

# Notes to tables

## Tables S-64 to S-67

Details of South Africa's foreign liabilities and assets as at the end of 1972, together with comparable data for previous years, are published in this issue of the *Quarterly Bulletin*. These figures are based on the results of a census of foreign transactions, liabilities and assets taken for the year 1956, supplemented by means of annual sample surveys. The South African Reserve Bank intends to take a second census of the Republic's foreign transactions, liabilities and assets at the beginning of 1974. As soon as the census results become available, the existing data in respect of the foreign liabilities and assets of South Africa will be revised, if necessary.

### *Foreign liabilities*

During 1972 South Africa's total foreign liabilities increased by R753 million to R7 786 million or by 10,7 per cent. Although this increase was considerably lower than the record rate of increase of 20,9 per cent in 1971, it compares favourably with the average annual rate of increase of 11,5 per cent during the five years 1966 to 1970. The lower rate of increase during 1972 when compared with 1971, can be attributed to a lower net capital inflow and a smaller valuation adjustment due to changes in exchange rates during this year. Retained profits of South African organisations controlled from abroad, however, increased at a faster rate during 1972 than during the previous year. It is also significant to note that the percentage share of foreign investment in direct investment enterprises in relation to the total foreign liabilities of South Africa continued to decline in 1972. The share of direct investment in total foreign liabilities declined from 70,2 per cent at the end of 1969 to 62,9 per cent at the end of 1972.

During 1972 the foreign liabilities of the private sector increased by 11,1 per cent, or R643 million, to R6 435 million, compared with an increase of 15,9 per cent in 1971. This lower rate of increase was mainly the result of a net outflow of short-term capital during 1972, which may be ascribed to factors such as rising interest rates abroad, a continued improvement in conditions in the domestic capital market and a declining trend in merchandise imports. In contrast, the foreign long-term liabilities of the private sector increased by 13,8 per cent in 1972, compared with 12,9 per cent in 1971. The foreign liabilities of the central government and banking sector increased by R110 million to R1 351 million in 1972, compared with an increase of R418 million in 1971. This smaller increase in 1972 was mainly due to the fact that the amount borrowed abroad by the central government declined markedly.

After the Western European countries had steadily increased their share in the total foreign investment in South Africa at the expense of countries in the Sterling area from 1967 to 1971, their relative share declined slightly in 1972, whereas that of the Sterling area showed a corresponding slight increase. As in the past the share of the Dollar area countries remained almost unchanged.

### *Foreign assets*

During 1972 South Africa's foreign assets increased by R586 million to R3 072 million or by 23,6 per cent, compared with an average annual increase of only about 1 per cent from 1969 to 1971. This sharp rise in South Africa's foreign assets during 1972 was to a large extent caused by an increase in the country's gold and other foreign reserves. If the gold and other foreign reserves are excluded from the foreign assets, the other foreign assets increased by only 8,1 per cent from the end of 1971 to the end of 1972, and the other foreign assets of the central government and banking sector actually declined slightly. The total foreign assets of the private sector, on the other hand, increased by 10,9 per cent, which was slightly higher than the average annual rate of increase during the preceding three years. The latter increase can mainly be attributed to a rise in reinvested profits of foreign companies controlled by South Africa.

Although the relative share of South Africa's foreign assets in the Sterling area declined considerably during 1972, more than 40 per cent of South Africa's total foreign assets were still held in Sterling area countries. The share of assets in Dollar area countries also decreased slightly during 1972, whereas that of assets in Western European countries increased.