

Direct Investment
in
the United States
by
Foreign Government-owned
Companies
1974-81



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FOREWORD

This report examines direct investments in the United States owned or controlled either directly or indirectly by foreign governments. It fulfills, in part, responsibilities assigned to the Secretary of Commerce by Executive Order 11858 of May 7, 1975.

A significant portion of the data and information contained in this report was derived from a number of secondary sources--such as newspapers, magazines, and business and trade journals--and the public files of the Federal regulatory agencies. While every effort was made to verify the information herein, the U.S. Department of Commerce cannot be held responsible for any inaccuracies or gaps in the source data.

Federal regulatory agencies' data used in this report originated from report series that differ widely in frequency and content. These reports are, in most cases, filed in response to the various agencies' general regulatory responsibilities, rather than for the specific purpose of providing data on foreign investment. An additional limiting factor on the scope and availability of foreign investment information for publication is that some agencies operate under strict confidentiality requirements that prohibit disclosure of individual company or transaction data and permit presentation only on an aggregate basis. The primary Federal agency sources were the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), and the Federal Reserve Board (FRB).

The data and other information in this report are not based on reports filed with the Department of Commerce's Bureau of Economic Analysis (BEA), which has the primary responsibility for collecting and publishing aggregate data on foreign direct investment in the United States. Reports are filed with the Bureau on a mandatory basis and are confidential pursuant to the International Investment Survey Act of 1976. The BEA data are published in statistical aggregates only; individual respondent data are not released. The statistics in this report are not comparable to other statistical series published by the Federal Government, especially those published by the Department of Commerce's Bureau of Economic Analysis. The value data, in particular, do not correspond directly with BEA data on investment outlays for several reasons. First, value data for a significant number of transactions identified in this report are unavailable. Second, in some cases reported values may differ substantially from BEA figures representing investment outlays--the cost to investors of the equity interests acquired or established. Values reported for these transactions may involve capital from abroad but may also reflect borrowing and other financing from domestic sources. Or, as in the case of real estate transactions, real estate values sometimes reflect the ultimate cost

of multiyear developments. Third, the timing (year of transaction) may differ between the two sources. Fourth, some transactions reported herein that are engaged in by existing foreign-owned U.S. companies, such as plant expansions, are not covered by BEA's survey of new investment, which relates to new equity investments. Nevertheless, the value data contained herein provide useful indicators of trends over time and the relative importance of major investment characteristics--e.g., source country, concentration, and the ranking of major transactions.

This report was prepared by Michael A. Goodwin, an international economist, in the Investment Analysis Division in the International Trade Administration's Office of Trade and Investment Analysis. The office welcomes inquiries or comments on this report. They should be addressed to Allen J. Lenz, Director, Office of Trade and Investment Analysis, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

INTRODUCTION

Foreign investment in the United States has tripled in the last decade, expanding into many sectors of the economy. This has spawned some concern among some citizens that foreign investment is changing the complexion of the U.S. economy. One concern is the issue of government-controlled investment as distinguished from private investment. While foreign government ownership of U.S. companies is not a new phenomenon, it is steadily increasing and highly publicized, raising several potential issues.^{1/}

This report is not intended as an investment policy statement, nor does it attempt to answer policy questions raised by direct investments owned or controlled directly or indirectly by foreign governments. These are questions unlikely to have generic answers, since individual investment transactions happen under varying circumstances. Historically, significant investment transactions have been reviewed and evaluated on an individual basis. That, in fact, is the function of the Committee on Foreign Investment in the United States.

This report is intended only as a source of data on individual direct investments in the United States by foreign government-owned or -controlled companies from 1974 through 1981. The report should provide useful background information to those in the public, the Congress, and other Federal agencies who have an interest in the subject.

Methodology and Terminology

This report examines some characteristics of foreign direct investment in the United States by government-owned or -controlled corporations. It is limited to an examination of the data collected on U.S. firms with at least 10 percent foreign equity ownership as part of the daily monitoring of public information sources by the Office of Trade and Investment Analysis. Tables in this report are based on these data.

This study includes foreign direct investment data collected for 1974 through 1981 and provides information on the number and value of foreign government investment transactions, investment modes, geographic concentration, industrial concentration, significant transactions, and unsuccessful investment efforts.

^{1/} In 1982, the French Government nationalized a number of major French industrial and banking companies, many of which have affiliates or subsidiaries in the United States. Appendix A is a selected list of the nationalized French firms and affected U.S. companies.

"Foreign direct investment" as used in this report means the direct or indirect ownership or control by a foreign person or entity of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.

"Foreign government investment" refers to the ownership of a U.S. corporation or U.S. property by a foreign government through its ownership of a foreign corporation ^{2/} or through state governmental control of an agency that has at least 10 percent or more direct or indirect ownership of the voting securities of the U.S. firm. The glossary following this report presents a list of additional key terms used in describing foreign direct investment in this report.

The two-digit Standard Industrial Classifications (SIC) used in the tables and appendix B of this report are the best overall indication of the industrial character of the U.S. investment activity and of the foreign investor. In cases of single product lines, the SIC title for that product was used. In cases where firms produce multiple product lines, the SIC title judged to describe the major industrial line best was used.

Highlights and Findings

Based on transactions data collected from public sources from 1974 through 1981 as part of a daily monitoring program of foreign direct investment in the United States, this report concludes the following about direct investment by foreign companies owned or controlled by foreign governments:

- Foreign government investment accounted for a relatively modest share of total foreign direct investment transactions identified from 1974 through 1981 (2.5 percent). One hundred twenty-four transactions were completed; 70 with known values had a total value of \$9.3 billion.
- Foreign government-owned or -controlled corporations had direct investments in, with, or through eight U.S. Fortune 500 companies between 1974 and 1981. Four of those companies are petroleum exploration or petroleum refining companies.

2/ For purposes of this report, foreign government ownership of a foreign parent corporation is not limited to 10 percent or above.

- During 1974-81, foreign government-owned or -controlled investors were more interested in mining than in manufacturing. Their metal mining, oil and gas extraction, and coal mining investments totaled more than \$7 billion, compared to a manufacturing total value of just over \$1 billion.
- Major industrial countries were the primary source of foreign government investment in the United States. Canada, France, the United Kingdom, and West Germany accounted for about 65 percent of the number of completed transactions recorded.
- More than half of the foreign government investment transactions during 1974-81 were either acquisitions or acquisition/mergers. Of 64 identified transactions, 44 with available values totaled \$7.5 billion.
- Texas, New York, and California, with 51 transactions among them, were the top ranking states for completed foreign government transactions identified.
- More than 10 percent of the completed investments identified, with individual values of \$100 million or more, were deemed to be of special interest (for reasons of size, industry sector, or public interest) for the purposes of this report. The two largest investments, worth a total of \$5 billion, involved U.S. natural resources firms.
- Potential issues related to foreign government-controlled investments in the United States have prompted Cabinet-level review to determine if there are potential problems.

MAJOR ECONOMIC AND POLICY ISSUES RELATED TO FOREIGN GOVERNMENT-OWNED INVESTMENTS

The rapid growth in recent years of foreign direct investment in the United States has been highlighted by very large investments attributed to foreign government-owned or -controlled entities. Several of these investments occurred in natural resources sectors, especially energy. Recent developments indicate the need for consolidating and analyzing the data contained herein and relating the developments to potential economic and policy issues. Appropriate responses to these possible issues can only be formulated once the best and most complete data are available. This report is intended to provide some of the data necessary for this policy formulation.

The Federal Response to Concern About Foreign Direct Investment

As concern over foreign direct investment in the United States mounted and became more widely articulated, Congress considered and enacted within a decade a variety of measures that affect such investment in the United States.

Legislation that requires monitoring of foreign investment in the United States includes the following: (1) the Foreign Investment Study Act of 1974 (PL 93-479), and the International Investment Survey Act of 1976 (PL 94-472), which directs the U.S. Commerce and Treasury Departments to conduct ongoing comprehensive surveys of foreign direct and portfolio investment in the United States; (2) the 1977 Amendment to the Securities and Exchange Act (PL 95-213), which requires the Securities and Exchange Commission to monitor foreign (and domestic) beneficial owners of more than 5 percent of the controlling securities of U.S. corporations; and (3) the 1978 Agriculture Foreign Investment Disclosure Act (PL 95-460), which directs the U.S. Department of Agriculture to monitor foreign ownership and purchases of U.S. farmland.

Legislation enacted to equalize the treatment of foreign and domestic investors includes the International Bank Act of 1978 (PL 95-369), which is designed to ensure that foreign banks operating in the United States have no advantages over their domestic competitors. And, in 1980, Congress passed the Foreign Investment in Real Property Tax Act, which subjects real estate or stock related to real estate holdings owned by foreign investors to a capital gains tax.

Other proposed legislation includes bills that would limit foreign investment by prohibiting or instituting a ceiling on the level of investment in certain industries, by placing a moratorium on investment, or by establishing a review board that could reject investment proposals.

Current Activity--At the end of 1981, new legislation to curb perceived inequities in the treatment of foreign and domestic investors began to move through Congress. One major initiative is the uniform margin requirements bill (H.R. 4145) concerned with amending Section 7 of the Securities Exchange Act of 1934, which authorizes the Federal Reserve Board to limit the amount of credit extended in securities transactions. Currently, domestic investors are limited to using credit, provided by either domestic or foreign lenders, up to 50 percent of the value of the securities acquired, while foreign investors are not so limited. H.R. 4145 would provide uniform margin requirements in transactions involving the acquisition of 5 percent or more of the securities of a U.S. firm by foreign investors financed by foreign lenders. This bill passed with amendments by voice vote in the House in October 1981 and was subsequently referred to the Senate Committee on Banking, Housing and Urban Affairs where it is pending along with two Senate bills (S. 1429 and S. 1436) concerned with the margin requirements issue.

Additionally, the Cabinet Council on Economic Affairs (CCEA) Working Group on International Investment Policy is reviewing foreign investment in the United States and the implications of foreign government ownership of U.S. enterprises. Findings will be reported and recommendations made to the full CCEA.

Specific Issues Related to Foreign Government-owned or -controlled Investments

There are potentially significant issues related to foreign government-owned or -controlled investments in the United States. This section lists examples of the concerns raised by those who question investment by foreign government-owned or -controlled companies in the United States and also provides a counterview to each concern.

Identification of Foreign Government-owned or -controlled Investments--Data on foreign direct investment in the United States published pursuant to the International Investment Survey Act of 1976 do not currently include information that permits direct identification of foreign investors owned or controlled by foreign governments. Data compiled for the 1980 Benchmark Survey of inward foreign direct investment comprise the first survey that requires identification of the ultimate beneficial owner, in addition to the first foreign owner of record. The 1981 Interim Survey requires information identifying foreign owners that are at least 5 percent government owned. However, these data are available to the public only in aggregate form.

Thus, while the information contained in this publication is not complete, it is the most comprehensive inventory of foreign government-owned or -controlled investments in the United States made during 1974-81 on an individual transaction basis, using publicly available source documents, such as those from the SEC.

Influence on U.S. Policy and National Security--A concern, reported in the press, is that foreign investors with significant U.S. holdings may attempt to influence or alter U.S. policy. Furthermore, it is suggested that large foreign investment holdings could hinder U.S. efforts in a national emergency. Foreign government-controlled investments, in particular, it is argued, could be subject to foreign political pressures designed to support their governments' foreign policy objectives. The counter argument is that current laws are adequate to prevent the consequences of such actions, should they occur.

Domestic Competitive Behavior--Critics claim that U.S. suppliers will be at a disadvantage because foreign parent companies may purchase more of their materials from abroad than from U.S. sources. Further, where state-owned corporations are concerned, they may be willing to sacrifice U.S. production to ensure full employment in their home countries during times of adverse domestic economic conditions. Proponents of foreign investment counter that long-term economic survival in the U.S. and world markets requires foreign investors to act on the basis of market forces rather than political objectives.

Global Monopoly--There is also some concern that foreign corporations owned or controlled by a foreign government could create global cartels in such industries as petroleum and banking, as well as some manufacturing sectors. By acquiring existing U.S. companies, it is argued, these foreign firms could potentially reduce effective domestic competition. The counter argument is that U.S. companies acquired by foreign entities continue to be U.S. firms and are still subject to U.S. antitrust and SEC regulations. Therefore, the mere fact of foreign acquisition would not reduce domestic competition.

Tax Loss--Critics of foreign investment in this country note that some foreign investors enjoy tax advantages that result in lower U.S. tax liabilities than those of domestic investors. In large part these reciprocal advantages stem from tax treaties that include treatment of interest and dividends as well as capital gains. While all business income is subject to U.S. tax, certain investment income of foreign governments and their controlled entities may be exempt. It also has been pointed out that special problems may arise in trying to secure information needed to evaluate suspected tax irregularities or other situations from foreign state-owned investors. To the extent that investment by foreign government-owned or -controlled companies, subject to U.S. tax laws, expands domestic economic activity and employment, tax revenues increase, offsetting the impact of the tax loss attributed to the foreign ownership.

Technology Transfer--Some critics charge that foreign investment could lead to the loss of U.S. technological superiority, which has accounted for the preeminence of U.S. companies in many industries

and has been a key factor in this nation's economic growth and military security. With regard to foreign government-controlled investors, there may be potential problems relating to the protection of national defense technology and other sensitive sectors closely linked to basic national interests.

ANALYSIS OF INVESTMENT ACTIVITY

Transaction Figures

The International Trade Administration's Office of Trade and Investment Analysis (OTIA) has identified 147 cases of direct investment (both completed and pending) in the United States by foreign companies wholly or partially controlled by a foreign government. The complete listing of transactions is included in appendix B. These investments, from 29 countries, were drawn from approximately 5,300 foreign direct investment transactions identified that took place from 1974 through 1981.^{3/}

One hundred twenty-four transactions were classified as completed investments. That is, they were confirmed as in process (e.g., the construction of a new plant had been started) or as having taken place during the calendar year in which they are listed. Financial details were available for 70 of the 124 completed transactions. These 70 had an aggregate value of \$9.3 billion. The remaining transactions either did not disclose financial information or the information available was not sufficient to determine the foreign government-owned company's share of participation.

The 23 transactions listed as pending were announced but were not confirmed as completed during the calendar year in which they are listed. Ten pending transactions disclosed financial details; these transactions had a total value of \$482.2 million.

Data for direct investment in the United States by foreign government-owned companies indicate a pattern similar to that of foreign direct investment in general (see table 1). There was a steady growth pattern throughout the 1970s, which began to slow in the 1980s, and a decrease from 1980 to 1981 in the number of transactions.

Overall, however, the aggregate reported value of foreign direct investment continued to rise on a year-to-year basis, albeit at a slower rate, while the value of investment by foreign firms with government ownership, after declining in 1980, surged ahead in 1981. Two very large transactions--the acquisition of Santa Fe International Corp. by Kuwait Petroleum Corp. and the acquisition of Texasgulf Inc. by Societe Nationale Elf Acquitaine S.A.--accounted for the unusually large 1981 investment value figure. These two transactions together were worth more than \$5 billion, about 54

^{3/} Data for 1974 and 1975 include only completed acquisitions, mergers, and equity increases.

TABLE 1
Foreign Government Investment (FGI) as a Percentage of All Foreign Direct Investment (FDI)
in the United States, Completed Transactions, 1974-81

<u>Year</u>	<u>Total No. of Transactions</u>	<u>Total No. of Transactions With Known Values</u>	<u>Value of Transactions (\$Millions)</u>	<u>Total No. of FGI Transactions</u>	<u>No. of FGI Transactions With Known Values</u>	<u>FGI As A % of Total No. of FDI Transactions</u>	<u>Total Value of FGI Transactions (\$ Millions)</u>	<u>FGI As A % of Total FDI Value</u>
1974 ^{1/}	122	84	2,180.5	6	5	4.9	75.6	3.5
1975 ^{1/}	104	76	1,118.3	3	3	2.9	84.6	7.6
1976	116	81	2,087.8	8	7	6.9	365.9	17.5
1977	428	187	3,250.8	12	5	2.8	41.6	1.3
1978	677	334	6,059.2	11	6	1.6	85.4	1.4
1979	1035	541	14,727.2	33	17	3.2	612.9	4.2
1980	1199	634	14,797.6	29	12	2.4	521.0	3.5
1981 ^{2/}	1211	542	20,500.0	22	15	1.8	7,481.0	36.9
TOTAL	4892	2479	64,521.4	124	70	2.5	9,268.0	14.4

^{1/} Data include only mergers, acquisitions, and equity increases.

^{2/} Transactions data for 1981 are preliminary figures.

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982

percent of all direct investment by foreign companies with foreign government ownership recorded from 1974 through 1981.

Nevertheless, while direct investment in the United States by foreign firms with foreign government shareholders is sometimes highly visible as in the two cases noted above, it still accounts for a relatively modest portion of total foreign direct investment in the United States. Transactions involving companies with foreign government ownership accounted for 2.5 percent of the number of foreign investment transactions recorded from 1974 through 1981. In comparison, the value of the transactions completed by these firms accounted for 14.4 percent of the total foreign direct investment value during this period. However, this percentage figure reflects the unusually high value of a few very large transactions by foreign government-owned or -controlled firms in 1981 (\$7.5 billion): almost 40 percent of the aggregate value of all foreign direct investment for that year.

Principal Source Countries

The major industrial countries were the primary source of direct investment activity in the United States by foreign government-owned firms from 1974 through 1981 (see table 2). Four of these countries, Canada, France, the United Kingdom, and West Germany accounted for about 65 percent of the completed transactions recorded. These countries also accounted for almost three-quarters of the cases with known values, and the aggregate value of their transactions (\$5.5 billion) represented about 62 percent of the total value for the 8-year period.

The United Kingdom ranked first in the number of completed transactions recorded. Foreign corporations with British Government ownership completed 28 transactions, 20 of which had a total value of \$1.7 billion.

Companies with French Government ownership had fewer completed transactions (24), but 14 had known values that totaled \$3.2 billion, the highest dollar value figure attributed to a single principal source country.

Foreign corporations in which the Governments of West Germany and Canada had ownership were the next most active investors during 1974-81, with 17 and 11 completed transactions respectively. Based on aggregate reported values, West Germany ranked fourth as a source country with a total of \$582.5 million, while Canada was fifth with \$388.1 million.

TABLE 2
Foreign Government Source Countries
Completed Transactions, 1974-81

<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Transactions Known Value</u>	<u>Total Value of Transactions (\$ Millions)</u>
TOTAL COUNTRIES	124	70	9,268.0
Canada	11	9	388.1
France	24	14	3,130.2
Japan	1	0	0
The Netherlands	1	0	0
United Kingdom	28	20	1,704.0
West Germany	17	7	582.5
OPEC *	17	10	2,833.2
Other Countries	25	10	630.0

* The Organization of Petroleum Exporting Countries (OPEC) included here are Algeria, Iran, Kuwait, Libya, Nigeria, Saudi Arabia, and Venezuela.

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982.

Seven governments from the Organization of Petroleum Exporting Countries (OPEC) accounted for 13.5 percent of foreign government direct investment activity from 1974 through 1981 (see table 3). The seven OPEC countries are Algeria, Iran, Kuwait, Libya, Nigeria, Saudi Arabia, and Venezuela. The aggregate value of their completed transactions (\$2.8 billion) represented about 30 percent of the total completed transactions' value.

Companies wholly or partially owned by the Government of Kuwait accounted for 90 percent (\$2.6 billion) of the OPEC share of the foreign government investment value, most of which is attributed to its \$2.5 billion acquisition of Santa Fe International Corp. last year. This single transaction, the largest direct investment in the United States by an OPEC country on record, is the primary reason that the Government of Kuwait through its corporate holdings had the second highest dollar value share of all the completed cases with known values.

Principal Source Companies--The major foreign companies or entities through which foreign governments invest are not always well known.

The major government-owned companies investing in the United States include the following: Canada--Canada Development Corp. (CDC); France--Compagnie Francaise des Petroles (CFP), Entreprise de Recherches et D'Activites Petrolieres (ERAP), and Regie Nationale des Usines Renault (Renault); Italy--Ente Nazionale Idrocarburi (ENI); the United Kingdom--The British Petroleum Co. Ltd. (BP) and the National Enterprise Board (NEB); and West Germany--Volkswagenwerke AG (VW) (see table 4). These major companies each made five or more investments in the United States during the last 8 years.

Six of the eight companies and one affiliated company (Elf-Aquitaine) are among the top 12 on the Fortune list of the 500 largest industrial companies outside of the United States. They are British Petroleum, Canada Development Corp., Compagnie Francaise des Petroles, Ente Nazionale Idrocarburi, Renault, and Volkswagen.

Three of the entities in table 4--Ente Nazionale Idrocarburi, Entreprise de Recherches et D'Activites Petrolieres, and the National Enterprise Board--are wholly owned by the Governments of Italy, France, and the United Kingdom, respectively. Renault, the largest automobile producer in Europe, is 92 percent held by the Government of France.

TABLE 3

Direct Investment in the United States by Foreign Companies
with OPEC* Government Ownership or Control, 1974-81

	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
TOTAL	20	17	10	2,833.2
Algeria	1	1	0	0
Iran	3	3	2	258.6
Kuwait	9	7	6	2,560.8
Libya	3	2	1	13.0
Nigeria	1	1	1	0.8
Saudi Arabia	1	1	0	0
Venezuela	2	2	0	0

* Note: The Organization of Petroleum Exporting Countries (OPEC) member countries are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982.

TABLE 4
Major Foreign Government-owned or -controlled Companies
Investing in the United States, 1974-81

Government of	Foreign Company	% of Government Ownership	Sales 1/ (\$ Millions)	Assets (\$ Millions)	Employees	Total No. of Transactions	No. of Completed Transactions	No. of Completed Transactions With Known Values	Total Value of Completed Transactions (\$ Millions)
Canada	Canada Development Corp. (CDC)	49	2,017.8	2,885.2	34,114	9	8	6	96.7
France	Compagnie Francaise des Petroles (CFP)	35	23,940.4	16,165.9	48,115	5	4	3	248.5
	Enterprise de Recherches ^{2/} et D'Activites Petrolieres (ERAP)	100	-	-	-	11	9	5	2,611.2
	Regie Nationale des Usines Renault (Renault)	92	18,979.3	12,299.0	231,700	3	3	2	242.5
Italy	Ente Nazionale Idrocarburi (ENI)	100	27,186.9	20,092.0	122,587	5	5	2	380.0
15 United Kingdom	The British Petroleum Co. Ltd. (BP)	39	48,035.9	42,378.5	118,200	20	14	11	1,397.4
	National Enterprise Board (NEB)	100	-	-	-	6	4	3	61.8
West Germany	Volkswagenwerke A.G. (VW)	40	18,339.0	12,645.6	257,930	11	11	5	453.5

1/ Sales, assets, employees figures are for 1980.

2/ Investment activity took place through Societe Nationale Elf Aquitaine SA (SNEA), presently 67 percent owned by the French Government.

Sources: Fortune, August 10, 1981.

U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982.

Among these foreign industrial investors, British Petroleum, Canada Development Corp., Compagnie Francaise des Petroles, Ente Nazionale Idrocarburi, and Entreprise de Recherches et D'Activites Petrolieres concentrated their investments in natural resources, particularly energy resources. Two other firms, Renault and Volkswagen, are automotive vehicle manufacturers, while the National Enterprise Board has interests in both the automotive and computer industries.

These 8 firms accounted for 59 completed transactions. Thirty-seven of these cases had a total value of \$5.5 billion, almost 60 percent of the total foreign government-related investment value recorded for the period covered in this report.

British Petroleum, with 14, had the largest number of completed transactions, followed by Volkswagen with 11, and Entreprise de Recherches et D'Activites Petrolieres with 9. The same three companies in reverse order also had the highest transaction dollar value totals. ERAP, the French state oil company, had five values totaling \$2.6 billion. Eleven BP transaction values were worth \$1.4 billion, and Volkswagen, in third place, had a \$453.5 million total value for five transactions.

Brief profiles of these major investors are contained in appendix C.

Modes of Investment Transactions

Data collected by the Office of Trade and Investment Analysis indicate that companies owned or controlled by foreign governments relied primarily on acquisition as a means of gaining a U.S. production base. Acquisitions are more numerous than joint ventures, equity increases, or plant expansions probably because the foreign firm gains the most. Purchasing an established company, the foreign parent acquires not only the assets of the U.S. business but also frequently acquires knowledge of the U.S. market, an established market share, and any industrial technology used by the firm. Table 5 shows the various modes of investment.

More than half of the direct investment transactions identified from 1974 through 1981 took the form of either an acquisition or an acquisition/merger. These forms of investment accounted for 64 transactions; 44 values were available in this category. They had a total value of \$7.5 billion, which represents more than 80 percent of the total value figure.

TABLE 5
Mode of Investment by Foreign Government Source Country
Completed Transactions, 1974-81

<u>Country</u>	<u>Total No. of Completed Transactions</u>	<u>No. of Transactions With Known Values</u>	<u>Total Value of Transactions (\$ Millions)</u>
TOTAL ALL COUNTRIES	124	70	9,268.0
Acquisitions/Mergers	64	44	7,509.7
Equity Increases	7	5	239.6
Plant Constructions/Expansions	18	14	899.7
Joint Ventures	8	3	626.5
Other	27	4	92.5
CANADA			
Total	11	9	388.1
Acquisitions/Mergers	3	2	36.0
Equity Increases	2	2	57.1
Plant Constructions/Expansions	4	4	293.5
Joint Ventures	1	1	1.5
Other	1	0	0
FRANCE			
Total	24	14	3,130.2
Acquisitions/Mergers	18	10	2,939.7
Equity Increases	2	2	172.5
Plant Constructions/Expansions	2	2	18.0
Joint Ventures	2	0	0
Other	0	0	0
JAPAN			
Total	1	0	0
Acquisitions/Mergers	0	0	0
Equity Increases	0	0	0
Plant Constructions/Expansions	0	0	0
Joint Ventures	0	0	0
Other	1	0	0
THE NETHERLANDS			
Total	1	0	0
Acquisitions/Mergers	0	0	0
Equity Increases	0	0	0
Plant Constructions/Expansions	0	0	0
Joint Ventures	0	0	0
Other	1	0	0

TABLE 5 Cont'd.
 Mode of Investment by Foreign Government Source Country
 Completed Transactions, 1974-81

<u>Country</u>	<u>Total No. of Completed Transactions</u>	<u>No. of Transactions With Known Values</u>	<u>Total Value of Transactions (\$ Millions)</u>
UNITED KINGDOM			
Total	28	20	1,704.0
Acquisitions/Mergers	18	15	1,606.8
Equity Increases	2	0	0
Plant Constructions/Expansions	4	4	47.2
Joint Ventures	0	0	0
Other	4	1	50.0
WEST GERMANY			
Total	17	7	582.5
Acquisitions/Mergers	7	3	249.0
Equity Increases	0	0	0
Plant Constructions/Expansions	6	2	304.0
Joint Ventures	0	0	0
Other	4	2	29.5
OPEC*			
Total	17	10	2,833.2
Acquisitions/Mergers	9	7	2,560.2
Equity Increases	1	1	10.0
Plant Constructions/Expansions	0	0	0
Joint Ventures	1	1	250.0
Other	6	1	13.0
ALL OTHER COUNTRIES			
Total	25	10	630.0
Acquisitions/Mergers	9	7	118.0
Equity Increases	0	0	0
Plant Constructions/Expansions	2	2	137.0
Joint Ventures	4	1	375.0
Other	10	0	0

* The Organization of Petroleum Exporting Countries (OPEC) members included here are Algeria, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, and Venezuela.

Source: U.S. Department of Commerce
 Office of Trade and Investment Analysis
 March 1982

Companies in which the Governments of France and the United Kingdom hold shares accounted for more than half of the acquisitions and acquisitions/mergers identified (18 each). Twenty-five of these completed investments had a total value of about \$4.6 billion.

Firms with West German Government ownership had the second largest number of acquisitions (seven), with three known transaction values totaling \$249 million.

The second most frequent form of investment was in plant constructions or plant expansions. There were 18 transactions of this type, and 14 of them had a total value of \$899.7 million. West German companies had the most investments (six), with available value data for only two of them totaling \$304 million.

British firms had the second largest number of plant construction/expansions, five, with four reported values totaling \$47.2 million.

Joint ventures were the third most utilized mode of investment. There were eight joint ventures identified, three of which had a total value of \$626.5 million. This form of investment was widely distributed among foreign government investors, as were equity increases.

Other investment modes such as a new branch, office, outlet, subsidiary, or real estate construction accounted for 27 transactions, 4 of which had a total value of \$92.5 million.

Geographic Distribution of Investment

The availability of labor and location of rail or port facilities for transporting finished products are some of the factors influencing foreign firms investing in the United States. Foreign direct investment is thus widely distributed throughout the country. This is also true of investments made by foreign companies owned or controlled by foreign governments.

The geographic distribution of these investments is presented in table 6. In the case of an acquisition, the headquarters site is listed since the foreign investor is purchasing either partial or total ownership of the entire U.S. company. For example, Renault's 1981 acquisition of White Motor Corp. lists Ohio, White Motor Corp.'s headquarters site as the investment location (see appendix B). An investment in the establishment of a new bank agency, office, distribution center or plant, or the expansion of an existing plant is listed by the site of the new or expanded plant, office, etc. In 1980 Volkswagen of America Inc., for example, made three investments in three separate locations: a plant expansion in West Virginia, a new plant in Texas, and a new office in Georgia.

TABLE 6
 Geographic Distribution of Direct Investment
 in the United States by Foreign Companies Owned
 or Controlled by Foreign Governments, 1974-81

<u>Region/State</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
Total	147	124	70	\$9,268.0
New England:	7	6	4	3,495.2
Connecticut	6	6	4	3,495.2
Massachusetts	1	0	0	0
Middle Atlantic:	30	26	13	217.4
New Jersey	5	3	2	13.3
New York	19	17	7	148.8
Pennsylvania	6	6	4	55.3
South Atlantic:	33	30	18	531.2
District of Columbia	5	5	3	27.0
Florida	3	3	3	78.0
Georgia	6	6	3	21.5
North Carolina	5	5	2	1.2
South Carolina	2	1	1	17.4
Virginia	6	4	2	5.4
West Virginia	6	6	4	380.7
East North Central:	14	11	5	555.9
Illinois	2	1	0	0
Indiana	1	1	0	0
Michigan	2	2	2	467.5
Ohio	7	5	3	88.4
Wisconsin	2	2	0	0
West North Central	2	2	1	245.0
Kansas	1	1	1	245.0
Missouri	1	1	0	0
East South Central:	4	3	3	751.5
Alabama	1	1	1	274.0
Kentucky	3	2	2	477.5
West South Central:	25	23	12	463.0
Louisiana	4	3	3	379.8
Texas	21	20	9	83.2

TABLE 6 Cont'd.
 Geographic Distribution of Direct Investment
 in the United States by Foreign Companies Owned
 or Controlled by Foreign Governments, 1974-81

<u>Region/State</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
Total				
West/Mountain:	9	4	2	51.5
Arizona	1	0	0	0
Colorado	5	2	2	51.5
Wyoming	3	2	0	0
West/Pacific:	23	19	12	2,957.3
Alaska	4	4	3	97.1
California	17	14	8	2,844.8
Hawaii	1	0	0	0
Washington	1	1	1	15.4

Source: U.S. Department of Commerce
 Office of Trade and Investment Analysis
 March 1982

Table 6 shows direct investments by foreign government-owned or -controlled firms were located in 29 of the 50 states and in the District of Columbia at the close of 1981. More than 44 percent of these investments were concentrated in the South Atlantic area in some of the Sunbelt states (Georgia, North Carolina, South Carolina) and in the industrialized states of the Middle Atlantic area (New York and Pennsylvania.), that have traditionally attracted the largest number of foreign investments.

States in ranking order by number of transactions were Texas with 20 completed transactions; New York, 17 transactions; and California, 14 transactions. Much of the attraction of Texas and California can be attributed to the recent interest in minerals exploration, particularly petroleum, both onshore and offshore in these areas. New York, a cornerstone of the industrial Northeastern United States, has drawn foreign investors since colonial times.

The states that attracted the highest dollar amount of investment by foreign government-owned or -controlled companies were Connecticut with \$3.5 billion and California with \$2.8 billion. These very large figures are explained by the fact that these two states are headquarters for three companies involved in major transactions. Connecticut is the headquarters of Texasgulf Inc. (a \$2.5 acquisition by the French Government through Elf Aquitaine) and of Kennecott Corp. (a \$938.1 million acquisition by the British Petroleum Co. Ltd., majority held by the British Government, through Standard Oil Co. of Ohio). California is the headquarters of Santa Fe International Corp. (a \$2.5 billion acquisition by the Kuwait Government through Kuwait Petroleum Corp.).

Industrial Concentration of Investment

Direct investment by foreign firms with government ownership or control occurs in virtually all the broad sectors of the U.S. economy, but as is the case with foreign direct investment in general, its role in each is relatively small. Table 7 indicates by sector the frequency and value of investment by companies owned or controlled by foreign governments.

Mining--The mining sector attracted the major share (35 percent, 44 cases) of completed investment transactions by foreign government-controlled companies. Values reported for 30 transactions totaled \$7.3 billion, 79 percent of the total recorded value.

TABLE 7
Industrial Distribution of Direct Investment in the United States
by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
	Total		147	124	70	9,268.0
	Mining		54	44	30	7,311.0
10	Metal Mining		11	9	6	3,499.5
		Canada	4	3	3	58.6
		France	5	4	1	2,500.0
		United Kingdom	2	2	2	940.9
12	Bituminous Coal & Lignite Mining		11	9	8	879.0
		France	3	3	2	7.9
		United Kingdom	2	2	2	333.8
		West Germany	2	2	2	129.0
		Other	4	2	2	408.3
13	Oil & Gas Extraction		26	21	11	2,932.5
		Canada	2	2	1	1.0
		France	7	6	4	328.6
		United Kingdom	9	6	5	102.1
		West Germany	1	1	0	0
		OPEC 1/	4	3	1	2,500.8
		Other	3	3	0	0
	Manufacturing		48	42	23	1,295.0
20	Food & Kindred Products		1	1	0	0
		West Germany	1	1	0	0

TABLE 7 Cont'd.
 Industrial Distribution of Direct Investment in the United States
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
26	Paper & Allied Products		1	1	1	274.0
		Canada	1	1	1	274.0
28	Chemicals & Allied Products		7	5	2	3.8
		Canada	2	2	1	0.6
		France	3	2	1	3.2
		OPEC	1	1	0	0
	Other	1	0	0	0	
29	Petroleum & Coal Products		5	3	1	10.6
		France	1	1	0	0
		United Kingdom	3	2	1	10.6
		OPEC	1	0	0	0
32	Stone, Clay & Glass Products		4	2	2	18.9
		Canada	2	2	2	18.9
		France	1	0	0	0
		United Kingdom	1	0	0	0
33	Primary Metal Industries		4	3	2	137.0
		United Kingdom	1	0	0	0
		OPEC	1	1	0	0
		Other	2	2	2	137.0

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TABLE 7 Cont'd
 Industrial Distribution of Direct Investment in the United States
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
34	Fabricated Metal Products		3	3	1	0.6
		West Germany	2	2	0	0
		OPEC	1	1	1	0.6
35	Machinery, except Electrical		6	6	4	167.0
		Canada	1	1	1	35.0
		France	1	1	0	0
		United Kingdom	1	1	1	8.0
		West Germany	3	3	2	124.0
36	Electric & Electronic Equip.		2	2	1	50.0
		United Kingdom	1	1	1	50.0
		West Germany	1	1	0	0
37	Transportation Equipment		13	13	9	633.1
		France	4	4	4	260.5
		United Kingdom	2	2	1	30.0
		West Germany	5	5	3	329.5
		Other	2	2	1	13.1
38	Instruments & Related Prods.		1	1	0	0
		Other	1	1	0	0
39	Misc. Mfg. Industries		1	1	0	0
		United Kingdom	1	1	0	0

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TABLE 7 Cont'd.
 Industrial Distribution of Direct Investment in the United States
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
	<u>Transportation & Public Utilities</u>		2	2	1	3.8
41	Local & Interurban Passenger Transit		1	1	0	0
		The Netherlands	1	1	0	0
45	Transportation by Air		1	1	1	3.8
		United Kingdom	1	1	1	3.8
	<u>Wholesale Trade</u>		11	10	1	25.0
50	Wholesale Trade-Durable Goods		7	6	0	0
		France	0	0	0	0
		United Kingdom	2	1	0	0
		West Germany	2	2	0	0
		OPEC	1	1	0	0
		Other	2	2	0	0
51	Wholesale Trade-Nondurable Goods		4	4	1	25.0
		France	1	1	1	25.0
		OPEC	1	1	0	0
		Other	2	2	0	0
	<u>Retail Trade</u>		5	3	1	57.0
55	Automotive Dealers & Serv. Stations		3	2	1	57.0

TABLE 7 Cont'd.
 Industrial Distribution of Direct Investment in the United States
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
		United Kingdom	1	0	0	0
		Other	2	2	1	57.0
58	Eating & Drinking Places		1	0	0	0
		Other	1	0	0	0
59	Misc. Retail		1	1	0	0
		Other	1	1	0	0
	<u>Finance Insurance & Real Estate</u>		21	20	14	526.4
60	Banking		3	3	0	0
		Other	3	3	0	0
65	Real Estate 2/		18	17	14	526.4
		United Kingdom	5	5	4	200.0
		OPEC	7	6	6	311.8
		Other	6	6	4	14.6
	<u>Services</u>		12	9	5	49.8
70	Hotels & Other Lodging Places		3	2	2	20.0
		France	1	0	0	0
		OPEC	2	2	2	20.0
73	Business Servs.		7	6	3	29.8
		France	2	2	1	5.0
		Japan	1	1	0	0
		United Kingdom	4	3	2	24.8

TABLE 7 Cont'd.
 Industrial Distribution of Direct Investment in the United States
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>SIC Number</u>	<u>Industry</u>	<u>Country</u>	<u>Total No. of Transactions</u>	<u>No. of Completed Transactions</u>	<u>No. of Completed Transactions With Known Values</u>	<u>Total Value of Completed Transactions (\$ Millions)</u>
89	Misc. Services		1	0	0	0
		West Germany	1	0	0	0
99	Non-Profit Organizations		1	1	0	0
		OPEC	1	1	0	0

1/ The Organization of Petroleum Exporting Countries (OPEC) included in this table are Algeria, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, and Venezuela.

2/ Includes realty companies, property acquisitions, developments, and constructions.

Source: U.S. Department of Commerce
 Office of Trade and Investment Analysis
 March 1982

This unusually large value figure is explained by the fact that two transactions accounted for \$5 billion of the total. However, even without these two cases, the mining sector is still slightly ahead of manufacturing, both in terms of the number of transactions completed and total dollar value. This pattern differs noticeably from that of foreign direct investment in general, which continues to have the major share of its transactions in the manufacturing sector.

The most rapid increase in completed transactions identified during 1974-81 was in the mining sector, primarily in the oil and gas extraction subsector (SIC 13). Twenty-one transactions had 11 known values totaling \$2.9 billion. The recent increase in investor interest in this subsector has been encouraged by reduced regulation, greater investment tax incentives, and the availability of new lands for exploration and development.

Two companies with substantial British and French Government ownership accounted for 57 percent of the oil and gas transactions. The British Government, through its holdings in the British Petroleum Co. Ltd. (which has the controlling interest in Sohio), accounted for six transactions with five available values of \$102.1 million. The French Government, through its controlling interest in Societe Nationale Elf Aquitaine S.A. and in Compagnie Francaise des Petroles, also accounted for six transactions that had known values of \$328.6 million.

The largest recorded transaction in this industry was the Government of Kuwait's acquisition of California-based Santa Fe International Corp. through its wholly owned Kuwait Petroleum Corp. for \$2.5 billion in 1981. The second largest acquisition was the \$245 million purchase of Vickers Petroleum Corp., Wichita, Kansas, by Total Petroleum (North America) Ltd., a Canada-based member of the Total Group of Paris, the majority ownership of which is held by Compagnie Francaise des Petroles.

The metal mining subsector (SIC 10) had the largest total value recorded for any industry. Companies with foreign government ownership or control completed nine transactions which had six available values totaling \$3.5 billion. Elf Aquitaine and Canada Development Corp. were the most visible investors in this industry, accounting for about 78 percent of the activity, thanks largely to their holdings in Texasgulf Inc.

The largest transaction recorded was Elf Aquitaine's acquisition of 63.1 percent of Texasgulf Inc. for \$2.5 billion.^{4/} The second largest was the 1981 acquisition of Kennecott Corp. by the British Petroleum Co. Ltd. through its holdings in Sohio. BP's share of the transaction amounted to \$938.1 million.

^{4/} The remaining 36.9 percent of Texasgulf was acquired by Elf Aquitaine from Canada Development Corp. in early 1982.

Foreign companies also expanded their role in the U.S. coal mining industry (SIC 12). Firms with British, French, and West German Government ownership accounted for a majority of the nine completed cases identified, eight of which had a total value of \$879 million. Often these firms took equity positions in U.S. coal companies, or acquired U.S. coal acreage, or set up U.S. joint ventures with the objective of exporting the coal produced.

The coal mining industry had several noteworthy transactions. The largest of these was a 1981 joint venture between Ente Nazionale Idrocarburi (ENI), Italy's state-owned petroleum company, and Occidental Petroleum Co. Known as Enoxy, the Kentucky-based company, is a 50-50 partnership to which ENI contributed \$375 million.

A second transaction was Sohio's purchase of the Crystal Block mine near Williamson, West Virginia, along with coal reserves in Illinois, Pennsylvania, Utah, and West Virginia from U.S. Steel Corp. BP's share of this 1981 deal was worth \$318 million.

Also in 1981, Ashland Coal Inc. acquired a foreign government-owned partner when Saarberg Coal International G.m.b.H., a subsidiary of Saarbergwerke A.G., acquired a 25 percent share in the Kentucky-based firm. Saarbergwerke, a major West German coal producer, is held 74 percent by the Government of West Germany and 24 percent by the West German State of Saarland.

Manufacturing--The manufacturing sector had the second largest number of investments by companies with foreign government ownership. This sector recorded 42 completed transactions with 23 available values totaling about \$1.3 billion.

Investors were most active in the transportation equipment (SIC 37) subsector, which recorded 13 transactions (all of which were completed); nine available values totaled \$633.1 million. The leading investor countries were West Germany, France, and the United Kingdom in that order. Together they accounted for 11 transactions.

Volkswagenwerke A.G., 40 percent owned by the West German Government, has been extremely active in the U.S. automotive industry in recent years. The Office of Trade and Investment Analysis identified five transactions undertaken by its U.S. subsidiary Volkswagen of America Inc. from 1974 through 1981. Three of them reported values that totaled \$329.5 million. The bulk of this amount is accounted for by Volkswagen's 1981 investment in a new, \$300 million Michigan plant, the largest transaction in the entire transportation sector.

Regie Nationale des Usines Renault, 92 percent owned by the French Government, is another foreign automotive concern that has established a highly visible profile in the U.S. market within the last 2 or 3 years. In 1980, Renault increased its equity in American Motors Corp. to 46.4 percent from 4.7 percent at a cost of \$167.5 million, and in 1981, acquired White Motor Co., an Ohio truck manufacturer, for \$75 million.

In the aircraft industry, the French state-owned Societe Nationale Industrielle Aerospatiale's U.S. subsidiary, Aerospatiale Helicopter Corp., opened a new plant in Texas for \$17 million in 1979, and last year had a \$1 million expansion of that same plant.

Rolls Royce Ltd., the British state-owned producer of automobiles and aircraft engines, is active primarily in the U.S. aircraft industry. Rolls Royce Engineering in Georgia and Rolls Royce Aerospace Inc. in Florida are two of its subsidiaries involved in the design and manufacture of aircraft engines in this country.

The machinery industry (SIC 35) was the second most attractive area in the manufacturing sector. There were six completed transactions with four known values totaling \$167 million. West German companies were the most active foreign investors with three completed cases, two of which had a \$124 million value. The largest transaction in this industry was the 1979 acquisition of Pertec Computer Corp. of California by Volkswagen for \$120 million.

The finance, insurance, and real estate sector also attracted a significant amount of investor interest. Twenty completed cases were identified from 1974 through 1981. Fourteen of these cases had a total value of \$526.4 million. The real estate subsector (SIC 65)^{5/} was the most popular both in terms of transaction numbers and total value with companies beneficially owned by the Governments of Iran, Kuwait, and the United Kingdom. These companies accounted for about 65 percent of the transactions. Real estate had 17 completed cases with 14 available values totaling just over \$526 million. The largest real estate transaction on record was the 1976 \$250 million Canal Place joint venture between Joseph Canizaro, a Louisiana developer, and Bank Omran of Iran. Second largest was the 1979 acquisition of California properties by Britain's National Coal Board for \$144.2 million.

Both the wholesale trade and services sectors attracted some interest from foreign investor companies controlled by the Governments of France, West Germany, and the United Kingdom. These two sectors recorded 19 completed cases with 6 values totaling \$74.8 million. Activity in these industries appears to be growing, but financial details are meager.

^{5/} Includes investments in realty companies, property acquisitions, developments and constructions.

Major Investments

More than 10 percent of the investments by foreign companies with government ownership from 1974 through 1981 were judged to be of special interest for reasons of size, historical importance, political implications, or public interest. Table 8 shows that all 14 transactions had individual values surpassing \$100 million, and two-thirds of them had values of more than \$200 million.

The total value for these transactions was almost \$8.2 billion. They accounted for 90 percent of the total completed case value.

All of these transactions took place from 1976 through 1981. Thirteen of them occurred from 1979 through 1981, the fact of which indicates a relatively recent escalation of large direct investments in the United States by foreign government-owned or controlled firms.

Three major industrial countries were the primary source of these foreign direct investments between 1974 and 1981. France, the United Kingdom, and West Germany, with a total of nine transactions (three each), accounted for almost 70 percent of these investments. Their total value is \$4.8 billion. Three companies with French Government ownership accounted for the largest amount of investment, \$2.9 billion. Two British entities had three significant investments worth \$1.4 billion.

In more than half of the investments identified (nine), the foreign government has a majority interest (more than 50 percent) in the foreign parent. Moreover, five of the foreign owners of record are wholly government-owned entities. They are the Bank Omran (Iran), Ente Nazionale Idrocarburi (Italy), Kuwait Petroleum Corp. (Kuwait), The National Coal Board (United Kingdom), and Voest-Alpine A.G. (Austria).

Canal Place, a real estate joint venture valued at \$250 million, was the largest foreign direct investment identified in 1976.^{6/}

Santa Fe International and Texasgulf both evoked public interest and comment in 1981. They were both \$2 billion plus investments, some of the largest acquisitions of U.S. firms by foreign companies on record. Moreover, many individuals concerned about U.S. dependence on foreign energy sources were interested because both firms are in the minerals sector, as are Vickers Petroleum Corp., Enoxy, the Crystal Block Mine, Kennecott Corp., and Ashland Coal Inc.

^{6/} Further details of the Canal Place investment are discussed in the section of the report on aborted investment transactions.

Table 8 shows that these transactions of special interest followed the same pattern as other investments made by foreign companies with government ownership. Half of them (seven) were in the mining sector with five of those energy related in either the petroleum or the coal industry. The mining transactions had a value of almost \$7 billion.

There also has been widespread interest and debate about the U.S. automotive industry; American Motors and Volkswagen of America were two significant investments in this sector. They accounted for 47 percent of the \$990 million total value assigned to the five major manufacturing transactions. Two real estate industry investments accounted for \$394 million.

Geographically, California accounted for three transactions; Connecticut, Kentucky, Louisiana, and Michigan had two transactions each. Regionally, the Western Pacific and Sunbelt areas were equally as popular and accounted for a total of six major transactions.

The majority of these transactions (eight) were acquisitions; they had a total value of about \$6.9 billion, 74 percent of the completed case total value. New plants/plant expansions was the second most numerous transaction mode (three) and had a total value of \$702 million. Joint ventures (two) was the third mode of investment most frequently utilized in these large investments and carried a total value of \$625 million.

The Governments of Canada, France, and Kuwait participated in the largest transactions by government-owned or -controlled firms on record. The partial acquisition of Texasgulf Inc. (a Stamford, Connecticut mining, oil and gas, and chemicals firm) by Societe Nationale Elf Aquitaine (SNEA), 67 percent held by the Government of France, and the purchase of Santa Fe International Corp. (a California-based oil and gas field services firm) by Kuwait Petroleum Corp. (KPC), the state-owned oil company, both took place in 1981.

Several U.S. mining and petroleum companies were being sought by foreign firms in the summer of 1981. Prominent among these foreign firms was Elf Aquitaine, which tendered \$56 per share for the publicly held two-thirds of Texasgulf. Canada Development Corp. (CDC), a Canadian Government-controlled holding company, controlling the largest block of Texasgulf shares (36.9 percent), agreed to trade its holdings and pay about \$450 million to Elf in exchange for Texasgulf's Canadian assets. Those assets included the Kidd Creek mine near Timmons, Ontario, which produces zinc, copper, and silver; interests in oil and gas, and timber properties; three sulphur

TABLE 8
Major Direct Investment Transactions in the United States
by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner of Record/% of Gov. Ownership</u>	<u>Value of Transaction (\$ Millions)</u>	<u>Type of Transaction</u>	<u>Year of Investment</u>
Austria	Bayou Steel Corp.	LA	33 Billets & Blooms	Voest-Alpine A.G. (et al) (100%)	128.0	NP (100%)	1979
Canada	MacMillan Bloedel Inc.	AL	26 Pulp & Paper	MacMillan Bloedel Ltd. (1%)	274.0	PE (100%)	1981
France	American Motors Corp.	MI	37 Motor Vehicles	Regie Nationale des Usines Renault (92%)	167.5	EI (4.7% to 46.4%)	1980
	Texasgulf Inc.	CT	10 Mining	Societe Nationale Elf Aquitaine S.A. (67%)	2,500.0	Acq (63.1%)	1981
	Vickers Petroleum Corp.	KS	13 Oil/Gas Drilling	Cie Francaise des Petroles (CFP) (35%)	245.0	Acq (100%)	1980
Iran	Canal Place	LA	65 Real Estate	Bank Omran (100%)	250.0	JV (50%)	1976
Italy	Enoxy	KY	12 Coal Mining	Ente Nazionale Idrocarburi (ENI) (100%)	375.0	JV (50%)	1981
Kuwait	Santa Fe International Corp.	CA	13 Oil/Gas Field Services	Kuwait Petroleum Corp. (KPC) (100%)	2,500.8	Acq (100%)	1981
United Kingdom	Continental Illinois Properties	CA	65 Real Estate	National Coal Board (100%)	144.2	Acq (100%)	1979
	Crystal Block Mine	WV	12 Coal Mining	The British Petroleum Co., Ltd. (39%)	318.0	Acq (100%)	1981
	Kennecott Corp.	CT	10 Copper Mining	The British Petroleum Co., Ltd. (39%)	938.1	Acq (100%)	1981

TABLE 8 Cont'd.
Major Direct Investment Transactions in the United States
by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner of Record/% of Gov. Ownership</u>	<u>Value of Transaction (\$ Millions)</u>	<u>Type of Transaction</u>	<u>Year of Investment</u>
West Germany	Ashland Coal Inc.	KY	12 Coal Mining	Saarbergwerke A.G. (98%)	102.5	Acq (25%)	1981
	Pertec Computer Corp.	CA	35 Computers	Volkswagenwerke A.G. (40%)	120.0	Acq (100%)	1979
	Volkswagen of America, Inc.	MI	37 Motor Vehicles	Volkswagenwerke A.G. (40%)	300.0	NP (100%)	1981

Key: Transaction Type/Status

Acq - Acquisition
EI - Equity Increase
JV - Joint Venture
NP - New Plant
PE - Plant Expansion

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982

recovery plants; and a 40 percent stake in the Allan potash mines in Saskatchewan. In addition, Elf agreed to sell all of its holdings (75 percent) in Aquitaine Co. of Canada, an oil production company, for about \$1 billion to CDC, making the entire transaction worth almost \$5.4 billion when totally completed.^{7/}

The Committee on Foreign Investment in the United States, an interagency foreign investment monitoring group, reviewed the proposed acquisition during the tender offer period. However, a Committee request to Elf for a delay of the investment until completion of a review of the acquisition's implications for U.S. national interests was denied. In addition, Elf filed lawsuits in Federal courts in Louisiana, Nebraska, and Utah to enjoin the use of those states' takeover laws to delay its tender offer.

In October 1981, Kuwait Petroleum Corp. and Santa Fe International Corp. jointly announced that Kuwait had agreed to acquire the Alhambra, California oil driller and producer for \$51 for each of 49 million shares outstanding or \$2.5 billion.

Shortly after the tender offer, Rep. Benjamin S. Rosenthal (D-NY), Chairman of the House Subcommittee on Commerce, Consumer, and Monetary Affairs of the Government Operations Committee, requested that the Securities Exchange Commission (SEC) suspend trading in Santa Fe's stock and options while it investigated charges of insider trading. He also requested that the Committee on Foreign Investment in the United States ask Kuwait to hold further action on the acquisition, pending a review by the Committee. Before the Santa Fe transaction was completed in December 1981, it was reviewed by the Committee on Foreign Investment to determine what implications the acquisition would have for U.S. national interests, and by the Justice Department for antitrust implications. The SEC, the Pacific Stock Exchange, and the New York Stock Exchange looked into charges of insider trading in options.

Moreover, the House Subcommittee on Commerce, Consumer, and Monetary Affairs held a series of hearings that addressed the issues of national security, insider trading, and the transfer of nuclear technology to a foreign power. The latter concern arose because Santa Fe is the parent company of C.F. Braun and Co., a major architectural engineering firm that had worked on several defense-related projects involving nuclear technology.

^{7/} The total value of the Texasgulf acquisition was \$4 billion. As of yearend 1981, Elf Aquitaine held 63.1 percent of the natural resources firm.

In December 1981, the Committee on Foreign Investment in the United States advised the House Subcommittee on Commerce, Consumer, and Monetary Affairs that Kuwait Petroleum Corp.'s acquisition of Santa Fe International did not have significant negative implications for U.S. national interests. The Justice Department found no antitrust implications in the transaction and waived the remainder of the required waiting period. The Energy Department retrieved all sensitive documents from Santa Fe International's C. F. Braun subsidiary. Shortly thereafter, Braun decided to withdraw from its defense-related nuclear work. At yearend 1981, the SEC investigation of alleged insider trading prior to the announcement of the Santa Fe International acquisition was still continuing.^{8/}

With the acquisition of Santa Fe International, Kuwait became the first of the OPEC countries to acquire a major domestic U.S. energy company,^{9/} an investment that moves Kuwait Petroleum Corp. toward its stated goal of vertical integration--the capacity to do everything from exploring for oil through pumping it, refining it, and selling the refined products.

This transaction is the third in a series of 1981 direct investments in the U.S. oil industry by Kuwait Petroleum Corp. Kuwait also has contributed \$50 million for a joint U.S. oil exploration venture with AZL Resources Inc., a Phoenix, Arizona energy firm, and \$185 million for a joint venture with Pacific Resources Inc. that will give Kuwait 50 percent ownership of the Hawaiian company's Hawaiian Independent Refinery Inc. subsidiary. Neither transaction was completed at yearend 1981.

Fortune 500 Companies

Foreign corporations owned or controlled by foreign governments are active in most economic sectors of the U.S. economy. Inevitably, some of that investment goes into U.S. Fortune 500 companies or into ventures with U.S. Fortune 500 companies. Table 9 provides a listing of foreign investment in or with Fortune 500 companies from 1974 through 1981.

^{8/} In 1982, the SEC charged several individuals, including some Santa Fe International employees, with insider trading.

^{9/} The total acquisition of Aramco (Arabian-American Oil Co.) (1973-80) is not included here because the transaction was not foreign direct investment in the United States. The Saudi Arabian Government acquired only the assets of the U.S. company's foreign branch.

TABLE 9
Direct Investment Related to U.S. Fortune 500 Companies
by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

Government of	Foreign Investor	U.S. Company	SIC No./ U.S. Industry	Ownership/ Participation % of For. Investor	Assets (\$ Millions)	Sales (\$ Millions)	Employees	Fortune 500 Rank 1980	1979	No. of Transactions/ U.S. Co. (\$ Millions)
Canada	Canada Development Corp. (CDC)	Texasgulf Inc.	10 Mining	36.9 <u>1/</u>	\$2,010.4	\$1,090.1	6,480	286	329	7/60.2 <u>2/</u>
France	Regie Nationale des Usines (Renault)	American Motors Corp.	37 Automobiles	46.4	1,029.0	2,552.6	21,400	155	109	1/167.5
	Regie Nationale des Usines (Renault)	White Motor Co.	37 Trucks	100.0	547.7	800.0	9,685	350	248	1/75.0
	Entreprise de Recherches et D'Activites Petrolieres (ERAP) (through Societe Nationale Elf-Aquitaine SA)	Texasgulf Inc.	10 Mining	63.1	2,010.4	1,090.1	6,480	286	329	1/2,500.0
Italy	Ente Nazionale Idrocarburi (ENI)	Occidental Petroleum Co. (through Enoxy Joint Venture)	13 Oil/Gas Expl. Drilling	50.0	6,629.9	12,476.1	34,700	20	21	1/375.0
	Ente Nazionale Idrocarburi (ENI)	Texaco Inc. (through Joint Venture)	13 Oil/Gas Expl. & Drilling	NA	26,430.4	54,195.8	66,745	4	5	1/NA
Kuwait	Kuwait Petroleum Corp. (KPC)	Pacific Resources Inc. (through Hawaiian Independent Refinery Joint Venture)	29 Petroleum Refining	50.0	349.1	837.0	707	341	423	1/185.0 <u>3/</u>

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TABLE 9 Cont'd.
 Direct Investment Related to U.S. Fortune 500 Companies
 by Foreign Companies Owned or Controlled by Foreign Governments, 1974-81

<u>Government of</u>	<u>Foreign Investor</u>	<u>U.S. Company</u>	<u>SIC No./ U.S. Industry</u>	<u>Ownership/ Participation % of For. Investor</u>	<u>Assets (\$ Millions)</u>	<u>Sales (\$ Millions)</u>	<u>Employees</u>	<u>Fortune 500 Rank</u>		<u>No. of Transactions/ U.S. Co. (\$ Millions)</u>
								<u>1980</u>	<u>1979</u>	
United Kingdom	The British Petroleum Co. Ltd. (BP)	Kennecott Corp.	10 Mining	53.0	3,231.4	2,255.8	35,000	169	143	2/940.9
	The British Petroleum Co. Ltd. (BP)	Standard Oil Co. (Ohio)	29 Petroleum Refining	53.0	12,080.1	11,023.2	22,938	23	32	18/1,590.5 <u>4/</u>

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- 1/ Elf Aquitaine will acquire Canada Development Corp.'s holdings in 1982 when takeover is scheduled for completion.
2/ Six transactions were completed and five had values totaling \$60.2 million.
3/ This transaction was pending at yearend 1981.
4/ Thirteen transactions were completed and 12 had values totaling \$1,590.5 million.

Source: Fortune May 4, 1981
 U.S. Department of Commerce
 Office of Trade and Investment Analysis
 March 1982

During this period, the governments of five countries--Canada, France, Italy, Kuwait, and the United Kingdom--invested through wholly or majority-owned corporate entities in, undertook joint ventures with, or had a share of investments made by eight Fortune 500 companies. These companies had total 1980 sales of \$85.2 billion and 1980 assets worth \$52.3 billion. They employed 197,655 individuals.

Investments by foreign government-owned or -controlled companies in or with the eight Fortune 500 companies accounted for 33 transactions, about 22 percent of all transactions identified. Twenty-six of the transactions were completed and 24 of them had a total value of \$5.7 billion.

Two companies--both natural resources firms--accounted for most of the Fortune 500 transactions on the list. Standard Oil Co. of Ohio (Sohio) had the most (18). Twelve of them were completed, and 10 had a value of \$1.4 billion. Two additional transactions were shared by Sohio and another Fortune 500 company--Kennecott Corp. Sohio acquired the copper producer in 1981 and is, therefore, its U.S. parent company.

Texasgulf Inc. had the second highest transaction tally. This natural resources company had eight transactions, seven of which were completed. Five completed values were available; they were worth \$2.6 billion. Moreover, Texasgulf was unique in the data population because it was the only U.S. company owned by two foreign governments--Canada and France.

Following the investment pattern described earlier, half of the companies listed are natural resources companies--Kennecott Corp., Occidental Petroleum Co., Texaco Inc., and Texasgulf Inc. Also, half of the companies are petroleum or petroleum refining companies--Occidental Petroleum Co., Pacific Resources Inc., Texaco Inc., and Texasgulf. Two companies--American Motors Corp. and White Motor Co.--are motor vehicle manufacturers.

Six of the eight companies had 1980 sales of more than \$1 billion and rose in the Fortune 500 rank between 1979 and 1980. The two that lost ground in the ratings were the automotive manufacturing firms.

These eight Fortune 500 companies accounted for 24 transactions, about 16 percent of all the transactions identified.

Three Aborted Investment Transactions

Each aborted investment transaction has its own story. So it is with three prominent examples of uncompleted foreign investment ventures in which four foreign governments had a role. Table 10 lists these transactions. They are (1) Canal Place/Government of Iran (1976), (2) Solvent Refined Coal II Process Plant (SRC II)/Governments of Japan and West Germany (1979),^{10/} and (3) Getty Oil Co./Government of Kuwait (1980).

These investment failures followed a pattern similar to that of completed U.S. investments by foreign companies with government ownership. They were all in industry sectors that attracted investment by these companies; two were in energy and one was in real estate. They were all potentially large investments; two involved more than \$500 million each and the third, more than \$200 million.

Three of the four governments involved--Iran, Kuwait, and West Germany--are shareholders in foreign companies that completed substantial investments or had extensive holdings in the United States during this 8-year period.

Nevertheless, circumstances were such that a revolution, escalating costs, and a rejected offer resulted in two cancelled joint ventures and a rejected acquisition bid.

Canal Place--In 1976 Bank Omran, at that time wholly owned by the Pahlavi Foundation (itself controlled by Shah Mohammed Reza Pahlavi and his family), undertook a 50-50 joint venture real estate development project (Canal Place) with Louisiana real estate developer Joseph O. Canizaro. Located in New Orleans, this \$500 million project, is a multi-use complex which features hotels, offices, and stores.

Bank Omran was brought into the project by First National City Bank. Bank Omran representatives listed the economic stability of New Orleans and the sound return on their investment as reasons for choosing to participate in the Canal Place project.

^{10/} The Solvent Refined Coal II plant transaction, while listed in the appendix B table, is not included in final data calculations because the joint venture agreement was cancelled and the entire project was terminated.

TABLE 10
 Aborted Direct Investment Transactions in the
 United States by Foreign Companies Owned or Controlled
 By Foreign Governments, 1974-81

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner of Record/Bidder/% of Gov. Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Year of Transaction</u>	<u>Year of Transaction Cancellation/Failure</u>
Iran	Canal Place	LA	65 Real Estate	Bank Omran (100%)	250.0	JV (50%)	1976	1979
Japan	Solvent Refined Coal Process Plant II (SRC II)	WV	29 Coal Liquefaction	Government of Japan (25%)	350.0	JV (25%)	1979	1981
West Germany	Solvent Refined Coal Process Plant II SRC II)	WV	29 Coal Liquefaction	Government of West Germany (25%)	350.0	JV (25%)	1979	1981
Kuwait	Getty Oil Co.	CA	13 Oil Expl. & Development	Kuwait Investment Organization (KIO) (100%)	982.0	EI (from .01% to 14.6%)	1980	1980

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Source: U.S. Department of Commerce
 Office of Trade and Investment Analysis
 March 1982

After the Shah of Iran was deposed in January 1979, the Khomeini government at first offered to continue the joint venture, but later it decided to terminate the partnership when difficulties arose over long-term financing of the project and negotiations with prospective tenants.

After 6 months of negotiations, Canizaro purchased the Iranian interest in July 1979 for \$50 million, part of which (reportedly \$1.5 million) was financed by the Iranians themselves. According to the New Orleans developer, the Iranian Government turned its equity in the project into a financing arrangement. If so, the Iranian Government now participates in Canal Place only indirectly, as a lender.

Solvent Refined Coal II Process Plant (SRC II)--In 1979 the Governments of Japan and West Germany each agreed to provide 25 percent of the cost of a \$1.4 billion plant to produce liquid fuel directly from coal. The plant was to use a technology developed by Gulf Oil Corp. and was to have been built near Morgantown, West Virginia. It would have demonstrated the feasibility of a direct liquefaction process, solvent refined coal (SRC). Upon its completion in 1984, the plant would have been able to turn 6,000 tons of coal a day into the equivalent of 20,000 barrels of oil that could be refined into gasoline, heating oil for homes, or industrial boiler fuel.

Gulf was scheduled to operate the plant with Ruhrkohle A.G. and Veba A.G., two West German companies, and a Japanese consortium headed by the Mitsui Group. These companies would have financed up to \$100 million of the costs and the U.S. Government was to have paid the remaining \$600 million.

In August 1980 the final agreement for SRC II was signed in Washington, D.C. by President Carter and the Ambassadors of West Germany and Japan. However, by December 1980 West Germany began to express doubts about the rapidly escalating costs of the project--\$3 billion up from \$1.4 billion.

11/ This process produces a clean-burning liquid from high sulfur coal, which, burned in its original state, is a major source of pollutants.

In an effort to save SRC II, the Japanese Government offered a proposal that would have reduced the size of the project, but kept it essentially intact. The three governments also considered and rejected the idea of paying about \$70 million to continue just the project design work for 2 more years.

Finally, the U.S. Government, which had already spent \$100 million on the plant, decided to end direct government funding of the project, and in June 1981, Japan and West Germany agreed to end the cooperative effort. Two months later, Gulf donated the 2,000 acre plant site and \$350,000 in cash to the local county development authority.

A victim of rapidly escalating costs, the SRC II plant was, at its inception, widely regarded as the most ambitious international energy project ever undertaken.

Getty Oil Company--In July 1980 the Government of Kuwait made a surprise \$982 million offer (\$82 a share), to purchase the 14.6 percent of Getty Oil Company common shares held by the J. Paul Getty estate. The offer was made through the London-based Kuwait Investment Organization (KIO), one of the Kuwaiti Government agencies that invests the country's oil wealth.

Getty Oil, which lifts about 66,000 barrels of crude a day from a concession in Kuwait, opposed the offer on the ground that the block of stock should be more widely distributed.

Had the offer been accepted, the Kuwaiti Government would have had a block of stock second in size to the block of 31.8 million shares (38.7 percent) held by the Sarah C. Getty Trust. The Government had earlier purchased less than 200,000 Getty oil shares as part of a four million share offering in April 1980. Moreover, this transaction would have marked the largest OPEC investment in a U.S. international oil company at that time.

After a week of discussions, the three co-executors rejected the offer from Kuwait. Reportedly, the major factors in the rejection were the massive tax complications involved in the sale and preservation of the future value of the shares for the estate's beneficiary, the J. Paul Getty Museum, which at the time was having tax and legal problems with the \$300 million raised in the April share offering.

While the Canal Place, SRC II, and Getty Oil Co. investments did fail, they nevertheless serve a useful purpose as illustrations that foreign government investors are subject to the same market forces that affect private investors, both foreign and domestic.

SUMMARY

Despite the wide publicity devoted to government-controlled direct investments, they remain less than 5 percent of all foreign direct investment in the United States. Appendix D lists recent investments in the United States by foreign government-owned or controlled companies from January through June 1982.

This report examined direct investment in the United States by foreign government-owned or -controlled companies and attempted to develop some information based on transactions data collected from public sources from 1974 through 1981.

The data in this report indicated that these investments accounted for a modest number (147) of the approximately 5,300 foreign direct investment transactions identified during this period. Fewer investments (124) were actually completed.

The major industrial countries were the primary source of direct investment by foreign government-owned or -controlled companies in the United States. Canada, France, the United Kingdom, and West Germany accounted for about 65 percent of the completed transactions identified.

While these investments were widespread geographically, they concentrated primarily in the mining and natural resources sector. Investments by foreign government-owned or -controlled companies totaled more than \$7 billion as compared to just over \$1 billion invested in the manufacturing sector.

To the extent the information in this report is useful, the public, the Congress, and other Federal agencies are invited to make use of it in examining direct investment in the United States by foreign government-owned or -controlled companies.

Foreign Direct Investment Glossary

Acquisition - A transaction in which title to stock or assets of the U.S. company is secured by another person or enterprise. The substantive result is that one party obtains ownership of another.

Agency - A foreign financial intermediary operation in the United States primarily financing international transactions but prohibited from accepting domestic deposits.

Branch - A foreign financial intermediary (integral part of the foreign parent bank) that can accept domestic deposits.

Equity Increase - A rise in the percentage of securities held by a foreign investor.

Foreign Direct Investment - The direct or indirect ownership or control by one foreign person or entity of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.

Joint Venture - A transaction in which two or more parties may establish a new U.S. company or participate in a U.S. business enterprise (e.g., mining, oil drilling) in which each has an equity interest according to the provisions of the joint venture agreement.

Merger - A transaction that results in the dissolution of the acquired business enterprise, either into another existing or reorganized (but not always renamed) company.

New Outlet - A wholesale distribution entity in the United States for sales and services.

New Plant - A new operating facility established either in conjunction with an existing foreign-owned productive enterprise or as a completely new venture in the United States.

Plant Expansion - An addition to the capacity of an existing foreign-owned operating facility in the United States, established either in conjunction with an existing foreign-owned productive enterprise or as a completely new venture.

Standard Industrial Classification (SIC) - A definition of U.S. industries by numerical classification in accordance with the composition and structure of the domestic economy.

Subsidiary - A business enterprise in the United States directly or indirectly owned or controlled by a foreign person or entity to the extent of 10 percent or more of its voting stock for an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise, which is permitted to do business under State and/or Federal authority.

APPENDIX A

U.S. Affiliates and Subsidiaries of Recently Nationalized French Companies

France's industrial nationalization bill was signed into law February 11, 1982. Under this law, 5 major industrial groups, 39 banks, and 2 financial holding companies were nationalized.

Since World War II the French Government has been involved in industry through partial or total ownership of companies in key industries such as transportation, energy, and broadcasting. This new law has increased government control of the industrial sector from 12 to 17 percent and put all major domestic financial institutions and 14 of the 20 largest French industrial firms under government control.

The five major industrial groups affected by the new law are Compagnie Generale d'Electricite (electrical products), Compagnie de Saint-Gobain Pont-A-Mousson S.A. (glass, building materials), Pechiney Ugine Kuhlmann (aluminum, copper, and chemicals), Rhone-Poulenc S.A. (synthetic fibers, pharmaceuticals), and Thomson-Brandt (household appliances, electronic equipment). The financial holding companies include Compagnie Financiere de Paris et des Pays Bas (Paribas) and Compagnie Financiere de Suez. Banque Rothschild is among the 39 nationalized banks, as are three previously nationalized banks: Banque Nationale de Paris, Credit Lyonnais, and Societe Generale.

The attached table is a selected list of U.S. affiliates and subsidiaries of some of the nationalized firms. This list is drawn from public source material and is based on the best published material available at the time. Every effort was made to reconcile data from several different sources and to give as complete a listing as possible within the time limits of the research project. This appendix provides some information on the industry and location of U.S. companies affiliated with or controlled by some nationalized French companies.

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
AVIONS MARCEL DASSAULT-BREGUET AVIATION <u>1/</u>		Dassault International Corp. (100%)	NJ	67 Holding Co.
		Dassault International USA Inc. (100%)	NJ	50 Wholesale Aircraft
		Falcon Jet Corp. <u>2/</u> (100%)	NJ	50 Wholesale Aircraft
		Falcon Jet France <u>2/</u> (100%)	AR	37 Aircraft Assembly & Repair
BANQUE DE L'UNION EUROPEENE	Gaumont SA (10%)	Gaumont Inc. (100%)	NY	78 Motion Picture Distributor
		U.S. Alpha Jet <u>3/</u> (50%)	CA	50 Wholesale Aircraft
		Banque de L'Union Europeene (100%)	NY	60 Banking

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
BANQUE NATIONALE DE PARIS (BNP)		Banque Nationale de Paris (100%)	CA, IL NY	60 Banking
		Bank of the West (100%)	CA	60 Banking
		French American Banking Corp. (100%)	NY	62 Investment Banking
		French American Capital Corp. (100%)	NY	61 Financial Services
49 BANQUE ROTHSCHILD	Imetal 4/ (26.9%)	Copperweld Corp. (66%)	OH PA TX	33 Steel Products
	Imetal (26.9%)	Copperweld Corp. and subsidiaries:		
		(1) American Seamless Tubing (66%)	PA	33 Seamless Steel Tubing
		(2) Copperweld Steel Co. (66%)	PA	33 Specialty Steel

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
COMPAGNIE FINANCIERE DE PARIS ET DES PAYS BAS (PARIBAS)	Banque de Paris et des Pays Bas (100%)	Banque de Paris et des Pays Bas (100%)	CA NY	60 Banking
		Banque de Paris et des Pays Bas International	CO TX	60 Banking
	Creusot-Loire 5/ (10.7%)	Creusot-Loire International Inc.	NY	67 Holding Co. U.S. Operations
	Creusot-Loire (10.7%)	C-L Metals Inc. (98%)	OH TX	33 Steel Forgings & Castings
	Creusot-Loire (10.7%)	C.L. Rail Trucks Inc.	DC	50 Wholesale Railroad Trucks
	Creusot-Loire (10.7%)	Creusot-Loire Aerospace Forge & Foundry Inc.	NJ	50 Wholesale Steel
Creusot-Loire (10.7%)	Creusot-Loire Philadelphia (100%)	PA	33 Steel	

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
PARIBAS	Creusot-Loire (10.7%)	Creusot-Loire Steel Corp. (100%)	NJ	33 Steel Production
	Creusot-Loire (10.7%)	Creusot Marrell Inc.	NY	50 Wholesale Metals
		Paribas Associates Inc. (100%)	TX	62 Investment Banking
		Paribas North America Inc.	NY TX	60 Banking
	Creusot-Loire (10.7%)	Phoenix Steel Corp. <u>6</u> / (56.2%)	DE, IL OK, PA TX, WI	33 Steel Plates & Seamless Tubes
	Creusot-Loire (10.7%)	Refinement International Co. <u>7</u> / (65.5%)	IL RI	33 Metals Reclamation
Total Group <u>8</u> / (22.4%)	Total Petroleum Inc. (100%)	MI	13 Oil/Gas Exploration & Development	

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
PARIBAS	Creusot-Loire (10.7%)	Valdunes (100%)	NJ	50 Wholesale Wheels & Axles
	Total Group (22.4%)	Vickers Petroleum Corp. (100%)	KS	13 Oil/Gas Drilling Services
	Banque de Paris et des Pays Bas (100%)	Warburg Paribas 9/ Becker-A.G. Becker Inc. (20%)	IL NY	62 Investment Banking
53 COMPAGNIE FINANCIERE DE SUEZ	Banque de L'Indochine et de Suez SA (99.9%)	American Transit Finances Corp.	-	61 Financial Services
	Banque de L'Indochine et de Suez SA (99.9%)	Banque de L'Indochine et de Suez (100%)	IL NY	60 Banking
		Blyth, Eastman, Paine, Webber Inc. (6%)	NY	62 Securities
		Compagnie Financiere de Suez (100%)	NY	60 Banking

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>	
COMPAGNIE FINANCIERE DE SUEZ	Banque de L'Indochine et de Suez SA (99.9%)	Gardinier Big River Inc.	FL	14 Phosphate Mining	
		Suez American Corp.	NY	60 Finance	
COMPAGNIE GENERALE D'ELECTRICITE (CGE)	CIT-Alcatel (59%)	Alcatel Vacuum Products Inc. (100%)	MA	35 Air & Gas Compressors	
		Alsthom Atlantique SA <u>10</u> / (68.7%)	NY LA	50 Wholesale Transportation Equipment	
	CGA-Alcatel <u>11</u> / (57.2%)	Alta Technology Inc. (100%)	CT TX	35 Automatic Controls & Banking Terminals	
		Cables de Lyon (100%)	Chester Cable Corp. <u>12</u> / (100%)	NY	33 Electrical Cables
	CIT-Alcatel (59%)	Citcom Systems Inc. (100%)		NY TX	36 Switchboard, Switchgear Apparatus

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CGE	CGE Alsthom International (59%)	Cogene1 Inc. (100%)	NY	50 Wholesale Electrical Equipment
CGE	CGEE Alsthom (54%)	Comsip Inc.	CA NJ	37 Aircraft Parts
	CIT-Alcatel (59%)	Dyneer Corp.	CT	36 Semi- conductors
	CIT-Alcatel (59%)	Friden Mailing Equipment Inc. (80%)	CA	35 Postage Meters
	Generale Occidentale SA <u>13</u> / (33.7%)	Grand Union Co. (100%)	NJ	54 Food Stores
	GSI International <u>14</u> / (59%)	GSI-USA Inc. (100%)	NJ	73 Computer Services
	Intervox-Alcatel <u>15</u> / (56.5%)	Intervox U.S. (100%)	-	36 Intercom Systems

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APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

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<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CGE	CIT-Alcatel (59%)	Lynch Communication Systems Inc. (31%)	NV	36 Tele- communications Equipment
	Alsthom Atlantique S.A. (68.7%)	Neyrfor Turbodrilling Co. Inc. (100%)	CA OK	73 Equipment Rental & Leasing
	Neyrpic SA 16/ (28.9%)	Combustion Engineering/ Neyrpic Hydro Inc. Energy Systems	NY	35 Hydraulic Turbines
56	Neyrpic SA (28.9%)	Hydro Energy Systems	NY	50 Wholesale Hydroelectric Turbines
	Neyrpic SA (28.9%)	Neyrpic Inc. (100%)	NY WA	89 Engineering Services
	CIT-Alcatel (59%)	Reliable Communications Products Co. (70%)	IL	50 Wholesale Telephone Equipment

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CGE	CIT-Alcatel (59%)	Roneo Alcatel (100%)	NJ	35 Office Equipment
	Societe Generale d'Entreprises (54%)	Sabrice Corp. (100%)	NY VA	15 General Contractors
	Ste. Des Accumulateurs Fixes et de Traction SA (SAFT) (71.7%)	SAFT America Inc. (100%)	GA	36 Aircraft Batteries
	SAFT (71.7%)	SAFT Corp. of America (100%)	GA	50 Wholesale Aircraft Batteries
	SAFT (71.7%)	Score Inc. (100%)	MD,NC OH,OK	36 Thermal Batteries
CGE	CIT-Alcatel (59%)	Sediver Inc.	NJ	36 Insulators
		Semi Process Inc. (25%)	CA	36 Integrated Circuits

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CGE	CIT-Alcatel (59%)	Sensor Technology Inc. 17/	CA,FL NV,WA	36 Solar Energy Equipment
	CIT-Alcatel (59%)	SESA Honeywell 18/ Communications Inc. (51%)	VA	89 Engineering Services
	CIT-Alcatel (59%)	SESA Inc. 19/ (51%)	MA NJ	73 Computer Program Services
	Societe Generale d'Entreprises (54%)	SGE Construction (100%)	-	15 Construction
	Societe Generale d'Entreprises (54%)	Sogetexas (100%)	TX	15 Construction
	Alsthom Atlantique SA (68.7%)	Sylvania Unelec International (32%)	PR	36 Electronic Equipment
	CIT-Alcatel (59%)	Telecommunications Switching Systems Inc. (100%)	VA	36 Electronic Time Switch Systems

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
COMPAGNIE DE SAINT- GOBAIN-PONT-A-MOUSSON	Saint Gobain Industries SA (100%)	Certain-Teed Corp. (55%)	OH	50 Wholesale Construction Materials
		Certain-Teed Corp. (55%) and Subsidiaries:	KS PA	29 Asphalt Felts & Coatings
		(1) Adams Bros. Co. (55%)	TN	30 Plastic Pipes & Pumps
		Certain-Teed Corp's Subsidiaries (cont'd.)		
		(2) Bowles + Edens Co. (55%)	AR,LA MI	50 Wholesale Plumbing + Heating Equipment
(3) Certain-Teed Corp- IG Group Division (55%)	IL	42 General Warehousing		

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
COMPAGNIE DE SAINT-GOBAIN-PONT-A-MOUSSON	Saint Gobain Industries SA (100%)	Subsidiaries (cont'd.)		
		(4) Certain-Teed Corp-Automotive Division (55%)	MI	50 Wholesale Automotive Supplies
		(5) Certain-Teed Piping Materials Inc. (55%)	FL, GA PA	50 Wholesale Waterworks Supplies
		(6) Certain-Teed Technology Center (55%)	KS	30 Plastic Pipe
		(7) Fluid Systems Hawaii Inc. (55%)	HI	50 Wholesale Metal Pipe
		(8) SMG Group (55%)	CA GA	15 Construction
		(9) Southern Meter & Supply Co. (55%)	GA, NC VA	50 Wholesale Waterworks Supplies

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
COMPAGNIE DE SAINT-GOBAIN-PONT-A-MOUSSON	Saint Gobain Industries SA (100%)	Certain-Teed Daymond Co. Inc. (55%)	IN MI	30 Plastic Pipes
		Certain-Teed Products Corp. and Subsidiaries:	MI	50 Wholesale Waterworks Supplies
		(1) The Rohan Co.	TX	50 Wholesale Industrial Equipment
		(2) Waterworks Supply & Manufacturing Co.	CA	50 Wholesale Plumbing & Heating Equip.
	Olivetti International <u>20</u> / (30%)	Docutel (20.2%)	CA TX	36 Telecommuni- cations Equip.
	Glacieries de Saint Roch <u>21</u> / (49.9%)	Franklin Glass Corp. (40%)	NY	32 Glassware

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APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
COMPAGNIE DE SAINT- GOBAIN-PONT-A-MOUSSON	Olivetti International <u>22</u> / (30%)	Olivetti Corp. of America (100%)	AZ,CA,CT,GA,MA, MD,MN,MO,NB,NJ, NY,OH,OK,PA,PR TX,VA,WA	36 Office Equipment
	Pont-a-Mousson <u>23</u> / (96.9%)	Precision Meters Inc. (50%)	FL	38 Water Meters
	Saint Gobain Industries SA (100%)	Saint Gobain International Glassware Corp. (100%)	NY	50 Wholesale Glassware
	Saint Gobain Industries SA (100%)	Saint Gobain Inc. (100%)	NY	50 Representative Office
	Olivetti International <u>24</u> / (30%)	Syntrex Inc. (25%)	GA,NJ VA	35 Word Process- ing Equipment
	Glaceries de Saint Roch <u>25</u> / (49.9%)	Virginia Glass Products (26%)	VA	32 Glassware

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CREDIT COMMERCIAL DE FRANCE		Credit Commercial de France (100%)	NY	60 Banking
CREDIT INDUSTRIEL ET COMMERCIAL		Credit Industriel et Commercial (100%)	NY	60 Banking
CREDIT LYONNAIS SA		Credit Lyonnais North America (100%)	GA,NY IL,TX	60 Banking
	Librarie Hachette SA <u>26/</u> (27%)	Arista Corp. (65%)	CA	27 Book Publishing
	Hachette (27%)	Eurobooks	NY	51 Wholesale Books
		Europartners Securities Corp.	NY	62 Investment Banking
	Hachette (27%)	European Publishers Representatives Inc.	NY	51 Wholesale Newspapers & Magazines
	Hachette (27%)	Hachette Inc. (100%)	NY	27 Book Publishing

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
CREDIT LYONNAIS SA	Hachette (27%)	Hachette Publications Inc. (100%)	NY	27 Book Publishing
	Hachette (27%)	Regents Publishing Co. Inc. (100%)	NY	27 Book Publishing
PECHINEY UGINE KUHLMANN SA (PUK)	Le Carbone-Lorraine SA (35%)	Carbone Lorraine Industries Corp. + (100%) Affiliates + Subsidiaries:	NJ	35, 36 Carbon Brushes, Bearings, Batteries
		(1) Advanced Carbon Products	CA	36 Carbon Brushes
		(2) Carbone USA Corp. (100%)	NJ	36 Carbon + Graphite Products
		(3) Carbone Ferraz Corp.	NJ	36 Switchgear

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
PUK	Le Carbone-Lorraine SA (35%)	Subsidiaries (cont'd)		
		(4) Exetron Corp.	NJ	50 Wholesale Movie Theater Equipment
		(5) Helicoflex Co. <u>27/</u> (100%)	NJ	32 Metal Seals + Gaskets
		Columbia Metal Culvert Co. (100%)	NJ	34 Aluminum Pipe
		The D-H Titanium Co. <u>28/</u> (50%)	MI	33 Titanium Sponge
		Eastalco Aluminum Co. <u>29/</u> (75%)	MD	33 Aluminum
		Guggenheim International <u>30/</u> Corp. (100%)	CT, NJ	50 Wholesale Precious Metals
		Hoover Ugine Inc. (100%)	MI	33 Steel Wire

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
PUK		Howmet Aluminum Corp. <u>31/</u> (100%)	AR,CA,CT,IL MD,MI,OH PA,SC,TX	33 Aluminum Products
		Howmet Corp. (100%)	CT,GA,IN KS,NJ,PA TX,WI	33 Aluminum, Steel Products
		Howmet Culver Corp. (100%)	NC NJ	34 Pipe + Pipe Fittings
		Howmet Turbine <u>32/</u> Components Corp. (100%)	CT,IN,MI,NJ TX,VA, WI	37 Aircraft Engines + Parts
				33 Fabricated Metals
			Intalco Aluminum Corp. <u>33/</u> (50%)	WA
		Intalco Tolling Corp. <u>34/</u> (50%)	WA	34 Heating Equipment

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
PUK		Intsel Corp. (100%)	NY	50 Wholesale Metals, Chemicals
	Minatome SA <u>35</u> / (50%)	Minatome Corp. (100%)	CO	10 Uranium Mining, Milling
		New England Aircraft <u>36</u> / Products Division (100%)	CT	37 Aircraft Parts
		Oxychem Co. Inc.	NY	51 Wholesale Chemicals
		Pechiney Trading Co. SA <u>37</u> / (100%)	NY	50 Wholesale Metals
		Pechiney Ugine Kuhlmann Corp. (100%)	CT NY	33 Aluminum Holding Co.

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

	<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
	PUK		Pechiney Ugine Kuhlmann Development Inc. (100%)	NY	28 Chemical, Nuclear Technology, Pharmaceutical Research
			PTC Partners 38/ (100%)	NY	50 Wholesale Metals
			Ugine Kuhlmann of America Inc. (100%)	NJ	28 Chemicals + Dyestuffs
89	RHONE-POULENC SA	Armosig (50%)	Armotek (50%)	-	35 Engraving Equipment
			Dysan Corp. (20.4%)	CA MO PA	35 Computer Equipment
		Gardinier (61%)	Gardinier Inc. Delaware US (100%)	DE	67 Holding Co.
		Gardinier (61%)	Gardinier Inc. Delaware Corp. (100%)	FL	14 Phosphate Products

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
RHONE-POULENC SA		Hospal Medical Corp. (100%)	CO	38 Prosthetic & Surgical Devices
	Institut Merieux SA (51%)	Lincoln Laboratories Inc. (12.1%)	FL	28 Pharmaceuticals
	Institut Merieux SA (51%)	Merieux Institute Inc. 39/ (100%)	FL	28 Pharmaceuticals
	Rhone-Progil SA	Progil Inc. (100%)	NY	28 Chemicals
	Rhodia AG (100%)	Rhodia Inc. (100%)	OH	22 Synthetic Yarns
		Rhone-Poulenc Inc. (100%) and Subsidiaries:	CA NY	28 Agricultural Chemicals
		(1) Agrochemical Division (100%)	MO	28 Agricultural Chemicals
		(2) Ajax Division (100%)	OK	33 Nonferrous Metals

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
RHONE-POULENC SA		Rhone-Poulenc Subsidiaries (cont'd):		
		(3) Anken Industries (100%)	NJ	28 Photographic Chemicals
		(4) Chipman Chemical Division (100%)	NJ	28 Agricultural Chemicals
		(5) General Photo Products Co. Division (100%)	IL	50 Wholesale Photo Products
		(6) Photo Products Group (100%)	NJ NY	28 Photographic Chemicals
		(7) Quadrimetal Offset (100%)	GA	35 Machine Tools
		(8) Rochester Film Development Inc. (100%)	NY	28 Photo Products
		(9) Rhone-Poulenc Chemical Co. (100%)	NJ	28 Agricultural Chemicals

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
RHONE-POULENC SA		Subsidiaries (cont'd.) (10) Rhone-Poulenc Systems Co. (100%)	NJ	30 Films Microfilms
		Tac Tannins & Chemicals Inc. (25%)	TX	28 Tanning Extracts
SOCIETE FINANCIERE USINOR-CHATILLON	Union Siderurgique du Nord et de L'Est de la France (USINOR) (98%)	Beckley Lick Run Co. (90%)	WV	33 Steel Products
		Trefileries et Cableries Chiers Chatillon Gorcy (98%)	NY	50 Wholesale Carbon Wire Products
		Usinor	OH	34 Steel Coating, Engraving Solution
		Usinor	-	67 Holding Co.
		Usinor	MI, NY TX	50 Wholesale Steel Products
		Usinor	MI, NY TX	50 Wholesale Steel Products

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
SOCIETE GENERALE		European-American Bancorp. Inc. (20%)	CA NY	67 Banking
		European American Bank & Trust Co. (20%)	NY	60 Banking
		Hudson Securities Inc.	NY	62 Investment Banking
		Societe Generale	CA,IL NY,TX	60 Banking
72 THOMSON-BRANDT	Thomson-CSF (45.1%)	Auxilec Inc. (100%)	NY	36 Military & Industrial Electronic Equipment
	Thomson-CSF (45.1%)	Burtek Inc. (100%)	OK	36 Military Training Simulation Systems
	Thomson-CSF (45.1%)	California Computer <u>40</u> / Products Inc.	CA,IL KS,NA	35 Computer Software

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
THOMSON-BRANDT	Thomson-CSF (45.1%)	Cameca Instrument Inc.	CT	50 Wholesale Scientific Instruments
	Compagnie Generale de Radiation (100%)	CGR Medical Corp. (100%)	MD	36 Medical Equipment
	Thomson-CSF (45.1%)	CGT Corp. (100%)	PA	36 Electronic Simulators
	Thomson-CSF (45.1%)	Codela Lighting Inc. (100%)	NY	36 Lighting Equipment
	Thomson-CSF (45.1%)	Dumont Electronics Corp. (100%)	NJ	36 Electronics Products
	Thomson-CSF (45.1%)	Tubes Devices Corp. (100%)	-	36 Radio & TV Receiving Tubes
	Thomson-CSF (45.1%)	Intercontinental Electronics Co. (100%)	NY	36 Power & Distribution Transformers

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
THOMSON-BRANDT	Thomson-CSF (45.1%)	Nucleonic Products Co. (100%)	CA	36 Electronic Components
	Sodeteg (100%)	Sodeteg Inc. (100%)	-	89 Industrial Consulting Engineers
	Thomson-CSF (45.1%)	Solid State Scientific Inc. (100%)	FL PA	36 Semiconductors
	Thomson-CSF (45.1%)	Thomson Corp. of America (100%)	NY	67 Holding Co.
	Thomson-CSF (45.1%)	Thomson-CSF Broadcast Inc. (100%)	CT	36 Radio & TV Broadcast Equipment
	Thomson-CSF (45.1%)	Thomson-CSF Components Corp. (100%)	NJ	36 Electronic Tubes & Components
	Thomson-CSF (45.1%)	Thomson-CSF Electron Tubes Inc. (100%)	NJ	36 Electron Tubes

APPENDIX A Cont'd.

U.S. Affiliates and Subsidiaries of
Recently Nationalized French Companies

<u>Nationalized Foreign Corporate Parent</u>	<u>Foreign Owner of Record/% of Government Ownership</u>	<u>U.S. Company/% of Total Foreign Ownership</u>	<u>State</u>	<u>SIC No. & Industry</u>
THOMSON-BRANDT	Thomson-CSF (45.1%)	Thomson-CSF Inc. (100%)	CA NY	36 Electrical & Electronic Products
	Thomson-CSF (45.1%)	Thomson-CSF Laboratories (100%)	CT	36 Radio & TV Transmitting Equipment
	Thomson-CSF (45.1%)	Warnecke Electron Tubes Inc. (100%)	IL	36 Special Purpose Elec. Tubes

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Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
July 1982

Footnotes to Table

1. The French Government plans to increase its current holdings of 46 percent to 100 percent within the next few years.
2. Falcon Jet Corp., formerly a 50-50 joint venture with Pan American World Airways for marketing and servicing Falcon Aircraft in the United States and other North and South American countries, is now wholly owned by Dassault.
3. U.S. Alpha Jet, a 50-50 joint venture with Lockheed Corp., markets the Alpha Jet in the United States.
4. Imetal, 20 percent owned by Banque Rothschild, 5.8 percent owned by the Suez group and 1.1 percent owned by Banque Worms, holds 66 percent of Copperweld Corp. Imetal is a Paris-based holding company with interests in exploration, refining, and marketing of base metals, particularly lead, nickel, and zinc.
5. Creusot-Loire is 50 percent owned by Compagnie Financiere Creusot-Loire, itself managed and half-owned by Schneider S.A. and Compagnie Generale d'Industrie et de Participations. Paribas with a 15.4 percent interest in Schneider S.A. has approximately a 4 to 8 percent interest in Creusot-Loire. Usinor, another recently nationalized company, has a 3 percent interest in Creusot-Loire.
6. Creusot-Loire owns 11 percent of Phoenix Steel Corp. directly and 45.2 percent through UCL Securities.
7. Creusot-Loire owns 65.5 percent of Refinement International Co.'s common shares and 98.4 percent on conversion of debentures, notes, and preferred stock.
8. Compagnie Francaise des Petroles (CFP) is 35 percent owned by the French Government, which also has 39.8 percent of the voting rights. It is also 2.7 percent owned by Paribas and 1.8 percent owned by Suez. CFP owns 50.6 percent of the Total Group.
9. Paribas and S.G. Warburg & Co., a British merchant bank, have recently announced (7/82) they will exercise options to increase their joint holdings to more than 50 percent. Each company currently holds a 20 percent share in Warburg-Paribas Becker-A.G. Becker Inc.
10. Alsthom Atlantique S.A. of France is 65 percent owned directly by CGE, and 2 percent owned by Suez, and 1.7 percent owned by Paribas through their holdings in Penhoet, which owns 10.6 percent of Alsthom.
11. CGA Alcatel is 96.9 percent owned by CIT Alcatel, which is 59 percent owned by CGE.

12. In 1980 Cables de Lyons, a CGE subsidiary, acquired a "substantial interest" in Chester Cable Corp., but percentage of ownership is unknown.
13. Generale Occidentale, a French holding company 33.7 percent owned by Trocedero Participations, is controlled by Alphalec, which is itself controlled by CGE. The majority stockholder in Generale Occidentale is Sir James Goldsmith, an Anglo-French businessman who holds 63.7 percent of the company.
14. GSI International of Belgium is a wholly owned subsidiary of CIT-Alcatel.
15. Intervox-Alcatel is 95.8 percent held by CIT-Alcatel.
16. Neyrpic S.A. is 35 percent owned by Alsthom Atlantique S.A. (see footnote 9) and 64 percent by Creusot-Loire.
17. Sensor Technology is a subsidiary of Dyneer Corp.
18. SESA-Honeywell and SESA Inc. are 51 percent owned by CIT-Alcatel and 49 percent owned by Honeywell Inc.
19. See footnote 18.
20. Saint Gobain holds 30 percent of Ing. C. Olivetti & C. S.p.A. of Italy (which holds through its wholly owned Luxembourg subsidiary Olivetti International, Olivetti Corp. of America and shares of Docutel and Syntrex). As of July 1982, Olivetti was seeking to increase its holdings in Docutel to 46 percent from 20.2 percent.
21. Glaceries de Saint Roch of Belgium is 49.9 percent owned by Saint-Gobain and its affiliates and holds stock in Franklin Glass Corp. and Virginia Glass Products.
22. See footnote 20.
23. Pont-a-Mousson S.A. is 95.5 percent held by Compagnie de Saint Gobain S.A. and 2.8 percent held by Saint Gobain.
24. See footnote 20.
25. See footnote 21.
26. Credit Lyonnais S.A. holds 27 percent of Marlis, a Paris-based holding company, which controls (54 percent) Librairie Hachette S.A., a major publishing group.
27. Helicoflex Co. is a Carbone Lorraine joint venture with Cefilac, which is 100 percent owned by PUK.
28. The D-H Titanium Co. is an equally held joint venture between Howmet Turbine Components Corp. (100 percent owned by PUK) and Dow Chemical Co.

29. Eastalco Aluminum Co. is a 50-50 joint venture between Howmet Aluminum Corp. (50 percent) and Alumax--jointly owned by AMAX (50 percent), Mitsui and Co. Ltd. (45 percent), and Nippon Steel Corp. (5 percent).
30. Guggenheim International Corp. is a wholly owned subsidiary of Instel Corp.
31. Howmet Aluminum Corp. is a subsidiary of Pechiney Ugine Kuhlmann Corp.
32. Howmet Turbine Components Corp. is a wholly owned subsidiary of Pechiney Ugine Kuhlmann Corp.
33. Intalco Aluminum Corp. is 50 percent owned by Howmet Aluminum Corp. The remaining 50 percent is held by AMAX.
34. Intalco Tolling Corp. is 50 percent owned by Howmet Aluminum Corp. The remaining 50 percent is held by AMAX.
35. Minatome S.A. is 50 percent owned by Pechiney Ugine Kuhlmann and 50 percent owned by Compagnie FRancaise des Petroles, itself 39.5 percent owned by the French Government (see footnote 7).
36. New England Aircraft Products Division is a wholly owned subsidiary of Howmet Turbine Components Corp.
37. Pechiney Trading Co. S.A. is a wholly owned subsidiary of Instel Corp.
38. PTC Partners is a wholly owned subsidiary of Instel Corp.
39. Merieux Institute Inc. is 90 percent owned by Rhone-Poulenc and 10 percent owned by Dassault.
40. California Computer Products Inc. is a joint venture with Calcomp.

APPENDIX B
Direct Investment in the United States by Foreign Companies
Owned or Controlled BY Foreign Governments, 1974-81

1981/

<u>Government of</u>	<u>U.S. Company</u>	<u>SIC No./ State</u>	<u>U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of* Transaction</u>
Canada	MacMillan Bloedel Inc.	AL	26 Pulp/Paper	British Columbia 1/ Resources Investment Corp. (BCRIC) (5%)	274.0	PE	C
China (PRC)	New York Bank of China	NY	60 Banking	Bank of China (100%)	N.A.	NB	C
France	Aerospatiale Helicopter Corp.	TX	37 Aircraft	Societe Nationale Industrielle Aerospatiale (100%)	1.0	PE	C
	Bitucote Products Co.	MO	29 Asphalt Sealers Mfg.	Entreprise de 2/ Recherches et D'Activites Petrolieres (ERAP) (100%)	N.A.	ACQ (100%)	C
	DASD Corp.	WI	73 Business Services	Credit Lyonnais (100%)	N.A.	ACQ (100%)	C
	Geoconsult Inc. 3/	CO	13 Oil/Gas Field Exploration Services	ERAP (100%)	N.A.	NS	P
	Meridien Hotels	CA	70 Hotels	Air France (100%)	N.A.	CON	P
	Oil Leases- 17 Tracts	CA	13 Oil/Gas Exploration & Development	ERAP (100%)	26.6	ACQ (14%)	C
	Pathfinder Mining Corp.	CA	10 Uranium Mining	French Atomic 4/ Energy Commission (100%)	N.A.	ACQ (100%)	P

* See end of list for key to type and status codes.

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled BY Foreign Governments, 1974-81

<u>1981/</u>							
<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
France	Texasgulf Inc. 5/	CT	10 Mining	ERAP (100%)	2,500.0	ACQ (63.1%)	C
	White Motor Co.	OH	37 Trucks	Regie Nationale des Usines Renault (92%)	75.0	ACQ (100%)	C
Italy	Enoxy	KY	12 Coal Mining	Ente Nazionale Idrocarburi (ENI) (100%)	375.0	JV (50%)	C
Japan	Manufacturing Imports Promotion Programs (MIPRO)	DC	73 Business Services	Manufacturing Imports Promotion Programs (MIPRO) (100%)	N.A.	NO	C
Kuwait	AZL Resources Inc.- Kuwait Petroleum Corp. Joint Venture	AZ	13 Oil/Gas Exploration & Development	Kuwait Petroleum Corp. (KPC) (100%)	50.0	JV (50%)	P
	Pacific Resources Inc.- KPC Joint Venture	HI	29 Oil Refining	KPC (100%)	185.0	JV (50%)	P
	Santa Fe International Corp.	CA	13 Oil/Gas Field Services	KPC (100%)	2,500.8	ACQ (100%)	C
Libya	People's Committee for Libyan Students and Arab Jamahariya	VA	99 Nonprofit Organization	(100%)	N.A.	NO	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

<u>1981/</u>							
<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Malaysia	Page Airways Inc.	NY	55 Aircraft Dealers	Permodolan 6/ Nasional Bhd (50%)	57.0	ACQ (82.5%)	C
Spain	Coal Mine - Port Complex	KY	12 Coal Mining	Instituto de Industria (100%)	N.A.	JV (25%)	P
United Kingdom	Crystal Block Mine	WV	12 Coal Mining	The British Petroleum 7/ Co. Ltd. (BP) (39%)	318.0	ACQ (100%)	C
	Gibbs Oil Co.'s Assets	MA	55 Gasoline Stations	BP (46%)	N.A.	ACQ	P
	Joslyn Manufacturing & Supply Co.'s Assets	IL	33 Metals Refiner	British Steel Corp. Ltd. (100%)	30.0	ACQ (100%)	P
	Kennecott Corp.	CT	10 Copper Mining	BP (39%)	938.1	ACQ (100%)	C
	Kennecott Corp.	OH	10 Copper Mining	BP (46%)	2.8	PE	C
	Lazare Kaplan International Inc.	NY	39 Diamond Cutting	BP (46%)	N.A.	EI (11.6% to 19.6%)	C
	Oil Gas Lease- Continental Shelf Tract 112	NJ	13 Oil/Gas Expl. & Dev.	BP (39%)	0.2	ACQ (13.3%)	C
(N. Ireland)	Short USA	VA	50 Equip. & Supplies Distribution	Short Brothers Ltd.	N.A.	NOT	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1981/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
United Kingdom	Sohio Industrial Products Co.	OH	32 Abrasive	BP (46%)	N.A.	NS	P
	Standard Oil Co. (Ohio)	OH	29 Oil Refining	BP (46%)	106.0	PE	P
	Systems Control Inc.	CA	73 Computer Services	BP (46%)	10.0	ACQ (100%)	C
West Germany	Ashland Coal Inc.	KY	12 Coal Mining	Saarbergwerke A.G. 8/ (98%)	102.5	ACQ (25%)	C
	Lockwood Greene Engineering Inc.	SC	89 Engineering Services	Westdeutsche Landesbank Girozentrale (66.6%)	N.A.	ACQ (70%)	P
	Volkswagen of America Inc.	MI	37 Automobiles	Volkswagenwerke A.G. 9/ (VW) (40%)	300.0	NP	C
<u>1980/</u>							
Canada	Domtar Gypsum America Inc.	WA	32 Gypsum Wallboard	Caisse de Depot et 10/ Placement du Quebec (100%)	15.4	NP	C
	Golden Cycle Corp.- Texasgulf Inc. Joint Venture	CO	10 Gold Mining	Canada Development Corp. (CDC) (48.6%)	1.5	JV (21%)	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1980/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Canada	Freeport Mineral Co.'s Lead Properties	VA	10 Lead Ores	CDC (48.6%)	N.A.	ACQ (32.9%)	P
China (PRC)	Shu-Mei	NY	58 Restaurants	Sichuan Provincial Vegetables Food Service Co. (100%)	N.A.	JV (50%)	P
France	American Motors Corp.	MI	37 Automobiles	Renault (92%)	167.5	EI (4.7% to 46.4%)	C
	Coal Mine	WY	12 Coal Mining	Cie Francaise des Petroles (CFP) (35%)	N.A.	ACQ (50%)	C
	Cybotech Inc.	IN	35 Industrial Machinery	Renault (92%)	N.A.	JV (49%)	C
	Oil Leases	TX	13 Oil/Gas Expl. & Dev.	CFP (35%)	0.6	ACQ (100%)	C
	Photon Power Inc.	TX	32 Glass Prods.	CFP (35%)	3.6	JV (54.0%)	P
	Vickers Petroleum Corp.	KS	13 Oil/Gas Drilling	CFP (35%)	245.0	ACQ (100%)	C
Greece	Atlantic Bank of New York's Edge Act Co.	NY	60 Banking	National Bank of Greece (100%)	N.A.	NS	C
Italy	Agusta Aviation Inc.	TX	37 Aircraft Pts.	Construzioni Aeronautiche Agusta (52%)	N.A.	NS	C
	Agusta Aviation Inc.	PA	55 Aircraft Dealers	Construzioni Aeronautiche Agusta (52%)	N.A.	NS	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1980/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Italy	Commercial Trading Center	NY	59 Trade Center	(100%)	N.A.	NOT	C
	Texaco Inc. - AGIP SpA	TX	13 Oil/Gas Expl. & Dev.	Ente Nazionale Idrocarburi (ENI) (100%)	N.A.	JV	C
Libya	Calvary Church of the Nazarene Building	VA	65 Real Estate	(100%)	1.5	ACQ (100%)	P 11/
Romania	Amrochem Inc.	NY	51 Wholesale Chemicals	ICE Danubiana (100%)	N.A.	NS/JV	C
United Kingdom	Decision Data Computer Corp.	PA	35 Elec. Com- puter Equip.	National Enterprise Board (100%)	8.0	ACQ (43%)	C
	Foremost McKesson Bldg.	CA	65 Real Estate	Pension Funds - British Air & British Rail et al (100%)	N.A.	ACQ (100%)	C
	Martin Exploration Co.-Sohio Joint Venture	LA	13 Oil/Gas Expl. & Dev.	BP (43%)	N.A.	ACQ/JV	P
	Pompano Fashions Shopping Center	FL	65 Real Estate	National Coal Board Pension Fund (100%)	39.0	ACQ (100%)	C
	Rolls Royce Engineering	GA	37 Aircraft Engines & Pts.	National Enterprise Board (100%)	NA	NOF	C
	Snyder Oil Co. Leases	WY	13 Oil/Gas Expl. & Dev.	BP (46%)	N.A.	ACQ (75%)	C
	Standard Oil Co. (Ohio)	OH	29 Oil Refining	BP (46%)	10.6	PE	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1980/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
United Kingdom	Oil/Gas Leases (14 Tracts) Prudhoe Bay	AK	13 Oil/Gas Expl. & Dev.	BP (46%)	2.1	ACQ (100%)	C
	Oil Leases	TX	13 Oil/Gas Expl. & Dev.	BP (46%)	1.7	ACQ (26%)	C
	Oil Leases	TX	13 Oil/Gas Expl. & Dev.	BP (46%)	28.1	ACQ (26%)	C
Venezuela	Bariven Corp.	TX	13 Oil/Gas Expl. & Dev.	Petroleos de Venezuela (100%)	N.A.	NOF	C
West Germany	Bahlsen of America Inc.	NC	20 Cookies Mfg.	Bahlsens Keksfabrik KGH	N.A.	NS (100%)	C
	Pertec Computer Corp.	CA	36 Elec. Components	VW (40%)	N.A.	NP	C
	Royal Typewriter Division	CT	50 Wholesale Machines	VW (40%)	N.A.	ACQ	C
	Volkswagen of America Inc.	WV	34 Metal Stampings	VW (40%)	N.A.	PE	C
	Volkswagen of America Inc.	TX	37 Auto Mfr.	VW (40%)	N.A.	NP	C
	Volkswagen of America Inc.	GA	37 Automobiles	VW (40%)	1.5	NOF	C
<u>1979/</u>							
Austria	Bayou Steel Corp.	LA	33 Billets & Blooms	Voest-Alpine A.G. <u>12/</u> (100%)	128.0	NP	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1979/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Canada	Domtar Inc.'s Lime Plant	PA	32 Lime	Caisse de Depot et Placement du Quebec (100%)	13/ 3.5	NP	C
	Texasgulf Inc.	CT	10 Mining	CDC (48.6%)	7.1	EI (30.7% to 32.9%)	C
	Texasgulf Inc.'s Chemical Division	NC	28 Chemicals	CDC (48.6%)	0.6	NP	C
China (PRC)	Sheraton Hotel Bldg.	NY	65 Real Estate	(100%)	8.0	ACQ (100%)	C
Cuba	Cuban Diplomatic Mission Building	NY	65 Real Estate	(100%)	N.A.	ACQ (100%)	C
France	Aerospatiale Heli- copter Corp.	TX	37 Aircraft	Societe Nationale Industrielle Aerospatiale (100%)	17.0	NP	C
	Elf-Aquitaine Inc.	TX	13 Oil/Gas Expl. & Dev.	ERAP (100%)	N.A.	JV	C
	Poso Creek Land	CA	13 Oil/Gas Expl. & Dev.	ERAP (100%)	N.A.	ACQ (100%)	C
	Proprietary Software Systems Inc.	CA	73 Computer Services	Cie Internationale de Services en Informatique (CISI)	5.0	ACQ (100%)	C
	Ridgecrest Energy Corp.	WV	12 Coal Mining	CFP (35%)	2.9	ACQ (60%)	C
	Uranium Leases	GA	10 Uranium Mining	CFP (35%)	N.A.	ACQ (100%)	C
Iran	Baldwin Steel Co.	NJ	50 Steel Serv. Centers	Deutsche Babcock & Wilcox AG (33.9%)	N.A.	ACQ (100%)	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1979/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Italy	AGIP Petroleum Co. Inc.	NY	13 Oil/Gas Expl. & Dev.	ENI (100%)	N.A.	NS	C
	Texaco Inc. - AGIP SpA Joint Venture	AK	13 Oil/Gas Expl. & Dev.	ENI (100%)	N.A.	JV	C
Japan	Solvent Refined Coal <u>14/</u> II Process Plant (SRC II)	WV	29 Coal Lique- faction	Govt. of Japan (25%) and Govt. of West Germany (25%)	700.0	JV (50%)	C
Kuwait	Colonial Steel Corp. <u>15/</u>	NC	34 Steel Products	Kuwait Investment Co. (KIC) (50%)	0.6	ACQ (100%)	C
	Tasco <u>16/</u>	NC	33 Steel	KIC (50%)	N.A.	ACQ (100%)	C
Libya	Libyan Diplomatic Mission Building	NY	65 Real Estate	(100%)	13.0	CONS	C
Nether- lands	KLM Royal Dutch Airlines	CA	41 Airlines	KLM Royal Dutch Airlines (75.5%)	N.A.	NOF	C
Norway	Norsk Hydro Aluminum Co.	FL	33 Aluminum Tubes	Norsk Hydro A/S (50%)	9.0	NP	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1979/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Saudi Arabia	Petronal	TX	51 Wholesale Petroleum Products	Petromin (100%)	N.A.	NO	C
United Kingdom	Beaufort Sea Oil Leases	AK	13 Oil/Gas Expl. & Dev.	BP (51%)	70.0	ACQ (100%)	C
	Continental Illinois Properties	CA	65 Real Estate	National Coal Board (100%)	N.A.	ACQ (100%)	C
	Global Data Corp.	CA	73 Computer Services	National Enterprise Board (100%)	N.A.	ACQ (100%)	C
	Inmos Ltd.	CO	36 Silicon Chips	National Enterprise Board (100%)	50.0	NS	C
	Newco Exploration Co.	CO	13 Oil/Gas Expl. & Dev.	BP (51%)	24.0	ACQ	P
	Rolls Royce Aerospace Inc.	FL	37 Aircraft Engines	National Enterprise Board (100%)	30.0	NP	C
	Standard Oil Co. (Ohio)	OH	29 Oil Refining	BP (51%)	N.A.	EI (52.0% to 53.1%)	C
	Webb Resources Inc.	CO	13 Oil Field Services	BP (51%)	73.1	ACQ	P
West Germany	Creslenn Oil Co.	TX	13 Oil/Gas Expl. & Dev.	Veba AG (43.8%)	N.A.	ACQ (100%)	C
	Pertec Computer Corp.	CA	35 Computers	VW (40%)	120.0	ACQ (100%)	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1979/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
West Germany	Volkswagen of America Inc.	NY	50 Wholesale Autos	VW (40%)	N.A.	NOT	C
	Volkswagen of America Inc.	PA	37 Automobiles	VW (40%)	N.A.	PE	C
	Volkswagen Products Corp.	TX	35 Air Condi- tioning Equipment	VW (40%)	4.0	NP	C
Yugo- slavia	Central Corp. Ltd.	NY	50 Wholesale Furniture	(100%)	N.A.	NOT	C

1978/

Algeria	Sonatrach	TX	28 Chemicals	Societe Nationale Sonatrach (100%)	N.A.	NOF	C
Austria	Chemray Fibers Inc.	NY	28 Rayon Fibers	Osterreichische Landerbank AG	N.A.	NP	P
Canada	Brazos Block Oil Field Leases	TX	13 Oil/Gas Expl. & Dev.	CDC (68.1%)	1.0	ACQ (10.2%)	C
	Texasgulf Oil & Gas Co.	TX	13 Oil/Gas Expl. & Dev.	CDC (68.1%)	N.A.	NS	C
	Wordplex Co.	CA	35 Elec. Computer Equipment	CDC (68.1%)	35.0	ACQ/MER (100%)	C
Italy	Classic Mining Corp.- AGIP SpA Mining Venture	WY	12 Coal Mining	ENI (100%)	5.0	JV	P

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1978/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Sweden	Alnor Instruments Co.	IL	38 Measuring Instruments	Studsvik Energiteknik AB (100%)	N.A.	ACQ	C
	KABI Co.	CT	51 Wholesale Pharmaceu- ticals	Statsforetag AB (100%)	N.A.	NS	C
United Kingdom	Carterphone Communica- tions Corp.	TX	73 Equipment Leasing Service	Cable & Wireless Ltd.	14.8	ACQ (99%)	C
	California Computer Products-INSAC Joint Venture	CA	73 Computer Software	National Enterprise Board (100%)	N.A.	JV	P
	Coal Property (13,204 Acres)	PA	12 Coal Mining	BP (51%)	15.8	ACQ (100%)	C
	Rolls Royce Motors Inc.	NJ	50 Wholesale Automobiles	National Enterprise Board (100%)	4.0	NP	P
	Rolls Royce Aero Engines Inc.	VA	45 Pdt. Support Facility	Nationale Enterprise Board (100%)	3.8	NP	C
	Saks Fifth Avenue Center	TX	65 Shopping Center	British Airways Pension Fund (100%)	15.0	ACQ (100%)	C
USSR	Embassy Building	DC	65 Real Estate	(100%)	N.A.	CON	C
<u>1977/</u>							
Austria	A.T. Massey Co.'s 3 Subsidiaries	WV	12 Coal Mining	Voest-Alpine AG (100%)	33.3	ACQ (100%)	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1977/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
France	Hawley Coal Mining Corp.	NY	12 Coal Mining	Charbonnages de France et al (100%)	5.0	EI (80% to 100%)	C
	M & T Chemicals Inc.	GA	28 Industrial Organic Chemicals	ERAP (100%)	N.A.	ACQ	C
	Uranium Leases	NC	10 Uranium Mining	French Atomic Energy Commission (100%)	N.A.	ACQ (100%)	C
	Uranium Leases	TX	10 Uranium Mining	French Atomic Energy Commission (100%)	N.A.	ACQ (100%)	C
India	State Bank of India	CA	60 Banking	State Bank of India (100%)	N.A.	NB	C
Nigeria	Embassy Residence	NY	65 Real Estate	(100%)	0.8	ACQ (100%)	C
Peru	Embassy Residence	DC	65 Real Estate	(100%)	0.7	ACQ (100%)	C
United Kingdom	Xerox Building	LA	65 Real Estate	British Airways Pension Fund (100%)	1.8	ACQ (100%)	C
USSR	Belaurus Machinery of USA Inc.	WI	50 Wholesale Farm Equipment	Traktoroeksport (100%)	N.A.	NS	C
Venezuela	Petroleos de Venezuela USA Corp.	TX	13 Crude Petroleum	Petroleos de Venezuela SA (100%)	N.A.	NS	C
West Germany	American Motors' Metal Stamping Plant	WV	34 Metal Forgings	VW (40%)	N.A.	ACQ (100%)	C

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APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1976/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Canada	E. Helman (Division of U.S. Industries Inc.)	OH	28 Plastics Materials	CDC (48.6%)	N.A.	ACQ (100%)	C
	Texasgulf Inc.	NY	10 Mining	CDC (48.6%)	50.0	EI 17/ (20.6% to 30.7%)	C
East Germany	Windsor Park Towers	VA	65 Real Estate	(100%)	1.6	ACQ (100%)	C
France	Generic Pharmaceu- ticals & Western Research Labs Inc.	NJ	28 Pharmaceu- ticals	ERAP (100%)	N.A.	ACQ (100%)	P
Iran	Canal Place 18/	LA	65 Real Estate	Pahlavi Foundation (100%)	250.0	JV (50%)	C
Italy	Firenze Estate	DC	88 Private Households	(100%)	4.3	ACQ (100%)	C
Kuwait	Atlanta Center Ltd.	GA	70 Hotels	Kuwait Investment Co. (KIC) (100%)	10.0	EI (50% to 100%)	C
	Columbia Plaza Office Building	DC	65 Real Estate	KIC (100%)	22.0	ACQ (100%)	C
West Germany	Volkswagen Manu- facturing Corp. of America	PA	37 Motor Vehicles	VW (40%)	28.0	NS (100%)	C
<u>1975/</u>							
France	Pruet & Hughes Co.'s Oil & Gas Properties	AK	51 Wholesale Petroleum	Elf-ERAP (100%)	25.0	ACQ (100%)	C
	Towne Paulsen & Co.	CA	28 Pharmaceu- ticals	Elf-ERAP (100%)	3.2	ACQ (100%)	C

APPENDIX B Cont'd.
Direct Investment in the United States by Foreign Companies
Owned or Controlled by Foreign Governments, 1974-81

1975/

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction (\$Millions)</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
France	Westrans Industries Inc.	NY	13 Oil/Gas Expl. & Dev.	Elf-ERAP (100%)	56.4	ACQ (100%)	C

1974/

Iran	De Pinna Building	NY	65 Real Estate	Pahlevi Foundation (100%)	8.6	ACQ (100%)	C
Italy	Ronson Corp.	NJ	37 Flame Products	Liquifin SA (40%)	13.1	ACQ (36.4%)	C
Kuwait	Atlanta Hilton	GA	70 Hotels	KIC (100%)	10.0	ACQ (50%)	C
	Kiawah Island	SC	65 Real Estate	KIC (100%)	17.4	ACQ (100%)	C
West Germany	Appalachian Resources Co.	WV	12 Coal Mining	Veba AG (40%)	26.5	ACQ (100%)	C
	Rotamist Corp.	NY	35 General Industrial Machinery	Veba AG (40%)	N.A.	ACQ (100%)	C

KEY: - Transaction Type/Status

ACQ - Acquisition	NOT - New Outlet
CON - Construction	NP - New Plant
EI - Equity Increase	NS - New Subsidiary
JV - Joint Venture	PE - Plant Expansion
NB - New Branch	C - Complete
NOF - New Office	P - Pending

Industries listed by Standard Industrial Classification numbers.

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
March 1982

Footnotes to Appendix B

1. The Government of British Columbia has about a 5 percent interest in British Columbia Resources Corp. (BCRIC) which holds a 13.4 percent interest in MacMillan Bloedel Ltd.
2. ERAP (formerly Elf-ERAP) stand for Entreprise de Recherches et D'Activites Petrolieres. It is owned 100 percent by the state and presently holds 67 percent of the shares of SNEA, Societe Nationale Elf-Aquitaine S.A., which is the owner of record for all ERAP transactions in this table.
3. Geoconsult Inc. will be 60 percent owned by Elf Aquitaine (SNEA) and 40 percent by Geoconsult S.A.
4. Ownership for all French Atomic Energy Commission transactions are through Compagnie Generale des Matieres Nucleaires (COGEMA) which has operated as a separate subsidiary of the French Atomic Energy Commission since January 1976.
5. The total tender offer for 100 percent of Texasgulf Inc. was worth about \$4.0 billion. Since the remaining 36.9 percent of Texasgulf shares will be acquired (scheduled for 1982) from Canada Development Corp., a Canadian investment company controlled by the Government of Canada, this investment is recorded as a 1981 acquisition of 63.1 percent of the company. When the remaining 36.9 percent of Texagulf was acquired by Elf Aquitaine in early 1982, the transaction was recorded as a transfer of assets between foreign owners.
6. Permodolan Nasional Bhd of Malaysia owns 50 percent of Guthrie Corp. Ltd. of the United Kingdom, which owns 82.5 percent of Page Airways Inc.
7. The Government of the United Kingdom held 25 percent of the British Petroleum Co. Ltd. (BP) directly and 21 percent of the company indirectly through the Bank of England until mid-year 1981. At that time the Government's share of BP was reduced to 39 percent. Transactions in 1981 that show government ownership at 46 percent were completed prior to the reduction of government ownership. The British Petroleum Co. Ltd. owns 53 percent of Standard Oil Co. (Ohio).
8. Saarbergwerke A.G. is 74 percent held by the Government of the Federal Republic of Germany and 24 percent held by the West German State of Saarland.
9. The Government of the Federal Republic of Germany and the West German State of Lower Saxony hold a 40 percent interest in Volkswagenwerke A.G.

10. The Government of Quebec is the beneficial owner of Caisse de Depot et Placement du Quebec and Societe Generale de Financement du Quebec, which hold a 42 percent interest in Domtar Ltd. of Montreal.
11. The transaction was cancelled in 1981.
12. Voest-Alpine is a joint venture partner in Bayou Steel Corp., a U.S. company formed in 1975 by a group of overseas investors headed by Zaki Honen, a Paris-based steel trader. The percentage of Voest-Alpine's holdings in Bayou Steel Corp. is unknown.
13. See footnote 10. In 1979 Caisse de Depot had a 23 percent interest in Domtar Ltd.
14. This transaction, cancelled in June 1981, is listed only for information purposes. It has not been included in the data analysis.
15. Kuwait Investment Co. (KIC) owns 30 percent of Korf Industries Und Handel GmbH & Co. K.G. of West Germany which is the owner of record and which is 70 percent held by Willy Korf, a West German citizen.
16. See footnote 15.
17. Canada Development Corp. (CDC) made its original investment in Texasgulf Inc. in 1973, prior to the establishment of the ITA foreign direct investment monitoring program.
18. In July 1979 the joint venture partner purchased the Iranian interest for \$50 million from the Khomeini government. While the Iranian Government reportedly retains an interest in the commercial and residential complex through a \$1.5 million loan, its status is no longer that of direct investor.

APPENDIX C

Major Foreign Government-owned Corporate Investors in the United States, 1974-81

The following provides a brief background profile of major foreign government-owned corporate investors in the United States from 1974 through 1981.

Canada Development Corp. (CDC), established in 1971 by Canada's Federal Government, is a hybrid holding corporation for the Government and about 50,000 private Canadian investors who own the company's 35 million common shares outstanding. Originally conceived as a means of halting foreign takeovers of Canadian industry, CDC's objective was to develop and expand Canadian enterprises. The company gradually sold stock to broaden public ownership, and the Government's ownership fell to the present 48.6 percent level. By law it can decline to 10 percent, but no other single shareholder may have more than 3 percent. The second largest shareholder is the Toronto Dominion Bank with a 2.9 percent holding. Foreigners may not own shares. In 1982 the Canadian Government announced it would sell its remaining interest in Canada Development Corp. when market conditions improved because the company had fulfilled its original goal of enhancing Canadian ownership in key economic sectors.

Thanks to the fact that CDC's investments are not restricted to Canadian markets, the firm has more than doubled its assets in the first decade of its existence. CDC's holdings are in three major divisions: mining, which produces about 50 percent of its total earnings, while oil and gas, and petrochemicals each accounts for about 24 percent of the earnings. The remaining 2 percent comes from miscellaneous holdings in industries such as fisheries and office machines.

Compagnie Francaise des Petroles (CFP) was established in March 1924 with a life of 99 years as a French corporation. The company was founded by a syndicate of industrialists and financiers on the initiative of the French Government.

In May 1924 CFP entered into an agreement with the Government under which it was authorized to acquire the Government's 23.8 percent interest in the capital of Iraq Petroleum Co. Ltd., and a profit sharing arrangement was worked out. A subsequent 1930 agreement called for the French Government to take a 25 percent equity interest (later increased to 35 percent) in CFP.

CFP and its subsidiaries operate on a worldwide basis as the Total Group in the exploration for and production and marketing of crude oil and natural gas, and the manufacture and marketing of refined

petroleum products, petrochemicals, and plastics. The Total Group also has subsidiaries active in the finance and trade sector and in nuclear energy and solar energy. Total subsidiaries operating in the United States include Total Petroleum (North America) Ltd. (50.3 percent),^{1/} which is based in Canada in oil exploration and development; Minatome Corp. U.S. (50 percent), mining uranium ore; and Photon Power Inc. (54 percent), producer of photovoltaic cells.

Entreprise de Recherches et D'Activites Petrolieres (ERAP), wholly owned by the French Government, is the parent company of Societe Nationale Elf Aquitaine (SNEA) or the Aquitaine Group, which is France's second largest oil company and the largest French producer of natural gas. ERAP currently holds 67 percent of Elf's stock. Under French law ERAP is required to maintain its shareholding in the company at a level in above 50 percent.

Elf Aquitaine was established in July 1976 when the French Government merged its wholly owned oil company Elf-ERAP with the semiprivate gas, nickel, and chemical concern Societe Nationale des Petroles d'Aquitaine (SNPA), 54 percent owned by Elf-ERAP. Later that year, SNPA was reorganized and ERAP increased its holdings to 70 percent from 54 percent, and the company name was changed to its present form. After a second reorganization in 1980, ERAP reduced its holdings in Elf to 67 percent.

Today, Elf produces about a quarter of France's oil and gas needs from gas fields in Southwest Franch and oil wells in Gabon, Nigeria, the North Sea, and the United States. In addition, the company is engaged in the production, purchase, transport and sale of crude oil and natural gas worldwide, and of derivative products, including petrochemicals and sulphur products. The Aquitaine Group, a major factor in the international oil industry, also has interests in fuel and non-fuel minerals and has diversified into other industrial activities--pharmaceuticals, cosmetics, veterinary products, and building materials.

The Aquitaine Group is active in the United States primarily through Elf Acquitaine Inc. (100 percent) in oil and gas exploration and development. Aquitaine Pennsylvania Inc. (100 percent), a coal mining firm, and M & T Chemicals Inc. (100 percent), a specialty chemicals producer, are also U.S. subsidiaries of Elf.

^{1/} Percentage of subsidiary and affiliate ownership is shown in parentheses.

Regie Nationale des Usines Renault (Renault), was established in France by ordinance in 1945. The company is currently 92 percent owned by the French Government.

Renault is the largest manufacturer and exporter of French motor vehicles. It has fabrication and assembly plants in 160 countries and territories. Besides manufacturing and assembling private commercial vehicles, Renault manufactures directly or through its subsidiaries agricultural equipment, marine and industrial engines, machine tools, roller bearings, and specialty steel.

Renault is active in the U.S. automotive industry through Renault Inc. (100 Percent), White Motor Co. (100 percent), and American Motors Corp. (AMC) (46.4 percent). In 1979, AMC and Renault signed a long-term agreement under which the Michigan-based company will begin manufacturing Renault-designed cars beginning in 1982 at AMC's Kenosha, Wisconsin facilities.

Ente Nazionale Idrocarburi (ENI), based in Rome, was created in 1953 by an act of the Italian parliament as the national authority for the development of oil and natural gas resources of Italy and to operate in all sectors of the petroleum industry on an international basis in the chemical industry and in nuclear energy.

The ENI Group operates approximately 250 subsidiaries and affiliates through four major companies: AGIP S.p.A. (100 percent) engages in oil exploration, production, and marketing; AGIP NUCLEARE (100 percent) handles government activity in the nuclear industry; ANIC S.p.A. (73 percent) is active in refining and petrochemical operations, and SNAM S.p.A. (100 percent) is engaged in transportation of oil products and natural gas by pipelines and tankers.

ENI is active in the United States in oil and gas exploration primarily through AGIP S.p.A.

The British Petroleum Co. Ltd. (BP) was established in the United Kingdom in April 1909 as Anglo-Persian Oil Co. Ltd. to develop oil resources in Persia. The company became Anglo-Iranian Oil Co. Ltd. in 1935 and adopted its present name in 1954. One of the seven sister oil companies, BP ranked as the sixth largest industrial company in the world and the fourth largest oil company (behind Exxon, the Royal Dutch/Shell group and Mobil) on Fortune's 1980 list of the world's 50 largest industrial companies. The British Government held 46 percent of BP until June 1981 at which time the Government reduced its holdings to 39 percent.

BP, operating in 67 countries, is engaged in all phases of the oil industry and has important chemical interests mainly in the United Kingdom and Europe. The company also has substantial interests in minerals and major investments in coal and copper.

BP entered the U.S. market in 1968 through the acquisition of certain marketing and refining assets formerly held by Sinclair Oil and Atlantic Richfield. In 1970 these U.S. interests were merged into Standard Oil Co. (Ohio) (Sohio) in which BP currently holds a 53 percent interest. BP's interests in the United States consist primarily of its majority holding in Sohio and its separate interest in the trans-Alaska pipeline. Approximately 32 percent of the BP Group's properties and operating assets (in balance sheet terms) are located in the United States.

In addition to the Sohio presence, BP has several other U.S. subsidiaries and affiliates, among them: Amselco Natural Resources (99 percent), BP Alaska Exploration (100 percent), BP Chemicals Americas (100 percent), BP North America (100 percent), BP North America Finance (100 percent), BP North America Trading (100 percent), BP Pipelines (100 percent), and Sohio/BP Trans Alaska Pipeline Capital (68 percent).

The National Enterprise Board (NEB), formed in 1974, is Britain's state holding company for the manufacturing sector. In the United States, the NEB is active through its holdings in Rolls-Royce Ltd. (100 percent), manufacturer of automobiles and aircraft engines; Decision Data Computer Corp. (43 percent), and Global Data Corp. (100 percent) among others.

Volkswagenwerke AG (VW), headquartered in Wolfsburg, West Germany, was established by the German Government in the 1930s. The company, operated under a trusteeship from the end of 1945 to 1961 when it became a publicly owned corporation through the sale of 60 percent of its common stock. The remaining 40 percent of VW is equally held by the Government of West Germany and the State of Lower Saxony in which Wolfsburg is located. Dividends paid on these shares go to the Volkswagenwerke Foundation, established to further science and technology through the provision of grants for education and research.

Volkswagen has manufacturing, assembling, and sales subsidiaries in about 12 countries. They produce about 1.3 million vehicles per year.

Volkswagen of America Inc., the German firm's U.S. subsidiary, was established in October 1955. Its principal office is in Warren, Michigan. Originally established as the official importer of VW vehicles into the United States, the company has also been the official importer of Porsche and Audi automobiles since the establishment of its Porsche Audi-Division in 1969.

In addition to its executive offices in Michigan, Volkswagen of America also has manufacturing plants in Pennsylvania and West Virginia, sales and marketing offices in New Jersey and regional offices in California, Colorado, Florida, Georgia, Hawaii, Illinois, Maryland, Massachusetts, Ohio, Pennsylvania, and Texas.

APPENDIX D

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/% of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Canada	Savin Corp.	NY	50 Wholesale Office Machines	Canada Development Corp. (CDC) (49%)	75.0	ACQ (57.2%)	C
France	Aerospatiale Inc.	DC	55 Retail Aircraft Parts	Societe Nationale Industrielle Aeorspatiale (100%)	NA	PE	C
	Copperweld Corp. ^{1/}	TX	33 Steel Tubing	Banque Rothschild (100%)	18.5	NP	P
	Copperweld Corp. ^{2/}	OH	33 Steel	Banque Rothschild (100%)	21.1	PE	P
	Guardian Oil Corp. ^{3/}	TX	13 Oil/Gas Exploration & Development	Banque Rothschild (100%)	NA	EI (From 13.3% to 30.6%)	C

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APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/% of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
102 France	Inspiration Coal Inc. <u>4/</u>	TN	50 Wholesale Coal	Compagnie Francaise des Petroles (35%) Charbonnages de France (100%)	NA	TOA (50%)	P
	North American Tradimpex Corp. USA	NY	51 Wholesale Bicycle Parts	Compagnie Financiere de Paris et des Pays Bas (Paribas) (100%)	NA	NOT	P
	Pathfinder Mines Corp. <u>5/</u>	CA	10 Uranium Mining	French Atomic Energy Commission (100%)	NA	ACQ (80%)	C
	Pathfinder Mines Corp. <u>6/</u>	WY	10 Uranium Mining	France Atomic Energy Commission (100%)	NA	PE	P
	Refinemet Interna- tional Co.	RI	33 Metals Refining	Compagnie Financiere de Paris et des Pays (100%)	NA	EI (From 65.5% to 65.7%)	C
	Santa Barbara Oil/Gas Leases (6)	CA	13 Oil/Gas Exploration & Development	ERAP (100%)	2.7	ACQ (33.3%)	P

APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

	<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/% of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
103	France	Teleco Oilfield Services <u>7/</u>	CT	35 Drilling Equipment	Entreprise de Recherches et D'Activites Petrolieres (ERAP) (100%)	4.8	NO (50%)	C
		Teleco Oilfield Services <u>8/</u>	CT	35 Drilling Equipment	ERAP (100%)	2.0	PE (50%)	P
		White Motor Credit Corp.	OH	61 Finance	Renault (92%)	33.0	ACQ (100%)	P
	India	State Bank of India (Calif.)	CA	60 Banking	Reserve Bank of India (100%)	NA	NB	P
	Indonesia	Investment Coordinating Board	NY	73 Business Services	Investment Coordinating Board (BKPM) (100%)	NA	NO	C
	Iran	Kurt Orban Inc.	NJ	50 Wholesale Metals	Deutsche Babcock AG <u>9/</u> (25%)	NA	ACQ (80%)	C
	Ireland	Ambassador East <u>10/</u>	IL	70 Hotels	Aer Lingus (100%)	NA	PE	C
	Italy	Litco Bancorporation of New York Inc.	NY	67 Bank Holding Company	Banca Commerciale Italiana (100%)	20.0	ACQ (100%)	P <u>11/</u>

APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
Japan	Tosco Corp.-Japan National Oil Corp. Joint Venture	CO	13 Oil/Gas Explorations & Development	Japan National Oil Corp. (100%)	NA	JV	P
Kuwait	Corporate Property	NY	67 Real Estate Investment Trust		NA	ACQ (12%)	C
Nether- lands	Scott's Branch <u>12</u> / Coal Mine	KY	12 Coal Mining	Dutch State Mines et al. (100%)	NA	ACQ (59%)	C
Spain	Ashland Coal Inc. <u>13</u> / Coal Mine	KY	12 Coal Mining	Instituto de Industria (100%)	44.3	EI (From 25% to 35%)	C
United Kingdom	Alaska National <u>14</u> / Petroleum Reserve Oil/Gas Leases	AK	13 Oil/Gas Exploration & Development	The British Petroleum Co. Ltd. (BP) (39%)	1.9	ACQ (53%)	P
	American Quasar Co.- Conquest Exploration Co.- Sohio Joint Venture	Un- known	13 Oil/Gas Exploration & Development	The British Petroleum Co. Ltd. (BP) (39%)	53.0	JV (26.5%)	P

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APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/% of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
105 United Kingdom	Amoco Tower <u>15/</u>	CO	65 Real Estate	BP (39%)	50.9	ACQ (50%)	C
	Anadromus Inc. <u>16/</u>	OR	09 Fish Hatchery	BP (39%)	NA	ACQ (100%)	C
	Beaufort Sea Oil/Gas Leases <u>17/</u>	AK	13 Oil/Gas Exploration & Development	BP (39%)	11.9	ACQ (76.5%)	P
	Beaufort Sea Oil/Gas Leases <u>18/</u>	AK	13 Oil/Gas Exploration & Development	BP (39%)	1.7	ACQ (34.3%)	P
	Clevetrust	OH	67 Real Estate Investment Trust	Merchant Navy Officers' Pension Fund (100%)	11.9	EI (To 30%)	C
	Copper Exploration Lease <u>19/</u>	MN	10 Copper Mining	The British Petroleum Co. Ltd. (BP) (39%)	NA	ACQ (53%)	C
	First Union Real Estate Equity & Mortgage Investments	OH	67 Realty Investment Trust	Merchant Navy Officers' Pension Fund (100%)	46.0	EI (From 5.5% to 31.0%)	P

APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

<u>Government of</u>	<u>U.S. Company</u>	<u>State</u>	<u>SIC No./ U.S. Industry</u>	<u>Foreign Owner/ % of Government Ownership</u>	<u>Value of Transaction</u>	<u>Type of Transaction</u>	<u>Status of Transaction</u>
106 United Kingdom	Industrial Building-Moonachie <u>20/</u>	NJ	65 Real Estate	National Coal Board (100%)	NA	ACQ (100%)	C
	Kitt Energy Corp. <u>21/</u>	OH	12 Coal Mining	BP (39%)	55.7	ACQ (53%)	C
	New Plan Realty	NY	67 Real Investment Trust	Merchant Navy Officers' Pension Fund (100%)	14.6	ACQ (21.5%)	C
	Ocean Data Systems <u>22/</u>	MD	73 Data Processing Services	British Airways (100%)	7.5	ACQ (60%)	C
	Office Building-Montvale	NJ	65 Real Estate	National Coal Board (100%)	NA	ACQ (100%)	C
	Office Building-Parsippany	NJ	65 Real Estate	National Coal Board (100%)	NA	ACQ (100%)	C
	Office Building-Piscataway	NJ	65 Real Estate	National Coal Board (100%)	NA	ACQ (100%)	C
	Oil Leases	CA	13 Oil/Gas Exploration & Development	BP 39%)	7.4	ACQ (37.1%)	C

APPENDIX D Cont'd.

Direct Investment in the United States by
Foreign Companies Owned or Controlled by Foreign Governments
January-June 1982

Government of	U.S. Company	State	SIC No./ U.S. Industry	Foreign Owner/ % of Government Ownership	Value of Transaction	Type of Transaction	Status of Transaction
107 United Kingdom	Pan American Properties	NY	67 Real Estate Investment Trust	National Coal Board (100%)	NA	NS (100%)	C
	Pfaunder Processing Equipment Business	NY	35 Processing Equipment	BP (39%)	43.0	ACQ (53%)	C
	Rampak	CA	67 Real Estate Investment Trust	National Coal Board (10%)	NA	EI (5.5% to 10.0%)	C
West Germany	Volkswagen of America	WV	34 Metal Stampings	Volkswagenwerke AG (40%)	125.0	PE	P
	Westmoreland Coal Co.	PA	12 Coal Mining	Veba AG (40%)	32.5	ACQ (15%)	P

KEY: - Transaction Type/Status

ACQ - Acquisition	NOT - New Outlet
CON - Construction	NP - New Plant
EI - Equity Increase	NS - New Subsidiary
JV - Joint Venture	PE - Plant Expansion
NB - New Branch	C - Complete
NOF - New Office	P - Pending

Industries listed by Standard Industrial Classification numbers.

Source: U.S. Department of Commerce
Office of Trade and Investment Analysis
July 1982

Footnotes to Appendix D

1. Banque Rothschild holds a 20 percent interest in Imetal, a Paris-based metals holding company which owns 66 percent of Copperweld Corp. The French Government also has equity in Imetal through two other recently nationalized firms: Banque Worms with 1.1 percent of Imetal and Compagnie Financiere de Suez with 5.8 percent. Total French Government ownership in Imetal through these companies is 26.9 percent.
2. See footnote 1.
3. Ownership is held through Copperweld Corp.
4. This transaction is a transfer of U.S. assets between foreign parent firms. As such, it is not included in the transaction data but is included here for purposes of information only. Inspiration Coal Inc. is owned equally by Hudson Bay Mining & Smelting Co. Ltd., Toronto, Canada, and Minerals and Resources Corp. Ltd. (Minorco), Hamilton, Bermuda. Both companies are units of Anglo-American Corp. of South Africa. Ltd.
5. Ownership is held through Compagnie Generale des Matieres Nucleaires (COGEMA), which has operated as a separate subsidiary of the French Atomic Energy Commission since January 1976.
6. See footnote 5.
7. Ownership is held through Societe Nationale Elf-Aquitaine S.A., which is 67 percent held by ERAP. Teleco Oilfield Services is an equal joint venture with Raymond Industries, Middletown, Connecticut.
8. See footnote 7.
9. The Government of Iran acquired 25 percent of Deutsche Babcock in 1975.
10. Ownership is held through Dunfey Hotel Corp., Hampton, New Hampshire.
11. Transaction was completed in July 1982.
12. The equity in Scott's Branch Coal Mine is owned by Dutch State Mines (DSM), the Minerals Division of Hoogovens NV, and the Association of Dutch Electricity Producers (SEP).
13. In 1981 Saarbergwerke A.G., which is 74 percent held by the Government of the Federal Republic of Germany and 24 percent held by the West German State of Saarland, acquired 25 percent of Ashland Coal Inc. for \$102.5 million.

14. Ownership is held through Standard Oil Co. (Ohio) (Sohio) which is 53 percent owned by the British Petroleum Co. Ltd.
15. Ownership is held through the British Petroleum Pension Trust. This acquisition was a joint venture of Aetna Life and Casualty Co. and the British Petroleum Pension Trust.
16. Ownership is held through BP Nutrition, a food production subsidiary of BP.
17. Ownership is through Sohio and BP Alaska Exploration Inc.
18. See footnote 17. Exxon also had a 50 percent interest in this bidding group.
19. See footnote 14. Kennecott Corp., a subsidiary of Sohio, will develop the mine.
20. Ownership is held through the National Coal Board Pension Fund, one of the largest pension funds in Europe, as are all National Coal Board transactions in this table.
21. See footnote 14.
22. Ownership is held through International Aeradio Ltd., which is 98 percent owned by British Airways.