

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 10:00 A.M. (EST), MONDAY, MARCH 28, 1983

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BEA-83-16

Foreign Affiliates of U.S. Companies Plan
No Change in Capital Spending in 1983

Majority-owned foreign affiliates of U.S. companies plan capital expenditures of \$41.8 billion in 1983, unchanged from 1982, according to the Commerce Department's Bureau of Economic Analysis. Last year, spending declined 5 percent, compared with a 3-percent increase in 1981. Spending leveled off in 1981-83, after record increases in 1979 and 1980, largely because of depressed worldwide economic conditions, corporate illiquidity, and high interest rates.

Petroleum affiliates plan to reduce spending 3 percent, to \$17.2 billion, compared with a 13-percent increase in 1982. The decline reflects weakening petroleum markets and shifting of expenditures by some U.S. petroleum companies from abroad to the United States; the shifting of expenditures was partly in response to decontrol of domestic oil prices and the granting of exploration and production rights in previously restricted areas.

Manufacturing affiliates plan a 3-percent increase in spending, to \$17.2 billion, compared with a decline of 13 percent. All industries except transportation equipment plan increases; affiliates in nonelectrical machinery, primarily computer manufacturers, plan the largest dollar increase. The spending decline by affiliates manufacturing transportation equipment results from the completion of several large projects and the deferral of some spending due to the current weak worldwide demand for autos.

Mining affiliates plan to reduce spending 38 percent, to \$0.5 billion, compared with a slightly larger decline last year. Declines in both years reflect the completion of some smelter renovation and expansion projects and the deferral of others because of depressed mineral demand. Trade affiliates plan an 11-percent increase this year, to \$4.0 billion; the increase is mostly by affiliates that market computers. Spending by affiliates in finance (except banking), insurance, and real estate is to remain at \$0.3 billion. Affiliates in "other industries" — agriculture, construction, transportation, communication, public utilities, and other services — plan a 3-percent increase, to \$2.7 billion.

These estimates are not adjusted for price changes in host countries or for changes in the value of foreign currencies, because the data needed for these adjustments are unavailable.

Additional details will be published in the March issue of the Survey of Current Business, a monthly journal of the Bureau of Economic Analysis. The Survey is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail (domestic only): annual subscription \$55.00. Foreign air mail delivery rates available upon request. Second class mail: annual subscription \$30.00 domestic, \$37.50 foreign; single issue \$4.75 domestic, \$5.95 foreign.

Table 1.--Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1977-83

	Percent change from preceding year								Billions of dollars								
	Actual expenditures				Latest plans ^{1/}		Earlier plans ^{2/}		Actual expenditures				Latest plans ^{1/}		Earlier plans ^{2/}		
	1978	1979	1980	1981 ^{2/}	1982	1983	1982	1983	1977	1978	1979	1980	1981 ^{2/}	1982	1983	1982	1983
Total-----	9	25	30	3	-5	(*)	6	(*)	24.1	26.1	32.6	42.4	43.7	41.6	41.8	46.4	46.6
By industry																	
Mining-----	-14	51	89	2	-41	-38	-26	-9	.5	.4	.7	1.3	1.3	.8	.5	1.0	.9
Petroleum-----	7	16	34	7	13	-3	21	-3	8.9	9.5	11.0	14.8	15.8	17.7	17.2	19.1	18.6
Manufacturing-----	14	29	27	-2	-13	3	(*)	2	10.5	12.0	15.4	19.5	19.2	16.6	17.2	19.1	19.5
Food and kindred products-----	17	25	28	-7	-6	15	7	1	.8	.9	1.2	1.5	1.4	1.3	1.5	1.5	1.5
Chemicals and allied products-----	-8	38	14	(*)	-3	4	9	3	2.0	1.9	2.6	3.0	3.0	2.9	3.0	3.2	3.3
Primary and fabricated metals-----	7	11	37	-9	7	16	37	9	.5	.6	.6	.9	.8	.9	1.0	1.1	1.2
Machinery, except electrical-----	22	31	18	-9	-19	7	-1	10	3.0	3.6	4.7	5.6	5.1	4.2	4.4	5.1	5.6
Electric and electronic equipment-----	23	26	24	-10	(*)	7	8	6	.7	.9	1.1	1.4	1.2	1.2	1.3	1.3	1.4
Transportation equipment-----	18	54	49	18	-27	-10	-22	-14	1.6	1.9	2.9	4.4	5.2	3.8	3.4	4.1	3.5
Other manufacturing-----	16	3	29	-12	-4	6	13	6	1.8	2.1	2.2	2.8	2.5	2.4	2.5	2.8	3.0
Trade-----	9	37	25	13	-16	11	-2	7	2.1	2.2	3.1	3.8	4.3	3.6	4.0	4.2	4.5
Finance (except banking), insurance, and real estate-----	-10	49	7	12	-12	-12	-17	2	.2	.2	.3	.3	.4	.3	.3	.3	.3
Other industries-----	-6	22	28	5	-10	3	-7	3	1.9	1.8	2.1	2.7	2.9	2.6	2.7	2.7	2.8
By area																	
Developed countries-----	10	25	29	-2	-8	1	4	2	18.0	19.8	24.8	31.9	31.3	28.8	29.1	32.6	33.1
Canada-----	1	20	29	-2	-10	1	2	7	5.4	5.4	6.5	8.3	8.1	7.3	7.4	8.3	8.9
Europe-----	13	30	27	-4	-8	3	4	-1	11.2	12.6	16.4	20.8	20.1	18.4	18.9	20.8	20.6
European Communities (9) ^{3/} -----	13	28	27	-9	-9	6	4	(*)	9.6	10.9	14.0	17.8	16.2	14.7	15.6	16.9	16.9
France-----	1	26	23	-13	-20	29	(*)	9	1.4	1.4	1.8	2.2	1.9	1.5	2.0	1.9	2.1
Germany-----	34	28	17	-15	-9	7	1	8	2.0	2.6	3.4	3.9	3.4	3.0	3.3	3.4	3.7
United Kingdom-----	20	27	33	-6	-7	-2	4	-5	3.9	4.7	6.0	8.0	7.5	6.9	6.8	7.7	7.3
Other-----	-7	31	28	-8	-6	12	13	(*)	2.4	2.2	2.9	3.7	3.4	3.2	3.6	3.8	3.8
Other-----	9	42	26	30	-6	-11	1	-8	1.5	1.7	2.4	3.0	3.9	3.7	3.3	4.0	3.6
Japan-----	32	15	42	-11	7	-10	22	11	.4	.6	.6	.9	.8	.9	.8	1.0	1.1
Australia, New Zealand, and South Africa-----	20	7	40	22	(*)	-9	10	3	1.0	1.2	1.3	1.8	2.2	2.2	2.0	2.5	2.5
Developing countries-----	16	20	38	23	2	4	12	-1	4.8	5.5	6.6	9.0	11.1	11.3	11.8	12.5	12.4
Latin America-----	17	27	42	24	-8	-1	7	-6	2.2	2.5	3.2	4.6	5.7	5.2	5.2	6.1	5.7
Other Africa-----	14	12	44	25	17	-9	19	(*)	.7	.8	.9	1.3	1.6	1.9	1.7	1.9	1.9
Middle East-----	-10	-27	-10	-24	26	-6	25	-27	1.2	1.1	.8	.7	.5	.7	.6	.7	.5
Other Asia and Pacific-----	56	52	47	33	7	21	16	12	.7	1.1	1.7	2.5	3.3	3.5	4.2	3.8	4.3
International-----	-38	51	22	-8	8	-39	-3	-16	1.3	.8	1.2	1.5	1.4	1.5	.9	1.3	1.1
Addenda: European Communities (10) ^{4/} -----	---	---	---	---	-9	6	4	(*)	---	---	---	---	16.2	14.8	15.6	16.9	17.0
OPEC ^{5/} -----	10	-2	13	6	30	8	30	6	1.7	1.9	1.9	2.1	2.2	2.9	3.2	2.9	3.1

* Less than 0.5 percent (+).

1. Based on the BEA survey taken in December 1982.

2. Based on the BEA survey taken in June 1982.

3. European Communities (9) consists of Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, and the United Kingdom.

4. European Communities (10) consists of European Communities (9) and Greece.

5. OPEC consists of Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, and the United Arab Emirates.

NOTE.--Estimates are for nonbank foreign affiliates of nonbank U.S. parents.