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FOREIGN INVESTMENT, AUSTRALIA, SEPTEMBER QUARTER 1988, PRELIMINARY

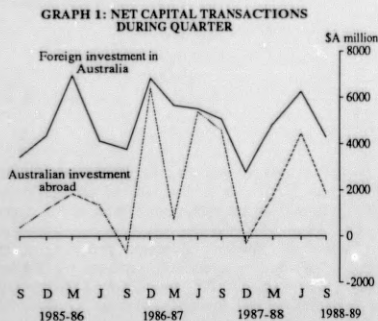
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### MAIN FEATURES

September quarter 1988

*Capital transactions (investment flows) —*

Foreign investment in Australia recorded a net inflow of \$4,296 million, down \$1,964 million on the net inflow recorded for the previous quarter. Australian investment abroad recorded a net outflow of \$1,835 million, down \$2,626 million on the previous quarter.



Foreign investment in the official sector recorded a net outflow (or disinvestment) of \$220 million in the September quarter compared with a net outflow of \$271 million in the previous quarter. There was a fall of \$2,015 million in foreign investment in the non-official sector, from a net inflow of \$6,531 million to a

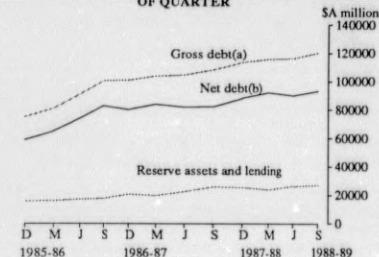
net inflow of \$4,516 million. Within the non-official sector, there was a small decrease in direct investment to \$1,536 million, while portfolio and other investment fell by \$1,957 million, to \$2,980 million. The decrease in portfolio and other investment was caused by falls in a number of categories, with the most significant being a decrease of \$1,135 million to \$2,123 million in private sector borrowing from unrelated non-residents and a fall of \$403 million to \$1,210 million in public sector borrowing. There was a withdrawal of foreign portfolio investment in Australian corporate equities for the second consecutive quarter, with the net outflow in the September quarter being up \$360 million to \$478 million.

The decrease in Australian investment abroad was attributable to official sector transactions which fell by \$3,061 million to \$1,144 million. There was a fall of \$3,813 million in the net outflow due to transactions in official reserve assets. This was partly offset by an increase of \$210 million in official lending abroad and a turnaround of \$542 million, from a net inflow (or disinvestment) of \$509 million to a small net outflow, in other official investment abroad. The decrease in the net outflow from official sector transactions was partly offset by an increase of \$434 million in the net outflow attributable to the non-official sector. This increase was due to a \$145 million rise in the outflow of direct investment abroad, and a turnaround of \$289 million, from a net inflow to a net outflow of \$176 million, in portfolio and other investment abroad. This change in portfolio and other investment abroad was due mainly to a turnaround of \$554 million, from a net inflow to a net outflow, in portfolio investment in foreign corporate equities, partly offset by a turnaround of \$222 million in the opposite direction in lending to unrelated foreign residents.

### Foreign debt -

Australia's net foreign debt at 30 September 1988 was \$93,262 million, up \$3,250 million on the revised level at 30 June 1988. Borrowing from foreign residents (gross debt) rose \$4,162 million to \$120,431 million, while reserve assets and lending abroad rose \$912 million to \$27,169 million.

GRAPH 2: FOREIGN DEBT AT END OF QUARTER



(a) Borrowing from non-residents. (b) Borrowing from non-residents minus reserve assets and lending to non-residents.

### FOREIGN DEBT (SA million)

	Level at 30 June '88	Capital Transactions	Valuation Changes	Level at 30 September '88
Foreign Borrowing	116,269	3,944	218	120,431
Reserve Assets and Lending Abroad	26,257	993	-81	27,169
Net Foreign Debt (a)	90,012	2,951	299	93,262

(a) Net foreign debt equals foreign borrowing less the sum of reserve assets and lending abroad.

### REVISIONS TO PREVIOUSLY PUBLISHED STATISTICS

This publication provides revised estimates of foreign borrowing (gross foreign debt), and consequently net foreign debt, at 30 June 1988.

Total foreign borrowing at 30 June has been revised upwards by \$1,178 million, as a result of the introduction of improved collection forms for the Survey of Foreign Investment. These improved forms enabled the identification of some private sector foreign borrowing that had not been previously reported anywhere, as well as some private sector foreign borrowing previously reported as part of net equity in branches. This second component, which accounted for about one third of the revision to total foreign borrowing, will be reflected as a reduction in the level of net equity in branches in future foreign investment publications.

As well as this revision to total foreign borrowing, there were two reclassifications of foreign borrowing from one institutional sector to another. The first involved a reclassification of \$1,409 million from the private sector to

the increase in net foreign debt was attributable to the non-official sector, whose net indebtedness rose \$4,334 million to \$82,223 million, reflecting an increase in the level of foreign borrowing. This increase in non-official sector debt was partly offset by a decrease of \$1,084 million in the net indebtedness of the official sector. At the end of September 1988 the non-official sector accounted for 88 per cent of Australia's net foreign debt, up two percentage points on the revised level at the end of the previous quarter.

As the table below shows, the increase in the level of borrowing from non-residents during the September quarter mainly reflected capital transactions of \$3,944 million with valuation changes, including exchange rate variations, having little impact. The increase in Australian lending abroad and reserve assets reflected an increase in claims on non-residents of \$993 million due to transactions. Again, valuation changes were not significant.

the public non-official sector and was the result of recent takeover activity. The second involved a reclassification of \$1,497 million from the public non-official sector to the official sector and was the result of certain respondents in the Survey of Foreign Investment providing finer dissections of data on a quarterly basis than had been possible in the past. Previously, new State central borrowing authorities' foreign borrowing domiciled in Australia (which is classified to the official sector) could not be separately identified from new public non-bank enterprise borrowing domiciled in Australia in the record-keeping systems of these respondents and consequently all this foreign borrowing was classified to the non-official public sector.

The revisions made to debt levels at 30 June 1988 will also have implications for capital transactions for June quarter 1988 and earlier periods, as well as for levels of debt for periods prior to 30 June 1988. These consequential changes, which are not included in the estimates shown in this publication, will be reflected in *Foreign Investment, Australia, September Quarter 1988* (5306.0) due for release in January 1989.

## EXPLANATORY NOTES

### Introduction

This publication presents preliminary statistics on foreign investment in Australia and Australian investment abroad for the September quarter 1988. It is consistent with the estimates that will be published in *Balance of Payments, Australia*, September Quarter 1988 (5302.0). More comprehensive and detailed quarterly statistics for the periods covered in these tables will be published in *Foreign Investment, Australia, September Quarter 1988* (5306.0), due for release in January 1989.

### Scope, coverage and reliability

- The statistics in this publication provide information about capital transactions which increase or decrease the levels of foreign liabilities and foreign financial assets of Australian residents, and information about Australia's foreign debt.
- 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 publications, *Foreign Investment, Australia, Preliminary* (5304.0) and *Foreign Investment, Australia* (5305.0).

### Classifications and definitions

- The classifications and definitions used in these statistics are described in *Foreign Investment, Australia 1986-87* (5305.0).

### Related publications

- This publication and the final quarterly foreign investment publication *Foreign Investment, Australia*, (5306.0) complement the annual foreign investment publications *Foreign Investment, Australia, Preliminary* (5304.0), *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.

- 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

- 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

- A negative value denotes a net withdrawal of investment.
- All figures have been rounded and discrepancies may occur, therefore, between the sum of components and the total.

### Electronic services

- VIATEL. Key \*656# for selected current economic, social and demographic statistics.
- AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET. For further information phone the AUSSTATS Help Desk on (062) 52 6017.
- TELESTATS. This service provides foreign trade statistics tailored to users' requirements.
- Further information is available on (062) 52 5404.

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Australian Statistician

TABLE 1. CAPITAL TRANSACTIONS  
(\$A million)

	YEAR			QUARTER ENDED					
	1985-86	1986-87	1987-88	1986-87		1987-88		1988-89	
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
FOREIGN INVESTMENT IN AUSTRALIA									
OFFICIAL -									
General government -									
Borrowing	2,732	3,247	457	1,008	629	-417	532	-267	-226
Domiciled abroad	2,477	2,639	2,226	1,693	555	-319	1,949	41	54
Domiciled in Australia	255	608	231	315	74	-108	243	-266	-172
Total	5,609	6,146	2,683	2,700	1,184	-736	2,481	-244	-12
Other	50	12	-70	-38	1	-15	-27	-28	-12
Total	5,659	6,134	2,613	2,662	1,184	-751	2,454	-274	-184
Reserve Bank	-16	18	3	17	-1	-11	1	3	-36
Total official	5,623	6,152	2,605	2,679	1,183	-762	2,455	-271	-220
NON-OFFICIAL -									
Direct investment -									
Reinvestment of earnings	936	1,206	1,400	302	350	350	350	350	369
Corporate equities	2,143	1,734	1,751	698	-208	-43	332	87	161
Net equity in branches	-315	95	640	-19	525	-48	-34	199	272
Borrowing	275	1,872	1,047	-3	415	9	-195	818	819
Other	304	-348	103	225	158	162	-359	141	-85
Total	3,343	4,560	3,360	1,202	1,242	430	94	1,594	1,536
Portfolio & other investment -									
Corporate equities	-122	4,046	1,377	1,653	1,182	180	133	-118	-478
Borrowing	1	1	4,313	-936	382	-109	2,427	1,613	1,210
Public sector	1,928	1	4,313	-936	382	2,659	-104	3,258	2,123
Private sector	8,440	6,856	7,076	676	1,261	2,550	2,323	4,871	3,533
Total	10,368	6,857	11,387	-260	1,643	2,550	2,323	4,871	3,533
Accounts payable/prepayments received-									
Public sector	-48	-141	-465	-119	-481	37	-17	-4	50
Private sector	17	303	864	368	308	812	-140	187	75
Total	-31	162	200	249	-177	349	-157	183	125
Total	10,216	11,065	12,963	1,662	2,668	3,079	2,269	4,937	4,516
Total non-official	13,559	15,625	16,323	2,864	3,890	3,509	2,393	6,531	4,516
TOTAL	19,182	21,777	18,928	5,523	5,073	2,747	4,848	6,260	4,296

AUSTRALIAN INVESTMENT ABROAD

	YEAR			QUARTER ENDED					
	1985-86	1986-87	1987-88	1986-87		1987-88		1988-89	
				JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE	SEPTEMBER
OFFICIAL -									
Reserve assets	-2,140	3,394	3,926	3,680	1,856	-3,580	1,077	4,571	758
Lending	52	186	279	66	-13	67	103	143	353
Other	181	407	-694	319	-153	-70	38	-509	33
Total official	-1,927	3,967	3,509	4,065	1,690	-3,603	1,218	4,205	1,144
NON-OFFICIAL -									
Direct investment -									
Reinvestment of earnings	681	1,186	1,440	297	360	360	360	360	318
Corporate equities	2,103	2,375	5,272	728	762	2,750	1,358	402	280
Net equity in branches	281	398	115	128	67	73	-6	1	-47
Lending	-270	159	-78	-780	610	-172	-106	-411	-25
Other	-26	122	-43	75	-38	-960	27	18	-11
Total	2,769	3,685	6,707	468	1,747	2,962	1,633	370	515
Portfolio & other investment -									
Corporate equities	2,624	3,185	-1,868	1,316	451	-2,084	102	-338	216
Lending	463	-386	754	-215	687	380	-366	33	-3
Public sector	841	1,045	809	-268	445	1,849	-1,471	478	-90
Private sector	1,305	659	1,563	-483	642	1,862	-1,091	129	-93
Accounts receivable/prepayments made-									
Public sector	60	10	29	-90	45	78	-116	67	45
Private sector	40	262	525	121	45	452	-2	28	8
Total	100	272	554	31	45	530	-116	65	53
Total	4,029	4,116	249	864	1,138	328	-1,105	-113	171
Total non-official	6,798	7,801	6,955	1,312	2,086	3,290	528	257	696
TOTAL	4,871	11,768	10,464	5,377	4,570	-313	1,746	4,461	1,835

TABLE 2. AUSTRALIAN FOREIGN DEBT  
(\$A million)

Period	Foreign borrowing			Australian lending abroad and reserve assets			Net foreign debt(a)					
	Official	Non-official		Total	Official	Non-official		Total	Official	Non-official		Total
		Public sector	Private sector			Official	Non-official					
YEAR												
1985-86	23,409	18,616	49,267	91,291	13,161	3,926	17,086	10,248	63,957	74,205	82,074	
1986-87	29,857	18,088	56,588	104,534	17,958	4,502	22,460	11,899	70,116	82,074	82,074	
1987-88	32,954	22,269	61,046	116,269	20,831	5,428	26,257	12,323	77,889	90,012	90,012	
QUARTER ENDED -												
1986-87												
JUNE	29,857	18,088	56,588	104,534	17,958	4,502	22,460	11,899	70,116	82,074	82,074	
SEPTEMBER	31,075	18,980	58,202	108,257	19,914	5,971	25,885	11,161	71,210	82,371	82,371	
DECEMBER	32,255	19,806	61,574	113,634	17,876	7,445	25,320	14,377	75,936	88,313	88,313	
MARCH	33,810	21,899	60,080	115,788	17,874	5,806	23,681	15,936	76,172	92,108	92,108	
JUNE	32,954	22,269	61,046	116,269	20,831	5,428	26,257	12,123	77,889	90,012	90,012	
1988-89												
SEPTEMBER	32,672	23,572	64,187	120,431	21,633	5,536	27,169	11,039	82,223	93,262	93,262	

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

**FOREIGN INVESTMENT AUSTRALIA 1986-87:  
SUPPLEMENTARY COUNTRY AND INDUSTRY STATISTICS  
(Catalogue 5352.0)**

This new microfiche publication was released on 11 October 1988. It provides supplementary country statistics on foreign investment in Australia and Australian investment abroad covering some 45 countries/country groups as well as, for foreign investment in Australia, detailed industry statistics. The microfiche replaces the existing non-catalogued release *Foreign Investment, Australia, Supplementary Country and Industry Statistics* which was previously available on request.

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Levels of investment by country

Foreign Investment in Australia—Trading and Financial Enterprises

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