81	219	731	1849
France	3211	5031	9232	8479	7143	7616	3652	3774	3017	4753	5468
Ireland	65	258	448	548	561	347	357	1203	1764	1026	2725
Italy	661	1162	924	1687	1501	3294	1674	1672	2012	2559	3629
Netherlands	1453	6757	5518	7083	6141	1611	3185	10458	7802	6703	11144
Austria	:	:	:	:	:	400	465	643	736	462	495
Portugal	4	26	41	63	227	368	223	118	173	188	498
Finland	:	:	:	:	:	827	1236	480	555	905	1302
Sweden	:	:	:	:	:	151	910	-77	2153	827	1337
United Kingdom	3421	6151	8522	3953	2791	3755	8777	5248	9900	7805	10933
Non European Union	:	:	:	:	:	22760	21504	21814	37220	28420	35970
Non European Union 12	12991	18141	27943	32753	20933	:	:	:	:	:	:
USA	2337	2551	9846	9178	5411	12286	11296	10347	24293	15931	22401
Japan	1572	2584	4354	5406	1682	1859	1600	1454	1535	958	995

All 1987 to 1991 figures cover the EU with 12 Member states only. All 1992 to 1997 figures comprise the flows of the European Union with 15 Member states. Figures for 1997 are provisional. Data are partly estimated, please see chapter for estimation.

PART E METHODOLOGY ISSUES

METHODOLOGY IN GENERAL

Definition of direct investment

Eurostat uses as a base for its work the OECD Benchmark Definition of Foreign Direct Investment Third edition, a detailed operational definition fully consistent with the IMF Balance of Payments Manual, Fifth Edition, BPM5.

The direct investment concept refers to the category of international investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise). Direct investment involves both the initial transactions between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

Foreign direct investor

A 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 have a direct investment enterprise that is, a subsidiary, associate or branch - operating in a country other than the country or countries of residence of the direct investor or investors.

Direct investment enterprise

A direct investment enterprise is an incorporated or unincorporated enterprise in which a foreign investor owns 10% 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. Some countries may feel it necessary to treat the 10% limit with flexibility to fit circumstances.

Subsidiaries, Associates and Branches

A direct investment enterprise may be an incorporated enterprise - a subsidiary or associate company - or an unincorporated enterprise (branch):

- Subsidiary (ownership > 50%)

A subsidiary is an incorporated enterprise in which

i) the foreign investor controls directly or indirectly (through another subsidiary) more than 50% of the shareholders' voting power, or

ii) the foreign investor has the right to appoint or remove a majority of the members of this enterprise's administrative, management or supervisory body.

- Associate (ownership between 10% and 50%)

An associate is an enterprise where the direct investor and its subsidiaries control not more than 50% of the voting shares.

- Branch (wholly or jointly owned)

A branch is an unincorporated enterprise that

i) is a permanent establishment or office of a foreign direct investor

ii) is an unincorporated partnership or joint venture between a foreign direct investor and third parties

iii) is land, structures and immovable equipment and objects directly owned by a foreign resident (e.g. holiday and second homes).

iv) is mobile equipment operating within an economy for at least one year if accounted for separately by the operator (e.g. ships, aircraft, gas and oil drilling rigs).

The Balance of Payments

Current account

- Goods and services
- Income
  - Direct investment
    - Income on equity
      - Dividents and distributed branch profits
      - Reinvested earnings and undistributed branch profits
    - Income on debt
- Current transfers

Capital and Financial account

- Capital account
- Financial account
  - Direct investment
    - Abroad
      - Equity capital
        - Claims on affiliated enterprises
        - Liabilities to affiliated enterprises
      - Other capital
        - Claims on affiliated enterprises
        - Liabilities to affiliated enterprises
      - Reinvested earnings
    - In the reporting economy
      - Equity capital
        - Claims on affiliated enterprises
        - Liabilities to affiliated enterprises
      - Other capital
        - Claims on affiliated enterprises
        - Liabilities to affiliated enterprises
      - Reinvested earnings

Direct Investment Flows

- Equity capital

comprises equity in branches, all shares in subsidiaries and associates (except non-participating, preferred shares that are treated as debt securities and are included under other direct investment capital) and other capital contributions (e.g. provision of machinery).

- Reinvested earnings

consist of the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by subsidiaries or associates and earnings of branches not remitted to the direct investor.

- Other direct investment capital (or inter-company debt transactions)

covers the borrowing and lending of funds, including debt securities and trade credits, between direct investors and direct investment enterprises and between two direct investment enterprises that share the same direct investor.

IMF and OECD recommends to record FDI flows by using the immediate host/investing country criteria.

OECD recommendation on definition of direct investment flows

- for subsidiary and associate companies

i) the direct investor's share of the company's reinvested earnings;

ii) plus the direct investor's net purchases of the company's shares, debt securities (bonds, notes, money market and financial derivative instruments) and loans (including non-cash acquisitions made against equipment, manufacturing rights, etc.);

iii) less the company's net purchases of the direct investors' shares, debt securities and loans;

iv) plus the net increase in trade and other short-term credits given by the direct investor to the company.

- for branches

the increase in reinvested profits plus the net increase in funds received from the direct investor. Inter-company flows, with the exception of certain flows between affiliated banks, affiliated intermediaries (e.g. security dealers), and Special Purpose Entities (SPEs) with the sole purpose of serving as financial intermediaries, be encompassed within the scope of foreign direct investment transactions.

Assets/liabilities and directional principle

Under the assets/liabilities principle all assets are recorded under "direct investment abroad" and all liabilities under "direct investment in the reporting economy", regardless of the status of the enterprise (direct investor, direct investment enterprise).

Under the directional principle (recommended by the IMF, BPM5, par 330) the status of the enterprise is taken into account. Direct investors country records all capital transactions with foreign direct investment enterprises under "direct investment abroad", whereas direct investment enterprise' country records all capital transactions with foreign direct investors under "direct investment in the reporting economy".

For the recommended application of the directional principle the status of the enterprise (direct investor or direct investment enterprise) and the concerning flows (reverse loans and cross participation) have to be identified.

For cross-participation above the 10% benchmark on each side two separate direct investment relationships are established. The enterprises are simultaneously direct investors and direct investment enterprises. Thus all capital flows are covered. The flows for which the directional principle gives different results than the assets/liabilities principle are cross-participation below the 10% threshold and reverse loans carried out in this constellation. Only in case the status of direct investment enterprise is known these reverse flows can be recorded in line with the directional principle.

Direct investment positions

The direct investment position makes part of the overall international investment position (IIP) of a country. The net position of the FDI assets and liabilities determines together with the corresponding net positions in portfolio and other investment and reserve assets the IIP. FDI positions are conceptually fully consistent with flows and comprise equity capital (including reinvested earnings) and other capital (inter-company debt).

The IMF (BPM5, par 467) recommends that positions should be calculated at market prices of the period under consideration. Positions derived from balance sheets of direct investors and direct investment enterprises (book values) come close to market values only under certain circumstances. Thus, in most cases two sets of stocks data (book values and market values) might be appropriate. The OECD suggests to compile FDI positions both for the immediate host/investing country and the ultimate beneficial owner concept.

The basic method for calculating FDI positions

Position at the beginning of the period

+ FDI flows

+ price changes

+ exchange rate changes

+ other adjustments

= Position at the end of the period

All net components can also be negative. In FDI flows disinvestment may occur. However, also for positions negative assets and liabilities can appear. This is for example the case if accumulated uncovered losses exceed equity and other capital.The item 'other adjustment' comprises all revaluations of assets/liabilities due to

- debt/equity swaps,
- capital transfers (forgiveness of loans)
- unilateral cancellation of liabilities
- rescheduling of loans and
- crossing the threshold from portfolio to direct investment.

The case of crossing to direct investment might need some illustration: If initial participation of an investor were for example 5% of equity of an enterprise in an earlier period and another participation of 5% is acquired in the period under consideration, then the investor becomes a direct investor and the enterprise becomes a direct investment enterprise. Only the second participation has to be recorded as direct investment flow of the current period. The first transaction was recorded as portfolio investment in the earlier period. Thus, it is included in the portfolio investment position of the current period. As the entire 10% stake is direct investment now, the 5% stake of the earlier period has to be deducted from the portfolio investment position and to be included in direct investment position. This is done by corresponding entries under the 'other adjustment' item.

IMF and OECD recommendation on definition of direct investment positions

- for subsidiaries and associates

• the market or book (balance sheet) value of shares and reserves attributable to direct investor

• plus loans, trade credits and debt securities credited by direct investors (including determined but not yet paid dividends)

• less reverse loans, trade credits and debt securities.

- for branches

• the market or book value of fixed assets, investments and current assets, excluding amounts due from direct investor.

• less the branches liabilities to third parties.

Direct investment income

Direct investment income consists of income on FDI equity and on inter-company debt (interest). Income on equity covers dividends and reinvested earnings for incorporated enterprises and distributed and undistributed profits for branches. The OECD recommends calculating FDI income on the basis of the current operating performance concept. Thus, unlike for the all-inclusive concept, capital gains and losses, and other valuation changes are excluded. FDI income is presented on a net basis. Thus, income on outward FDI consists of income of the direct investor from the direct investment enterprise less income vice versa (e.g. in case of a reverse loan or a cross-participation below 10%). Correspondingly, income of inward FDI comprises income from direct investment enterprise to the direct investor less income vice versa.

• Dividends (including distributed branch profits)

Dividends due for payment in the recording period and remitted branch profits to the direct investor, gross of any withholding taxes. Dividends cover payments due on common and preferred shares.

• Reinvested earnings

See definition under direct investment flows

• Interest on inter-company debt

Interest accrued in the recording period, gross of any withholding tax. Dividends due for payment on non-participating preference shares are recorded under interest.

For more detailed information on definitions and recording rules see

International Monetary Fund, Balance of Payments Manual, 5th edition, Washington 1993.

Organisation for Economic Co-operation and Development, OECD Benchmark Definition of Foreign Direct Investment, 3rd edition, Paris 1996.

METHODOLOGY IN PRACTICE

To reach its final objective of compiling meaningful and reliable EU statistics and comparable Member state statistics, Eurostat collects FDI data via common Eurostat/OECD questionnaires from Member states. There is a major lack of coherence in some of the statistics coming from national sources. These differences cannot simply be attributed to traditional problems encountered in the Balance of Payments and are due to different collection methods, different concepts and classifications employed by Member states (see also the chapter Asymmetry).

To solve these methodological drawbacks Eurostat performs two distinct steps on national data.

- Harmonisation

The first step, harmonisation, consists of making all necessary adjustments to improve the comparability and consistency of national data. Once national data have been harmonised they become more comparable and statistical tables for each Member state can be compiled and published within the common Eurostat classification. The most relevant sources of information used by Eurostat to harmonise data are the national Balance of Payments publications with methodological annexes and additional information provided by national compilers.

- Estimation

In the second step, estimation, Eurostat estimates missing or unavailable data for each Member state to build complete EU FDI flows and positions. Estimates exploit secondary data sources or use knowledge-based modelling techniques. As a general rule only the estimated data for the entire European Union are published. Detailed information on the estimation techniques used are given in the following chapter.

Harmonisation of National Data

As a first step of the harmonisation, Eurostat checks that all instructions to fill in the questionnaire have been followed by the reporting countries. When Eurostat detects relevant deviations from the recommended rules it re-allocates national statistics according to the common classification.

In practice this means:

- On the country and economic zone, to ensure that the contents of each country and economic zone have been filled in the same way.
- On the economic activity, to check if all the items (sub-items) have been aggregated in the same way by Member states.
- On the IMF components, to check if all the information given on the reinvested earnings (RIE) was based at least on enterprises balance sheet made at the same period. Since not all Member states compile RIE following the IMF/OECD recommendations (RIE in the year of earning) and some have no detailed figures on RIE at all, Eurostat decided to show RIE in the country tables according to national practices. In the "1996 FDI Yearbook" the RIE were shown according to the year of distribution for all Member states providing RIE. To switch towards showing RIE as they are published by the Member states is justified by two observations. The first one is that intensive efforts in some Member states are made to come closer to IMF/OECD recommendations in recording RIE. The second one is to avoid confusion among users, because in the meantime not only different recording practices for RIE leads to revisions and deviations between EU and national statistics, but also the progressive implementation of other recommendations (directional principle, inclusion of short term loans etc).

Comparisons in this yearbook are mainly carried out on the sum of equity and other capital only. From the reference year 1995 onwards, however, first results are also shown for total FDI flows including RIE. In fact, if flows are compared including or excluding RIE the drawn pictures are quite different. For some countries RIE exceed flows in equity and other capital. However, RIE are included in the position figures, and there methodological differences in recording practices are playing a minor role. This is because delays only affect the last years portions, whereas the "accumulated" profits and dividends of earlier periods come close to the recommended way of recording, because RIE derived from balance sheets should reflect the RIE of previous periods properly.

Methodology of the Member states

The second step of harmonisation tackles the methodological aspects peculiar to each Member state. Eurostat presents here, for each Member state a short summary of the data source(s) and collection method and the main divergences from the OECD benchmark definition. The descriptions are far from being exhaustive and summarise the information available at Eurostat for the time being.

BELGIUM LUXEMBOURG

Source of data and method of collection

Up to now the National Bank of Belgium collected FDI statistics via a banking settlements system used for BoP purposes. It is based on individual settlements carried out directly or by the banking sector, allowing the geographical breakdown of FDI in line with the debtor/creditor principle only. FDI data cover equity capital and other capital (long and short term loans). Since 1995 a FDI survey has been initiated with a yearly frequency. The FDI survey provides both stocks and flows data on equity capital, loans, trade credits, income and dividends. It will also provide information on the economic activity of both the residents and the non-residents. In order to apply the directional principle for both flows and stocks a series of conceptual undertakings is currently performed. Amongst others a concerning register of enterprises being involved in FDI is being build up. This should allow to solve the basic problems like identification of resident/non-resident counterparts, their position in the hierarchy, the evaluation of the level of ownership, double status enterprises and Special Purpose Entities.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- The definition of the direct investment relationship is inspired by the OECD benchmark definition without nevertheless using the directional principle.
- Current direct investment flows exclude reinvested earnings, payments for royalties and services, listed loans stocks, trade credits, non cash acquisitions of equity or bonus issues of equity stock without payments.
- Real estate transactions are registered separately under a specific heading in the general collection system of the flows of payments but are under the FDI component.
- The resident determines if the investment is classed as portfolio, direct or other investment. Nevertheless an a posteriori evaluation of the reliability of the classification is made especially for FDI flows by direct checks with the residents or by using existing information as FDI register (sec above), specific publications on enterprises structure.
- Neither cross-participations above nor below the 10% threshold could be identified.

Calculation of reinvested earnings.

For the time being no data on reinvested earnings are available.

DENMARK

Source of data and method of collection

FDI data are provided by Danmarks Nationalbank, sharing competence for BOP with Statistics Denmark. Denmark uses bank settlements as the source of information on movements in international direct investment. The threshold for reporting financial transactions is DKK 60 000. As from October 1998 flows are collected according to the directional principle. FDI stock data are collected by a sample survey, using the ultimate beneficial owner concept. Within this survey stock data on loans are collected according to the directional principle. The FDI statistics are published by Danmarks Nationalbank: yearly data in the annual report, quartely data in the Monthly Financial Statistics and monthly data in the "Nyt". A non-periodic publication "Særlige opgørelser" have so far contained descriptions of methods and data for the Danish IIP and FDI-stocks

Discrepancies with respect to BPM5 and to OECD benchmark definition

The methodology can be divided into three periods.

- Until 1992, Denmark did not consider any loan between associated companies as a direct investment, whether it was a long- or short-term loan, or a financial or commercial credit. Loans between associated companies were recorded as "financial loans", "commercial loans", or "other movements of enterprises' capital", and therefore could not be distinguished from other loans such as bank credits. Purchases of real estate for non-commercial purposes were not classified as direct investment.
- As from 1992 until September 1998 inter-company loans and the acquisition of real estate for non-business purposes are included in the flow figures. FDI-flows (equity and inter company-loans), however, are recorded on an asset/liability basis and are thus independent of the status of the resident company. Reinvested profits are not incorporated in the FDI settlement figures.
- As from October 1998 FDI-flows are collected according to the directional principle. From that date Danish figures are collected according to BPM5.

Calculation of reinvested earnings

Reinvested earnings (year n) = results (n)-dividends distributed (n); thus in line with BPM5. Reinvested earnings are included in stock figures and in BOP-figures on accruals basis, but not on settlement basis, cf. above. Income on debt is available as from October 1998.

GERMANY

Source of data and method of collection

In the German balance of payments direct investment flows are mainly based on reports of single transactions by enterprises to the Bundesbank, which form part of the overall balance of payments reporting system. These data are available on a monthly basis. In addition an annual survey on direct investment is conducted. Both sources are checked against each other, and reinvested earnings are finally derived from the stock information. Reporting transactions is obligatory when the amount exceeds 5 000 DM. Direct investment flows contain equity capital, reinvested earnings and long-term loans. Direct investment stocks (reporting is obligatory when the balance sheet total of the direct investment enterprise exceeds one million DM since October 1993, before the threshold was 500 000 DM) contain the sum of equity capital and reinvested earnings on one side and other capital. The reinvested earnings reported as a stock component include the dividends attributable to the profits of that year which will be paid next year. Non covered losses (those not backed by own funds) are included in the reported FDI figures.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- In 1989 Germany lowered the threshold for shares to be held in an enterprise in order for an investor to be considered as a direct investor, from 25% to 20%. The OECD recommends a threshold of 10%. In the meantime investment between 10% and 20% can be identified and the general application of the 10% threshold is foreseen from 1999 onwards.
- For the time being Germany does not apply the directional principle. Currently it is not possible to distinguish reverse transactions in shares, bonds and financial derivatives in cases they do not exceed the 20% threshold; they are thus classified according to the assets/liabilities principle under "portfolio investment". For both short and long term loans between affiliated enterprises initial data were elaborated, they will be included from 1999 onwards.
- Germany does, for the time being, not record the flows connected with short-term credits, commercial credits, leasing or the balances of inter-company accounts, as direct investment. They will be included from 1999 onwards.

Calculation of reinvested earnings

Reinvested earnings (year n+1) = total profit (year n) less loss (n) less distributed dividends (n+1) that is general case 2: Reinvested earnings (year n) = total profit (year n-1) less loss (n-1) less distributed dividends (n).

For more detailed information on stock data: Deutsche Bundesbank, Kapitalverflechtung mit dem Ausland, Statistische Sonderveröffentlichung 10, May 1998, pp 71-73.

GREECE

Source of data and method of collection

There were two sources of data on direct investment from other countries in Greece. One is the balance of payments on a cash basis and the other is the authorisations data on an approval basis. The data from the BoP source also include FDI inflows such as portfolio investment as well as transactions such as loans which are not necessarily direct investments. Authorisation data are based on the foreign direct investment applications authorised by the relevant services of the Bank of Greece (for non-EU residents) and the Ministry of National Economy (for EU residents). Such data, which start in 1987 and end in 1992, describe only planned and not realised investments.

From mid-1997 a new BoP data collection system based on the IMF's Fifth Manual will be introduced. This will be supplemented by a survey on stocks and reinvested earnings.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- There is no minimum threshold for a holding in the share capital of a subsidiary to determine a direct investment relationship between a resident enterprise and a non-resident enterprise.
- Loans between associated companies are not considered as direct investment unless they run for five years or more.
- FDI is often mixed with other categories of capital, the amount of the actual investment can vary from the "authorised" figure and investment in real estate is classified separately.

Adjustments carried out on national statistics

Since Eurostat has not received 1994-1997 reports from Greece, published data have been estimated, based on the information available from Member state partner countries and the USA.

SPAIN

Source of data and method of collection

The Balance of Payments statistics system designed by the Banco de España and in effect since 1993 is the major source of information for FDI flows. They are mainly derived from the International Transaction Reporting System, for which reporters (deposit and other financial institutions, account holders at non-resident credit institutions, residents running clearing transactions and resident enterprises with inter-company accounts) have to specify the nature of transactions above 500 000 Ptas. It is supplemented by two sets of statistics from the Directorate General of International Economy and Foreign Transaction of the Ministry of Economy and Finance, the DGEITE: a first set on FDI projects, used to obtain the economic activity breakdown and a second set from the investment register which permit an estimation of the percentage of foreign direct investment in Spain in listed shares. Direct investment flows are published by the Banco de España monthly in The Statistical Bulletin and annually in the Spanish Balance of Payments.

With a few exemptions the currently performed recording system follows the international standards for FDI statistics, applying the directional principle. The direct investment data cover thus equity capital (including cross participations above 10% and private purchase and sale of real estate) and other capital (including reverse loans and all financing through inter-company accounts). For the time being neither data on reinvested earnings nor publishable data on positions are available. Within the work currently undertaken for recording the International Investment Position of Spain figures on the FDI position will be available in the near future.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- Cross participations below 10% are not recorded as direct, but as portfolio investment.
- FDI figures do not cover trade credits and purchase of debt securities on primary/secondary markets that do not make part of inter-company accounts.
- Loans between fellow subsidiaries are not recorded under direct, but under other investment if they do not make part of inter-company accounts.

Calculation of reinvested earnings

Currently no figures on reinvested earnings are available.

For more detailed information: Banco de España, The Spanish Balance of Payments 1996, Madrid 1997, pp 5-26.

FRANCE

Source of data and method of collection

Surveys of foreign direct investment in France and of French investment overseas provide the data that is used by the Bank of France to compile the annual reinvested earnings and the FDI positions. Flow data are published each month in the Bulletin Mensuel de la Banque de France and Les notes bleues du Ministère de l'Economie et des Finances, and in the yearly report Balance des Paiements de la France. The collection system for the transactions is mainly based on bank settlements and returns sent by enterprises to the Banque de France. As of 1994 disseminated data FDI flows include short terms loans.

Discrepancies with respect to BPM5 and to OECD benchmark definition

The directional principle is applied only to long term loans, all other FDI is recorded gross on the assets/liabilities principle. However, studies on the application of the directional principle are currently carried out by the Bank of France.

- Participation of affiliated companies in their parent companies below the 10% threshold are recorded under portfolio investment.
- In the past, a foreign investor had to hold a minimum of 20% of the shares in a company to qualify as a direct investor. From January 1993 onwards, the minimum threshold is 10%.

Calculation of reinvested earnings

Reinvested earnings (year n) = results (n) minus dividends (paid during (n)); thus in line with the BPM5. First figures have been published in April 1997, but the are not yet included in the reported flows.

IRELAND

Source of data and method of collection

Statistics of direct investment capital flows are not present available separately in the balance of payments statistics of Ireland, which are compiled and published by the Central Statistics Office.

A new comprehensive data collection system for balance of payments statistics is currently being planned.

Planning and implementation of the new system will take several years.

In the meantime, the Central Statistics Office is putting in place several surveys designed to replace the more serious gaps left by the abolition of exchange controls and, where possible, to strengthen and improve the system.

In this interim phase, it is hoped that some improvements will be possible in the statistics on direct investment.

Direct investment flows broken down geographically and by sector of activity are not available for the moment.

All the data for Ireland has been estimated in order to build the EU aggregates.

ITALY

Source of data and method of collection

Provisional monthly statistical data are collected and published in the statistical bulletin by the Italian Exchange Office. The official statistics appear in the annual report of the Banca d'Italia. Since 1992, the direct investment figures are derived mainly from the foreign exchange record form that are to be filled in by transactors or banks for transactions above 20 million Lire. Direct investment flows contain equity capital (including private purchase and sale of real estate) and other capital (debt securities).

Discrepancies with respect to BPM5 and to OECD benchmark definition

- Until 1988 all holdings in the share capital of companies not quoted on the stock exchange, as well as all stock-exchange transactions for amounts exceeding Lit 30 000 million or which brought a holding to over Lit 50 000 million, were considered as a direct investment. Since then, the classification of a transaction as a direct investment depends on the transactor's replies concerning either his long-term interest and / or his active role or his holding a stake of over 20% in the share capital of the enterprise with which the transaction is being conducted. It is planned to lower the threshold to 10% . All holdings in companies that are not quoted on the stock market are always considered as direct investment. Only transactions of Lit 10 million or above (Lit 20 million from June 1990) are reported.
- For the time being Italy does not apply the directional principle. It is planned to re-classify the direct investments according to the 5th IMF Manual and the OECD benchmark definition by January 1999.
- Inter-company flows other than debt securities are not recorded in direct investment statistics.
- Stock data are built by cumulating flows. They are at current market prices. A survey to collect individual data on assets and liabilities above 500 million lire is in progress and it may allow a revision of existing data during the year 1999.

Calculation of reinvested earnings

Currently no data available, but the above mentioned survey may allow to have first data about reinvested earnings during the year 1999.

For more detailed information: Banca d'Italia, The manual of Italy's balance of payments, Statistical sources and compilation methods, Institutional .Issues, September 1996, Rome 1996, pp 9-18 and 47-50.

NETHERLANDS

Source of data and method of collection

The data collection of the Nederlandsche Bank is based on a system of mandatory declaration of foreign transactions, either directly or through an approved banking establishment. FDI data cover capital acquisitions, long and short-term credits, changes in intra-group accounts and purchases and sale of real estate. The Nederlandsche Bank publishes FDI data in the Quarterly Bulletin and the Annual Report. The data generally correspond with the recommendations of BPM5, but the directional principle is neither applied to flows nor to stocks. The application of the directional principle on Dutch FDI data is foreseen for 1999.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- There is no minimum threshold for an equity holding to qualify as a direct investor in the Netherlands. Nevertheless, in practice, a 10% threshold is used as a reference for the direct investment definition.
- The directional principle for the other capital component of direct investment is not applied. Reverse loans are recorded according to the origin of the capital (assets/liabilities approach).
- The directional principle for the equity capital component of direct investment is not applied. All cross-participations are recorded according to the assets/liabilities approach.
- The Netherlands does not record the direct investment transactions of the Special Financial Institutions (SFIs) under direct investment.

Calculation of reinvested earnings

Reinvested earnings (year n) = results (n) minus distributed dividends (n); thus in line with the BPM5.

For more detailed information: De Nederlandsche Bank, The Dutch balance of payments according to new international guidelines, Quarterly Bulletin, June 1996, pp. 39-40.

AUSTRIA

Source of data and method of collection

The Österreichische Nationalbank collects data for the balance of payments statistics and conducts surveys of Austria's international investment position. The main sources for FDI data are the direct reporting of settlements from banks and non-banks for flows and enterprise surveys on FDI for stocks. The surveys carried out by the Austrian National Bank cover only companies of which non residents own at least 10 per cent and the nominal value of the share has to be at least 1 million ATS.

The definition of direct investment is essentially in line with IMF and OECD recording standards. The directional principle is applied for direct participations in flow statistics. In compiling the stock figures the directional principle is applied to all components. Up to 1996 only equity capital (excluding purchase and sale of real estate) has been reported for FDI flows. From 1997 on reinvested earnings and the purchase and sale of real estate are included in the direct investment flow figures. Current undertaking carried out by the Austrian National Bank intend to provide adequate statistics for the years before 1997. By contrast the reported positions generally cover equity, reinvested earnings and other capital direct investment figures.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- The directional principle is not applied to cross-participations below the 10% threshold; they are reported under portfolio investment.
- Indirect direct investment is not taken into account. The resident children of an Austrian company controlled by non-resident direct investors will not be covered by direct investment statistics as it is not possible to obtain consolidated balance sheets.
- Trade credits between FDI enterprises are not recorded under direct investment, but under other investment.

Calculation of reinvested earnings

Data on reinvested earnings are compiled according to the guidelines approved by the WGS. They rest upon the results of the survey as well as of the reporting system on settlements and are calculated as follows:

reinvested earnings (in year t) = results (of year t) minus dividends distributed (in year t).

PORTUGAL

Source of data and method of collection

Since 1993, data on direct investment transactions settlements with non-residents are submitted to the Banco de Portugal by the resident banking system. Along with the information on settlements, the Bank also collects data on direct investment transactions above PTE 50 million through a "Direct Investment Statistical Declaration" which contains information on the direct investor, the enterprise and the type of operation. When direct investment transactions are undertaken without the intervention of a resident bank, residents must declare them directly to the Banco de Portugal. Data are published in the Monthly Economic Indicators, the Statistical Bulletin (monthly) and in the Annual Report of the Banco de Portugal. Both sectoral and geographical allocations are available. The recorded flows are in line with the directional principle in recording reverse loans and cross participations. They include short-term flows. Currently, no data on FDI positions are available. Data on stocks will be available in the beginning of 1999 through both the Questionnaire on Foreign Direct Investment and the Questionnaire on Portuguese Direct Investment Abroad, launched by the Banco de Portugal, respectively in 1997 and 1998.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- Stock-exchange transactions, unless specifically identified, are recorded as portfolio investment and not as direct investment.
- Flows do not yet include trade credits between parent companies and the debt securities issued by direct investors and by affiliated enterprises. These data will be available through the above referred surveys.
- Reinvested earnings are not fully covered. They are included only when they are reported (very seldom) in the statistical declarations.

Calculation of reinvested earnings

Data applying the calculation method recommended in the BPM5 will be made available by the results of both the Questionnaires on FDI assets and liabilities.

FINLAND

Source of data and method of collection

The Bank of Finland uses three data sources for direct investment statistics: foreign payments data, the monthly survey on the foreign claims and liabilities of Finnish companies with large foreign claims and liabilities, the annual direct investment survey of Finnish direct investors and direct investment enterprise. The sources are checked against each other in order to derive the final figures. Both direct investment flows and positions are recorded on the directional principle. The direct investment data cover thus equity capital (including cross participations above 10% and private purchase and sale of real estate), other capital (including reverse loans) and reinvested earnings.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- Inter-company trade credits are not included in direct investment capital.
- Direct investment earnings are not calculated according to the current operating performance concept, but the all-inclusive concept, i.e. capital gains and losses are included in the profit figures used to calculate the reinvested earnings.

Calculation of reinvested earnings

Reinvested earnings (year n) = all inclusive profit (year n) less loss (n) less distributed dividends (n)Contrary to the BPM5 and OECD standards the all inclusive profits instead of the current operating profit is used.

SWEDEN

Source of data and method of collection

The Swedish balance of payments is carried out by the Sveriges Riksbank. FDI flows data are based on direct reports by companies, and, to a minor extent, on settlement data. Stocks and reinvested earnings are obtained from an annual sample survey. Results are published monthly including a more detailed set of statistics on a quarterly basis. The result of the annual sample survey is also published separately.

Reported flow data cover equity capital (including purchase and sale of reol estate) and other capital. Regional and sectorial breakdowns of reinvested earnings are not available. The directional principle is applied for reverse loans and for cross-participations above the 10% threshold.

Data before October 1997 do not include short-terms loans and non-business real estate transactions.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- Intra-group derivatives are not included.

Discrepancies regarding data for periods before October 1997

- No short term transactions and no derivatives are recorded in FDI statistics.
- Funding via Special Purpose Entities is not covered.
- Branches are not recorded.
- Private, non-business real estate transactions are not included.

UNITED KINGDOM

Source of data and method of collection

The Office for National Statistics (ONS) collects data on direct investment through a general enterprise survey. There is a compulsory quarterly survey of the largest companies, and a compulsory annual survey for flows and income. Data from these surveys for FDI flows and positions are regularly published in aggregated form in the Pink Book. Further details are given in Business Monitor MA4. Reported figures cover the full set of flow and position information requested, including the purchase and sale of real estate.

Discrepancies with respect to BPM5 and to OECD benchmark definition

- The minimum threshold for a holding in a direct investment enterprise was historically 20%. The survey moved towards a 10% threshold from the 1996 results.
- Commercial transactions of Special Purpose Entities used purely for raising funds for parent companies are not excluded.
- FDI flows abroad made by resident direct investment enterprises are sometimes not recorded or allocated to the country of the parent company.

Calculation of reinvested earnings

Reinvested earnings (year n) = profits/losses (n) minus distributed dividends (n), thus in line with the BPM5.

For more detailed information: Office for National Statistics, The Pink Book 1998, United Kingdom Balance of Payments, London, methodological notes, chapters 11, 14 and 15.

UNITED STATES

Surveys of Foreign Investment in the United States and US investment abroad provide data quarterly and annually. These data include annual estimates of the direct investment position. They are published by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce in the Survey of Current Business and in supplementary publications. The data are collected under the International Investment and Trade in Services Survey Act by means of mandatory surveys of the US affiliates of foreign companies and of US companies investing abroad. Benchmark surveys, which are usually conducted every five years, collect data for the entire inward and outward FDI universe. Between benchmark years, smaller affiliates are exempted from reporting. However, data for these affiliates are statistically estimated so that all estimates - benchmark and non-benchmark alike- represent universe totals.

FDI data are produced generally in line with the BPM5 and OECD benchmark recording standards. They cover equity capital, other capital (all inter-company debt flows) and reinvested earnings. There is a broad coverage of data sets in terms of prices (historical cost, current cost and market prices) for the stocks and for first chain of ownership and ultimate beneficial owner concept for both flows and stocks. Flow data used in this publication are classified by using the first chain ownership concept. The same applies for stocks, for which the historical cost positions (book value) were taken.

In order to make the series comparable to the EU reporting system the geographical and sectorial breakdown has been adapted. However, particularly with respect to the used EU Nomenclature of Economic Activities (NACE, rev. 1) often only the basic items (level 1) could be calculated. Thus, the comparability between EU and U.S. data is still limited.

For more detailed information: U.S. Department of Commerce, Economics and statistics administration, Bureau of Economic Analysis, Survey of Current business, July 1996.

- by Mahnaz Fahim-Nader and William J. Zeile: Foreign Direct Investment in the United States, pp. 102-114.
- by Jeffrey H. Lowe and Sylvia E. Bargas: Direct Investment Position on a Historical-Cost basis, pp. 45-55.
- by Rusell B. Scholl: The International Investment Position of the United States in 1995, pp 36-41.

JAPAN

BOP data are compiled by the Bank of Japan in cooperation with the Ministry of Finance. The latter collects FDI data on the basis of notification. BOP figures are published in the Balance of Payments Monthly. Figures based on notification are published monthly in the Finance Review of the Ministry Of Finance. For better comparison the BOP figures on FDI from the Bank of Japan were used in this publications, as all reported FDI figures for EU Member states are based on the BOP framework. The BOP data of the Bank of Japan generally correspond with the recommendations in the BPM5.

Direct investment refers to the lasting interest of the direct investor to the direct investment enterprise; there is no minimum threshold to be qualified as direct investor. FDI is broken down by equity capital and other capital. Flows in inward investment covers all investment in unlisted resident companies and thus also those that would be classified as portfolio investment in case the 10% threshold would be applied.

As the country breakdown of FDI figures from the Bank of Japan is less detailed than the one used for the EU statistics the comparability of EU with Japan figures is still very limited.

SWITZERLAND

The Swiss National Bank collects data for balance of payments statistics. The data are published in the monthly Statistical Bulletin by the Central Bank.

Statistics on direct investment also provide information on the levels (stocks) of net assets and liabilities (book value) at end of the calendar year or the nearest accounting year. These data are collected on the basis of annual surveys.

The definition of direct investment used by the Swiss National Bank complies with the guidelines of the IMF and OECD. Direct investment refers to investment that adds to, deducts from or acquires 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 investment must raise the investors direct or indirect voting power to at least 10% of the total. The entries include direct investment by insurance companies since 1985, and by banks since 1986.

Outward direct net investment comprises investment, net of disinvestment, by Swiss companies in their overseas branches, subsidiaries or associated companies in Switzerland.

The country classification of statistics has been available since 1993. For Swiss direct investment abroad it is based upon the country of ultimate beneficial ownership of the investment.

The industry classification of outward investment relates to the activities of the investor, and that of inward investment to the investee.

For statistical reasons, the data for 1993 are not comparable to the data of earlier years. The coverage of the survey has been enlarged.

NORWAY

Norges Bank collects information on direct investment flows on a monthly basis as part of foreign exchange and balance of payments statistics.

The definition of direct investment complies with the guidelines of the IMF and the OECD. These statistics show the flow of investment, i.e. increases or decreases in the stock of direct investment. Norges Bank publishes on a quarterly basis data with a breakdown by the main countries and groups of countries. Flow data are based on the actual transaction value and on direct ownership only.

In addition, Norges Bank has developed statistics on direct investment stock figures based on company surveys. The main purposes are to obtain data which are not incorporated in the monthly statistics, e.g. the level of or retained profits, and to elaborate simultaneously stock figures as a supplement to the current statistics. These statistics are published annually in the Economic Bulletin.

ESTIMATION

This section describes the general principles and techniques used by Eurostat to perform estimates. After the harmonisation of Member State data Eurostat performs a set of operations to estimate missing information (mainly due to unavailable and/or confidential data) for each Member State. These estimates are used to compile the EU total. As a general rule no country specific estimates are published.

Eurostat estimates can be classified into one of the following three methods:

Type 1: Estimates using the partner country declarations.

Type 2: Hypotheses on the value of a specific transaction.

Type 3: Estimates using a weighted structure.

Type 1: Estimates using partner country declarations

This is the most current practice. A FDI transaction recorded by a declaring country X with a partner country Y, under the Outward Flows component, has to be recorded by the declaring country Y under the Inward Flows component. If there is no asymmetry, these two countries should record the same amount. Thus, for the above mentioned example, if the declaring country X does not have the information concerning its transactions with the partner country Y, the partner country's declaration will be used. This method is satisfactory from a theoretical point of view, since we assume that there are no bilateral asymmetries. But in practice, Member states have different data collection systems, different allocation of flows methods, and may diverge in the treatment of specific transactions (SPEs, buildings, banks etc).

Type 2: Hypotheses on the value of a specific transaction

It is sometimes useful to detect FDI transactions between a declaring country X and a partner country (or economic zone), which are likely to be negligible or nil. But the hypotheses of a nil value has to be justified with information from other statistical sources. For example, the existence of external trade links, direct investment legislation (strict or very flexible), industrial statistics about the number and localisation of foreign factories (through a register), the capacity of investment, the importance of the country in some specific sectors, the size of the country (population, GDP etc), cultural links and the recent political situation (countries under an embargo) would be taken into consideration. However, this has to be done very carefully, especially when estimating transactions into and from emerging FDI markets.

Type 3: Estimates using a weighted structure

In most cases, a structure of weights has to be built to estimate a group of missing values, either on the geographical or the economic activity breakdown. For example, a structure of weights is used to estimate the sectoral breakdown of Belgium Luxembourg, Greek, Irish and Austrian FDI flows. The structure of weights will be used to allocate the value declared on the total sector (generally known or previously estimated) into each economic activity sector. If the calculation method is very easy to apply, the problem is in fact to build the best structure of weights, given the information available. The following estimates have been carried out to complete EU tables:

Belgium Luxembourg

- Very few estimates have been realised on the geographical breakdown of Belgium Luxembourg FDI flows data.
- The National Bank of Belgium provided Eurostat with estimates on the Belgium Luxembourg FDI positions, by country and type of assets and liabilities. These estimates have been used by Eurostat to compile the EU aggregates.
- The sectoral breakdown of Belgium Luxembourg FDI flows has been estimated using a structure of weights based on the sectoral breakdown of the major partners (France, Germany the Netherlands and the United Kingdom) in relation with Belgium Luxembourg (as declared by the partners, Type 1 estimations).
- The geographical breakdown of FDI income was estimated by applying a weighted stucture based on eight Member states on the total FDI income for Belgium/Luxembourg provided by the IMF.

Denmark

- Missing FDI flow figures were estimated by distributing not allocated flows according to information from Danmarks Nationalbank as well as by using weighted structures from FDI positions or from other Member States.
- Missing FDI position figures were estimated by distributing not allocated positions according to previous years' FDI positions structure or according to weighted structures in other Member States.
- Total FDI income credits (debits) were estimated using the ratio of Danish FDI assets (liabilities) to EU assets (liabilities). The geographical breakdown was estimated by applying a weighted stucture based on eight Member states.

Germany

- Very few estimations on single values had to be performed - which were of type 2 described above - as the Deutsche Bundesbank provided Eurostat with nearly complete sets of data.

Greece

- The geographical breakdown of the Greek FDI flows and positions data have been entirely estimated by Eurostat, based on the EU and the US partner countries declarations.
- The sectoral breakdown of Greek FDI flows have been estimated using a structure of weights based on the sectoral breakdown of the major partners vis-à-vis Greece (as declared by the partners).
- The geographical breakdown of FDI income was estimated by applying a weighted stucture based on eight Member states on the total FDI income for Greece provided by the IMF.

Spain

- Very few estimates had to be performed on the geographical breakdown of Spanish FDI flows as the Banco de España provided Eurostat with complete sets of data.
- The Banco de España provided Eurostat with the sectoral breakdown of Intra and Extra EU FDI flows for Spain. Thus, the sectoral breakdown of Spanish FDI flows crossed with the USA, Japan and EFTA countries was estimated using a weighted structure based on the sectoral breakdown of Extra EU FDI flows for Spain.
- The Banco de España provided Eurostat with two data series giving the total Spanish FDI assets held abroad and the total Spanish FDI liabilities vis-à-vis the rest of the world up to the reference year 1997. These totals have been allocated by countries and zones using a weighted structure based on the cumulated Spanish FDI flows (available for each partner country and zone).

France

- Very few estimates have been done on the French FDI flows and positions, as the Bank of France provided Eurostat with all the necessary information. Eurostat only calculated the BOP geographic and economic zones shown in the tables according to their contents presented in the annexes.
- The sectoral breakdown of French FDI flows have been estimated using a correspondence table between the French national nomenclature of activities and that used by Eurostat. For the year 1996, this work has been done directly by the Bank of France.

Ireland

- The geographical breakdown of the Irish FDI flows has been entirely estimated by Eurostat, based on the EU and the US partner countries declarations. For the other major Irish partners, information available from the Industrial Development Agency (IDA) - Dublin has been used to built a structure of weights.
- The geographical breakdown of the Irish FDI positions at end of 1994 has been entirely estimated by Eurostat, based on the EU, the US and other OECD (when available) partner countries declarations.
- The sectoral breakdown of Irish FDI flows has been estimated using a structure of weights based on the sectoral breakdown of the United Kingdom, Germany, France and the Netherlands FDI flows vis-à-vis Ireland (as declared by these countries).
- The geographical breakdown of FDI income was estimated by applying a weighted stucture based on eight Member states on the total FDI income for Ireland provided by the IMF.

Italy

- The breakdown of FDI flows between equity capital and other capital was estimated using the EU partner countries declaration. An average ratio "Equity" / "Equity+Other capital" based on all available MS data was used to estimate the breakdown for all other partner countries.
- Missing sectorial flow figures were estimated by distributing not allocated flows according to weighted structures from positions or from other Member states.
- Information provided on FDI positions was limited. Missing position figures were estimated by using the previous years struture as well as information from the flows. The breakdown between "Equity & RIE" and "Other capital" assets/liabilities has been estimated using the partner countries declaration. The ratio "Equity & RIE" / "Total FDI stocks" based on eight Member states' declaration has been used to distribute the missing Italian FDI positions between the two sub components.

The Netherlands

- Estimations were undertaken due to substantial non publishable data. These estimations were of type 2 and of type 3 described above, where for the latter in particular information from the FDI positions data for 1994 was used to built a structure of weights.

Austria

Substantial estimations were undertaken:

- Firstly, as regards data before the reference year 1997, the Österreichische Nationalbank was only able to provide FDI flows data on equity capital, the "other capital" component was estimated using a weighted structure built by using the equity capital to other capital ratio found in the Austrian FDI positions data for the respective reference years.
- Secondly, as the Österreichische Nationalbank did not provide FDI flow data by economic activity, estimations (type 1) were undertaken to built a weighted structure.

Portugal

- Very few estimations had to be performed for the geographical and sectoral breakdown of FDI flows as the Banco de Portugal provided Eurostat with complete sets of data.
- The Banco de Portugal provided Eurostat with estimates on the Portuguese FDI positions by country at the end of 1994. The Portuguese FDI positions at end of 1996 have been estimated by adding the 1995 and 1996 Portuguese FDI flows to the FDI positions at end of 1994. These estimates have been used by Eurostat to compile the EU aggregates.
- The geographical breakdown of FDI income was estimated by applying a weighted stucture based on eight Member states on the total FDI income for Portugal provided by the IMF

Finland

- The Bank of Finland provided Eurostat with nearly complete sets of data. Few estimations of type 2 for single values were performed on all sets of data, which were necessary due to non publishable and hence missing data.

Sweden

- Missing FDI flow figures were estimated by distributing not allocated flows according to weighted structures from FDI positions or from other Member States.
- Information provided on FDI positions was limited. Missing position figures were estimated by using previous years' FDI positions structure as well as by using information from the flows.
- Data on FDI income was estimated by applying a weighted stucture based on eight Member states on the total FDI income for Sweden provided by the IMF.

United Kingdom

- Very few estimations had to be performed as the Office for National Statistics provided Eurostat with complete sets of data.

ASYMMETRY

A direct investment flow can be seen from two directions, from the investors and the receivers side. These reported flows should equal. When it is not the case the difference is called asymmetry.

Definition of asymmetry

In this publication direct investment data are presented distinguishing between outflows and inflows. Therefore, a transaction recorded by country A vis-à-vis country B under Outward Flows, has to be recorded by country B under the item Inward Flows, with the same value. Thus, the transactions declared by country A in country B and under the outflows item minus all the transactions declared by country B received by country A under the inflows item should be equal to zero (and vice versa). An asymmetry is observed when this is not the case.

Because the European Union is shown as a whole declaring country, the sum of the Outward Flows declared by each EU country with the rest of the European Union should be equal to the sum of the FDI flows that each EU country declared having received from the rest of the European Union. Unfortunately this is not the case and an Intra-EU asymmetry is observed.

The size of asymmetry

Despite the effort made by Eurostat, the asymmetry is still important. The Intra-EU discrepancy for 1996, excluding reinvested earnings, is 15.1 bn ECU or 30.8% of average Intra EU flows. For 1995, it is approximately ECU 10.5 billion, or 21.6% of the average amount of Intra-EU Direct Investment flows. In 1994, the Intra-EU discrepancy was ECU 14.2 billion, that is 32.9% of the average amount of Intra-EU FDI flows. In 1993, the Intra-EU discrepancy was ECU 5.8 billion in absolute value, or 15.6% of the average amount of Intra EU FDI flows. In 1992, the Intra-EU discrepancy represented ECU 16.5 billion, 40.3% of the average amount of Intra-EU FDI flows.

Causes of asymmetry

The main cause of the discrepancy is the incorrect geographical allocation of FDI flows. Another reason is because Member states use different collection systems. Some have systems based on bank settlements, others on partial inquiries using enterprise panels, or even a combination. A look at the new questionnaires revealed that no Member State was capable of completing all the IMF standard components according to IMF and OECD recommendations.

Asymmetry due to different definitions of direct investors and direct investment enterprises

Depending on the country, the following transactors are or are not considered as investors or potential direct investment enterprises:

- The State

Certain countries record all or some of the transactions of their public authorities under capital movements of the official sector or similar headings. Others consider that public authorities can be involved in direct investment transactions.

- International institutions

Capital flows to and from these institutions may sometimes be recorded as direct investment. Such flows are generally State holdings in the capital of international development aid banks. One can legitimately ask whether the long-term interest which must form the basis of any direct investment link, is of the same type as that which connects two enterprises to each other.

- Banks

Banks' direct investment flows may be recorded with other bank flows and not with direct investment. It should be remembered that the current OECD definition recommends excluding direct investment from short-term transactions between banks and their subsidiaries.

- Households

Households may also be direct investors. The land or real estate owned by households is often recorded elsewhere or entered under a separate heading if the figures involved are very large. Whether it is property for letting or secondary residences, these assets should be considered as notional establishments of a direct investment enterprise whose activity is residential property.

- Holding companies

This term in itself already has different meanings in different countries. It can simply mean a letter box company created to exploit the tax advantages of a particular country, a company which manages the numerous subsidiaries of a large multinational, or it may mean a company created solely for the purpose of providing the parent company access to a financial market, etc. The flows of such companies are frequently recorded separately (Belgium Luxembourg, Netherlands), but in many cases only resident holding companies are classified separately. Including them may tend to inflate direct investment flows if, in effect, the capital simply enters and leaves. Excluding them, on the other hand, produces underestimates if the movements are in one direction only, for example if the capital entering is then redistributed to other subsidiaries in the same country.

- Special companies

Differences in the treatment of enterprises undertaking construction, installation, civil-engineering work, etc. abroad may be the cause of asymmetries between two countries.

It should be mentioned that the first four causes of asymmetry listed above have mostly disappeared in this study in the case of Intra EU comparisons, but they may continue to be valid for comparisons with non-EU countries.

Asymmetry and the link between the direct investor and the direct investment

The link between the direct investor and the direct investment enterprise is not the same, but varies to some extent, from country to country. In certain countries it is necessary to have shares in the direct investment enterprise. These countries often set a minimum threshold for such a holding. Eurostat and OECD recommend a 10% threshold. However, in some countries no minimum holding is prescribed for a direct investment link. There may also be a minimum value for recording direct investment flows. That means any transaction below a certain value will be recorded under another heading. Quoted shares and free shares or shares acquired in return for goods or services cannot be recorded under equity holdings. They must therefore be recorded incorrectly as portfolio transactions.

The definition and inclusion of indirect links and treatment of such flows varies considerably from country to country. There are countries which do not look for indirect links at all, others that record them occasionally and some seek them out systematically. Among the latter there are many differences in the definition of an indirect link, but the asymmetries resulting from this are marginal. Most direct investment enterprises are majority-owned subsidiaries and the differences in definition mainly affect associated companies. However, the inclusion or exclusion of indirect links has an effect on:

- Loans between sibling companies or in other words loans between companies with the same parent company. A loan from a subsidiary in country A to a sibling company in country B can be attributed to the parent company in country C, (not in line with the OECD definition) or as originating from country A (in accordance with the OECD definition).

Asymmetry due to the different definitions of direct investment flows

Depending on the country, the following do or do not form part of the direct investment flows recorded in the Balance of Payments

Reinvested Earnings

The inclusion or exclusion of this type of flow in direct investment is mostly determined by the information collection system. It is probably one of the major causes of asymmetry. The higher and older the direct investment stock, the greater the risk of asymmetry between the statistics of one country which records reinvested profits and those of another which omits them. In other words, one can assume that countries with established direct investment traditions with enterprises that have been "physically" on the market for a very long time, reinvest because of their capacity to generate their own finance.

Long-term loans

Long-term may have different meanings in different countries. It can mean loans of over one year, loans of over five years, etc. The purpose of the loan, if it is a commercial loan, leasing etc., also can create distortions in the way flows are treated.

Short term loans

Short-term loans and inter-company account balances are not uniformly recorded as direct investment within the European Union. Certain MS consider this to be a major cause of asymmetry. The same comments as for the purpose of long-term loans apply.

Loans in the local economy

When a direct investor decides to invest in his subsidiary abroad by borrowing on the subsidiary's local market, the flow does not appear in the Balance of Payments since no border has been crossed (as in the case of reinvested profits). However, this flow will be visible if the collection system is based in part at least on a survey system. Again the differences are very much bound up with the data collection system, which may favour analysis by type of transactor or by type of transaction. A further factor responsible is the lack of a tree structure for the classification.

Asymmetry due to differences in recording the same flow

Even if all the points described above are apparently adhered to in the same way by two different economies, it is still not certain whether the same flow will be classified in the same way by each. This is particularly so in the case of reverse flows, i.e. when capital is supplied by a subsidiary to its parent. Another example are the so called multilateral flows, which are flows between enterprises belonging to the same group. In the case of capital supplied by a foreign subsidiary to its resident parent company, and remembering that we are dealing here with direct investment flows, is the capital a disinvestment by the parent company or an investment by the subsidiary in its parent? This problem is also at the root of numerous instances of asymmetry, since the volume of direct investment flows between the parent company and the subsidiary is extremely large. It can often be larger than acquisitions or sales of assets abroad. In the case of large multinational groups and holding companies, there is the additional question of geographical allocation of flows. If enterprise E1 located in country A establishes a subsidiary E3 in country C using funds from another of its subsidiaries E2 located in country B, the following flows will be recorded:

- Country A will record nothing at all
- Country B will record a disinvestment from A
- Country C will record an investment from B

This will result in a situation with asymmetry between A and B, and, B and C respectively. It would appear that this type of asymmetry is the cause of our largest asymmetries. The amounts of capital moved around by large multinational groups are considerable and are most likely to be incorrectly allocated because of the very complicated structures which link them.

Sundry asymmetries

In addition to the sources of asymmetries listed above, problems arise because of different ways of dealing with authorised and actual investments, exchange rates, and date of recording. These problems are also common to the rest of the Balance of Payments.

Authorised and actual investments

Certain countries only have statistics based on the administrative documents that are legally required. Some countries provide more detailed information (geographical structure of flows or breakdown by sectors) only from this source, but also have direct investment statistics from the Balance of Payments which are not consistent with the former.

Exchange rates

Certain countries convert the amount of the transaction at the rate applicable on the day of settlement, others at an average monthly rate.

Date of recording

The same transaction may be recorded on the debit side by one country at a particular date and on the credit side by a partner country at a different settlement date, which can lead to distortions if the dates are around the end of the year.

Asymmetry due to different reporting systems

Countries have developed systems for collecting and aggregating data on international transactions that reflect their institutional structures and capabilities. Most countries use a combination of sources to compile their balance of payments statements. Even for a single component of the accounts, such as direct investment, a number of sources may be used. It is possible to focus on three features of data sources. First, data collection may be based on the reporting of individual transactions or on the aggregates. Second, data may be collected by the statistical agency from an intermediary or directly from a transactor. An intermediary can for instance be a dealer that handles security transactions for clients. Third, data may be collected on transactions or stocks of assets and liabilities.

Principal Data sources:

- ITRS, International Transaction Reporting Systems
- Enterprise Surveys
- Official Sources
- Foreign Sources

PART F ANNEXES

EXCHANGE RATES TABLE 1

Flows - average yearly exchange rate

		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
European Union	ECU	1	1	1	1	1	1	1	1	1	1	1
Belgium Luxembourg	BEF	43.041	43.429	43.381	42.426	42.223	41.593	40.471	39.657	38.552	39.299	40.533
Denmark	DKK	7.885	7.952	8.049	7.857	7.909	7.809	7.594	7.543	7.328	7.359	7.484
Germany	DEM	2.072	2.074	2.070	2.052	2.051	2.020	1.936	1.925	1.874	1.910	1.964
Greece	GRD	156.269	167.576	178.841	201.412	225.216	247.026	268.568	288.026	302.989	305.546	309.355
Spain	ESP	142.165	137.601	130.406	129.411	128.469	132.526	149.124	158.918	163.000	160.748	165.887
France	FRF	6.929	7.036	7.024	6.914	6.973	6.848	6.634	6.583	6.525	6.493	6.613
Ireland	IEP	0.775	0.776	0.777	0.768	0.768	0.761	0.800	0.794	0.816	0.793	0.748
Italy	ITL	1494.910	1537.330	1510.470	1521.980	1533.240	1595.520	1841.230	1915.060	2130.140	1958.960	1929.300
Netherlands	NLG	2.334	2.335	2.335	2.312	2.311	2.275	2.175	2.158	2.099	2.140	2.211
Austria	ATS	14.571	14.586	14.570	14.440	14.431	14.217	13.624	13.540	13.182	13.435	13.824
Portugal	PTE	162.616	170.059	173.413	181.109	178.614	174.714	188.370	196.896	196.105	195.761	198.589
Finland	FIM	5.065	4.944	4.723	4.855	5.002	5.807	6.696	6.191	5.709	5.828	5.881
Sweden	SEK	7.310	7.242	7.099	7.521	7.479	7.533	9.122	9.163	9.332	8.515	8.651
United Kingdom	GBP	0.705	0.664	0.673	0.714	0.701	0.738	0.780	0.776	0.829	0.814	0.692
United States	USD	1.154	1.182	1.102	1.273	1.239	1.298	1.171	1.190	1.308	1.270	1.134
Japan	JPY	166.598	151.459	151.938	183.660	166.493	164.223	130.148	121.322	123.012	138.084	137.077

EXCHANGE RATES TABLE 2

Positions - rate at end of the year

		1996
European Union	ECU	1
Belgium Luxembourg	BEF	40.102
Denmark	DKK	7.447
Germany	DEM	1.947
Greece	GRD	309.502
Spain	ESP	164.167
France	FRF	6.562
Ireland	IEP	0.745
Italy	ITL	1913.720
Netherlands	NLG	2.185
Austria	ATS	13.697
Portugal	PTE	195.968
Finland	FIM	5.816
Sweden	SEK	8.628
United Kingdom	GBP	0.737
United States	USD	1.253
Japan	JPY	145.849

Source: Eurostat, Balance of Payments database

Eurostat, ISIC and NACE codes

Economic activity	Questionnaire Y5/Y7 Eurostat	ISIC Rev. 3	NACE Rev. 1
AGRICULTURE AND FISHING	0595	sec A,B	sec A,B
MINING AND QUARRYING	1495	sec C	sec C
Extraction of petroleum and gas	1100	div 11	div 11
Miscellaneous mining and quarrying	1490		
MANUFACTURING	3995	sec D	sec D
Food products	1605	div 15,16	subsec DA
Textiles and wearing apparel	1805	div 17,18	subsec DB
Wood,publishing and printing	2205	div 20,21,22	subsec DD,DE
Total Textiles & Wood	2295		
Refined petroleum & other treatments	2300	div 23	div 23
Chemicals products	2400	div 24	div 24
Rubber and plastic products	2500	div 25	div 25
Total Petroleum, Chemicals & Rubber	2595		
Metal products	2805	div 27,28	subsec DJ
Mechanical products	2900	div 29	div 29
Total Metal & Mechanical	2995		
Office machinery and computers	3000	div 30	div 30
Radio, TV, communication equipments	3200	div 32	div 32
Total Office machinery & Radio	3295		
Motor vehicles	3400	div 34	div 34
Other transport equipments	3500	div 35	div 35
Total Motor vehicles & Other transport	3595		
Miscellaneous manufacturing	3990		
ELECTRICITY,GAS AND WATER	4195	sec E	sec E
CONSTRUCTION	4500	sec F	sec F
TRADE AND REPAIRS	5295	sec G	sec G
HOTELS AND RESTAURANTS	5500	sec H	sec H
TRANSPORTS,COMMUNICATION	6495	sec I	sec I
Land transport	6000	div 60	div 60
Sea and coastal water transport	6110	group 611	group 61.1
Air transport	6200	div 62	div 62
Total Land, Sea & Air transport	6295		
Telecommunications	6420	group 642	group 64.2
Misc. transport and communication	6490		
FINANCIAL INTERMEDIATION	6895	sec J	sec J
Monetary intermediation	6510	group 651	group 65.1
Other financial intermediation	6520	group 659	group 65.9
Financial holding companies	6524	part of class 6599	part of class 65.23
Insurance & activities auxiliary	6730	div 66 & group 672	div 66 & group 67.2
Total Other fin.intermed & insurance	6795		
Misc. Financial intermediation	6890		
REAL ESTATE & BUSINESS ACT	7395	sec K	sec K
Real estate	7000	div 70	div 70
Computer activities	7200	div 72	div 72
Research and development	7300	div 73	div 73
Other business activities	7400	div 74	div 74
Business & manag. consultancy	7410	group 741	group 74.1
Manag. holding companies	7415	part of class 7414	class 74.15
Advertising	7440	group 743	group 74.4
Total Computer, Research & Other bus.	7495		
Misc. real estate & business activities	7390		
OTHER SERVICES	9995	sec L,M,N,O,P,Q	sec L,M,N,O,P,Q
Not allocated economic activity	9996		
SUB-TOTAL	9997		
Priv. purchases & sales of real estate	9998		
TOTAL	9999		

ISIC/NACE codes corresponding to the economic activities used in Eurostat FDI questionnaires Y5/Y7 and codification for economic activity groups.

BOP Geographical Zones

EUROPE

European Union	EFTA	Other Europe

Other Europe

Albania	Cyprus	Moldova	Turkey
Andorra	Czech Republic	Poland	Ukraine
Belarus	Estonia	Romania	Vatican City State
Bosnia-Hercegovina	Gibraltar	Russia	Yugoslavia
Bulgaria	Hungary	Slovakia	Lithuania
Croatia	Malta	Slovenia	Latvia

Baltic countries

Estonia	Lithuania	Latvia

AFRICA

North Africa	Other Africa

North Africa

Algeria	Libya	Sudan	Tunisia
Egypt	Morocco		

Other Africa

Angola	Djibouti	Malawi	Sierra Leone
Benin	Equatorial Guinea	Mali	Somalia
Botswana	Eritrea	Mauritania	St Helena
Brit. Indian Ocean ter.	Ethiopia	Mauritius	Swaziland
Burkina Faso	Gabon	Mozambique	Tanzania
Burundi	Gambia	Namibia	Togo
Cameroon	Ghana	Niger	Uganda
Cap Verde	Guinea	Nigeria	Zaire
Central African Rep.	Guinea Bissau	Rep. of South Africa	Zambia
Chad	Kenya	Rwanda	Zimbabwe
Comoros	Lesotho	Sao Tome and Principle	
Congo	Liberia	Senegal	
Côte d´Ivoire	Madagascar	Seychelles	

AMERICA

North America	Central America	South America

North America

Canada	United States of America

Central America

Antigua and Barbuda	Costa Rica	Jamaica	Turks and Caicos Islands
Anguilla	Cuba	St Kitts and Nevis	Trinidad and Tobago
Netherlands Antilles	Dominica	Caoman Islands	St Vincent
Aruba	Dominican Republic	St Lucia	British Virgin Islands and Montserrat
Barbados	Grenada	Mexico	Virgin Islands of the US
Bermuda	Guatemala	Nicaragua	
Bahamas	Honduras	Panama	
Belize	Haiti	El Salvador	

South America

Argentina	Colombia	Peru	Venezuela
Bolivia	Ecuador	Paraguay	
Brazil	Falkland Islands	Suriname	
Chile	Guyana	Uruguay	

BOP Geographical Zones

ASIA

Near & Middle East	Other Asia		

Near & Middle East

Israel	Iran	Arabian Gulf	Other Near & Middle East

Arabian Gulf

United Arab Emirates	Iraq	Oman	Saudi Arabia
Bahrain	Kuwait	Quatar	Yemen

Other Near & Middle East

Armenia	Georgia	the Lebanon	Syria
Azerbaijan	Jordan		

Other Asia

Afghanistan	India	Sri Lanka	Singapore
Bangladesh	Japan	Mongolia	Thailand
Brunei Darussalam	Kyrgyzstan	Macao	Tajikistan
Bhutan	Cambodia (Kampuchea)	Maldives	Turkmenistan
Myanmar (Burma)	North Korea	Malaysia	Taiwan
China	South Korea	Nepal	Uzbekistan
Hong Kong	Kazakhstan	Philippines	Vietnam
Indonesia	Laos	Pakistan	

AUSTRALIA, OCEANIA AND OTHER TERRITORIES

Australia	Nauru	Pitcairn	Tuvalu
Fiji	New Zealand	Solomon Islands	Vanuatu
Kiribati	Papua New Guinea	Tonga	Western Samoa
Australian Oceania	American Oceania	G1 New Zealand Oceania	G2 Polar regions

Australian Oceania

Cocos Island (Keeling)	Christmas Island	Norfolk Island	Heard and McDonald Island

American Oceania

American Samoa	Guam	Northerna Mariana Island	United States Minor outlaying Islands

G1 New Zealand Oceania

Cook Islands	Niue	Tokelau	

G2 Polar regions

Antarctica	Bouvet Island	French South Terr.	South Georgia & South Sandwich Isl.

BOP Economic Zones

European Union

Belgium	Spain	Luxembourg	Finland
Denmark	France	Netherlands	Sweden
Germany	Ireland	Austria	United Kingdom
Greece	Italy	Portugal	

EFTA (European Free Trade Association)

Liechtenstein	Switzerland	Iceland	Norway

EEA (European Economic Area)

Belgium	France	Austria	Liechtenstein
Denmark	Ireland	Portugal	Iceland
Germany	Italy	Finland	Norway
Greece	Luxembourg	Sweden	
Spain	Netherlands	United Kingdom	

OECD (Organisation for Economic Cooperation & Development)

Austria	Germany	Netherlands	United Kingdom
Australia	Greece	Norway	United States of America
Belgium	Iceland	New Zealand	Hungary*
Canada	Ireland	Portugal	Poland*
Czech Republic	Italy	Spain	Republic of Korea (South)*
Denmark	Japan	Sweden	
Finland	Luxembourg	Switzerland	
France	Mexico	Turkey	

Baltic

Estonia	Latvia	Lithuania

NAFTA (North American Free Trade Association)

Canada	Mexico	United States of America

NICs1 (the Core Newly Industrializing Countries)

Hong Kong	Republic of Korea (South)	Singapore	Taiwan

NICs2A (Asian NICs of the second wave of industrialization)

Malaysia	Philippines	Thailand

NICs2LA (Latin American NICs of the second wave of industrialization)

Argentina	Brazil	Chile	Mexico

CIS (Community of Independant States)

Armenia	Kyrgyzstan	Russia	Ukraine
Azerbaijan	Kazakhstan	Tajikistan	Uzbekistan
Belarus	Moldova	Turkmenistan	

ASEAN (Association of South-East Asian Nations)

Brunei Darussalam	Malaysia	Singapore	Thailand
Indonesia	Philippines		

OPEC (Organisation of Petroleum Exporting Countries)

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

MERCOSUR (Mercado commun de los paises del cono sur)

Argentina	Brazil	Paraguay	Uruguay

Candidate Countries (Pre Accession countries)

Estonia	Poland	Hungary	Slovenia
Latvia	Czech republic	Romania	Cyprus
Lithuana	Slovakia	Bulgaria	

* From 1996 onwards

BOP Economic Zones

Offshore Financial Centers

Netherlands Antilles	Bahamas	Cayman Islands	Philippines
Barbados	Hong Kong	the Lebanon	Singapore
Bahrain	Jamaica	Liberia	British Virgin Island and Montserrat
Bermuda	St Kitts and Nevis	Panama	Vanuatu

Latin America

Argentina	Costa Rica	Honduras	Peru
Bolivia	Cuba	Haiti	Paraguay
Brazil	Dominican Republic	Mexico	El Salvador
Chile	Ecuador	Nicaragua	Uruguay
Colombia	Guatemala	Panama	Venezuela

ACP

African ACP	Caribbean ACP	Pacific ACP

African ACP

Angola	Eritrea	Madagascar	Sierra Leone
Burkina Faso	Ethiopia	Mali	Senegal
Burundi	Gabon	Mauritania	Somalia
Benin	Ghana	Mauritius	Sâo Tome and Principe
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Congo, the Democratic Rep.	Guinea Bissau	Niger	Tanzania
Côte d'Ivoire	Kenya	Nigeria	Uganda
Cameroon	Comoros	Rwanda	Zambia
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Djibouti	Lesotho	Sudan	

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Mediterranean Basin

Albania	Gibraltar	Libya	Tunisia
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