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German Investment Abroad: Latest Figures

In spite of the worldwide deterioration of the economic situation German enterprises' investments abroad once more reached a substantial amount in the last year. German direct investments abroad rose by DM 4,529.9 mn reaching a book value of DM 36,764.9 at the end of 1974 (cumulated transactions values since 1952). This means a considerable increase vis-à-vis the previous years (1971: DM 2,667.5 mn; 1972: DM 2,816.2 mn; 1973: DM 5,638.1 mn) if allowance is made for the fact that the 1973 value had been inflated by one single transaction of more than DM 1 bn. This growth of the book value by roughly 14 p.c. in the last year was accompanied by several structural shifts.

The first observation refers to the expansion rate of German direct investments in developing countries which with 12 p.c. fell short of the average (the expansion rate of investments in the industrial countries amounted to 15 p.c.) so that their share in total investments slightly decreased from 29.9 p.c. at the end of 1973 to 29.4 p.c. at the end of 1974. The major recipient regions of investments were — like in the previous years¹ — West Europe and North America whose shares in total direct investments amounted to 59.8 p.c. and 16.6 p.c., respectively. As compared to the preceding year, the West European share showed a slight decline (1973: 61 p.c.) while that of North America had increased (1973: 15.7 p.c.). This may be traced back to the growing interest of German entrepreneurs in the USA which alone received over 19 p.c. of last year's investments. The favourable exchange rate of the D-Mark vis-à-vis the Dollar might have been a major factor for this development. Against that the other regions kept their previous positions almost exactly: Latin America 13 p.c., Asia 3.8 p.c., Africa 6.1 p.c. (the

slight decline from 6.5 p.c. in 1973 in the case of Africa is traceable to the absolute fall of investments in Libya from DM 460.8 mn at the end of 1973 to DM 319.7 mn at the end of 1974).

Against the background of the developments in the mineral oil sector since autumn 1973 it seems interesting to analyse the possible impact of these changes on German direct investments abroad, although, in view of the short period of only one year, no striking changes are to be expected. A first glance at the figures for investments in the Arab and Middle East mineral oil exporting countries leads to a surprisingly negative finding. The volume of these investments declined from DM 731.9 mn at the end of 1973 to DM 635.0 mn at the end of 1974. This, however, is again almost exclusively traceable to the above-mentioned withdrawal of German investors from Libya. Without regard to Libya, these countries' participation in the growth of total German investments abroad was still below the average in 1973, but above the average in 1974. Specially preferred countries were Iran, Algeria, and Egypt. Against this, the oil producing countries Nigeria, Indonesia, and Venezuela registered the same, far above average, expansion rates as in the preceding year (Nigeria 42.7 p.c., Indonesia 45 p.c., Venezuela 21.6 p.c.).

Relating to particular industries there are hardly any significant changes to be registered. Over three quarters of German investments were placed again by manufacturing industry. The biggest investors in this branch of activity were chemical industry, electrical industry, iron and steel industry, automobile industry, and machine-building. Together they accounted for almost 69 p.c. of industrial investments. It seems remarkable, however, that the volume of agricultural investments in developing countries has almost trebled vis-à-vis the previous year.

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¹ Cf. Otto G. Mayer, *New Tendencies in Direct Investment*, in: *INTERECONOMICS*, No. 6, 1974, pp. 186-189.

German Direct Investments Abroad, End of 1973 and 1974

(in mn D-Mark)

	Total	Agriculture	Manufacturing total	Chemical Industry	Electrical Industry	Iron and Steel	Automobile Industry	Machine-building	Oil production and -refinement	Services	Others
All Regions											
1973	32,235.0	223.0	24,979.2	6,202.5	3,497.7	2,776.4	2,303.2	2,353.9	1,436.3	6,529.3	503.5
1974	36,764.9	308.0	28,058.1	7,180.7	3,880.9	2,905.4	2,648.6	2,675.3	1,478.5	7,797.3	601.5
Developing Countries											
1973	9,649.6	38.0	6,467.7	1,607.6	842.1	440.8	944.2	550.2	626.1	3,078.2	65.7
1974	10,800.3	103.2	7,182.9	1,814.4	941.9	490.5	1,056.2	648.9	558.4	3,431.1	83.0

Source: Bekanntmachungen des Bundesministers für Wirtschaft, Runderlaß Außenwirtschaft Nr. 11/75 betreffend IV 1: Vermögensanlagen Gebietsansässiger in fremden Wirtschaftsgebieten vom 25. 3. 1975.