

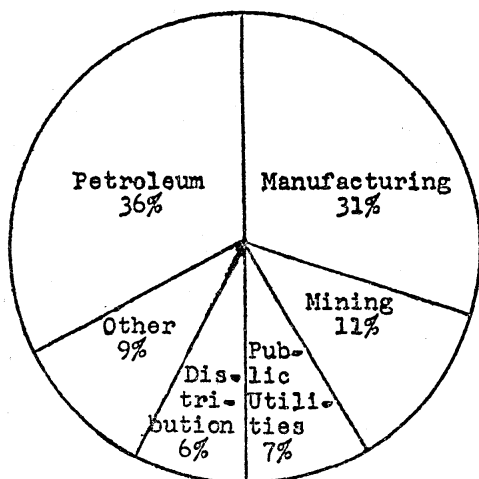
In Chart "B" comparing the area distribution of direct private foreign investment for 1957 with 1966 we find that considerably more investment dollars went into Western Europe, with a 14 percent increase, so the investment flow is to the developed countries, in Western Europe and to Canada, while the less developed and underdeveloped countries in Latin America, Africa and the Middle East dropped considerably in investments to their areas. And this happened despite the emphasis, stated in the 1958 Hearings, on the necessity of changing the private investment pattern to encourage more flow to Latin America, Middle East and Africa to deter the Soviet economic offensive in those areas.

CHART "C"

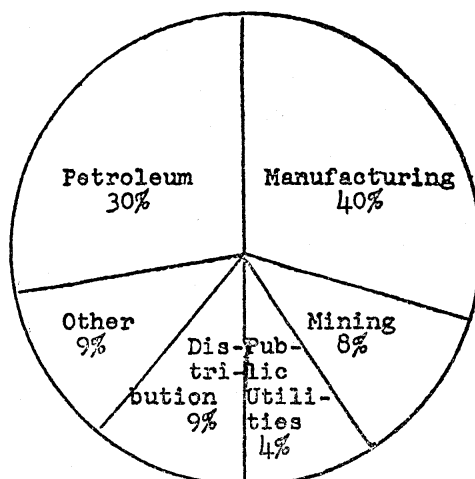
INDUSTRY DISTRIBUTION OF U.S. DIRECT PRIVATE FOREIGN INVESTMENTS

1957

1966



BOOK VALUES, \$25.3 BILLION



BOOK VALUES, \$54.5 BILLION

Chart "C" compares the industry distribution of U.S. direct private foreign investments in 1957 with 1966. You will note a strong upward thrust in manufacturing investment, a 9 percent increase over 1957, a decline in petroleum, mining and public utilities. Manufacturing leads all other industry investment with a 1966 foreign total of \$22 billion in all areas, while petroleum is in second place with \$16 billion.

The three charts which show the increases in U.S. private foreign investment bear out a prediction made by Mr. Robert M. Mitchell, Vice President of the Whirlpool Corporation, in Hearings held on the subject of private foreign investment by the Subcommittee on Foreign Trade Policy, December 1958. After Mr. Mitchell's testimony, questions were asked by Congressman John W. Byrnes:

"Mr. BYRNES. As I gather the basis of your concern here, among other things, is the fact that you foresee a necessity as far as American business is concerned to shift from an export business to manufacturing abroad, an investing and going through the manufacturing process abroad; is that right?"

"Mr. MITCHELL. That is correct, Mr. Byrnes.

"Mr. BYRNES. Do you attribute that trend in part to this common market trend, the European Common Market and the proposals for a common market in other areas? Is there any other factor that gives rise to that?"

"Mr. MITCHELL. Basically that is it, Mr. Byrnes. In many of the Latin American countries at the moment for practical purposes it is impossible to export particularly consumer durable goods. There is a rising nationalism in many of these countries, and they are trying to industrialize, and to raise their standard of living. So that American companies, if they are going to have a part of that market at all, must invest in some form or other.

"Mr. BYRNES. You don't see a great future then as far as the export of finished commodities from this country. You see that contracting, I gather, and an increase in manufacturing abroad and with foreign labor?"