Australian Bureau of Statistics

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FOREIGN INVESTMENT, AUSTRALIA, JUNE QUARTER 1989, PRELIMINARY

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CHANGES IN THIS ISSUE

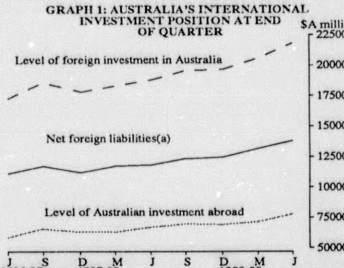
From this issue, the scope and content of the publication has been expanded to include preliminary quarterly details on all levels of investment and investment income. See page 2 for further details.

MAIN FEATURES

As the table below shows, Australia's *net foreign liabilities* at 30 June 1989 totalled $140,906 million. This was an increase of $6,041 million, or 4.5 per cent, on the position at the end of the March quarter. The ratio of net foreign liabilities at 30 June 1989 to Australia's gross gomestic product (GDP) for the year ended 30 June 1989 was 42.0 per cent, compared with 41.4 per cent a quarter earlier.

***Net foreign debt* of $108,159 million accounted for over three quarters (77 per cent) of the level of net foreign liabilities at 30 June 1989. The ratio of net foreign debt to GDP for the year ended 30 June 1989 was 32.2 per cent, a rise of 0.2 percentage points on the ratio recorded a quarter earlier. The official sector accounted for 11 per cent of the net foreign debt level, non-official financial enterprises 36 per cent and trading enterprises 53 per cent.**

GRAPH 1: AUSTRALIA'S INTERNATIONAL INVESTMENT POSITION AT END OF QUARTER



(a) Ausralia's net international investment position, that is the difference between the level of foreign investment in Australia and the level of Australian investment abroad

Of the $6,041 million increase in Australia's net foreign liabilities during the June quarter, $708 million was attributable to *net capital transactions*. These capital transactions were supplemented by positive *exchange rate variations* of $2,634 million associated with movements in the Australian dollar against other currencies and *other changes* of $2,699 million mainly associated with changes in market valuations.

***Net investment income payable abroad* during the June quarter was $3,663 million, up $332 million, or 10.0 per cent, on the amount payable in the March quarter.**

INTERNATIONAL INVESTMENT POSITION SUMMARY TABLE
($A million)

	Level at 31 March 1989	*Changes in levels during June quarter 1989* Capital Transactions	*Exchange rate Variations*	*Other Changes*	*Level at 30 June 1989*	*Investment Income during June quarter 1989*
Foreign investment in Australia	209,312	3,937	3,947	4,065	221,262	4,697
Australian investment abroad	74,447	3,229	1,313	1,367	80,536	1,034
Net foreign liabilities and income (a)	134,865	708	2,634	2,698	140,906	3,663

(a) Australia's net international investment position, that is the difference between the level of foreign investment in Australia and the level of Australian investment abroad.

For the year ended June quarter 1989 the ratio of net investment income payable to exports of goods and services was 23.3 per cent, a rise of 0.9 percentage points on the ratio recorded for the year ended a quarter earlier. The ratio of net interest payable on foreign debt to exports of goods and services for the year ended June quarter 1989 was 17.3 percent.

CHANGES IN THIS ISSUE

The tables in the previous issues of this publication were confined to statistics showing capital transactions and the level of Australia's foreign debt. From this issue, the scope and content of the publication has been expanded to include preliminary quarterly details on all levels of investment and investment income. This information, along with information on capital transactions is presented in Table 2, *Foreign Investment in Australia - Summary* and 3, *Australian Investment Abroad - Summary.*

This has enabled compilation of preliminary statistics on Australia's net international investment position, which is defined as the difference between foreign investment in Australia and Australian investment abroad. This information is provided in Table 1 *Australia's Net International Investment Position and Income.* For a more detailed discussion of the international investment position, including notes on the introduction of a methodology for compiling initial quarterly estimates of the level of foreign investment in Australian portfolio corporate equities, see the March quarter 1989 issue of *Foreign Investment, Australia* (5306.0).

The information provided on Australia's foreign debt has been expanded. From this issue, a detailed sector breakdown of Australia's foreign debt is shown in Table 4.

The expansion of the scope and content of the publication has meant that the table showing detailed capital transactions has been discontinued. However, this information, as well as detailed information on investment income and levels of investment, is available on request in the same format as Tables 4, 5 and 6 of 5306.0. The cost of each of these tables is $5 plus any facsimile charges. Please contact Chris Kervin on (062) 527045 in order to obtain this information.

TABLE 1. AUSTRALIA'S NET INTERNATIONAL INVESTMENT POSITION AND INCOME (a)
($A million)

Period	Levels of investment at beginning of period	Changes in levels of investment during the period: Reinvestment of earnings by direct investors (b)	Other transactions	Exchange rate variations	Other changes	Total	Levels of investment at end of period	Investment Income (c)
NET CORPORATE EQUITIES								
Year -								
1986-87	17,094	-178	-457	225	10,487	10,077	27,172	748
1987-88	27,172	4	-3,342	180	892	-2,267	24,906	1,546
1988-89	24,906	-252	-2,135	508	3,699	1,821	26,727	2,226
Quarter ended -								
1987-88								
March	20,321	2	-1,215	37	2,381	1,204	21,525	507
June	21,525	1	-1,333	968	3,745	3,381	24,906	428
1988-89								
September	24,906	-63	-336	236	999	836	25,742	457
December	25,742	-63	-1,750	815	333	-665	25,077	295
March	25,077	-63	-522	-134	267	-452	24,626	616
June	24,626	-63	473	-408	2,100	2,102	26,727	858
NET FOREIGN DEBT (d)								
Year -								
1986-87	75,045	..	10,513	-1,692	-1,417	7,404	82,449	7,613
1987-88	82,449	..	10,793	-3,875	921	7,840	90,289	8,135
1988-89	90,289	..	14,007	1,367	2,496	17,871	108,159	9,346
Quarter ended -								
1987-88								
March	89,058	..	4,806	-1,719	944	4,032	93,090	2,246
June	93,090	..	1,311	-4,447	333	-2,801	90,289	2,201
1988-89								
September	90,289	..	3,071	-3	1,740	4,807	95,094	1,903
December	95,094	..	4,541	-2,909	-124	1,508	96,604	2,389
March	96,604	..	6,541	1,098	61	7,700	104,303	2,496
June	104,303	..	-145	3,181	820	3,856	108,159	2,558
NET OTHER INVESTMENT								
Year -								
1986-87	4,015	246	-1,200	8	1,683	737	4,752	352
1987-88	4,752	614	501	-29	101	1,189	5,941	637
1988-89	5,941	661	502	-104	-979	80	6,021	1,028
Quarter ended -								
1987-88								
March	5,710	154	-587	3	374	-56	5,654	133
June	5,654	154	849	-49	-669	287	5,941	201
1988-89								
September	5,941	165	73	-35	-652	-449	5,492	292
December	5,492	165	106	68	87	426	5,918	270
March	5,918	165	43	2	-193	18	5,937	219
June	5,937	165	280	-140	-221	85	6,021	247
TOTAL								
Year -								
1986-87	96,154	68	8,857	-1,460	10,753	18,219	114,373	8,715
1987-88	114,373	621	7,952	-3,724	1,913	6,763	121,136	10,321
1988-89	121,136	409	12,372	1,771	5,216	19,770	140,906	12,601
Quarter ended -								
1987-88								
March	115,089	155	3,005	-1,681	3,701	5,180	120,269	2,886
June	120,269	155	828	-3,529	3,411	867	121,136	2,830
1988-89								
September	121,136	102	2,808	197	2,085	5,192	126,328	2,652
December	126,328	102	2,897	-2,025	295	1,269	127,597	2,955
March	127,597	102	6,061	966	138	7,268	134,865	3,331
June	134,865	102	606	2,634	2,698	6,041	140,906	3,663

(a) Australia's net international investment position equals Foreign Investment in Australia less Australian Investment Abroad. (b) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (c) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (d) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

TABLE 2. FOREIGN INVESTMENT IN AUSTRALIA - SUMMARY
($A million)

Period	Levels of investment at beginning of period	Changes in levels of investment during the period: Reinvestment of earnings by direct investors (a)	Other transactions	Exchange rate variations	Other changes	Total	Levels of investment at end of period	Investment Income (b)
CORPORATE EQUITIES								
Year -								
1986-87	36,496	996	5,791	—	15,018	21,805	58,301	2,532
1987-88	58,301	1,824	3,045	—	-2,670	2,200	60,501	3,596
1988-89	60,501	1,956	3,442	—	3,773	9,171	69,671	4,692
Quarter ended -								
1987-88								
March	52,847	456	778	—	1,843	3,077	55,924	989
June	55,924	456	-47	—	4,168	4,577	60,501	952
1988-89								
September	60,501	489	695	—	1,366	2,550	63,052	1,074
December	63,052	489	458	—	-343	604	63,655	885
March	63,655	489	795	—	721	2,005	65,660	1,241
June	65,660	489	1,493	—	2,029	4,011	69,671	1,492
BORROWING								
Year -								
1986-87	92,050	..	14,288	-1,643	211	12,856	104,906	8,260
1987-88	104,906	..	16,883	-4,765	-5	12,113	117,019	9,129
1988-89	117,019	..	15,807	1,227	2,984	20,018	137,036	10,593
Quarter ended -								
1987-88								
March	114,413	..	4,732	-2,347	-66	2,319	116,732	2,485
June	116,732	..	6,011	-6,083	358	287	117,019	2,450
1988-89								
September	117,019	..	4,404	-23	1,004	5,385	122,403	2,187
December	122,403	..	4,136	-3,973	-75	88	122,491	2,631
March	122,491	..	6,027	1,221	-62	7,186	129,677	2,842
June	129,677	..	1,240	4,001	2,117	7,359	137,036	2,934
OTHER INVESTMENT(c)								
Year -								
1986-87	10,891	249	-24	25	1,455	1,705	12,596	551
1987-88	12,596	602	611	-81	-244	888	13,484	799
1988-89	13,484	649	1,335	-128	-784	1,072	14,556	1,170
Quarter ended -								
1987-88								
March	13,999	151	-565	-15	-26	-455	13,544	182
June	13,544	151	492	-115	-588	-60	13,484	213
1988-89								
September	13,484	162	431	-32	-605	-44	13,440	292
December	13,440	162	13	-83	54	146	13,586	331
March	13,586	162	337	42	-152	389	13,975	276
June	13,975	162	554	-54	-81	581	14,556	271
TOTAL (c)								
Year -								
1986-87	139,437	1,244	20,055	-1,619	16,684	36,366	175,803	11,343
1987-88	175,803	2,428	20,539	-4,846	-2,920	15,201	191,004	13,525
1988-89	191,004	2,605	20,582	1,099	5,971	30,258	221,262	16,456
Quarter ended -								
1987-88								
March	181,260	607	4,946	-2,363	1,750	4,940	186,200	3,656
June	186,200	607	6,457	-6,198	3,938	4,804	191,004	3,615
1988-89								
September	191,004	651	5,530	-55	1,764	7,890	198,894	3,553
December	198,894	651	4,607	-4,055	-366	837	199,731	3,847
March	199,731	651	7,159	1,263	508	9,581	209,312	4,359
June	209,312	651	3,286	3,947	4,065	11,950	221,262	4,697

(a) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (b) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (c) Details of exchange rate variations for accounts payable/ prepayments received component of 'other investment', are not available prior to September quarter 1988 and have been included in 'other changes'.

TABLE 3. AUSTRALIAN INVESTMENT ABROAD - SUMMARY

($A million)

Period	Levels of investment at beginning of period	Changes in levels of investment during the period: Reinvestment of earnings by direct investors (a)	Other transactions	Exchange rate variations	Other changes	Total	Levels of investment at end of period	Investment Income (b)
CORPORATE EQUITIES								
Year -								
1986-87	19,401	1,174	6,248	-225	4,531	11,728	31,129	1,784
1987-88	31,129	1,820	6,387	-180	-3,562	4,467	35,595	2,050
1988-89	35,595	2,208	5,577	-508	74	7,349	42,944	2,466
Quarter ended -								
1987-88								
March	32,526	454	1,993	-37	-538	1,873	34,399	482
June	34,399	455	1,286	-968	423	1,196	35,595	524
1988-89								
September	35,595	552	1,031	-236	367	1,714	37,309	617
December	37,309	552	2,208	-815	-676	1,269	38,578	590
March	38,578	552	1,317	134	454	2,457	41,035	625
June	41,035	552	1,020	408	-71	1,909	42,944	634
LENDING								
Year -								
1986-87	3,981	..	381	-190	691	882	4,863	115
1987-88	4,863	..	2,166	3	-484	1,685	6,548	287
1988-89	6,548	..	927	-143	1,135	1,919	8,467	250
Quarter ended -								
1987-88								
March	7,924	..	-1,151	-69	-393	-1,613	6,311	99
June	6,311	..	129	-127	235	237	6,548	73
1988-89								
September	6,548	..	575	-27	-416	132	6,680	62
December	6,680	..	-815	-107	358	-564	6,116	37
March	6,116	..	-264	34	-21	-251	5,865	61
June	5,865	..	1,431	-43	1,214	2,602	8,467	90
RESERVE ASSETS								
Year -								
1986-87	13,024	..	3,394	239	937	4,570	17,594	531
1987-88	17,594	..	3,924	-893	-442	2,588	20,182	706
1988-89	20,182	..	873	3	-648	228	20,410	997
Quarter ended -								
1987-88								
March	17,431	..	1,077	-559	-617	-100	17,331	140
June	17,331	..	4,571	-1,509	-210	2,851	20,182	176
1988-89								
September	20,182	..	758	8	-320	446	20,628	222
December	20,628	..	410	-957	-309	-856	19,772	204
March	19,772	..	-250	89	-102	-263	19,509	285
June	19,509	..	-45	863	83	901	20,410	286
OTHER INVESTMENT (c)								
Year -								
1986-87	6,876	3	1,176	17	-228	968	7,844	199
1987-88	7,844	-12	110	-52	-345	-301	7,543	162
1988-89	7,543	-13	833	-24	195	992	8,535	142
Quarter ended -								
1987-88								
March	8,289	-3	22	-18	-400	-399	7,890	49
June	7,890	-3	-357	-66	81	-347	7,543	12
1988-89								
September	7,543	-3	358	3	47	405	7,948	—
December	7,948	-3	-93	-151	-33	-280	7,668	61
March	7,668	-3	294	39	41	371	8,039	57
June	8,039	-3	274	85	140	496	8,535	24
TOTAL (c)								
Year -								
1986-87	43,283	1,176	11,198	-158	5,931	18,147	61,430	2,628
1987-88	61,430	1,807	12,587	-1,122	-4,833	8,438	69,868	3,205
1988-89	69,868	2,196	8,210	-672	755	10,488	80,356	3,855
Quarter ended -								
1987-88								
March	66,171	452	1,941	-682	-1,951	-240	65,931	770
June	65,931	452	5,629	-2,669	527	3,937	69,868	785
1988-89								
September	69,868	549	2,722	-252	-321	2,698	72,566	901
December	72,566	549	1,710	-2,030	-661	-432	72,134	892
March	72,134	549	1,098	297	370	2,313	74,447	1,028
June	74,447	549	2,680	1,313	1,367	5,909	80,356	1,034

(a) Comprehensive data are only collected annually for this item and hence estimates for the most recent periods are derived by extrapolating earlier estimates. Quarterly estimates are derived by evenly distributing the annual estimates. (b) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (c) Details of exchange rate variations for accounts receivable/prepayments made, component of 'other investment' are not available prior to September quarter 1988 and have been included in 'other changes'.

TABLE 4. LEVELS OF FOREIGN DEBT
($A million)

	Year -			Quarter ended -					
				1987-88		*1988-89*			
	1986-87	*1987-88*	*1988-89*	*March*	*June*	*September*	*December*	*March*	*June*
				FOREIGN BORROWING (GROSS DEBT)					
OFFICIAL									
Commonwealth Government and Reserve Bank	23,173	22,286	17,763	24,729	22,286	20,550	20,604	19,740	17,763
State Government	6,684	10,475	15,965	10,254	10,475	11,888	13,444	15,357	15,965
Total official	**29,857**	**32,761**	**33,728**	**34,983**	**32,761**	**32,438**	**34,047**	**35,097**	**33,728**
NON-OFFICIAL -									
Financial Enterprises -									
Public sector	6,557	10,453	16,226	8,989	10,453	11,414	11,855	14,438	16,226
Private sector	19,802	22,803	29,492	19,454	22,803	23,945	23,825	25,946	29,492
Total	*26,359*	*33,256*	*45,718*	*28,443*	*33,256*	*35,359*	*35,680*	*40,383*	*45,718*
Trading Enterprises -									
Public sector	12,327	12,323	11,860	13,137	12,323	12,562	12,111	11,871	11,860
Private sector	36,363	38,679	45,730	40,169	38,679	42,044	40,652	42,325	45,730
Total	*48,690*	*51,002*	*57,590*	*53,306*	*51,002*	*54,606*	*52,763*	*54,196*	*57,590*
Total non-official	**75,049**	**84,258**	**103,308**	**81,749**	**84,258**	**89,965**	**88,443**	**94,579**	**103,308**
TOTAL	**104,906**	**117,019**	**137,036**	**116,732**	**117,019**	**122,403**	**122,491**	**129,677**	**137,036**
				AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS					
OFFICIAL									
Reserve assets	17,594	20,182	20,410	17,331	20,182	20,628	19,772	19,509	20,410
Lending	364	649	924	543	649	1,005	884	944	924
Total official	**17,958**	**20,831**	**21,334**	**17,874**	**20,831**	**21,633**	**20,656**	**20,453**	**21,334**
NON-OFFICIAL -									
Financial enterprises	2,854	4,094	6,913	3,646	4,094	3,903	4,418	4,275	6,913
Trading enterprises	1,645	1,805	631	2,122	1,805	1,773	814	646	631
Total non-official	**4,499**	**5,899**	**7,544**	**5,768**	**5,899**	**5,675**	**5,232**	**4,921**	**7,544**
TOTAL	**22,457**	**26,730**	**28,877**	**23,642**	**26,730**	**27,308**	**25,888**	**25,374**	**28,877**
				NET FOREIGN DEBT(a)					
OFFICIAL	11,899	11,929	12,394	17,109	11,929	10,804	13,392	14,644	12,394
NON-OFFICIAL -									
Financial enterprises	23,505	29,162	38,805	24,797	29,162	31,457	31,262	36,108	38,805
Trading enterprises	47,045	49,197	56,959	51,184	49,197	52,833	51,949	53,550	56,959
Total non-official	**70,550**	**78,359**	**95,764**	**75,981**	**78,359**	**84,290**	**83,211**	**89,658**	**95,764**
TOTAL	**82,449**	**90,289**	**108,159**	**93,090**	**90,289**	**95,095**	**96,603**	**104,303**	**108,159**

(a) Foreign borrowing by Australian residents less the sum of Australian lending abroad and reserve assets.

REVISIONS TO PREVIOUSLY PUBLISHED STATISTICS

This publication revises information previously published in respect of the March quarter 1989. Both capital transactions and levels associated with public sector portfolio borrowing have been revised up by $350 million. These revisions are the result of respondents to the Survey of Foreign Investment providing revised information.

2. This publication also revises June quarter capital transactions and investment income information published in *Balance of Payments, Australia, June Quarter 1989* released on 15 August 1989. These revisions are the result of additional processing of the June quarter Survey of Foreign Investment.

EXPLANATORY NOTES

Introduction

This publication presents preliminary statistics on foreign investment in Australia and Australian investment abroad for the June quarter 1989. More comprehensive and detailed quarterly statistics for the periods covered in these tables will be published in *Foreign Investment, Australia, June Quarter 1989* (5306.0), due for release in October 1989.

Scope, coverage and reliability

2. The statistics in this publication provide information on the levels of Australia's foreign financial assets and liabilities (including Australia's foreign debt), capital transactions and other changes which increase or decrease the level of foreign financial assets and liabilities, and investment income receivable or payable on foreign financial assets and liabilities.

3. The statistics are compiled from the latest information collected in quarterly surveys of foreign investment and from other sources. They are subject to revision as more complete and accurate information becomes available. Their coverage is not as complete as that of the quarterly statistics published in *Foreign Investment, Australia* (5306.0); and the coverage of those statistics, in turn, is not as complete as that of the annual statistics shown in the annual foreign investment publication, *Foreign Investment, Australia* (5305.0).

Classifications and definitions

4. The classifications and definitions used in these statistics are described in *Foreign Investment, Australia 1987–88* (5305.0).

Related publications

5. This publication and the final quarterly foreign investment publication *Foreign Investment, Australia* (5306.0) complement the annual foreign investment publication *Foreign Investment, Australia* (5305.0) and *Foreign Investment Australia, Supplementary Country and Industry Statistics* (5352.0) (a microfiche release). Statistics on foreign investment capital transactions and income are also published in all balance of payments publications: the monthly, *Balance of Payments, Australia* (5301.0); the quarterlies, *Balance of Payments, Australia* (5302.0); and *Balance of Payments, Australia – Historical Series on Microfiche* (5337.0); and the annuals, *Balance of Payments, Australia* (5303.0) and *Balance of Payments, Australia – Regional Series on Microfiche* (5338.0). The statistics are presented on a consistent basis in both sets of publications.

6. Publications produced at present by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). Also, on Tuesdays and Fridays the ABS issues a *Publications Advice* (1105.0) which lists publications expected to be released in the next few days. Both publications are available free of charge from any ABS office.

Unpublished information

7. Additional information on foreign investment activity is also available from the ABS on request. A charge may be made for providing this. Inquiries should be made to the person whose name appears in the *Phone Inquiries* section at the front of this publication, or to Information Services in the nearest ABS office.

Symbols and other usages

–	nil or rounded to zero
n.a.	not available
ABS	Australian Bureau of Statistics.

8. A negative value denotes a net withdrawal of investment.

9. All figures have been rounded and discrepancies may occur, therefore, between the sum of components and the total.

Electronic services

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