

FDI POSITION OF THE QUAD ECONOMIES AT END-1996

Statistics
in focus

ECONOMY AND
FINANCE

THEME 2 – 23/1999

BALANCE OF PAYMENTS

Contents

The QUAD: ECU 1.5 trillion FDI assets at end 1996.....1

A positive net FDI position for all QUAD partners.....2

FDI assets between QUAD partners:
who invested where?.....3

Major FDI partners of the QUAD economies.....3

Ursula Schmidt

Foreign direct investment (FDI) statistics give information on one of the major aspects of globalisation. FDI (for definition see box on page 3) is a supplement or an alternative to cross border trade in goods and services. Eurostat maintains a FDI data base that comprises harmonised and thus comparable data on inward and outward FDI positions and flows for the European Union, its Member States, the United States and Japan. Data for Canada has been taken from the OECD 1998 International Direct Investment Statistics Yearbook.

The European Union, together with the United States, Japan and Canada are major players in worldwide foreign direct investment (FDI). The so-called QUAD¹ economies can be estimated to be behind roughly three-quarters of worldwide FDI assets. In 1996, FDI assets of these four economic actors represented a share of about 9% of their gross domestic product (GDP). This article provides some more detail of the stock of foreign direct investment of the QUAD economies.

The QUAD: ECU 1.5 trillion FDI assets at end 1996

The four QUAD economies totalled ECU 1472 bn worth of foreign direct investment assets at the end of 1996. Against stood ECU 1022 bn worth of liabilities. These figures cover FDI assets and liabilities of each of the QUAD economies vis-à-vis the rest of the world, but exclude Intra-EU stocks. USA came top in terms of both assets and liabilities (ECU 620 bn assets and 474 bn liabilities), followed by the EU. The EU's direct investors owned 37% of total QUAD assets and hosted 41% of total liabilities. Canadian direct investors owned FDI assets abroad worth ECU 103 bn (7% of total QUAD assets). This is just half of what Japanese companies had placed abroad. On the liabilities side, Canadian enterprises hosted foreign capital worth over four times that hosted by Japanese companies, therewith ranking third in the QUAD. Canadian FDI assets represented a share of over one fifth of the country's GDP for 1996, while this ratio was just 6% for Japan (EU: 8%, USA: 11%).

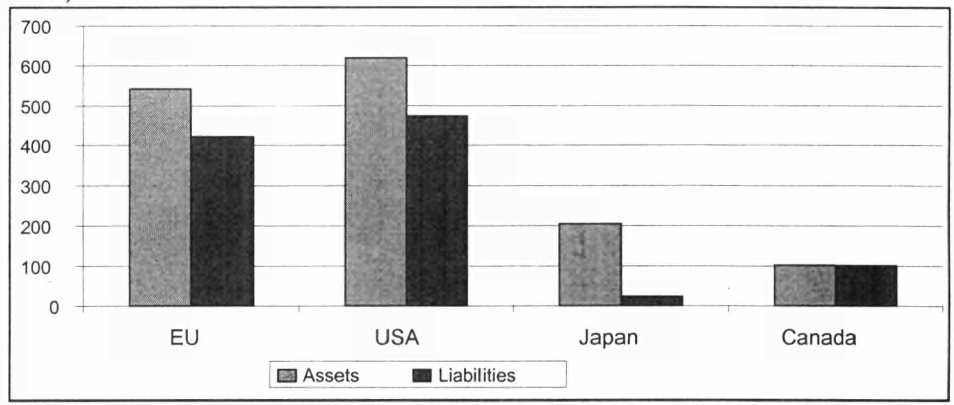


Figure 1: FDI Stocks at end – 1996 (ECU bn)



Manuscript completed on: 01.06.1999
ISSN 1024-4298
Catalogue number: CA-NJ-99-023-EN-C
Price in Luxembourg per single copy
(excl. VAT): EUR 6

1 The complete and formal definition of the Group formed by EU, US, Japan and Canada is "QUADRILATERAL". QUAD is used as an abbreviation.

A positive net FDI position for all QUAD partners

In all four economies a positive net FDI position can be noticed. The biggest difference between assets and liabilities was recorded in Japan – ECU 182 bn – which means that the assets were 8.6 times bigger than the liabilities. Canada managed for virtually the same amounts of assets and

liabilities. Looking at the ratio between net position and assets, Japan counted a positive net FDI position amounting to 88% of the respective assets, while the percentages for US and EU were between the range of 20-25%.

	Assets	Liabilities	Assets in % of QUAD total	Liabilities in % of QUAD total	Net FDI position	Assets/ Liabilities	Net position in % of assets
EU	543	422	36.9	41.3	121	1.3	22
USA	620	474	42.1	46.4	146	1.3	24
Japan	206	24	14.0	2.3	182	8.6	88
Canada	103	102	7.0	10.0	1	1.0	1
QUAD	1472	1022			450	1.4	31

Table 1: FDI assets and liabilities of the QUAD economies at end 1996 (ECU bn)

FDI assets between QUAD partners: who invested where?

The EU and the US held a similar share of FDI assets vis-à-vis each other (43% of their respective total assets), while assets held in Japan accounted for 2% (EU) and 5% (US) respectively (figures 2-5). The Canadian economy hosted a bigger chunk of EU and US FDI assets than Japan (EU: 3%, US: 12%). Very significant is the share of Canadian FDI assets situated in the US (54% of the total assets). Also in Japan the US represents a major FDI partner with a share of 36% of the total FDI

assets. On the other hand, comparatively small assets prevailed between Japan and Canada. Altogether, over three quarters of Canadian FDI assets were located in the other QUAD economies, against 60% of US FDI and 55% of the JP FDI. As FDI destination, the QUAD partners are least important to EU investors, where only slightly more than half of the assets were held in economies other than the QUAD.

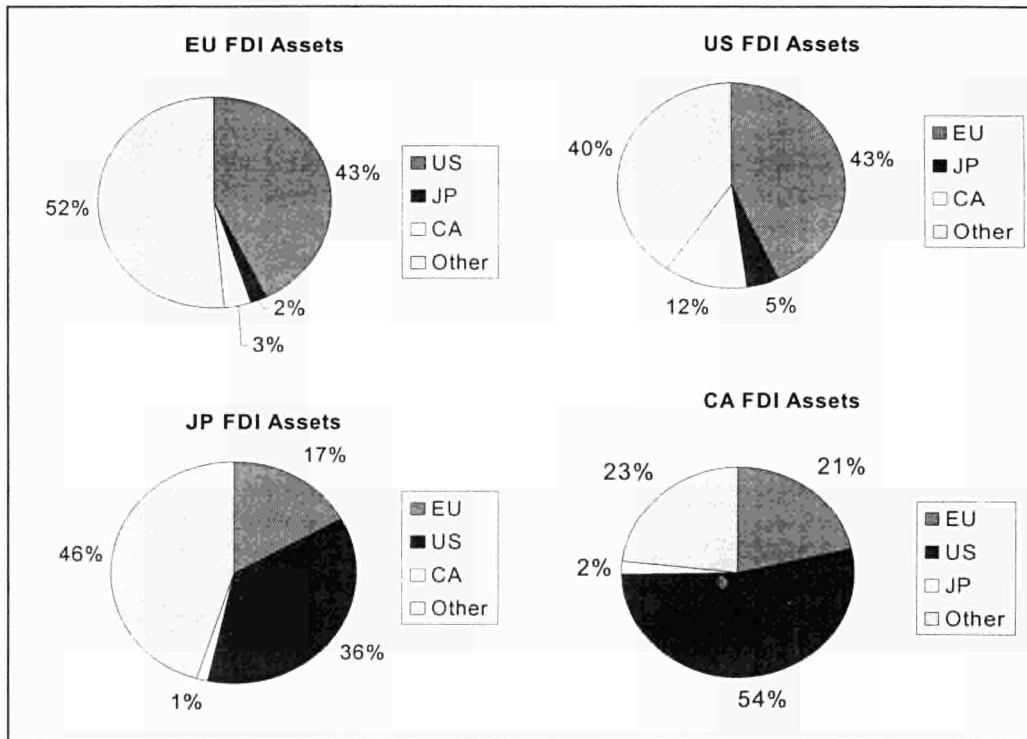
Reporting economy	Partner economy						Total
	EU	USA	Japan	Canada	QUAD	Other	
EU		233	12	19	264	279	543
USA	269		28	73	370	250	620
Japan	35	75		3	112	93	206
Canada	22	55	2		79	24	103

Table 2: FDI assets among QUAD partners at end-1996 (ECU bn)

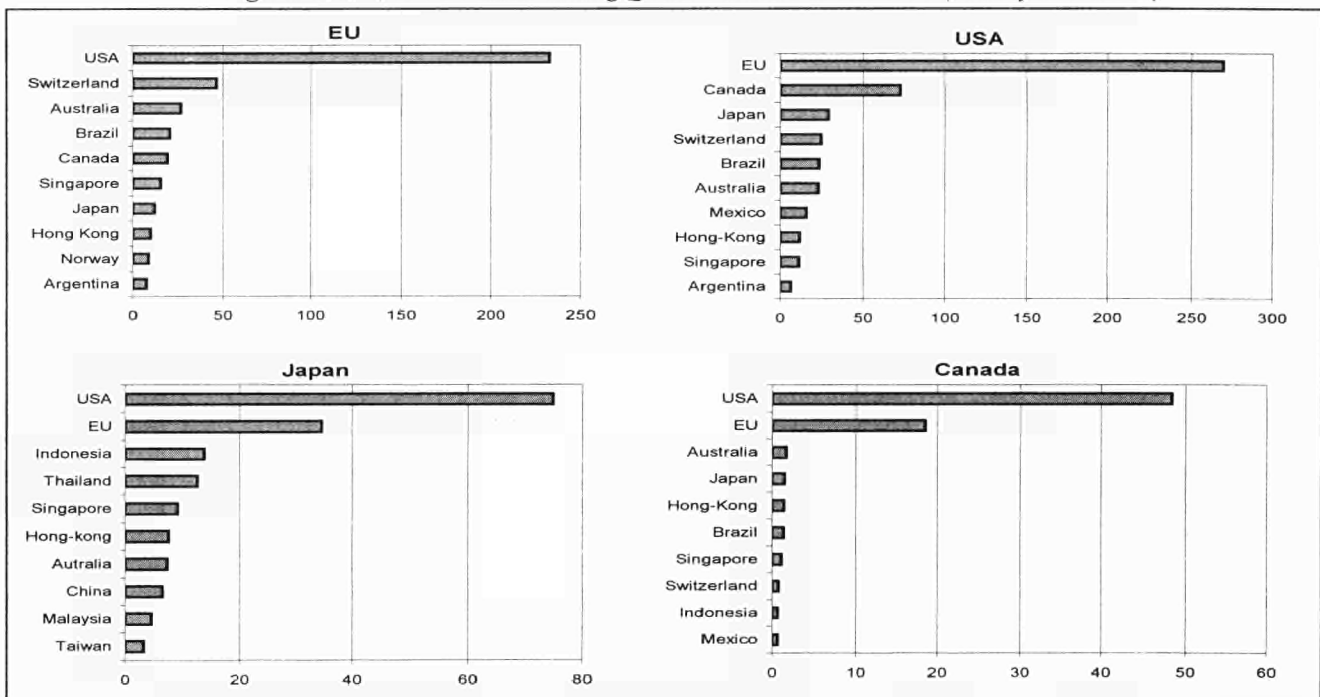
Major FDI partners of the QUAD economies

The QUAD economies place major portions of their FDI assets in the respective other QUAD partners – with EU and USA coming top. But all the four of course destine FDI funds also to other markets. When analysing the QUAD FDI in terms of major partners, the EU, USA and Canada show a certain similar “international spread” in their investment pattern. In fact, capital is invested in Europe, in Asia, in Oceania and in North- and South America.

Their major partners were Switzerland, Australia, Brazil, Singapore and Hong Kong. On the other side, Japanese investors’ decisions partly rather reflected geographical proximity. Apart from EU and USA being the most major destinations, most of the investments were linked to Asian emerging markets and to the Australian economy (figures 6-9).



Figures 2, 3, 4, 5: FDI assets among QUAD Partners at end-1996 (in % of total assets)



Figures 6, 7, 8, 9: Major FDI partners of the QUAD economies: FDI assets at end-1996 (ECU bn)

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Foreign direct investment (FDI) is the category of international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise, and a significant degree of influence by the investor on the management of the enterprise. Formally defined, a direct investment enterprise is an unincorporated or incorporated enterprise in which a direct investor owns 10% or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

FDI flows and positions:

Through direct investment flows, an investor builds up a foreign direct investment position, that features on his balance sheet. This FDI position (sometimes called FDI stock) differs from the 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).

Further information:

➤ Reference publications

Title European Union direct Investment Yearbook 1998
Analytical aspects
Catalogue No CA-17-98-596-EN-C Price EUR 20

➤ Databases

New Cronos Theme 2
Domain BOP, collection FDI

To obtain information or to order publications, data bases and special sets of data, please contact the **Data Shop** network:

BELGIQUE/BELGIË	DANMARK	DEUTSCHLAND	ESPAÑA	FRANCE	ITALIA – Roma
Eurostat Data Shop Bruxelles/Brussel Chaussée d'Etterbeek 13 Etterbeeksesteenweg 13 B-1049 BRUXELLES / BRUSSEL Tel. (32-2) 299 66 66 Fax (32-2) 295 01 25 E-Mail: datashop.brussels@eurostat.cec.be	DANMARKS STATISTIK Bibliotek og Information Eurostat Data Shop Sejrøgade 11 DK-2100 KØBENHAVN Ø Tel. (45-39) 17 30 30 Fax (45-39) 17 30 03 E-Mail: bib@dstk.dk	STATISTISCHES BUNDESAMT Eurostat Data Shop Berlin Otto-Braun-Straße 70-72 D-10178 BERLIN Tel. (49-30) 23 24 64 27/28 Fax (49-30) 23 24 64 30 E-Mail: stba-berlin.datashop@t-online.de	INE Eurostat Data Shop Paseo de la Castellana, 183 Oficina 009 Entrada por Estébanez Calderón E-28046 MADRID Tel. (34-91) 583 91 67 Fax (34-91) 579 71 20 E-Mail: datashop.eurostat@ine.es	INSEE Info Service Eurostat Data Shop 195, rue de Bercy Tour Gamma A F-75582 PARIS CEDEX 12 Tel. (33-1) 53 17 88 44 Fax (33-1) 53 17 88 22 E-Mail: datashop@insee.fr	ISTAT Centro di Informazione Statistica Sede di Roma, Eurostat Data Shop Via Cesare Balbo, 11a I-00184 ROMA Tel. (39-06) 46 73 31 05/02 Fax (39-06) 46 73 31 07/01 E-Mail: dipdif@istat.it
ITALIA – Milano	LUXEMBOURG	NEDERLAND	NORGE	PORTUGAL	SCHWEIZ/SUISSE/SVIZZERA
ISTAT Centro di Informazione Statistica – Sede di Milano, Eurostat Data Shop Piazza della Repubblica, 22 I-20124 MILANO Tel. (39-02) 65 95 133/134 Fax (39-02) 65 30 75 E-mail: mileuro@tin.it	Eurostat Data Shop Luxembourg BP 453 L-2014 LUXEMBOURG 4, rue A. Weicker L-2721 LUXEMBOURG Tel. (352) 43 35 22 51 Fax (352) 43 35 22 221 E-Mail: dslux@eurostat.datashop.lu	STATISTICS NETHERLANDS Eurostat Data Shop-Voorburg po box 4000 2270 JM VOORBURG Nederland Tel. (31-70) 337 49 00 Fax (31-70) 337 59 84 E-Mail: datashop@cbs.nl	Statistics Norway Library and Information Centre Eurostat Data Shop Kongens gate 6 P. b. 8131, dep. N-0033 OSLO Tel. (47-22) 86 46 43 Fax (47-22) 86 45 04 E-Mail: biblioteket@ssb.no	Eurostat Data Shop Lisboa INE/Serviço de Difusão Av. António José de Almeida, 2 P-1000-043 LISBOA Tel. (351-1) 842 61 00 Fax (351-1) 842 63 64 E-Mail: data.shop@ine.pt	Statistisches Amt des Kantons Zürich, Eurostat Data Shop Bleicherweg 5 CH-8090 Zürich Tel. (41-1) 225 12 12 Fax (41-1) 225 12 99 E-Mail: datashop@zh.ch Internetadresse: http://www.zh.ch/statistik
SUOMI/FINLAND	SVERIGE	UNITED KINGDOM	UNITED KINGDOM	UNITED STATES OF AMERICA	
Eurostat Data Shop, Tilastokirjasto Postiosoite: PL 2B FIN-00022 Tilastokeskus Käyntiosoite: Työpajakatu 13 B, 2 krs Helsinki Tel. (358-9) 17 34 22 21 Fax (358-9) 17 34 22 79 S-posti: datashop.tilastokeskus@tilastokeskus.fi Internetadresse: http://www.tilastokeskus.fi/tik/ki/datashop.html	STATISTICS SWEDEN Information service Eurostat Data Shop Karlavägen 100 Box 24 300 S-104 51 STOCKHOLM Tel. (46-8) 783 48 01 Fax (46-8) 783 48 99 E-Mail: info-service@scb.se	Eurostat Data Shop Enquiries & advice and Educations Office for National Statistics Customers & Electronic Services Unit 1 Drummond Gate - B1/05 UK-LONDON SW1V 2QQ Tel. (44-171) 533 56 76 Fax (44-171) 533 56 88 E-Mail: gloria.ryan@ons.gov.uk	Eurostat Data Shop Electronic Data Extractions, Enquiries & advice - R.CADE Unit 1L Mountjoy Research Centre University of Durham UK - DURHAM DH1 3SW Tel. (44-191) 374 7350 Fax: (44-191) 384 4971 E-Mail: r-CADE@dur.ac.uk URL: http://www.rcade.dur.ac.uk	HAVER ANALYTICS Eurostat Data Shop 60 East 42nd Street Suite 3310 USA-NEW YORK, NY 10165 Tel. (1-212) 986 93 00 Fax (1-212) 986 58 57 E-Mail: eurodata@haver.com	

Media Support Eurostat (for professional journalists only).

Bech Building Office A3/48 • L-2920 Luxembourg • Tel. (352) 4301 33408 • Fax (352) 4301 32649 • e-mail: media.support@eurostat.cec.be

For information on methodology

Ursula Schmidt, Eurostat/B5, L-2920 Luxembourg, tel: (352) 4301 35664, fax: (352) 4301 33859, e-mail: ursula.schmidt@eurostat.cec.be

ORIGINAL: English. This "Statistics in Focus" was produced by Laura Costanzo.

Please visit our web site at <http://europa.eu.int/eurostat.html> for further information!

A list of worldwide sales outlets is available at the **Office for Official Publications of the European Communities**.

2 rue Mercier – L-2985 Luxembourg
 Tel. (352) 2929 42118 Fax (352) 2929 42709
 Internet Address <http://eur-op.eu.int/inf/general/s-ad.htm>
 e-mail: info.info@opoce.cec.be

BELGIQUE/BELGIË – DANMARK – DEUTSCHLAND – GREECE/ELLLADA – ESPAÑA – FRANCE – IRELAND – ITALIA – LUXEMBOURG – NEDERLAND – ÖSTERREICH
 PORTUGAL – SUOMI/FINLAND – SVERIGE – UNITED KINGDOM – ISLAND – NORGE – SCHWEIZ/SUISSE/SVIZZERA – BALGARIJA – ČESKÁ REPUBLIKA – CYPRUS
 EESTI – HRVATSKA – MAGYARORSZÁG – MALTA – POLSKA – ROMÂNIA – RUSSIA – SLOVAKIA – SLOVENIA – TÜRKIYE – AUSTRALIA – CANADA – EGYPT – INDIA
 ISRAËL – JAPAN – MALAYSIA – PHILIPPINES – SOUTH KOREA – THAILAND – UNITED STATES OF AMERICA

Order form

I would like to subscribe to Statistics in focus (from 1.1.1999 to 31.12.1999):
 (for the Data Shop and sales office addresses see above)

Formula 1: All 9 themes (approximately 90 issues)

- Paper: 360 EUR
 PDF: 264 EUR
 Paper + PDF: 432 EUR

Language required: DE EN FR

Formula 2: One or more of the following seven themes:

- Theme 1 'General statistics'
 Paper: 42 EUR PDF: 30 EUR Combined: 54 EUR

- Theme 2 'Economy and finance'
 Theme 3 'Population and social conditions'
 Theme 4 'Industry, trade and services'
 Theme 5 'Agriculture and fisheries'
 Theme 6 'External trade'
 Theme 8 'Environment and energy'

Paper: 84 EUR PDF: 60 EUR Combined: 114 EUR

Language required: DE EN FR

Please send me a free copy of 'Eurostat Mini-Guide' (catalogue containing a selection of Eurostat products and services)
 Language required: DE EN FR

I would like a free subscription to 'Statistical References', the information letter on Eurostat products and services
 Language required: DE EN FR

Mr Mrs Ms

(Please use block capitals)

Name: _____ First name: _____

Company: _____ Department: _____

Function: _____

Address: _____

Post code: _____ Town: _____

Country: _____

Tel.: _____ Fax: _____

E-mail: _____

Payment on receipt of invoice, preferably by:

- Bank transfer
 Visa Eurocard

Card No: _____ Expires on: ____/____/____

Please confirm your intra-Community VAT number:

If no number is entered, VAT will be automatically applied. Subsequent reimbursement will not be possible.