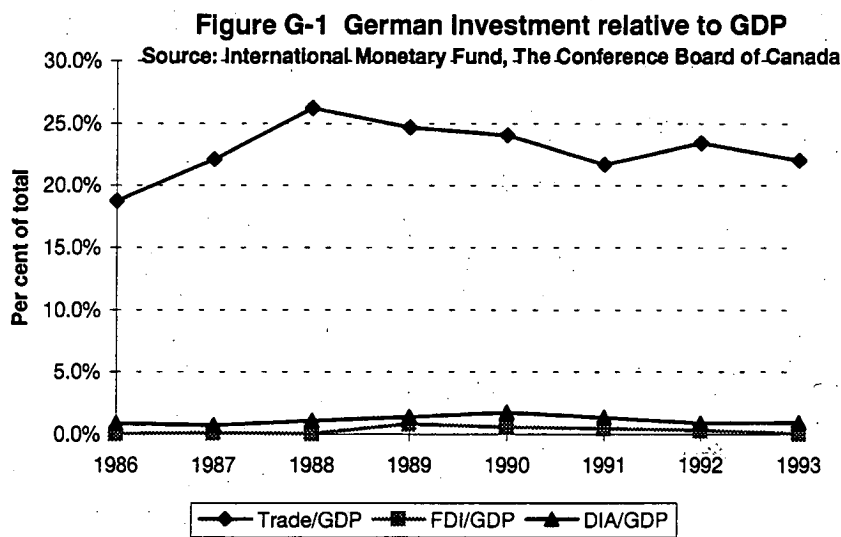


to U.S. \$153 billion.¹ At the same time, outflows of German DIA declined from almost U.S. \$29 billion in 1990 to about U.S. \$15 billion in 1992. For 1993, German DIA remains at around U.S. \$15 billion.

West Germany is a relatively more important investment target than Japan with stocks of foreign direct investment in Germany totalling U.S. \$62 billion in 1993. However, inflows of foreign direct investment to West Germany have declined steadily from more than U.S. \$10 billion in 1989 to only U.S. \$1 billion in 1993.



Like Japan, West Germany has clearly chosen trade over investment as its mode of operation globally. Thus, German DIA flows rose from U.S. \$10 billion in 1986 to U.S. \$28 billion in 1990, then declined to slightly more than U.S. \$15 billion by 1992. At the same time, German exports were rising from U.S. \$231 billion to more than U.S. \$406 billion. This tendency is reflected in Figure G-1 by a large gap between the German trade to GDP ratio and its investment to GDP ratio. In fact, foreign direct investment in Germany and German DIA (relative to GDP) are among the lowest of all the countries covered by this report. Inflows of foreign direct investment increased marginally as a

¹ German DIA growth was substantially less than that of Japan over the study period. In 1986, Japanese and German DIA stocks were equivalent; by 1993, Japan's DIA stocks were more than U.S. \$100 billion larger than those of Germany.