AUSTRALIAN BUREAU OF STATISTICS

CANBERRA

CATALOGUE NO. 5304.0

EMBARGOED UNTIL 11.30 A.M. 21 DECEMBER 1984

FOREIGN INVESTMENT, AUSTRALIA 1983-84, PRELIMINARY

PHONE INQUIRIES *for more information about these statistics*—contact Mr Dudley Scoullar on Canberra (062) 52 5604 or any of our State offices.

other inquiries including copies of publications—contact Information Services on Canberra (062) 52 6627 or in any of our State offices.

MAIL INQUIRIES *write to* Information Services, ABS, PO Box 10, Belconnen, ACT 2616 or any of our State offices.

MAIN FEATURES

Foreign investment in Australia

Despite a substantial fall in portfolio investment and institutional loans (down $1,181m to $6,461m), the net inflow of foreign investment in Australia in 1983-84 was $9,858m, a rise of $355m on the previous year. This result is only $65m less than the record annual flow of $9,923m in 1981-82.

The major factors causing this increase were:

A return to profits (or significantly reduced losses) for those direct investment enterprises which made substantial losses in 1982-83 and a general improvement in profits for other direct investment enterprises. (This is reflected in the large turnaround ($1,228m) in undistributed income—from a disinvestment of $603m in 1982-83 to an investment of $625m in 1983-84).

An increase of $215m in foreign investment in government securities to a record flow of $1,184m.

After remaining relatively stable for each of the past four years, income payable abroad rose by $2,298m (75%) to a new high of $5,391m in 1983-84. This was mainly due to the turnaround in undistributed income mentioned above and a substantial increase ($571m) in the amount of interest paid on borrowings from unrelated investors.

Australian investment abroad

The new outflow of Australian investment abroad continued its upward trend, reaching a new record annual figure of $1,739m in 1983-84, up $279m on the previous year. This rise was largely due to an increase of $615m in direct investment in corporate equities, more than offsetting a fall of $399m in the portfolio investment and institutional loans category. The rise in direct investment in equities was significantly affected by BHP's acquisition of the international assets of Utah International Inc. (UII) in the June quarter 1984.

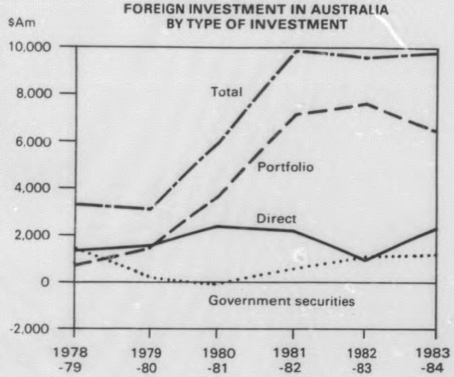
Direct investment income receivable from abroad increased by $48m to $496m in 1983-84. The major contributing factor was an increase in the undistributed income of subsidiaries.

ANALYSIS OF MAJOR AGGREGATES

Foreign investment in Australia

The total net inflow of identified foreign investment in Australia in 1983-84 was $9,858m, up $355m on the previous year. This is the third year in a row that an inflow figure of just under $10 billion has been recorded.

FOREIGN INVESTMENT IN AUSTRALIA BY TYPE OF INVESTMENT



2. The direct investment inflow, at $2,213m, was more than double that of the previous year. Undistributed income accruing to direct investors increased by $1,228m, reflecting a turnaround of $1,271m in undistributed income of subsidiaries (from a disinvestment of $467m in the previous year to an investment of $804m in 1983-84) which was only marginally offset by increased disinvestment of $44m on account of undistributed income of branches. At $181m, the undistributed income of branches reflected

to a large extent exploration expenditure which is treated in these statistics as a current expense of operations and contributes to the overall losses by branches evident in recent years. A disinvestment, totalling $642m, was also recorded for branch liabilities to head office. This represented a turnaround of $1,234m on the previous year's figure. However, sizable increases in investment were recorded for the other components of direct investment. Intercompany indebtedness was up $538m, largely on account of a net excess in the value of imports received over payments made, and borrowings were up $935m. Overall, direct investment other than undistributed income increased by $93m (6%) to $1,588m.

3. The portfolio investment and institutional loans inflow decreased by $1,181m, substantially offsetting the increase in direct investment inflow. Investment in corporate equities fell by 38% from the previous year's high figure, to $537m, and net borrowings by private enterprises from unrelated enterprises fell by 28% to $3,635m. As in recent years both gross drawings and repayments of borrowings rose significantly, although the rise in repayments outpaced the rise in drawings, resulting in an overall fall in the net figures. While net borrowings by public non-monetary enterprises again rose significantly this increase only partially offset the large fall in the other borrowings component.

4. Net investment in government securities rose by $215m in 1983-84. Although the general government sector reduced its foreign currency borrowings in 1983-84 (down 36% to $361m), there was a substantial increase (up 112% to $823m) in investment in $A denominated government securities. This latter figure is by far the highest annual net foreign investment in such securities on record.

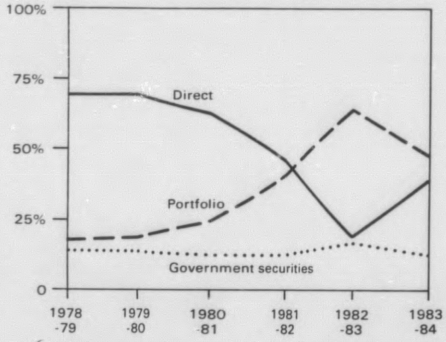
5. The UK regained the position of the most significant source of foreign investment in Australia in 1983-84. The second largest source of funds was the ASEAN group (mainly Singapore) followed by the USA. Japanese investment in Australia fell by 45% during 1983-84 placing Japan as the fourth largest source of funds after being first in 1982-83.

6. There has been a significant change in the pattern of investment in enterprises in 1983-84. Of the $8,674m invested in enterprises, 38% was invested in the finance, property and business services industry (17% in 1982-83). A further 21% (6% in the previous year) was invested in wholesale and retail trade, 17% (13%) in manufacturing, 14% (24%) in electricity, gas and water and only 3% in mining.

Investment income payable abroad

7. Total income payable on foreign investment in Australia rose by 75% to $5,391m in 1983-84. The following graph shows the relative contribution to total income payable abroad made by the major components of this item over the past six years. The sharp fall in the share of income payable on direct investment in 1982-83 reflects the disinvestment of $603m in undistributed income occurring in that year.

COMPONENTS OF INCOME PAYABLE ABROAD AS PERCENT OF TOTAL



8. Total income payable abroad on direct investment more than tripled to $2,074m, mainly as a result of the turnaround in undistributed income mentioned above. However, rises were also evident in other components of direct investment income: remitted profits of branches increased by $132m to $555m, dividends payable on direct investment increased by $29m to $525m and interest payable increased by $83 to $369m. After remaining relatively stable for the past three years, dividends payable to foreign portfolio shareholders increased by $121m (69%) to $297m and interest payable on debt owed to unrelated foreign investors increased by $571m to $2,372m. This resulted in a 35% rise in total income payable on portfolio investment and institutional loans to an annual record $2,669m. Interest paid on foreign holdings of government securities also continued its upward trend, rising by 26% to $648m.

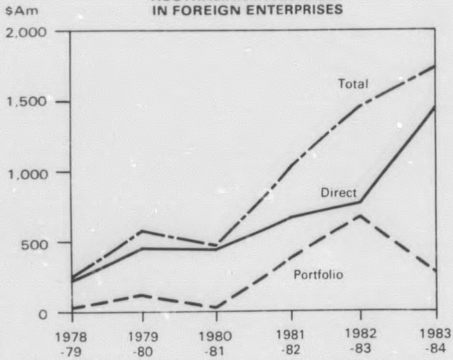
9. After being second to the UK last year, the USA returned in 1983-84 to its usual position of being largest recipient of income on investments in Australia.

10. In terms of industry, manufacturing regained the position of the major contributor to direct investment income payable abroad (up $720m to $747m). Significant rises also occurred in mining, and wholesale and retail trade.

Australian investment abroad

11. Total net outflow of identified Australian investment abroad was $1,739m, up 19% on the previous record annual outflow in 1982-83. The net outflow has almost quadrupled over the last four years and the main destination has been the USA.

AUSTRALIAN INVESTMENT IN FOREIGN ENTERPRISES



12. Direct investment abroad rose by 87% in 1983-84 while portfolio investment abroad fell by 59%. The major factor contributing to the increase in direct investment abroad was the substantial rise in investment in corporate equities (up 218%).

Income receivable on Australian direct investment abroad

13. Income receivable on Australian direct investment abroad was $496m in 1983-84, up $48m on the previous year due largely to an increase in undistributed income (up 20% to $291m). Distributed income has remained fairly stable since 1979-80, totalling $204m in 1983-84. New Zealand was the largest contributor to income receivable in 1983-84, followed by ASEAN and the UK.

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates for 1983-84 of foreign investment in Australia, Australian investment abroad and associated income flows. For purposes of comparison, details are also shown for the years 1981-82 and 1982-83. Figures for these earlier years have been revised to incorporate the latest available amendments. The statistics for all three years are subject to further revision when the final publication *Foreign Investment, Australia 1983-84* (5305.0) is released next year. More detailed information than that published herein is available on request, subject to confidentiality restrictions. For information regarding the basis of the figures and more detailed figures for earlier years, reference should be made to *Foreign Investment, Australia 1982-83* released on 1 August 1984.

Changes in this issue

Presentation of the statistics

2. The statistical tables in this issue are presented within the following structure:

Section I: Inflow of foreign investment in Australia

Section II: Income payable on foreign investment in Australia

Section III: Outflow of Australian investment abroad

Section IV: Income receivable on Australian direct investment in foreign enterprises

Some of the tables have been reformatted. In particular, two previous tables have been combined to form the new table 2, showing a country dissection of foreign investment inflow by broad type of investment. Also, previous tables showing detailed industry dissections for both investment and income statistics have been redesigned to show a 7-way industry dissection at the ASIC Division level.

Treatment of transactions by life insurers

3. Following a review of the treatment of transactions by life insurers, the item *net remittances abroad by life insurance enterprises* has been discontinued from 1983-84 onwards. Previously, it had not been possible to disentangle the various transactions included in this item except for certain large capital transactions which were separately identified and allocated to appropriate items. Under the new treatment, all of the transactions of life insurers will be allocated to the relevant investment or income items in foreign investment statistics, or in other items in the balance of payments as appropriate. This will have only a minor impact on these other series. Data for this series in years prior to 1983-84 is relatively small and has been added to the series *Australian portfolio investment and institutional loans abroad.*

Related publications

4. This publication and the final publication (5305.0) are supplemented by the quarterly publications *Foreign Investment in Enterprises in Australia* (5307.0) (preliminary) and (5306.0) (final) and are consistent with them in terms of concepts and definitions, although broader in scope. Foreign investment statistics are also contained in the *Balance of Payments* publications (5301.0, 5302.0 and 5303.0) and the relationship between the corresponding annual publications is set out in *Foreign Investment, Australia* (5305.0). Information on the scope of, and concepts and definitions used in, foreign investment statistics and, in particular, their relationship with the balance of payments, is set out in detail in *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0).

5. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

— nil or rounded to zero
n.p. not available for separate publication (but included in totals where applicable)

6. In the tables relating to the inflow as well as those relating to the outflow of investment, increases in investment by some investors are offset against withdrawals of investment by other investors. A negative value denotes an excess of withdrawals of investment over increases in investment. With respect to undistributed income, a negative value reflects an overall loss by the direct investment enterprises concerned and/or a distribution of dividends in excess of net profits after tax for the particular period.

7. Discrepancies may occur between sums of the component items and totals because of rounding.

R.J. CAMERON
Australian Statistician

SECTION I: INFLOW OF FOREIGN INVESTMENT IN AUSTRALIA

TABLE 1. INFLOW OF FOREIGN INVESTMENT IN AUSTRALIA, BY BROAD TYPE OF INVESTMENT
($A million)

	Investment in enterprises in Australia					Investment in Government securities repayable in—				
	Direct investment						Foreign currencies to—			
Year	Undis-tributed income	Other direct investment	Total	Portfolio investment and institu-tional loans	Total	Australian currency	Foreign countries	IBRD(a)	Total	Total
1981-82	247	1938	2185	7198	9383	173	373	-5	540	9923
1982-83	-603	1495	891	7642	8534	387	589	-7	969	9503
1983-84	625	1588	2213	6461	8674	823	368	-7	1184	9858

(a) International Bank for Reconstruction and Development.

TABLE 2. INFLOW OF FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY AND BROAD TYPE OF INVESTMENT
($A million)

	EEC								
Year	United Kingdom	Other(a)	Switzer-land	U.S.A.	Canada	Japan	ASEAN(b)	Other countries	Total
UNDISTRIBUTED INCOME									
1981-82	264	-7	3	-29	2	69	-12	-42	247
1982-83	130	-70	-3	-548	-26	-55	-20	-11	-603
1983-84	403	22	16	102	69	4	-2	11	625
OTHER DIRECT INVESTMENT									
1981-82	318	139	65	271	14	358	482	290	1938
1982-83	400	367	-23	426	6	460	-204	63	1495
1983-84	505	132	32	-549	51	390	728	299	1588
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS									
1981-82	2113	378	150	1630	42	801	1246	838	7198
1982-83	1845	508	241	1002	47	1786	1317	896	7642
1983-84	1498	521	195	1881	-24	750	1329	310	6461
TOTAL INVESTMENT IN ENTERPRISES									
1981-82	2695	510	218	1871	57	1229	1717	1085	9383
1982-83	2375	806	214	880	28	2191	1092	947	8534
1983-84	2406	675	243	1434	96	1144	2055	621	8674
INVESTMENT IN GOVERNMENT SECURITIES (c)									
1981-82	-41	93	564	-374	—	286	—	13	540
1982-83	183	130	—	89	—	568	—	—1	969
1983-84	200	421	-117	135	1	363	—	181	1184
TOTAL									
1981-82	2654	604	782	1497	57	1515	1717	1098	9923
1982-83	2558	936	214	969	28	2759	1093	945	9503
1983-84	2606	1096	126	1568	96	1507	2055	802	9858

(a) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands. (b) Indonesia, Malaysia, Philippines, Singapore and Thailand; also includes Brunei from 1 January 1984. (c) Includes net inflow from the IBRD.

TABLE 3. INFLOW OF FOREIGN INVESTMENT IN ENGERPRISES IN AUSTRALIA, BY TYPE OF INVESTMENT ($A million)

	Direct investment						Portfolio investment and institution loans			
	Undistributed income		Other direct investment					Borrowings		
Year	Branches	Subsidiaries	Corporate equities	Branch liabilities to head office	Inter-company indebtedness	Borrowings	Corporate equities	Public non-monetary enterprises	Other	Total
1981-82	-308	555	-134	563	399	1110	654	1164	5380	9383
1982-83	-137	-467	392	592	63	448	865	1694	5083	8534
1983-84	-181	804	246	-642	601	1383	537	2289	3635	8674

TABLE 4. INFLOW OF FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY INDUSTRY AND BROAD TYPE OF INVESTMENT (a) ($A million)

Year / ASIC Division	Mining (Div. B)	Manufacturing (Div. C)	Electricity, gas and water (Div. D)	Wholesale and retail trade Div. F)	Transport and storage (Div. G)	Finance, property, etc. (Div. I)	Other industries(b)	Total
UNDISTRIBUTED INCOME								
1981-82	-306	355	—	172	-18	67	-22	247
1982-83	-342	-320	—	-104	-22	198	-13	-603
1983-84	-211	355	—	205	-1	279	-3	625
OTHER DIRECT INVESTMENT								
1981-82	263	722	—	125	28	737	63	1938
1982-83	644	33	—	735	11	-4	75	1495
1983-84	-660	368	—	768	18	989	106	1588
TOTAL DIRECT INVESTMENT								
1981-82	-43	1077	—	297	10	804	41	2185
1982-83	303	-287	—	631	-11	194	62	891
1983-84	-871	723	—	972	17	1268	104	2213
PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS								
1981-82	1608	1737	1053	823	548	1132	297	7198
1982-83	2381	1431	2007	-90	341	1290	281	7642
1983-84	1113	740	1222	866	104	1993	422	6461
TOTAL								
1981-82	1565	2814	1053	1120	558	1935	338	9383
1982-83	2684	1144	2007	541	330	1485	343	8534
1983-84	242	1464	1222	1839	122	3261	525	8674

(a) These flows have been classified to industry on the basis of the predominant activity of the enterprise group holding the immediate foreign liability; this is not the industry of end use of the funds in many cases. (b) Consists of: Division A—Agriculture, forestry, fishing and hunting, Division E—Construction, Division H—Communication, Division J—Public administration and defence, Division K—Community services, Division L—Recreation, personal and other services, and Division M—Non-classifiable economic units.

SECTION II: INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA

TABLE 5. INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA, BY TYPE OF INCOME
($A million)

	Investment income payable abroad by enterprises in Australia on—										
	Direct investment					*Portfolio investment and institutional loans*					
Year	*Undistributed income*	*Remitted profits of branches*	*Dividends payable*	*Interest payable*	*Total*	*Dividends*	*Interest*	*Total*	*Total*	*Interest paid on foreign holdings of government securities(a)*	*Total*
1981-82	247	310	561	243	1361	171	1030	1202	2562	370	2932
1982-83	-603	423	496	286	602	176	1801	1977	2579	514	3093
1983-84	625	555	525	369	2074	297	2372	2669	4743	648	5391

(a) Interest paid on foreign holdings of securities repayable in Australian and foreign currencies including interest paid to the IBRD.

TABLE 6. INCOME PAYABLE ON FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY AND BROAD TYPE OF INCOME
($A million)

	EEC								
Year	*United Kingdom*	*Other(a)*	*Switzerland*	*U.S.A.*	*Canada*	*Japan*	*ASEAN(b)*	*Other countries*	*Total*
				UNDISTRIBUTED INCOME					
1981-82	264	-7	3	-29	2	69	-12	-42	247
1982-83	130	-70	-3	-548	-26	-55	-20	-11	-603
1983-84	403	22	16	102	69	4	-2	11	625
				DISTRIBUTED INCOME ON DIRECT INVESTMENT					
1981-82	231	30	18	636	53	41	52	52	1113
1982-83	247	36	17	739	26	59	38	42	1205
1983-84	273	49	9	901	42	83	57	33	1449
				INCOME PAYABLE ON PORTFOLIO INVESTMENT AND INSTITUTIONAL LOANS					
1981-82	431	118	28	314	13	109	60	129	1202
1982-83	574	155	52	451	18	285	192	249	1977
1983-84	738	228	67	534	20	434	318	329	2669
				INTEREST ON GOVERNMENT SECURITIES(c)					
1981-82	3	93	28	138	—	95	—	13	370
1982-83	10	117	77	159	—	138	—	14	514
1983-84	32	127	73	187	—	206	—	23	648
				TOTAL					
1981-82	929	234	77	1059	68	314	101	152	2932
1982-83	961	238	143	802	18	426	209	294	3093
1983-84	1447	426	165	1724	132	726	374	397	5391

(a) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands. (b) Indonesia, Malaysia, Philippines, Singapore and Thailand; also includes Brunei from 1 January 1984. (c) Includes interest payable to IBRD.

TABLE 7. INCOME PAYABLE ON DIRECT FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA, BY INDUSTRY (a)
($A million)

Year / *ASIC Division*	*Mining (Div. B)*	*Manufacturing (Div. C)*	*Electricity, gas and water (Div. D)*	*Wholesale and retail trade (Div. F)*	*Transport and storage (Div. G)*	*Finance, property, etc. (Div. I)*	*Other industries(b)*	*Total*
1981-82	24	742	—	368	19	198	10	1361
1982-83	111	27	—	76	12	351	25	602
1983-84	420	747	—	403	4	470	31	2074

(a) These flows have been classified to industry on the basis of the predominant activity of the enterprise group holding the immediate foreign liability. This is not the industry of end use of the funds in many cases. (b) Consists of: Division A—Agriculture, forestry, fishing and hunting, Division E—Construction, Division H—Communication, Division J—Public administration and defence, Division K—Community services, Division L—Recreation, personal and other services, and Division M—Non-classifiable economic units.

SECTION III: OUTFLOW OF AUSTRALIAN INVESTMENT ABROAD

TABLE 8. OUTFLOW OF AUSTRALIAN INVESTMENT ABROAD, BY TYPE OF INVESTMENT ($A million)

	Direct Investment									
	Undistributed income		Other direct investment							
Year	Branches	Subsidiaries	Corporate equities	Borrowing	Other	Total	Portfolio investment and institutional loans(a)	Total investment in foreign enterprises	Investment in foreign government securities	Total
1981-82	8	98	166	294	96	663	376	1039	-13	1026
1982-83	37	205	282	245	6	775	678	1453	7	1460
1983-84	-18	310	897	170	94	1452	279	1731	8	1739

(a) Includes investment in foreign shares, debentures and other securities as well as other financial assets held abroad. Prior to 1983-84, includes certain net remittances abroad by life insurance enterprises (see Explanatory notes, paragraph 3)

TABLE 9. OUTFLOW OF AUSTRALIAN INVESTMENT ABROAD, BY COUNTRY ($A million)

	EEC							
Year	United Kingdom	Other(a)	New Zealand	U.S.A.	Papua New Guinea	ASEAN(b)	Other countries	Total
1981-82	186	18	188	441	37	63	94	1026
1982-83	118	22	162	708	-11	163	298	1460
1983-84	103	19	96	1270	63	92	98	1739

(a) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands. (b) Indonesia, Malaysia, Philippines, Singapore and Thailand; also includes Brunei from 1 January 1984.

SECTION IV: INCOME RECEIVABLE ON AUSTRALIAN DIRECT INVESTMENT ABROAD

TABLE 10. INCOME RECEIVABLE ON AUSTRALIAN DIRECT INVESTMENT IN FOREIGN ENTERPRISES, BY TYPE OF INCOME (a) ($A million)

	Undistributed income			Distributed income				
Year	Branches	Subsidiaries	Total	Remitted profits of branches	Dividends of subsidiaries	Interest	Total	Total
1981-82	8	98	107	64	117	10	192	299
1982-83	37	205	242	53	137	16	205	448
1983-84	-18	310	291	62	124	18	204	496

(a) Details are not available of income receivable in Australia on either portfolio investment and institutional loans or on Australian holdings of foreign government securities.

TABLE 11. INCOME RECEIVABLE ON AUSTRALIAN DIRECT INVESTMENT IN FOREIGN ENTERPRISES, BY COUNTRY (a) ($A million)

	EEC							
Year	United Kingdom	Other(b)	New Zealand	U.S.A.	Papua New Guinea	ASEAN(c)	Other countries	Total
1981-82	8	6	113	-16	37	74	77	299
1982-83	133	4	125	3	32	80	71	448
1983-84	108	14	136	16	70	123	29	496

(a) Details are not available of income receivable in Australia on either portfolio investment and institutional loans or on Australian holdings of foreign government securities. (b) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands. (c) Indonesia, Malaysia, Philippines, Singapore and Thailand; also includes Brunei from 1 January 1984.