

Highlights and Summary

The review of all forms of foreign investments in the United States during 1976 and of acquisitions, mergers, and equity increases during the three-year period, 1974 through 1976, indicates a continuation of the high level of foreign investment activity which began in 1973. The composition of foreign investments in terms of both foreign source countries and U.S. industrial distribution remained essentially unchanged. The major European nations, Canada, and Japan remain the most active source countries, with the majority of investments being in the U.S. manufacturing sector, particularly chemicals, metals, and machinery.

1976 Foreign Investment Activity: All Modes

A total of 263 foreign direct investments were identified for 1976. One hundred and ninety-eight of these were considered to be completed investments according to the methodology discussed in the preface. The values of investments were available for 114 of the 198 completed cases, and these totaled \$2.1 billion.

The traditional leading source countries—United Kingdom, Japan, Germany, Canada, Belgium, Switzerland, The Netherlands, and France—accounted for the great majority of investments, both in terms of number of transactions and total value. As a group, these countries accounted for 77 percent of the completed transactions and 73 percent of the total value. Only seven completed transactions were identified involving the Middle Eastern oil-producing nations. These transactions had an estimated total value of \$308 million.

Foreign investments were made in a wide range of U.S. industries, with a concentration in manufacturing, followed by finance, insurance, and real estate as a group. The leading areas within manufacturing were chemicals and allied products, primary and fabricated metals, and machinery. Wholesale trade was another sector with fairly substantial foreign investments in 1976.

Acquisitions, mergers, and equity increases accounted for 58 percent of the foreign investments. There were 93 instances of acquisitions and mergers and an additional 23 investments which represented equity increases by foreign companies in existing holdings. In regard to foreign investments in completely new U.S. operations, there were 23 joint ventures with U.S. partners and 41 other new investments including new plant construction and expansion and the establishment of branches and offices. The remaining 18 investments were in the real estate area.*

Taking into account those investments transactions that involved plants or other facilities in more than one location, the 198 completed transactions accounted for a total of 467 specific sites in 41 states, the District of Columbia, and Puerto Rico. Of these, California, New York, Texas, Illinois, and Pennsylvania accounted for nearly one-half.

Acquisitions, Mergers, and Equity Increases: 1974, 1975, 1976

During the three-year period 1974–76 foreign investors completed 342 acquisitions, mergers, and equity increases in U.S. firms. Values were available for 238 of these investments, totaling \$4.4 billion.

Most of these transactions involved majority ownership and a sizable number represented 100 percent ownership by the foreign parent. The traditional European source countries, Canada, and Japan accounted for the greatest portion of these investments. The United Kingdom was the major source country for the three-year period. The number of transactions were roughly at the same level in each of the three years, but the total reported value of the investments in 1974 was double the values for 1975 and 1976, reflecting generally higher investment values overall during that year. There

* "Real estate" is used here to indicate purchase of property. This should not be confused with purchases or acquisitions of businesses engaged in developing, leasing, selling and owning real property which are covered in the other investment categories.

were 122 acquisitions, mergers, and equity increases in 1974, 104 in 1975, and 116 in 1976. Total reported transaction values were \$2.2 billion in 1974 and \$1.1 billion in both 1975 and 1976. The manufacturing sector accounted for the bulk of the transactions in each of the three years, with chemicals and allied products being the single most important industry group. Metals and machinery were also sig-

nificant areas of foreign investment during the three-year period.

Foreign Banking Investment Activity

The 1974–76 period was one of vigorous growth in foreign banking investments. Branches more than doubled, agencies increased by more than half, and the number of subsidiaries increased by a third.