

Reference No. 12.37

FOREIGN OWNERSHIP AND CONTROL IN MANUFACTURING INDUSTRY
1972-73

(ADVANCE RELEASE)

MAIN FEATURES
(based on value added)

1972-73 results

- In 1972-73, foreign ownership of manufacturing industry was 31.2%.
- Foreign control was 34.3%, mainly from the U.K. (16.2%) and U.S.A. (13.1%).
- The levels of both foreign ownership and foreign control were above 50% in the following industry groups of the Australian Standard Industrial Classification :
 - Tobacco products (221)
 - Basic chemicals (271)
 - Other chemical and related products (272)
 - Petroleum refining (273)
 - Motor vehicles and parts (321)
 - Photographic, professional and scientific equipment (331)

Comparisons between 1972-73 and 1966-67

- Statistics for 1972-73 are not fully comparable with those published for 1966-67.
- A broad comparison suggests that :
 - direct foreign ownership increased from about 25% in 1966-67 to about 28% in 1972-73,
 - foreign control increased from about 29% in 1966-67 to about 34% in 1972-73.

EXPLANATORY NOTES

Introduction

This bulletin presents the main results of a study of foreign ownership and control in manufacturing industry in 1972-73. Statistics on foreign control in large enterprise groups in manufacturing in that year have been published previously in the bulletin *Foreign Control in Manufacturing Industry : Study of Large Enterprise Groups, 1972-73* (Reference No. 12.35). More detailed statistics of foreign ownership and control in manufacturing industry in 1972-73 will be published later.

Concepts and definitions

2. The scope, units and data items used in the statistics in this bulletin are the same as those of the Bureau's Census of Manufacturing for 1972-73. The Census of Manufacturing includes all establishments (and associated administrative offices and ancillary units) classified to Division C, Manufacturing, of the *Australian Standard Industrial Classification, (A.S.I.C.)*. More detailed information on the Census of Manufacturing may be found in the bulletin *Manufacturing Establishments : Details of Operations by Industry Class, Australia, 1972-73* (Reference No. 12.29).

3. Foreign ownership and control characteristics have been calculated as at 30 June 1973. These were obtained from data on ownership links derived mainly from the Bureau's regular Surveys of Overseas Investment. An 'ownership link' into an enterprise is defined as a holding of voting shares in that enterprise and the relative strength of the various links is measured by the paid-up value of such shareholdings.

4. *Direct foreign ownership* is ownership, by a foreign resident (individual, company or group of related companies), of at least 25% of the paid-up value of voting shares in an enterprise operating a manufacturing establishment. *Other identified foreign ownership* is the remaining foreign ownership by way of portfolio investment that could be traced to such enterprises. Operations data (value added, turnover, etc.) for each manufacturing establishment have been apportioned between foreign and Australian ownership in proportion to the percentages of foreign and Australian ownership in the enterprise operating that establishment.

5. A manufacturing establishment has been classified to *foreign control* if a single foreign resident investor or foreign controlled enterprise held at least 25% of the paid-up value of voting shares in the enterprise operating that establishment, provided that there was *no larger holding* by an Australian controlled enterprise or Australian resident individual. This definition of foreign control includes cases where there was an equal holding by an Australian controlled enterprise or Australian resident individual; such cases have been sub-classified in Table 1 to *joint foreign and Australian control*. All establishments not classified to foreign control have been classified to Australian control. In measuring foreign and Australian control, the whole of the operations data of each establishment have been allocated to the control category to which the establishment has been classified.

6. In Table 3, the classification by country of control is based on the country of domicile of immediate foreign investors. This is not necessarily the country of domicile of 'ultimate' foreign investors, as any immediate foreign investor could be a company in which there are ownership interests held by residents of other countries.

7. In Table 4, the degree of influence of largest foreign investor is defined as the strength of the strongest chain of ownership links from a single foreign investor. The strength of a chain of ownership links is measured by the strength of the weakest link.

8. Further explanation of the conceptual basis and methodology of foreign ownership and control statistics may be found in the bulletin *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42).

Comparison with previous studies

9. Statistics in this bulletin are not fully comparable with previously published statistics of foreign ownership and control in manufacturing industry for 1962-63 and 1966-67. There are two reasons for this.

- (a) The previous methods of calculating foreign ownership and control characteristics have been extended and improved.

(b) Major changes were made in the basis of the Census of Manufacturing between 1966-67 and 1972-73; these included the adoption of the A.S.I.C., the introduction of new concepts and definitions of the units, and changes in the data items collected. A detailed description of the changed basis of manufacturing census statistics was published in *Economic Censuses, 1968-69; Manufacturing Establishments : Details of Operations by Industry Class : Australia* (Reference No. 12.29).

10. To provide users of these statistics with a broad comparison of the levels of foreign ownership and control between 1962-63 and 1972-73, the 1962-63 and 1966-67 results have been adjusted to approximately the basis used for the 1972-73 statistics, and the results are shown below. It has been possible to adjust the 1962-63 and 1966-67 results only approximately for changes in the methods of calculating foreign ownership and control characteristics and for changes in the industry classification. No account has been taken of other factors such as differences between the concepts of 'value of production' (1962-63 and 1966-67 statistics) and 'value added' (1972-73 statistics), differences in units ('factories', versus 'manufacturing establishments and ancillary units'), etc. Consequently, the statistics for 1962-63 and 1966-67 in the following table should be taken only as a broad approximation of the levels of foreign ownership and control that would have resulted if the 1972-73 basis and methods had been used.

FOREIGN OWNERSHIP AND CONTROL IN MANUFACTURING INDUSTRY
1962-63, 1966-67, and 1972-73

	1962-63	1966-67	1972-73
	Value of production		Value added
	- per cent -		
Foreign ownership -			
Direct foreign ownership	21.8	24.7	27.7
Other identified foreign ownership	n.a.	n.a.	3.5
Total foreign ownership	n.a.	n.a.	31.2
Foreign control	24.4	28.7	34.3

n.a. not available as 'other identified foreign ownership' was not measured prior to 1972-73.

Rounding

Any discrepancies between totals and sums of components in tables are due to rounding.

NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr Peter White on 52 5223 or, in each State capital, by telephoning the office of the Australian Bureau of Statistics.

TABLE 1. — MANUFACTURING INDUSTRY, 1972-73 : OWNERSHIP AND CONTROL SUMMARY

	<i>Establishments operating at 30 June 1973</i>	<i>Employment — average during year</i>	<i>Wages and salaries</i>	<i>Turnover</i>	<i>Value added</i>	<i>Fixed capital expenditure (net)</i>
	no.	%	%	%	%	%
OWNERSHIP						
Foreign ownership —						
Direct foreign ownership	(a)	23.4	25.7	28.9	27.7	31.5
Other identified foreign ownership	(a)	3.0	3.4	3.7	3.5	5.0
Total	(a)	26.4	29.1	32.6	31.2	36.5
Australian ownership	(a)	73.6	70.9	67.4	68.8	63.5
		100.0	100.0	100.0	100.0	100.0
CONTROL						
Foreign control —						
Foreign (excluding joint) control	2,076	26.7	29.4	33.2	31.8	32.9
Joint foreign and Australian control	146	1.8	1.9	3.0	2.5	9.1
Total	2,222	28.5	31.3	36.2	34.3	42.0
Australian control	34,215	71.5	68.7	63.8	65.7	58.0
		100.0	100.0	100.0	100.0	100.0
		'000	\$m	\$m	\$m	\$m
Total	36,437	1,298	5,820	26,373	10,746	1,244

(a) not applicable.

TABLE 2. - MANUFACTURING INDUSTRY, 1972-73 : OWNERSHIP AND CONTROL BY INDUSTRY

A.S.I.C. group and sub-division	Industry description	Establishments operating at 30 June 1973		Employment - average during year			Value added		
		Total	Foreign control	Total	Foreign ownership	Foreign control	Total	Foreign ownership	Foreign control
		no.	no.	no.	%	%	\$m	%	%
211	Meat products	867	63	62,979	23.3	24.9	506.0	22.0	23.4
212	Milk products	374	32	21,282	25.3	24.9	216.3	24.1	23.4
213	Fruit and vegetable products	188	35	14,615	29.8	32.4	146.8	42.5	46.3
214	Margarine and oils and fats n.e.c.	45	9	2,700	23.9	24.6	40.6	28.3	27.7
215	Flour mill and cereal food products	180	32	8,683	31.6	29.9	93.3	39.6	38.1
216	Bread, cakes and biscuits	1,461	51	35,022	20.0	22.4	212.3	22.2	24.6
217	Sugar	569	67	29,362	29.8	n.a.	311.6	35.0	n.a.
218	Other food products								
219	Beverages and malt		69	22,889	21.0	27.1	289.9	19.9	23.2
221	Tobacco products	11	9	5,566	56.7	n.a.	126.5	59.9	n.a.
21-22	Food, beverages and tobacco	4,349	367	203,098	25.4	28.5	1,943.5	29.0	33.2
231-232	Textiles, yarns and woven products	450	64	40,993	23.7	29.7	272.7	26.3	32.2
233	Other textile products	421	26	12,839	30.9	29.7	104.1	37.4	36.0
23	Textiles	871	90	53,832	25.4	29.7	376.8	29.4	33.3
241	Knitting mills	417	10	19,143	5.8	7.6	120.1	6.3	7.2
242	Clothing	2,394	35	74,308	5.9	6.4	342.8	7.8	8.2
243	Footwear	336	25	18,170	23.1	25.6	100.9	28.5	30.6
24	Clothing and footwear	3,147	70	111,621	8.7	9.7	563.9	11.2	12.0
251	Wood and wood products	3,969	66	55,707	6.2	6.5	413.6	7.5	7.6
252	Furniture and mattresses	1,937	19	27,127	6.2	6.1	170.1	6.6	6.2
25	Wood, wood products and furniture	5,906	85	82,834	6.2	6.4	583.8	7.2	7.2
261	Paper and paper products	336	64	30,378	21.6	28.9	301.3	22.6	29.7
262	Printing and publishing	3,319	82	75,617	9.3	9.3	614.1	10.6	10.7
26	Paper and paper products, printing	3,655	146	105,995	12.8	14.9	915.4	14.6	16.9
271	Basic chemicals	235	119	19,989	56.9	77.1	292.7	58.0	78.0
272	Other chemical and related products	889	210	40,030	57.0	59.7	465.7	67.1	70.4
273	Petroleum refining	16	12	4,257	91.6	n.a.	111.2	90.8	n.a.
274	Petroleum and coal products n.e.c.	44	8	1,211	25.4	n.a.	15.9	21.2	n.a.
27	Chemical, petroleum and coal products	1,184	349	65,487	58.6	66.7	885.5	66.3	74.7

n.a. not available for publication.

TABLE 2. - MANUFACTURING INDUSTRY, 1972-73 :
OWNERSHIP AND CONTROL BY INDUSTRY - continued

A.S.I.C. group and sub-division	Industry description	Establishments operating at 30 June 1973		Employment- average during year			Value added		
		Total	Foreign control	Total	Foreign ownership	Foreign control	Total	Foreign ownership	Foreign control
		no.	no.	no.	%	%	\$m	%	%
281	Glass and glass products	57	3	8,674	32.4	n.a.	95.7	32.2	n.a.
282	Clay products	348	20	16,288	14.2	14.7	144.7	14.6	14.6
283	Cement and concrete products	1,077	58	21,532	13.2	17.5	255.0	16.3	20.4
284	Other non-metallic mineral products	372	14	6,531	16.1	n.a.	67.3	16.9	n.a.
28	Non-metallic mineral products	1,854	95	53,025	17.0	14.5	562.6	18.5	15.8
291	Basic iron and steel	344	45	71,173	25.2	11.7	661.8	27.3	16.8
292-293	Non-ferrous metal basic products	291	50	23,928	42.2	69.3	343.1	46.8	79.1
29	Basic metal products	635	95	95,101	29.5	26.2	1,004.8	34.0	38.0
311	Fabricated structural metal products	1,693	63	34,393	14.5	20.3	255.6	14.2	19.1
312	Sheet metal products	1,102	34	29,706	11.4	11.0	227.9	12.5	11.0
313	Other fabricated metal products	2,511	105	51,620	18.6	20.4	382.5	19.2	20.5
31	Fabricated metal products	5,306	202	115,719	15.5	18.0	866.0	16.0	17.6
321	Motor vehicles and parts	916	100	90,565	72.9	75.2	705.3	75.9	77.8
322	Other transport equipment	612	26	62,253	10.4	9.6	372.5	11.6	10.7
32	Transport equipment	1,528	126	152,818	47.4	48.5	1,077.8	53.7	54.6
331	Photographic, professional and scientific equipment	307	27	8,909	47.5	49.1	73.0	50.7	52.4
332	Appliances and electrical equipment	1,530	182	100,350	37.1	42.5	729.8	40.3	46.1
333	Industrial machinery and equipment	2,993	224	75,453	30.6	34.1	586.3	32.5	35.8
33	Other machinery and equipment	4,830	433	184,712	35.0	39.3	1,389.1	37.5	42.1
341	Leather and leather products	438	6	7,360	6.8	8.4	45.5	6.9	8.1
342	Rubber products	149	28	15,889	36.8	38.4	139.1	41.1	41.8
343	Plastic and related products	909	100	31,665	29.5	36.6	279.5	34.0	41.1
344	Other manufacturing	1,676	30	18,432	11.8	11.6	112.7	14.2	14.1
34	Miscellaneous manufacturing	3,172	164	73,346	24.3	27.9	576.8	29.7	33.4
	Total manufacturing	36,437	2,222	1,297,588	26.4	28.5	10,746.0	31.2	34.3

n.a. not available for publication.

TABLE 3. - MANUFACTURING INDUSTRY, 1972-73 : CONTROL BY COUNTRY

	<i>Establishments operating at 30 June 1973</i>	<i>Employment - average during year</i>	<i>Value added</i>
	no.	%	%
Foreign control			
U.S.A.	639	10.0	13.1
E.E.C. - U.K.	1,230	14.2	16.2
Other (a)	106	1.1	1.1
Canada	60	1.6	2.0
Switzerland	25	0.3	0.4
New Zealand	43	0.1	0.1
Japan	9	0.1	0.1
Other	110	1.0	1.2
Total	2,222	28.5	34.3
Australian control	34,215	71.5	65.7
		100.0	100.0
		'000	\$m
Total	36,437	1,298	10,746

(a) France, Federal Republic of Germany, Italy, Netherlands, Belgium, Luxembourg, Denmark and Ireland.

TABLE 4. - MANUFACTURING INDUSTRY, 1972-73 : CONTROL BY
DEGREE OF INFLUENCE OF LARGEST FOREIGN INVESTOR

<i>Degree of influence of largest foreign investor</i>	<i>Establishments operating at 30 June 1973</i>	<i>Employment - average during year</i>	<i>Value added</i>
	no.	%	%
Foreign controlled establishments			
25% to 50% inclusive	498	4.9	6.7
Over 50% but not over 75%	511	6.4	8.2
Over 75% but not over 90%	171	1.8	1.8
Over 90%	1,042	15.4	17.7
Total	2,222	28.5	34.3
Australian controlled establishments			
Under 25%	34,127	70.2	64.3
25% to 50% inclusive	88	1.2	1.4
Total	34,215	71.5	65.7
All establishments			
Under 25%	34,127	70.2	64.3
25% to 50% inclusive	586	6.2	8.1
Over 50% but not over 75%	511	6.4	8.2
Over 75% but not over 90%	171	1.8	1.8
Over 90%	1,042	15.4	17.7
		100.0	100.0
		'000	\$m
Total	36,437	1,298	10,746

R. W. COLE
Australian StatisticianAustralian Bureau of Statistics
Belconnen, A.C.T. 2616